

# Analysis of the Security Situation in the Taiwan Strait (2012-2014)\*

Rira Momma\*\*

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## Abstract

This study examines the security situation in the Taiwan Strait from 2012 to 2014, using media news available on the Internet as the main source of information. Sections 1 and 2 shed light on the situation in Taiwan since Ma Ying-jeou's ascendancy to power in which various agreements have been signed, such as the Economic Cooperation Framework Agreement (ECFA). The sections also discuss the acceleration of exchanges between China and Taiwan, including the dramatic increase in the number of Chinese tourists to Taiwan and the series of visits to Taiwan by Chinese local leaders. Section 3 shows that while China requires a stable international environment to advance its economic growth, it is not compromising on the issues of sovereignty and territory. Section 4 analyzes China-Taiwan relations from the perspective of military security. Section 5 attempts to analyze U.S.-China and U.S.-Taiwan relations. The section notes that the United States and China have maintained military exchanges and dialogues, including the Strategic and Economic Dialogue (S&ED), while the U.S.-Taiwan relationship is focused around the issue of the U.S. supply of weapons to Taiwan.

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## Introduction

2012 was a year of transitions which saw the inauguration of new political leaders as well as the re-election of incumbent political leaders in East Asia and the United States. In the United States—one of the countries discussed in this paper, the Obama administration's second term started in January. That same month, a presidential election was held in Taiwan, and President Ma Ying-jeou of the Kuomintang (KMT) party was re-elected. The Ma administration's second term began in May 2012. In China, the top leadership of the Communist Party of China (CPC) headed by the General Secretary was replaced by a considerably younger generation at the 18th National Congress of the CPC held in November. China-Taiwan relations today are more stable than they were during the 1990s and 2000s when relations were tense. Even then, the security situation in the Taiwan Strait still represents a situation that the United States, the parties to the relations—China and Taiwan, as well as Japan situated in close geographic proximity cannot take their eyes off.

If one wants to increase the accuracy of security analyses, one needs to collect and synthesize not only public information, but also information from other sources such as: information and materials that diplomats of overseas establishments and attaches gathered from multiple officials

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\*\* Senior Fellow, Regional Studies Department.

in the countries concerned; radio information; images from reconnaissance surveillance satellites; information from electronic intercept satellites; and information obtained in the high seas. However, analyses based on the sources described above can never be disclosed. Disclosure would endanger any individual who can provide information to researchers, which in turn may make it impossible to obtain information in the future. Furthermore, there is a significant risk that others would guess what the collected information is (what researchers are interested in) or they would learn about intelligence gathering capabilities that should be kept confidential. Such “confidential” information will enable highly accurate analyses, while attention will of course need to be paid to the deceitful behavior of others. Nonetheless, it is also true that decent analyses may be conducted without using “confidential” materials. Using the news articles available on the Internet as its primary sources, this paper attempts to analyze U.S.-China-Taiwan relations and the situation in the Taiwan Strait from 2012 to 2014. By following the news continuously, erroneous reports that may be contained in the news articles can be eliminated on the basis of their content.

This paper examines how China and Taiwan respectively perceive the cross-Strait relations, looking at both their similarities and differences. It also studies the evolvement of the cross-Strait relations since the start of Ma Ying-jeou’s presidency in Taiwan, referring to specific examples from 2012 to 2014. This paper presents facts to illustrate the current situation of China’s firm stance on issues involving sovereignty, including the Senkaku Islands and the South China Sea disputes. In addition, this paper reveals that while the risk of military confrontation between China and Taiwan is decreasing, retired Taiwanese generals are developing closer ties with the mainland, and furthermore, there have been repeated cases of espionage. All titles of positions mentioned in this paper refer to positions held at the time.

## **Perceptions of the Cross-Strait Relations Framework**

### *China’s perception of the cross-Strait relations framework*

This paper first examines how China perceives the China-Taiwan relations framework. The following is an excerpt of the remarks Hu Jintao, CPC General Secretary, delivered with regard to Taiwan in his report on the first day of the 18th CPC National Congress on November 8, 2012.

*We must adhere to the principle of “peaceful reunification and one country, two systems” and the proposal for growing cross-Straits relations. We must continue to adhere to the one-China principle. Although the mainland and Taiwan are yet to be reunified, the fact that both belong to one China has never changed. China’s territory and sovereignty have always been indivisible and no division will be tolerated. The two sides of the Taiwan Straits should uphold the common stand of opposing Taiwan independence and of following the 1992 Consensus. Both sides should increase their common commitment to upholding the one-China framework and, on this basis, expand common ground and set aside differences. We are ready to conduct exchanges, dialogue and cooperation with any political party in Taiwan as long as it does not seek Taiwan independence and recognizes the one-China principle. We hope the two sides will discuss the establishment of a cross-Straits confidence-building mechanism for military security to maintain stability in their relations and reach a peace agreement through consultation so as to open a new horizon in advancing the*

*peaceful growth of these relations. We resolutely oppose any separatist attempt for Taiwan independence. The Chinese people will never allow anyone or any force to separate Taiwan from the motherland by any means. Taiwan independence is doomed to fail.*<sup>1</sup>

A comparison of the 2012 report and the 2007 report delivered at the 17th CPC National Congress reveals the following differences. Chen Shui-bian (Democratic Progressive Party [DPP]) led the Taiwanese government at the time of the 2007 National Congress. Against this backdrop, the Taiwan section of the 2007 report referred on three instances to “China’s sovereignty and territorial integrity.”<sup>2</sup> On the other hand, this phrase was nowhere to be found in the Taiwan section of the report delivered at the 18th National Congress. It suggests that the May 2008 assumption to office of Ma Ying-jeou, a KMT candidate who pledged to improve bilateral relations, provided some relief to China that Taiwan independence had become a remote possibility. In addition, with China’s deepening interactions with Taiwan, the 2012 report went into further detail regarding China’s hopes on the security and political fronts. Whereas the 2007 report did not go any further than to say “the compatriots on both sides of the Straits need to increase contacts...and push for the resumption of direct links of mail, transport and trade,” the 2012 report mentioned a confidence-building mechanism for military security and reaching a peace agreement with Taiwan. Since the inauguration of the Ma Ying-jeou administration, China has repeatedly made such in-depth statements.<sup>3</sup> Particularly worth noting are the references to the “1992 Consensus” in the 2012 report. While the Chinese leadership had spoken about the Consensus many times before,<sup>4</sup> its inclusion in the political report of the CPC National Congress indicated that the Consensus gained legitimacy in China. In China, too, “one China” and the “1992 Consensus” came to be understood as useful keywords. For easy comparisons, the aforementioned similarities and differences are summarized in the following table.

