Recent Political Developments in Taiwan: Facing Beijing and Washington

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Abstract

In 2012, political developments in Taiwan were somewhat different from what observers predicted at the beginning of the year. The ruling party is now weaker than what it appeared earlier. The United States and mainland China are the two most crucial factors which will determine the future of Taiwan, and at the moment the US’s influence on the political landscape and political orientation in Taiwan is, in general, larger than that of mainland China. This chapter will discuss the major issues in current cross-strait relations and analyse Taiwan’s relations with the United States, China and Japan.

Key Words

Future of Taiwan, Cross-strait Relations, US Policy towards Taiwan.

The 2012 Presidential Election

President Ma Ying-jeou was re-elected president of Taiwan on 14 February 2012. The turnout in the presidential election was lower than previous ones, with around 13.2 million voters, about 74% of eligible voters, casting ballots. It was widely considered a greater-than-expected victory as before the balloting, the ruling party, the Kuomintang, was confronted with mounting pressures. The Kuomintang captured 6.89 million votes, accounting for 51.6% of the total ballots cast, while the Democratic Progressive Party (DPP) received 6.09 million votes, about 45.6%, a difference of 790,000 votes. The decline in the turnout was also interpreted as a reflection that democracy in Taiwan, the Republic of China (ROC), had got more mature. It is hoped that Taiwan can demonstrate that a democratic system can work in an ethnically Chinese society.

The election of the parliament, known as the Legislative Yuan, was held simultaneously with the presidential election. While the Kuomintang retained the majority in the Legislative Yuan, its strength there declined. The Kuomintang won 64 seats out of a total
of 113. The number of parliamentary seats captured by the DPP increased to 40, a marked rise from the previous 27. Additionally, a pro-independence party, the Taiwan Solidarity Union, led by former president Lee Teng-hui, unexpectedly won three seats.

The US Factor in the Presidential Election

In Taiwan’s previous presidential election in 2008, the United States did not openly side with the Kuomintang. Then, the DPP was in its most difficult period as the corruption of former president Chen Shui-bien had resulted in very severe criticism. But in February 2012, the gap between the strengths of President Ma and DPP candidate Tsai Ing-wen was seen by most observers as very narrow. Deeply worried about instability which would likely arise in the Taiwan Straits if Tsai got elected, the Obama administration in 2012 actively involved itself in the presidential election by supporting Ma.

About a week before the election, the Taipei Office of the American Institute in Taiwan (the de facto US embassy) held a press conference with the Ministry of Foreign Affairs, jointly announcing that a visa-waiver programme would soon be applicable to Taiwanese citizens. It was an unusual move by the United States, and was interpreted by some observers as an open expression of US preference in favour of the re-election of Ma.¹

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Douglas Paal, a former director of the American Institute in Taiwan, was known to have had disputes with the DPP when he headed the US mission. The unfavourable remarks he made with reference to the DPP in a TV interview in Taipei on the eve of the presidential election provoked anger from the DPP. Some observers in Taiwan saw the unusual remarks made by Paal as being influenced by the Obama administration. Former US Senator and former governor of Alaska Frank Murkowski, then observing the election in Taiwan, was also very unhappy with Paal’s conduct.

The preference for Ma over Tsai Ing-wen by the Obama administration was taken by the DPP as an injury to Tsai’s presidential campaign, but it was certainly not the primary factor for Tsai’s defeat. The Obama administration must
have rationally weighed the merits of offending the DPP by siding with Ma, and it had been assessed to be less costly for the Obama administration than to face resentment from the defeated DPP.

A Sino-US Co-Management?

There were opposing views in Taiwan over the existence of a “Sino-US co-management” of the Taiwan Strait in the presidential election. Some scholars in Taiwan, such as Chen Yi-shen, who is an associate research fellow at the Institute of Modern History under the Academia Sinica, believe that a “Sino-US co-management” was apparent. Chen says that a “Sino-US co-management” can even be dated back to the meeting between then-Chinese premier Zhou Enlai and Henry S. Kissinger in 1971. In his inaugural speech on 20 May 2000, Chen Shui-bian gave a pledge of “four noes and one without” in his policy for cross-strait relations, a pledge was guided by the US. The then-Director of the American Institute in Taiwan Raymond Burghardt helped Chen in his drafting of the pledge. The United States then wanted to intervene in order to assuage the nervousness on the part of Beijing.

Director Wang Yi of Beijing’s Taiwan Affairs Office visited Washington, DC in July 2011. There were unconfirmed reports that Wang asked the Obama administration to grant Taiwan visa-waiver status before the election so as to be helpful to Ma’s campaign. It is easy to lead observers to accept the view that some kind of a tacit agreement over the visa-waiver announcement might exist.

Today, Beijing no longer uses the term “Sino-US co-management” of the Taiwan Strait. In the period from 2004 through 2007, Beijing believed that it was practical to rely on a “Sino-US co-management” to restrain the Chen Shui-Bian administration from seeking the de jure independence of Taiwan. However, after Ma got elected as president in 2008, Beijing no longer talked about the need for a “Sino-US co-management.” Yet in the recent Taiwanese presidential election, the overlapping apprehension between Washington and Beijing vis-à-vis the DPP might have been more than “a tacit agreement.” It seemed that Beijing was happy with the position of the Obama administration.

