

Cross-Strait Relations: Weathering the Storm

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Just as future projections for Taiwan's economy were beginning to look up, Typhoon Morakot wreaked havoc on the island. As in the case of the economic crisis, although the origins of the problem did not lie with the Ma administration, the perceived failure to respond in a timely and effective manner struck a major political blow to the government's credibility. Eventual rescue and recovery efforts—including participation by U.S. military assets—and replacement of the premier and much of the Cabinet have, in this case, however, gone some way to restoring equilibrium in fairly quick order.

Some in the DPP sought to put Ma even further in a corner at a time of political vulnerability by inviting the Dalai Lama to visit Taiwan on a post-typhoon mercy mission. But if they expected Ma to compound his domestic political problems by denying a visa, they were disappointed, as the administration welcomed the visit. And in turn, the Dalai Lama cooperated by curtailing some large-scale public events to underscore the humanitarian nature of his trip.

The government also took a hands-off position on the decision of a film festival in Kaohsiung (and, later, in other locales) to screen the biography of Rebiya Kadeer, a Uighur activist living in exile in the United States who is accused by Beijing of fomenting the domestic disturbance in Xinjiang this summer. At the same time, Taipei announced it would “not be in the national interest” to grant Kadeer a visa to visit Taiwan.

Compounding its own problems through strangely inept timing, Taipei reached agreement with Washington in October to allow import of American beef and beef products, stirring up a hornet's nest of objections across the political spectrum on grounds of food safety. The opposition sought to take political advantage of this in the run-up to the early December local elections, charging neglect of the public interest and the likelihood of backroom deals, with one DPP leader even going so far as to accuse the president of having reached agreement in order to obtain an American “green card.” The Ma government said the agreement was sound and that it would stick by it, but sought to counter the groundswell of objections by announcing administrative measures to effectively block imports of the most controversial categories.

Beijing was obviously unhappy both with the Dalai Lama's visit and the screening of the Kadeer film, but—recognizing Ma's dilemma—it limited its response to a few gestures, including instituting a de facto

boycott of Kaohsiung tourism.

Meanwhile, the fourth SEF-ARATS meeting was set for late December in Taiwan, and negotiations on economic agreements—including a financial supervisory MOU and the cross-Strait Economic Cooperation Framework Agreement (ECFA) made good progress. Although a last-minute snag arose over the titles to be used for the signers of the MOU, it was concluded on 16 November. To help smooth the way for ECFA at home, the new premier, Wu Den-yih, reiterated Ma's earlier pledges not to allow the entry of numerous Mainland agricultural and industrial products—or laborers—potentially harmful to Taiwan interests. Of great significance, he also announced plans to involve the Legislative Yuan (LY) at various steps along the way (as the administration also did to some extent for the financial MOU). The DPP, however, was still fighting against ECFA. Having been thwarted in its plans for a referendum on a possible agreement, the party filed an appeal and threatened other steps should the appeal fail. It was unclear how that threat might affect LY handling of the issue.

Problematic for some in Taipei was perceived pressure from the Mainland to begin low-level political dialogue on military trust-building. Mainland officials reiterated the importance they attached to such dialogue, but denied they were applying pressure. In any case, after Taipei's concerns were more clearly voiced, there seems to have been a drop-off in such references, giving Ma space to pursue his positive agenda rather than fending off perceived PRC demands. Nonetheless, a prestigious delegation of former senior PRC officials traveled to Taipei in mid-November for a conference on a broad range of issues, during which they voiced fairly unyielding positions on key political and security issues, giving rise to objections across the Taiwan political spectrum.

President Obama's trip to China in November sparked renewed discussion of U.S. arms sales to Taiwan. While senior American officials strongly indicated there would be further sales, Beijing continued to issue warnings about their impact on overall Sino-American relations and some Taiwan commentators thought they detected a reduction in U.S. determination to support the island's security needs.

Finally, as last year, the Ma administration once again decided not to raise the issue of UN membership, concentrating instead on obtaining "meaningful participation" in two UN specialized agencies, the International Civil Aviation Organization (ICAO) and the UN Framework Convention on Climate Change (UNFCCC). In contrast to last year, Taiwan did not seek to have a resolution placed on the agenda of the General Assembly, drawing both praise and criticism from domestic interests.

Typhoon Morakot

If 8 August 2008 will be remembered in the Mainland as the day the Beijing Olympics opened, 8 August 2009 will be remembered in Taiwan as the day that Taiwan was devastated by the torrential rains of Typhoon Morakot. Although the winds were substantial—sustained at 90 mph and, by some measurements, peaking at upwards of 100 mph—it was the downpour that wreaked havoc. A reported eight feet of water sent mudslides down on one mountain village that alone accounted for as many as 500 of the estimated 650 lives lost. But Morakot brought more than a natural storm to the island; it touched off a political storm that has already changed the political landscape in Taiwan to some degree and, in combination with other woes, could yet have further ramifications for President Ma Ying-jeou's—and the KMT's—political fate.

Having been accused of mishandling the response to typhoons early in his tenure, and then of reacting far too slowly and timidly to the economic tsunami that swept over Taiwan starting in September 2008, Ma was charged once again with not sizing up the seriousness of the matter quickly enough or taking sufficiently rapid and effective action. His favorable ratings were already hovering at 40 percent before Morakot, but less than two weeks after the storm the level of “satisfaction” with his performance dropped to as low as 16 percent according to one poll.¹ National Chengchi University's “tote board” (the Center for Prediction Market), often seen as a reliable predictor of public reaction over time, dropped his chances for reelection in 2012 by over eight points to 53.6 percent.²

Even the level of trust in Ma, which had regularly remained reasonably high, now dropped below the level of mistrust.³

In part this was due to the confusion that reigned at the outset over what physical damage had actually been done by the typhoon and what relief efforts—including foreign assistance—might be needed. In the confusion, offers of foreign assistance were initially turned aside. Although the vice minister of foreign affairs resigned to take responsibility for this, it seemed obvious to most observers that he was an early sacrificial lamb (as discussed below, much of the Cabinet later was replaced), and that the fault lay primarily in inadequate interagency coordination and emergency planning.

As rescue and recovery operations finally got under way, the United States was among the responders, dispatching a U.S. military C-130 transport plane with large cargoes of materiel as well as four heavy-duty military helicopters to help with both rescue missions and transport of heavy equipment.⁴ Although some people in Taiwan tried to draw significant political conclusions from this American military involvement, both U.S. and Taiwan authorities stressed the humanitarian nature of the response. Beijing had been informed ahead of time about the deployment, and while some Chinese observers expressed suspicion about American motives,⁵ the official PRC reaction was muted. Indeed, the Mainland itself offered helicopter assistance (in addition to financial and materiel contributions that Ma Ying-jeou later noted had exceeded contributions by

all others⁶), but Taipei declined that offer as politically too sensitive.

Although Ma defended his exercise of “strong leadership” throughout the disaster rescue operation,⁷ it was not only the opposition who charged incompetence.⁸ Even KMT lawmakers and other friendly observers criticized the government’s slow response and Ma’s own seeming aloofness.⁹ As a result, he was under considerable pressure to take steps to get ahead of the public relations curve.¹⁰ Hence, after apologizing for flaws in the government’s performance and acknowledging that there were areas for improvement— noting, in the process, that he would humbly face the public’s “future judgment”¹¹ (presumably meaning in the 2012 presidential election), Ma said he would stay on the job in order to shoulder responsibility for the search and recovery operations and the later relocation and resettlement effort. Symbolically (and to begin to pay for the \$3.6 billion relief bill¹²), he canceled National Day celebrations set for 10 October and announced he would not attend the South Pacific Summit scheduled for later that month.¹³

The post-typhoon role of the military came under particular scrutiny, and from early on there were calls for the resignation of the defense minister in the wake of what was seen to be a dilatory military response.¹⁴ The minister did eventually step down. But more fundamentally, as assessments were made of the response to Morakot, Ma announced that, while national defense was obviously a principal responsibility of the armed forces, from now on they would also have disaster prevention and rescue as a main responsibility.¹⁵ He said the military would have to change their strategy, tactics, personnel arrangements, budget and equipment.¹⁶ As part of the new emphasis, he announced that the proposed order of 60 Blackhawk helicopters for the armed forces would be cut by 15, with the \$300 million thus saved made available to civilian agencies for procurement of a like number of their own helicopters for emergency use.¹⁷ This action was later reversed, but even though purchased by the military, those same 15 helicopters would be designated in peacetime for relief work.¹⁸

The military was not the only area that was in for change. Among the most visible and dramatic steps Ma took to cope with public reaction was the reshuffling of the Cabinet in early September. Although the president evidently wanted to hold on to Premier Liu Chao-shiuan even in the face of calls for his replacement,¹⁹ he eventually bowed to the inevitable and accepted the resignations not only of the premier and vice premier, but also many other top cabinet officials, along with senior personnel in the KMT and the office of the president.

Nonetheless, the opposition DPP, which had called for a wholesale shakeup— especially resignation of the premier—in order to restore confidence in government,²⁰ found grounds to criticize the new appointments, judging them to be too “political” or even “laughable.” But once again the DPP was not the only source of complaint. Some KMT legislators also expressed disappointment that Ma had not reached out more broadly (presumably meaning to KMT members of the LY) in recruiting new officials.²¹

The public, which had been extremely critical of Premier Liu, generally welcomed the change, including not only the premier’s resignation along with his cabinet

but also the appointment of Wu Den-yih as the new premier and, especially, of Eric Chu Li-luan as the new vice premier. As a result, Ma's own ratings also improved substantially virtually overnight.²² For some people, it was particularly noteworthy that NCCU's "Center for Prediction Market" showed a rebound of 11.4 points in Ma's chances of winning in 2012, rising from its 20 August nadir to 63.2 percent.²³

On the other hand, the decisive victory of the DPP candidate in an LY by-election in late September was seen by the KMT as a "warning" and as requiring some "soul searching."²⁴ Conversely, the result was touted by DPP Chair Tsai Ing-wen as a demonstration of public lack of confidence in the Ma administration and as an omen suggesting "new hope" for the DPP.²⁵ As Tsai put it, the election outcome was a huge lesson for the Ma administration in which the people used their votes to tell the administration they would not accept "apology without wrong-admission and cabinet reshuffle without introspection."²⁶

Although public anger had been directed not only at the central authorities but also at local officials in the areas affected, most of whom were from the DPP, the opposition now hoped that they would gain some momentum for the year-end city and county elections, which the Central Election Commission had ruled should proceed as scheduled despite some calls to postpone them in the wake of Morakot.²⁷ But former vice president Annette Lu cautioned her fellow DPP leaders against taking anything for granted, and she declined to draw a connection between the outcome of the by-election and Ma's performance, saying that it was "just a local election" and the DPP still needed to work harder.²⁸

At Ma's urging, the KMT had put off its national party congress—and his own elevation to party chairman—until mid-October, but the process began in late September with the election of the 210-member Central Committee, on which 14 current government officials will serve.²⁹ The KMT Central Standing Committee (CSC) was then elected on 11 October. But the widely perceived vote-buying involved in the CSC campaign forced a "do-over" election in mid-November with Ma imposing draconian rules about the use of funds, going so far as to propose criminalizing improper behavior in intra-party elections, not just in public elections.³⁰ Some observers saw in this exercise of leadership evidence that the new party structure would allow Ma to better control the KMT, helping to restore its reputation and ensuring that party positions were more supportive of government positions.

For its part, the DPP continued to embrace its role as a fierce opposition force. Having threatened to boycott Premier Liu Chao-shiuan's 18 September report to the LY if he remained in office,³¹ the party then sought to block the new premier, Wu Den-yih, when he delivered the government report on that date.³²

Meanwhile, the DPP had to cope with the fact that former president Chen Shui-bian was convicted on 11 September on various charges and, along with his wife, was sentenced to life imprisonment. The party issued a nine-point statement several days later, most of which focused on the alleged unfairness of the trial procedure, which, the

party alleged, “allowed political interference in the judicial system as well as the prejudiced sentencing by the judges.” The statement also called for Chen’s release on bail while he prepared his appeal.

The final point of the statement, however, sought to create some distance between the party and Chen. Without any modifiers about the crimes for which Chen and his wife were convicted, such as that they were “alleged” or “charged,” the statement said the former president’s remitting of funds overseas and mixing public and private funds was a violation of the DPP’s clean-politics regulations. Moreover, his management of political donations and disputed relations with the business community “failed to meet society’s expectations.” Chen was also deemed “negligent” in restraining behavior by his family members. “The DPP maintains that for these errors,” the statement concluded, “former President Chen must take political responsibility.” Former vice president Annette Lu added that Chen owed an apology to the public and to his long-time supporters at home and abroad, while former premier Su Tseng-chang noted the DPP had to bear “a great deal of responsibility,” as it had been in power for eight years.³³

That these statements did not turn the tide of public opinion for the DPP was evident in polls taken in the two days following their issuance. Although results were more favorable for the DPP than a similar poll taken in July, almost half of respondents still thought the DPP had not demonstrated determination to promote clean government and reform, almost double the number who thought it had. And, despite the party’s statement, almost two-thirds still thought it was necessary for Tsai Ing-wen to issue an “apology” for the scandals during the Chen years in order to help improve the DPP’s image and future development.³⁴

The DPP tried to look past that issue, however, as it sought to capitalize on Ma’s woes. These included not only the continuing economic problems and the perception of poor performance in the wake of Typhoon Morakot, but also the loud public outcry across the political spectrum against the announcement in late October of a deal to import American beef, halted after the detection of “mad cow disease” in the United States.

Food safety is, of course, one of the most sensitive issues in political life—anywhere. It is therefore almost inexplicable that, after extended negotiations, Taipei should have chosen to come to agreement on U.S. beef imports, even on scientifically sound terms, just six weeks before an election. In any case, it did, and while justifying the decision as posing no risk to health or food safety,³⁵ it has spent much of the time since then trying to cope with widespread public outcries³⁶ by ensuring through administrative and other means (including shaming) that ground beef and innards do not make it to market³⁷—all in a way that presumably does not violate either the agreement with the United States or WTO rules.

In the process, the Ma administration has also found itself rebutting charges of having made secret agreements in the beef negotiation, including that, while the current phase may exclude beef from steers older than 30 months, this limitation will soon be revoked.³⁸ Dealing with such assertions has been complicated by the fact that the U.S. Department of Agriculture’s characterized the age limitation as a “temporary market

transition measure.”³⁹ But no information has been produced to support assertions that the negotiations were “corrupt” or that there is a “deal” about allowing older beef in after that time, much less the absurd charge by former DPP presidential candidate Frank Hsieh—perhaps meant to be taken in the vein of political humor—that Ma may have approved the agreement in exchange for a U.S. “green card.”⁴⁰

Repeatedly hitting on these themes, and taking advantage of the public’s continuing discomfort with Ma concurrently serving as president and party chair,⁴¹ the DPP attacked Ma and the KMT as incompetent and corrupt, and unfit to lead.⁴² Likely to pick up on the theme struck by supportive media that, if the Ma government negotiated such a bad deal on beef it obviously cannot be trusted to protect Taiwan’s interest when negotiating something as important as ECFA,⁴³ the party not only backed a proposal for a referendum on beef,⁴⁴ but also said that if the agreement with the United States were not withdrawn, the party would boycott budget reviews of related agencies in the LY and would “combine social forces and DPP governing counties and cities” to mobilize action so as to “hold politically accountable” those making policy decisions “against the interests of the people.”⁴⁵

The government responded not only by announcing the various administrative measures to block ground beef and offal from the market, but also by agreeing to a change in the food sanitation law *as long as* any amendment did not contradict the agreement with the United States or the regulations of the WTO and the OIE, the world organization for animal health.⁴⁶ The KMT caucus in the LY agreed to operate within this framework, but this only set up a confrontation with the DPP, which, as we have noted, wanted to force a renegotiation of the entire agreement.⁴⁷ Yet another confrontation seemed certain as the administration also came out in opposition to the proposal for a referendum on the beef deal.⁴⁸

The United States adopted a fairly low-key public posture in response to all of this, welcoming Taiwan’s decision to resume American beef imports. Nonetheless, Washington indicated it would “keep an eye out” to see whether the stringent inspections being imposed were a “violation of the rights of Taiwanese consumers to enjoy the same beef products as Americans.”⁴⁹ Moreover, reports out of Singapore, where APEC delegations were gathering in early November, suggested that the U.S. was cautioning Taipei officials that uncertainty regarding beef exports to Taiwan did not help prospects for beginning Trade and Investment Framework Agreement (TIFA) negotiations.⁵⁰

In addition to its focus on the beef issue, the DPP continued to mount strong opposition to ECFA and to the next SEF-ARATS meeting where the framework agreement was to be discussed. The party said it planned to support widespread demonstrations against ECFA during the coming month, before the meeting, and to stage “fierce protests” in Taichung when the meeting convened there in late December.⁵¹

At the same time, DPP leaders sought to convey a positive image of their leadership rather than appearing only as a party that can “just say no.” Openly recognizing that public disappointment in the KMT did not automatically translate into support for the DPP, the party chose “honesty, diligence and love of our native land” as

campaign themes for December.⁵² And the DPP leaders were not alone in believing that the KMT's problems would not guarantee the opposition's success. Some of its most supportive press pointed out that while the DPP may have strengthened its position in the south, where it was already strong, it needed to make a long-term effort to build on this in the northern part of Taiwan as well as "first and foremost" to come up with a coherent policy toward the Mainland.⁵³

Cross-Strait Dealings

Economics

Meanwhile, as current economic indicators continued to reflect the pain of Taiwan's year-long economic downturn,⁵⁴ projections for recovery continued to improve.⁵⁵ These projections no doubt reflected a number of factors, not least that measurable progress seemed to be being made in cross-Strait negotiations on finance-related memoranda of understanding⁵⁶ as well as ECFA.