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<sup>1</sup> “*Jianding buyi yuanzhe Zhongguo tese shehui zhuyi daolu qianjin wei quanmian jiancheng xiaokang shehui er fendo: zai Zhongguo Gongchandang di shibaci quanguo daibiao dahui shang de baogao* [Firmly Marching on the Path of Socialism with Chinese Characteristics and Striving to Complete the Building of a Moderately Prosperous Society in All Respects: Hu Jintao’s Report to the Eighteenth National Congress of the Communist Party of China (November 8, 2012)],” *Renmin Ribao* [People’s Daily], November 18, 2012.

<sup>2</sup> “*Gaoju Zhongguo tese shehui zhuyi weida qizhi wei duoqu quanmian jianshe xiaokang xinshengli er fendou. –zai Zhongguo Gongchandang di shiqici quanguo daibiao dahui shang de baogao* [Holding High the Banner of Socialism with Chinese Characteristics and Striving for New Victories in Building a Moderately Prosperous Society in All Respects: Hu Jintao’s Report to the Seventeenth National Congress of the Communist Party of China (October 15, 2007)],” *Renmin Ribao* [People’s Daily], October 25, 2007.

<sup>3</sup> For example, “*Sun Yafu: Taihai junshi huxin xu zhengzhi jichu* [Sun Yafu: Political Foundation Imperative to Military Mutual Trust in the Taiwan Strait],” *Wen Wei Po*, June 25, 2013.

<sup>4</sup> For example, according to “*Jia Qinglin huijian Haijihui xinren dongshizhang Lin Join-sane* [Jia Qinglin Meets New SEF Chairman Lin Join-sane],” *Renmin Ribao* [People’s Daily], October 18, 2012, Jia Qinglin, Chairman of the National Committee of the Chinese People’s Political Consultative Conference, stated, “Since 2008, both (the ARATS and SEF) have resumed talks based on the ‘1992 Consensus.’”

**Table Taiwan-related Comments in the Political Report to the CPC National Congress**

	17th CPC National Congress (October 2007)	18th CPC National Congress (November 2012)
General Secretary who Delivered the Political Report	General Secretary Hu Jintao	General Secretary Hu Jintao
Taiwanese Administration	Chen Shui-bian (Democratic Progressive Party)	Ma Ying-jeou (Kuomintang)
References to Taiwan in the Political Report	References to “China’s sovereignty and territorial integrity” on three instances	No references of the same nature
Exchanges with Taiwan	References to “the compatriots on both sides of the Straits need to increase contacts... and push for the resumption of direct links of mail, transport and trade”	References to confidence-building mechanism for military security and reaching a peace agreement with Taiwan
References to the 1992 Consensus	No	Yes

Source: Prepared by author.

With regard to China’s overall Taiwan policy, the remarks made by Chinese leaders<sup>5</sup> and the 2012 report of Hu Jintao indicate that there is no major change to China’s policy of deepening exchanges with Taiwan. Liu Guo-shen, Director of the Taiwan Research Institute of Xiamen University, notes that China’s Taiwan policy and the framework of its basic scheme are not expected to change in the long-term. He explains, “One should not over estimate individual elements. The Taiwan policy is determined by the developments of the political system.”<sup>6</sup> This view is shared by Taiwanese scholars. Prof. Chang Wu-ueh, Director of the Graduate Institute of China Studies, Tamkang University, presented the view that Chinese high-level leaders universally recognize that China-Taiwan relations were able to build a peaceful development structure, and highly affirm the Taiwan policy for the time being. Therefore, it is absolutely unlikely for China to change, in the short-term, a policy it self-proclaims as successful. Moreover, the Xi Jinping administration initially expressed its intention of following the policy of the Hu Jintao administration.<sup>7</sup> As of August 2014, no major shifts have been observed in the Taiwan policy of China.

In a speech Xi Jinping gave immediately after his appointment as General Secretary, he stated: “Our people are a great people.” “During the civilization and development process of more than 5,000 years, the Chinese nation has made an indelible contribution to the civilization and advancement of mankind.” “Since the founding of the CPC, we have united and led the people to advance and struggle tenaciously, transforming the impoverished and backward Old China into the New China that has become prosperous and strong gradually. The great revival of the Chinese

<sup>5</sup> For example, “Wan Yi: *Shibada bu yingxiang liangan fazhan* [Wang Yi: The 18th National Congress of the CPC Won’t Influence Development of China-Taiwan Relations],” *Zhongshi Dianzibao* [China Times], October 25, 2012.

<sup>6</sup> “《*Zhonggong shibada qianzhan Xilie baodao zhi si lianganbian*》*Shibada hou duitai zhengce yanxu Hu liudian* [Prospect of the CPC’s 18th National Congress, the 4th Report, Cross-Strait Relations: China’s Taiwan Policy to Maintain Hu’s Six Points After the 18th National Congress],” *Zhongshi Dianzibao* [China Times], October 26, 2012.

<sup>7</sup> “*Taiwan xuezhe guandian/Chang, Wu-Ueh: Duanqi Hu gui Xi sui* [Viewpoint of Taiwanese Scholar/Chang, Wu-Ueh: Xi will Follow Hu’s Plan in the Short-term],” *Economic Daily News*, November 5, 2012. Later, in 2013, Japan and Taiwan signed a private-sector fisheries agreement on April 10. This was an unwelcome situation for China, which intended to join hands with Taiwan to pressure Japan on the Senkaku Islands dispute. Nevertheless, on the surface, China continues to maintain favorable relations with Taiwan.

nation has demonstrated unprecedented bright prospects.”<sup>8</sup> The speech garnered attention due to Xi Jinping’s repetition of the phrase, “the great revival of the Chinese nation.”<sup>9</sup>

*Taiwan’s perception of the cross-Strait relations framework*

Next, this paper examines the China-Taiwan framework from the perspective of Taiwan.