The Ban on US Beef Imports Containing the Drug Ractopamine

Following his re-election victory in January and before the inauguration of his second presidential term, Ma encountered difficulties in overcoming the protests on his policy of allowing the importation of US beef that contains residue of ractopamine, a drug that promotes leanness in cows. In the US beef import issue, the Ma administration
the ractopamine issue would help Taiwan secure the consent from the United States to join the Trans-Pacific Partnership (TPP) trade region within a decade. President Ma said on 22 March that he was concerned with the economic challenge confronting Taiwan, particularly after a free-trade agreement (FTA) between South Korea and the United States had already entered into force in mid-March. Ma believed that the ractopamine issue is a matter of national interest and not just public health. At a meeting of the Standing Committee of the Kuomintang Central Committee on 21 March, President Ma reiterated that Taiwan must avoid becoming marginalised amid regional economic integration. Ma specifically noted that it is a pressing task for Taiwan to resume the negotiations over the TIFA and to sign not only the FTA with the United States but also economic pacts with other countries.

In addition to the ractopamine controversy, Ma was confronted with charges that the outbreaks of avian influenza were not disclosed to the public in Taiwan before his re-election. The DPP claimed that the cover-up was intentional. Seeing Ma’s predicament, Paal commented in Washington, DC on 22 March that the United States cannot push too hard for the exports of US beef containing ractopamine to Taiwan. Paal suggested that the Obama
administration must be more patient.\textsuperscript{9} Actually, the United States aims at selling its beef containing ractopamine in mainland China markets after Taiwan gives in to the US demand. It is expected by some circles in mainland China that soon after Taiwan lifts its ban on US beef containing ractopamine, the United States will exert pressure on Beijing to do the same.

The People’s First Party along with the DPP and the Taiwan Solidarity Union have adopted an overlapping position against the US beef import issue. They have joined hands in criticising the Kuomintang for having tried to import US beef containing ractopamine simply by an executive order instead of by legislation.

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It is widely known to the citizens in Taiwan about the US insistence and pressure. Therefore, it was not the best strategy for the Ma administration to keep categorically denying the existence of pressure confronting Ma from the Obama administration. The US beef issue, among several other issues, has contributed to the shortening the “honeymoon” Ma could have had at the start of his second presidential term.

The South Korean-PRC FTA and ECFA

The FTA between the United States and the Republic of Korea became effective on 15 March 2012. The Republic of Korea is now the only country which has concluded FTAs with the European Union, the United States, the Association of Southeast Asian Nations (ASEAN), and India. In May, China, Japan and the Republic of Korea held a summit meeting in Beijing to lay the groundwork for their trilateral FTA negotiations.

Taiwan and mainland China signed the Economic Cooperation Framework Agreement (ECFA) in June 2010, an agreement that aims to reduce trade barriers between mainland China and Taiwan. The “early harvest” programme for tariff reductions or exemptions under the ECFA took effect on 1 January 2011. The newspaper \textit{China Times}, which is based in Taiwan, believed that it is a great challenge to Taiwan if it does not conclude ECFA follow-up agreements before an FTA is signed between China and the Republic of Korea. In such a
scenario, South Korean exports to China will get tariff cuts. As a consequence, Taiwanese investors on the mainland are expected to turn to South Korean suppliers for needed parts. It will greatly increase the market share of South Korean manufacturers in mainland China. Taiwan is urged not only to expedite the negotiations with Beijing over the four ECFA follow-up agreements but also to enlarge its scope of application. On 6 April, Ma stated publicly that he targets completing negotiations on the ECFA with Beijing within the next two years. But some experts have expressed doubts over the probability of success. Their doubts are well founded and the progress in the negotiations over the ECFA follow-up agreements is now stalled.

Actually, the United States had a certain degree of displeasure with the Ma administration over its insufficient transparency in the process of negotiating the ECFA with Beijing. An effective reform in the problems of taxation and finance is one of the gravest challenges confronting the Ma administration.

The DPP’s Refusal to Accept the “1992 Consensus”

In the analysis of the latest presidential election, it was found that the “1992 consensus” was one of the important factors that determined the result. The factor was particularly influential at the last stage of the election. The term “1992 consensus” was invented by Su Chi, who served as the former Mainland Affairs Council Chairman in the Lee Teng-hui administration, following the inauguration of Chen Shui-bian as president. Despite what Su originally claimed, the term did not exist in any governmental archive when Lee was president. But very importantly, in the presidential election in 2012, the term became not only an issue but seemed to be a symbol of peaceful development and trade between Taiwan and China. A refusal to accept the “1992 consensus” was essentially one of the important causes leading to the defeat of Tsai by Ma.

During the presidential campaign, Tsai downplayed or avoided the importance of facing the challenges emanating from the “1992 consensus.” She just randomly commented on it as “historical fiction” without forcefully arguing against it. In general, the DPP did not think this refusal would have any damaging effects. Among many DPP elites, the avoidance by the DPP during the campaign to strongly counter the Kuomintang appeal to the “1992 consensus” was as a critical cause of failure. Beyond that, Tsai adopted a campaign strategy of avoiding arguments about cross-strait relations and the DPP did not put forward any policies on cross-strait relations. It is
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not an exaggeration to say that the DPP inadvertently underestimated the Kuomintang’s powerful emphasis on the “1992 consensus”.

A Peace Treaty and a Political Arrangement

As soon as Ma won re-election, some policy elites on the mainland wasted no time in expressing their hope that the Kuomintang would seize the opportunity to start to negotiate for a political arrangement between Taiwan and Beijing. Among the Taiwanese media, some relevant questions, such as the following two, immediately arose: How can President Ma greatly accelerate the process of reunification with mainland China? More specifically, how fast can he propel Taiwan to move towards negotiations with mainland China on political and security issues?

Richard Bush, the director of Northeast Asian Policy Studies at the Brookings Institute, believes that such expectations are unrealistic. Bush holds that Beijing and Taipei made progress in cross-strait relations in the previous four years largely because they had agreed to focus on “easy” issues, mainly economic ones. In his view, any political issue that Taipei and Beijing may bring up will be “hard” to reach an agreement on. Bush said that this is even true of outstanding economic issues, such as the liberalisation of trade in goods and service, investment protection, and dispute settlement. On political issues, he predicts, Beijing will continue to insist that negotiations must be conducted on the basis of the “One China principle.” But he noted that it will be difficult for the Kuomintang to budge from the “1992 consensus”,12 Bush is by no means alone in voicing such reservations or doubts on Ma’s new departure in his mainland policy at the beginning of his second presidential term.