Meanwhile, the DPP's demand that ECFA be submitted to a referendum⁵⁷ was rejected by the Executive Yuan's Referendum Review Commission on the grounds that the proposal was based on a hypothetical situation and thus did not meet the criteria of the Referendum Law.⁵⁸ As the committee chairman put it: "Holding a referendum on whether a referendum should be held is not a question that can be asked in a referendum as stipulated in the Referendum Act."⁵⁹ Although the DPP joined the TSU in appealing this decision to the Executive Yuan Appeals Commission, and has yet further avenues of appeal should that action fail, it vowed that if "all available institutional methods for remedy" fail, it would not exclude street protests.⁶⁰ At the same time, Premier Wu Den-yih has ruled out a referendum on ECFA,⁶¹ thus setting up a seemingly inevitable confrontation at some future point.

Across the Strait, beyond the PRC's substantial emergency aid to Taiwan in the wake of Typhoon Morakot,⁶² other aspects of cross-Strait economic relations seemed to move forward apace. A number of initial Mainland investments in Taiwan were approved by Beijing⁶³ (although far less than Taipei hoped for⁶⁴). And although ceremonies to observe the 31 August commencement of scheduled air routes were curtailed for reasons having to do with the visit to Taiwan of the Dalai Lama (discussed below), that service did begin on time, with frequency increased from 108 roundtrip flights per week to 270.⁶⁵

When Wu Den-yih assumed the premiership, he issued some new directives with respect to cross-Strait economic relations. He instructed government agencies to launch talks on ECFA in October, noting the importance of the agreement to Taiwan. At the same time, however, he stressed that the government should not "rush" to reach agreement in those talks. Instead, it should adhere to the principle "Taiwan first for the benefit of the people" and comply with three "fundamental conditions": "the need of the nation, the support of the people, and supervision by the legislature."⁶⁶

With regard to the first point, "the need of the nation," Wu let it be known that the

government would not agree to admit over 800 agricultural products that are currently blocked, Mainland laborers would not be allowed to work in Taiwan and, despite the need to observe World Trade Organization (WTO) rules, the importation of almost 1,400 industrial products would also not be “easily allowed.”⁶⁷

Wu’s third point, regarding the LY role, continued to get close attention—and it continued to be subject to differing interpretations, as did estimates of how ECFA might figure in the fourth SEF-ARATS meeting that is now scheduled for 21–23 December.⁶⁸

As to the LY’s role, according to Chapter I, Article 5 of the “Act Governing Relations between Peoples of the Taiwan Area and the Mainland Area,” when an agreement between the two sides requires any amendment to existing laws or any new legislation—as ECFA would, “the administration shall submit the agreement through the Executive Yuan to the Legislative Yuan for consideration [審議] within 30 days after the execution of the agreement.”⁶⁹ It was on the basis of this provision that Ma had early on said ECFA would be treated differently from the nine agreements already reached, none of which required any legislative amendments.⁷⁰

That said, given the DPP’s openly stated interest in blocking ECFA unless it has been approved by a referendum, for all of the administration’s emphasis on consultation with the LY and the latter’s role in “supervising” ECFA, what actually will happen may be open to question if the opposition is able to block a vote of approval. Whether in an effort to “hedge” his position in anticipation of such a contingency or not, Wu Den-yih has using different terms to describe the LY’s role, leaving some ambiguity about what legislative action will actually be required once an agreement is initialed and sent forward.⁷¹

Despite some glitches even at the last minute,⁷² four rounds of “unofficial talks” on ECFA were finally completed by early November.⁷³ Nonetheless, and even though the next SEF-ARATS meeting is now scheduled for the second half of December—presumably after the financial supervisory agreement is signed⁷⁴ and after Taiwan’s local elections—for most of the past few months the way ECFA will be handled at those talks has been unclear, apparently in part, at least, due to differences among agencies in Taipei about how to proceed. Some said it was an item that *will not be on the formal agenda*⁷⁵ but *could be discussed on the side* of the SEF-ARATS meeting if preparations have gone far enough;⁷⁶ others said it was an item that *will be discussed on the side* of the formal talks;⁷⁷ others, yet, described it as an item that *could be put on the agenda* of the formal talks if preparations have been completed;⁷⁸ still others called it an item *likely to be put on the agenda* of the formal talks;⁷⁹ and, finally, there were others who said that tacit agreement had been reached and who predicted that, once ongoing preparatory talks were concluded, ECFA *would be included in the formal agenda* of the fourth SEF-ARATS meeting.⁸⁰

In the event, it appears that ECFA will be discussed at that meeting but that it will not be a formal agenda item in Taichung.⁸¹ Even though that aspect seemed more or less agreed, in mid-November, it was still unclear when formal negotiations would start, much less when they might conclude. In Singapore, Hu Jintao reportedly promised that

formal talks would begin by the end of 2009.⁸² But other reporting suggested that formal talks would only begin in January.⁸³

As to confusion over when ECFA would be signed, even though Taiwan had earlier indicated that it would be done at the fifth SEF-ARATS meeting in early 2010,⁸⁴ in early November Premier Wu sought to dampen expectations (and perhaps ease the sense in Beijing of being presented with a unilateral Taiwan dictat) saying the signing date depended on conclusions reached during the fourth round.⁸⁵ But a week later he reversed course again, telling correspondents that signing at the fifth round was a “reasonable expectation.”⁸⁶

Interestingly, PRC officials not only adopted a consistently positive attitude toward the financial MOU,⁸⁷ which was finally signed on 16 November,⁸⁸ but have taken very forward-leaning positions on the prospects for ECFA.⁸⁹ They have highlighted their likely agreement to incorporate into the “early harvest” list those items that Taipei previously identified as important to include, and have also given assurances that the Mainland would take into account concerns in Taiwan about certain vulnerable sectors and would not allow the agreement to negatively impact the island’s domestic industries.⁹⁰ At the same time, an apparent last-minute glitch over the titles to be used in the MOUs to identify the signatories⁹¹ was a reminder that such issues truly matter. ECFA is to be signed by SEF and ARATS, but the question of titles is sure to arise in the future, for example if the two sides begin to negotiate confidence-building measures and an eventual peace accord.

While Wang Yi, director of the PRC State Council Taiwan Affairs Office (TAO), was clearly intending to convey a sense of goodwill toward Taiwan in his call for “following the principle of equality and mutual benefit” and “opening up to each other,”⁹² this was not merely rhetoric designed to sound good in Taiwan; there was a domestic audience for those points as well. Not only have there been increasing calls by the Mainland for greater reciprocity in allocating benefits in cross-Strait agreements, but there are reports that various Mainland industries, including the chemical, steel, machine tool, and glass industries are calling for compensatory measures by Beijing to adjust for the possible increased competition from Taiwan.⁹³ This parallels plans in Taiwan to provide assistance to vulnerable industries and workers.⁹⁴

Indeed, there has been something of a debate about which side would benefit more from ECFA. What emerged is that as it possesses the larger economy, the PRC would see a greater absolute benefit, while Taiwan would see a bigger percentage boost of its GDP.⁹⁵

The importance of ECFA to Taiwan is underscored by several factors. First, it is anticipated that the ASEAN-PRC FTA will be “completely operative” during 2010, with more than 90 percent of products going between the two areas enjoying zero tariff treatment.⁹⁶ Second, Taiwan’s export reliance on the Mainland is growing and now stands at the second highest rate in cross-Strait trade history.⁹⁷ Third, however, Taiwan’s share of the Mainland’s import market is down to an historic low,⁹⁸ suggesting that a further loss of market share would be quite damaging. Finally, exports by Taiwan’s

machine tool industry, which is one of the areas where Taipei is looking for “early harvest” relief, have recently slumped badly.⁹⁹

It remains to be seen whether, once an ECFA is signed, Beijing will be as forward-leaning about Taiwan’s aspiration to sign Free Trade Agreements with a number of other trade partners as it has been about advancing its own economic relations with the island. Taipei is already predicting that FTAs will likely be concluded with Singapore, Australia, and New Zealand, with hopes of also reaching such agreements with the United States, Japan, Malaysia, India, the Philippines, and Indonesia.¹⁰⁰ As one senior official put it: “It is unlikely that other countries will give us a cold shoulder once we sign an ECFA with China.”¹⁰¹ And in mid-November, the economics minister said that with ECFA on track for signature, the government would begin to step up efforts to sign FTAs with those other major trading partners.¹⁰²

On the other hand, the director of a prominent research organization in Beijing cautioned that while ECFA would create “favorable conditions” under which Taiwan could seek economic cooperation with ASEAN, it would not mean that Taiwan would be free to establish economic relations with other countries. He warned that the Ma administration should not “link too closely” the signing of ECFA with economic cooperation with ASEAN, in order to avoid the “dilemma of having to explain to the people of Taiwan” in case there are “troubles and hurdles.”¹⁰³ The Mainland’s minister of commerce was a little more elliptical, but made a similar point: “There’s no way Taiwan’s signing of trade pacts with other countries will come without conditions. There must be certain arrangements.” He did not spell out what those “arrangements” should be.¹⁰⁴

Premier Wu Den-yih has also cautioned that, while ECFA would help open trade negotiations more smoothly with the countries of ASEAN, it would be “illogical” to *assume* Taiwan can sign FTAs with any country after signing ECFA.¹⁰⁵

Nonetheless, while it is not entirely clear whether endorsing FTAs with other countries was Hu Jintao’s original intent,¹⁰⁶ what is clear is that Ma’s cross-strait policy will be in for some significant domestic political criticism if other FTAs (or their functional equivalents) do not follow conclusion of ECFA.¹⁰⁷

For now, however, ECFA continues to receive positive public support, even though a very large majority of people still say that do not really understand what it is about.¹⁰⁸

Political Dialogue

As Ma and his team were trying to cope, first with the economy, and later, also with the devastation of Typhoon Morakot, they came under what they perceived to be pressure from Beijing to begin to take the first steps toward political dialogue. Specifically they felt Beijing was pushing to begin low-level contacts in the area of building mutual military trust. The sense of pressure came from a variety of PRC sources, some official and some not.

As early as March, TAO Director Wang Yi had said that while Beijing was committed to the notion of “economics first, politics later; easy first, more difficult later,” that did not mean that dealing with some aspects of political relations was forbidden.¹⁰⁹ Although at the time this was taken to refer essentially to the WHA issue, which was then pending, the desirability of political dialogue was also placed in a context that was broader than that.¹¹⁰

And after the WHA issue was resolved, other signs began to appear that Beijing was not going to cease and desist in its efforts to encourage political dialogue. When Hu Jintao met with KMT chairman Wu Poh-hsiung in Beijing in early May, he stuck largely to the “economics first/easy first” mantra, but he also went on to say: “The two sides, however, should be prepared to create conditions for solving these [political and difficult] problems.” They could start with contacts in “initial form,” he said, and accumulate experience to gradually tackle difficult issues.¹¹¹

When he visited the United States a few weeks later, Wang Yi picked up on these themes, framing the issue in terms of cementing and deepening cross-Strait “mutual political trust,” and the need for both sides of the Strait to accept that the Mainland and Taiwan belong to “one China.”¹¹² Speaking to a cross-Strait investment meeting in late July, he elaborated on these same points and the need to “create conditions for gradually resolving the difficult issues in cross-Strait relations” by continuing to consolidate the “political foundation” of “opposing Taiwan independence and upholding the 1992 Consensus.”¹¹³

Moreover, in a very long article in early August, Yu Keli,¹¹⁴ director of the Institute of Taiwan Studies of the Chinese Academy of Social Sciences, proposed that the two sides make preparations to sign a peace accord “as soon as possible.” Yu called for “speeding up the process” of ending the state of hostility in political, military, legal, and ideological arenas in order to accelerate development of cross-Strait relations. He called on the Ma administration to “show some courage and daring spirit” and to seize the opportunity to work with the Mainland “in a timely fashion” toward these goals. Acknowledging that ending the state of hostilities would be neither an easy nor a rapid process, Yu argued that it was necessary to start preparations early. He bolstered this argument by citing Wang Yi’s earlier statements that experts and scholars from the two sides could carry out academic exchanges on political relations before the country is unified.

It is worth noting that Yu was not pushing for near-term reunification. Though he acknowledged that this was the ultimate goal, he saw its open advocacy now as playing into the hands of the DPP and other promoters of independence. As he put it:

It goes without saying that we must make no attempt to deny that it requires a fairly long period of time for the two sides of the Strait to realize reunification. Peaceful development dominates cross-Strait relations at the present stage. Therefore, by ending the state of hostility and signing a peace agreement between the two sides of the Strait we are

not trying to realize reunification right away.

Although some officials in the Mainland have tended to react dismissively when Yu's article is raised, his was not a lone voice.¹¹⁵ One of China's senior military analysts has been pressing, in particular, for political dialogue on military trust-building, focusing on bursting what he sees as "myths" that have grown up around the subject.¹¹⁶

Taiwan's response to all of this perceived pressure has not been strident, but it has been unequivocal: the time is not ripe for political negotiations. At a time when not even an economic framework agreement has been reached and Ma has been struggling to regain his political footing, it is obvious that his administration has no political foundation for starting down that path. As SEF head P.K. Chiang put it, "in the next couple of years, we should tackle economic issues, then educational and cultural issues, then political issues."¹¹⁷ An editorial in the KMT's online newspaper issued a similar warning, cautioning that if time pressures (e.g., Hu's calendar for stepping down in fall 2012) led the Mainland to try to force Taiwan to the negotiating table before a firm foundation of mutual trust has been established, it might, rather than contributing to peace in the Strait, actually cause a postponement of political talks. Moreover, it could give rise to a greater clamor among Taiwan's separatist forces.¹¹⁸

One example Chiang may have had in mind was a statement by the DPP a few days earlier. Reacting to a MAC report that said the Mainland had already begun preparations for political dialogue between the two sides, the DPP said that this pressure was the "political price" Ma was being asked to pay in return for all of the demands he had placed on the Mainland over the previous year in reaching transportation and other agreements.¹¹⁹ And the DPP raised the possibility that the net result could be that Ma would break his pledge not to discuss unification during his presidency, warning that such an occurrence would create a grave crisis and pose a serious threat to Taiwan's sovereignty.¹²⁰

It is interesting to note that the PRC lowered the profile of discussion of political dialogue after Taipei's concerns about pressure from Beijing became more evident in late summer. In late October, TAO director Wang Yi spoke of other topics that could gradually be added to the cross-Strait economic agenda. But in doing so, he specifically identified cultural and educational issues without reference to political dialogue or confidence-building measures.¹²¹ And while Defense Ministry and TAO spokesmen have reiterated the PRC's belief that movement toward establishing a military mutual-trust mechanism would be welcomed, each instance was in the context of low-key answers to questions, not something volunteered.¹²²

In the meantime, of course, there have been numerous visits by retired military officers from Taiwan to the Mainland, one of Wang Yi's suggestions as a path for beginning to build political trust. And Track II discussions go on fairly frequently, even addressing some of the military trust-building issues.

The most noteworthy of these exercises, and one that has raised questions about both

Beijing's and Taipei's attitude toward political dialogue, was the visit to Taiwan in mid-November by a group of ranking former PRC officials led by former Central Party School vice president Zheng Bijian and including a number of retired senior military and other officials, as well as some think tank experts.¹²³ The agenda explicitly included political and security issues. Although both sides said that the meeting was not "sanctioned," in fact it was clearly blessed by the PRC's Taiwan Affairs Office, which said that, though it was "private and unofficial," the fact that the meeting would touch on such issues "naturally . . . has important positive significance."¹²⁴ And on the Taiwan side, too, participants were not officials, but they were senior people who have close personal and institutional connections to government agencies.

