

Discussion on Taiwan's International Space Under Current Cross-Strait Relations^{*}

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TAIWAN held “presidential” and “legislative” elections on January 14, 2012, in which Ma Ying-jeou was re-elected as “President.” The next four years of Ma Ying-jeou’s tenure will represent a continued improvement in cross-Strait relations, with people in various fields naturally looking forward to it in a positive light. The two sides of the Taiwan Strait both hold high expectations for future development. They held discussions with each other before May 20 during high-level exchanges concerning the two side’s important policies and standings.

Firstly, on March 22, 2012, honorary chairman Wu Poh-hsiung of the Kuomintang (KMT) visited Beijing and met with President Hu Jintao. Wu pointed out that “both sides across the strait belong to China,” and “Taiwanese is also Chinese,” and proposed the concept of “one country, two areas,” stressing that this is the legal basis for Taiwan to deal with cross-Strait relations.¹ This was the first time for the Kuomintang to publicly state that the two sides across the strait and the two parties “both stick to one China.” This meeting has high political implications, and fully reflects that

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“President” Ma will prioritize the peace and development of both sides across the strait in his second term.

Secondly, Taiwan’s “Vice President” Wu Den-yih met with Vice-Premier Li Keqiang at the Boao Forum for Asia on April 1, 2012. Although the two leaders didn’t discuss the political positions of the two parties across the strait during the meeting, Wu proposed expanding Taiwan’s international presence, especially by expressing that “Taiwan people have strong hopes for this and hope the mainland can attach importance to this.” Li expressed that the two sides across the strait can reach agreement through negotiation as long as peace and development are promoted. He believes the Chinese nation is capable of dealing with it.²

In his inauguration speech on May 20, 2012, “President” Ma Ying-jeou expressed the specific hope for a future bilateral relationship for the two sides across the strait, and proposed that the basis of such exchanges be that “each side acknowledges the existence of ‘one China,’ but maintains its own interpretation of what that means,” and that the “Constitution” remains the bedrock for promoting cross-Strait exchanges. In the next four years, he said, “the two sides of the strait have to open up new areas of cooperation and continue working to consolidate peace, expand prosperity and deepen mutual trust. We also hope that civic groups on both sides of the Taiwan Strait will have more opportunities for exchanges and dialogue focusing on such areas as democracy, human rights, rule of law and civil society, to create an environment more conducive to peaceful cross-Strait development.”³ On establishing more breathing space in the international community, Ma stressed that, “Over the next four years, we shall expand our participation in international organizations, including the activities of United Nations agencies that specialize in climate change and civil aviation. We also hope that in international NGOs, the two sides of the Taiwan Strait can demonstrate mutual tolerance and assist each other so that this virtuous-circle model exerts an even greater positive effect.”

In “President” Ma’s inauguration speech, he proposed an extension of Taiwan’s participation in the international community, which represents the Taiwan people’s common hope. The author would like to propose an analysis and policy suggestions for the

three pressing and unique practical international issues for the two sides across the strait.

I. SOUTH CHINA SEA ISSUE AND INTERNATIONAL PARTICIPATION
UNDER THE BASIS OF CROSS-STRAIT COOPERATION

FACED WITH complex maritime challenges, Taiwan is positioned at a strategic location within East Asia, and as such it gradually adjusts its ocean-related strategy on the basis that a comprehensive maritime policy must be based on maritime strategic thinking and planning. In September 2012, Taiwan's "Executive Yuan" will officially establish a commission on ocean issues, which will raise maritime policy to the strategic level. This process is necessary for Taiwan's strategic transformation.

In reaching a future strategic position, Taiwan can only take its first steps by actively engaging in the South China Sea issue, stabilizing cooperation between the two sides on the South China Sea, and promoting bilateral talks with related countries in Southeast Asia. Therefore, Taiwan's active engagement in the South China Sea issue and a strengthening of its strategic basis will be an important task for Ma's second term. This will have a positive effect for cooperation between the two sides on the South China Sea issue. Under the current political environment, how should we construct a framework for cooperation between the two sides across the Taiwan Strait?

China signed the Declaration on the Conduct of Parties in the South China Sea with the Association of Southeast Asian Nations (ASEAN) in November 2002. The Declaration puts "Shelving the disputes, and seeking joint development" as a principle for a stable order in the South China Sea. In the past ten years, various parties did provide stable regional and peaceful diplomatic efforts in accordance with the Declaration; however, some countries are actively engaged in activities in the disputed regions of the South China Sea, for example: some countries, through domestic legislation, want to propose turning to the UN Commission on the Limits of the Continental Shelf to make disputed territories their own; they also frequently explore energy potential in disputed

regions; at the same time, some countries are expanding their military build-up. The 2011 dispute between China and Vietnam reflects a more pressing problem. Some countries around the South China Sea will continue to probe China's bottom line. These actions will actively challenge the interests of adhering to the "nine-dotted line," which is upheld by both sides across the strait. In 2012, tensions over the Huangyan Island incident demonstrated that other countries are more actively exerting efforts to try China's bottom line. These activities are the starting point of other countries' activities to challenge China's sovereignty. Both sides need to pay close attention to this and plan appropriate actions.