But some policy elites and scholars in Taiwan tend to believe that the status quo across the Taiwan Strait will not be easily sustained. Accordingly, they emphasise the importance of making preparations for political negotiation. In their view, it will be better to get prepared against the likelihood that pressure increases suddenly from Beijing. Lin Wen-cheng is one such scholar who takes such a position.13

The DPP’s Modification to its China Policy

Following Ma’s re-election, quite a few important figures within the DPP began to talk openly about the necessity of reviewing the DPP’s hard-line policies towards the cross-strait issues. Even Tsai herself made some remarks about the
need to be relatively more flexible in engaging with Beijing.

Chen Chu, Kaohsiung City mayor, said on 24 February before she became the acting chairwoman of the DPP in the wake of Tsai’s resignation, that the DPP will seek to improve its ties with Beijing. Chen, who will lead the party until May when a new party chairman will be inaugurated, emphasised that “we hope this situation will change in the future through our increased interaction and engagement with China.” Chen’s remarks on improving ties with Beijing fell in line with an earlier DPP report on the party’s defeat in the recent presidential campaign. Indeed, the report advocates revisions to the party’s policy towards mainland China. Chen gave these remarks upon her return from a visit to Cuba, which had denied her entry at the Havana Airport.\textsuperscript{14} Chen had led a group of Kaohsiung City government officials to arrive in Cuba on 20 February in order to study Cuba’s organic farming development. Chen then responded that she would not speculate about the real reasons behind the incident in Cuba.\textsuperscript{15}

Su Huan-chih, who was the former Tainan County magistrate, also echoed Tsia’s advocacy of more engagement with China on 4 February. Having declared his intention to run for the DPP’s chairmanship, Su promised that if he got elected, he would create DPP representative offices in the United States, Japan, India and China in particular. But Su qualified his statement by adding that the party’s representatives in these countries should be “solidly pro-independent” people with good character.\textsuperscript{16}

In the meantime, Lo Chih-cheng’s visit to China to attend a two-day academic forum on cross-strait relations received wide attention. His visit was seen in some circles as rather symbolic as Lo was the DPP spokesperson and he was the first incumbent DPP party official to visit mainland China since 2008. Coinciding with Lo’s visit to the mainland, Wu Po-hsiung, emeritus president of the Kuomintang, commented in Beijing that the Kuomintang welcomed the efforts of all parties in Taiwan to promote a cross-strait exchange.\textsuperscript{17}

Despite this development, the DPP is still quite divided on how to modify its policy towards Beijing. Also among those DPP elites who argue for a substantive modification of its China policy are Tuan Yi-kang, Kuo Cheng-liang, Tung Chen-yuan, Chen Sung-shan and Tung Lih-wen. At a forum organised by the China Times on 23 March, they discussed new perspectives on how to adapt their Beijing policies. Tuan, a current DPP parliamentarian, indicated his surprise at the misperception among some DPP supporters about its China policy. Tuan
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believed that it will be important for the dpp to emphasise that it does not intend to pursue the *de jure* independence of taiwan.

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kuo cheng-liang, a former dpp parliamentarian, pointed out the necessity for the dpp to readjust its china policy as there will be more voters who give primary concern to economic issues in the 2016 presidential election. in kuo’s view, the kuomintang will accumulate more benefits in the economic interaction across the strait when 2016 comes. he warned that the kuomintang by then will have achieved more economic interaction than at the beginning stage of the ecfa. kuo moved to urge dpp supporters to make a compromise by recognising the roc national flag, which was originally a derivative of the kuomintang party flag.

tung chen-yuan, a former deputy chairman of the roc mainland affairs council, said that the dpp must have a thoroughly new strategy for china. tung argued that the dpp must now take an initiative to conduct a dialogue with mainland china. he stressed the importance of working out a compromise with the mainland by putting forward a new interpretation of the dpp’s constitutional positioning. in his view, constructive ambiguities are something the dpp will have to create in regard to the cross-strait relations.

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furthermore, tung lih-wen, the former head of the chinese affairs department under the dpp, called on the dpp to revive its chinese affairs department. frustrated with the damage as a result of underestimating the issue of the “1992 consensus,” tung advocated that the dpp must attach importance to exposing the weakness and danger of the “1992 consensus.” additionally, tung called upon the next chairman, whom the dpp will elect, to take a “new centrist line” on cross-strait relations. tung shared kuo’s argument that the dpp must restore the chinese affairs department as a party organ so as to actively and efficiently handle policy issues related to mainland china.

even so, in contrast to the views of these dpp moderates, many hardliners within the dpp still emphasise the significance of having a marked distinction from the kuomintang in its mainland policy. wu zhao-hsieh, who served as the former chairman of the mainland...
Affairs Council in the Chen Shui-bien administration and subsequently became the former *de facto* ambassador assigned by the same administration to the United States, is one of those who is strongly opposed to a revision of the DPP’s fundamental policy towards mainland China. He expressed worries against plunging into a “trap” devised by both Beijing and the Kuomintang.