Most puzzling about the meeting was that various members of the PRC delegation stressed themes that predictably riled not only their counterparts across the table but also many members of Taiwan society. It was unhelpful enough that, while on Taiwan soil, Zheng Bijian not only weighed into one of the most sensitive domestic political issues on the island by declaring that, while the contest between "seeking independence and anti-independence" has not ended, efforts to seek independence were "doomed to decline and fall." But he went beyond that to resurrect the dual theme of "one country, two systems" and "peaceful reunification," which has never been dropped by Beijing but which has been deemphasized in recent years because of its widespread rejection in Taiwan.¹²⁵

Perhaps even more confrontational—and less explicable for the PRC to raise in this context—was the argument by a retired PLA general that Taiwan should stop calling for removal of missiles aimed at Taiwan but to opt instead for the more "useful" stance of recognizing "one China." The missiles, he said, are "not that intimidating." Besides, their removal would be "meaningless," since they were mobile and could always be moved back.¹²⁶

No one in Taiwan is oblivious to Beijing's ultimate goal of reunification, and some see the "campaign" for political dialogue as a sign that Beijing has shifted its Chen Shui-bian-era goal of blocking independence back to one of promoting reunification.¹²⁷ That ultimate goal, of course, does not have the support of any significant segment of Taiwan's population, and Ma has pledged to stay away from even discussing it for his entire term of office, whether it be four or eight years. More than that, even though Hu continues to make it clear that unification remains the unchanging aim,¹²⁸ the PRC leader essentially acknowledged in his 31 December speech that no one realistically believes the topic will even be on the table for discussion for many, many years—likely, in this observer's view, measured in decades—much less that there will be agreement to move to that goal. So when some of the Mainland's most articulate voices link political dialogue with the need to build military trust, on the one hand, and with unification on the other, the effect is to push the prospects for dialogue all the further into the future.¹²⁹

In addition to resistance to cross-Strait political dialogue from civilian quarters in Taiwan, the military have also voiced considerable skepticism on the issue. The Ministry of National Defense spokesman recently underscored that the time was not yet ripe for confidence-building measures.¹³⁰ And in its Quadrennial Defense Review of last spring,

the ministry warned that the PRC will employ a two-pronged strategy of psychological warfare, simultaneously offering peaceful resolution and exerting military intimidation, hoping thus “to disrupt our willpower to resist and achieve its objectives of ‘attaining decisive results with a small fight’ or ‘winning without fighting.’”¹³¹

Chao Chun-shan, chairman of the Foundation on Asia-Pacific Peace Studies (which is generally believed to be a “chosen” Track II instrument of the Ma administration), in an apparent attempt to put off officially blessed political dialogue for now, suggested three “preparatory steps” that must precede political dialogue: conclusion of both the financial MOU and ECFA; development of a domestic consensus within Taiwan to initiate political dialogue; and support from the international community, especially the United States and Japan.¹³² Chao was in the Taiwan delegation engaged in the talks with Zheng Bijian, but anything he might have said there about political dialogue has not yet been reported in the press.

At a press conference when he took office as KMT chairman in October, Ma personally weighed in saying that, although then-KMT chairman Lien Chan and Hu Jintao had agreed to include military confidence-building measures and a cross-Strait peace accord on the agenda when they first met in 2005,¹³³ it was “not time yet” (時機未到) to hold political dialogue on these subjects.¹³⁴ Ma’s office repeated this position in mid-November. This was ostensibly in response to a statement by Hu Jintao in his meeting with Taiwan’s representative to the APEC leaders meeting, Lien Chan, that “both sides of the Taiwan Strait should create conditions that are conducive to setting them free from political quandaries.” But perhaps not so coincidentally the Presidential Office statement also came in the immediate wake of the Taipei conference.¹³⁵

Other Political Issues: The Dalai Lama

During the first week of August, a DPP legislator attending the same international conference in Geneva as the Dalai Lama invited him, on behalf of a dozen environmental groups, to visit Taiwan. According to a Tibet community newspaper, the Dalai Lama responded that he was aware of the sensitivities of a possible visit, but he was ready to go at any time “there is no inconvenience” to the Taiwan government.¹³⁶ But there was no realistic prospect such a visit would take place.

It was only a couple of days later, however, that Morakot hit, and then a visit by the Dalai Lama became a much more active proposition. Although the vast majority of those killed and made homeless by the typhoon were from aborigine communities and were not Buddhist, Kaohsiung’s DPP mayor, Chen Chu, organized six of her fellow DPP city and county heads to invite the Dalai Lama to come “to hold public lectures and pray for the people of Taiwan.”¹³⁷

Representatives of the DPP central organization reported that Chen Chu organized the invitation without consulting the party leadership.¹³⁸ Suspicion abounds that she originally did this to try to seize the political spotlight,¹³⁹ and that the DPP leadership went along with it, not only because they had no choice—it was overwhelmingly popular¹⁴⁰—but because there was a belief Ma might once again turn down a visa for the

Dalai Lama due to sensitivities in cross-Strait relations. The upshot of the latter action would certainly have been to cast Ma in the role of Beijing's toady, so the administration's quick decision to grant the visa was the obvious if not necessarily the easiest one for Taipei.¹⁴¹

The Mainland's expression of "resolute opposition" to the visit, and its charge that the purpose was not for disaster relief but "to sabotage the hard-earned good situation in cross-Strait relations," came equally quickly.¹⁴² The DPP countercharged, in turn, that Beijing had no right to interfere, and that the PRC's opposition ran counter to the fundamental values of democracy and mainstream public opinion in Taiwan.¹⁴³ Despite this high-toned response, and while the KMT made clear it was not charging the Dalai Lama, himself with political manipulation,¹⁴⁴ it did not hide its view that the DPP was politically motivated in issuing the invitation.¹⁴⁵ This view seemed to have some broader resonance, and not only did the seven inviters largely stay away from the events that were held, but DPP Chair Tsai Ing-wen felt constrained to call on the public not to interpret the visit in an "overly political" way.¹⁴⁶ Similarly, former vice president Annette Lu said the public should not "exploit" the visit from domestic political angles.¹⁴⁷ Nonetheless, the party took the occasion to try to cast Ma in a bad light, charging him with being "rude" by not meeting with the Dalai Lama, and criticizing the government for not treating the Dalai Lama as a "head of state."¹⁴⁸

Although the Dalai Lama held a prayer session attended by some 20,000 people at one point,¹⁴⁹ and he also met privately for half an hour with Tsai Ing-wen and Chen Chu that same morning, in other ways he tried to distance himself from Taiwan politics. He did so both through a statement issued before his travel to the island underscoring his humanitarian motives and in his decision to change parts of his schedule (e.g., cancelling an arrival press conference and moving one meeting from a sports stadium to a more restricted venue).¹⁵⁰

Another political controversy flared in Kaohsiung on the heels of the Dalai Lama visit. That was over the showing of a biopic of the life of exiled Uighur activist, Rebiya Kadeer, at a Kaohsiung film festival, followed by an invitation to her to visit Taiwan. Beijing apparently decided to exact a price for the city's "provocations" and, although Mainland tourists continued to come to other parts of Taiwan in large numbers,¹⁵¹ they cancelled reservations in Kaohsiung by the thousands.¹⁵² The local tourism industry sought to ameliorate the damage by proposing to cancel the Rebiya Kadeer film, but this then ran into counter-pressure from DPP hardliners and others insisting on the need to "stand tall" in the face of PRC pressure.

The situation became very complicated as the Kaohsiung city government and the DPP vacillated on showing or not showing the film, and when and where to show it. In the end, it was scheduled to be shown far more often and far more widely than originally planned.¹⁵³ The DPP also decided to seize the moment of public opposition to PRC pressure—"brutal meddling" as the DPP called it—to announce the party would show more documentaries on 1 October, the PRC's national day, about human rights movements in the Mainland's minority areas, also inviting the film directors and key

personalities depicted in the films to come to Taiwan “to experience the country’s democracy and freedom.”¹⁵⁴ Meanwhile, Kaohsiung’s mayor sought to limit the economic damage by encouraging the local tourism industry to focus on promoting tourism by Japanese, who, she said, are more numerous and have greater purchasing power than Mainland tourists.¹⁵⁵ But when the Party secretary of Jiangsu Province (a member of the CPC Central Committee) arrived in mid-November at KMT invitation with a contingent of 3,000 officials and business executives (who signed over \$4 billion in contracts¹⁵⁶), there were also 4,000 tourists from Jiangsu in Taiwan;¹⁵⁷ those who traveled out of Taipei still did not venture as far south as Kaohsiung. The arrival in Kaohsiung of a 30-person medical tourism group a few days later was a possible sign that the city would no longer be boycotted.¹⁵⁸ One hopes so, because, with Mainland tourists projected to become Taiwan’s largest group of visitors in 2010,¹⁵⁹ resolving this issue is not a trivial matter.

While the final political fallout in Taiwan is yet to be measured, public opinion polls suggest that the combination of the government’s decision to welcome the Dalai Lama but to refuse entry to Rebiya Kadeer (while not interfering in the screening of the films) earned support of the majority of the public. In contrast, the DPP’s own ratings ironically dropped,¹⁶⁰ and the party began to stress other themes to contrast itself with the KMT, emphasizing, for example, competence, diligence, and integrity.¹⁶¹ (The KMT, in turn, began to stress its own twin themes of safeguarding sovereignty and eliminating corruption.¹⁶²)

In considering how to deal with Taiwan as a whole in response to these events, the PRC took full account of the way in which the Dalai Lama’s visit was arranged and the political bind facing Ma, and it went to some pains to place the blame squarely on the shoulders of “some people of the Democratic Progressive Party” who “deliberately created the disturbance.”¹⁶³ Evidently feeling that, in addition to the penalty imposed on Kaohsiung, it had to go beyond words to make some minimal gestures of disapproval, Beijing delayed various visits to Taiwan¹⁶⁴ and lowered the participation at some cross-Strait events for a matter of a few weeks.¹⁶⁵ As already noted, it also cancelled any celebratory activities to mark the opening of scheduled flights across the Strait.¹⁶⁶ But in short order the basic flow of cross-Strait relations resumed without serious disruption.¹⁶⁷

International space

Meanwhile, the Ma administration decided once again to forgo a bid for UN membership, opting instead for “meaningful participation” in UN specialized agencies. This year it determined to focus on the International Civil Aviation Organization (ICAO) and the UN Framework Convention for Climate Change (UNFCCC).

In contrast to last year, however, Taipei did not seek to inscribe the issue on the UN General Assembly agenda. Calling its approach a “model” for its approach to international participation in the future,¹⁶⁸ Taiwan did have a number of its diplomatic partners speak favorably of Taipei’s ambition with ICAO and UNFCCC, and it did ask them to sign a letter of support to the UN Secretary General.¹⁶⁹

Ma’s “practical” approach was not without its domestic critics. Needless to say,

the DPP objected. But the decision to forgo putting in any sort of bid at the General Assembly was reportedly also criticized by KMT legislators.¹⁷⁰ Even the KMT's own newspaper carried a commentary noting that the UN strategy, which was part of Ma's "diplomatic truce" approach, raised questions about where the bottom line of that tactic lay.¹⁷¹

For its part, the PRC introduced a dose of cold realism through a statement of the TAO spokesman about the PRC's "clear position" on such matters: "The way to resolve the issue of Taiwan's participation in activities of international organizations can be sought through cross-Strait consultation."¹⁷² Moreover, though it's not likely to be a huge problem, Beijing may find somewhat troubling Ma's description of his strategy "for *rejoining* the United Nations system" [重返聯合國體系] even though he continues to stress pragmatic approaches rather than "futile confrontation."¹⁷³

The U.S. Role

American disaster assistance in the wake of Typhoon Morakot has already been noted. Although the involvement of the U.S. military in that instance was not a signal of deeper U.S. security ties with Taiwan,¹⁷⁴ the subject of U.S. security ties to the island, and specifically of arms sales, continued to be a prominent issue¹⁷⁵—as did the PRC threat they were meant to counter.

The Taiwan defense ministry indicated that the number of missiles deployed against Taiwan had increased to 1,500, and it asserted that the PLA's military modernization had not slowed down even though tensions across the Strait had been reduced; the ministry saw Taiwan still as the main objective of PLA modernization.¹⁷⁶ Unsurprisingly, some local press stories then carried arguments (including by Americans) in favor of much more robust arms sales by the United States to deal with the PRC threat.¹⁷⁷ Taiwan defense officials took advantage of their presence at the annual U.S.-Taiwan defense industry talks to press their case for more weapons, including F-16C/Ds.¹⁷⁸

Some Taiwan media continued to carry stories asserting there was a long-term freeze in effect on American arms sales due to alleged U.S. concern over Ma's "overly pro-PRC stance."¹⁷⁹ Senior U.S. officials rebutted this allegation and responded that any decisions would be made in accordance with the Taiwan Relations Act (no sales have yet been announced by the Obama administration)—at the same time asserting that the PRC should not worry about "a strong Taiwan" but rather see it as a stabilizing factor in the region.¹⁸⁰ They went on not only to refute the notion of American discomfort with Ma's cross-Strait approach, but to openly endorse confidence-building measures as well.¹⁸¹

Moreover, on the eve of President Obama's mid-November trip to Asia—including his first visit to China—senior officials reaffirmed the U.S. commitment to the long-standing "one China" policy and to arms sales. As one official put it:

That framework [of the three U.S.-PRC joint communiqués and the Taiwan Relations Act] is unalterable. We're not going to touch it. There will be nothing we say or do on the trip that will go in different directions.

He also said:

Our policy on arms sales to Taiwan has not changed, and that will be evident over the course of our administration.¹⁸²

In another potential sign of visible U.S. support, stories appeared in the Taiwan press that an American Cabinet member might visit Taiwan next spring,¹⁸³ something Taipei is known to want very much. Apparently no such decision has yet been made, however.

When Presidents Hu Jintao and Barack Obama met in New York in late September on the margins of UN meetings, Taiwan was not a major subject. But it did come up, and the Chinese post-meeting briefing cited Hu as speaking about the need to adhere to commitments in largely familiar terms, but also expressing the wish that the U.S. side “would take real action to support the peaceful development of relations” across the Strait. The briefer cited Obama as reiterating the U.S. commitment to the “one China policy” but also expressing American appreciation of the easing of cross-Strait relations, which the United States considers “conducive to peace and stability in Asia.”¹⁸⁴

How the issue will be addressed when President Obama visits China in late November, and how Beijing eventually responds when the United States announces arms sales to Taiwan in the coming months, should tell observers much about where Beijing's priorities lie and how deep its understanding is of Ma's need for a strong defense to maintain his domestic political credibility as he seeks to enhance cross-Strait ties.

Notes

¹ “Public Opinion Poll after Wu Cabinet has been in office for a month,” TVBS, 7 October 2009 (http://www.tvbs.com.tw/FILE_DB/DL_DB/doshouldo/200910/doshouldo-20091008165434.pdf). Other polling results were less dire, but still showed a precipitous drop.

² Ko Shu-ling, “Ma, Liu approval ratings plummet in Morakot's wake,” *Taipei Times*, 20 August 2009. According to the Prediction Market, Ma's odds of winning a two-way race were greater than 70 percent in late June.

³ “Survey on new Cabinet, verdict on former President Chen Shui-bian's cases, and President Ma Ying-jeou's approval rating,” Global Views Survey Research Center (GVSRC), 23 September 2009 (http://www.gvm.com.tw/gvsrc/200909_GVSRC_others_E.pdf), showed trust in Ma dipping to 36.9 percent, several points lower than at any other time since he took office, while distrust rose to 47.2 percent, several points higher than ever before.

⁴ Deborah Kuo, “U.S. sends heavy-duty choppers to Taiwan for relief work,” China News Agency (CNA), 17 August 2009.

⁵ One PRC observer said the United States had taken advantage of typhoon relief to conduct joint exercises with Taiwan and to put on a “political show” meant to encourage a “consciousness of Taiwan.” (Kou Liyan, “These seven days, what has the US military been doing in Taiwan?” *Guoji Xianqu Daobao*, 27 August 2009, translated in summary by OSC, CPP20090914671003). Another also suggested that the

disaster relief cooperation was actually quite small, but the political and military significance lay in the fact of it being a joint military exercise. (Hai Yang, "Sending US military planes to assist in Taiwan's disaster relief carries hidden meaning," *Hong Kong Ta Kung Pao*, 7 September 2009, translated by OSC, CPP20090907718002. Original Chinese text available at <http://www.takungpao.com/news/09/09/07/LTB-1138188.htm>.)

⁶ "Growing amid challenges, progressing and reconstruction," President Ma Ying-jeou's National Day Address, Office of the President, 10 October 2009, http://www.president.gov.tw/en/prog/news_release/print.php?id=1105500061.

⁷ "Ma will not resign," *Straits Times*, 19 August 2009.

⁸ "Taiwan's disaster lies in Ma's 'leadership,'" *Taiwan News*, Editorial, 19 August 2009.

⁹ Shih Hsiao-kuang, "KMT legislators slam slow response by the government," *Taipei Times*, 17 August 2009. The *United Daily News* editorially decried the damage done to public confidence in the government and the need for rebuilding of the Cabinet ("Not only disaster areas need rebuilding," 19 August 2009, translated in full by Kuomintang (KMT) News Network, <http://www.kmt.org.tw/english/page.aspx?type=article&mnum=113&anum=6750>). And the *China Times* editorially bemoaned the lack of leadership and empathy: "President Ma lacked decisiveness. He lacked a sense of direction. He gave extra care about the letter of the law. His public speaking lacked empathy. These shortcomings are not minor. If he had a premier who understood and sympathized with the people, who was sensitive and prudent, then the premier might have been able to make up for the shortcomings of the President. Unfortunately, although the premier is said to be smart and capable, he is out of touch with ordinary people." ("The Ma administration needs a 'constructive destruction,'" 19 August 2009, translated in full by KMT News Network, <http://www.kmt.org.tw/english/page.aspx?type=article&mnum=113&anum=6764>.)

