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Has It Hardened and Why?**

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Ma Ying-jeou's Mainland Policy Since 2012: Has It Hardened and Why?

Jean-Pierre Cabestan

Since President Ma Ying-jeou (馬英九)'s reelection in January 2012, the relations across the Taiwan Strait have continued to deepen and improve. In his second inauguration speech on May 20, 2012, the Republic of China (ROC) president reiterated his intention to carry on the mainland policy that he and his party, the Kuomintang (KMT), initiated in 2008. More economic and technical agreements have been signed. However, both on political and security issues, Taipei and Beijing have not been able to narrow their differences and start genuine discussions. Although the latter capital has been reluctant to exert too much pressure on the former to open political talks, the Ma administration has shied away from such talks, mainly for domestic political reasons. And the political crisis that broke out within the KMT in September 2013 has complicated the game, slowing down all negotiations and agreement processes across the Strait. In the same laps of time, the Democratic Progressive Party (DPP), Taiwan's main opposition grouping, has struggled to open broader channels of communications with China and adopt a more realistic mainland policy. While these changes may help the DPP to come back to power, they cannot contribute to (re-)building a stronger political consensus on the island regarding its relations with the People's Republic of China (PRC).

Nevertheless, deeper trends have continued to influence Taiwan and drift it closer to China and further away from the US. But can Taiwan be fully Hongkongized?

Leadership Change and Policy Continuity

2012 has been a year of leadership transitions in Taiwan as well as in China (and the United States) but both sides' policies have remained largely intact while cross-strait relations have continued to develop on the same path.

In Taiwan, after his reelection and second-term inauguration, Ma did not fully change his team immediately. He waited until September 2012 to appoint new officials in charge of Taiwan's mainland Policy. Then National Security Council adviser Wang Yu-chi (王郁琦) became Mainland Affairs Council (MAC) chairman, replacing Ms. Lai Hsing-yuan (賴幸媛) who was appointed Taiwan's representative at the WTO, and KMT Secretary-General Lin Join-sane (林中森) replaced Straits Exchange Foundation (SEF) Chairman Chiang Pin-kung (江丙坤). Both had little experience handling cross-strait relations. As former Chinese Nationalist Party (KMT) secretary-general King Pu-tsung (金溥聰) who at the same time was appointed Taiwan's representative in the USA, they are close aids

to Ma Ying-jeou. King's predecessor in Washington, Jason Yuan Chien-sheng (袁健生), then assumed the post of secretary-general of the National Security Council, following the resignation of council head Hu Wei-chen (胡為真). At the same time Minister of Foreign Affairs Timothy C.T. Yang (楊進添) was promoted to serve as secretary-general of the Presidential Office, while Taiwan's representative to the European Union, David Lin Yung-leh (林永樂), took over the ministerial post.

These personal changes have underscored Ma Ying-jeou's willingness to both closer manage cross-strait relations and re-launch Taiwan-US relations, seriously affected by the American beef import issue. But have they led to a real evolution of Taiwan's mainland policy? Probably not. In his second term inauguration speech, in May 2012, Ma insisted upon what he called the "three legs of national security": peaceful cross-strait relations, viable diplomacy and strong defense. Although since then he has shown an inclination to prioritize the second objective¹, in other words, strengthening Taiwan's diplomatic status, the first one has in reality remained way more important in his eyes, risking, as we will see, to continue to neglect the third one.

In China, personal changes occurred a bit later at and after the 18th Congress of the Chinese Communist Party (CCP) held in November 2012. In the aftermath of this important power transition meeting, CCP General Secretary Xi Jinping (習近平) took control of the CCP Taiwan Work Leading Small Group (TWLSG, *duiTai gongzuo lingdao xiaozu*) while Yu Zhengsheng (俞正聲), No 4 of the CCP Politburo Standing Committee (and the regime) leading the whole country's united front work, became, as expected, its deputy head, a few months before being formally elected chairman of China's Central Political Consultative Conference (CCPCC).

Although the full membership of TWLSG remains unknown, a number of ex-officio members of this group were appointed after the National People's Congress (NPC) meeting in March 2013: among them, Zhang Zhijun (張志軍), ex-vice minister of Foreign Affairs and ex-deputy director of CCP International Liaison Department, then replaced Wang Yi (王毅), who had just been promoted Foreign Minister, as director of the Taiwan Affairs Office both of the Party and the State Council after, and Chen Deming (陳德銘), ex-minister of Commerce, was appointed in late April 2013 president of the Association for the Relations Across the Taiwan Strait (ARATS), succeeding to Chen Yunlin (陳雲林).

