

# Cross-Strait Relations: Setting the Stage for 2012

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Various developments throughout the latter half of 2010 and the early weeks of 2011 began to set the stage for changes in both Taiwan and the Mainland leading up to the Taiwan presidential elections and the PRC leadership change in 2012. Even at this early date, and despite the remarkable improvement in cross-Strait relations over the past 33 months, we can see potentially clashing policy trends that will test the durability of what has been achieved. This essay focuses mainly on what has happened in recent months in terms of the political situation in Taiwan, including jockeying for position in terms of Mainland policy, as well as the PRC's continuing campaign to win hearts and minds on the island. But it also touches on emerging issues that will likely grow in importance for cross-Strait relations over the next year, including Beijing's efforts to nudge Taipei toward more explicit acceptance of "one China."

In Taiwan, the formal signing and subsequent Legislative Yuan ratification of ECFA dominated the early part of the summer. However, as time wore on, Taiwan's November 27 special municipal elections took center stage, especially the tight races in Taipei City and Xinbei—and, unexpectedly at the end, in Taichung. ECFA was not absent from the campaign rhetoric, but it dramatically receded in importance as local issues took on far greater salience. Moreover, DPP Chair Tsai Ing-wen gradually backed away from the suggestion that her party, should it take power in 2012, would seek to repeal ECFA or even hold a plebiscite on the subject. After the election, with everyone assuming that cross-Strait relations would count heavily in the 2012 presidential contest, Tsai announced that the DPP would found a think tank concerned primarily with cross-Strait and international relations, and develop a new policy toward the Mainland over the next several months.

Cross-Strait relations seemed to move ahead reasonably well over the past few months, with both sides looking to shape the agenda for the future. The sixth SEF-ARATS meeting was held in late December, but while a medical cooperation agreement was signed, the hoped-for agreement on investment protection proved elusive and was put off until the seventh meeting, likely to be held in the first half of 2011. ECFA took effect on September 12, and the "early harvest" tariff cuts began to kick in as of January 1, 2011. Nonetheless, in addition to the investment protection agreement, some other important supplemental economic agreements remained to be negotiated, and that process was expected to be difficult. In the meantime, cultural exchange will also assume an important

place on the agenda. Whether striving for a cultural accord will prove to be more of a bonding experience or one that raises additional suspicions remains to be seen.

In the meantime, Beijing continues to withhold support for Taiwan's further "meaningful participation" in the international community, including Taipei's quest for a place at the table in the International Civil Aviation Organization (ICAO) and the UN Framework Convention on Climate Change (UNFCCC). At the same time, Beijing holds out the possibility of progress through cross-Strait discussions to work out terms that would not give rise to "two Chinas" or "one China, one Taiwan." Particularly disturbing in this regard has been Beijing's call for cross-Strait consultations not just on Taiwan's participation in official international organizations, but also in unofficial NGOs. The PRC also continues to take a reserved position on economic cooperation agreements/free trade agreements (FTAs) between Taiwan and nations in the region, apparently waiting to see how the first one (with Singapore) goes before taking a position on others.

Fundamental issues in cross-Strait relations also began to surface in the late fall and winter. First, there were indications that Beijing was looking for something "more" from Taipei on the issue of "one China," though exactly what was unclear, as was whether failure to achieve "more"—however defined—would really stall or even set back relations, as some PRC officials seemed to suggest. Second, the DPP renewed its rejection of the "1992 Consensus," leading the PRC to openly suggest that any Taiwan government that rejected that "Consensus" or that did not oppose "Taiwan independence" would be stymied in efforts to improve cross-Strait relations.

U.S.-PRC tensions peaked during the summer and early fall over issues relating to North Korea, and these questions received far greater attention—and priority—in Sino-American relations than did Taiwan. Nonetheless, PRC officials made clear that U.S.-Taiwan relations remained a central element in the elevated level of bilateral tensions throughout 2010 and could again obstruct better relations in the future, especially in connection with American arms sales to Taiwan.

For now, President Hu Jintao's state visit to the United States in late January generally contributed to the stabilization of relations. U.S.-PRC military-to-military dialogues were restored in the context of that visit, and included a visit by Defense Secretary Robert Gates to China in January 2011.

## Signing ECFA

The signing of the Economic Cooperation Framework Agreement (ECFA) between Taiwan and the Mainland, which was in immediate prospect as the last issue of *China Leadership Monitor* went to the editors,<sup>1</sup> went ahead on schedule in Chongqing on June 29, along with an agreement on protection of intellectual property rights.<sup>2</sup> The DPP continued to attack ECFA as inadequately protective of Taiwan's sovereignty and independence and inadequately attentive to the needs of most people in Taiwan, including small and medium-size business (as opposed to the economic interests of large corporations).<sup>3</sup> At the same time, the party made clear that it would support the continuing efforts of its smaller opposition partner, the Taiwan Solidarity Union (TSU), to put a referendum on ECFA before the people of Taiwan.<sup>4</sup> In fact, however, as discussed in the previous essay in this series, and to the reported confusion of some demonstrators organized by the DPP on the eve of the signing, the substantive focus of the party's efforts shifted from attacking the specific terms of ECFA—which, in the end, appeared to most people to be highly favorable to Taiwan—to the vaguer charge that the agreement would create a political debt on which Beijing would one day collect and the call for a referendum.<sup>5</sup>

The governments in Taipei and Beijing took a far more positive stance regarding the agreement, of course. A PRC spokesman hailed ECFA as signifying that cross-Strait economic relations had entered into a stage of “institutionalized cooperation,” creating a “new pattern of great communication, cooperation and development” between the two sides; providing strong support for them to “jointly participate in the new round of international competition”; and fostering “institutional assurances for the gradual normalization of the cross-Strait economic ties and for further liberalization of relations in the future.”<sup>6</sup>

International observers also greeted ECFA enthusiastically, with one major business journal calling it a “game changer”<sup>7</sup> and the United States government welcoming the increased cross-Strait dialogue and interaction that the agreement represented.<sup>8</sup> Moreover, in large part because of the successful negotiation of ECFA, projections for Taiwan's economic growth were revised upward by virtually all analysts, and in the end, the government reported that GDP grew by almost 11 percent during the year.<sup>9</sup>

In the traditional battle of conflicting electoral polls before the municipal balloting,<sup>10</sup> the DPP released survey results on the eve of the agreement showing significant public concern about the effect of ECFA on personal incomes and unemployment as well as on the income gap in Taiwan.<sup>11</sup> For its part, the government released the results of a poll conducted shortly after the agreements were concluded reporting 60–70 percent approval of virtually all aspects of the accords.<sup>12</sup> The Mainland Affairs Council attributed the growth in support after ECFA was signed both to the confirmation that Taiwan agriculture would not be impacted and Mainland laborers would not be allowed into Taiwan and to the favorable view people had of the “early harvest” list once its contents were known.<sup>13</sup>

Meanwhile, after the signing, attention immediately shifted to the ratification process within Taiwan (discussed below) and to the formation of a Cross-Strait Economic Cooperation Committee. Following numerous delays, the committee was finally set up in early January, with its first meeting scheduled for late February. It is to function via the existing umbrella institutions, Taiwan's Straits Exchange Foundation (SEF) and the PRC's Association for Relations Across the Taiwan Strait (ARATS), but will be staffed from related bureaus and ministries, led by economic officials at the vice minister level. It is to be responsible for guiding talks over the first six months of ECFA's functioning, including negotiating agreements in four critical areas: merchandise trade, services, investment protection, and a trade dispute-settlement mechanism. In the meantime, before these agreements are concluded, the committee will be charged with facilitating talks on the implementation,<sup>14</sup> interpretation, and coordination of the "early harvest" list and other ECFA-related matters, including settlement of disputes.<sup>15</sup>

It was recognized early on that none of the "supplemental" agreements would be easy to conclude—SEF chairman P.K. Chiang even suggested they might not be finished before the end of 2011<sup>16</sup>—but, because they would govern the great bulk of economic interaction in the future, they were seen as being of even greater importance than ECFA.<sup>17</sup> Of the four, the investment protection agreement had seemed most likely to be on the agenda for the sixth SEF-ARATS meeting to be held in Taipei in December, along with medical cooperation.<sup>18</sup> In the event, however, the issues involved proved too challenging, and conclusion of the agreement was postponed until the seventh SEF-ARATS meeting, likely to be held in the first half of 2011,<sup>19</sup> leading P.K. Chiang to reiterate his sober assessment about the prospects for concluding all of the follow-on agreements.<sup>20</sup> For his part, TAO Director Wang Yi said that ECFA marked a new chapter in cross-Strait economic relations, but he noted it was just the beginning.<sup>21</sup> Wang indicated that even if an investment protection agreement could be signed by the end of the year, implementing ECFA effectively to the maximum benefit of the people on both sides of the Strait would take much effort and a positive attitude on both sides, and that there was a very long road ahead.<sup>22</sup> Meanwhile, it was reported that the PRC Commerce Ministry proposed establishing in the first half of 2011 semi-official offices representing the two sides' economic and trade organizations.<sup>23</sup>

## Legislative Yuan Action

As noted in earlier essays, the question of the Taiwan Legislative Yuan's role had been contentious for months, with the DPP seeking to enhance the legislature's oversight function while the administration tried to ensure that the LY would not pick the agreement apart. LY Speaker Wang Jin-pyng, though a member of the KMT, also clearly wanted a larger role for the legislature, though his goal seemed to be more a matter of asserting institutional prerogatives and inserting himself more centrally into the process<sup>24</sup> than an effort to defeat ECFA, as the DPP wanted to do. In the end, Wang proposed a "compromise" approach, which was adopted. Still, before he offered that proposal, he seemed to many observers to be as uncooperative with the administration as were the opposition parties.<sup>25</sup>

Much has been written about the controversy that ensued in the LY—which included violent confrontations resulting in physical injury to members—as well as between the legislature and the administration. We will not rehearse that process here in all its gory detail. As we have reported before, essentially the administration argued that, although not a “treaty”—because it is technically not an agreement between two countries—ECFA has the characteristics of a treaty and should therefore be treated as one.<sup>26</sup> Thus it should be given an up-or-down vote in plenary session rather than being examined—and potentially amended—on a provision-by-provision basis in committee. The administration argued that any amendments would vitiate the agreement and, moreover, that other nations would be unwilling to negotiate trade agreements with Taiwan if the LY could pick them apart.<sup>27</sup> President Ma suggested that any differing views about ECFA could be expressed in a supplementary resolution and then discussed with the Mainland in the next round of negotiations.<sup>28</sup>

The DPP argued that ECFA was deeply flawed and that, given the KMT dominance of the LY, such up-or-down treatment without the possibility of revision would render the legislative “review” meaningless.<sup>29</sup> Reflecting the high degree of interparty suspicion, DPP Chair Tsai Ing-wen even suggested that blocking an article-by-article examination could imply there had been some under-the-table arrangements with Beijing.<sup>30</sup>

In the end, the LY took up the agreement July 8 in extraordinary (and, as indicated, unruly) session. It was agreed to skip the committee process and move directly to a second reading at the next plenary session. The second session was then delayed until August by a DPP withdrawal from the LY deliberations.<sup>31</sup> ECFA was eventually passed on August 18 and took effect September 12 (although the tariff concessions and market opening measures did not go into effect until January 1, 2011<sup>32</sup>).