Though doubtless without much public impact, two sets of international experts who went to Taiwan over this period—from the UN Office for the Coordination of Humanitarian Affairs and from the European Union—awarded high marks for the relief efforts, praising in particular the "hardiness" of the authorities' capabilities and coordination skills and characterizing the rescue and relief mechanism as "top-notch." ("United Nations commends Taiwan on disaster relief efforts," KMT News Network (from Taipei newspapers), 2 September, 2009, <http://www.kmt.org.tw/english/page.aspx?type=article&mnum=112&anum=6812>.)

¹⁰ One poll showed that in mid-August, two weeks after the typhoon, 78.2 percent of respondents thought the Ma administration deserved failing grades for its response to the Morakot-triggered disaster, while only 11.5 percent gave it passing grades. In the same poll, Ma's approval rating plummeted to 22.9 percent (from 35.5 percent a month earlier) while his disapproval rating rose to a record 64.8 percent (from 52.3 percent in August). As indicated earlier, trust in Ma likewise dropped to 36.9 percent (from 45.2 percent in August) as distrust rose to 47.2 percent (from 39.1). (GVSR, "Public opinions on President Ma Ying-jeou's and his Cabinet's abilities to deal with disasters following Typhoon Morakot's lash at Taiwan," 24 August 2009 [data collected 16–18 August], http://www.gvm.com.tw/gvsrc/200908_GVSRC_others_E.pdf.)

¹¹ "Highlights of President Ma Ying-jeou's two press conferences," 19 August 2009, KMT News Network (<http://www.kmt.org.tw/english/page.aspx?type=article&mnum=112&anum=6735>).

¹² The bill was finally approved in early November. ("Taiwan legislature approves Typhoon Morakot reconstruction budget," *Taiwan News*, 10 November 2009.)

¹³ "Ma will not resign," Singapore *Straits Times*, 19 August 2009. In addition to the costs associated with the typhoon, the economic slump was also costing the government dearly. The Ministry of Finance reported that tax revenues were down 16 percent, or US\$6.9 billion, in the first nine months of 2009. Thus, at the three-quarter mark, Taipei had pulled in only 67.2 percent of the targeted revenue for the year. (Judy Li, "Taiwan's tax revenues plummet NT\$227.7B in first 9 months," *Taiwan Economic News*, 14 October 2009.)

As to the Pacific Summit, it was later announced that it would likely be held in the spring. ("President Ma wishes to visit South Pacific allies in spring," CNA [domestic], 1 November 2009, translated in summary by OSC, CPP20091101102004.)

¹⁴ Lee Ming-hsien, "Ranking members of the KMT call for minister Chen Chao-min to step down," *Lien-ho Pao*, 18 August 2009, translated in summary by Open Source Center (OSC), CPP20090818100001. (Original Chinese text is available at <http://udn.com/NEWS/NATIONAL/NATS4/5084020.shtml>; accessed 18 August 2009.)

¹⁵ When another typhoon was approaching Taiwan in late October, large numbers of military forces were not only put on alert but even “forward deployed” to areas expected to be hit by the storm. (Su Lung-chi and Fanny Liu, “Military to be deployed before typhoon warning issued: Premier,” CNA, 20 October 2009.)

¹⁶ When another typhoon threatened Taiwan less than two months later, it was announced that as a routine matter, when future typhoons approached the island the military would deploy over 6,000 personnel just as a precaution, along with repositioning of generators and water pumps, amphibious vehicles and rubber boats and various types of heavy equipment. (Lilian Wu, “Military to be deployed upon typhoon warnings,” CNA, 1 October 2009.) Moreover, almost 35,000 were put on alert. (Maubo Chang, “Military servicemen brace for post-storm relief operations,” CNA, 4 October 2009.)

¹⁷ Tim Culpan, “Taiwan’s major threat is nature, not China, President Ma says,” *Bloomberg*, 18 August 2009.

¹⁸ The military reclaimed the helicopter decision, saying that the equipment could be purchased more cheaply and more quickly in a larger batch, but agreed that 15 would be allocated to the Ministry of Interior for disaster relief work. In wartime, they would be drafted for combat missions. (Sofia Wu, “Military retains plan to procure 60 Blackhawk choppers,” CNA, 30 August 2009.) Ma accepted the plan. (Deborah Kuo, “President respects MND’s plan to go through with Blackhawk purchase,” CNA, 31 August 2009.)

¹⁹ In late August, when confronted with demands from the families of Morakot victims to replace Liu, Ma demurred. (“Ma: I take responsibility for my decision not to replace the premier,” KMT News Network [from Taipei newspapers], 24 August 2009.)

²⁰ “Taiwan DPP Chair calls for thorough Cabinet reshuffle,” *Taiwan News*, 6 September 2009.

²¹ Flora Wang, “Both KMT, DPP have reservations on new Cabinet,” CNA, 11 September 2009. According to some reports, in any event the new premier indicated that there could be another Cabinet reshuffle at the end of the year after the 5 December local elections, when some local officials’ terms will have ended. (“Public Surprised by appointment of interior minister, foreign minister; another Cabinet reshuffle likely at end of year,” CNA [Chinese], 9 September 2009, translated in summary by OSC, CPP20090910100001.)

KMT members of the LY were the overwhelming “victors” in the party Central Committee elections later in the month, with 34 of the 36 legislators nominated being elected and with half of the top 10 vote-getters in the election being LY members. Also, six of seven city mayors and county magistrates nominated were elected. (“Incumbent legislators biggest winners in the KMT Central Committee election,” OSC summary translation of a series of articles in *Central Daily News*, 27 September 2009, CPP20090928569001.) Whether this assuaged the KMT members’ sense of being ignored in the choice of Cabinet ministers was unclear, as was the degree to which this would facilitate closer coordination with the president and premier.

²² Although the absolute numbers in various polls taken at this time differed, the tendencies were generally similar. Typical was a *China Times* poll immediately after the change that found that 66 percent of respondents were satisfied with the Liu Cabinet resignation as against 20 percent who were not; 48 percent were satisfied with the Wu Den-yih appointment as against 23 percent who were not; and 65 percent were satisfied with Chu Li-luan’s appointment as vice premier as against 9 percent who were not. In addition, Ma’s favorable rating rose from 29.6 percent rate in August to 40 percent, while his unfavorable rating dropped from 55.4 percent to 47 percent in the same period. Moreover, 53 percent of respondents expressed confidence in Ma’s future governance (as against 40 percent in August), while 31 percent did not (as against 47 percent in August). (“Ma’s popularity returns to 40%, 66% approve of the resignation,” 本報民調 馬聲望返4成 66%肯定總辭, *China Times*, 9 September 2009, <http://news.chinatimes.com/2009Cti/Common/2009Cti-News-Print/0,5201,110501x112009090900053,00.html>, translated by KMT News Network, <http://www.kmt.org.tw/english/page.aspx?type=article&mnum=114&anum=6855>.)

²³ Ko Shu-ling, “Reshuffle seen as boost to Ma’s re-election chances,” *Taipei Times*, 10 September 2009.

²⁴ Sofia Wu, “KMT chair vows party will engage in soul searching following defeat,” CNA, 27 September 2009. KMT Chairman Wu Den-yih suggested that circumstances in Yunlin County, where the election took place, were “too unique” to justify drawing broader implications, but the size of the defeat—with the DPP candidate winning 58.8 percent of the votes cast—was clearly impressive.

²⁵ “Opposition wins by-election,” Agence France-Presse (AFP, *Straits Times*), 27 September 2009.

²⁶ “DPP wins big in Yunlin; Tsai Ing-wen: Lesson for Ma,” *Tung-sen Hsin-wen Pao*, 27 September 2009, translated in summary by OSC, CPP20090927102002.

²⁷ Lee Hsun-teh, "Year-end elections will be held as scheduled," 年底選舉 如期舉行, *Lien-ho Pao*, 22 August 2009.

²⁸ Mo Yan-chih, Loa Iok-sin, and Ko Shu-ling, "Yunlin defeat a warning to KMT: Wu Poh-hsiung," *Taipei Times*, 28 September 2009.

²⁹ Mo Yan-chih, "KMT elects its Central Committee," *Taipei Times*, 28 September 2009.

It was previously agreed that officials in departments of national defense, justice, finance, and intelligence would not be nominated for Central Committee positions. Although KMT Chairman Wu Poh-hsiung had designated five Cabinet ministers to serve on the Central Standing Committee that was to be elected on 11 October (Yan Kuang-tao, "KMT: Five Cabinet members such as Lin Zhong-sen will be appointed KMT Central Standing Committee Members," KMT/林中森等5閣員 任國民黨指定中常委, *Central Daily News*, 15 September 2009, http://www.cdnews.com.tw/cdnews_site/docDetail.jsp?coluid=107&docid=100906087, translated in summary by OSC, CPP20090916569001), it turned out that a number of other Cabinet officials had also withdrawn their candidacies. This reportedly generated an impression among some people that Premier Wu Den-yih was boycotting the Central Committee and led to some tension between him and still-KMT Chairman Wu Poh-hsiung. Others denied this, however, noting that many Cabinet members were deeply involved in post-Morakot reconstruction and that it was simply "not convenient" (不方便) for them to take up such party responsibilities at present. (Chen Heng-kuang, "KMT: Cabinet members bow out of party election duties, ignites a big battle between the two Wu's," KMT/閣員棄選黨職 引爆雙吳大戰, *Central Daily News*, 20 September 2009, http://www.cdnews.com.tw/cdnews_site/docDetail.jsp?coluid=107&docid=100910912, translated in summary by OSC, CPP20090920569001.)

³⁰ "Ma orders crackdown on KMT vote-buying," *China Times* (translated in *Taiwan Today*), 30 October 2009.

³¹ "Tsai Ing-wen: Cabinet should resign en bloc," *Chung-kuang Hsin-wen Wang*, 6 September 2009, translated in summary by OSC, CPP20090907102002.

³² The boycott was said to be related to DPP accusations that Wu had lied about the purposes of his trip to Hong Kong in early September between the time Ma asked him to take office and the date he actually did. They charged that he was seeking "approval" from PRC representatives of his proposed cabinet, which Wu vehemently denied. (David Young, "DPP grills Premier Wu," *China Post*, 19 September 2009.)

³³ "DPP Party Central partially breaks with Chen Shui-bian," KMT News Network (from Taipei newspapers), 14 September 2009.

Chen himself, on the other hand, took a rather bizarre approach, suing President Obama and Defense Secretary Gates in the U.S. Court of Military Appeals for the Armed Forces in Washington, DC, calling on them to overturn the Taiwan court decision on the grounds that the United States remained the occupying power of Taiwan and thus any corruption accusations should be heard in a U.S. military court. Unsurprisingly, the DPP, which considers Taiwan a sovereign, independent state, disagreed. ("DPP disagrees with Chen over Taiwan's status," *China Post*, 24 September 2009.)

³⁴ GVSRC, "Survey on new Cabinet, verdict on former President Chen Shui-bian's cases, and President Ma Ying-jeou's approval rating," 23 September 2009 (http://www.gvm.com.tw/gvsrc/200909_GVSRC_others_E.pdf).

All of this reflected the fact that the Taiwan public maintained a harsh view of Chen. The results from various polls taken at this time were remarkably consistent in showing that roughly half of all respondents thought that the sentences Chen and his wife received were either proper or possibly even too lenient, a slightly lower number thought he should continue to be detained (vs. about a third who thought he should be granted bail), and roughly half thought the verdict on Chen reflected independence for the judiciary rather than the influence of political considerations. (Three representative polls, all conducted on 14 September, were:

China Times, translated by KMT News Network at <http://www.kmt.org.tw/english/page.aspx?type=article&mnum=114&anum=6892>;

TVBS, http://www.tvbs.com.tw/FILE_DB/DL_DB/doshouldo/200909/doshouldo-20090911225734.pdf and translated by KMT News Network at <http://www.kmt.org.tw/english/page.aspx?type=article&mnum=114&anum=6890>; and

United Daily News, translated by KMT News Network at <http://www.kmt.org.tw/english/page.aspx?type=article&mnum=114&anum=6891>.

A UDN poll taken on 25 September also showed strong support for the High Court's ruling to extend Chen's detention (41 percent satisfaction vs. 23 percent dissatisfaction) and for the proposition that the judiciary has been handling Chen's case in accordance with due process of law (40 percent satisfaction vs. 27 percent dissatisfaction). ("*Lien Ho-Pao* Group public opinion poll: 41 percent approve of [Chen Shui-Bian's continued detention," 聯合報系民調：扁續押 41%認同, 26 September 2009, <http://www.udn.com/2009/9/26/NEWS/NATIONAL/NAT2/5158982.shtml>, translated and put in tabular form by KMT News Network, <http://www.kmt.org.tw/english/page.aspx?type=article&mnum=114&anum=6948>.)

³⁵ Lee Ming-chung, Kelven Huang, and Fanny Liu, "U.S. ground beef and offal won't show up on Taiwan markets: premier," CNA, 29 October 2009.

³⁶ According to a DPP poll conducted in late October, somewhat over 70 percent of respondents opposed the import of ground beef, spinal cord and innards that were seen as at high risk for mad cow disease and did not trust the government's promises to impose sufficient safeguards. Over 80 percent thought the government should renegotiate the deal with the United States, and over 85 percent thought the legislature should act to bar the suspect beef products. ("DPP public survey on American beef import to Taiwan," 2 November 2009, http://www.dpp.org.tw/index_en/.)

But it was not only the DPP, potentially a politically biased source, that found public opposition. *China Times* conducted a poll at the same time and found that 68 to 72 percent of respondents rejected U.S. high-pressure tactics, did not think the ban on import of U.S. beef products should have been lifted, and said they would support a "No to American Beef" movement if it were launched by the private sector. (*China Times* Poll: American beef incident, 72 % criticize American pressure tactics, Ma's popularity plummets by 14 %, 28 October 2009, translation and tabulation by KMT News Network, <http://www.kmt.org.tw/english/page.aspx?type=article&mnum=114&anum=7099>; original *China Times* story available at <http://news.cnyes.com/dspnewsS.asp?fi=%5CNEWSBASE%5C20091028%5CWEB565>.)

³⁷ Lee Ming-chung, Kelven Huang, and Fanny Liu, "U.S. ground beef and offal won't show up on Taiwan markets: premier," CNA, 29 October 2009. As Wu Den-yih explained it to reporters: "According to my understanding, no one will apply to import [the products], and [if they do] the Department of Health will reject their requests on the basis of related rules and regulations." (Shih Hsiu-chuan and Jimmy Chuang, "US ground beef still banned: premier," *Taipei Times*, 30 October 2009.) And, indeed, the Health Minister explained that such products would not be imported and would be blocked at three different places: at the source, at the border, and in markets. (Chen Li-ting and Elizabeth Hsu, "Strict measures in place to block U.S. ground beef, offal imports," CNA, 2 November 2009.) The Ministry of Economic Affairs confirmed that the new regulations did not constitute a "non-tariff barrier." (Wang P'eng-chieh, "Taiwan-American Relations: Ministry of Economic Affairs says technical means of blocking American beef do not violate WTO standards," (台美關係/技術性擋美牛 經濟部：不違WTO規範), *Central Daily News*, 29 October 2009, translated in summary by OSC, CPP20091030569001, original article available in Chinese at http://www.cdnews.com.tw/cdnews_site/docDetail.jsp?coluid=107&docid=100953039.)

Presumably under direction from the premier, the ministries of education and national defense even went so far as to advise against consumption of U.S. beef at schools and in the military. ("Gov't advises against U.S. beef at schools and in the military," *Taiwan News*, 28 October 2009.)

The government also took various steps to publicly identify those importers and restaurants that procured the "risky" beef products. It agreed to an LY requirement to name importers ("Health minister agrees to name importers of 'risky' US beef," *United Daily News* (translated by *Taiwan Today*), 30 October 2009. And Taipei City not only formed an association of nine major importers and over a thousand restaurants who promised not to deal in the offending products; members who violated the association's regulations would face stiff fines. (Mo Yan-chih and Ko Shu-ling, "Major importers sign agreement against US beef," *Taipei Times*, 4 November 2009.) The city also issued signs to stores who joined the alliance against sale or use of those products (Johnson Sun and Sofia Wu, "Taipei City issues signs for shops rejecting U.S. beef offal," CNA, 4 November) as well as requiring the city's 15,000 restaurants to indicate on their menus the origin of their beef and to keep proof of the source for inspection. (Johnson Sun and Fanny Liu, "Taipei restaurants required to indicate origin of beef on menus," CNA, 2 November 2009.)

³⁸ DPP, "The government needs to explain clearly the secret inside story about the case of the Taiwan-American beef importation negotiations," (台美協商牛肉進口案黑幕重重 政府應清楚說明), 2 November 2009 (http://www.dpp.org.tw/news_content.php?menu_sn=7&sub_menu=43&sn=4075).

³⁹ “Export Requirements for Taiwan, TW-96,” USDA, Food Safety and Inspection Service, 9 November 2009 announced: “As a temporary market transition measure U.S. exporters will ship only U.S. beef and beef products from cattle less than 30 months of age” (http://www.fsis.usda.gov/regulations_&_policies/Taiwan_Requirements/index.asp). An announcement from the governor of Nebraska added that: “After 180 days, government officials will review the 30 month age limit and consider full trade access for U.S. beef.” (“Gov. Heineman sees opportunity in Taiwan decision to expand beef trade,” Office of Governor Dave Heineman, 23 October 2009, http://www.governor.nebraska.gov/news/2009/2009_10/23_beef_trade.html.)