On December 26, 2012, President Ma Ying-jeou attended the Promotion and Decorating Ceremony for Generals of the Armed Forces for the 1st Half of 2013 held at the Armed Forces Officers’ Club in Taipei, and delivered a congratulatory address to the generals and others who were being promoted. In his address, President Ma stated, “Our armed forces must recognize the changes in cross-Strait relations and the importance of national security,” and underscored, “According to our Constitution, the Republic of China is a sovereign, independent nation, and this is an unchanging fact. Although the territory includes mainland China, at present the ROC government has authority to govern only in Taiwan, Penghu, Kinmen, and Matsu. The cross-Strait relations are not relations between a country and a country but ‘a special type of relations’ and relations in which there is ‘mutual non-recognition of sovereignty and mutual non-denial of authority to govern.’ This status given to the relations is based on the Constitution of the ROC and has remained unchanged throughout the administrations of three presidents (elected by the people).” President Ma went on to say, “Ever since taking office, I have maintained the status quo of ‘no unification, no independence, and no use of force’ in the Taiwan Strait under the framework of the ROC Constitution, and I have promoted peaceful development of cross-Strait ties on the basis of the ‘1992 Consensus whereby each side acknowledges the existence of one China but maintains its own interpretation of what that means,’ with both sides ‘shelving controversies and together creating a win-win solution.’” In the remaining three years of his term, President Ma said he would like to develop cross-Strait relations more steadily by deepening and expanding exchanges, establishing administrative offices in one another’s territory, and revising the Act Governing Relations between the People of the Taiwan Area and the Mainland Area.<sup>10</sup>

On previous occasions as well, President Ma had described that the China-Taiwan relations were “not relations between a country and a country” and explored the question of how to forge closer China-Taiwan relations in ways different from former President Lee Teng-hui and previous President Chen Shui-bian.<sup>11</sup> Accordingly, there was nothing new about this remark itself. What makes it noteworthy is that to reiterate this point, President Ma chose the promotion and decorating ceremony for generals of the Armed Forces who are entrusted with defending the country — a notable event related to security.

President Ma’s New Year’s Day statement in 2013 is also worth examining. In the statement,

<sup>8</sup> Ryouichi Hamamoto, “*Toshihaikenshu ga Shijo Meidai no Shu Kinpei Shudan Shido Taisei* [Group Guidance System of Xi Jinping, an Absolute Must to Maintain Party Rule],” *East Asia*, No. 546, December 2012, p. 52.

<sup>9</sup> For example, “*Xi Jinping qiangdiao: Chengqianqihou jiwangkailiai jixu chaozhe zhonghua minzu weida fuxing mubiao fenyong qianjin* [Xi Pledges Great Renewal of Chinese Nation],” *Xinhua News*, November 29, 2012.

<sup>10</sup> Office of the President, Republic of China, Press Release, December 26, 2012; “*Ba Eikyu Soto: Ryogan Kankei wa ‘Itshu no Tokushu na Kankei’* [President Ma Ying-jeou: Cross-Strait Relations are ‘a Special Type of Relations’],” *Taiwan Weekly Review*, December 27, 2012.

<sup>11</sup> For example, “*Ba Eikyu Soto ga ‘Chuka Minkoku Kenpo Kaishaku 60 Shumen Shinpojiumu’ ni Shutseki* [President Ma Ying-jeou Attends 60th Anniversary Symposium on the Interpretation of the Constitution of the Republic of China],” *Taiwan Weekly Review*, December 24, 2008.

President Ma noted that he hoped to cooperate with General Secretary Xi Jinping in continuing to promote peaceful development across the Taiwan Strait on the basis of the “1992 Consensus, whereby each side acknowledges the existence of ‘one China’ but maintains its own interpretation of what that means” and expanding and deepening overall cross-Strait exchanges. President Ma said Taiwan will accelerate the pace of follow-up negotiations under the Economic Cooperation Framework Agreement (ECFA), relax restrictions on capital from mainland China and on the entry of mainland students and independent travelers into Taiwan, and soon begin a comprehensive review and revision of the Act Governing Relations between the People of the Taiwan Area and the Mainland Area and eliminate out-of-date restrictions and discriminatory provisions. In addition, President Ma stated that the government of Taiwan will proactively promote the establishment of offices of the Straits Exchange Foundation (SEF) of Taiwan and the Association for Relations Across the Taiwan Straits (ARATS) of China on a reciprocal basis so as to protect the several million people who travel across the Taiwan Strait in increasing numbers each year. He said this will also lay a stronger foundation for the institutionalization of peaceful cross-Strait ties. Furthermore, President Ma stated, “The people of the two sides of the Taiwan Strait are all Chinese in ethnicity. We are all descended from the ancient Emperors Yan and Huang. Therefore, the leaders of the two sides should always make the long-term peace across the Taiwan Strait a top priority. Promoting increased institutionalization of cross-Strait ties fosters deeper understanding between our people and consolidates cross-Strait peace.”<sup>12</sup>

Conversely, President Ma’s New Year’s Day statement in 2014 did not delve into the subject of China-Taiwan relations, a complete reversal from the previous year, and merely touched upon the enhancement of economic relations. President Ma’s approval rating was declining at the time. Additionally, just three months later, students who harbored concerns about the increasingly close China-Taiwan relations occupied the Legislative Yuan in what came to be called the “Sunflower Student Movement.” Taking both of these factors into consideration, President Ma may have determined that he needed to apply the brake to the rapidly deepening bilateral ties for the sake of the stability of Taiwanese domestic politics.

*Taking into consideration the differences in the interpretation of the “1992 Consensus”*

A number of points need to be taken into account in looking ahead to the future China-Taiwan relationship. The first point is that both the Xi Jinping administration and the Ma Ying-jeou administration do not perceive the relations between China and Taiwan as relations between a country and a country. Both identify that the “1992 Consensus” constitutes the foundation of China-Taiwan exchanges. The “1992 Consensus” is the agreement reached between China and Taiwan in 1992 regarding the “one China” principle. President Ma himself explains the “1992 Consensus” as follows:

*In 1992, when the newly established SEF and ARATS began discussing how to handle document authentication and the delivery of registered mail, the ARATS requested that a note setting out the “one China” principle be included in the foreword to the agreement*

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<sup>12</sup> Office of the President, Republic of China, Press Release, January 1, 2013; “*Ba Eikyu Soto 2013 Nen Gantan Shukuji* [President Ma Ying-jeou’s 2013 New Year’s Day Statement],” *Taiwan Weekly Review*, January 4, 2013. Emperors Yuan and Huang are legendary Chinese emperors Yandi and Huangdi.