Other likely members of the TWLSG include military and security apparatus's leaders as general Fan Chanlong (范長龍), first vice-chairman of the Central Military Commission (CMC), lieutenant-general Qi Jianguo (戚建國) and since September 2013 vice-admiral Sun Jianguo (孫建國), deputy chief of staff for

¹ See Mathieu Duchatel's paper presented at last year conference in Qiongming, July 2012.

military intelligence,² and Geng Huichang (耿惠昌), Minister of State Security, top diplomats at State Councilor Yang Jiechi (楊潔篪) and Foreign Minister Wang Yi, representatives of the trade (Vice-Premier Wang Yang, Minister of Commerce Gao Hucheng, 高虎城) and propaganda (director of the Central Propaganda Department Liu Qibao, 劉奇葆) “systems” (*xitong*) as well as administrators as CCP General Office director Li Zhanshu (栗戰書).³

Anyhow, the TWLSG reshuffle, particularly the promotions of Zhang Zhijun and Chen Deming highlight China’s willingness to strengthen the coordination between its Taiwan’s, foreign and trade policies as well as with united front activities.

At the 18th Party Congress, in his political report, outgoing secretary general Hu Jintao (胡錦濤) expressed Beijing’s willingness to “consolidate and deepen” cross-strait relations and “jointly explore” with Taipei the possible opening of political talks. This careful wording was aimed at lightening the pressure on the Ma administration to embark into political negotiations while the situation is not yet ripe and reassuring Taiwan and especially the KMT. In late July 2012 in Harbin, at the KMT-CCP Forum, then CPPCC Chairman Jia Qinglin (賈慶林) had declared that the two “sides of the Taiwan Strait” constituted “one country”, a formula that was particularly ill-received among the KMT delegation.⁴

As a result, the shared strategy of solving easy issues first and leaving the hard one for a more distant future has continued to prevail. As expected, functional talks between the SEF and the ARATS have carried on, expanding discussions to a larger array of economic, educational and cultural topics. In March 2013, Taipei and Beijing have started negotiating the opening of representative offices and, three months later, an important Service Trade Agreement (STA) was signed.

Functional Talks and Agreements since May 2012

Both sides have continued to regularly hold SEF-ARATS talks. The 8th round of high-level talks (the so-called “Chiang-Chen talks”, named after both delegations’ heads, then Chiang Ping-kun, 江丙坤 and Chen Yunlin) took place in Taipei in August 2012, leading to what was qualified as a stronger “institutionalization of cross-strait negotiations”.⁵ This was also the occasion for both sides to sign a number of additional agreements, including an Agreement on Investment Protection and Promotion and a Customs Cooperation Agreement. At the same

² Qi Jianguo was promoted in September 2013 Commander of Guangzhou Military Region.

³ *China Brief*, Vol. XIII, No. 12, 7 June 2013, p. 12.

⁴ Chen I-hsin, “Taiwan’s Leadership Changes: Implications for U.S.-Taiwan and Cross-strait Relations”, 16 April 2013, <http://www.nbr.org/research/activity.aspx?id=331>

⁵ <http://www.roc-taiwan.org/NZ/AKL/ct.asp?xItem=309238&ctNode=7657&mp=657> (curiously, the results of the 8th round are not on the MAC website).

time, the SEF and ARATS decided to address the issue of setting up offices on each other's side of the Strait in a short future.

Representative offices

Negotiations on this latter issue took more time to open than expected. They started in March 2013 and should allow the opening of “integrated representative offices” (*hexing banshi jigou*), one ARATS office in Taipei and three (and up to five) SEF offices in mainland China owing to the size of the Taiwanese community there, by the end of 2014.⁶ There are still difficulties that need to be settled but ad hoc solutions are likely to be found. Among these difficulties are the facts that these non-official offices will be staffed with officials of both governments' various departments and will be given “substantive functions” (or *de facto* consular functions) such as issuing travel and official documents, and visiting nationals imprisoned. It has already been decided that the heads of these offices will be of vice-minister level.

Cross-Strait Services Trade Agreement (STA) (June 2013)

At the 9th round of high-level talks (now called the Lin-Chen talks for Lin Join-sane and Chen Deming), both sides were able to sign on 21 June in Shanghai a Cross-Strait Services Trade Agreement (STA) after a lengthy negotiation. Presented as a follow-up to the Economic Cooperation Framework Agreement (ECFA) signed in 2010, this agreement will open 64 domestic industries in the service sector to Chinese investment. China, on the other hand, would allow Taiwanese investment in 80 businesses in the sector.

