

Strait thinking: China–Taiwan relations under Ma Ying-jeou

by Simon Smith

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This week marks the second anniversary of Ma Ying-jeou's victory in the 2008 Taiwanese presidential election. In the period since Ma's inauguration relations between Taiwan and the Mainland have improved markedly. The removal of President Chen Shui-bian and his Democratic Progressive Party (DPP) from government, and with it the immediate possibility that advocates of Taiwanese independence might unilaterally transform the status quo in cross-strait relations, has substantially decreased the prospect of a military confrontation between the two sides. With a new Taiwanese President espousing a more accommodating approach to China–Taiwan relations, there are clear signs that the two parties are taking small but vital steps towards a sustained peace. The Ma-led Kuomintang (KMT) government has been quick to establish cross-strait agreements in areas where cooperation is relatively uncontroversial for each side, such as the long-delayed Three Links (direct postal, transportation and trade). In addition to negotiations regarding the 'total normalization' of economic and financial ties, rapprochement has included explicitly political agreements. In 2009 China supported Taiwan's successful bid for observer status at the annual board meeting of the World Health Organization in Geneva. Moreover, both sides began discussing a Taiwanese role in other UN bodies, such as the United Nations Framework Convention on Climate Change (UNFCCC) and the International Civil Aviation Organization (ICAO). Beijing refrained from pursuing Taiwan's twenty-three remaining diplomatic allies and Taipei abandoned its habitual request for UN membership for the first time in seventeen years.

Changing political, economic and military circumstances have compelled China and Taiwan to adopt a different set of priorities to those that have dictated cross-strait relations since the end of the Cold War. For Taiwan, forging closer ties with the Mainland is chiefly a pragmatic move to boost the island's economy. Ma rose to power as the purported saviour of a stagnant economy, promising to implement a '6-3-3' agenda — 6% GDP growth in 2008, less than 3% unemployment by 2012, and per capita GDP of US\$30,000 by 2016.¹ The Global Financial Crisis (GFC) dealt a severe blow to Ma's plans, taking a heavy toll on Taiwan's export-dependent economy. In 2009 the island's economy contracted by 1.9%, the sharpest fall since 1951. This number would have been far worse if not for a strong fourth quarter, when economic recovery on the Mainland increased demand for the island's high-tech exports and the economy surged by 9.2%. The GFC has renewed Taiwan's sense of urgency to bolster cross-strait ties in order to capitalise

on the strength of the Chinese market. In 2010 the government hopes to sign an Economic Cooperation Framework Agreement (ECFA) with the Mainland, a comprehensive treaty that would see tariff reductions, increased market access and cross-strait economic cooperation in a variety of industries. Ma has stressed the importance of an ECFA given the commencement of the China–ASEAN free trade agreement in January 2010, which removes tariffs for 90% of traded goods between China and ASEAN and thereby jeopardises the competitiveness of many Taiwanese exports in Mainland markets. But the ECFA is not a goal in itself; it is part of a broader strategy to reverse Taiwan's isolation from trade liberalisation initiatives and pave the way for free trade agreements with other major trading partners.

Unsurprisingly, there has been less progress on cross-strait security, in part because Beijing and Taipei recognise the need for the diplomatic relationship to mature before moving forward on this sensitive issue. For more than a decade, China has customised its force structure and strategy to support a range of military options against Taiwan whilst simultaneously seeking, through diplomacy and economic integration, to make such a conflict unnecessary. Beijing has deployed in excess of 1,000 short-range ballistic missiles capable of hitting Taiwan, and is adding to its arsenal at the rate of about 100 missiles per year. And whilst in previous years Taiwan's military would have stood a good chance of repelling a Mainland attack, the Chinese military now casts an ominous shadow over the island's defences. As a recent RAND study shows, China now possesses enough fire power to disable each of Taiwan's six major fighter bases and destroy the aircraft parked in the open at these locations, crippling Taiwan's air defences in the crucial opening stages of a conflict.² The continuing modernisation of the Chinese military will only exacerbate this asymmetry in the coming decades. The island's close proximity to China, combined with a limited number of forward-basing options for US forces and the vulnerability of these bases to Chinese ballistic missile attacks, challenges Washington's resolve, and ability, to serve as patron of Taiwan's security in the long run. With the resumption of formal talks between Taipei and Beijing, emphasis has shifted from deterrence to confidence-building measures and stronger economic ties. As it stands, the two sides are right to pick the low-hanging economic fruit and defer the negotiation of loftier goals for the immediate future. And whilst the negotiation of a formal peace agreement seems remote, a prolonged détente is now more likely.