One may say that up to now it seems to have been a delicate division of labour vis-à-vis Beijing between the Kuomintang and the DPP. While the Kuomintang is inclined to improve ties with Beijing, the DPP is keen to resist pressure from Beijing. On 24 March, an editorial in the *China Times* said that through such unintentional collaboration amid rivalry between the two major parties, Taiwan has subtly got the optimal benefits. Beijing, according to the editorial, yielded more benefits to Taiwan through the Kuomintang’s positioning.19

**A New Controversy:**

“*One Country, Two Areas*”

A new controversy arose from the latest annual forum between the Kuomintang and the Chinese Communist Party (CCP). Leading a party delegation, Wu Poh-hsiung, a former chairman of the Kuomintang, called on Chinese President Hu Jintao on 22 March in Beijing.20 Both Wu and Hu emphasised the importance of continued cross-strait relations under the “One China” principle. Yet, to the surprise of some Taiwanese, Wu proposed that cross-strait matters be tackled under the so-called principle of “One Country, Two Areas.” Clarifying that the Ma administration’s current policy is based on the “Act Governing Relations between the Peoples of the Taiwan Area and the Mainland Area,” Wu raised the importance of improving cross-strait ties on the basis of the concept of “One Country, Two Areas.” He added that cross-strait relations are not undertaken on a nation-to-nation basis but rather on a special relationship one.21 Wu also claimed that he got authorisation from President Ma for the words he employed with reference to the concept of “One Country, Two Areas.” He hinted that he was Ma’s messenger.

Wu’s pronouncement drew immediate criticism from the DPP. For years, President Ma has emphasised that his cross-strait policy is based on the principle of “No Reunification, No Independence and No War.” Wu’s remarks about “One Country, Two Areas” were criticised by the DPP as deviations from the policy set by the Ma administration. Kao Ling-yun, a reporter at the reunification-leaning *United Evening News*, attributed Wu’s sudden announcement to a decision by the Ma administration to reduce
Beijing’s displeasure of the ROC after the Mainland Affairs Council rebuffed Beijing’s Pingtan Comprehensive Experimental Zone initiative on the grounds that Taiwan has not accepted Beijing’s long-held principle of “One Country, Two Systems.” Kao commented that the policy shift to declare the principle of “One Country, Two Areas” was an imprudent move.22

To the DPP, the “One Country, Two Areas” formula is a violation of Ma’s re-election campaign pledge, which held that the essence of the “1992 consensus” represents the premises of “one China, with different interpretations.” It sees “One Country, Two Areas” statement made by Wu as a change from the Kuomintang’s self-proclaimed policy of maintaining the status quo in cross-strait relations.

Among others, Tsai Ing-wen sharply criticised the “One Country, Two Areas” formula as a “dangerous” concept when requested by the media for comments. Huang Kun-heui, the chairman of the pro-independence Taiwan Solidarity Union, compared the formula voiced by Wu to “the Treaty of Shimonoseki in the 21st century”, Huang argued that the “Act Governing Relations between the Peoples of the Taiwan Area and the Mainland Area” had been enacted “with the implication of a state-to-state legal framework.” In his view, the concept of “One Country, Two Areas” is exactly identical with the formula “One Country, Two Systems” which has long been insisted on by Beijing but persistently rejected by Taiwan. Huang compared Wu’s words to opening a Pandora’s Box.23

In contrast to the views of these DPP moderates, many hardliners within the DPP still emphasise the significance of having a marked distinction from the Kuomintang in its mainland policy.

In the view of a former Tainan County magistrate Su Huan-chih, the concept of “One Country, Two Areas” relegated the status of Taiwan and the status of the ROC president.24 Other criticisms made by the DPP against Wu included that Wu should have specified that by “One Country” he meant the Republic of China so as to avoid being interpreted as the People’s Republic of China (PRC). A protest march was planned by the DPP for 20 May, the day Ma was inaugurated for his second presidential term.

On 23 March, Fan Chiang Tai-chi, ROC Presidential Office spokesman, clarified Wu’s statements by saying that the stance taken by the Ma administration on defending Taiwan’s sovereignty under the principle of “One China, With Each
Side Having Its Own Interpretation” remains unchanged. Premier Sean Chen echoed Fan’s statement. Chen said that the “One Country, Two Areas” formula is in line with the intent behind Article 11 of the Additional Articles of the ROC Constitution. But Chen’s words still differed from those of Wu. Wu referred simply to the constitution, but Chen made mention of the Additional Articles (the amendments) of the constitution. Chen’s supplementary words were better received by the media.

Yang Kai-huang, an expert on cross-strait relations and a professor of political science at Mingchuan University, argued on 24 March that the operability of the concept “One Country, Two Areas” may require a revision to the ROC constitution. A breakthrough in the constitutional framework, in his opinion, is needed so as to launch the new concept as a basis to push forward political negotiation with Beijing. To some experts, Wu’s disclosure of the principle of “One Country, Two Areas” has relevance to the Ma administration in preparing for political negotiation.

Present at a joint hearing of the Foreign Affairs Committee and National Defence Committee at the parliament on 26 March, Tsai Teh-sheng, director of the National Security Bureau, testified that he did not hear the concept “One Country, Two Areas” at any previous meeting of the National Security Council. He emphasised that he had not been informed of the concept until the disclosure by Wu. In his testimony, Tsai added that “he does not support the arguments for the concept at this particular moment.” He went on to predict that the concept will not move further as it had already caused a heated controversy.

The official media organs in mainland China did not immediately report the concept of “One Country, Two Areas” soon after Wu had openly stated it. It is apparent that Beijing was being prudent in evaluating the new legal concept. Just as the concept of “One Country, Two Areas” aroused severe criticism from the public, so it is likely that the Ma administration will be more scrupulous in evaluating the launch of political negotiations.

Actually, the Obama administration said that it was not informed of the “One Country, Two Areas” formula before Wu conveyed it to Hu. It was very likely that the Obama administration showed its displeasure for being uninformed in advance. Attending President Ma’s second inauguration, Ileana Ros-Lehtinen, the chairwoman of the US House Committee on Foreign Affairs, even asked President Ma to give
clarification on the “One Country, Two Areas” formula.