In the process, a statement by PRC Taiwan Affairs Office Director Wang Yi to Taiwan media on the issue of future FTAs factored into the internal Taiwan debate. As we have pointed out in earlier essays, the Ma administration has long argued that ECFA would facilitate (though not guarantee) Taiwan’s ability to negotiate FTAs, or FTA-like agreements, with others. Moreover, Taipei had made clear to Beijing in the ECFA negotiations its intention to proceed with such negotiations once ECFA was concluded.

Following the signing on June 29, and in response to Taiwan press questions about the PRC’s attitude toward this issue, Wang Yi observed that should Taipei sign an FTA with another country, that action would involve the question of Taiwan’s international space and would “of course involve a certain degree of complexity and sensitivity” (当然它就有一定的复杂性和敏感性). Beijing expected, he said, that those countries having diplomatic relations with the PRC would adhere to the “one China” policy and would conduct business with Taiwan on that basis. Wang went on to note, however, that the Mainland understood Taiwan’s desire to sign economic agreements with other economies in order to satisfy its own economic development needs. Thus, he said, in the context of developing peaceful cross-Strait relations, maintaining positive interactions, and continuously promoting mutual trust, Beijing believed that practical solutions could be found. He said one could sum this up in two six-character phrases: “the matter should be

handled fairly and reasonably and it should be managed pragmatically and appropriately” (合情合理对待，务实妥善处理).<sup>33</sup>

This generated a series of reactions from the DPP and the Ma administration. The former rejected the notion of signing FTAs under the “‘1992 Consensus’ so-called ‘one China principle’” (「九二共識」所謂「一中原則」) because this would be tantamount to taking sovereignty away from Taiwan (去主權化).<sup>34</sup> The administration, for its part, said ECFA had no effect on sovereignty, but generally did not address the “one China” issue directly, stressing rather that Taiwan would proceed according to its qualifications as a member of the WTO, just as it did with ECFA.<sup>35</sup> At the same time, the government acknowledged that “sensitive political issues” were involved, and to circumvent them, it would seek to sign trade pacts called “economic cooperation agreements” rather than “FTAs.”<sup>36</sup> Readers will recall that the Ma administration had already said that, to avoid provoking an unproductive controversy with Beijing over questions of sovereignty, it would sign any such agreements under Taiwan’s WTO name, the “separate customs territory of Taiwan, Penghu, Kinmen and Matsu.”<sup>37</sup>

In any event, DPP lawmakers had already laid down a marker, stating that should Taiwan fail to sign any FTAs with other nations within one year, the party would launch an effort to cancel ECFA.<sup>38</sup> It may not come to that, however: Following numerous signs that the two were moving toward formal negotiations,<sup>39</sup> in mid-December Singapore and Taiwan announced that they would be sitting down for talks early in 2011.<sup>40</sup> Although the August announcement of exploratory talks between Taipei and Singapore produced only a standard response from Beijing,<sup>41</sup> it was clear that the PRC was reserving its position on future agreements. As sometimes explained by PRC officials, when Beijing considers its posture on any future such efforts, it will want to see whether the negotiating process with Singapore interferes with cross-Strait relations and whether it damages the “one China” framework in the international community.

## ECFA Fades as a Political Issue in the Mayoral Elections

As early as late June, before ECFA was signed but after the then-latest TSU referendum proposal had been turned down, reports emerged from DPP sources that the party would not highlight ECFA as a campaign theme, at least in the Taipei and Xinbei elections, where the issue was not seen as so “salient” as in the south.<sup>42</sup> Although it sought to keep ECFA alive by blaming the administration for the “flawed” process, and while it asserted its continuing opposition “in principle” to the specific agreement reached, in most meaningful ways the DPP moved away from attacking the agreement as a central campaign theme. Indeed, although the KMT suggested that ECFA would be a top issue in the election—because the economic progress it generated would be felt from the central to the local level<sup>43</sup>—the DPP believed that the KMT had totally misread public opinion. One senior DPP leader asserted that ECFA would not strengthen the KMT hand and that, in fact, cross-Strait issues as a whole would not have any effect on the outcome of the November elections.<sup>44</sup> Rather, as former premier and DPP candidate for mayor of Taipei Su Tseng-chang put it, in local elections voters are most concerned about local issues.<sup>45</sup> In the end, this seemed largely to be the case.

It was not unnatural that local DPP leaders—like others—would seek to take full advantage of ECFA for their constituents (or would-be constituents) despite the claims of its unfairness and other shortcomings. Within days of the signing, for example, Kaohsiung City mayor and DPP candidate for mayor of “Greater Kaohsiung,” Chen Chu, said she would support those parts of the agreement that were favorable to farmers and fishermen. Seeking to maintain faith with the party position, her office director argued that “critics should not mix this [the desirability of shipping farm and fishery products all over the world, including to the Mainland] with the ECFA issue.”<sup>46</sup> In early 2011, Mayor Chen openly welcomed ARATS head Chen Yunlin to Kaohsiung with a large trade delegation.<sup>47</sup> The victorious DPP candidate in Tainan likewise said he would be willing to go to the Mainland to drum up tourism business for his city.<sup>48</sup>

Still, the handling of ECFA proved tricky during the campaign. For example, Su Tseng-chang had to walk a fine line between the more strident views of the DPP stalwarts whose support he would need in a presidential bid in 2012, on the one hand, and the more moderate, business-oriented constituency in Taipei whose support he needed during the November municipality election, on the other. He appealed to the former by opposing the specific content and procedures of ECFA and by arguing that the agreement needed to be supplemented with a package of comprehensive supporting measures and stipulations—and that it must go through a referendum. With the Taipei constituency in mind, however, he also stressed that he supported the idea of signing agreements with the Mainland.<sup>49</sup>

Trying to pull off a balancing act of this sort was not unique to Su. Indeed, within about two weeks after ECFA was signed, perhaps after reviewing the results of public opinion polls, the DPP made known that it did not want to become stuck in an anti-ECFA fight in the LY. Thus, the party caucus whip revealed that, following the anticipated month-long period between the two extraordinary sessions and the inevitable passage of ECFA in mid-August, the dispute over ECFA would be over.<sup>50</sup> As Party Chair Tsai Ing-wen put it, if the DPP tried to block ECFA in the LY, a bloody revolution would occur because the ruling party had a supermajority in the legislature and tremendous administrative resources to manipulate the process. She also seemed to acknowledge that it would be a hard fight to win on the merits in the eyes of the public in the short term, since some benefits would come relatively quickly while, she said, the problems would only emerge over time. Thus, instead of “barking” at the ruling party every day, she said she could put her time to better use campaigning to help the DPP candidates win the municipality elections in November.<sup>51</sup>

But Tsai went beyond this. In addition to pulling back from an LY fight and from highlighting ECFA in the municipal election campaign, she initiated a series of statements that greatly softened her stance on what might happen to the agreement should the DPP return to power in 2012.

Readers may recall that Tsai had earlier indicated that if ECFA went into effect without having been approved ahead of time by a referendum, and if the DPP returned to power, the new administration would take some action on the issue. She spoke of putting it to the people for a vote, noting that if ECFA were disapproved in a referendum Taiwan

could unilaterally repeal the agreement or reopen negotiations with the Mainland “according to international custom.”<sup>52</sup>

Now she said that her earlier remarks had been blown out of proportion and that what she meant was simply that people should have a say on major issues through plebiscites. If the DPP returned to power, it would ask the people: “Would you like to make another choice?”<sup>53</sup> But in amplifying what this meant, Tsai said: “There are many ways to deal with ECFA, *one of which* is to launch a plebiscite. Only after understanding to what extent ECFA will affect Taiwan can we decide on the best way to handle it.”<sup>54</sup> In a far cry from the expressed determination months earlier to hold a referendum, she now said the DPP *would not rule out the possibility* of holding a referendum to decide whether to abolish ECFA if the party returns to power.<sup>55</sup>

In an interview in late September, Tsai was even more insistent that she would not act rashly. She said that the DPP would “not go so far as to” put forward a referendum to abrogate ECFA if the DPP regained power. Consistent with her earlier statements, this did not appear to rule out a plebiscite to ask whether people were satisfied with ECFA. But she put emphasis on changing policies of a previous administration only through “the necessary democratic procedures and consensus.” As she put it, “political orientation is one thing and stability is another. Stability is the most important thing for cross-Strait relations. The DPP must build up trust among the public.”<sup>56</sup>

Whether this was a tactical shift to enhance the DPP’s electoral chances—including her own—in the November municipality elections seemed to be an open question. But senior DPP member and former SEF chairman Hong Chi-chang foreshadowed greater flexibility on ECFA as well as on the party’s overall approach to the Mainland in an interview as early as late May. On ECFA he said:

ECFA is a complicated issue. Given the objective situation between the two sides, this is not a pure economic and trade issue; there is politics involved. The DPP was not against the signing of an ECFA. It only required a longer period before the signing, until everything becomes open in the air. The DPP must also face the issue of a dialogue with China.<sup>57</sup>

Continuing to focus on relations with the Mainland, Hong pointed out that Tsai had twice called for dialogue with the Mainland, albeit without “preconditions” such as the Mainland’s insistence that all cross-Strait dealings, including party-to-party dialogue, had to be under the rubric of “one China.” Hong observed that Tsai had made this point during the April 25 TV debate with Ma Ying-jeou over ECFA and had done so once again in the May 13 debate for the DPP chair election. He noted she had said she would pursue a more practical cross-Strait policy, again without accepting preconditions. He foreshadowed the line Tsai took three months later, in late September, about acting in a responsible manner:

Responsible, democratic political parties will not challenge the current international system. In the current international structure, it would be

infeasible and irresponsible for the DPP to act as it did in the past eight years to challenge and to change the political status quo for a newly established, legally independent “Republic of Taiwan.” As a responsible political party of Taiwan, the party should guarantee the entity of Taiwan and ensure reasonable international space for Taiwan in line with Taiwan’s economic and trade status without sacrificing Taiwan’s current political system.