*that the two sides were negotiating. The SEF had reservations regarding this request. As of October 28, 1992, when the SEF and the ARATS decided to meet for talks in Hong Kong, no further action had been taken on the matter. Prior to that, on August 1 of that year, then-president Lee Teng-hui, who was also the chairman of the National Unification Council (NUC), presided over a meeting of the NUC where the participants adopted a resolution on the meaning of “one China.”...The resolution stated as follows: “(‘One China’) should mean the Republic of China (ROC), founded in 1912 and with de jure sovereignty over all of China. The ROC, however, currently has jurisdiction only over Taiwan, Penghu, Kinmen and Matsu.... Since 1949, China has been temporarily divided, and each side of the Taiwan Strait is administered by a separate political entity. This is an objective reality.”... During the talks that took place in late October of 1992, the two sides each put forward five proposals on the matter without reaching a consensus. Our side, with the government’s authorization, then put forward three more proposals on October 31...On November 3, the ARATS announced in a press release issued by the Xinhua News Agency that it was willing to accept one of the proposals, which was for each side to release an oral statement setting out its own interpretation of the “one China” principle...Our government then authorized the SEF to issue a news release on that same day and send a formal letter notifying the ARATS that our authorities had agreed to have each side “release an oral statement setting out its own interpretation of the ‘one China’ principle.” Deputy Secretary-General Sun Yafu of the ARATS on that same day telephoned Secretary-General Chen Rong-jye of the SEF (and sent a formal letter on November 16) to say that the ARATS “fully respects and accepts the suggestion put forward by the SEF.”*

*The ARATS provided a 72-character description of the oral statement it would use to state its one-China position, and also provided an attachment setting out the 83-character letter that it had received from the SEF. In other words, the “1992 Consensus” was actually set down on paper between the two sides. It is a fact of history...(Shortly before the change in government in Taiwan in 2000,) then-Mainland Affairs Council chairman Su Chi released a statement intended to ease fears about the impact of the election upon cross-strait ties. In his statement he referred to the consensus in short form as the “1992 Consensus,” and subsequently this became the most commonly used term in society at large. The term “1992 Consensus” was thus coined by then-chairman Su of the Mainland Affairs Council, but he certainly did not fabricate its content from thin air. The consensus grew out of talks between the SEF and the ARATS.<sup>13</sup>*

The above interpretation is by all means Taiwan’s interpretation, and moreover, the interpretation of the ruling party, the KMT. What’s important is that the “one country, two systems” remains China’s absolute principle prescribing its relations with Taiwan. China has not explained in such detail about the “one China” principle of the “1992 Consensus”; nor has it ever set forth that each side would release an oral statement setting out its own interpretation of the “one China” principle. “One China” signifies the People’s Republic of China and the Republic

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<sup>13</sup> Office of the President, Republic of China, “The President Attends Symposium on the 20th Anniversary of the ‘1992 Consensus,’” November 9, 2012.

of China for China and Taiwan, respectively. This is self-evident. It should be borne in mind nonetheless that whereas Taiwan leaves room for interpretation by describing that “each side would release an oral statement setting out its own interpretation of the ‘one China’ principle,” China has not taken such measures.

*Resemblance between the concepts of Xi Jinping and Ma Ying-jeou on the “Chinese nation”*

Another point worth highlighting is that General Secretary Xi Jinping and President Ma Ying-jeou hold similar concepts of ethnicity. Both General Secretary Xi Jinping and President Ma Ying-jeou make multiple references to the “Chinese nation.” Needless to say, there is no ethnic group comprising the people of the Republic of China and the People’s Republic of China that constitutes a “Chinese nation.” This concept is no more than a very modern construct that was designed to unify the people according to the wishes of contemporary China.<sup>14</sup> Further still, there is the expression, “the descendants of Yan and Huang,” which has been referred to on multiple occasions in the context of the Chinese nationalistic campaign. Naturally, this concept is not accepted at all among ethnic minorities, such as the Uyghurs and Tibetans, who have cultural and religious backgrounds entirely different from the Han people. Yet knowing this, General Secretary Xi Jinping and President Ma Ying-jeou both refer to “the descendants of Yan and Huang” and the “Chinese nation.” In this regard, General Secretary Xi Jinping and President Ma Ying-jeou are extremely similar.

Incidentally, the website of the Office of the President of the Republic of China has a convenient tool for gauging the official statements and activities of the Taiwanese President and Vice President. A search for “Chinese nation” for the period between January 30, 1993 and the end of July 2014 for which searches of electronic data were possible at the time of conducting the search, reveals that three Presidents have made references to or were associated with this term in one way or another on 137 instances.<sup>15</sup> The breakdown is as follows: President Lee Teng-hui, 63 times; President Chen Shui-bian, 4 times; and President Ma Ying-jeou, 70 times. In the case of President Lee Teng-hui, more than half of the references to “Chinese nation” were made in the two years of 1993 (22 times) and 1994 (17 times). This was the time when Taiwan-China contacts began to increase on a full-scale basis. Subsequently, President Lee made 0 references in 1995, the year that he visited the United States, 4 references in 1996, the year that tensions heightened in the Taiwan Strait due to a presidential election, 10 references in 1997, and 7 references in 1998. Following this slight increase in references, the number of references went down to two in 1999, when the “two-state theory” was proposed, and to one in 2000, in part due to President Lee’s resignation in May. With respect to President Chen Shui-bian, two of the four hits were results that the search automatically returned due to his attendance of the veneration ceremony of the ancestors of the Chinese nation. President Chen Shui-bian did not make any statements regarding the “Chinese nation.” In the remaining two instances, the reference was made in a negative context. As can be seen from this breakdown, the “Chinese nation” is a term synonymous with China-Taiwan unification.