⁴⁰ Liu Hsing-chun and Hsieh Mei-fen, “Hsieh Chang-ting: Ma opened up to American beef in exchange for a green card,” (謝長廷: 開放美牛 馬想換綠卡) *Lien-ho Pao*, 8 November 2009.

⁴¹ Dennis Engbarth, “54% of Taiwan voters say Ma’s holding of KMT chair is improper,” *Taiwan News*, 16 October 2009. In the same DPP poll on which this report was based, 58.3 percent of respondents expressed dissatisfaction with Ma’s administrative performance.

Even in a more neutral poll, close to or more than a majority doubted Ma’s ability, by doubling as KMT chairman, to establish a clean image for the KMT (51.7 percent vs. 28.7 percent) or to push for democratic reform within the party (49.1 percent vs. 31.7 percent). (GVSRC, “Survey on President Ma Ying-jeou’s performance after assuming KMT chairmanship, Ma-Hu Meeting, and Taiwanese people’s views on unification with China and independence,” 22 October 2009, http://www.gvm.com.tw/gvsrc/200910_GVSRC_others_E.pdf.)

⁴² Jenny W. Hsu, “President unfit to lead KMT: Tsai,” *Taipei Times*, 18 October 2009.

⁴³ “Editorial: Can ECFA negotiations be trusted?” *Taipei Times*, 5 November 2009.

⁴⁴ “Opening to US beef imports is official: Taiwan government,” *Taiwan News*, 2 November 2009.

⁴⁵ “DPP statement regarding President Ma’s recent decision to expand U.S. beef imports,” 27 October 2009, http://www.org.tw/index_en.

⁴⁶ “Government to respect law amendment on food sanitation, provided it does not contradict Taiwan-US protocol,” *Central Daily News*, 4 November 2009, translated in summary by OSC, CPP20091105569001.

⁴⁷ Liu Chien-hsin, “Green camp: American beef is not blocked, blue camp revision of the law is a deception,” *Central Daily News*, 10 November 2009, original Chinese-language article available at http://www.cdnews.com.tw/cdnews_site/docDetail.jsp?coluid=107&docid=100965296.

⁴⁸ “Beef controversy continues to simmer,” *United Daily News* (translated by *Taiwan Today*), 4 November 2009.

⁴⁹ *Ibid.*

⁵⁰ Li Ming-hsien, “U.S. exerts pressure, says beef uncertainty not good for TIFA talks,” *Lien-ho Pao*, translated in summary by OSC, CPP20091111100001; original Chinese text available at <http://udn.com/NEWS/NATIONAL/NATS1/5244427.shtml>.

⁵¹ “DPP to protest cross-strait talks,” *China Post*, 23 October 2009.

⁵² “The unceasingly progressive DPP,” Statement issued by the 13th session of the second national party congress, 18 October 2009 (民主進步黨第十三屆第二次全國黨員代表大會宣言), http://www.dpp.org.tw/news_content.php?menu_sn=7&sub_menu=43&sn=4041. The statement said the party must “be leaders and not simply parrot nice words.” Through adherence to its ideals, tolerance and discipline, “we must be able to convince the public that the DPP is a stabilizing force for Taiwan—the most reliable political team and Taiwan’s most loyal defender.” (Translation courtesy of Michael Fonte, DPP Liaison in Washington, DC.)

⁵³ “DPP needs coherent policies to win,” *Taipei Times* Editorial, 6 November 2009.

⁵⁴ Unemployment rates hit record levels in two successive months, standing at 6.07 percent in July (the first time that number had risen above 6 percent since the government started collecting jobless statistics in 1978), and then rising again to 6.13 percent in August. (Deborah Kuo, “Unemployment rate hits all-time high in August,” CNA, 22 September 2009.) In September it retreated to 6.04 percent, ending four months of consecutive increases in the unemployment rate. Still, on a seasonally adjusted basis, the rate stood at 6.09 percent, the highest level recorded since the government began tracking unemployment in 1978. (Erin Ho and Y.L. Kao, “Taiwan jobless rate drops slightly,” CNA, 22 October 2009.)

Moreover, in the first six months of 2009, per capita real income averaged a little over \$1,300, 6.84 percent lower than a year earlier, descending to levels equal to those recorded in 1996. (Deborah Kuo, “Average real income shrinks to 1996 level,” CNA, 25 August 2009.)

⁵⁵ Although Typhoon Morakot was estimated to lower 2009 growth by 0.26 percentage points, which, combined with the global economic crisis, would bring the annual growth rate down to -4.04 percent (Dennis Engbarth, “Typhoon slices 0.26% off Taiwan 2009 growth,” *Taiwan News*, 20 August 2009), the

impact of the natural disaster was seen as only short-term. (“Typhoon Morakot’s impact on Taiwan’s economy only short-term,” *Taiwan News*, 25 August 2009.) Seasonally adjusted growth in the second quarter had been a robust 20.69 percent (Daniel Ong Kian Hong and Perris Lee Choon Siong, “Taiwan posts strong GDP growth,” *Wall Street Journal*, 20 August 2009), and even taking account of the typhoon, by late September the 2010 annual growth rate was projected at between 2.4 and 4.10 percent. (Stanley Cheung, “Taiwan’s economy expected to recover next year,” CNA, 22 September 2009; Dennis Engbarth, “Taiwan economy to rebound by 4.10% in 2010, says PRI,” *Taiwan News*, 22 September 2009.)

Immediately before Morakot, optimists about the island’s economic climate through the first quarter of 2010 far outnumbered pessimists (39.8 percent vs. 15.7 percent), according to the Taiwan Institute of Economic Research (TIER). (Judy Li, “Taiwan forecast to see positive economic growth in Q3: TIER,” *Taiwan Economic News*, 5 August 2009.) And, as already indicated, by the time the new Cabinet was appointed, various economic indicators in the GVSRC “Taiwan Public Mood Index” were at or near 12-month highs, including the “domestic economic improvement index,” which recovered from 33.0 in August to 47.7 in September, paralleling similar recovery in the “domestic political outlook index” and higher than at any other time in the past 12 months except for April and May. (“GVSRC Survey: ‘Taiwan Public Mood Index’ September 2009,” 25 September 2009, http://www.gvm.com.tw/gvsrc/200909_GVSRC_TPMI_E.pdf.) Although most of these rates dipped again in October, they remained at pre-August levels. (http://www.gvm.com.tw/gvsrc/200910_GVSRC_others_E.pdf) Also in late October, according to National Central University’s Research Center for Taiwan’s Economic Development, consumer confidence stood at 60.56, up 4.11 points from September. Although this was judged not to reflect true optimism (which is seen when the index stands between 100 and 200), it was the highest level in 17 months, since June 2008. (Deborah Kuo, “Consumer confidence in Taiwan hits 17-month high in October,” CNA, 27 October 2009.)

In addition, the newly appointed chairman of the Council for Economic Planning and Development (CEPD), Tsai Hsung-hsiung, reported to the LY that he foresaw the unemployment situation improving in September and that the rate would drop in the first quarter of 2010 at the latest. (Elizabeth Hsu, “Unemployment level to drop: new economic policy planner,” CNA, 28 September 2009.)

One more positive indicator surfaced as this article was heading to the editor. Although exports in October were down 4.7 percent from the same month a year earlier (and cumulatively in 2009 were down 27.3 percent from the same 10-month period in 2008), they were up 7.5 percent from September to the highest monthly level in a year and were expected to grow at double-digit rates starting in November. (Lisa Wang, “Exports hit one-year high in October,” *Taipei Times*, 10 November 2009; “MOF sees jump in November exports,” *Lien-ho Pao* [translated in *Taiwan Today*], 10 November 2009.)

⁵⁶ “FSC chief vows to ink MOU before year-end,” *Economic Daily News*, 2 September 2009 (translated by *Taiwan Today*, <http://www.taiwantoday.tw/ct.asp?xItem=62188&ctNode=413>). See earlier discussion in Alan D. Romberg, “Cross-Strait Relations: First the Easy, Now the Hard,” *China Leadership Monitor*, No. 28, endnote 86.

The benefits from the impending MOU were seen as its enabling of Taiwan and the Mainland “to cooperate in supervising financial institutions, set up a cross-strait currency clearance and settlement mechanism, permit commercial banks to exchange currency and work together on developing technologies to spot counterfeit notes.” (Sofia Wu, “Cabinet reshuffle not to affect signing of cross-strait MOU,” CNA, 8 September 2009.) Further, it will also “lay the groundwork for both sides to open up their financial markets mutually, allowing, among other things, seven Taiwanese banks to upgrade their existing representatives offices in China to branches and China’s qualified domestic institutional investors (QDII) to invest in Taiwan’s stock market instantly. It will also allow domestic securities firms to set up operations in China.”

By mid-November, the three MOUs under discussion since spring appeared to be on the verge of signature. (“Financial MOUs to be inked within two weeks,” *China Times* [translated in *Taiwan Today*], 11 November 2009.)

⁵⁷ Alan D. Romberg, “Cross-Strait Relations: A Confederacy of Skeptics,” *China Leadership Monitor*, No. 29, Summer 2009, pp. 5–7.

⁵⁸ Lillian Lin, “Cabinet screening committee rejects DPP initiated ECFA referendum,” CNA, 27 August 2009.

According to the Referendum Law, a nationwide referendum may be used for the following matters:

- A referendum on a law;
- An initiative on a legislative principle;

- A referendum or an initiative on a formulation of a major policy (重大政策之創制或複決); or
- A referendum on an amendment to the Constitution.

It would appear that the third criterion would have been the basis of the DPP proposal, but the review committee obviously found it wanting. (The Chinese-language text of the law is available at <http://www.glin.gov/view.action?glinID=91517>; a partial English translation is at <http://cns.miis.edu/straittalk/Appendix%20147.htm>.)

⁵⁹ Loa Lok-sin, "Committee rejects request for referendum on ECFA," *Taipei Times*, 28 August 2009.

⁶⁰ Dennis Engbarth, "Taiwan Opposition appeals Cabinet veto of ECFA referendum," *Taiwan News*, 30 September 2009.

⁶¹ "Premier Wu rules out a referendum on ECFA," *China Post*, 30 September 2009.

⁶² Two weeks after the storm, the aid was already approaching the equivalent of \$45 million, 90 percent in cash and the rest in materiel. ("Mainland aid to flood-hit Taiwan reaches \$44 million," Xinhua, 20 August 2009, http://www.chinadaily.com.cn/china/2009-08/20/content_8595719.htm.)

⁶³ The PRC reportedly approved the first Taiwan-bound capitalized investment in August (Ken Liu, "China approves first Taiwan-bound investment case," *Taiwan Economic News*, 6 August 2009). And in mid-September, the Taiwan press was reporting that several such applications had been approved. ("More Mainland firms OK'd for local investment," *Commercial Times*, 19 September 2009, translated in *Taiwan Today*, 21 September 2009, <http://www.taiwantoday.tw/ct.asp?xItem=64410&ctNode=413>.) Seven of the Mainland's airlines had earlier agreed to open branch offices in Taiwan, but none of them reportedly planned to capitalize their Taiwan shops with money directly from the Mainland.

In mid-September, the DPP stated at a press conference that it did not oppose Mainland investments in Taiwan, but that relevant regulations should be verified by the Legislative Yuan instead of being issued by the Executive Yuan as administrative decrees. The party spokesman said the DPP hoped to hold hearings on regulations such as the "Regulations on Permitting Mainland Residents to Make Investments in Taiwan" and the "Regulations on Permitting People of the Mainland Area to Acquire, Create or Transfer the Property Rights of Real Estates" to set and clear rules. (Wang Peng-chieh, "DPP: Does not oppose Chinese investment in Taiwan, but laws and regulations should be examined by the LY," DPP/民進黨:

不反對中資來台 法規由國會審查, *Central Daily News*, 15 September 2009, translated in summary by OSC, CPP20090915569001. Original Chinese text is available at http://www.cdnews.com.tw/cdnews_site/docDetail.jsp?coluid=127&docid=100905039.)

⁶⁴ "MOEA seeks more Mainland investors," *United Daily News* (translated in *Taiwan Today*), 13 October 2009.

⁶⁵ "Regularly scheduled direct cross-strait flights to begin," CNA (carried by *Taiwan News*), 31 August 2009.

⁶⁶ Philip Liu, "Premier Wu demands launch of ECFA talk in October," *Taiwan Economic News*, 14 September 2009.

⁶⁷ "Premier Wu: No easy concessions during ECFA negotiations," KMT News Network (from Taipei newspapers), 14 October 2009 (<http://www.kmt.org.tw/english/page.aspx?type=article&mnum=112&anum=7027>).

⁶⁸ Other subjects already on the agenda of that meeting include fishing-related labor affairs, inspection and quarantine of agricultural products, cooperation on setting of industry standards and certificates, and avoidance of double taxation. ("Date, agenda of cross-strait talks rumored to be set," *Commercial Times* [in *Taiwan Today*], 1 October 2009.) The date was confirmed two weeks later. ("Mainland, Taiwan to hold talks in mid or late December," Xinhua, 14 October 2009.)

⁶⁹ The official text of the Act is available in Chinese at <http://law.moj.gov.tw/Eng/Fnews/FnewsContent.asp?msgid=763&msgType=ch> and in English translation at <http://law.moj.gov.tw/Eng/Fnews/FnewsContent.asp?msgid=763&msgType=en>.

⁷⁰ Romberg, "Cross-Strait Relations: First the Easy, Now the Hard," *China Leadership Monitor*, No. 28, Spring 2009, p. 17.

⁷¹ According to one report, Wu said that both before and after signing ECFA, the special nature of cross-strait relations requires that there be good communication between the Executive and Legislative branches and "LY supervision" (國會監督). He also at one point referred to the need for legislative approval (同意通過), since the LY is the highest organ representing the will of the people. (Tang Hsiao-min, "Wu

Den-yih: ECFA will certainly be signed, LY to supervise,” 吳敦義: ECFA一定簽 國會監督, *Central Daily News*, 10 September 2009, <http://udn.com/NEWS/NATIONAL/NAT3/5128159.shtml>.)

In another article, Wu was quoted as referring to the need for LY “consideration” (審議), the same phrase used in the governing statute. But the entire phrase quoted is 絕對會在國會審議通過後才簽署 ECFA, leaving some ambiguity as to whether the LY had to complete the process of deliberation or had to deliberate and take affirmative action to approve before the agreement would be “signed.”

The murkiness of all of this was evident in the fact that a report by the LY’s legal affairs bureau not only spoke of existing rights of the LY to participate in decision-making regarding ECFA and consulting with legislators even during the negotiation, but also said that the law’ on LY supervision of cross-Strait agreements “is not sufficient” and that the act must be revised or a new act drafted. (In part that undoubtedly reflects the LY’s desire not only to consolidate its “consulting” role but also to be at the negotiating table, a position that the administration rejects as constitutionally inappropriate to the separation of powers. But what action is required once an agreement is sent to the LY after its initialing may well also be part of the concern. (Yen Kuang-tao, “ECFA/LY: ECFA consultations must include LY representatives,” [ECFA/立院: ECFA協商 應納國會代表] *Central Daily News*, 17 September 2009, translated in summary by OSC, CPP20090918569001. Original Chinese text is available at http://www.cdnews.com.tw/cdnews_site/docDetail.jsp?coluid=107&docid=100908174.)

The administration has sharply differentiated between its handling of ECFA and the impending financial supervision MOU. MAC Chair Lai Hsin-yuan informed the LY that “because the MOU is just a memorandum, not an agreement,” it doesn’t need LY prior approval before going into effect. (“MOU can be signed without parliamentary approval: Lai,” *China Post*, 13 October 2009.) On the other hand, for what seems to be the obvious political purpose of smoothing the way, and in accordance with the previously articulated “three fundamental conditions” for signing cross-Strait agreements, Wu and Ma insisted that the LY be briefed on the MOU before it was signed. (“Legislature to oversee cross-strait MOU,” *China Times* [translated by *Taiwan Today*], 12 November 2009.)

⁷² “ECFA preparatory talks postponed indefinitely,” *Commercial Times* (translated in *Taiwan Today*), 2 November 2009, reported that Beijing had asked for more time to prepare for the fourth session. Huang Chi-kuan, Lin Shu-yuan, and Y.F. Low, in “Trade official arrives in Beijing for ECFA talks,” CNA, 4 November 2009, reported that the Taiwan negotiator finally went to Beijing, but did so without announcing ahead of time that he was going. Moreover, although it had widely been anticipated that “early harvest” requests were going to be exchanged at that session, they were not. The Taiwan side later said that there had been “no plan” to exchange “early harvest” lists in the first place. (Chen Heng-kuang, “MOEA: Two sides have not yet raised early harvest request lists,” *Central Daily News*, 9 November 2009, translated in summary by OSC, CPP20091109569001; original article available at http://www.cdnews.com.tw/cdnews_site/docDetail.jsp?coluid=107&docid=100962948.)