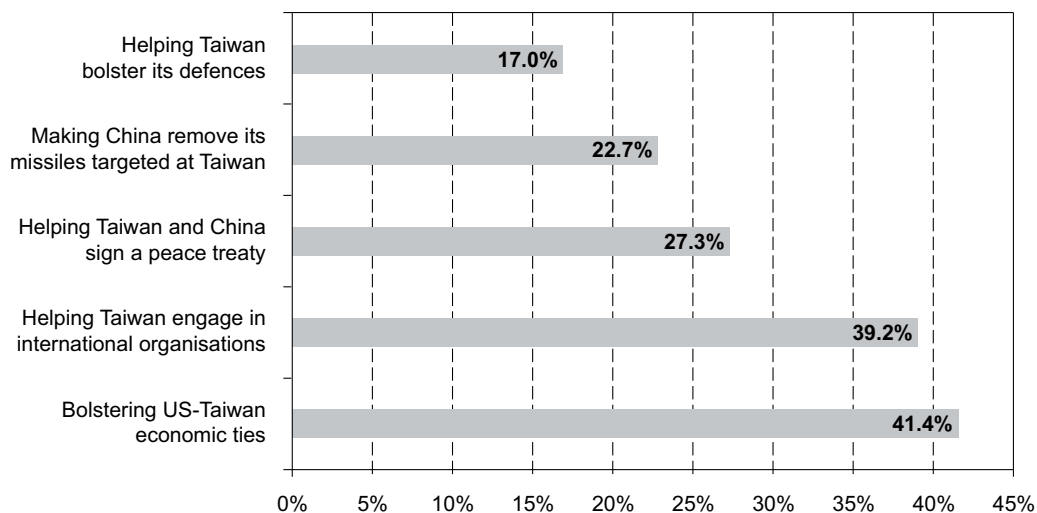
Taiwan's political system has undergone a steady process of democratisation since the lifting of martial law in 1987. Rapid and dramatic changes in political tactics and popular opinion have been a recurrent feature of the island's antagonistic and often volatile domestic politics. The tenure of President Ma has been no exception. The momentous support enjoyed by the KMT at the previous election has waned of late. The government has not recovered from the popular assessment that its response to typhoon Morakot, which wreaked havoc in southern Taiwan in August 2009, was inadequate. In the two legislative by-elections held this year the KMT has lost a total of six seats to the DPP, highlighting the electorate's frustration with the government's performance. Consistent with similar polls over the previous six months, a survey in January showed Ma's popularity at 23.2%.³ A DPP comeback in the next election cycle—buoyed by perceptions of economic stagnancy, poor crisis management, corruption in the Ma administration, fears about China, or other factors—is not out of the question.

As with all fully-fledged democracies, the tail of public opinion can at times wag the dog of international relations. But regardless of whether the KMT or DPP hold office, it is unlikely that the electorate will elect a government that promotes independence ahead of economic growth. Whilst a large percentage of Taiwanese now identify themselves as being Taiwanese–Chinese or exclusively Taiwanese, this does not necessarily encourage a pro-independence stance.⁴ When surveyed in September 2009 on six options for cross-strait relations, 35.4% of Taiwanese respondents supported 'maintaining the status quo and deciding on independence or unification

later,' while 28% advocated 'maintaining the status quo indefinitely.'¹⁵ The Taiwanese majority realises that benign autonomy is the most effective strategy for the foreseeable future. The landslide defeat of the DPP at the previous election strongly rebuffed the former government's aggressive pursuit of de-facto independence. Popular opinion is likely to soften any future DPP government's cross-strait policy platform—though whether it would soften it enough to avoid aggravating the Mainland is less clear.⁶

The Obama administration's recent decision to sell Patriot missiles, *Black Hawk* helicopters and other military hardware to Taiwan, despite refraining from supplying the island with F-16s or a design plan for diesel submarines, prompted an angry response from Beijing. It protested the decision by saying it would suspend military and security exchanges with Washington and impose sanctions on US firms involved in the deal. Taipei argued that the weapons help the island maintain an effective deterrent across the strait, giving the island greater confidence in developing cross-strait ties. Surveys of the Taiwanese populace reveal a slightly more ambiguous position on the issue. When asked in April 2009 about preferences for US assistance, helping Taiwan bolster its defences was given the lowest priority (interviewees were given multiple choices and allowed to choose more than one option).

Which issues do Taiwanese want US help with?



Source: *Global Views Survey Research Center (2009)*.

In the minds of many Taiwanese, fostering closer economic ties with the United States takes precedence over the military assistance provided by that country. However, in the same survey 48.3% of respondents agreed with the statement that the government should purchase better weapons to protect its people and gain leverage in cross-strait talks.⁷ This shows that, whilst less significant than other issues in the relationship with Washington, approximately half of the electorate still considers improvements to the island's defences important.