Caution needs to be paid in the case of President Ma Ying-jeou. President Ma’s reiteration

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<sup>14</sup> Yujiro Murata, “*Chuka Minzoku* [Chinese Nation],” Satoshi Amako et al., ed., *Iwanami Gendai Chugoku Jiten* [Iwanami Contemporary Chinese Encyclopedia], Iwanami Shoten, 1999, pp. 799-800.

<sup>15</sup> The search criteria were set up so that the term “Vice President” was excluded.

of the term “Chinese nation” is done strategically, partly because he holds a similar concept of ethnicity as President Xi Jinping, as well as because cultural exchanges are emphasized in China-Taiwan negotiations. By couching the cross-Strait relationship in terms of Chinese nation or Chinese civilization, the Ma administration may be aiming to make the concept of “one China” more palatable to the Taiwanese public. On May 20, 2012, the Executive Yuan of Taiwan elevated the Council for Cultural Affairs to the Ministry of Culture. The elevation was to consolidate the culture-related work that had been spread out across different organizations of the government.<sup>16</sup> It may also have been motivated by the unspoken aim of bolstering the cultural strategy of engagement. In recent years, tours of Taiwan by representatives of Chinese provinces have been focusing not only on economic exchange but also cultural exchange. Cultural exchanges are now a keyword in China-Taiwan relations.

### **The Current Situation of Cross-Strait Exchanges**

Cross-Strait relations changed significantly after Ma Ying-jeou took office as President in 2008. High-level working talks between China’s ARATS and Taiwan’s SEF—which had been suspended in 1999, during the Lee Teng-hui presidency—were resumed, paving the way for acceleration of exchange, particularly in economy and trade. Also, regular airline and ferry service was established with the mainland, completing the last of the so-called “Three Links”—postal, trade, and transport services directly linking Taiwan and China. Passenger traffic from China to Taiwan was gradually expanded from group travel to personal trips, resulting in a dramatic rise in the number of mainland visitors to Taiwan. Both sides also established the ECFA, a sort of free trade agreement that began operating on January 1, 2013, to phase out tariffs on a mutually agreed list of 539 Taiwanese products and 267 Chinese products. In addition, following a lengthy delay in negotiations, the two sides finally signed the Cross-Strait Bilateral Investment Protection and Promotion Agreement and the Cross-Strait Customs Cooperation Agreement in August 2012.<sup>17</sup> The delay apparently stemmed from China’s rejection of the Taiwanese proposal that any trouble arising over the agreements be settled through third-party arbitration, and the text of the agreements suggests that China pressured Taiwan to back down from this request.<sup>18</sup>

Taiwan’s basic stance on cross-Strait talks can be summed up as “economy first, politics later” and “simple things first, hard things later,” and China has been understanding towards this approach. Most of the relatively simple matters have already been settled through the ten summit meetings of the ARATS-SEF forum from June 2008 to February 2014. Incidentally, the agreement signed at the tenth meeting concerned seismic observation cooperation and meteorological cooperation. In addition to such scientific and technological cooperation useful to people on both sides of the Strait, Taiwan has recently been exploring engagement of China that goes beyond economy and trade to include culture as well.

In addition, it appears that the method of entrusting dialogue to private organs is beginning to reach its limit also in Taiwan’s eyes. Based on the determination that Chinese and Taiwanese

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<sup>16</sup> See “History of Establishment: Administrative Organization” on the website of the Ministry of Culture, Executive Yuan, Taiwan: <http://www.moc.gov.tw/about.do?method=list&id=2>.

<sup>17</sup> For more information, see Rira Momma, “*Taiwan no Doko (2012 Nen 7-8 Gatsu)* [Developments in Taiwan (July-August 2012)],” *East Asia*, No. 543, September 2012, pp. 65-66.

<sup>18</sup> *Ibid.*

government agencies need to directly engage in working-level consultations on the thornier issues, summit meetings have also begun to be held between China's Taiwan Affairs Office of the State Council and Taiwan's Mainland Affairs Council of the Executive Yuan since 2014.

#### *Increases in visits to Taiwan by Chinese mayoral-level delegations*

Following the inauguration of the Ma Ying-jeou presidency in 2008, Chinese provincial and city delegations continuously paid visits to Taiwan. But from July 2011, Chinese delegations' visits to Taiwan were suspended, seemingly at the request made to China by President Ma through "channels."<sup>19</sup> Once the Taiwanese presidential election was over, the Chinese delegations' visits to Taiwan restarted. The first visit was made by a 500-person delegation headed by Guo Jinlong, Mayor of Beijing, from February 16. Previous delegations from Chinese provinces and cities generated hype over the signing of large procurement deals with Taiwan. According to a Taiwanese newspaper, however, many of the procurement deals agreed and signed had not come to fruition, giving the impression that the deals were hot air and generating displeasure among the general Taiwanese public.<sup>20</sup> Perhaps due to remorse on the part of both Taiwanese and Chinese authorities, the delegation from Beijing used the name "Beijing Culture Delegation." Chiang Pin-Kung, President of the SEF, who invited Mayor Guo and others to a banquet on the 18th stated, "Although Taiwan and China put it simply that dialogue will follow the order of 'economy first, politics later,' culture will be important after economics."<sup>21</sup>

With regard to visits to Taiwan by senior Chinese officials, it is noteworthy that on February 11, Zheng Lizhong, Vice Director of China's Taiwan Affairs Office of the State Council (who concurrently served as Executive Vice President of ARATS), arrived in Kaohsiung International Airport and began a tour of agricultural and fishing industries in southern Taiwan. Vice Director Zheng was accompanied by eight Chinese agriculture and fishing experts. According to media reports, the purpose of the tour was to visit farming and fishing villages in Yunlin County, Chiayi County, Tainan City, Kaohsiung City, and Pingtung County to assess the opinions of the members of agricultural and fishing cooperatives in southern Taiwan after the presidential election.<sup>22</sup>

In the 2012 presidential election, candidate Tsai Ing-wen (DPP) failed to win votes in southern Taiwan to the surprise of many. As one of the underlying factors, some analysts identify the increase in exports of agricultural products from southern Taiwan to China following the entry into force of the ECFA, which in turn increased public support for the China policy of President Ma Ying-jeou (KMT). The counties and cities that Vice Director Zheng visited were all areas where DPP candidates won the county and city mayoral elections. In this light, one is led to believe that the delegation visited Taiwan to study the effects of the ECFA. That said, one of the purposes Vice Director Zheng gave for making the visit was to understand Taiwanese culture, and he did

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<sup>19</sup> "Minzhong guangan cha xuanqian jihan ka// Zhongguo shengshi tuan 'Ma'shang jiulai [Chinese Delegations from Several Provinces and Cities to Come to Taiwan Soon]," *Ziyou Dianzibao [Liberty Times Net]*, February 5, 2012.

