

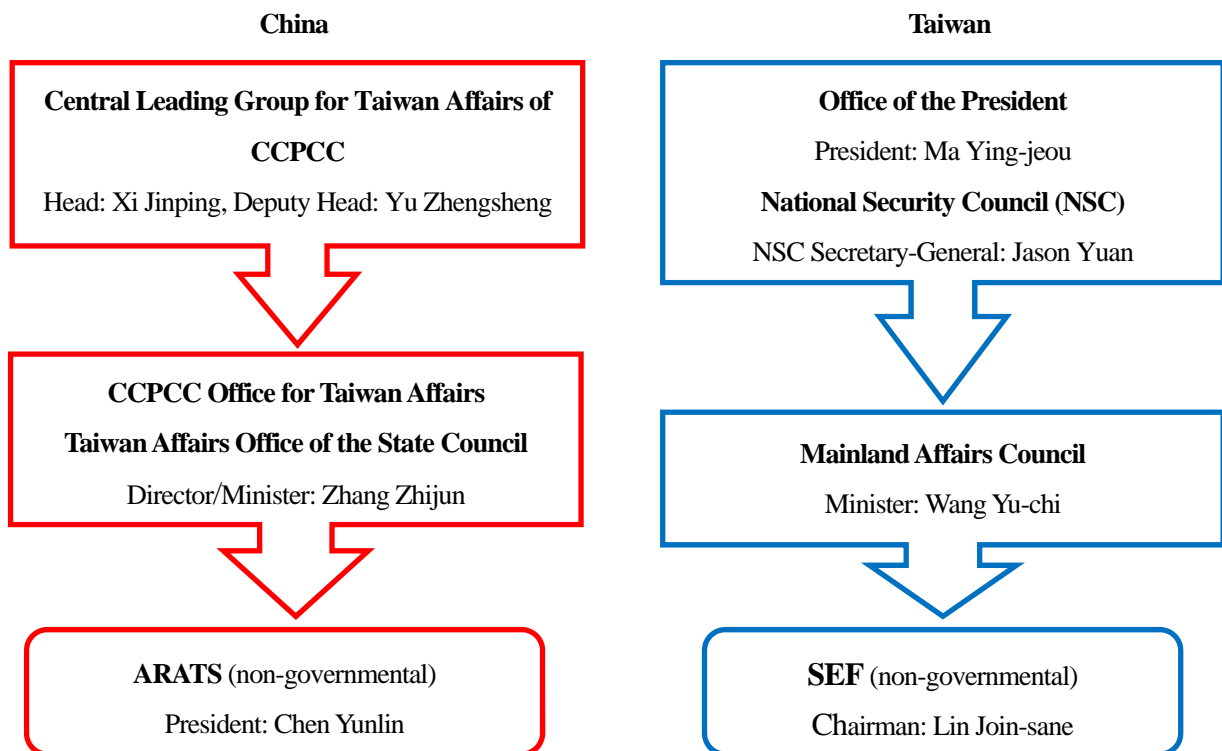
**Briefing Memo**  
**The Direction of China-Taiwan Relations**  
**under the Xi Jinping and Ma Ying-jeou Administrations**

**Rira Momma**  
**Senior Research Fellow**  
**Northeast Asia Division, Regional Studies Department**

**Exchanges between China and Taiwan Based on the 1992 Consensus**

Relations between China and Taiwan across the Taiwan Straits made rapid headway, centering on economic fields such as trade and tourism, since the inauguration of the Ma Ying-jeou administration in May 2008, and this flow of events toward closer cross-strait relations was created by the fact that both China and Taiwan mutually recognized the stance of sticking to the “1992 Consensus.” The 1992 Consensus that “there is one China, with each side having its own interpretation of what that means” was formed through negotiations in Hong Kong in 1992 between the Association for Relations Across the Taiwan Strait (on the part of China, hereinafter “ARATS”) and the Straits Exchange Foundation (on the part of Taiwan, hereinafter “SEF”). However, this is only the explanation provided by Taiwan, and it should be noted that while Chinese leaders referred to the “one-China” principle many times, they did not mention anything about “each side having its own interpretation (of what it means).” This is because that for China, “one China” is nothing else but the People’s Republic of China and there is the basic premise that this is not open for discussion. That said, there is no doubt that the rapprochement between China and Taiwan began with the 1992 Consensus.

**Table China’s Chain of Command on the Taiwan Issue and Taiwan’s Chain of Command on the China Issue**



Currently, Taiwan's basic policy toward negotiations with China is "the economy first and politics later, easier matters first and difficult matters later," and China approves of this approach. While the new administration was inaugurated in both China and Taiwan, there appears to be no change in this basic policy.