As the above graph demonstrates, greater involvement in international organisations remains a vital issue for many Taiwanese. Beijing's willingness to grant Taiwan greater international 'space'—whilst denying the island outright independence—can be seen as a way to accommodate these desires and to

increase the Ma government's domestic credibility in foreign affairs. As Ma's domestic popularity slumped over the past year, China has been increasingly careful not to publicly vilify Taiwan lest it give the DPP more traction in Taiwanese politics. In a recent example, Chinese indignation about the US government's decision to sell arms to Taiwan was not extended (at least publicly) to Taipei. Similarly, as Taiwan conducted relief efforts in earthquake stricken Haiti—with whom it has maintained diplomatic relations since 1956—China refrained from politicising the exercise. By granting Taiwan diplomatic concessions, China presents a more benevolent face to the Taiwanese electorate and therefore enhances Ma's ability to maintain domestic support for cross-strait engagement.

Beijing's management of its relationship with Taipei has broader consequences for its reputation and standing in the international community. For the past thirty years, China has managed to strike a fine balance between portraying itself as a rising power and a developing country on a long and difficult path to modernisation. For the outside world, Beijing's relationship with Taipei has been an important measure of the accuracy of this narrative. Coming not long after allegations that Beijing 'derailed' the Copenhagen climate conference, its vociferous reaction to the US–Taiwan arms sale adds to the perception that China is now more willing to flex its muscles than in the past, tipping the scales which Beijing had previously balanced. If it wants to restore this balance, China will need to better manage its public relationship with the United States over Taiwan, regardless of whether its assertiveness is justified or not. Of course, they may consciously choose not to do so. Vindicated by the perilous state of the US economy, Beijing may have chosen to adopt a more assertive international posture. In either case, they should take solace in the fact that, when weighed against the growing power of the Chinese military, the recent sale of arms to Taiwan by the Obama administration is a drop in the strait.

Looking out to the 2012 presidential elections, China's preference is for Ma to be given a second term in office. As long as Taiwan refrains from declaring formal independence—a prospect less likely under KMT rule—Beijing will be happy to continue its long courtship. To increase the likelihood of this occurring, the Chinese Communist Party will have to work constructively to appease the desires of the Taiwanese electorate. If Ma's policies are going to enjoy majority support in the next election, he needs to secure economic advantages and extract meaningful concessions from the Mainland. As emphasised during his election victory, Ma has staked his political capital on building Taiwan's economic relationship with China and using improved relations to further Taiwanese participation in international diplomacy. Tangible signs of success in these areas are Ma's best chance of retaining office in 2012.

Endnotes

- 1 The strategy was an electoral success, despite the fact that GDP growth during Chen's time as President had been relatively strong compared with other highly developed economies. Between 2000 and 2007 Taiwan's GDP grew by an averaged of 4.1%. See Frank Muyard (2008) 'Taiwan Elections 2008: Ma Ying-jeou's Victory and the KMT's Return to Power.' *China Perspectives*, Vol.73 (1):89.
- 2 Rand Corporation (2009) *A Question of Balance: Political Context and Military Aspects of the China–Taiwan Dispute* (Santa Monica, CA, Rand Corporation).
- 3 (2010) *Survey on Performance of President Ma Ying-jeou and His Administration*. Global Views Survey Research Center, January 23. Accessed 14 February 2010: http://www.gvm.com.tw/gvsrsrc/201001_GVSRC_others_E.pdf

- 4 In a December 2009 survey, the majority of Taiwanese respondents identified themselves as exclusively Taiwanese (51.3%) or both Taiwanese and Chinese (40.1%). See Election Study Center, National Cheng-chi University (2009) 'Trends in Core Political Attitudes Among Taiwanese: Taiwanese Identity/Chinese Identity (June 1992-December 2009)'. Accessed 18/02/2010: <http://esc.nccu.edu.tw/english/modules/tinyd2/content/TaiwanChineseID.htm>
- 5 Mainland Affairs Council (2009) *Public Opinion on Cross-Strait Relations in the Republic of China*, Accessed 12/02/2010: <http://www.mac.gov.tw/lp.asp?ctNode=6561&CtUnit=4557&BaseDSD=7&mp=3>
- 6 A December 2009 poll by the GVSRC regarding the ECFA found that 51.2% of respondents expressed a desire that the DPP should adopt a 'more open' policy in Cross-Strait relations. *Survey on Cross-Strait Economic Cooperation Framework Agreement (ECFA) and Exchanges, Taiwanese's Views on Ultimate Unification with China and Independence and President Ma Ying-jeou's Approval Rating*, December 22. Accessed 12/02/10: http://www.gvm.com.tw/gvsrc/200912_GVSRC_others_E.pdf
- 7 Global Views Survey Research Center (2009) *Survey on Taiwan Relations Act, Arms Procurement, Participation in the World Health Assembly, and President Ma Ying-jeou's Approval Rating*, April 24. Available at: www.gvm.com.tw/gvsrc/200904_GVSRC_others_E.pdf

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