When the Declaration on the Conduct of Parties in the South China Sea was signed, the Democratic Progressive Party was the governing party in Taiwan. There was no basis for exchanges between the two sides across the strait. No mutual trust was guaranteed. Even though Taiwan (as the Nanjing-based Kuomintang government prior to 1949) was the first one to pronounce sovereignty over the South China Sea and put forward the then "eleven-dotted line," Taiwan was not included in 2002's negotiation over the South China Sea issue. This kind of diplomatic tension was not wise for the bilateral relationship. Taiwan's general public believed that tensions between the two sides across the strait were due to the mainland's efforts to squeeze Taiwan's role in the international community. Therefore, if both sides across the strait can cooperate on the South China Sea issue, the basis should probably be a spirit of cooperation. Under the condition of not creating "two Chinas" or "One Country on Each Side," the mainland should employ new thinking and allow Taiwan to participate in negotiations with the appropriate status, consider how Taiwan can play a helpful role, and actively welcome Taiwan to participate in related meetings and negotiations on the South China Sea issue.

Some countries are now actively trying to portray China's image as a strong and hegemonic power. This has put a great deal of pressure on Chinese diplomacy. In order to avoid further complexity and foreign involvement, China and ASEAN actively promoted the code of conduct for negotiation over the South China

Sea. Therefore, under the 6-party system (mainland China, Taiwan, the Philippines, Brunei Darussalam, Malaysia and Vietnam), all related parties should participate in negotiations for peace and development. The mainland can adjust diplomatic activities related to Taiwan, which will in turn improve China's forceful diplomatic image. At the South China Sea seminar held by Indonesia's Ministry

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of Foreign Affairs, the two sides shifted from positions of opposition to discussion of cooperation. From this track II mechanism, the two sides can even engage in informal coordination before a formal meeting and promote the common interests of two sides over the South China Sea. Cooperation of the two sides over the South China Sea can not only promote a strong position in negotiations, but it can also promote the overall level of cooperation across the strait.

Taiwan's participation in negotiations over the South China Sea is related to Taiwan's participation in international affairs: It is not only the key for bilateral cooperation, but it also bears the hope of the Taiwan people for "President" Ma to expand their breathing space in the international community; Taiwan's participation in the negotiations will be the beginning of a discussion of political issues between the two sides. In addition, bilateral cooperation will pave the way for further discussions on maritime cooperation.

II. REGIONAL ECONOMIC INTEGRATION OF EAST ASIA AND TAIWAN'S PARTICIPATION

Now, East Asian countries are trying to achieve regional economic integration. Though the main body for this integration is ASEAN, in fact the center of economic integration is the East Asian economy, which is mainly composed of the Chinese market. China and ASEAN's free trade zone was effective in January 2010, after

Japan and the Republic of Korea completed Free Trade Agreements (FTAs) with ASEAN, which will put more economic pressure on Taiwan; The U.S. Congress ratified an FTA with the Republic of Korea on October 12, 2011, and on November 22 the Korean National Assembly likewise approved the FTA. This exerts more market pressure on Taiwan's industries, as the Republic of Korea is Taiwan's major competitor for export products. The Republic of Korea has signed FTAs with the European Union and the United States. According to the estimation of one Korean think tank, the FTA between the United States and the Republic of Korea will have a great negative impact on Taiwan and push Taiwan even further into the mainland Chinese market.⁴ According to Taiwan's "Ministry of Economic Affairs," even though in January and February 2010 Taiwan's exports to ASEAN and the Chinese mainland grew rapidly due to the economic slowdown in Europe and the United States, compared with others, Taiwan's market share declined. Analysis estimates that after the U.S.-Korea FTA takes effect, six major industries (the plastics, textile, clothing, machinery, chemical, and optical industries) will suffer the greatest impact, and US\$11.839 billion in exports will be impacted (about TWD357.5 billion).⁵ The FTA between the United States and the Republic of Korea will have an even bigger impact on Taiwan's exports than the FTA between the European Union and the Republic of Korea (US\$150 billion).