Be that as it may, the Mainland reacted with skepticism to Tsai’s statements about maintaining continuity of policy if the DPP regains power. For example, when she was asked about Tsai’s interview with *Apple Daily*, TAO spokesperson Fan Liqing questioned the DPP chair’s credibility.<sup>58</sup> And in later speeches, Wang Yi stressed the need for people on both sides to cherish, maintain, and develop cross-Strait exchanges in various fields. When asked by the Taiwan press if he was suggesting there was a problem in the relationship, Wang acknowledged that there were “elements of uncertainty.” Without elaborating further he said: “You know what I am talking about.”<sup>59</sup>

After the election, Tsai indicated yet again (having tried to do so several times before) that she would lead a DPP effort to fashion a new approach to dealing with the Mainland as part of the party’s new 10-year program.<sup>60</sup> But she added that the internal party discussion would likely require several months to complete. The strong implication was that, while it sought to distinguish its position from that of the “overly solicitous” Ma administration, the DPP’s approach would become more pragmatic.

As discussed below, however, in framing how the DPP’s policy might be approached, the crucial issue of the “1992 Consensus” became a point of contention once again both between the Ma administration and the DPP<sup>61</sup> but also between the DPP and Beijing.<sup>62</sup> Indeed, this is likely to be a prominent issue leading up to the 2012 Taiwan presidential election.

## The Special Municipality Elections

The outcome of three of the five mayoral contests to be held on November 27 seemed to be a foregone conclusion well before the event, and in the end, although there were some close calls, there were no huge surprises. In Kaohsiung, despite the damage to her reputation from her handling of preparations for—and cleanup after—Typhoon Fanapi in mid-September, the very popular DPP mayor Chen Chu won easily. Against two candidates, including the former DPP magistrate of Kaohsiung County as well as the KMT candidate, she won over 50 percent of the vote.

In the Greater Taichung race, Taichung City KMT mayor Jason C. Hu was initially seen to be the strong favorite, and indeed he did win. But in the end he only squeaked by with a 2.24 percentage point win over a DPP “heavyweight,” but one who was a relative newcomer to the Taichung area, Su Jia-chyuan. After the close vote, Su’s star within the DPP quickly rose, and he became secretary general of the party in early December.

In Tainan, especially with the Tainan City DPP mayor Hsu Tain-tsair having decided against an independent candidacy despite bitterness over having lost the party's nomination,<sup>63</sup> the DPP candidate, legislator William Lai Ching-te, swamped his KMT rival, university professor Kuo Tien-tsai, as expected.

It was in Taipei City and Xinbei that control of the special municipalities seemed to hang in the balance. As indicated earlier, the campaigns focused on local issues, not on broader questions of cross-Strait relations or even the state of Taiwan's overall economy.

In Taipei, normally a majority pan-Blue city, incumbent Mayor Hau Lung-bin was not only viewed by many people as a lackluster candidate, but he also faced a number of attacks for mistakes in handling local issues, some involving alleged corruption. With respect to the hardy perennial complaint of urban residents everywhere, transportation issues, Hau's approval rating slid to a new low of 40 percent in mid-July.<sup>64</sup> As the campaign wore on, DPP candidate Su Tseng-chang sought to capitalize on this by proposing a new transportation plan designed to appeal to motorized commuters, pedestrians, and bicyclists alike.<sup>65</sup> Su also charged that, under Hau, and implicitly under Ma Ying-jeou before him, Taipei lacked an urban development plan worthy of a capital city.<sup>66</sup>

Hau was also caught up in a string of procurement scandals related to the Taipei International Flora Exposition, and in other issues,<sup>67</sup> regarding which he was subjected to a sharp grilling even by KMT city council members, who were up for election in November as well.<sup>68</sup> Having accepted the resignations of three key aides who were not charged with having any role in the scandals but who were felt to have mismanaged the response to them,<sup>69</sup> Hau promised that he would resign immediately if any evidence was found by the prosecutors that he was guilty in a prominent construction case—or, indeed, in any other scandal.<sup>70</sup> (None was.) Shortly afterward, he created a team of “spokespeople” to respond to any accusations hurled at him and to launch an “all-out counterattack” against the “trail” that Su Tseng-chang “must have left . . . in every public office he held over the years.”<sup>71</sup> One such case had to do with alleged bribes paid to Su from the Chinese medicine sector. Su, like Hau, vigorously maintained his innocence,<sup>72</sup> and the charges eventually faded from the press.

All that said, Hau won by almost 12 percentage points, seen even by the pro-Green *Taipei Times* as a “decisive victory.”<sup>73</sup>

In the other hotly contested race in the north, Xinbei, DPP Chair Tsai Ing-wen mounted a strong challenge to the going-in favorite, former Taoyuan County magistrate Eric Chu Li-luan. In the end, Tsai lost by five percentage points, a considerably narrower margin than Su's in Taipei. Although she lost, because she did as well as she did, her position as DPP chair was consolidated, and calls by some within the party for her to step down to “take responsibility” for losing three of the five contests were easily set aside.<sup>74</sup>

An important “subterranean” issue in the mayoral contests was the potential impact on the DPP's choice of candidate to oppose Ma Ying-jeou in 2012. Although skeptics

believed he would find a way to back out of his promise, Su Tseng-chang pledged numerous times that if he won the Taipei election he would serve out his term, thus formally ruling out a run in 2012.<sup>75</sup>

Until the very last moment, Tsai Ing-wen was far less categorical. On agreeing to run in Xinbei in May, the furthest she would go was to pledge, “If we’re fortunate enough to receive the support of Xinbei residents and be elected, we will definitely fulfill our responsibility.”<sup>76</sup> In an October interview she explained her reticence this way: “People who know how I think and weigh my actions [would know] that the time is not ripe and that I will not make any decision prematurely . . . My current choice is to be elected Sinbei [sic] City mayor.” Only on the very eve of the vote, under severe pressure from her KMT opponent to be definitive, did Tsai finally (seemingly) pledge to serve out her term.<sup>77</sup> (In the event, after losing the Xinbei election, Tsai made known she was considering a run for president.<sup>78</sup>)

A point of some importance to both parties is that although the KMT won three out of the five contests, taken together the DPP candidates won 400,000 more votes. There were some special circumstances. For example, while it is true that Chen Chu won over 500,000 more votes than her KMT opponent in Kaohsiung, an important factor was the fact that the former DPP Kaohsiung County magistrate—running as an independent—pulled many more votes from the KMT ticket than from Chen. So her margin of victory over the KMT candidate in a two-way race would likely have been significantly smaller. Moreover, the KMT won more Kaohsiung city council seats than the DPP, suggesting that the distribution of support between the parties is more even than Chen’s victory margin would imply.

That said, not only would Chen likely have won handily even in a two-way race, but the DPP swept Tainan by almost 214,000 votes. Thus, especially in light of the very close race in Taichung, the results of these five elections, in areas that hold over 60 percent of Taiwan’s population, laid out the opportunities for the DPP and the challenge for the KMT as they approach the 2011 LY elections and the presidential contest in 2012. The issues will likely be quite different from those in the municipal contests, but both parties took note of the November outcome and are already shaping their future efforts accordingly.

Another point that has to concern the KMT is the fact that President Ma Ying-jeou’s polling numbers continued to lag the improvement in the economy throughout much of the period. Even as economic statistics were moving in a strikingly favorable direction over some period of time,<sup>79</sup> Ma’s support did not reflect these developments.<sup>80</sup> On the other hand, at the end of the period, Ma’s fortunes turned sharply up as, in January, he garnered the second highest approval rating since taking office in May 2008 and the highest public trust rating since June 2009.<sup>81</sup> Given rising economic trends, one would have to say that as of this moment, still over a year before the first ballot is cast, the odds of reelection are in Ma’s favor.<sup>82</sup>

## The Course of Cross-Strait Relations in the Period Ahead

Despite occasional reminders from Mainland officials about the importance of political dialogue, as we have discussed before, Beijing seems to have come to terms with the fact that political dialogue is simply out of the question for the foreseeable future.<sup>83</sup> And as frequently discussed before, in the context of preventing “Taiwan independence,” the main thrust of the PRC’s policy is to weave a thick fabric of economic, social, and cultural relationships with both short- and long-term goals in mind.

On the other hand, Beijing is by no means giving up on political dialogue. As a senior PRC official explained it, “to say we will move from economic to political means there is the political there. And to say we will move from easy to hard means there is the hard there. So it cannot be that every time we talk about politics people think they cannot bear this burden.”<sup>84</sup>

In the short term, Beijing seeks to use these new relationships to win hearts and minds on the island, gain support for even closer cross-Strait relations, and weaken any potential support for Taiwan independence. While it actively seeks to court favor with individual DPP members and officials, it is obvious that Beijing still wants to bolster Ma Ying-jeou’s chances of reelection in 2012.

Over the long term, the PRC seeks to smooth a path to ultimate peaceful reunification. Some people see indicators that the patience required to pursue this path, however, may be wearing thin.

In part, these indicators may reflect concern that the DPP could win in 2012, so Beijing wants to lock in as much as possible before that happens, limiting the possibilities that a new government could reverse course. In part, they may reflect a genuine impatience on the part of some Mainland constituencies (usually described as “public opinion” but presumably encompassing a wider and more important set of elite actors as well), who believe that the PRC is always giving more to Taiwan than it receives in return without any real assurance that they will reach the ultimate goal. The current PRC leadership may also want to advance cross-Strait ties as much as possible now, so that the post-2012 leadership doesn’t have to confront difficult questions with Taiwan in the first part of its tenure. Finally, as indicated in earlier essays, this attitude of seeming impatience may reflect concern that even the KMT is not as supportive of “one China” as once believed, and that Taiwan will become complacent with what it can gain from its informal separate status without feeling any pressure to move ahead to unification, leading to what some Mainland observers have labeled “peaceful separation”—an unacceptable outcome for Beijing.