Encountering criticisms from both the Pan-Green opposition parties in Taiwan and the Obama administration, President Ma in his second inaugural address modified the above-mentioned concept as “One Country, Two Areas under the Republic of China.” More than a week later, Beijing gave its sympathy to President Ma’s revision in light of the internal and external difficulties confronting Ma. Beijing seems to be more sophisticated now than ever before in understanding the political entanglements in Taiwan.

The US’s Attitude on a Peace Treaty or a Modus Vivendi

Some quarters in Taiwan are of the opinion that the *status quo* on the Taiwan Strait will not be easily sustained. As a result, they advocate the importance of making preparations for political negotiations with the Chinese Communist Party. To them, it would be better to be prepared against the likelihood that pressure suddenly increases from Beijing.

There is no indication that the Obama administration is encouraging the Ma government to initiate political negotiations with Beijing. Instead, a negative attitude to negotiations on the part of the Obama administration has been indicated from time to time. Some people at major think tanks in the US predict that very little substantive progress on political negotiations across the Taiwan Straits can be foreseen in Ma’s second presidential term.

As countermeasures to China’s espionage attempts, the United States now not only withholds sensitive information from Taiwan, but equips highly classified electronic components with anti-tamper devices.

Nor has the Obama administration given blessings to talks over military confidence-building measures (CBMs) between Taiwan and Beijing. It welcomes the relaxation of military tension across the Taiwan Straits, but it does not see the removal of Beijing’s missiles targeting on Taiwan as a precondition for US restraint on its arms sales to Taiwan. The Obama administration is concerned about the espionage activities of some military officers, in active service or retired, in Taiwan for Beijing. In short, the Obama administration is very keen on political contacts across the Taiwan Straits.
The US on Chinese Espionage

In less than two years, more than six Taiwanese citizens have been charged with spying for China. Among the most noteworthy was Major General Lo Hsieh-che, who was charged with providing information on Taiwan’s US-designed command and control system. Despite the lowering of tensions across the Taiwan Straits, China has not relaxed its efforts to steal Taiwan’s most vital military secrets. The two main targets of China’s military espionage efforts are the Lockheed Martin- and Raytheon-built Patriot missile defence system and the Lockheed-designed Po Sheng command and control system. As countermeasures to China’s espionage attempts, the United States now not only withholds sensitive information from Taiwan, but equips highly classified electronic components with anti-tamper devices.29

The F-16C/D Sale

It seems unlikely that President Obama will approve the sale of F-16C/D aircraft to Taiwan. For years, Taiwan has been seeking to purchase 66 of the fighters. The delaying position adopted by the Obama administration has in turn led to delays in the US Senate’s confirmation of Mark Lippert, nominated in October 2011, for the position of US Assistant Secretary of Defence for the Asian and Pacific Security Affairs. But his confirmation was put on hold by Senator John McCain, and now the nomination is being held up by Senator John Cornyn.30 Interestingly, some doubts have been reported in Taiwan about the intention of the Ma administration over its budgetary preparations in purchasing the F-16C/D fighters. Besides, some military experts in Taiwan now argue for the purchase of even more advanced fighters.

Taiwan’s International Space

Some people in Taiwan want the country to participate as more than an observer in the annual meeting of the World Health Assembly. Additionally, Taiwan wants to conclude trade liberalisation agreements with foreign countries which do not recognise Taiwan’s statehood. The Ma administration initiated a “diplomatic truce” following his victory in his first presidential election. Yet, Beijing has never employed the same term. It is true that Beijing has since then exercised self-restraint by refraining from taking away diplomatic recognition from any country which recognises the Republic of China (essentially Taiwan) as the regime representing the entire
Chinese territory. But other than that, Beijing still adopts a policy in restricting Taiwan's international space. In February 2011, the Chinese foreign ministry reacted very strongly to remarks made by Taiwan's de facto ambassador to the United Kingdom, Lu-shun Shen, about his intention to make Taiwan’s relations with the United Kingdom as official as possible. Beijing continues to push the United States to stop selling arms to Taiwan. On many occasions, Beijing has obstructed Taiwan’s efforts in expanding its participation in international NGO activities. There have been several instances where Beijing has tried to downgrade Taiwan’s participation or cooperation within international NGOs, specifically with regard to Taiwan’s official designation and status.

A case in point is as follows. The International Federation of Asian and West Pacific Contractors Associations (IFAWPCA) is an association which aims to promote relationships between governments and contractors in the region on civil and building construction projects. Taiwan, as a founding member, has actively participated in the organisation. Last year, the China International Contractors Association, which is under the supervision of the Beijing government, took active steps towards joining the regional federation. In a memorandum to the secretariat of the federation and the Taiwan General Contractors Association, the Chinese association set a pre-condition prior to its officially filing an application for membership. It demanded that there be no presence of the ROC national flag, national emblem or national anthem at any future activity and meetings of the federation. In addition, it asked that no Taiwanese officials could attend the meetings of the regional federation in any capacity. Beijing was reported to have even asked the regional federation to remove the Taiwanese association from the lists of nations in all its meetings, events, documents, websites and paperwork so as to avoid an impression that there are “two Chinas”, or “one China and one Taiwan”. In specific terms, the memorandum demanded that all references to the “Republic of China” be removed from the regional federation’s website. Unusually, it required that all members of the regional federation sign and accept the memorandum with the secretariat before China would send in official membership application.