In order to reassure Taiwan business community, Ma has indicated that “if enterprises from the Mainland operated monopoly or oligopoly services in Taiwan, we have the right to ask for divestments when necessary”. His administration is also keen to indicate that in terms of the types of service businesses that Taiwan opened to the Mainland, the number of people Mainland enterprises dispatched to Taiwan would be limited to investors, managers, and some technicians. Moreover, the market opening commitments that Taiwan has given the Mainland does not include taxi cab services, retail trade of traditional Chinese herbal medicine or the publishing industry.⁷

The Ma administration thinks that the cross-Strait STA can serve as a “reference” for other countries to determine how strong Taiwan's resolve to

⁶ *The China Post*, 16 April 2013. The first three Taipei offices will be probably opened in Beijing, Shanghai and Guangzhou.

⁷ <http://www.kmt.org.tw/english/page.aspx?type=article&mnum=112&anum=13145>

promote trade liberalization is and “will allow Taiwan to make good progress on concluding FTAs with New Zealand and Singapore in the near future”.⁸

As a matter of fact, the following month, on 10 July 2013, an Economic Cooperation Agreement (ECA) between Taiwan and New Zealand was signed. The formal title of the ECA is the Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Cooperation (ANZTEC). And Singapore should follow soon, the negotiation of the Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership (ASTEP) being completed. This is a victory for Ma as there were concerns that China would forbid the conclusion of such FTAs, but the final signature of the ASTEP may be affected by the difficulties the STA is still facing in the Legislative Yuan.

The Ma administration has presented the STA as a success and was satisfied that the mainland side had stop asking for strict reciprocity, a point Chen Deming himself had raised when he was still Minister of Commerce. Nevertheless, it has not been fully able to calm down the anxiety of the Taiwanese, particularly the owners of small and medium-size enterprises.⁹ And the political crisis that broke out in September 2013 after Ma Ying-jeou decided, on suspicion of improper “influence peddling”, to expel Legislative Yuan Speaker Wang Ching-ping (王金平) from the KMT, is prone to slow down any approval of the STA by the Taiwanese Parliament.¹⁰ While Ma and his government wished to have the STA approved en masse, the DPP and some KMT legislators, apparently supported by Wang, wanted to discuss and vote on each item of this accord. That may take some time and change some sections of the agreement that would force Taipei and Beijing negotiators to sit again and review the STA.

There are other accords in the pipeline that should be completed and signed before the end of 2013, such as a Trade in Goods Agreement and a Dispute Settlement Agreement. More cooperation agreements in the field of culture, education and science and technology are also under discussion. On its side, Taiwan is gradually easing restrictions imposed on mainland students, white collar managers working in Taiwan companies. However, all these new steps are subject to the resolution of the unprecedented rift that has emerged in the KMT.

Moreover, in January 2013, the first cross-Strait submarine communication cable was completed. In 2012, there has also been an increase in the number of direct flights (616 per week) and flight destinations both on the mainland (49 against 41 before), and in Taiwan (10 against 9). The number of mainland visitors to Taiwan has continued to increase (2.5 million in 2012 against 1.78 million in

⁸ Ibid.

⁹ *Taipei Times*, 26 June 2013.

¹⁰ The decision of the KMT Disciplinary Committee was frozen in court after Wang filed a civil suit against his party. And in late September, the higher court upheld the ruling. As a result, Wang is still KMT member and LY Speaker.

2011) while the number of Taiwanese visiting China has remained large but rather stable (5.3 million in 2012, + 1.5%).¹¹

And their Limits

China has continued in 2012-2013 to remain a key growth factor for the Taiwanese economy. The ECFA and the other agreements signed since 2008 have contributed to this accelerated integration of both economies. Bilateral trade has kept increasing reaching US\$169 billion in 2012 (Taiwan exports: US\$132.2 and imports US\$36.8 billion, according to mainland statistics), although at a slower pace. But according to Taiwan's statistics, Taiwanese investments on the mainland decreased by 16.6% (US\$10.9 billion) in 2012, possibly signaling an increase in the production costs on the mainland and a gradual reorientation of Taiwanese investments to Southeast Asia, South Asia or even back to Taiwan, although to a much lesser extent.