⁷³ Sofia Wu, “Taiwan, China ready to exchange ECFA ‘early harvest’ list,” CNA, 8 October 2009. In the services sector, Taipei was targeting areas the PRC had agreed to open when it acceded to the WTO but that, in fact, still remain closed to Taiwan. Services for which Beijing has granted preferential tariffs to others are also on the list. It has been suggested that Taiwan might request the Mainland to open up its markets to financial, computer-related, R&D, logistics, civil aircraft maintenance, and freight forwarding service. On the merchandise trade front, Taipei hopes for early attention to export items in which Taiwan is competitive but where it still faces high tariffs, as well as competitive areas where preferential tariffs have been offered to others. Areas previously identified as in this category include petrochemical products, textiles, automobile parts, and machine tools.

As formal negotiations approached, Ma and Wu decided to cut the “early harvest” request list from about 1,000 items to 500 as a “practical” matter and forestall similar requests from Beijing for reciprocity. (Philip Liu, “Gov’t confident to sign ECFA with China early next year,” *Taiwan Economic News*, 12 November 2009.)

⁷⁴ There continued to be great uncertainty throughout the period about the signing of the financial MOU, and as late as the first week in November Taiwan was expressing frustration and bewilderment at the continued delays. (Ko Shu-ling, “MAC doesn’t know why China MOU’s have been delayed,” *Taipei Times*, 30 October 2009; Cheng Yun-hsuan and Sofia Wu, “Taiwan official frustrated by slow progress in MOU talks,” CNA, 6 November 2009.) A few days after the second report, both sides finally seemed to agree that the substantive points had been agreed and that the only thing left to work out was date and

venue. (“China ready for MOU,” *China Post*, 9 November 2009.) As indicated elsewhere, however, problems then arose over titles of the signers. Moreover, even though Premier Wu and President Ma agreed to brief the LY leadership on the contents, the DPP complained that the vetting process was totally inadequate. This complaint did not appear to delay the signing, however, which took place 16 November.

⁷⁵ Elizabeth Hsu, “Next round of cross-strait talks will not include ECFA: official,” CNA, 15 September 2009.

⁷⁶ Y.F. Low, “Cross-strait talks on financial MOUs near completion: MAC,” CNA, 18 September 2009.

⁷⁷ SEF Chairman P.K. Chiang was quoted to this effect by international news agencies. (“China talks scheduled for December,” *Taipei Times*, 8 August 2009.)

⁷⁸ “Cross-strait ECFA talks raise Taiwan’s economic prospects,” KMT News Network (from Taipei newspapers), 18 September 2009, <http://www.kmt.org.tw/english/page.aspx?type=article&mnum=112&anum=6911>.

⁷⁹ Philip Liu, “Premier Wu demands launch of ECFA talk in October,” *Taiwan Economic News*, 14 September 2009.

⁸⁰ “Chen Yunlin: Fourth Chiang-Chen meeting can go ahead as soon as ready,” *Chung-shih Tien-Tzu Pao*, 19 September 2009, translated in summary by OSC, CPP20090920102003.

These same kinds of interagency differences were revealed in conflicting statements over inclusion of financial services market access issues in the “early harvest” list. MAC initially said “no,” while the Financial Supervisory Commission (FSC) said “yes.” (Su Yung-yau, Luo Tien-pin, and Wang Meng-lun, “ECFA early harvest list: officials not in accord on whether finance to be included,” *Liberty Times*, 4 November 2009, <http://www.libertytimes.com.tw/2009/new/nov/4/today-fo1.htm>.) In the end, MAC had to issue a correction and yield to the FSC. (Executive Yuan, “‘Early harvest’ items not yet finalized: MAC,” 5 November 2009, <http://www.ey.gov.tw/ct.asp?xItem=63890&ctNode=1335&mp=11>.)

⁸¹ Meanwhile, Lien Chan said he would raise the issue with Hu Jintao at the APEC leaders meeting, where he will represent Taiwan. (Garfie Li and Sofia Wu, “Taiwan’s envoy to raise ECFA issues with China at APEC,” CNA, 9 November 2009.)

⁸² Tang Pei-chun and Flor Wang, “Hu promises ECFA talks will start in 2009,” CNA, 14 November 2009.

⁸³ Tang Pei-chun and Sofia Wu, “Taiwanese, Chinese ministers set ECFA agenda on APEC sidelines,” CNA, 15 November 2009.

⁸⁴ “ECFA to be inked during 5th round of cross-strait talks,” *China Times* (translated by *Taiwan Today*), 16 October 2009. The Ministry of Economic Affairs went even further, saying that while it could “expect” ECFA to be signed in 2010, “if the goal can be reached earlier, it would be more than welcome.” (Ho Hsu-ju and Sofia Wu, “Taiwan hopes to sign cross-strait trade pact as soon as possible,” CNA, 15 October 2009.)

⁸⁵ Chu Wan-ning, “Yang Yi: Cross-strait consultations on ECFA can be held,” *Lien-ho Pao*, 4 November 2009 (<http://www.udn.com/2009/11/4/NEWS/MAINLAND/MAI1/5231646.shtml>).

⁸⁶ Philip Liu, “Gov’t confident to sign ECFA with China early next year,” *Taiwan Economic News*, 12 November 2009. It was also made known for the first time by a vice chairman of the Mainland Affairs Council that Taiwan would sign under the name “Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu,” the name Taipei had used to join the WTO. (Li Chih-teh, “Taiwan plans to sign ECFA under the name ‘Taiwan, Penghu, Kinmen, Matsu,’” *Lien-ho Pao*, 13 November 2009, translated in summary by OSC, CPP20091114100001, original article available at <http://udn.com/NEWS/MAINLAND/MAIN2/5250444.shtml>.)

⁸⁷ In a press briefing in mid-September, following the height of the controversy over the Dalai Lama’s visit to Taiwan, the TAO spokesman asserted: “Our positive attitude [积极态度] toward the consultation on signing a cross-Strait memorandum of understanding of financial supervision cooperation and a cross-Strait economic cooperation agreement is consistent [一贯的].” (“Transcript of State Council Taiwan Affairs Office News Conference on 16 September 2009,” translated by OSC, CPP20090916075001. The original Chinese transcript is available at http://www.gwytb.gov.cn/xwfbh/xwfbh0.asp?xwfbh_m_id=117.)

⁸⁸ Deborah Kuo, “Taiwan, China to allow each other greater financial market access,” CNA, 16 November 2009.

⁸⁹ Speaking to a conference in Chengdu in late October, TAO director Wang Yi said the PRC was “willing to negotiate with Taiwan and launch official discussions on cross-Strait economic cooperation under the ARATS-SEF framework as early as possible before year end.” (“Mainland, Taiwan to negotiate signing agreement on economic co-op,” Xinhua, 25 October 2009) A TAO spokesman amplified this, saying, “If

both sides deem it necessary, the fourth talks between ARATS and SEF can exchange opinions on negotiating and signing the agreement so as to expedite the process.” (如果双方都认为有需要, 在海协会和海基会第四次会谈中可以就商签协议问题交换意见, 并推动这一进程。) (“Transcript of PRC State Council Taiwan Affairs Office news briefing, 28 October 2009,” translated by OSC, CPP20091028046001. Original Chinese transcript available at http://www.gwytb.gov.cn/xwfbh/xwfbh0.asp?xwfbh_m_id=119.)

⁹⁰ Y.L. Kao, “Trade pact expected to be concluded by year’s end: Chinese official,” CNA, 20 August 2009.

Two months later, TAO Director Wang Yi noted again that the Mainland was willing to “further interact to solve problems concerning cross-Strait economic exchanges” and “to take into full consideration Taiwan’s reasonable needs.” He said that both sides should carefully assess the possible impact on certain industries and social groups caused by ECFA to maximize benefits and minimize costs. (“Mainland, Taiwan to negotiate signing agreement on economic co-op,” Xinhua, 25 October 2009.)

⁹¹ Kao Chao-fen, Cheng Yun-hsuan, and Sofia Wu, “Taiwan, China still in talks on titles of MOU signatories,” CNA, 12 November 2009.

⁹² “Mainland, Taiwan to negotiate signing agreement on economic co-op,” Xinhua, 25 October 2009.

⁹³ Ch’i Le-i, “Mainland chemical and machine industries worry about the shock, hope for reduced taxes,” (大陸化工、機械憂衝擊 盼減稅), *China Times*, 27 October 2009 (<http://news.chinatimes.com/2007Cti/2007Cti-News/2007Cti-News-Content/0,4521,50501673+112009102700146,00.html>).

⁹⁴ Lee Ming-tzung and Y.F. Low, “Cross-strait economic pact expected to provide 260,000 local jobs,” CNA, 16 October 2009. Also, Chen Shun-hsieh and Y.F. Low, “Cross-strait economic pact may affect up to 80,000 workers: CLA,” CNA, 15 October 2009. The plans include assistance to transform or upgrade workers’ skills or to switch workers out of affected areas to other lines of business altogether. (Ho Hsu-ji and Sofia Wu, “Taiwan hopes to sign cross-strait trade pact as soon as possible,” CNA, 15 October 2009.) Those likely to be hardest hit include labor-intensive industries such as porcelain tile, home electrical appliance, bedroom facilities, hosiery, and towel production.

Taiwan also will seek to include “remedy and self-protection mechanism” in ECFA such as anti-dumping provisions to alleviate the market-opening impact. (Philip Liu, “Gov’t seeking inclusion of protection mechanism in ECFA,” *Taiwan Economic News*, 16 October 2009.)

⁹⁵ The PRC Ministry of Commerce calculated that the Mainland would experience a 0.63 percent growth in GDP as a result of ECFA, which amounted to \$27 billion, while Taiwan would gain 1.72 percent growth, equivalent to \$6.9 billion. Looking at the dollar value of the benefit rather than the percentage effect, the pro-Green *Liberty Times* concluded that the PRC would benefit by four times the amount Taiwan would, and, taking into account alleged plant closings and job losses, ECFA would do more harm than good. (Kau Chia-he, Luo T’ien-pin, and Li I-ru, “Taiwan, China’s official reports reveal truth; signing ECFA would do more harm than good to Taiwan,” *Liberty Times*, 21 October 2009, translated in summary by OSC, CPP20091022100001.)

Other assessments differed. The cabinet-level Council of Labor Affairs (CLA), using a “dynamic model” that took account of the effect on the aggregation of capital funds, estimated that ECFA, through the job effects of export expansion and other factors, could result in a net increase in employment of 260,000 jobs, while failure to sign would cost 47,000 such opportunities. It also projected ECFA could contribute between 1.65 and 1.72 percentage points to GDP, whereas GDP would shrink by 0.179 percentage points without the agreement. (“CLA unveils report on ECFA pros and cons,” *China Post*, 22 October 2009.)

⁹⁶ “China, ASEAN to have full free-trade area by 2010,” *People’s Daily*, 11 August 2009, http://news.xinhuanet.com/english/2009-08/11/content_11864830.htm.

⁹⁷ Lin Shu-yuan and Sofia Wu, “Taiwan’s export reliance on China increasing,” CNA, 29 October 2009. The Board of Foreign Trade report on which this is based said that the Mainland accounted for 32 percent of Taiwan’s total exports in August, second only to the 32.5 percent rate in September 2007.

⁹⁸ Yu Kuo-ch’in, “Taiwan’s share in Chinese import market down to a new low, first 8 months down to 8.3%,” *Commercial Daily*, 1 November 2009, (http://tol.chinatimes.com/CT_NS/CTContent.aspx?nsr=A&ndate=20091101&nfno=N0245.001&nsno=149&n.)

⁹⁹ Ben Shen, “TMTF: Taiwan sees 56.4% slump in machine-tool exports,” *Taiwan Economic News*, 9 November 2009. This report by the Taiwan Machine Tool Foundation, which covered exports for the first eight months of 2009, noted that such exports to the Mainland, although constituting 37.1 percent of total machine tool exports during the period, were down 45 percent year-on-year.

¹⁰⁰ Judy Li, "Economics Minister Shih hopes to sign FTA with partners," *Taiwan Economic News*, 22 September 2009, http://cens.com/cens/html/en/news/news_inner_29283.html.

¹⁰¹ "More trade pacts to be signed on back of ECFA," *Economic Daily News*, 18 September 2009, translated by *Taiwan Today*, <http://www.taiwantoday.tw/ct.asp?xitem=64315&CtNode=415>.

¹⁰² Philip Liu, "Gov't to set [*sic*] up effort signing FTA with major trade partners," *Taiwan Economic News*, 12 November 2009.

¹⁰³ Yuan Le-yi, "Mainland scholar reminds Ma administration that ECFA and economic cooperation with ASEAN are two [different] matters," *China Times*, 26 October 2009, translated in summary by OSC, CCP20091027312012, available in original at https://www.opensource.gov/portal/server.pt/gateway/PTARGS_0_0_200_240_151207_43/content/Display/11228442/PPP20091027312012001.pdf.

¹⁰⁴ Shu-ren Koo, "The dangers of ECFA obsession," *Commonwealth Magazine*, 12 November 2009, No. 434 (translation by *Commonwealth* at <http://english.cw.com.tw/print.do?action=print&id=11504>).

¹⁰⁵ Rachel Chan, "Cross-strait financial MOU could be signed this week: premier," CNA, 10 November 2009.

¹⁰⁶ Readers will recall the convoluted formulation used by Hu Jintao in discussing this subject in his 31 December 2008 speech:

The process of establishing a closer mechanism of cross-Straits economic cooperation is conducive to the Taiwan economy's effort to enhance its competitiveness and expand its development space, conducive to the common development of the economies on both sides, and conducive to 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. (Romberg, "Cross-Straits Relations: A Confederacy of Skeptics," *China Leadership Monitor*, No. 29, Summer 2009, p. 10.)

¹⁰⁷ Not only has former vice president Annette Lu Hsiu-lien urged that Taipei not sign ECFA until Beijing promises to assist Taiwan to negotiate FTAs with ASEAN states ("Former vice president sets ECFA conditions," *United Daily News*, 9 August 2009, translated by *Taiwan Today*, <http://www.taiwantoday.tw/ct.asp?xItem=57233&ctNode=413>), but the pro-Green *Liberty Times* has editorially charged that the election defeats the KMT suffered in late September (i.e., the loss of the Yunlin County LY seat and the defeat of the Penghu casino referendum) were due to the administration's "China-leaning" policies, which have led to a decline in economic indicators. "Even worse," the editorial claimed, those policies had denigrated the nation's sovereignty. ("Legitimacy of the Ma administration in question," *Liberty Times* Editorial, 28 September 2009, as reported by CNA, "Taiwan editorial extracts," 28 September 2009.)

¹⁰⁸ "Public Opinion Poll on ECFA," TVBS, 7 October 2009 (http://www.tvbs.com.tw/FILE_DB/DL_DB/doshouldo/200910/doshouldo-20091013172132.pdf) showed that 46 percent of respondents approved of the Ma administration signing ECFA, a rise of 17 percentage points from TVBS results in March; while 33 percent disapproved, up 2 points. Unsurprisingly, DPP supporters opposed ECFA 67 to 20 percent, while KMT supporters approved it by 71 to 12 percent. Neutral respondents broke 35 percent for vs. 37 percent against.

Educational level of respondents corresponded with support in the following way: Those with less than upper middle school education opposed signing ECFA by 40 to 32 percent; those with upper middle school education supported it by 46 to 33 percent; and those with higher education supported signing it by 57 to 29 percent.

Responses to questions regarding knowledge about ECFA revealed a continuing lack of understanding about the agreement and a continuing strong belief that the government needed to inform people about it. As in March, 29 percent of respondents said they knew what ECFA was, but 69 percent still said they did not know (vs. 71 percent in March). 77 percent of respondents said the Ma government had not clearly explained to the people what ECFA was about (a rise of 9 percentage points since March), whereas only 6 percent thought it had (vs. 7 percent in March). More than that, 93 percent of respondents said the Ma government should explain what ECFA was about (up from 87 percent in March) as against merely 2 percent who thought it did not need to (down from 4 percent in March).

¹⁰⁹ Romberg, "Cross-Straits Relations: First the Easy, Now the Hard," *China Leadership Monitor*, No. 28, Spring 2009, p. 2.

¹¹⁰ In a late-April TAO press conference, spokesman Li Weiwei addressed the question of whether the two sides attached importance to economic issues but were ignoring political ones. Li referred to a recent meeting between Wang Yi and SEF chairman Chiang Ping-kun, observing that Wang had said the principle

to follow is “economy first, orderly all-round development; stress mutual trust, and gradually solve problems.” In amplifying Wang’s meaning, Li said:

Some inherent contradictions and differences in the area of politics and military still exist between the two sides of the Strait. If these contradictions and differences are not solved, or not well solved, they will become a bottleneck for cross-Strait relations and even obstruct the development of cross-Strait relations. Therefore, we cannot avoid these difficult problems. What is important is we should establish mutual trust, accumulate consensus and create conditions for solving problems. This is the meaning of the second remark ‘gradually solve problems.’ (“Transcript of the State Council TAO press conference,” 29 April 2009, translated by OSC, CPP20090429075001. Original Chinese text, 国台办新闻发布会实录, available at http://www.gwytb.gov.cn/xwfbh/xwfbh0.asp?xwfbh_m_id=111.)