At the same time this controversy was unfolding, the Ma administration was criticised by the DPP for having announced that public infrastructure construction in Taiwan would be opened to Chinese investment. This was, indeed, an illustrative case reflecting both Beijing’s mindset and position.
National Taiwan University, argued at a meeting on 24 March that Beijing still has placed obstacles for Taiwan in its efforts to negotiate free-trade agreements with other countries. The hardliners in Beijing assert that the conclusion of an FTA involves the question of sovereignty. The establishment of a mechanism for FTA negotiations within Taiwan was suggested by some of the scholars present at the meeting as way of effectively dealing with Beijing’s future attempts to further reduce Taiwan’s international space. They even moved to call for making efforts to dispel the misunderstanding that UN Resolution 2758 specifically states that Beijing has sovereignty over Taiwan. In other words, even some of the elite supporters of the ruling party also voiced their frustration over the isolated status of Taiwan. They showed concern with Taiwan’s need to seek more room in its international space.

Beijing says that in order to deepen cross-strait ties, the Pingtan Comprehensive Experimental Zone is aiming at attracting investments from Taiwan to host high-tech companies and factories.

The Pingtan Comprehensive Experimental Zone

The Pingtan Comprehensive Experimental Zone in Fujian Province is Beijing’s China’s newest proposal to Taiwan for the sake of reunification. The zone is 68 nautical miles (125 km) from Taiwan’s Hsinchu County. Beijing says that in order to deepen cross-strait ties, the Pingtan Comprehensive Experimental Zone is aiming at attracting investments from Taiwan to host high-tech companies and factories. Doubtlessly, the Ma administration is wary of the proposal. Premier Chen even told legislators in mid-March that China has “ulterior motives.” Chen straightforwardly said that the zone proposal is not as simple as it may look. Many analysts expressed concern that Taiwan’s economy would hollow out further if large numbers of Taiwanese businesses were attracted and moved their investments there. The Ma administration has stopped short of endorsing the zone initiative while having an intense interest in deepening economic ties with Beijing.

The DPP and the US

Following Tsai Ing-wen’s resignation from the chairmanship of the DPP, the party was confronted with the problem of taming its wild factions. The DPP has internal weaknesses and it needs to
promote reform and transformation within the party. Many contradictions within the DPP were hidden during the election campaigning, and it is believed by some DPP elites that now is the time to resolve some of the contradictions.34

The DPP seems to be fighting a war on three fronts. Some hardcore members of the DPP still harbour resentments against the Obama administration over its unusual measures to support President Ma in his re-election. The tough position maintained by the DPP over US imports of ractopamine-containing beef is a reflection of the DPP’s resentment. Is there a necessity for the DPP to improve its communication with the United States?

Nancy Tucker, a professor at Georgetown University, in July 2011 called on the Obama administration to openly state that the United States would cooperate with either of the two major Taiwan presidential candidates no matter which party turns out to be the winner. Despite her appeal, the Obama administration took decisive action. Some DPP members today still resent the interference by the Obama administration in the presidential election. Several DPP members even appealed to their Taiwanese supporters residing in the United States to lend their support to the Republican Party in the presidential and congressional elections in the United States. The appeal has had some repercussions. For instance, Li Thian-hok, living in Pennsylvania, wrote a letter to the editor of the *Taipei Times*, calling for people to support Republican Senator Richard Lugar in his bid to become chairman of the Foreign Relations Committee of the Senate on the grounds that Lugar will be better than Democratic Senator John Kerry in looking after the interests of Taiwan. Li criticised Senator Kerry for having said that Taiwan’s future should be settled based on China’s “One Country, Two Systems” formula.35 Following Obama’s election victory, it is important for the DPP to reconcile with the Obama administration. Some people in the DPP, like Wu, have already spoke of the importance of enhancing communication with the US Congress.

The US and China and the South China Sea Disputes

Taiwan definitely is closer to the United States than Beijing. The United States has long been a protector of Taiwan against Beijing’s ambition for incorporation. The subtle mixture of cooperation and competition between Beijing and the United States will continue to greatly bear on Taiwan’s relations with Beijing and Washington. While the relationship between Beijing and the United States has not been a zero-sum game for Taiwan...
for some time, Taiwan must be very keen to the subtlety of the bilateral relations of the two superpowers.

The US’s emphasis on its traditional alliances in the Asia-Pacific region will not help maintain regional security as those alliances were forged during the Cold War with an aim of restraining Beijing.

The position of the Ma administration towards the South China Sea disputes is not to seek cooperation with Beijing in order not to offend the United States. The Obama administration has precautions against the possibility of cooperation between Taiwan and Beijing over the disputes regarding the South China Sea. In Taiwan there are some that call on the Ma administration to coordinate its position with Beijing over Beijing’s heightened territorial dispute with the Philippines and not to accept the claim made by the Philippines.

The United States does not accept China’s claims over the South China Sea. It is very vigilant against conceding the Asia-Pacific region to Beijing as its strategic space. Some scholars in the United States compare Beijing’s position to that of a Monroe Doctrine for the Asia-Pacific region. In his book *A Contest for Supremacy: China, America and the Struggle for Mastery in Asia*, Aaron Friedberg states that Beijing’s goal is “to displace the United States as the dominant player in East Asia, and perhaps to extrude it from the region altogether.” Yet, Friedberg adds that “China presently has neither the capacity nor the desire to launch a frontal assault on the U.S.-dominated order in Asia.”

His observation does not conflict with the mainstream view.