Conversely, mainland investments in Taiwan have remained pretty small: since the lifting of the ban in 2008 only US\$700 million, including US\$328 million in 2012, has been injected into Taiwan and around 300 Mainland businesses have dispatched a total of 216 people to the island while creating 6,700 job opportunities, according to official statistics.¹²

However, there are new concerns, for instance, about imports of mainland agricultural product to be processed in Taiwan's "free economic zones" and then exported. Although only 10% of these products would be sold on Taiwan's market, the local farmers fear to face a new source of competition originated from the mainland. And Taiwan's official statistics regarding mainland investments in Taiwan are far from capturing the whole picture, some PRC investments being made under the name of Taiwanese business people established on the mainland.

Educational and Cultural exchanges with China are also expanding. But two major issues have gradually been seen as more serious by the Ma administration: one is reciprocity, the other one is the impact on Taiwan of China's large investment in "soft power" and culture, risking to accelerating the brain drain of artists to the mainland.

Regarding reciprocity, for instance, Ms. Lung Ying-tai (龍應台), Taiwan's first (female) Minister of Culture, indicated in an interview in August 2012 the following problem: there is an agreement to allow 10 Chinese films to be broadcast in Taiwan every year. In return, China consented not to set any quota on Taiwanese films being shown. Although the deal sounded "ideal" for Taiwan's film sector, in reality is quite different. In 2011, there were only eight films really

¹¹ Mac website.

¹² <http://www.mac.gov.tw/ct.asp?xItem=104658&ctNode=5934&mp=3>

entering China because of many unseen barriers.¹³ Moreover, Lung Ying-tai's bestseller *Big River, Big Sea—Untold Stories of 1949* (大江大海一九四九 *Dajiang Dahai—yijiusijiu*) is banned in China.

More recently, in April 2013, similar difficulties appeared *à propos* the negotiation of both sides' TV landing rights. While former SEF Chairman Chiang Ping-kun was ready to welcome Phoenix TV and CCTV without securing any landing rights for Taiwanese TV on the mainland, Ms. Lung and the Ma administration have asked for reciprocity and regarded this principle as “vital” to the success of the negotiation.¹⁴

This obstacle underlines the distance between both sides' respective political systems and help understanding why political negotiations cannot easily take off.

Political Talks: The Impact of Taiwan's Domestic Politics

Regarding the opening of political talks, Ma is not in a hurry and Xi seems patient. In other words, there is a shared perception that the time is not ripe to initiate such talks because they will rapidly fall and get stuck into unsolvable intricacies. And the current divisions in the KMT have directly postponed any political discussions to a more distant future.

As far as Taiwan is concerned, the KMT raised this issue under the pressure of the right wing of the party in 2011, leading Ma during his campaign for reelection and against the advice of his own entourage, to contemplate the conclusion of a peace agreement with China, a move that he quickly abandoned, because of the overly negative reactions of the Taiwanese electorate.

Today, Taiwan appears ready to accept Beijing's proposal of enhancing more direct relations and meetings between the MAC and the TAO, in other words Wang Yu-chi and Zhang Zhijun. But the Ma administration does not wish to go beyond. Thus, no Ma-Xi summit seems in the pipeline. And the deepening divisions in the KMT and growing weakness of Ma have made this encounter even less likely than before.

As far as China is concerned, the same prudence has taken the lead. Beijing's objectives remain “peace, stability, and the well-being of both sides”. But on political issues, it has adopted a gradualist strategy. As Zhang Zhijun put it, both sides need to “step by step build a consensus” (*zhubu leiji gonshi*), preferring to rely on second track, or 1.5 track (officials participating in their personal capacity) academic political discussions to create the conditions for first track talks in the

¹³ <http://www.straight.com/arts/315075/taiwans-culture-minister-lung-ying-tai-negotiates-chinese-government-banned-her-bestseller>, 28 August 2012

¹⁴ *The China Post*, 30 April 2013.

future.¹⁵ This encouragement for academic and non-governmental dialogues and encounters is not new but China wishes to strengthen them.

More importantly, showing a fresh flexibility, Beijing has started to allow pro-independence Taiwanese to go to China and to initiate a dialogue with them (see below).

However, the chances to upgrade the cross-strait political dialogue to track one in the coming years are small. True, some PRC scholars have raised the issue of the ROC's legal and political status but this initiative was rapidly killed by Zhang Zhijun who declared in May 2013 that the mainland "cannot accept the ROC".¹⁶ Since the 18th CCP Congress, Beijing has promoted the idea of a "one China framework" (*yizhong kuangjia*), supposedly more flexible, while KMT leader Wu Po-hsiung (吳伯雄) when he met Xi Jinping in Beijing in June 2013 proposed the concept of "one China structure" (*yizhong jiagou*). Although these two formulas are very similar, most Taiwanese are worried about the KMT negotiators over-accommodating attitude, and some have been fast to associate China's new catchword to an attempt to "frame up" Taiwan...