<sup>20</sup> Ibid.

<sup>21</sup> "Chiang Pin-kung: Jingji zhihou zhuozhong wenhua [Chiang Pin-Kung Says Cultural Exchange will be Important After Economic Exchange]," *Jingji Ribao [Economic Daily News]*, February 19, 2012.

<sup>22</sup> "Zheng Lizhong zhifang Nan Taiwan, dangzheng renshi buyiweiran [Taiwan's Politicians Criticize that Zheng Lizhong Visited South District of Taiwan Directly]," *Ziyou Dianzibao [Liberty Times Net]*, February 12, 2012.

visit Fo Guang Shan and a Mazu temple.<sup>23</sup>

After Vice Director Zheng's visit, Governor Su Shulin and others of Fujian Province visited Taiwan in March 2012, Governor Wang Guosheng of Hubei Province as well as Deputy Secretary Shi Taifeng of CPC Jiangsu Provincial Committee and others of Jiangsu Province visited Taiwan in May, and Governor Xu Shousheng and others of Hunan Province visited Taiwan in June. All of these exchanges were economic and trade exchanges. The heads of the delegations were CPC members no higher than the ranks of Central Committee member or Central Committee alternate member. No Chinese official of a higher rank has yet to visit Taiwan. Furthermore, in the second half of 2012, no Chinese local government delegation visited Taiwan. It is thought that local leaders did not have spare time to visit Taiwan due to the 18th National Congress in November. The leadership stabilized following the 12th National People's Congress in March 2013. Visits to Taiwan by local Chinese executives were interrupted at one time due to the Sunflower Student Movement in Taiwan in March to April 2014, but resumed when the movement concluded. In May 2014, a delegation headed by Zhang Baoshun, Secretary of the CPC Anhui Provincial Committee, visited Taiwan. In July, You Quan, Secretary of the CPC Fujian Provincial Committee, with strong ties to Taiwan, both economically and culturally, visited Taiwan. This was You Quan's first visit to Taiwan as Secretary of the CPC Fujian Provincial Committee. In the same month, Qiang Wei, Secretary of the CPC Jiangxi Provincial Committee, also visited Taiwan.

One point to pay attention to is whether or not there will be any Politburo members among the Chinese local leadership visiting Taiwan, something which has yet to happen. Even among the Politburo members, it is deemed that Taiwan will find it relatively easy to accept visits to Taiwan by secretaries of the CPC city committees of the four municipalities of Beijing, Shanghai, Tianjin, and Chongqing, the Secretary of the CPC Guangdong Provincial Committee, and the Secretary of the CPC Xinjiang Uyghur Autonomous Regional Committee – officials in the top ranks of local areas. Due to the frequent outbreak of terrorist incidents in the Xinjiang Uyghur Autonomous Region, however, the visit to Taiwan by the Secretary of the CPC Autonomous Regional Committee is considered unlikely.

A majority of the series of visits to Taiwan by Chinese local leaders is based on economic reasons, either to encourage investment in Taiwan or to attract investment in China. In recent years, an increasing number of visits have been made under the name of cultural exchange as discussed earlier. Similarly, visits to China by Taiwanese local mayors have risen, including by Hao Longbin, Mayor of Taipei (KMT), and Chen Chu, Mayor of Kaohsiung (DPP). These visits are conducted as regional and city exchanges under the "one China" framework. Nevertheless, observations suggest that China is carrying out the exchanges not purely to strengthen economic relations, but as part of grand united front tactics. By normalizing frequent visits to Taiwan by Chinese local executives, China may be hoping to pave the way for political talks on China-Taiwan unification. In fact, the strengthening of ties through economic contacts between China and Taiwan has led to the holding of official meetings between Chinese and Taiwanese ministers in Nanjing and Taipei in 2014.

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<sup>23</sup> "Zheng Lizhong fang Fo Guang Shan weian dazhenzhang [Zheng Lizhong Visits Fo Guang Shan Monastery]," *Ziyou Dianzibao [Liberty Times Net]*, February 13, 2012.

### *Official ministerial-level meetings between China and Taiwan*

On the occasion of the Asia-Pacific Economic Cooperation (APEC) meeting in Bali in 2013, the exchange of greetings about the weather between Zhang Zhijun, Director of China's Taiwan Affairs Office of the State Council, and Wang Yu-chi, Director of Taiwan's Mainland Affairs Council of the Executive Yuan, received attention. In February 2014, the two officials held their first formal talks in Nanjing. This marked the first time since October 1949 that the heads of the administrative agencies of the People's Republic of China and the Republic of China held formal talks under their respective titles. Nanjing was probably chosen as the venue, as talks in Beijing could give an impression that China had summoned Taiwan. Furthermore, Nanjing had historically been a capital of the Republic of China, and Sun Yat-sen is buried in this land.

During the meeting, Wang Yu-chi referred to Director Zhang Zhijun as "Director," and likewise, Zhang Zhijun referred to Director Wang Yu-chi as "Director," both referring to their titles. However, in the press handbook that the Taiwan Affairs Office of the State Council prepared for the meeting, Director Wang was listed as an "accountable person of Taiwan's Mainland Affairs Council." Xinhua News Agency also referred to Wang as "accountable person of Taiwan's Mainland Affairs Council," clearly to avoid reference to the official title.<sup>24</sup>

In June of the same year, a second meeting was held in Taipei. As is evident from the outbreak of the "Sunflower Student Movement" in Taiwan from March to April 2014, it was anticipated from the start that Zhang Zhijun would receive a harsh welcome for his first visit to Taiwan. Knowing this, Director Zhang still made the visit to Taiwan. Yasuhiro Matsuda, Professor of the University of Tokyo, note that this represented China's strong determination not to interrupt China-Taiwan relations.<sup>25</sup>

Wang Yu-chi revealed that during the meeting, China approved Taiwan's request for the right to visit Taiwanese inmates detained in the mainland. This can be interpreted as both China's significant concession and sincerity towards Taiwan.<sup>26</sup> It marked a large step forward towards the establishment of an ARATS office in Taiwan and a SEF office in China that had been stalled.