Thus, Beijing is at least testing the waters to see if it can obtain “more” in the realm of “one China” even in the run-up to 2012. No one realistically expects Ma could openly endorse either unification or the PRC’s “one China” principle. But with increasing frequency one hears musings from PRC officials about getting Ma to focus more on “China” and less on the “ROC.” As TAO Deputy Director Sun Yafu put it in an early

December speech: “The crucial point is that we should reach a more explicit and definite common understanding that the Mainland and Taiwan are parts of the same China.” (關鍵是要在大陸和台灣同屬一個中國的問題上形成更為清晰和明確共識。)<sup>85</sup>

PRC officials insist that Beijing will not press Ma or “ask him to do what he cannot do.” What they say is that Beijing wants an orderly, two-way relationship that demonstrates mutual sincerity and works toward a “big common goal.”<sup>86</sup> One senses that the argument is not only that certain areas of activity such as international space or reduction of military deployments may be closed off unless there is some progress along these lines, but that there are even limits on how far economic cooperation can go. But the question is whether this line of thinking takes sufficient account of the realities on the island today.

That being said, common sense would suggest that, especially after the November 27 elections, policy-makers in Beijing will grasp that Ma has not got the flexibility to do what they would prefer, and that they will stick, instead, with the line put forth by Hu Jintao in his meeting with Lien Chan on November 13, 2010, to maintain “sustained and stable development” (持續穩定發展) in cross-Strait relations.<sup>87</sup> This position, reiterated on several occasions since then, is grounded in the theory that unless one keeps moving ahead one is likely to stumble. So, as Wang Yi has explained, it is not advocacy of a static status quo or stagnation, much less retrogression.<sup>88</sup>

But that does not dictate any particular speed or change in direction. Nor, logically at least, would it seem to require abandonment of the position that the “1992 Consensus” is good enough, with its “one China” premise, along with Ma’s commitment to the ROC “one China” constitution. As already suggested, however, the PRC may not share this logic, and thus there exists the risk that it will levy demands that not only create roadblocks to further progress, but could set back some of the achievements to date.

One recent development that could spur further PRC demands is the renewed argument within Taiwan over the existence and validity of the “1992 Consensus.” Ma Ying-jeou, of course, has reaffirmed the centrality of that concept to all that has been achieved in cross-Strait relations since he took office in spring 2008. DPP Chair Tsai Ing-wen has, by way of contrast, reaffirmed her and the DPP’s belief that there is no “1992 Consensus” and that it is not an acceptable basis for proceeding to deal with Beijing, even though she intends to maintain the basic approach that Ma has adopted if the DPP returns to office in 2012. This contretemps led ARATS chair Chen Yunlin to raise the prospect that Beijing might “reconsider everything” in its current cross-Strait policies if one day a government came to office in Taipei that abandoned the “1992 Consensus” and opposition to “Taiwan independence.”<sup>89</sup>

The DPP’s renewed rejection of the “1992 Consensus” will, of course, reinforce the PRC’s belief that the KMT must remain in office. So, while Beijing will issue warnings about the consequences of the DPP’s position becoming government policy, and while one should not be surprised by probes regarding building political trust, especially proposals to develop somewhat closer positions on “one China” as discussed earlier, the

PRC's likely emphasis will be on positions that will strengthen the perception in Taiwan that dynamic cross-strait relations are in the interest of the people of Taiwan. The Mainland will therefore likely stress further progress on economic relations as well as on cultural, educational, and tourism exchanges.<sup>90</sup>

Beijing is sticking to its position that issues of Taiwan's international participation can be addressed if done so "without creating 'two Chinas' or 'one China, one Taiwan' under the premise of pragmatic negotiation by both parties to make proper arrangements."<sup>91</sup> However, it is apparently maintaining that position with respect not just to international governmental organizations but also nongovernmental organizations. The inclusion of NGOs has generated a particularly strong rebuff from Taipei.<sup>92</sup>

As has been argued in this essay series before, one would hope Beijing would go beyond its current position to actively endorse *non-sovereignty* approaches to Taiwan's international space (including not only in UN specialized agencies but in its quest for trade cooperation agreements) and cease the pressure on Taiwan NGOs. To have any hope of encouraging this, all responsible actors in Taiwan would also need to temper statements that directly challenge Beijing to "accept" the ROC.

Among such statements were those by Premier Wu Den-yih that discussion of missile issues can only come with PRC "acceptance of ROC sovereignty"<sup>93</sup> and by MAC Minister Lai Shin-yuan that Beijing "must respect and face up to the fact of the existence of the Republic of China."<sup>94</sup> Although Mainland officials say that at some future time, among all of the difficult issues, one can address the "even more complicated" issue of how to regard the title "ROC," they strongly counter any suggestion that Beijing accepts ROC sovereignty or even "official relations." Beijing takes this to the extent of rejecting the characterization of contacts between bureaucrats of the two sides as "official" or "government-to-government." "Official-to-official contacts are impossible," said one official.<sup>95</sup> Rather, the PRC sees them as contacts between the "professional departments" concerned.

Hence, in light of the PRC's current rather rigid position, as well as of the political need by both the KMT and the DPP to demonstrate stout defense of Taiwan (or ROC) sovereignty, action from either side of the Strait that could lead to compromise on this question seems unlikely in the foreseeable future.

## The U.S.-PRC Factor

Although the U.S.-PRC military-to-military dialogue, which had been cut off in early 2010 after announcement of a large Taiwan arms package, was restored by early 2011—most importantly symbolized by Secretary of Defense Robert Gates' trip to Beijing in early January—senior Chinese civilian and military officials continued to warn of drastic consequences should further sales of advanced weapons to Taiwan take place.<sup>96</sup> Moreover, on the eve of Hu Jintao's state visit to Washington in mid-January, Vice Foreign Minister Cui Tiankai warned again that the Taiwan issue remained the most sensitive question in U.S.-PRC ties.<sup>97</sup>

Still, unless a large package of sophisticated arms is approved, the action in cross-strait relations will remain decisively in the hands of Taipei and Beijing. The PRC will doubtless continue to try to obtain American commitments forswearing future sale of advanced weapons systems and endorsing Beijing's terms for engaging with Taipei. But any such efforts will not succeed. Just as the Obama administration turned aside any idea of negotiating a "Fourth Communiqué" during the January 2011 Hu Jintao state visit,<sup>98</sup> there is no possibility the United States will agree to negotiate such a document at any time in the future. Hence, while the PRC will continue to identify Taiwan as the most important and most sensitive issue in the relationship, and while that issue indeed will continue to have the potential to disrupt U.S.-PRC ties, unless something unanticipated goes terribly wrong, it will not be a prominent item on the bilateral agenda in the foreseeable future.

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## Notes

<sup>1</sup> Alan D. Romberg, "Ma at Mid-Term: Challenges for Cross-Strait Relations," *China Leadership Monitor*, no. 33, Summer 2010.

<sup>2</sup> The full text of the ECFA agreement is available from both PRC ([http://news.xinhuanet.com/tw/2010-06/29/c\\_12277378.htm](http://news.xinhuanet.com/tw/2010-06/29/c_12277378.htm)) and Taiwan ([http://www.moea.gov.tw/Mns/populace/news/News.aspx?kind=1&menu\\_id=40&news\\_id=19723](http://www.moea.gov.tw/Mns/populace/news/News.aspx?kind=1&menu_id=40&news_id=19723)) websites. An English-language translation of the basic agreement (without annexes) is available at [http://www.bilaterals.org/IMG/pdf\\_ECFA.pdf](http://www.bilaterals.org/IMG/pdf_ECFA.pdf).

The IPR text is also available from Xinhua ([http://news.xinhuanet.com/tw/2010-06/29/c\\_12277392.htm](http://news.xinhuanet.com/tw/2010-06/29/c_12277392.htm)), and from Taiwan's Mainland Affairs Council (<http://www.mac.gov.tw/public/Data/062915395071.pdf>). A very thorough presentation and analysis of it in English by Daisy Wang, "Taiwan and China sign IP agreement," contributed by Lee and Li Attorneys at Law, October 4, 2010, is available at <http://www.internationallawoffice.com/Newsletters/detail.aspx?g=4a61da7a-f092-4d0a-aa4e-319d34d4471e#Terms> (may require registration).

According to senior IPR officials in Taiwan, the cross-strait agreement is more substantive than similar agreements the Mainland has signed with other trade partners, because it will give Taiwan patent applicants priority and plant variety rights. (Sofia Wu, "Investment pact high on post-ECFA agenda," Central News Agency [CNA] Talk of the Day, citing the *Commercial Times*, June 28, 2010, [http://focustaiwan.tw/ShowNews/WebNews\\_Detail.aspx?ID=201006280006&Type=aTOD](http://focustaiwan.tw/ShowNews/WebNews_Detail.aspx?ID=201006280006&Type=aTOD).)

<sup>3</sup> Vincent Y. Chao, "ECFA panders to large corporations at expense of small companies, DPP says," *Taipei Times*, June 25, 2010. The administration countered that as many as 22,700 small and medium-sized companies employing 4.26 million employees would benefit. ("ECFA to benefit over 22,000 SMEs: [Minister without portfolio] Yiin [Chii-ming]," *China Post*, June 27, 2010.)

Although the administration argued it had taken many steps to protect those who might be hurt by ECFA, in what could be interpreted as a display of some sensitivity to the charge, the Cabinet adopted a set of five measures in mid-July designed to assist local traditional industries and small and medium-size industries in the wake of the conclusion of ECFA. As described by one media outlet:

The five measures include enhancement of cooperation and technical transfer between industry and academics sectors for upgrading technologies through innovation, strengthening market development domestically and overseas, integration of cross-strait industrial supply chains to help Taiwanese merchants deploy globally, the exploration of new business opportunities for services sector, and make a healthy and sound industrial development environment by carrying out the Industry Innovation Act. The Taiwan government will also help banking, securities, insurance, MICE [Meetings, Incentives, Conventions, and Exhibitions], IT, professional design and cinema to explore the China market. [Ben Shen, "Taiwan takes 5 steps to assist traditional industries in post-ECFA

era,” *Taiwan Economic News*, July 14, 2010, [http://cens.com/cens/html/en/news/news\\_inner\\_32907.html](http://cens.com/cens/html/en/news/news_inner_32907.html).]