The distance between Beijing and Taipei remains too large: While the former wishes to influence the heart and the mind of the Taiwanese in refereeing to a common and shared home (*gongtong jiyuan*), the latter still considers the ROC as its country and Taiwan its home (*Taiwan shi women de jiyuan*).¹⁷

And while China estimates that cross-strait peaceful development can contribute to the rejuvenation of the Chinese nation, the new "China Dream" remains alien to most Taiwanese.

No Plan for Security talks

As a result, security talks remain unlikely to start any time soon. For Taiwan, the time is not ripe either.¹⁸ And there is no reason to put the cart before the horse: the negotiation of military confidence-building measures (CBMs) depends upon the conclusion of an agreement on each side's sovereignty, territorial integrity and renunciation to invade the other side.¹⁹

For China, the end the state of war and the signing of a peace accord remain understood as part and perhaps the core of the political negotiation. In the spring of 2013, Yu Zhengsheng referred to the negotiation of "fair and reasonable arrangements in the political realm". However, regarding hard security issues in

¹⁵ China Taiwan Net, 22 March 2013, quoted by Alan D. Romberg, "Striving for new Equilibria", *China Leadership Monitor*, No. 41, June 2013, p. 2.

¹⁶ *Lianhebao*, 23 May 2013.

¹⁷ CNA, 11 April 2013, MAC, 17 March 2013, quoted by Romberg, op. cit.

¹⁸ Cf. 2013 Quadrennial Defense Review, <http://qdr.mnd.gov.tw/file/2013QDR-en.pdf>; CNA, 13 March 2013.

¹⁹ Cf. statement by Vice-Minister of Defense Andrew Yang. CLM, June 2013.

particular, in spite of the promise made by Hu Jintao at the 18th CCP Congress, Beijing has only indicated an intention to do “research work” on CBMS in the next three years.

DPP contacts with China

Since Ma Ying-jeou’s reelection in January 2012, the DPP has had difficulties defining and agreeing upon a new China policy. Decision was made earlier to increase contacts with mainland officials. As a result several DPP members have visited China, including New Taipei City (新北市) office director Lo Chih-cheng (罗致政), former Straits Exchange Foundation Chairman Hung Chi-chang (洪奇昌) as well as DPP Legislators Hsiao Bi-khim (萧美琴) and Lin Chia-lung (林佳龍) in August 2012. However, these visits did not go well, as these DPP politicians were shocked by the gulf that separated their view and the CCP’s on Taiwan’s status and future.

It is in this context that a more moderate leader of the DPP (he is a member of DPP's Central Standing Committee), former Premier Frank Hsieh Chang-ting (謝長廷) decided to visit China in October 2012. In order to narrow differences across the Strait, Hsieh has put forward the “two sides, two Constitutions” and later the “two constitutions, one for each side” (*liang xian gebiao*) initiatives, arguing that Taiwan and China could coexist if both respected each other’s constitutional legitimacy. Although fiercely criticized in the DPP, his trip was supported by most Taiwanese: 55% of the Taiwanese thought that this visit would help cross-strait relations while 35% though the opposite. More importantly, while 37% of Taiwan’s population were satisfied with his trip (and 20% dissatisfied), among DPP people, 57% were satisfied and only 14% were dissatisfied.²⁰

Hsieh’s first visit to China put the DPP in an awkward position, feeding divisions and rivalries among the party leadership, particularly between DPP Chairman Su Tseng-chang and former presidential candidate Ms. Tsai Ying-wen. But unable to agree upon a common strategy, the DPP let the field open to Hsieh and others to deepen contacts with China.

In the meantime, the new Chinese leadership has decided to soften its position, stop banning pro-independence Taiwanese from traveling to the mainland and encourage track 2 or track 1.5 meetings with Taiwanese politicians and elites, including with DPP officials.

This created the environment for Franck Hsieh’s second visit to China, in June 2013. First, on 29-30 June 2013, he attended a forum on cross-strait relations in Hong Kong co-organised by the Taiwan Reform Foundation (that he chairs) and the Chinese Academy of Social Sciences’ Institute of Taiwan Studies, headed by

²⁰ TVBS polls, 16-17 October 2012.

Yu Keli (余克禮). This is the first time that a DPP-affiliated organization has organized an event in cooperation with a state-sponsored Chinese think tank. Twenty-three Chinese scholars, along with 29 experts and politicians from Taiwan attended this meeting, including three DPP lawmakers, Hsu Tain-tsair (許添財), Kuan Bi-ling (管碧玲) and Chen Chiech-ju (許智傑). Then, Hsieh visited Shenzhen where he met China's Taiwan Affairs Office Director Zhang Zhijun (張志軍) on 30 June 2013.