Since the inauguration of the Obama administration, both Beijing and the United States have launched a strategic security dialogue and consultations on Asia-Pacific affairs in the Sino-US Strategic and Economic Dialogue. But the new Asia-Pacific strategy adopted by the Obama administration in July 2009 has sounded alarm in Beijing. In November 2011, Secretary of State Hillary Clinton published an article in *Foreign Policy* magazine. In her article, Clinton laid out the terms of what she called “America’s Pacific Century”. Wu Chunsi, a senior research fellow at the Shanghai Institute for International Studies, commented that the US’s new Asia-Pacific strategy will negatively influence Sino-US relations even though it does not advocate a strategic containment of China. She noted that “U.S. attempts to boost its profile in the Asia-Pacific by interfering in disputes
Recent Political Developments in Taiwan

On the one hand, Panetta demonstrated the determination of the Obama administration to oppose any attempt by Beijing to unilaterally take military action to defend its territorial claims in the South China Sea. But on the other, Panetta asserted that there is “no other alternative” for the United States and Beijing but to boost military-to-military relations to manage disputes. In Panetta’s view, there will be “ups and downs” along the way, yet it is still vital for both superpowers to keep the lines of communication open. In response to Panetta’s statements, China’s Xinhua News Agency immediately warned the Obama administration that it was no time to “make waves” in the disputed South China Sea.

Kissinger on US-PRC Relations

In March of this year, Henry A. Kissinger argued that the American left and the American right have a consensus that tension and conflict with China has grown out of China’s domestic structure. In his view, while the United States, if challenged, is sure to do what it must to preserve its security, the United States should not choose to adopt a strategy of confrontation. He argues that the emergence of a prosperous and powerful China must not be assumed to be in itself an American strategic defeat. He

between China and its neighbouring countries are not conducive to a positive Sino-U.S. relationship.” Wu went on to say that the US’s emphasis on its traditional alliances in the Asia-Pacific region will not help maintain regional security as those alliances were forged during the Cold War with an aim of restraining Beijing. Instead, she argued that the two major powers must build an inclusive mechanism for cooperation in the Asia-Pacific region. She said that the stance taken by the Obama administration on such Chinese interests as US arms sales to Taiwan will be detrimental to Chinese core interests. Wu’s views are, indeed, in line with the mainstream foreign policy elites in mainland China. Actually, the Sino-Russian joint military exercise in the Yellow Sea in late April was widely taken as a counter to the US’s reemphasis of its strategic interests in the Asia-Pacific region.

At the Shangri-La Dialogue in Singapore on 2 June, US Secretary of Defence Leon Panetta stated that the United States will shift the bulk of its naval fleet to the Pacific as part of a new strategic focus on Asia. According to Panetta, the US Navy by 2020 will re-posture its forces from today’s roughly 50/50 split between the Pacific and the Atlantic to about a 60/40 split between the two oceans with a focus on the Pacific.
tends to believe that crisis management will not be enough to sustain the relationship between Washington and Beijing, and he stresses the importance of maintaining harmonious relations with Beijing. He supports the concept of a Pacific Community, an idea he has advocated before. He believes that the Trans-Pacific Partnership (TPP) is an arrangement that could be a significant step towards a Pacific Community.38

Xi Jinping is now not only the Chinese vice president but also its highest leader-in-waiting. His official visit to the United States in February 2012 attracted worldwide attention. One of Xi’s primary goals in his visit was assumed to be to soften China’s image with regard to its regional posturing. Despite his attempts, the Obama administration has continued to refuse to recognise Beijing’s privileged position in the region. Actually, Beijing did not target the visit by Xi to the United States to be a “breakthrough”; neither did Beijing intend to make Xi’s visit a basis for Beijing-Washington relations in the next decade. But Xi’s visit was largely successful. It provided a kind of stability and continuity to the current Washington-Beijing engagement.

A Closer Relationship between Japan and Taiwan

Japan is the second most important friend to Taiwan. The grassroots friendship between Taiwan and Japan is both profound and extensive. When the Fukushima tsunami catastrophe occurred in Japan in March 2011, the people in Taiwan were the most generous in the world in giving money to the relief. The grassroots friendship between the two peoples is not only deep but is also widely recognised. Taiwan is now negotiating an Open-Sky Treaty with Japan. There have been many signs of the improvement of relations between the two countries. In 2005, Japan decided to give visa-free tourist status to Taiwanese visitors, a significant milestone. The exchanges between the visitors of the two countries further rose thereafter. The people in Taiwan are not emotional about the Diaoyutai (also known as the Sengaku islands) territorial disputes with Japan.

With the rise of Beijing, an increasing number of Japanese foreign and security policy elites have become, indeed, more concerned with the preservation of military stability in the Taiwan Straits.
the basis of Japan’s diplomacy. Noda visited Washington in early May 2012, a visit that was considered a success in the United States. Tadashi Ikeda, the former *de-facto* Japanese ambassador to Taiwan, believes that the mutual treaty defence between Japan and the US is in essence the basis of Japan’s policy toward the question of Taiwan’s security. Japan in 2005 stated that any armed conflict in the periphery of Japan’s territory falls within the scope of the US-Japan Mutual Defence Treaty. With such a formulation, Japan expressed its concern over the security of Taiwan.

In March of this year, Masahiro Miyazaki, a Japanese freelance commentator, pointed out in an article that “Taiwan is the lifeline of Japan” in the eyes of certain Japanese conservative politicians. With the rise of Beijing, an increasing number of Japanese foreign and security policy elites have become, indeed, more concerned with the preservation of military stability in the Taiwan Straits.

The 2014 Local Election

The next major election in Taiwan will come in 2014. Chang Po-ya, the chairwoman of the Central Election Commission of Taiwan, said on 19 March that the commission is planning a combined local election in 2014 in which voters may be given up to five ballots. More specifically, voters in the five special municipalities will be given three ballots, while those in counties and county-level cities will cast five votes. The forthcoming election is very significant as it involves not only the mayoralty of the five special municipalities but also the local elected positions throughout the country. The DPP considers this election to be an opportunity for the party’s revitalisation. To the Kuomintang, it will be both an opportunity and a challenge for the implementation of its earlier presidential campaign platform. The recent bribery scandal of Lin Yi-shih, the secretary general of the Executive Yuan, will force the Kuomintang to augment its image of good governance by the election of 2014.