### *China-Taiwan contacts at multilateral meetings*

Since the start of Ma Ying-jeou's presidency, China permitted Taiwan to elevate the rank of the delegate sent to APEC meetings. As a result, Lien Chan, former Vice President of Taiwan, began to serve as the Taiwanese delegate. Lien has attended the APEC summit meetings in Yokohama and Vladivostok and has held talks with President Hu Jintao. During the APEC meeting held in Bali in 2013, delegate Siew Wan-chang held talks with President Xi Jinping.

As for the Boao Forum held in Hainan Island, Siew Wan-chang attended in 2008 and Wu

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<sup>24</sup> "Chinese State Media Avoids Reference to Position Title of Wang Yu-chi," *Ziyou Dianzibao [Liberty Times Net]*, February 12, 2014.

<sup>25</sup> "Dongjing daxue jiaoshou Songtian Kanbo: Jiti ziweiquan jiejin yu Taiwan anquan jianjie youguan ru Mei xiefang Taiwan zao gongji Ri ke xiefang Meijun [Weekly Coverage: Prof. Matsuda Points Out that the Exercise of Right to Collective Defense and Taiwan's Security are Indirectly Related]," *Ziyou Dianzibao [Liberty Times Net]*, July 7, 2014.

<sup>26</sup> "Liangyan hushe chu, na rendao tanshi [The Reciprocal Institutions for the SEF and ARATS will have Humanitarian Visiting Functions]," *Ziyou Dianzibao [Liberty Times Net]*, June 26, 2014. The explanation given by the Taiwanese side was quite clear. On the other hand, the Taiwan Affairs Office of the State Council explained that consultations were continuing on the establishment of offices on a reciprocal basis, and did not fully acknowledge the right to visit Taiwanese inmates detained in the mainland.

Den-yih attended in 2012. Both held talks with the Chinese leadership. The two individuals had just been elected Vice President in that year's presidential election (and had not yet taken office). Thus, the talks can be identified as exchanges between Chinese leaders and Taiwanese sub-leaders. For the subsequent Boao Forums in 2013 and 2014, Siew Wan-chang attended under the title of Honorary Chairman of the Cross-Strait Common Market Foundation (CSCMF).

*Cross-Strait exchanges at the political party level: CPC and KMT*

The Cross-Straits Economic Trade and Culture Forum (commonly known as the Kuomintang-Communist Party of China Forum)—which is represented on Taiwan's side by, among others, members of the KMT, the People First Party, and the New Party—commenced in 2005 when the KMT was an opposition party and met for its ninth session in 2013. All gatherings have been held on the mainland, although it is reported that China unsuccessfully tried to have Taiwan host the 2012 forum. To date, the Chinese delegation has included high-level representatives such as Jia Qinglin, Chairman of the Chinese People's Political Consultative Conference, and Wang Yi, Director of the State Council's Taiwan Affairs Office. For this reason, holding the forum in Taiwan would mean that the seniority level of Chinese officials visiting the island would take a large jump upward, and thus the Taiwanese leadership seems cautious about playing the role of host. In addition, Lien Chan, Honorary Chairman of KMT, and Wu Baixiong, Honorary Chairman of KMT, have visited China and held press conferences with CPC General Secretary Hu Jintao. This approach has continued under General Secretary Xi Jinping.

*Private visits to China by senior members of the Democratic Progressive Party*

The DPP, having been defeated consecutively in the 2008 and 2012 presidential elections, is pressed to shift to a China policy that appeals to a broad section of the Taiwanese electorate in order to have a chance at winning the next presidential election in 2016. While exploring its China policy, senior members of the DPP have been paying visits to China. Since losing control of the government in 2008, senior members (influential figures) of the DPP who visited China included Chen Chu, Mayor of Kaohsiung (DPP Central Standing Committee member), in May 2009. On March 15 and 16, 2012, Luo Chih-cheng, DPP spokesperson, attended the 10th cross-strait relations symposium in Yunnan Province under his other title, Professor of politics at Soochow University. In addition, on August 13, Hsiao Bi-khim, a member of the Legislative Yuan from the DPP, attended the third symposium on opportunities and challenges to the peaceful development of cross-Strait ties held in Shanghai, as the Director of the Taiwan Foundation for Democracy. As Hsiao also held a party position of vice president of a DPP think tank, speculations arose over whether Su Tseng-chang, Chairman of the DPP, entrusted Hsiao with a message for China. DPP has denied this, saying that Hsiao's visit to China was purely for scholarly exchanges and that she was not representing the party or the think tank. During the same period, Lin Chia-lung, another member of the Legislative Yuan from the DPP, visited China. He too explains that the visit was for academic purposes.<sup>27</sup>

The visit that received the most spotlight was the visit to China by former DPP Chairman Hsieh Chang-ting—the party's 2008 presidential candidate and a former premier of the Executive

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<sup>27</sup> "Hsiao Bi-khim didiao fangzhong Minjindang foren zhuanhua [Hsiao Bi-khim Visits China Quietly; DPP Denies Message to China," *Ziyou Dianzibao [Liberty Times Net]*, August 13, 2012.

Yuan—in October 2012, with the ostensible aim of establishing communication with the mainland. The Chinese government arranged for meetings between Hsieh and officials such as State Councilor Dai Bingguo and Minister Wang Yi,<sup>28</sup> in what was a very rare exception to China's typically cool attitude towards the DPP, whose platform includes Taiwanese independence as a key pillar. This move may have been motivated by the desire to probe the China policy of Taiwan's leading opposition party, now that Beijing's stable relationship with the KMT administration has given it some breathing room in dealing with Taiwan.<sup>29</sup> This trend continued in 2013 and later.

However, since the DPP membership has a diverse political makeup—ranging from supporters of Taiwanese independence to those eager to pursue exchange with China—it will be no easy task to form a coherent policy towards China without abandoning the forces in the party with differing opinions. Furthermore, the DPP's aforementioned denial of the 1992 Consensus is a stumbling block to talks with Beijing because the Ma Ying-jeou administration recognizes the existence of that agreement (albeit with the interpretation that there is only one China, but both sides hold their own views on what that means). Unless the DPP moves this impediment, it will be very difficult for the party to engage Beijing in any substantive dialogue. A point to watch out for will be what kind of China policy will be set out by Cai Yingwen, who was elected DPP Chairman in May 2014.