Hsieh has repeatedly spelled out his strategy: he thinks that building mutual trust between the DPP and Beijing is important and that all bilateral exchanges should benefit the public and address its needs. His objective is to open up and “rebalance” interaction with China to other actors than the CCP and the KMT. He also hopes that his initiative will contribute to overcoming the fear in Taiwan of “Chinese economic invasion”. However, Hsieh has remained cautious: for him, it is also imperative for the DPP and the CCP to keep an “appropriate” distance because of the lack of mutual trust at present.

Hsieh's second visit to China has polarized a bit more the DPP leaders. But at the same time, it has forced Taiwan's main opposition party to try harder to work out a consensus and a new China policy.

Some DPP officials have clearly been supportive of Hsieh. For instance, DPP Legislator Chao Tien-lin (趙天麟) underscored that the seniority of the Chinese officials and academics attending the Hong Kong seminar showed that Beijing attached great importance to it.²¹

Others have been more cautious though still positive. Chiu Chih-wei (邱志偉), another DPP legislator, said that he felt that “China was still keeping its guard up against the DPP, and the two sides, lacking mutual trust, were just testing the waters” at the seminar. He noted, however, that *he was able to express his stance on Taiwan independence to Chinese participants* at the event, and he agreed that it offered a valuable opportunity for DPP and Chinese think tanks to communicate, because without dialogue, there would be no way to understand each other.²²

Of course, DPP older and more traditional leaders as former Examination Yuan President Yao Chia-wen (姚嘉文) have been up in arms, warning Hsieh and the Party about the dangers of such encounters. Some of Hsieh's comments have obviously strengthened the position of his opponents within the DPP. For example, he echoed Chinese President Xi Jinping's idea of an “Asian community of destiny” and declared about China: “we may not share the same history, but we could have a common destiny and future”, signaling another move towards the KMT stance.

Nevertheless, on the whole the DPP leadership's criticism has been muted. While leaders as Julian Kuo (郭正亮) understood Hsieh's position, DPP Chairman

²¹ *Taipei Times*, 1 July 2013.

²² *The China Post*, 1 July 2013.

Su Tseng-chang (and convener of the DPP China Affairs Committee) has also developed a rather accommodating view, referring to Hsieh's two visits to China as "innovative breakthroughs in cross-Strait relations".

It is true that Su is trying hard to keep the party unified and has remained in favor of developing contacts with CCP *without any preconditions*. But at the same time, it has no other choice but to articulate a more coherent and credible China policy in the coming months, and in any event way before the 2016 presidential election.

For that purpose, Su has decided to organize nine meetings only devoted to crafting a new China policy. At the first meeting, on 4 July 2013, Hsieh left early and Ms. Tsai was absent. However, some kind of basic consensus was reached. As Cheng Wen-tsang (鄭文燦), spokesperson of the DPP's China Affairs Committee indicated: "participants agreed that the biggest difference between the DPP and the Chinese Nationalist Party (KMT) is our insistence on safeguarding Taiwan's sovereignty and protecting the Taiwanese public's right to determine its own future".²³

A lot of work remains to be completed before the DPP can rebuild a meaningful consensus on cross-strait relations. It will certainly keep its distance from politicians as Shen Fu-hsiung (沈富雄), a former DPP leader, who declared that "the DPP would do well to move closer to the KMT on cross-Strait policy." Nevertheless, all key DPP leaders, especially Su and Ms. Tsai, clearly have a vested interest in succeeding in this endeavor.

Consequences for Ma and the KMT

The DPP is far from having endorsed a new China policy. But we can already perceive a narrowing of the differences between, on the one hand, the moderate, if not yet the mainstream factions of the DPP and, on the other hand, the turquoise and the azure blue elements of the KMT (but not the indigos...). This is both an opportunity but also a challenge for the Ma administration, especially as the KMT is trying to identify the best candidate for the next presidential election (Ma cannot run again).

Since 2012, for domestic political reasons, particularly the impressive fall of his popularity, Ma has gradually moved away from the dark blue leaders of his party. These leaders, among them Lien Chan (連戰) and Wu Po-hsiung, not to mention pro-unification Hau Po-tsun (郝柏村), keep travelling to China and banqueting with their CCP "reborn friends". But these cozy connections have become a liability for the Ma administration.

²³ *Taipei Times*, 5 July 2013.