Unfavourable Views on the Intermediate-Term Future of Taiwan

While the Obama administration favours maintaining the *status quo* across the Taiwan Straits, there have arisen views in favour of a political solution in the intermediate term for Taiwan’s status by some strategists in the United States. In the wake of some arguments for the “Finlandisation of Taiwan,” advocacy for “abandonment” of Taiwan was crafted by Charles Glazer among others.
Zbigniew Brzezinski, in an article published in the journal *Foreign Affairs* in January 2012, says that Deng Xiaoping’s formula of “one country, two systems” should be redefined as “one country, several systems.” He believes that such a redefinition may provide the basis for China to eventually get reunification with Taiwan. Most importantly, Brzezinski thinks that time is on the side of China. He takes note of China’s ascending power and the expanding social links between Taiwan and China. In his view, “it is doubtful that Taiwan can indefinitely avoid a more formal connection with China.”42 Such a statement by Brzezinski is sure to influence some foreign policy elites in the United States. It poses a severe challenge to the competence of Taiwan’s government. It is particularly alarming to Taiwan as Brzezinski also argues that indefinitely continuing US arms sales will provoke intensifying Beijing’s hostility to the United States and he specifically states that “any long-term U.S.-Chinese accommodation will have to address” the question.43 Similar views harmful or unfavourable to the status quo with Taiwan will continue to emerge in the United States. But in the presidential election, neither Obama nor Mitt Romney showed any sign of weakness in their rhetoric over the US’s policy toward Taiwan.

**Conclusion**

On the one side, the challenges facing Taiwan are by no means debilitating. But on the other, democracy in Taiwan has become more liberal and mellower. It is healthier now that the polemics between the two major parties are less dogmatic. Most importantly, there has been an increase in the number of swing voters in Taiwan. The chances for fair competition among major political parties are likely to continue to steadily grow. In the next decade, it is conceivable that the Kuomintang may not accept a kind of “federation” as the formula under which Taiwan will rejoin mainland China. Interestingly, the DPP may not oppose such a sort of confederacy.
Endnotes

1 At one point of time, the application of the visa-waiver programme to Taiwan was delayed partly because the passage of the Taiwan Policy Act in the United States was blocked by the Judiciary Committee of the US House of Representatives. There, some Republican Congressmen voiced their doubts over the handling of safety issues related to the visa-waiver programme. The act was introduced by Republican Congresswoman Ileana Ros-Lehtinen in 2011 in order to help ensure that Taiwan’s peace, prosperity and security will be maintained following the decision by the Obama administration not to sell Taiwan F-16C/D aircraft fighter jets.

2 Chen Yi-Shen, “The DPP Needs to Grain the US’ Trust”, *Taipei Times*, 20 February 2012.


4 The Liberty Times Editorial, “Government's True Nature Exposed”, *Taipei Times*, 18 March 2012. The controversy over beef products containing ractopamine residues mainly involves US beef, as opposed to that from other sources.

5 “Government Disregarding the Law”, *Taipei Times*, 22 March 2012. An outspoken writer, historian and former legislator Li Ao criticised Ma on 1 April as “the most pro-US president in Taiwan’s history”, see, Chris Wang, “Ma Involved in Traitorous Acts: Li Ao”, *Taipei Times*, 2 April 2012.

6 The George W. Bush administration suspended the TIFA negotiation with Taiwan in order to penalise the Chen Shui-bian administration for its refusal to lift the ban on the imports of US beef.

7 The TPP is interpreted by some international observers as an instrument by which the United States intends to bolster its geostrategic interests in the Asia-Pacific region.


10 It has long reiterated its desire to deal with taxation and financial issues. The gravity of the issues associated with the increasingly widening wealth gap and the mounting government debt has kept increasing. Issues which Ma has been asked to resolve include a capital gains tax, windfall tax, energy tax, and real-estate taxes based on the actual transaction prices. Coupled with them, a broader fiscal consolidation plan that can effectively stabilise the government’s debt is very much in demand. The public in general now demands more than tinkering around the edges. See, “Can New Task Force Avoid Old Pitfalls?”, *Taipei Times*, 18 March 2012.

11 In 1999, Lee Teng-hui pronounced his policy toward the China mainland as “special state-to-state relations”. Both Beijing and Washington were shocked and unhappy.


14 “DPP Pledges to Improve Ties with China”, China Post, 25 February 2012.

15 Ibid.


17 Some people in the Kuomintang believe that the DPP’s persistent refusal to revise its policy toward cross-strait relations will be in the interest of the Kuomintang in view of the intense competition between them for political power within Taiwan. In their view, the DPP’s flexible attitudes in its policy vis-à-vis mainland China will be more of a threat to the majority support of the Kuomintang in Taiwan.


20 The Kuomintang-CCP annual forum is a regular meeting established by the then Kuomintang Chairman Lien Chan and the CCP Secretary General Hu in 2005. Lien’s attendance at the forum was described by the Kuomintang as an “ice-breaking visit”.


25 Mo Yan-chih and Shih Hsiu-chuan, “No Change to Cross-Strait Policy: Fan Chiang”, Taipei Times, 24 March 2012. Article 11 of the Additional Articles of the ROC Constitution stipulates that the handling of the rights and obligations for the people between the free area and the mainland area as well as other affairs can be subject to the stipulation of other legal acts. The Additional Articles of the constitution were first promulgated in May 1991. Since then, they have been amended a few times.


39 Ambassador Ikeda made such a statement in his oral presentation at a conference hosted by the Japanese Center of Tamkang University on 24 February 2012. The theme of the conference was “The Developments of Human Rights in Asia”.


43 Brzezinski, “Balancing the East, Upgrading the West”, p. 103.