<sup>4</sup> Several efforts by the TSU to place such a referendum on the ballot have failed to be approved for failing to meet the terms of the Referendum Law. Having been turned down in June, an application was turned down again in August by the referendum review committee (Hsieh Chia-chen, Lee Ming-chung, and Fanny Liu, “Second TSU ECFA referendum proposal rejected by review committee,” CNA, August 11, 2010) in a decision affirmed by the Executive Yuan Committee of Appeal in late September (Shih Hsiu-chuan, “TSU referendum decision upheld,” *Taipei Times*, September 30, 2010). After the review committee decision, even as the appeal was pending, the TSU announced it would launch yet another referendum campaign. (Sophia Yeh and Y.L. Kao, “TSU to launch new ECFA referendum,” CNA, August 18, 2010.) It did so, only to be turned down again (Loa Lok-sin, “Committee once again says no to referendum bid,” *Taipei Times*, January 6, 2011). Ever undaunted, the TSU filed an appeal to the Taipei High Administrative Court in mid-January. (Vincent Y. Chao, “TSU files appeal over blocked referendums,” *Taipei Times*, January 14, 2011.) A ruling was anticipated in late February.

<sup>5</sup> “Su Huan-chih [Tainan County Magistrate] has new outlook on cross-Strait relations,” KMT News Network (from Taipei papers), June 28, 2010 (<http://www.kmt.org.tw/english/page.aspx?type=article&num=112&anum=8259>). According to the article, protestors told reporters they had joined the march because of its “anti-Ma, anti-China, and anti-ECFA” theme, and they said they did not understand why the DPP march leaders did not focus on “Down with ECFA” as their rallying cry.

On the eve of the demonstration, DPP Chair Tsai Ing-wen charged that the Ma administration had distracted people by focusing attention on short-run benefits from the “early harvest” list, when the real, negative impact would be felt over the next 10 years. She said ECFA was being concluded “too early” without adequate preparations to deal with its effects. She also questioned why the PRC had made economic concessions, suggesting it was in order to influence political attitudes and developments in Taiwan. (葉素萍, “蔡英文: 對ECFA憂慮 黨態度清楚” [Ye Su-p’ing, “Tsai Ing-wen: Regarding concerns about ECFA the party’s attitude is clear,”], CNA [domestic], June 25, 2010, currently available at <http://tw.myblog.yahoo.com/0916-taiwan0916/article?mid=19574&prev=19576&next=19568&fid=29>). In this vein, she spoke at the rally of the DPP’s purposes: “Eventually Taiwan’s economy will be a part of China’s economy. We’re here to protect Taiwan’s independent rights to make our own decisions and speak for disadvantaged groups.” (Chris Wang, “Thousands demand referendum on trade pact with China,” CNA, June 26, 2010.)

It is perhaps of at least passing interest to note that one “senior commentator” writing for the PRC-controlled Hong Kong daily *Wen Wei Po* argues that, indeed, ECFA is consistent with long-standing PRC policy of seeking to use its magnanimous attitude toward Taiwan’s huge bilateral trade surplus with the Mainland as a cord to bind the island to it and prevent it from becoming “economically independent.” The more benefit Taiwan gains from ECFA, according to this analysis, the greater the degree of dependence it develops. Very much in line with Tsai Ing-wen’s analysis, the author says that economically Taiwan does not have to “repay” what it gains through ECFA, but will do so politically—perhaps not altogether happily, but spontaneously and inevitably. (台灣從ECFA獲得的利益愈多，對大陸的依賴也就愈深。從經濟層面看，台灣獲得的ECFA利益「不用還」，但在政治方面，台灣即使不是心甘情願但也會「自發還」了。) (劉斯路, “ECFA是扭緊兩岸的新臍帶” [Liu Silu, “ECFA is a new umbilical cord tightly binding the two sides of the Strait”], *Wen Wei Po*, July 2, 2010, <http://paper.wenweipo.com/2010/07/02/PL1007020002.htm>.)

Another PRC-controlled paper in Hong Kong carried a commentary asserting that it was essential to boost mutual political trust after signing ECFA in order to achieve “balanced” cross-Strait economic and political development. The author said the time was ripe for political dialogue, arguing that if cross-Strait political relations remain at a standstill bilateral economic cooperation cannot be stable and secure. (Lin Xiuqi, Senior Taiwan Affairs Commentator, “It is time to open cross-Strait political dialogue [and] establish a new milestone,” [“適時開啟兩岸政治對話 樹立新裏[里]程碑”], *Ta Kung Pao*, July 6, 2010, [http://www.takungpao.com/review/plyw/1297571\\_2\\_big5.html](http://www.takungpao.com/review/plyw/1297571_2_big5.html).)

<sup>6</sup> “MOFCOM comments on Chinese Mainland-Taiwan ECFA,” Ministry of Commerce, June 30, 2010; <http://english.mofcom.gov.cn/aarticle/newsrelease/significantnews/201007/20100706998761.html>.

<sup>7</sup> Sheridan Prasso, “Taiwan-China trade agreement: A game changer,” *Fortune*, June 29, 2010, [http://money.cnn.com/2010/06/29/news/international/china\\_taiwan\\_trade.fortune](http://money.cnn.com/2010/06/29/news/international/china_taiwan_trade.fortune).

<sup>8</sup> Daily Press Briefing, Department of State, June 29, 2010, <http://www.state.gov/r/pa/prs/dpb/2010/06/143757.htm>. In mid-January, Secretary of State Hillary Rodham Clinton characterized the completion of ECFA as “historic.” (“Inaugural Richard C. Holbrooke Lecture on a Broad Vision of U.S.-China Relations in the 21<sup>st</sup> Century,” January 14, 2011, <http://www.state.gov/secretary/rm/2011/01/154653.htm>.) U.S. endorsement of the agreement was also enshrined in the text of the joint statement issued during Hu Jintao’s visit to Washington—the only new wrinkle in language on Taiwan as compared with the November 2009 joint statement when President Obama was in China. (The White House, “U.S.-China Joint Statement,” January 19, 2011, <http://www.whitehouse.gov/the-press-office/2011/01/19/us-china-joint-statement>. The 2009 statement is available at <http://www.whitehouse.gov/the-press-office/us-china-joint-statement>.)

<sup>9</sup> Lin Hui-chun and Frances Huang, “Taiwan’s economy up 10.82 percent in 2010,” CNA, February 17, 2011. Estimates for GDP growth in 2010 rose steadily throughout the second half of the year, from under 7 percent in July (Hsieh Chun-wei and Y.L. Kao, “Academia Sinica raises Taiwan’s economic growth to 6.89%,” CNA, July 19, 2010) to over 8 percent in August (Crystal Hsu, “DGBAS [Directorate-General of Budget, Accounting and Statistics] sees 8.24% annual growth,” *Taipei Times*, August 20, 2010) to almost 10 percent in November (Chen Yi-chun and Frances Huang, “Taiwan raises GDP growth forecast to 9.98 percent,” CNA, November 18, 2010).

<sup>10</sup> Even interpreting the same polling data gives rise to controversy. A DPP poll released on June 18 showed that 21.1 percent of respondents were in favor of a quick signing of ECFA to avoid marginalization, and that another 45.6 percent agreed to ECFA once “complementary measures” had been put in place. The DPP charged that the daily paper *Lien-ho Pao* distorted the meaning of the poll by lumping the position of the second group—which supported “not acting with undue haste but waiting until all steps are taken before signing (等完整配套後，再來簽訂 ECFA，不必操之過急)—together with the first group and concluding that 66 percent of respondents to the poll “supported” signing ECFA. (“聯合報扭曲詮釋民進黨民調,” DPP, June 19, 2010, [http://www.dpp.org.tw/news\\_content.php?menu\\_sn=7&sub\\_menu=43&sn=4444](http://www.dpp.org.tw/news_content.php?menu_sn=7&sub_menu=43&sn=4444).) What is particularly interesting about this is that, in a summary report of reactions to the DPP poll, CNA also came to the conclusion that “66.7 percent of Taiwan’s people support the clinching of the cross-Strait trade deal,” but in citing *Lien-ho Pao* (*United Daily News* or UDN) CNA said that UDN reported the following: “These findings indicated that most Taiwanese people were skeptical of the ECFA, and the top issue for the government at present is to iron out complementary measures and convince the people that it is good for Taiwan, a DPP official said.” (Flor Wang, “ECFA misgivings,” CNA Talk of the Day, June 19, 2010.) Since this accurately reflects the DPP’s own conclusion, it would seem that the DPP’s immediate protest was perhaps responding to the UDN headline (“民進黨民調：66%支持ECFA”—“DPP Poll: 66% support ECFA”) rather than to the substance of the story, a distinction the DPP protest failed to make. But the fact that the DPP felt constrained to issue the protest demonstrates the sensitivity involved in handling polling data.

<sup>11</sup> “Results of public opinion poll on the effects of signing of ECFA,” (“簽訂ECFA後的影響」民調結果”), DPP, June 24, 2010, [http://www.dpp.org.tw/news\\_content.php?menu\\_sn=7&sub\\_menu=43&sn=4450](http://www.dpp.org.tw/news_content.php?menu_sn=7&sub_menu=43&sn=4450). According to this poll, over 43 percent of respondents believed personal income would shrink, with almost 60 percent of those who considered themselves in the lower strata of society believing their own income would decrease. Over 52 percent thought unemployment would worsen, with those self-identifying as being in lower strata believing they would be more seriously impacted than others. Eighty-six percent thought the gap between rich and poor would grow.

<sup>12</sup> A week after the signing, the Mainland Affairs Council released a poll conducted by the China Credit Information Service that said over 61 percent of respondents were satisfied with the overall results of the agreement, and well over 73 percent were satisfied with the IPR agreement. Over 62 percent believed ECFA would help Taiwan sign FTAs with others, and just under 60 percent believed that ECFA would help Taiwan’s long-term economic development. Over 66 percent believed that these two agreements upheld Taiwan’s interests, and just under 59 percent believed that they did not denigrate Taiwan’s sovereignty. (“Survey on Public Views on the Fifth Chiang-Chen Talks,” Mainland Affairs Council, July 6, 2010, <http://www.mac.gov.tw/public/Attachment/071417492543.pdf>.)

<sup>13</sup> Liu Cheng-ching and Lilian Wu, “Over 60 percent satisfied with cross-Strait trade pact,” CNA, July 6, 2010.

<sup>14</sup> As discussed in previous essays in this series, there is a widespread impression that implementation of previous SEF-ARATS agreements has sometimes fallen short. Chen Yunlin and P.K. Chiang agreed at their

late-December meeting that more attention needed to be focused on this problem. (K'ang Shih-jen, "Chiang-Chen Meeting: Hope for establishment of mechanism to check implementation of cross-Strait agreements," ("江陳會 盼建檢驗協議落實機制"), CNA (domestic), December 21, 2010, <http://www.cna.com.tw/ShowNews/Detail.aspx?pNewsID=201012210047&pType1=PD&pType0=aIPL&pTypeSel=&pPNo=2.>)

<sup>15</sup> "Cross-Strait trade committee launched, *China Post*, January 7, 2011.