The ECFA and other agreements signed with China have been by and large well received by most of the Taiwanese. However, the time and energy spent by the Ma government to explain the benefits of each agreement, including the recent STA, underscore the growing frustration of larger segments of the Taiwanese society vis-à-vis an ever increasing dependence upon China. Initially welcomed, the emergence of PRC-originated mass-tourism is also perceived with more and more reservation by the island people.

The political crisis that started in September 2013 is not going to help Ma. Although his battle with Wang Ching-ping has divided the KMT along lines that have blurred the dark blue / light blue dichotomy, for instance Lien Chan trying to act as mediator, it has complicated and weakened even more Ma's hand in his negotiations with China. Beijing has remained very discreet since the beginning of the crisis, mainly not to contribute to intensifying Ma's travails and political challenges. But the deepening divisions within the KMT have not served China's interests, slowing down, if not putting on hold all negotiations and increasing the chances of the DPP to come back to power.

Taiwan's persistent international frustrations

Moreover, in spite of all the promises given by the Ma administration (actually more than China), Taiwan's international space has not decisively improved. As we indicated, the FTA signed with New Zealand in July 2013 can be considered as an achievement, probably followed by another one with Singapore. And Taiwan's participation, for the first time, as a "guest" in the 38th ICAO (International Civil Aviation Organization) Assembly that took place in Montreal from 24 September to 4 October 2013 was another one, mainly due to Beijing's flexibility (and Western capitals' pressures). But more progress seems unlikely, in spite of China's good disposition and reassuring statements, because, as Xi Jinping told Lien Chan in February 2013, improving Taiwan's international profile is a political issue.

Actually, in the past year, Taiwan has continued to witness frustration on the international stage. When Ma visited the Vatican in March 2013 for the inauguration of the new Pope Francis, Taiwan became seriously worried that China would try to normalize with the Holy See and, as a result, question the verbal diplomatic truce concluded in 2008. Around the same time, Taiwan was uninvited at the last minute from the third annual Jakarta International Defense Dialogue, a meeting in which it participated the previous year. Though no reason was given, some have suspected that the participation of more senior PLA official representing China may have triggered this decision.²⁴ And in March 2013 as well, Taiwan's participation among ambassadors in the Tokyo memorial service for the second anniversary of Fukushima triggered China's boycott of the event (Taiwan

²⁴ Romberg, op. cit., p. 9.

was the single largest donor to the victims of the Fukushima disaster, US\$260 million).

At the Boao Forum, in April 2013, Xi indicated to ex-ROC Vice-President Vincent Siew (Hsiao Wan-chang, 蕭萬長) that both sides could talk “at an appropriate time” to find a way to let Taiwan join in regional economic cooperation projects.²⁵ But on the whole, it appears that Xi is less open than his predecessor to expand Taiwan’s international space. This is not going to help the KMT.

Chen Guangcheng’s visit to Taiwan (June-July 2013)

The way the Ma administration has handled world-famous blind Chinese dissident Chen Guangcheng (陳光誠)’s visit either. Here again (remember the Dalai Lama visit in 2009), the KMT missed a chance. Instead of capitalizing on this visit, it tried to prevent it: Chen’s visa application took 80 days to proceed. It is only with Ma’s personal support and intervention that Chen managed to come to Taiwan. But once again, “weak and hesitant Ma” preferred to stop half-way: not only he decided not to shake hand with Chen but Legislative Yuan’s KMT speaker Wang Ching-ping’s meeting with Chen was called off at the eleventh hour, apparently under the CCP’s direct pressure: on the crucial day, Wu Poh-hsiung was in Beijing seeing Xi Jinping and a call came to Taiwan which stopped Wang seeing Chen.

Actually, it is the DPP which benefited the most from Chen’s visit in spite of Chen’s support for “one country, two systems” (understood by him as a choice between freedom and dictatorship though) and opposition to Taiwan’s independence.²⁶ And within the DPP, Chen’s visit may have helped the moderates. Organized by the pro-independence Taiwan Association for China Human Rights, Chen’s visit gave him the occasion to meet a lot of Taiwanese activists and politicians, including DPP Chairman Su Tseng-chang, and publicize a bit more Taiwan’s successful democratization story on the mainland and among the Chinese communities living overseas.

What this episode once again illustrates is China’s growing influence on the KMT and this party’s increasing disposition to be Hongkongized. But will it help the KMT to stay in power?

Lack of investment in Defense

A final difficulty for the Ma administration is its lack of investment in defense. In spite of Ma’s repeated commitment to a “strong defense”, Taiwan’s inability to

²⁵ CNA, 11 April 2013.