The regional trade development reflects the formation of the ASEAN Plus One FTA/CEP, and the ASEAN-Japan Comprehensive Economic Partnership (CEP) Agreement that went into effect in December 2008.⁶ Taiwan's competitiveness was negatively affected, but this was only the beginning. In the future, when Japan and the Republic of Korea reach agreements with ASEAN, Taiwan will face more fierce competition. Except for Indonesia, all the other countries of ASEAN have approved the comprehensive economic partnership signed by Japan and ASEAN.

In fact, the Republic of Korea's market share of the mainland Chinese market has surpassed Taiwan's since 2005 to become the second-largest export country to mainland China. The Republic of Korea is the major competitor for Taiwan in the economic sphere.

Once Korea signs the FTA with ASEAN, it will squeeze Taiwan's regional advantage. It will be a nightmare for Taiwan. This is why Taiwan companies and related industries have been urging the government to sign an FTA or CEP with trade partners, after an evaluation of the effects of the U.S.-Korea FTA.

Moreover, in the process of East Asian economic integration, besides the Economic Cooperation Framework Agreement (ECFA), the Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership (ASTEP), and a bilateral economic cooperation agreement (ECA) with New Zealand, Taiwan has been mostly excluded from regional FTAs. Taiwan is facing the potential danger of being pushed to a peripheral position. The main reason for that is the political factor between the two sides across the strait; in other words, Taiwan's future depends on prioritizing stable relations between the two sides across the strait. Economic integration of the two sides can be promoted from there, so that

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the Chinese mainland and Taiwan can form a bilateral economic integration to pave the way for a wider East Asian economic integration. Therefore, either from the political or economic perspective, Taiwan's road to East Asia economic integration should be realized based on ECFA. ECFA is not only the key to Taiwan's economic development; it is also a starting point for the path of development of cross-Strait relations.

To put it another way, Taiwan's breathing space in the international community is limited, and faced with rapid regional economic integration, Taiwan doesn't have enough opportunities or channels to participate. ECFA should be the starting point of Taiwan's efforts to expand regional economic cooperation.

Taiwan is not officially recognized in regional politics and does not have the opportunity for official interaction. Moreover, Taiwan is weak in foreign affairs. This is a fact. Taiwan's participation in economic integration is also limited. Because Taiwan is increasing its dependency on the mainland Chinese market, this market has a

major influence over Taiwan's economic and political future, and a relationship of interdependency between the mainland and Taiwan has developed. In the long term, if Taiwan cannot join the economic integration process in East Asia, it will lack a stage for participation in regional activities. That will have an impact on public opinion and limit the Taiwan administration's policy choices. It will challenge the Taiwan administration's stability and risks putting Taiwan in a more peripheral position.

At present, almost all the countries have joined various forms of the FTA/EPA/ECA framework. If Taiwan cannot change the existing rules, it will lose its competitiveness. Faced with this new regional economic and political challenge, signing an FTA is a must for various countries. But for Taiwan, the real issue is that under the current cross-Strait relationship, how should the mainland consider Taiwan's further efforts to expand its international participation after signing ECFA? The mainland has not realized that after signing ECFA, Taiwan will naturally expect more breathing space in the international community. But due to the current political condition of the two sides, the mainland has yet come out with any specific policy.

Therefore, strictly speaking, ECFA is not limited for Taiwan's economic development and cooperation and competition on both sides across the strait. Indeed, it carries the meaning of expanding breathing space in the international community and opportunities for cross-Strait international cooperation, thus stabilizing Taiwan. Thus ECFA will represent a broader meaning for cooperation between the two sides across the strait and surpasses the scale of cross-Strait affairs. Faced with limited breathing space in the international community and a crisis of survival, cooperation is needed and the mainland should think about Taiwan's existence and international participation.

III. TRACK II DIPLOMACY: CSCAP AND TAIWAN'S INVOLVEMENT

THE CHINA INSTITUTE of International Studies and the Institute of International Relations at National Chengchi University represent the two sides across the strait participating in the Council for

Security Cooperation In the Asia Pacific (CSCAP). Since 1998, Beijing has insisted that Taipei cannot participate as a member, associate member, or observer. Finally, the mainland and CSCAP agreed that Taipei should participate as an “other participant.” Although Taiwan did not accept this, in 1995 the two sides did reach a preliminary agreement for Taipei to join as associate member. Unfortunately, after former “President” Lee Teng-hui visited the United States, cross-Strait relations became tense. Beijing test launched missiles against Taipei and raised the level of its military threat; Beijing took a hard line on Taipei in the area of diplomacy as well, and previous ground that had been gained within CSCAP framework was lost.