Since relations between China and Taiwan concern the important issues of legitimacy and lawfulness of the system of government for both of them, they are handled under the leadership of top leaders on both sides. For both China and Taiwan, however, the two upper organizations partitioned by arrows in the table above are either state institutions or party organs, negotiations themselves are undertaken by ARATS and SEF, both authorized non-governmental organizations.

### **Rapid Progress in Ties in Trade and Tourism, and Signs of Deepening Exchanges in Cultural Field**

Then, how are relations between China and Taiwan going to develop going forward? Their relations are likely to develop centering on economic fields such as trade and tourism. The Economic Cooperation Framework Agreement (ECFA) was concluded in June 2010 at the top meeting between ARATS and SEF. It is referred to as a free trade agreement (FTA) between China and Taiwan. Under the ECFA, China and Taiwan have introduced zero tariff rates for 557 items and 267 items, respectively. In 2012, China's imports from Taiwan totaled 132,194 million U.S. dollars (of the total, items subject to the Early Harvest accounted for 20,311 million U.S. dollars), while Taiwan's imports from China amounted to 40,831 million U.S. dollars (of the total, items subject to the Early Harvest accounted for 4,738 million U.S. dollars). Subsequently, economic and trade links between China and Taiwan have grown stronger, with both sides signing an agreement on the promotion of investment protection and an agreement on customs cooperation in August 2012. For Taiwan's tourism industry, tourists from mainland China have become indispensable. Tourists from China were initially limited to tourists coming on group tours, but as Taiwan started accepting personal travelers from some big cities such as Beijing and Shanghai, the number of visitors to Taiwan from China totaled 2,586,428 in 2012. These tourists come on direct flights between China and Taiwan. In negotiations completed in late 2012, the Chinese and Taiwanese civil aviation authorities agreed to increase the number of regular cross-strait direct flights from the current 558 to 616 a week, nearly a six-fold increase over 108 direct flights a week on a charter basis launched in 2008. Direct flights between China and Taiwan are expected to continue rising going forward in tandem with ever-increasing tourism and business demand, and the number of residents in Chinese cities who can make personal travels to Taiwan is also likely to increase.

As seen above, China and Taiwan have been deepening their relations centering on economic fields, and top-level meetings between ARATS and SEF have been held eight times since 2008. It took considerable time for both sides to sign the agreement on the promotion of investment protection, and this suggests that "easy matters" are becoming fewer in their negotiations in economic fields. Even under these circumstances, leaders of China and Taiwan need to present the fruits of their deeper relations to the public.

Against this background, cultural exchanges are attracting attention. In January 2013, Taiwan President Ma unveiled a policy to increase the number of Chinese universities for which Taiwan recognizes academic credentials from the current 41 to 111 and allow Chinese students to study in Taiwan. The National Palace Museum in Taipei and the Palace Museum in Beijing are also discussing the fourth exhibition of the art collections of the Palace

Museum in Beijing in Taiwan. Taiwan recently upgraded the Executive Yuan's Council for Cultural Affairs to the Ministry of Culture, and this, in the author's view, has been prompted by President Ma's intention to strengthen a government institution in charge of cultural exchanges with China. Cultural exchanges with China are being pushed ahead also because such exchanges are unlikely to invite criticisms in Taiwan. Incidentally, China's General Secretary Xi Jinping drew keen attention by using the phrase "the great renewal of the Chinese nation" four times in his address immediately after assuming the post of General Secretary. It is also noteworthy that Taiwanese President Ma Ying-jeou also frequently uses the expression that the "Chinese nation on both sides of the Taiwan Strait are both the descendants of Yandi (Flame Emperor) and Huangdi (Yellow Emperor)" (both the legendary emperors of China) in speaking about the deep historical and cultural bonds between China and Taiwan.

Are relations between China and Taiwan going to develop in a manner that limits them to economic and cultural exchanges going forward? On February 19, the Taiwan Work Conference (the session was chaired by State Councilor Dai Bingguo) was held, and Political Bureau Standing Committee member Yu Zhengsheng, who is expected certain to assume the post of Chairman of the Chinese People's Political Consultative Conference, delivered a lecture. The conference on Taiwan emphasized the acceleration of negotiations to follow up on the ECFA, strengthening of cross-strait industrial and financial cooperation, and support for and cooperation with Taiwanese-capital companies, and also agreed to encourage the academic circles of both China and Taiwan to solve political issues between China and Taiwan and develop dialogue from the private-sector perspectives, indicating again that the Chinese side holds expectations that they delve deeper into political issues.