²⁶ CNA, 26 June 2013, <http://focustaiwan.tw/news/aall/201306260011.aspx>;
<http://www.atimes.com/atimes/China/CHIN-01-020713.html>

building a modern armed forces and a credible although small defense capability has directly intensified the US alarm.

This growing concern was made public in March 2013 in the form of a speech made by AIT (American Institute in Taiwan) Chairman William Stanton, the de facto ambassador to Taiwan.²⁷ In substance, what the Obama administration is worried about is that Taiwan's inability to understand the nature of the threat it faces is threatening the freedoms its people cherish. The constant drop of the defense budget since 1999, especially as Taiwan is introducing a more expensive all-volunteers military, is one issue.²⁸ But Stanton also criticized a culture of defeatism that is responsible for rendering the security establishment into a giant sieve. Indeed espionage cases have multiplied and become more serious since 2008. He also blamed Ma's China economic policies for exposing Taiwan to the most craven kind of Chinese political blackmail.

Since 2008, the US has clearly supported Ma's peaceful engagement program and welcomed the current détente in the Taiwan Strait. But it does not wish to see Taiwan move too close to China. Although on the East Chinese Sea and South China Sea territorial disputes, the Ma administration has on the whole managed to keep some distance from Beijing's *modus operandi* (if not claims) and conclude a highly pragmatic fishing agreement with Japan in April 2013 covering the sensitive Diaoyu/Senkaku area, the KMT's too friendly and business-oriented relations with the CCP and apparent lack of interest in Taiwan's long-term security have clearly accelerated the US reassessment of Taiwan's place in its rebalancing strategy vis-à-vis the Western Pacific. Taiwan's heavy-handed reaction to the tragic fishing incident with the Philippines, a US ally, in May 2013 as well.

Since his reelection in 2012, Ma has managed to somewhat improve Taiwan's relations with the US. King Pu-tsung has also contributed to this objective. In addition, since 2008, Taiwan has bought a lot of weapons from the US (US\$18 billion). But this is clearly not enough to reassure Taiwan's only protector in case of an armed conflict or military crisis in the Taiwan Strait.²⁹

²⁷ "National Security and Taiwan's Future", Remarks by William A. Stanton, World Taiwanese Congress, Taipei, Taiwan, March 15, 2013.

²⁸ J. Michael Cole, "Taiwan's 'All-Volunteer' Military: Vision or Nightmare?", *The Diplomat*, 9 July 2013, <http://thediplomat.com/2013/07/09/taiwans-all-volunteer-military-vision-or-nightmare/>

²⁹ On US-Taiwan relations, cf. <http://www.fas.org/sgp/crs/row/R41952.pdf> (updated 2 July 2013).

Conclusion

As expected by the most experienced observers, as Richard Bush, Ma's reelection in 2012 has allowed cross-strait relations to continue to improve and deepen but not to go further than expanding the functional agreements already approved to other areas, including education and culture. Politically, Beijing and Taipei have remained poles apart. The basic sovereignty conflict about the existence and the status of the ROC has little chance to be solved and actually has been the major hurdle to any meaningful political or security negotiations. Among the new and positive developments have been China's disposition to quietly expand de facto government to government contacts (especially TAO/MAC meetings) and talk more directly to the pro-independence (or anti-unification) Taiwanese opposition as well as the DPP's willingness to adopt a more realistic mainland policy. And for domestic reasons but also because he may be worried about China's growing ascendancy over Taiwan, Ma has given a stronger priority to the defense of Taiwan's sovereignty and the amelioration of its international status.

Nevertheless, deeper trends have continued to influence Taiwan and drift it closer to China and further away from the US: growing cross-strait economic and human relations; Beijing's intensifying united front activities towards and on the island; and a persistent lack of investment in Taiwan's defense. The current slowdown of China's economic growth may contribute to diversifying Taiwan's external trade relations and reducing its dependence upon the Chinese market. And the political crisis that broke out in the KMT in September 2013 is likely to slow down the negotiation process across the Strait. But these developments have little chance to reverse the bigger trends that we have just mentioned. And the looming debate in the PRC about the future of its political system is actually bringing closer the elites of both sides of the Taiwan Strait, Taiwan's democratization experience becoming one of the major sources, if not the major source of inspiration for China's political reformers.

This may trigger another series of events with direct consequences for the relations across the Taiwan Strait. But these potential developments are clearly beyond the scope of this brief *tour d'horizon* of Ma's mainland policy since his reelection in 2012.