Afterwards, cross-Strait relations experienced a tense atmosphere during the Democratic Progressive Party’s governing era, and Beijing basically adopted a long-term boycott of Taiwan’s participation in CSCAP. Beijing limited the identity and background of Taiwan participants, and Taiwan could only participate in CSCAP working group meetings (now working groups became research groups) and the biannual General Conference, while Beijing banned Taiwan from participating in the CSCAP executive meeting or playing the role of host of any CSCAP meetings. From 2004 to 2005 when cross-Strait relations were especially tense, Beijing limited Taiwan even further on CSCAP, requiring that Taiwan experts cannot use the name “Taiwan” and instead had to use the name “Chinese Taipei.”

During the two sides’ participation in CSCAP, a stable dialogue mechanism has been developed. Trust is also established, and there are frequent exchanges between secretariats.

For years Taiwan could only participate in limited CSCAP activities, which reflected the diplomatic tension between the two sides in the past. Up to now, Beijing’s view on CSCAP still has been a traditional one which defines security issues as being between sovereign states. Structurally, there has been no adjustment, and this is probably a diplomatic issue that the two sides have to face. During the two sides’ participation in CSCAP, a stable

dialogue mechanism has been developed. Trust is also established, and there are frequent exchanges between secretariats. The two sides across the strait also have valuable experience to participate in international activities. Direct exchanges replaced indirect contact, and assistance replaced conflict. In recent years, the mainland has assisted Taiwan experts in participating in CSCAP activities.

During the second term of “President” Ma, new mainland leaders will appear. Cooperation between the two sides will go into a second phase. After all, CSCAP is defined as a second track of international diplomacy and a semi-official forum, wherein all the official participants only represent their own personal capacity. Taiwan experts in CSCAP are strictly limited to academic participants, with officials forbidden from participating. In fact, the regional security track II mechanism has diplomatic elasticity. But the issues between the two sides across the strait have not been solved, and Taiwan’s participation in CSCAP remains problematic.

CONCLUSION AND SUGGESTION

IN HIS second “inauguration speech,” “President” Ma pointed out that both sides should face the issue of Taiwan’s participation in international affairs. Beijing can adjust its policy towards the CSCAP mechanism, which is not official in nature, and contribute to stable cross-Strait development and mutual trust. In particular, the South China Sea issue directly challenges the relevant policies and tests the diplomatic maneuvering level of both sides. Faced with the challenges of security, diplomatic policies, and new challenges in a new era, both sides should adjust their strategic thinking by promoting joint diplomatic thinking and cooperation. Once there is essential progress on international issues and Taiwan’s participation in international affairs, naturally Taiwan’s public opinion will acknowledge the progress of peace and development.

Here I would propose several suggestions:

1. Faced with the South China Sea challenge, both sides across the strait should join together to protect sovereignty. There are two channels: first, the mainland can express a willingness to include Taiwan as a participant in negotiations with

ASEAN; second, both sides can establish a new cooperation framework which will deepen the basis for maritime affairs and build trust.

2. Taiwan faces a crisis and feelings of instability because of its peripheral role in the economic integration of East Asia. The pressure of economic competition forces Taiwan to ask for more breathing space in the international community. Under stable cross-Strait relations, the mainland should help Taiwan to participate in the East Asian economic integration.
3. The mainland should adjust its policy of confrontation in CSCAP participation and help Taiwan become a formal member; the two sides can cooperate more within the CSCAP mechanism, combine resources and personnel to promote the development of regional security issues.

¹ Wang Mingyi, "Wu Poh-hsiung Brought Words of Ma to Hu Jintao and Proposed for the First Time: One Country, Two Areas," *China Times*, March 23, 2012; "Wu Poh-hsiung Proposed Concept of 'One Country, Two Areas; Relation of Two Sides Across the Strait Is Not Country to Country Relations,'" *Huanqiu News Website*, March 23, 2012, <http://china.huanqiu.com/roll/2012-03/2548803.html>.

² Li Mingxian, Li Daocheng, "Wu and Li Met At Boao, Wu Den-yih: Hope to Expand Taiwan's International Participation; Li Keqiang: Negotiation Can Find Solution," *China Times*, April 2, 2012.

³ Inauguration speech of Ma Ying-jeou, May 20, 2012. <http://sharehope.ilvu.net/President520/chinese/speech.html>.

⁴ "KORUS FTA effect on Taiwan," *Junotane*, October 16, 2011. <http://junotane.com/2011/10/16/korus-fta-effect-on-taiwan/>.

⁵ Chen Xiulan, "Bad Days Come for the Six Major Industries in Taiwan," *Want Daily*, October 14, 2011. <http://money.chinatimes.com/news/news-content.aspx?id=20111014001813&cid=1206>.

⁶ "Entry into Force of the Japan-ASEAN Comprehensive Economic Partnership Agreement," *Ministry of Foreign Affairs, Japan*, December 1, 2008. http://www.mofa.go.jp/announce/announce/2008/12/1185315_1080.html.