As negotiations with political implications, developments concerning the mutual establishment of the permanent offices of ARATS and SEF are in the spotlight. Taiwanese President Ma Ying-jeou has repeatedly made positive remarks about this. As business and tourism ties between China and Taiwan get closer and more active, the need for the mutual establishment of the permanent offices of ARATS and SEF, which handles consulate-general-like operations, is rising. Details still remain unclear, including what operations and authority these office would have, what levels of officials would head them or what extent of diplomatic privileges would be accorded to the staff of the offices. Given that Taiwan already has the economic and cultural offices in China's special administrative regions of Hong Kong and Macao, some researchers expect the permanent offices of ARATS and SEF to be established in the form similar to them.

### **Is China-Taiwan Cooperation versus Japan Possible?**

China basically indicates its readiness to cooperate with Taiwan on the "Senkaku Islands issue." In August 2012, during a meeting with Taiwanese scholars who participated in a juristic forum on cross-strait peace development, Minister Wang Yi of the State Council's Taiwan Affairs Office said that "It is an objective fact that fellow citizens of China and Taiwan have many consensus views over territorial sovereignty and the problem of Diaoyu Islands (Senkaku Islands), and I hope that this consensus would be enhanced further." In a symposium on cross-strait economic, trade and cultural exchanges in September 2012, Wang also said that peoples of China and Taiwan must respond externally in union, citing the history of anti-Japanese war in Yunnan Province.

In a Senkaku-related questionnaire survey conducted by Chinese and Taiwanese media in July 2012, 85% of

respondents in China believed that China and Taiwan should cooperate concerning the sovereignty over Senkaku Islands, while 52% in Taiwan shared the same view. Furthermore, it is also interesting to note that 79% in China and 48% in Taiwan agree that China and Taiwan should cooperate over the territorial disputes in the South China Sea. However, the Ma Ying-jeou administration has stated more than once that Taiwan will not cooperate with China over Senkaku Islands, and the Ministry of Foreign Affairs also announced on February 8, 2012, Taiwan's "position not to cooperate with mainland China in the dispute over Diaoyu Islands." This announcement that has further clarified Taiwan's stance over Senkaku Islands deserves significant attention.

### **Conclusion — China-Taiwan Relations Likely to Remain Stable until the Next Presidential Election in Taiwan —**

China needs to give extra consideration to Taiwan's advance into the international society in order to maintain good relations between China and Taiwan. For example, after the inauguration of the Ma Ying-jeou administration, China has allowed Taiwan to attend general meetings of the World Health Organization (WHO) as an observer. It is also reported that former Vice President Lien Chan has told China's General Secretary Hu Jintao that Taiwan wants to attend meetings of the International Civil Aviation Organization (ICAO). It remains to be seen whether the Xi Jinping administration of China will continue to uphold the "diplomatic truce" approach (not to wage a battle for gaining friendly countries), first proposed by President Ma and also virtually followed by the former Chinese administration of Hu Jintao as well. It appears for now that China is unlikely to press countries with ties with Taiwan to sever relations with Taiwan and establish diplomatic relations with China.

Given the current relations between China and Taiwan, we see little possibility of military tensions rising across the Taiwan Strait. However, China has not yet moved to reduce short-range ballistic missiles deployed in Fujian Province and Jiangxi Province or remove them out of range of Taiwan. A little over 80% of Taiwanese residents basically support the status quo, showing no major change in their attitudes even after the establishment of the Ma Ying-jeou administration. As long as the Taiwanese side shows little readiness to rush toward the unification, Taiwan appears unwilling to enter into political negotiations with China unless China shows some sort of its "sincerity" in terms of military security. Though it depends on the direction of Japan-Taiwan fishery negotiations as well as on an outcome of the next presidential election in Taiwan in 2016, relations between China and Taiwan are expected to stay relatively stable, at least on the surface, centering on negotiations to follow up on the ECFA and cultural exchanges.

Note: Position titles used in this paper are those at the time of writing.

**(Completed on April 4, 2013)**

We are more than happy if this paper serves as reference in considering complicated security issues. The views expressed in the above article are of the author's own, not necessarily those of the National Institute for Defense Studies (NIDS).  
All rights reserved.  
Contact information is available at the Planning & Management Division, Planning & Administration Department, NIDS.  
(URL): <http://www.nids.go.jp>