<sup>16</sup> Chris Wang, "SEF chief forecasts tougher cross-Taiwan Strait talks," CNA, September 30, 2010.

<sup>17</sup> The estimate of their importance was shared on the PRC side, including by Commerce Minister Chen Deming, who said that the "early harvest" lists would only provide limited benefits to Taiwan's economy, while negotiations in these other four areas would have much greater effects. (Y.K. Kao, "Economic Daily News: Prepare well for post-ECFA talks," CNA Editorial Extract, July 21, 2010.)

<sup>18</sup> Lin Shu-yuan and Fanny Liu, "Next talks to include medical cooperation, investment: Chiang," CNA, June 29, 2010. P.K. Chiang, Chairman of SEF and Taiwan's chief negotiator, also reportedly told his ARATS counterpart, Chen Yunlin, that they needed to focus on problematic implementation of earlier agreements on cross-Strait flights, food safety, joint crime fighting, and mutual legal assistance. In response, Chen suggested that the issues under existing cross-Strait agreements be prioritized.

When it was signed in December, the medical agreement was described as facilitating joint work on control of contagious diseases and the strengthening of quality control on medicines, medical equipment, cosmetics, and food supplements that cross the Strait. In addition, it will facilitate joint efforts to handle accidents involving people on the two sides of Strait. And it will foster cooperation in research and development of new medicines. Six working groups, to begin meeting within three months, will address disease control, drug safety and medical research, traditional Chinese medicine research and herbal medicine safety, emergency relief, and quarantine issues. (Charles Kang and S.C. Chang, "Taiwan, China sign medical and health cooperation pact," CNA, December 21, 2010.)

<sup>19</sup> Zhang Xiang (editor), "Top negotiators continue discussing cross-Strait investment protection agreement, expected to sign at next talks," Xinhua, December 21, 2010.

<sup>20</sup> Mo Yan-chih, "Cross-Strait talks reach tenuous stage: SEF," *Taipei Times*, December 18, 2010.

<sup>21</sup> "China calls for faster ECFA progress," *China Post*, September 17, 2010.

<sup>22</sup> Chang Da-jih (editor), "ECFA/Wang Yi: Cross-Strait economy has entered into a new phase," (經濟協議/王毅: 兩岸經濟進入新階段), *Central Daily News*, September 16, 2010, [http://www.cdnews.com.tw/cdnews\\_site/docDetail.jsp?coluid=111&docid=10129221](http://www.cdnews.com.tw/cdnews_site/docDetail.jsp?coluid=111&docid=10129221); Philip Liu, "Cross-Strait investment protection agreement may be signed by year end," *Taiwan Economic News*, September 17, 2010, [http://cens.com/cens/html/en/news/news\\_inner\\_33791.html](http://cens.com/cens/html/en/news/news_inner_33791.html).

<sup>23</sup> "Mainland hopes to establish economic/trade offices ASAP on reciprocal basis," *United Daily News* (translated in KMT News Network), January 7, 2011, <http://www.kmt.org.tw/english/page.aspx?type=article&mnum=112&anum=9091>.

<sup>24</sup> Wang has long expressed an interest in playing a more active role in cross-Strait relations both as a substantive matter and in accordance with his conception of his role as LY speaker. (Personal interviews)

<sup>25</sup> Wang's difficult relationship with President Ma Ying-jeou could well be a factor in whether the KMT seeks to amend its rules to allow the Speaker a third consecutive appointed term in the LY. (Kelven Huang, Wen Kuei-haiang, and Bear Lee, "Legislative Speaker Wang's future may pose headache for KMT," CNA, January 17, 2011.)

<sup>26</sup> Kwangyin Liu, "President Ma orders legislature not to tinker with ECFA," *Taiwan Today*, July 1, 2010.

<sup>27</sup> He Meng-kui, Chou Yung-chia, and Bear Lee, "Legislative caucuses at odds over screening of ECFA," CNA, June 30, 2010.

<sup>28</sup> Garfie Li, Chou Yung-chieh, and Fanny Liu, "President Li says premier can attend extra legislative session on ECFA," CNA, August 4, 2010.

<sup>29</sup> As one DPP legislator put it: "Why don't we just get rid of the Legislature? If the entire thing is just voted on together, with us just able to say yes or no, then the whole purpose of the Legislature is gone." ("DPP, KMT lawmakers disagree on how to review the ECFA," Formosa Television News, June 30, 2010; <http://englishnews.ftv.com.tw/read.aspx?sno=462D156F3064445BE4D9C72299104006.>)

<sup>30</sup> "KMT lawmakers to start bill review, but will wait for DPP," *China Post*, July 13, 2010.

<sup>31</sup> Chou Yung-chieh and Bear Lee, "Amid scuffles, legislature skips committee stage in screening of ECFA," CNA, July 8, 2010. The LY took similar action with respect to the IPR agreement as well as a set of proposed legal revisions as accompanying measures to ECFA, including to the Patent Act, the Plant Variety and Plant Seed Act, the Trademark Act, and the Customs Import Tariffs. ("ECFA passes to 2<sup>nd</sup>

reading amid scuffles,” *China Times* [translated in *Taiwan Today*], July 9, 2010, <http://taiwantoday.tw/ct.asp?xitem=110060&CtNode=414>.)

<sup>32</sup> Lin Shu-yuan and Sofia Wu, “Commission to be formed in September to implement ECFA,” CNA, July 12, 2010.

<sup>33</sup> Chen Dong-hsu, “Wang Yi interviewed by this paper, Views on Taiwan signing FTAs with other countries,” (陳東旭, “王毅接受本報專訪 談台灣與他國簽FTA看法”), video clip, June 30, 2010, <http://video.udn.com/video/Item/ItemPage.do?sno=3-2B4-233d32333-2B334-233-2F3d3-2F3d4-233-2B-21-3D>.

<sup>34</sup> Wang P’eng-chieh, “ECFA/Green criticizes signing FTAs under one China: not credible, not feasible,” (“經濟協議/綠批一中下簽FTA 不可信不可行”), *Central Daily News*, June 30, 2010, [http://www.cdnews.com.tw/cdnews\\_site/docDetail.jsp?coluid=107&docid=101212345](http://www.cdnews.com.tw/cdnews_site/docDetail.jsp?coluid=107&docid=101212345).

<sup>35</sup> Garfie Li and Lilian Wu, “Taiwan has chance to sign FTAs with trading partners: president,” CNA, July 1, 2010.

<sup>36</sup> Lin Shu-yuan and Elizabeth Hsu, “Taiwan eyeing FTA talks with ASEAN member states: MOEA,” CNA, July 14, 2010.

In this same timeframe, the “one China” controversy resurfaced via comments attributed to PRC Vice Minister of Commerce Gao Hucheng. Gao was quoted by the Taiwan press as saying at a State Council press conference that ECFA was signed under the “one China principle” and that Beijing opposed Taiwan’s efforts to sign trade cooperation agreements that involve sovereignty with other countries. According to a later report, however, when the press release on Gao’s remarks was issued, they had been altered, with Gao now quoted as saying that ECFA was signed under the principles of “one China” and the “1992 Consensus” (emphasis added). Moreover, the press release did not include Gao’s remarks about opposing Taiwan’s bid to sign trade agreements that involve sovereignty issues with other countries. (“Oppose Taiwan seek to sign FTAs, Gao Hucheng’s original remarks already deleted and revised,” (反對台洽簽FTA 高虎城原話經刪改), *China Times*, July 27, 2010, accessed on the date of publication at <http://news.chinatimes.com/mainland/0,5245,50504326x112010072700216,00.html>. Gao’s relatively hard-line position on Taiwan FTAs has been noted before in reporting his comments on “conditions” that would apply to Taiwan’s negotiation of FTAs, and on Taiwan’s need to make “certain arrangements.” (Alan D. Romberg, “2010: The Winter of PRC Discontent,” *China Leadership Monitor*, no. 31, Winter 2010, endnote 11.) One presumes that the TAO or others sensitive to Taiwan’s likely reaction kept an eye on the commerce minister’s pronouncements about Taiwan and had a hand in the “creative editing.”

<sup>37</sup> Alan D. Romberg, “Ma at Mid-Term: Challenges for Cross-Strait Relations,” *China Leadership Monitor*, no. 33, Summer 2010, p.4.

<sup>38</sup> “Taiwan signs ECFA trade pact with China,” *Taiwan News*, June 29, 2010.

<sup>39</sup> Lillian Lin, “Taipei and Singapore study feasibility of economic cooperation pact,” CNA, August 5, 2010. Unsurprisingly, the DPP immediately expressed opposition because the proposed pact “failed to use normal names for the country and for the agreement.” (“The DPP criticizes plans for trade deal with Singapore,” *Taiwan News*, August 6, 2010.)

<sup>40</sup> Kuo Wu-huan and S.C. Chang, “Taiwan, Singapore prepare to forge economic partnership,” CNA, December 15, 2010. The agreement is to be called “Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership.”

<sup>41</sup> “Our position has been consistent and unequivocal regarding the economic exchanges and trade between Taiwan and foreign countries. We hope relevant countries continue to abide by the one China principle and handle relevant affairs prudently,” from “Foreign Ministry Spokesperson Jiang Yu’s Remarks on the Consultation between Singapore and Taiwan to Discuss the Feasibility of Signing an Economic Agreement,” August 5, 2010, <http://www.fmprc.gov.cn/eng/xwfw/s2510/t722032.htm>.

<sup>42</sup> Lee Yen-mou, “Green camp will not focus on ECFA in metropolitan election campaign,” *Hsin Hsin Wen*, No. 1214, June 10–16, 2010, translated in summary by Open Source Center (OSC), CPP20100622099001. According to the report, some Taiwan businesses that would benefit from ECFA had already contacted not only the Blue camp but the Green camp and offered political donations.

<sup>43</sup> “Taiwan legislature continues session after ratification of ECFA with China,” *Taiwan News*, August 18, 2010.

<sup>44</sup> Hong Chi-chang, “Economy key to looming elections,” *Taipei Times*, September 20, 2010. Nonetheless, the KMT kept citing the benefits of ECFA, not only in northern Taiwan but for farmers and fishermen in the south, and the party clearly felt it was a major campaign issue.

<sup>45</sup> Jorge Liu and Y.L. Kao, "DPP candidate renews pledge not to run for president if elected," CNA, August 15, 2010.

<sup>46</sup> Wang Shu-fen and Bear Lee, "Kaohsiung mayor gives conditional support to ECFA," CNA, July 5, 2010.