¹¹¹ Fu Shuangqi and Guo Likun, “Hu meets KMT chairman, vows to avoid ‘internal struggle,’” Xinhua, 27 May 2009, <http://au.china-embassy.org/eng/xw/t564813.htm>.

¹¹² “Mainland to boost economic co-op with Taiwan,” Xinhua, 19 June 2009.

¹¹³ “Wang Yi addresses opening ceremony of Tianjin-Taiwan investment talks,” Xinhua (Chinese), 29 July 2009, translated in summary by OSC, CPP20090729074001.

¹¹⁴ “The Two Sides of the Strait Should Look Squarely at the Issue of Ending the State of Hostility and Signing a Peace Agreement,” Hong Kong *Zhongguo Pinglun*, 1–31 August 2009, No. 140, pp 4–9, translated by OSC, CPP20090805710007.

¹¹⁵ Another commentator in the PRC-controlled Hong Kong press reported that several academic and policy research organizations were addressing ways to conduct cross-Strait political consultation and negotiation and possible methods for achieving political conciliation and establishment of military trust. He noted that Taiwan and Mainland scholars had met in mid-June at Tsinghua University to discuss such subjects as a cross-Strait peace agreement. The author argued that “economics first, politics later” was a strategy rather than a restriction, and that positive steps had to be taken to create conditions for political dialogue. As he put it: “Judging from the present situation, conditions for cross-Strait political consultations and negotiations are gradually ripening. Now is the time for the two sides to end of the state of hostility and reach a peace agreement.” (Tsui Ning, “Conditions are gradually ripening for political talks between the two sides of the Strait,” Hong Kong *Ta Kung Pao*, 12 August 2009, translated by OSC, CPP20090812710005. Original Chinese text, 兩岸談政治條件漸成熟, is available at http://203.192.15.115/plzhx/zhjzhl/zhjlw/200908/t20090812_971277.htm.)

¹¹⁶ The first of the “myths” being addressed by Major General Luo Yuan, vice director of the Academy of Military Science, is whether creation of a mechanism for mutual military trust would prove to be poisonous at the ballot box (票箱毒藥) for Ma and the KMT. Although the general says that “Taiwan independence” sentiment it is not preponderant on the island, he argues that it is still quite strong.’ In his view, the issue is not whether the KMT can bring those people around to a different view before the next presidential election in 2012, but whether it has the political wherewithal to convince the majority of them about the win-win benefits of building mutual military trust. As he sees it:

The key lies in persuasion. This is going to be a test of the KMT’s governing ability. What is power? It means demanding that other people do certain things or guiding them in doing certain things. What is ability? It is a skill with which one achieves one’s goal. If the KMT loses this minimum ability, the odds of its winning future elections will greatly diminish.

The second “myth” is whether “preconditions” need to be set for negotiations on the subject (having in mind Ma’s precondition that the short-range missiles opposite Taiwan must be removed before Taipei will enter into negotiations on a peace accord). While saying “mutual” adjustments can be negotiated, General Luo argues that “preconditions” are on their face unacceptable. He notes that political pressures exist on the Mainland side, too. (“Questions that need to be resolved if a mechanism of cross-Strait mutual trust in military affairs is to be created,” 兩岸建立軍事互信機制需要破解的謎思, *Zhongguo Qingnian Bao*, 14 August 2009, http://zqb.cyol.com/content/2009-08/14/content_2804501.htm, translated by OSC, CPP20090814710002.)

The general’s point about the necessity of mutual adjustments was amplified in an essentially parallel article reporting on a presentation he made at a conference in Hangzhou on 11 August:

If the Taiwan side still regards the Mainland as its imaginary enemy, deploys its military

forces, carries out military exercises, buys military equipment, and especially maintains an essential military alliance relationship with the United States, and the United States still regards the Mainland as its greatest potential opponent, how can the Mainland unilaterally adjust its military deployment under these circumstances? Therefore, both sides should be sincere and seize the hard-to-get opportunity to discuss the effective way and method of establishing a cross-Strait military mutual trust mechanism. At least, both sides should start talking. (Wang Ping, Liu Hsiao-tan, and Huang Cheng, "Luo Yuan: Cross-Strait military mutual trust must expose the truth about three riddles," 羅援：兩岸軍事互信須破三大謎思, *Hong Kong Zhongguo Pinglun Tongxun She*, 12 August 2009, translated by OSC, CPP20090817707001.)

¹¹⁷ "China talks scheduled for December," *Taipei Times* (from agencies), 8 August 2009.

¹¹⁸ "Editorial: How to Realize Cross-Strait Peace," 本報社評：如何落實兩岸和平願景, *Central Daily News*, 15 August 2009, http://www.cdnews.com.tw/cdnews_site/docDetail.jsp?coluid=110&docid=100869877, translated in summary by OSC, CPP20090815569001.

¹¹⁹ Chen Heng-kuang, "DPP: Mainland is preparing for political dialogue, a challenge to President Ma," DPP/民進黨：大陸準備政治對話 挑戰馬總統, *Central Daily News*, 4 August 2009, http://www.cdnews.com.tw/cdnews_site/docDetail.jsp?coluid=107&docid=100857571.

¹²⁰ Ko Shu-ling, "Too soon to talk about politics with China: MAC," *Taipei Times*, 5 August 2009.

¹²¹ Chou Hui-ying, "Wang Yi says economic issues still the focus of cross-strait consultations," CNA (domestic), 29 October 2009, translated in summary by OSC, CPP20091030100001 (original article available at <http://www.cna.com.tw/ShowNews/Detail.aspx?pNewsID=200910290284&pType1=PM&pType0=CN&pTypeSel=0&pPNo=1>).

¹²² "Transcript of State Council Taiwan Affairs Office news conference on 14 October 2009," translated by OSC, CPP20091014075001 (original Chinese transcript available at http://www.gwytb.gov.cn/xwfbh/xwfbh0.aspx?xwfbh_m_id=118); "China's national defense official says cross-strait military mutual trust can be discussed," CNA (domestic), 28 October 2009, translated in summary by OSC, CPP20091029100002 (original CNA story is accessible at <http://www.cna.com.tw/ShowNews/Detail.aspx?pNewsID=200910280041&pType1=PF&pType0=OPL&pTypeSel=0&pPNo=2>). The defense official, Qian Lihua, director of the MND's foreign affairs office, noted that there were many opinions in Taiwan, and there was a need to harmonize them before proceeding at what Hu Jintao had called "an appropriate time" (適當時).

¹²³ Ch'en Heng-kuang, "Former CPC Central Party School vice president Zheng Bijian to visit Taiwan with military, political and academic experts next week," *Central Daily News*, 5 November 2009, translated in summary by OSC, CPP20091105569001 (original article available at http://www.cdnews.com.tw/cdnews_site/docDetail.jsp?coluid=111&docid=100959261).

¹²⁴ "State Council Taiwan Affairs Office News Conference Transcript," 11 November 2009, (in Chinese), http://www.gwytb.gov.cn/xwfbh/xwfbh0.aspx?xwfbh_m_id=120.

¹²⁵ Chang Ming-kun and Rachel Chan, "Taiwan independence doomed: Chinese expert," CNA, 13 November 2009.

¹²⁶ Ko Shu-ling, "Ex-PLA chief downplays threat," *Taipei Times*, 15 November 2009.

¹²⁷ Hsu Shao-hsuan, "Military report: Since Ma assumed office, China has moved from preventing independence to promoting unification," *Liberty Times*, 2 September 2009, translated in summary by OSC, CPP20090903100001.

¹²⁸ "Chinese president vows to continue to strive for national reunification," Xinhua, 1 October 2009.

In response to this statement in Hu's National Day address, Ma Ying-jeou reiterated the need to keep Taiwan's guard up despite the improvement in cross-Strait relations ("President Ma Ying-jeou says Taiwan must boost defense against China," AFP, 2 October 2009), a position he reiterated in his "Double Ten" ROC National Day speech nine days later. ("Growing amid challenges, progressing and reconstruction," President Ma Ying-jeou's National Day Address, Office of the President, 10 October 2009, http://www.president.gov.tw/en/prog/news_release/print.php?id=1105500061.)

¹²⁹ A subtle version of this argument was made by a researcher at the foreign ministry's China Institute of International Studies, Guo Zhenyuan, who, in pushing for a peace accord, stressed "A 'peace agreement' is not a 'reunification agreement.' It is only an arrangement for the stage of peaceful development. *But* our final goal is to move toward peaceful reunification, not peaceful separation." (Wang Ping and Liu Xiaodan,

“Researcher Guo Zhenyuan says cross-strait peaceful development needs to be secured by a [peace] agreement,” Hong Kong *Zhongguo Pinglun Tongxun She*, 14 August 2009, translated by OSC, CPP20090814710001. Emphasis added.)

General Luo Yuan also has been known to make that connection, and he did so at the end of the article referred to above: “Generations of people cannot wait for ages to realize their long-cherished wish for reunification. Let us break with the mentality of waiting passively and deliver a pleasant surprise to the whole world and set an example for the whole world.” [一万年太久，难了我几代人统一夙愿，让我们跳出消极等待的心态，给全世界一个惊喜，给全世界一个榜样。] (“Questions that need to be resolved if a mechanism of cross-Strait mutual trust in military affairs is to be created,”

两岸建立军事互信机制需要破解的谜思, *Zhongguo Qingnian Bao*, 14 August 2009, http://zqb.cyol.com/content/2009-08/14/content_2804501.htm, translated by OSC, CPP20090814710002.)

¹³⁰ Lilian Wu, “No timetable for discussing cross-strait confidence-building measures,” CNA, 28 October 2009.

¹³¹ Ministry of National Defense, Quadrennial Defense Review, 2009, Chapter 1, “Core Defense Challenges,” March 2009, page 41 (<http://www.mnd.gov.tw/QDR/file/ec1.pdf>).

¹³² Li Chih-te, “Three steps to cross-strait political talks,” *Lien-ho Pao*, 17 October 2009 (translated in *Taiwan Today* on 19 October 2009 from original article at <http://udn.com/NEWS/NATIONAL/NATS3/5198971.shtml>).

¹³³ It is interesting to note that a recent KMT policy report, although it presented some “conditions” that would be non-starters with Beijing, discussed military confidence-building measures in a positive way. How this was supposed to mesh with administration policy was hard to discern in light of President Ma’s clearly expressed, cautious views regarding the subject. (KMT Policy Committee, “How to develop cross-strait military confidence-building measures,” *Mainland Situation Biweekly*, No. 1561, 14 October 2009, translated by OSC, CPP20091016312003, original Chinese text available through *ChinaReviewNews.com* at <http://www.chinareviewnews.com/doc/1011/0/5/8/101105871.html?coluid=7&kindid=0&docid=101105871&mdate=1016121223>).

¹³⁴ “Chairman Ma takes office—Cross-Strait political dialogue? Ma Ying-jeou: Timing not right yet,” *Tung-sen Hsin-wen Pao*, 17 October 2009, translated in summary by OSC, CPP20091018102001.

¹³⁵ Garfie Lee and Deborah Kuo, “No timetable for political dialogue with China: Presidential Office,” CNA, 15 November 2009.

¹³⁶ Keary Huan, “Taiwan Democratic Progressive Party legislator invites His Holiness the Dalai Lama to visit Taiwan,” *Tibet Post*, 7 August 2009 (<http://www.thetibetpost.com/en/news/international/297-taiwan-democrat-party-invites-his-holiness-the-dalai-lama-to-visit-taiwan>).

¹³⁷ Keary Huan, “His Holiness the Dalai Lama to visit Taiwan for blessing the people and the land,” *Tibet Post*, 26 August 2009 (<http://www.thetibetpost.com/en/news/international/330-his-holiness-the-dalai-lama-to-visit-taiwan-for-blessing-the-people-and-the-land>).

¹³⁸ “Chen Chu admits to having invited Dalai Lama,” KMT News Network (from Taipei newspapers), 1 September 2009, <http://www.kmt.org.tw/english/page.aspx?type=article&mnum=112&anum=6804>.

¹³⁹ TVBS, “Ch’ en Chu’s inviting Dalai detonates green camp internal disputes,” 30 August 2009, translated in summary by OSC, CPP20090831102002.

¹⁴⁰ A DPP poll revealed that not only did over 90 percent of “pan-Green” supporters approve of the visit, but so did over 75 percent of non-partisans and almost 65 percent of people identifying themselves with the “pan-Blue” camp. Disapproval of the PRC’s criticism of the visit was registered by 89 percent of DPP supporters and 81 percent of those in the “pan-Blue” camp, as well as 72 percent of independents. (Dennis Engbarth, “DPP poll shows 75% of Taiwanese back Dalai Lama’s visit,” *Taiwan News*, 2 September 2009.)

¹⁴¹ Sofia Wu, “MAC welcomes Dalai Lama’s upcoming visit,” CNA, 27 August 2009.

¹⁴² “Mainland ‘resolutely opposes’ proposed Dalai Lama’s visit to Taiwan,” Xinhua, 27 August 2009.

¹⁴³ “DPP: Dalai Lama visits Taiwan for humanitarian concern, Beijing has no right to interfere,” CNA (Chinese), 29 August 2009, translated in summary by OSC, CPP20090831102003.

¹⁴⁴ “Change of schedule by Dalai Lama keeps political figures on the hop,” FTVN, 30 August 2009. As party chairman Wu Poh-hsiung expressed it: “What is political manipulation? The way I look at it, he is very clear on that topic. We believe in his compassion and that he is here to help Taiwan in a time of need and not to increase our difficulties.” Whether justifiably or not, few if any believed that the DPP was free of such motivations.

¹⁴⁵ “China punishes Taiwan over Dalai Lama visit,” *Taiwan News*, 31 August 2009. The KMT also sent the head of its public relations department to Beijing to “clarify” the situation. In explaining this step, then-KMT Secretary-General Wu Den-yih said, “Of course the Dalai Lama’s visit to Taiwan is a huge challenge for us in maintaining consistency in our stance on China, so I thought there was a need for some communication.” (“Change of schedule by Dalai Lama keeps political figures on the hop,” FTVN, 30 August 2009.)

¹⁴⁶ “Presidential Office: Ma will not meet with Dalai Lama in public or private,” *Chung-shih Tien-tzu Pao*, 29 August 2009, translated in summary by OSC, CPP20090831102001.

¹⁴⁷ “Annette Lu: Dalai Lama prays for Taiwan, public should not make political exploitation,” CNA (Chinese), 29 August 2009, translated in summary by OSC, CPP20090831102001.

¹⁴⁸ Jenny W. Hsu, “Dalai Lama under ‘gag order’ from Taipei,” *Taipei Times*, 3 September 2009.

¹⁴⁹ Kerry Huan, “Only genuine compassion and inner peace can make a peaceful world,” *Tibet Post*, 1 September 2009, <http://www.thetibetpost.com/en/news/international/339-only-genuine-compassion-and-inner-peace-can-make-a-peaceful-world->.

¹⁵⁰ Paul Kuo and Sofia Wu, “Dalai Lama distances himself from politics before trip to Taiwan,” CNA, 30 August 2009.

¹⁵¹ The TAO spokesperson reported that 19,580 Mainland tourists visited Taiwan over the National Day holiday. (“Mainland tourists bypass Kaohsiung, TAO: Whoever created the problem should solve it,” [陸客旅遊繞過高雄 國台辦：解鈴需繫鈴人], CNA [reported in *Chungguo Shih-pao*], 14 October 2009, <http://news.chinatimes.com/2007Cti/2007Cti-News/2007Cti-News-Content/0,4521,130505+132009101400917,00.html>.)

It is obvious that tourism is expected to grow. One sign of this was that, as a “first step” toward establishing permanent offices across the Strait, agreement was reached to establish tourism offices in each other’s capital. (“Taipei, Beijing to open reciprocal tourism offices,” *Commercial Times* [translated in *Taiwan Today*], 9 October 2009.)

¹⁵² “China tells tourists to boycott Taiwan city over Dalai Lama: Report,” AFP, 17 September 2009, disseminated by OSC, EUP20090917654001. Avoidance of southern Taiwan was also projected as likely to continue. (Elizabeth Hsu, “Chinese tour group will not visit southern Taiwan: officials,” CNA 10 October 2009.) That this was not mere speculation was seemingly confirmed by the TAO spokesperson, who observed that Kaohsiung had hosted separatist leaders from Xinjiang and Tibet, which went completely against the core interests of the Mainland, hurting the feelings of the people of the Mainland. “It is only natural that people on the Mainland express their dissatisfaction.” (“Transcript of the TAO press conference,” [Chinese text], 14 October 2009, http://www.gwytb.gov.cn/xwfbh/xwfbh0.asp?xwfbh_m_id=118.)