Later on, Kaohsiung County Magistrate Yang Chiu-hsing, losing candidate for the DPP nomination in the Greater Kaohsiung contest who declared himself an independent candidate in early August, even more wholeheartedly endorsed ECFA. He conditioned his endorsement on the assumption that Taiwan agricultural interests would not be disadvantaged and Mainland laborers would not be allowed to work in Taiwan, as the Ma administration promised and ECFA seemed to confirm. But he argued that, with ECFA, Kaohsiung could become a new R&D regional hub. Without ECFA, he said, forging trade agreements with others would be difficult, and Taiwan would become marginalized. Putting it in graphic terms, he said that "Taiwan will then turn into the Philippines instead of Singapore." (Chen Shuo-kuo, Tang Pei-chun, and Nancy Liu, "ECFA gives Kaohsiung chance to become regional hub: magistrate," CNA, August 18, 2010.)

Even though, as promised, importation of Mainland labor was not included in ECFA, some people thought they saw a loophole in the form of extended training assignments on the island. Premier Wu Den-yih sought to put an end to those reports with a firm statement of denial, pointing out that not only do Taiwan regulations limit training sessions to three months but that, in fact, research showed that most trainees stayed only for about one month. (Su Lung-chi and Deborah Kuo, "No Chinese workers allowed in name of training: premier," CNA, October 8, 2010.)

<sup>47</sup> Wang Shu-feng and Lilian Wu, "Kaohsiung mayor welcomes visits by Chinese official," CNA, February 15, 2011.

<sup>48</sup> Huang Wen-huang, "Lai Ch'ing-te would not rule out traveling to the Mainland to promote tourism" (爭取中國觀光客 賴清德不排斥登陸行銷), *Liberty Times*, January 3, 2011, translated in summary by OSC, CPP20110104100001. Original article available at <http://www.libertytimes.com.tw/2011/new/jan/3/today-p12.htm>.

<sup>49</sup> Lin Hsiu-ch'uan and Ch'iu P'ei-yu, "Su Tseng-chang: I don't oppose ECFA, I oppose the content and process," [蘇貞昌：不反對ECFA 反對內容、程序], *Lien-ho Pao*, June 28, 2010, <http://udn.com/NEWS/NATIONAL/NATS6/5691095.shtml>.

<sup>50</sup> Lin Ting-yiao, "To prevent ECFA from affecting elections, DPP will stop dispute in August," *Shih-pao Chou-kan*, No. 1690, July 9–15, 2010, translated in summary by OSC, CPP20100713099002.

In the end, as is well known, a "compromise" was reached under which all 16 articles of the agreement were reviewed one by one over the course of 13 hours on August 17. The DPP was allowed to propose a motion to delete each of the articles (defeated overwhelmingly), but the only vote on the substance of the agreement was on the overall package. With the DPP staging a protest in front of the rostrum, the KMT voted to approve the agreement 68-0. ("Legislature passes ECFA in marathon review yesterday," *United Daily News*, translated by KMT News Network, August 18, 2010, <http://www.kmt.org.tw/english/page.aspx?type=article&mnum=112&anum=8481>.)

<sup>51</sup> "DPP Chairperson Tsai Ing-wen: I have thought it through," *United Daily News*, translated by KMT News Network, July 27, 2010.

<sup>52</sup> Alan D. Romberg, "All Economics Is Political: ECFA Front and Center," *China Leadership Monitor*, no. 32, Spring 2010, p. 3.

<sup>53</sup> "DPP Chairperson Tsai Ing-wen: I have thought it through," *United Daily News*, translated by KMT News Network, July 27, 2010.

<sup>54</sup> "DPP Chairwoman Tsai: After regaining power, we let people decide on ECFA's fate," KMT News Network (from Taipei papers), August 19, 2010, <http://www.kmt.org.tw/english/page.aspx?type=article&mnum=112&anum=8483>; emphasis added.

<sup>55</sup> Wen Kui-hsiang and Bear Lee, "Public to decide ECFA's fate if DPP returns to power: Tsai," CNA, August 18, 2010; emphasis added.

<sup>56</sup> "DPP Chairwoman Tsai: Should DPP regain power, we will continue previous administration's policies," KMT News Network (from Taipei papers), October 1, 2010, <http://www.kmt.org.tw/english/page.aspx?type=article&mnum=112&anum=8657>; Sofia Wu, "Apple Daily: DPP head's pre-emptive strategy," CNA (editorial extract), September 20, 2010.

<sup>57</sup> Deng Yuan, "Hong Chi-chang: Does Tsai Ing-wen really want dialogue with Beijing?"

[洪奇昌：蔡英文真的想和北京对话吗?], May 23 telephone interview, *Guoji Xianqu Daobao*, June 1, 2010,

<http://i.ifeng.com/news/opinion/taihaiyiti/news?aid=4290774&mid=8llT7u&vt=2&p=2&rt=1>, Phoenix TV website.

Interestingly, in this very long interview, on more than one occasion Hong used the phrase “at the present stage” (现阶段). He said this in connection with unification, for example: “At the present stage most Taiwanese people do not think talks on ‘unification’ are in the interests of the people and society of Taiwan. So, now is not the time to discuss ‘unification.’” And with respect to the “one China” principle: “For the Taiwan people, it is difficult for the majority of the people to accept the ‘one China’ principle at the present stage.”

Similarly, he said the following:

I think that the DPP’s outlook on the Mainland is undergoing change, but this change cannot be expected to take the form of a big leap or be expected to say that the DPP at this time can accept the “1992 Consensus,” or expect that at this time the DPP can accept what the Mainland calls the “one China” principle—that is not possible. But, that isn’t to say that because the DPP does not accept these expressions of the Mainland, we cannot conduct substantial and meaningful communication, that internally we are still awaiting substantive and meaningful as well as direct communication with China.

(我觉得民进党的“大陆观”是在变化, 但这个变化, 不能够有跳跃式的期待, 期待说民进党这时候能接受“九二共识”, 期待这时候民进党能接受大陆所说的“一个中国”原则, 那是不可能的。但是, 并不表示民进党不接受大陆这样的说法, 就不能与大陆进行实质而有意义的沟通, 我们内部还是期待与中国进行有意义实质而又正面的沟通。)

Since Hong also says that the DPP cannot declare independence but must accept international reality, I take it to mean not that the DPP will change its basic positions, but that in circumstances when the PRC can live with the existence of the ROC and not threaten its political system, democracy, etc., these things are all discussable. Hong would not be the first senior DPP leader to suggest that there are versions of these things, including “one China,” that the DPP could live with—but that the current versions put forth by Beijing are not among them.

<sup>58</sup> “China questions DPP’s position on cross-Straits affairs,” *China Post*, September 30, 2010.

<sup>59</sup> Ibid.

<sup>60</sup> Chris Wang, “DPP to focus on party’s China policy,” CNA, November 30, 2010.

<sup>61</sup> Sophia Yeh and S.C. Chang, “DPP denies existence of ‘92 consensus’ with China,” CNA, December 24, 2010; “President Ma calls on DPP Chairwoman Tsai to recognize ‘1992 Consensus’ as basis of stable cross-Straits relations,” *United Daily News* (translated in KMT News Network), December 24, 2010; <http://www.kmt.org.tw/english/page.aspx?type=article&mnum=112&anum=9027>.

<sup>62</sup> Zhang Xiang (editor), “Chinese mainland reiterates importance of 1992 Consensus for cross-Straits ties,” Xinhua (carried in *China Daily*), December 29, 2010.

<sup>63</sup> Chang Jung-hsiang and Y.L. Kao, “Incumbent mayor decides not to run in Tainan municipality election,” CNA, September 17, 2010.

<sup>64</sup> Chen Hung-chin and Deborah Kuo, “Taipei mayor’s approval rating on traffic slides to new low,” CNA, July 13, 2010.

<sup>65</sup> Ko Shu-ling, “Su Tseng-chang releases transportation plan,” *Taipei Times*, October 19, 2010.

<sup>66</sup> “Taipei lacks a development plan: Su,” *Taipei Times*, October 18, 2010.

<sup>67</sup> Wang Yu-chung and Lee Hsin-fang, “Ma faults DPP over Flora Expo,” *Taipei Times*, September 18, 2010.

<sup>68</sup> Ko Shu-ling, “KMT, DPP councilors in Taipei grill Taipei mayor,” *Taipei Times*, August 17, 2010.

<sup>69</sup> Ko Shu-ling, “Hau’s senior aides resign,” *Taipei Times*, September 14, 2010.

<sup>70</sup> Mo Yan-chih and Rich Chang, “Hau to quit if guilty in overpass scandal,” *Taipei Times*, October 7, 2010. Also, Ch’ien Chen-yu and Hsiung Nai-ch’i, “Hau Lung-bin: If involved in scandals, I will immediately resign,” [郝龍斌: 若涉弊案 立即辭職], *Lien-ho Pao*, October 7, 2010; <http://udn.com/NEWS/NATIONAL/NATS4/5894539.shtml>.

<sup>71</sup> Ko Shu-ling, “Taipei mayor announces counterattack,” *Taipei Times*, October 12, 2010.

<sup>72</sup> “Taipei mayoral candidates caught in crossfire of accusations,” *Taiwan News*, September 9, 2010.

<sup>73</sup> Mo Yan-chih, “Hau Lung-bin wins in Taipei,” *Taipei Times*, November 28, 2010.

<sup>74</sup> Some observers also believe that even though she lost, by doing as well as she did in her first try at elective office in such a major constituency, Tsai may have positioned herself well for the party’s

presidential nomination, and that this also contributed to the ease with which she held on to the party leadership.

<sup>75</sup> Having done so before, Su did so again when drumming up support among Taiwanese Americans in Los Angeles in August. (Jorge Liu and Y.L. Kao, “DPP candidate renews pledge not to run for president if elected,” CNA, August 15, 2010.) Many people think that a “Draft Su for President” movement within the DPP could have overcome this pledge, but during the campaign his position was firm.

<sup>76</sup> “如果我們有幸得到新北市民的支持 如果當選的話 我們一定負責到底” (“DPP welcomes Tsai Ing-wen’s candidacy in Sinbei,” Formosa Television News, May 24, 2010, <http://englishnews.ftv.com.tw/read.aspx?sno=1D1FB1BC59E9738DAF0A3F33A871DFB6>.)

<sup>77</sup> Vincent Y. Chao, “2010 Elections: I will stay in Sinbei if elected, Tsai says,” *Taipei Times*, November 27, 2010.

<sup>78</sup> “Tsai Ing-wen says she’s contemplating a run for president,” *Taipei Times*, February 9, 2011.

<sup>79</sup> As the economy picked up speed (see endnote 9), unemployment fell for the sixteenth straight month to a two-year low of 4.67 percent in December (Lin Hui-chun and S.C. Chang, “Taiwan’s December unemployment drops to 4.67%,” CNA, January 24, 2011). Significantly, in November (latest data available to this author), long-term unemployment also dropped to its lowest level in 21 months. (Judy Li, “Taiwan’s jobless rate hits 2-year low of 4.73% in November,” *Taiwan Economic News*, December 27, 2010, [http://www.cens.com/cens/html/en/news/news\\_inner\\_34728.html](http://www.cens.com/cens/html/en/news/news_inner_34728.html).)

<sup>80</sup> According to one poll, while Ma’s “disapproval” rate dipped slightly in October and November, by December it was back to 54.7 percent (vs. 34.6 percent approval). To his benefit, however, his trust rating exceeded his mistrust rating for the third straight month (albeit by a small margin: 43.6 percent vs. 41.8 percent). (Global Views Survey Research Center [GVSRC], “Survey on President Ma Ying-jeou’s Approval Rating, Democratic Progressive Party’s China policy and People’s Views on the Unification-Independence Issue,” December 23, 2010, <http://www.gvm.com.tw/gvsrc/20101213S01AP00PR2R.pdf>.) Another poll, however, registered Ma’s “satisfaction” rating as merely 2 percentage points behind his “dissatisfaction” rating (39 percent vs. 41 percent) as of late December 2010. (“Opinion Poll by *China Times*,” translated by KMT News Network, January 3, 2011, <http://www.kmt.org.tw/english/page.aspx?type=article&mnum=114&anum=9059>.)

<sup>81</sup> Global Views Survey Research Center, “Survey on President Ma’s approval rating,” January 21, 2011 (<http://www.gvm.com.tw/gvsrc/20110116S01AP00PR2R.pdf>).

<sup>82</sup> In a poll taken in mid-January, TVBS found that, in a head-to-head contest, Ma led DPP Chair Tsai Ing-wen by 11 points and former premier Su Tseng-chang by 8. When TVBS tried out various presidential and vice presidential candidate combinations, the DPP basically drew even when respondents were asked about Tsai and Su on the same ticket. (TVBS, “2012 presidential election, poll on people’s choices,” (2012年總統大選入選民調), January 21, 2011, [http://www.tvbs.com.tw/FILE\\_DB/DL\\_DB/rickliu/201102/rickliu-20110201165030.pdf](http://www.tvbs.com.tw/FILE_DB/DL_DB/rickliu/201102/rickliu-20110201165030.pdf)). On the other hand, not only do most observers think it unlikely that Tsai and Su would team up on the same ticket, but it would be unusual if the vice presidential candidate really made a huge difference at the end of the day.

<sup>83</sup> “Wang Yi’s understanding,” *United Daily News* (translated by KMT News Network), July 1, 2010, cites the Taiwan Affairs Office director as saying: “Political issues are the core issues in the cross-strait relations. With the constant development of the cross-strait relations, both sides of the Strait will have to face these issues. However, not now.” (<http://www.kmt.org.tw/english/page.aspx?type=article&mnum=112&anum=8284>) He reiterated this point with specific reference to cross-strait military talks in late December. (“Wang Yi: Timing not ripe for cross-strait military talks,” KMT News Network (from Taipei papers, December 23, 2010, <http://www.kmt.org.tw/english/page.aspx?type=article&mnum=112&anum=9020>.)

<sup>84</sup> Interview.

<sup>85</sup> Chen Xiao and Liu Xiaodan: “Sun Yafu: Maintain Sustained, Stable Relations Across Strait,” *China Review News*, December 5, 2010, translated by OSC, CPP20101206787003. Original text (“孫亞夫：注重兩岸關係持續穩定發展”) is available at <http://www.chinareviewnews.com/doc/1015/2/8/7/101528764.html?coluid=93&kindid=5710&docid=101528764&mdate=1205001420>.

<sup>86</sup> Interviews.

<sup>87</sup> Cited in Chen Xiao and Liu Xiaodan: “Sun Yafu: Maintain Sustained, Stable Relations Across Strait” (see note 85).

<sup>88</sup> “Wang Yi Proposes Three Key Phrases in the Peaceful Development of Cross-Strait Relations,” Xinhua, December 17, 2010, translated by OSC, CPP20101217441002. Original text (“王毅提出两岸关系和平发展的三个关键词”) is available at [http://news.xinhuanet.com/tw/2010-12/17/c\\_12892943.htm](http://news.xinhuanet.com/tw/2010-12/17/c_12892943.htm).

<sup>89</sup> Liu Cheng-ch'ing, “Mainland: 1992 Consensus is prerequisite for economics and trade with Taiwan,” (“陸：對台經貿 前提九二共識”), CNA (domestic), January 13, 2011. Addressing Tsai Ing-wen's recent statement that if her party regained power it would maintain the policies of the KMT, Chen said that cross-strait issues are not as simple as “paying lip service.” (*China Times* as cited in Sofia Wu, “Talk of the Day—Beijing's political warnings to Taiwan,” CNA, January 14, 2011.)

<sup>90</sup> However, with many in Taiwan suspicious that the Mainland seeks to use cultural affinity as a stalking horse for unification, there has been a decidedly cautious response in Taipei to the proposition of a possible cultural agreement. The editorial skepticism of the pro-DPP *Liberty Times* regarding PRC Culture Minister Cai Wu's proposal for a cultural agreement was no surprise (Sofia Wu, “Liberty Times: Shared culture no excuse for unification,” CNA [editorial extract], September 6, 2010). But the government also reacted coolly. (“Cool response in Taiwan to proposal [from] China Culture Minister for cultural agreement,” *Taiwan News*, September 6, 2010.) Taiwan's cultural minister reiterated this position again early in the new year. (Chang Da-chih [editor], “Cross-Strait cultural exchanges can be individually discussed, no need to sign an agreement,” (兩岸文化個別談 還不用簽協議), *Central Daily News*, January 2, 2011, [http://www.cdnnews.com.tw/cdnnews\\_site/docDetail.jsp?coluid=111&docid=101402313](http://www.cdnnews.com.tw/cdnnews_site/docDetail.jsp?coluid=111&docid=101402313).)

<sup>91</sup> “在不造成 ‘两个中国’、‘一中一台’的前提下，可以通过双方务实协商，作出妥善的安排。” Yang Yi (Taiwan Affairs Office spokesman), at October 13, 2010 press briefing, available in Chinese at [http://www.taiwan.cn/wxzl/gtbwx/201010/t20101014\\_1559516.htm](http://www.taiwan.cn/wxzl/gtbwx/201010/t20101014_1559516.htm); emphasis added.

Several days later, TAO Director Wang Yi reiterated this position, noting in passing that “Taiwan seeking support from Europe and other countries . . . does not help.” (Yu Fen and Su Yong-yao, “Wang Yi: Taiwan's participation in international organizations must go through Beijing,” (王毅：台灣參與國際須透過北京), *Liberty Times*, October 24, 2010, available at <http://www.libertytimes.com.tw/2010/new/oct/24/today-p2.htm>.)

Still, Taiwan did make some progress in recent months. In August it became a full member of the Inter-American Tropical Tuna Commission (S.M. Yang and Flor Wang, “Taiwan becomes full IATTC member,” CNA, August 14, 2010), and in January, while it was still unable to join the International Civil Aviation Organization (ICAO), it joined the Civil Air Navigation Services Organization (CANSO). CANSO is an observer at ICAO and, as the director of the Air Navigation and Weather Services of Taiwan's Civil Aeronautics Administration explained, “Joining CANSO could help us understand the rationale behind adjustments in aviation practices issued by ICAO so that our aviation regulations can be better synchronized with those of the international community.” (Shelley Shan, “Taiwan joins CANSO aviation organization,” *Taipei Times*, January 15, 2011.) Taipei has also indicated it intends to play a more active role in the World Trade Organization this year. (Chris Wang, “Taiwan to seek active role in WTO this year: representative,” CNA, January 15, 2011.)

<sup>92</sup> Chris Wang, “Taiwan will not consult China on international activities: MOFA,” CNA, November 16, 2010.

<sup>93</sup> When a PRC Ministry of National Defense spokesman talked of possible discussions on removing missiles targeting Taiwan “under the ‘one China’ precondition,” Premier Wu Den-yih responded that “any such issues should be discussed under the principles of ‘no unification, no independence, no use of force’ and *Beijing's acceptance of ROC sovereignty*.” (Sophia Yeh and Y.F. Low, “Beijing urged to acknowledge ROC's existence,” CNA, July 31, 2010; emphasis added.)

<sup>94</sup> Speech by Minister Lai Shin-yuan, MAC, News Release No. 62, August 5, 2010, <http://www.mac.gov.tw/ct.asp?xItem=87600&ctNode=6337&mp=3>.

<sup>95</sup> Interview with PRC official.

<sup>96</sup> A flurry of press reports about an imminent announcement of \$4 billion of arms sales to Taiwan (Bill Gertz, “Taiwan Showdown,” Inside the Ring, *Washington Times*, January 12, 2011) appears to have been unfounded. That said, senior U.S. officials have continued to emphasize that policy toward Taiwan—including arms sales policy—is unchanged. And given the continuing PLA buildup with a focus on Taiwan (Department of Defense, *Military and Security Developments Involving the People's Republic of China, 2010: A Report to Congress Pursuant to the National Defense Authorization Act, Fiscal Year 2010*,

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[http://www.defense.gov/pubs/pdfs/2010\\_CMPR\\_Final.pdf](http://www.defense.gov/pubs/pdfs/2010_CMPR_Final.pdf)), further sales at some point are inevitable. Whether they would include F-16C/Ds as Taipei has repeatedly requested, however, is an open question.

<sup>97</sup> “Taiwan issue most sensitive in China-U.S. ties: diplomat,” Xinhua, January 15, 2011.

<sup>98</sup> Ts’eng Yi-hsuan, “Burghardt: ‘Chinese side wanted to sign a communiqué, U.S. refused,’” (薄瑞光: 中方想簽公報 美拒絕”), CNA (domestic), January 25, 2011 (<http://www.cna.com.tw/ShowNews/Detail.aspx?pNewsID=201101250302&pType1=PD&pType0=aIPL&pTypeSel=&pPNo=1>).