¹⁵³ After this, the situation deteriorated almost out of control—or understanding. Local tourism industry officials put pressure on the Kaohsiung government to remove the Kadeer film from the city’s film festival (scheduled to start in mid-October) on the grounds that they were already hurting badly from the aftereffects of the Dalai Lama’s visit and could not afford to provoke a boycott during the festival itself. The initial “compromise” decision was to remove the film from the festival but show it earlier, in late September. Although that scheduled screening took place, the approach was criticized from the other side of opinion, which charged that Chen Chu was caving in to PRC pressure. So, the Kaohsiung DPP authorities decided to show the film on 1 October, PRC national day. The DPP then decided to sponsor showing of the film in five major cities on 1 October. (“Rebiya Kadeer’s documentary to be screened in 5 cities,” *China Post*, 29 September 2009.) Thus instead of being shown in the Kaohsiung festival alone, and even though Taipei County later withdrew permission to show the film at a hall at the country government’s headquarters (“Taipei County withdraws approval to screen Rebiya Kadeer documentary,” FTVN, 1 October 2009, translated in summary by OSC, CPP20091002427002), the upshot of all of this was that the film was shown in late September, and again, in multiple venues, on 1 October, and also was put back on the roster for the Kaohsiung film festival in mid-October.

In the meantime, the decision to ban Kadeer from visiting Taiwan was based on the affiliation of one of the key officers of her organization with a Uighur terrorist organization. This led to a huge uproar over whether Rebiya Kadeer was herself being labeled a terrorist. Bottom line from the Ma administration: No, but until the link is broken, she is not welcome. And, indeed, the premier said, if the official concerned stepped down as the secretary-general of the World Uighur Congress, or if Kadeer resigned as president of the organization, she would be welcome to visit. (Shih Hsiu-chuan and Loa Iok-sin, “Wu explains Kadeer

‘ban,’” *Taipei Times*, 2 October 2009.) Nonetheless, she threatened to sue Ma and other officials for defamation of character.

Many foreign observers felt that the visit issue was not handled well by the Ma administration. They argued that Taipei had every right to exclude her on “national interest” grounds as likely to disrupt cross-strait relations. She was not the Dalai Lama bringing a sense of healing and comfort, but was rather a symbol of a nationalist independence movement’s defiance of Beijing. Supporting such activity, while perhaps praiseworthy to those who wanted to “demonstrate” their opposition to the PRC’s repressive policies, was without question going to threaten the entire structure of cross-strait relations developed over the previous year. And even though a line was drawn connecting Rebiya’s organization with the East Turkistan Islamic Movement, the issue of national interest seemed to be the principal factor in the Interior Minister’s initial decision to ban her: “If Kadeer visits Taiwan, the purpose of her visit would have something to do with Xinjiang’s independence movement.” (Flora Wang and Loa Lok-sin, “Government prevents visit by Kadeer,” *Taipei Times*, 26 September 2009.)

¹⁵⁴ Y.F. Low, “DPP to counter alleged China interference with Taiwan’s freedom,” CNA, 24 September 2009.

¹⁵⁵ Hou Ch’eng-hsu, “Japanese tourism [to Kaohsiung] drops 30 percent, Chen Chu: Strengthen marketing efforts,” *Liberty Times*, 7 October 2009 (<http://www.libertytimes.com.tw/2009/new/oct/7/today-south11.htm>)

Although at first it seemed that the TAO spokeswoman had indicated that Beijing had organized a campaign to boycott Kaohsiung, she later denied that was the PRC’s position. In mid-October she had said: Some forces in Kaohsiung City have colluded with the “Tibet independence” and “Xinjiang independence secessionist forces” to create troubles and pound at the Mainland’s core interests. This has hurt the feelings of Mainland compatriots and it is very natural that Mainlanders have expressed their dissatisfaction with this. Whoever started the trouble should end it [解铃还需系铃人] and we shall continue to follow the development of events. (“Transcript of State Council Taiwan Affairs Office News Conference on 14 October 2009,” translated by OSC, CPP20091014075001, original Chinese-language transcript available at http://www.gwytb.gov.cn/xwfbh/xwfbh0.asp?xwfbh_m_id=118.)

When the subject arose at the press briefing two weeks later, the spokeswoman denied that there was any restriction:

It is learned that since the beginning of this year more than 500,000 mainland tourists have visited Taiwan. We have always paid great attention to this matter and will continue to take active measures to promote a healthy and orderly development of mainland residents’ tours to Taiwan. As I said in the last news briefing, sightseeing is a personal choice and mainland residents’ sightseeing is affected by many factors. Mainland tourists themselves decide where to go and not to go; a travel agency organizing a group tour also must respect the tourists’ wishes and feelings. The notion that somehow [the] mainland’s competent authorities are imposing restrictions is actually empty and does not square with the facts. (“Transcript of State Council Taiwan Affairs Office News Conference on 28 October 2009,” translated by OSC, CPP20091028046001, original Chinese-language transcript available at http://www.gwytb.gov.cn/xwfbh/xwfbh0.asp?xwfbh_m_id=119.)

DPP Chairwoman Tsai Ing-wen retorted that China was “obviously lying” about this. (“DPP chairwoman calls on China to prove it is not manipulating mainland tourists,” *Formosa Television News [FTVN]*, 28 October 2009, translated by OSC, CPP 20091029427002.)

¹⁵⁶ Lin Ye-fong, Yang Su-min and Y.F. Low, “Jiangsu businesses purchase US\$4.13 billion worth of Taiwanese goods,” CNA, 14 November 2009.

¹⁵⁷ “Jiangsu raises procurement to US\$3 bil.,” *China Post*, 11 November 2009.

¹⁵⁸ Emmanuelle Tzeng and Sofia Wu, “First Chinese medical tourism group visits Kaohsiung,” CNA, 16 November 2009.

¹⁵⁹ Philip Liu, “Chinese tourists may become largest tourist group in 2010,” *Taiwan Economic News*, 22 October 2009.

¹⁶⁰ The “Taiwan Public Mood Index, September 2009” (GVSRC, 25 September 2009, http://www.gvm.com.tw/gvsr/200909_GVSRC_TPMI_E.pdf) showed a slight drop in Tsai Ing-wen’s personal trust index since August (from 45.1 to 43.5), while trust in the DPP dropped from 39.5 to 34.8 at the same time that virtually

all other indicators were rising. Both DPP indicators rose again in October. (http://www.gvm.com.tw/gvsrc/200910_GVSRG_TPMI_E.pdf)

¹⁶¹ Dennis Engbarth, “DPP to highlight ‘quality government’ in mayoral election,” *Taiwan News*, 7 October 2009.

¹⁶² Lee Hsu-hua, “KMT passes policy guideline in 18th national congress, to safeguard sovereignty, eliminate corruption,” CNA (Chinese), translated in summary by OSC, CPP20091008100001.

¹⁶³ “Transcript of State Council Taiwan Affairs Office news conference on 16 September 2009,” translated by OSC, CPP20090916075001. (Original Chinese-language transcript is available at http://www.gwytb.gov.cn/xwfbh/xwfbh0.asp?xwfbh_m_id=117.)

¹⁶⁴ Sofia Wu, “People’s Bank of China deputy head defers Taiwan visit,” CNA, 31 August 2009; Y.L. Kao, “Nanjing official visits Taiwan for exchanges with ruling party,” CNA, 20 September 2009.

¹⁶⁵ TAO Director Wang Yi bowed out of participation in “Taiwan week” in Dandong, Liaoning Province. (Elizabeth Hsu, “Taiwan hoping to avert blow to cross-strait ties: MAC,” CNA, 31 August 2009.) He also did not attend a Taiwan trade fair held in Nanjing on 17 September. (“Wang Yi attends Jiangxi-Taiwan trade forum in Nanchang,” CNA [Chinese], 20 September 2009, translated in summary by OSC, CPP20090920102004.)

¹⁶⁶ “China punishes Taiwan over Dalai Lama visit,” *Taiwan News*, 31 August 2009.

¹⁶⁷ Various visits by Mainland officials that were suspended during the Dalai Lama’s visit were restored within three weeks. (Y.L. Kao, “Nanjing official visits Taiwan for exchanges with ruling party,” CNA, 20 September 2009; Feng Chao, “Delegation of Secretary of CPC Jiangsu provincial committee plans to visit Taiwan; Mainland Affairs Council receives application,” CNA [Chinese] 6 October 2009, translated in summary by OSC, CPP20091007100001. It was also reported that Wang Yi made his first post-Dalai Lama appearance at a cross-Strait event when he addressed the opening ceremony of a Jiangxi-Taiwan trade and economic cooperation seminar in Nanchang on 21 September, where he expressed positive intentions about future cross-Strait cooperation. (“Wang Yi’s 6 wishes, Mainland desires to push ahead to sign MOU [and] cooperative economic agreement,” 王毅6願 大陸願推動兩岸簽MOU經合協議, CNA [reported in *China Times*, 21 September 2009, <http://news.chinatimes.com/2007Cti/2007Cti-News/2007Cti-News-Content/0,4521,50501379+132009092101069,00.html>].) Moreover, in this same period it became known that a number of Chinese purchasing groups would be visiting Taiwan in October and November. (Wan Chung-i, “Many purchasing groups will come to Taiwan,” *Central Daily News*, 1 October 2009, translated in summary by OSC, CPP20091001100002.)

¹⁶⁸ Rachel Chan, “U.N. bid this year will set tone for the future: Foreign Ministry,” CNA, 10 September 2009.

¹⁶⁹ Apparently disappointed at the fact that quite a number of its diplomatic partners had not yet acted on the request, Taipei made known in mid-October it was still pushing for endorsement of its approach by having its partners sign memoranda endorsing it. (Rachel Chan, “Taiwan pushing for endorsement of its bid to join U.N. agencies,” CNA, 13 October 2009.)

¹⁷⁰ “Taiwan legislators criticize president’s failure to apply for UN membership,” FTVN, 17 August 2009.

¹⁷¹ “Central Daily News Perspective: Diplomatic truce’s bottom line,” 18 September 2009, translated in summary by OSC, CPP20090918569001, original article at http://www.cdnews.com.tw/cdnews_site/docDetail.jsp?coluid=110&docid=100908607. The article noted that one needed to be on guard because everything with regard to the UN or its specialized agencies has needed to go through Beijing. If the ROC acquiesces in this even to the point that it stops bidding for UN membership, and merely seeks “meaningful participation” in various specialized agencies with Beijing’s help, the article asked, what are the diplomatic objectives of the “diplomatic truce” and what is its bottom line?

¹⁷² “Transcript of State Council Taiwan’s Affairs Office new conference,” 16 September 2009, translated by OSC, CPP20090916075001. (Original Chinese-language transcript is available at http://www.gwytb.gov.cn/xwfbh/xwfbh0.asp?xwfbh_m_id=117.)

¹⁷³ “Growing amid challenges, progressing and reconstruction,” President Ma Ying-jeou’s National Day Address, Office of the President, 10 October 2009, http://www.president.gov.tw/en/prog/news_release/print.php?id=1105500061. Chinese-language version is at http://www.president.gov.tw/php-bin/prez/shownews.php4?_section=3&_recNo=8.

¹⁷⁴ The PRC essentially went along with this interpretation, and responded to press questions by saying: “Regarding assistance of relevant countries and international organizations, they have already informed China that the humanitarian assistance will be provided for Taiwan through non-official channels

(非官方渠道)。” (“State Council Taiwan Affairs Office Press Conference,” 19 August 2009, translated by OSC, CPP20090819005001, original Chinese transcript available at http://www.gwytb.gov.cn/xwfbh/xwfbh0.asp?xwfbh_m_id=116.)

¹⁷⁵ When Deputy Secretary of State James B. Steinberg met with the deputy chief of the general staff, General Ma Xiaotian, General Ma “pointed out” that development of good relations between the armed forces of the two sides required respect and accommodation of each other’s core interests and concerns, and in this context he said he “hoped” the United States would prudently handle arms sales to Taiwan. (“Ma Xiaotian meets US deputy secretary of state Steinberg,” 马晓天会见美国常务副国务卿斯坦伯格, *Xinhua* [Chinese], 29 September 2009, http://news.xinhuanet.com/politics/2009-09/29/content_12126585.htm.)

The issue was raised again, on the eve of the visit to the United States by General Xu Caihou, vice chairman of the Central Military Commission, when his spokesman charged that the United States has failed to honor the 17 August 1982 joint U.S.-PRC communiqué and observed that “handling of Taiwan questions has left the bilateral exchange shifting like a roller coaster.” As he put it, “Each weapon sale between the Chinese island and the US stifles the China-US military relationship.” (Cai Hong and Li Xing, “General’s visit raises stakes for nations,” *China Daily*, 23 October 2009.)

On the same day that Deputy Secretary of State Steinberg was to speak about the value of “strategic reassurance,” (“Administration’s Vision of the U.S.-China Relationship: Keynote Address at the Center for a New American Security,” 24 September 2009, <http://www.state.gov/s/d/2009/129686.htm>), Xu’s spokesman said China had “no room to make concessions” and linked the larger question of U.S.-PRC strategic relations to U.S. military ties to Taiwan:

The question of transparency cannot be resolved unless the question of mutual trust is resolved. For example, the United States strengthening its substantive relations with Taiwan and selling advanced weapons to Taiwan and US warships and aircraft frequently conducting activities in China’s exclusive economic zones have seriously undermined China-US mutual trust and have posed obstacles to the solution of the question of military transparency between the two countries. (“Xu Caihou’s visit to the United States will further advance the development of China-US military relations,” *Jiefangjun Bao Online*, Exclusive interview with Qian Lihua, director of the MoD Foreign Affairs Office, 24 October 2009, translated by OSC, CPP20091024718001.)

General Xu reportedly put it this way to Secretary of Defense Robert Gates:

To ensure healthy development of the relations between the two militaries, we must remove some major obstacles. We must settle the issue of the military relations between the United States and Taiwan, especially US arms sale to Taiwan; we must settle the issue of the activities carried out by US warships and planes in the exclusive economic zones of China; we must settle the issue of the legal obstacles to the exchange between the two militaries; we must settle the issue of the United States lacking strategic trust on China. (要解决美台军事关系问题,特别是售台武器问题;要解决美军舰机在中国专属经济区的活动问题;要解决两军交流的法律障碍问题;要解决美方对中方缺乏战略信任问题。) (Yang Qingchuan, “Xu Caihou holds talks with U.S. Defense Secretary Gates,” *Xinhua*, 28 October 2009, translated by OSC, CPP20091028722007; original story available at http://news.xinhuanet.com/world/2009-10/28/content_12347151_1.htm.)

¹⁷⁶ Wang Chiung-hua, “China now reportedly has over 1500 missiles aimed at Taiwan,” *Apple Daily*, 1 September 2009, http://tw.nextmedia.com/applenews/article/art_id/31906417/IssueID/20090901.

¹⁷⁷ William Lowther, “Taiwan’s missile defense set for upgrade,” *Taipei Times*, 3 September 2009.

¹⁷⁸ “Taiwan military delegation in US, seeking F-16s,” AFP, 28 September 2009.

¹⁷⁹ The cover story of the August 6–12 issue (No. 9) of *Formosa Weekly* alleged this, citing a former AIT official to the effect that “in the next eight years, Taiwan’s defense forces shouldn’t even think about buying any new equipment.” (Summarized in translation by OSC, CPP20090814312012.)

¹⁸⁰ Jorge Liu and Y.F. Low, “U.S. urges China not to be afraid of ‘a strong Taiwan,’” *CNA*, 28 September 2009.

¹⁸¹ Deputy Secretary of State James B. Steinberg, “Administration’s Vision of the U.S.-China Relationship: Keynote Address at the Center for a New American Security,” 24 September 2009 (<http://www.state.gov/s/d/2009/129686.htm>). It is somewhat ironic that since Taipei made its views more clearly known in August

about the sensitivity of the issue, the Mainland has downplayed references to political dialogue, but Steinberg did not. What he said was:

We're encouraged by the positive dialogue between China and Taiwan, and we encourage both China and Taiwan to explore confidence-building steps that will lead to closer ties and greater stability across the Taiwan Strait.

The apparent purpose was to lay to rest rumors that the United States opposed the idea of cross-Strait confidence-building measures. In the current climate, however, it had the unintended consequence of briefly resurrecting the issue in Taiwan, leading a MAC official to reiterate "on background" that this is not the time to proceed along that track. ("MAC: Not yet time for cross-Strait mutual trust mechanism," CNA [Chinese], 27 September 2009, translated in summary by OSC, CPP20090927102004.)

¹⁸² Jeffrey Bader, Keynote Address, Seminar on "Obama goes to Asia: Understanding the President's Trip," the Brookings Institution, 6 November 2009, http://www.brookings.edu/~media/Files/events/2009/1106_obama_asia/20091106_obama_asia_trip.pdf.

¹⁸³ "Taiwan visit on cards for US Cabinet official," *Liberty Times* (translated in *Taiwan Today*), 7 October 2009. Secretary of Veterans Affairs Eric K. Shinseki was the likely choice, according to this story.

¹⁸⁴ "Chinese, U.S. presidents discuss bilateral ties," Xinhua, 22 September 2009 (http://news.xinhuanet.com/english/2009-09/23/content_12098972.htm).

"Real action" is obviously meant to include curtailment if not total cessation of arms sales. As Major General Luo Yuan put it, "the United States no longer has any reason to continue selling arms to Taiwan." ("PLA expert views impediments to cross-Strait military mutual trust," Interview, Hong Kong Phoenix TV, 2 September 2009, translated in summary by OSC, CPP20090913715003.)