### **China's Firm Stance on Sovereignty Issues**

#### *Handling of the Senkaku Islands dispute between the United States and China*

The Senkaku Islands have been a frequent topic of discussion for Beijing and Washington, with the United States repeatedly stating that the islands were subject to Article 5 of the Japan-U.S. Security Treaty. Nevertheless, in September 2012, Liang Guanglie, Minister of National Defense, told visiting Leon E. Panetta, U.S. Secretary of Defense, that China was firmly opposed to that interpretation of the treaty.

The U.S. National Defense Authorization Act for FY2013, signed into law on January 2, 2013, included text recognizing Japanese administration over the Senkaku Islands and reaffirming the U.S. commitment to its defense obligations to Japan. Prior to enactment, the Chinese government repeatedly expressed strong opposition to the bill. The spokesperson of the Chinese Ministry of Foreign Affairs stated, "China is seriously concerned about and firmly opposed to the China-related content of the 2013 National Defense Authorization Act," "As a bilateral arrangement made under special historical conditions, the US-Japan Security Treaty should not undermine any third party's interests, including those of China and even less should it interfere in the territorial dispute between other countries," and "We urge some US parliamentarians to...earnestly respect China's core interests."<sup>30</sup> Hillary R. Clinton, U.S. Secretary of State, speaking at a meeting with her Japanese counterpart in Washington on January 18, delivered a warning aimed at restraining China as she reiterated the position that the Senkakus fell under the scope of Article 5, and added

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<sup>28</sup> "Hsieh Chang-ting hui Wan Yi, ti xianfa gebiao qudai qiuer gongshi [Hsieh Chang-ting to Meet Wan Yi; Won't Submit '92 Consensus' but Submit 'Expression of Each Constitution,'" *Ziyou Dianzibao, Jishi Xinwen* [*Liberty Times Net News Alert*], October 7, 2012, 2:52 pm.

<sup>29</sup> Later, on June 30, 2013, Zhang Zhijun, who became Director of the Taiwan Affairs Office following Wang Yi's appointment as Minister of Foreign Affairs, held talks with Hsieh Chang-ting in Shenzhen.

<sup>30</sup> "The U.S. National Defense Authorization Act is Rude Interference in Chinese Sovereignty and Internal Affairs," *People's Daily* (Japanese edition), January 4, 2013.

that the United States opposed any unilateral actions that would seek to undermine Japanese administration of those islands.<sup>31</sup> In response, a Chinese Ministry of Foreign Affairs spokesperson declared China's strong displeasure and firm opposition to the U.S. stance, and urged Washington to exercise caution with its words and actions. Clearly reflected in this reaction is China's intense desire to keep the United States out of discussion of the Senkaku Islands and territorial issues in the South China Sea, and instead work towards resolution with only the parties directly concerned.

In developments in China's territorial disputes with Vietnam and the Philippines in the South China Sea, the Chinese government established the prefecture-level city of Sansha on Woody Island (called Yongxingdao in China) in the Paracels on July 24, 2012, and declared the islands, reefs, and surrounding waters of the Paracels, Macclesfield Bank, and the Spratlys to be under Sansha's administration. The People's Liberation Army (PLA) has also instituted a patrol zone encompassing that area, under the jurisdiction of the Hainan Province Military Region. These actions by China drew fierce opposition from Vietnam and the Philippines, as well as statements of concern from Washington, but the Chinese government subsequently began construction of wastewater treatment and garbage processing facilities on Woody Island. While these projects were launched under the pretext of environmental protection, it is clear that they are part of China's drive to bolster its effective control over the South China Sea and to legitimize its territorial claims.

As the examples cited indicate, China, buoyed by its burgeoning state and military power, is carrying out inflammatory actions in the Senkakus and the South China Sea without any concern for the friction it generates with its neighbors. Even though a stable global environment is a prerequisite for China's further economic growth, Beijing displays no willingness to budge on issues of sovereignty and territorial rights. China has maintained this stance even in 2014, and this has been particularly salient in the way China has dealt with Vietnam and the Philippines. It will be wise for the international community to more closely watch how this stance will be linked with the Xi Jinping administration's desire to alter the status quo in international relations. China's firm stance is not restricted to the East China Sea and the South China Sea. Taiwan, which is dealt with on the basis of the People's Republic of China's "one China" interpretation, is no exception.

On November 23, 2012, Fan Chiang Tai-chi, spokesperson of the Office of the President of Taiwan, released a statement regarding the inclusion of images of Taiwanese sceneries in new Chinese passports (for use from May). The statement said that the Sun Moon Lake and Chingshui Cliffs that are pictured in the passport are places under the jurisdiction of the Republic of China government and not under the control of mainland China, and that the inclusion of their images in the Chinese passport was "inappropriate."<sup>32</sup> The Mainland Affairs Council of the Executive Yuan also issued a statement, underscoring that Mainland China's inclusion of the images distorts facts and provokes controversy, while at the same time not only harms the foundation of mutual trust established through efforts by the two sides over the recent years, but also hurts the feelings of Taiwan's 23 million people, and that mainland China gives the impression of making a unilateral

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<sup>31</sup> Ministry of Foreign Affairs, Japan, "Japan-U.S. Foreign Ministers' Meeting (Summary)," January 18, 2013.

<sup>32</sup> "Luweihui pizhong tiaopi zhengyi, weiti shifo fanzhi [MAC Criticizes China]," *Ziyou Dianzibao* [Liberty Times Net], November 24, 2012.

change to the status quo.<sup>33</sup> Lin Join-sane, Chairman of the SEF, who was visiting China, lodged a direct protest against Chen Yunlin, Chairman of the ARATS.<sup>34</sup> In response to Taiwanese protests, on November 26, Yang Yi, spokesperson of China's Taiwan Affairs Office of the State Council, stated that China and Taiwan belong to the same "one China" and that China does not intend to "provoke controversy" over this matter.<sup>35</sup>

This issue concerns not only Taiwan. Through the inclusion of illustrations and maps, the Chinese passport also depicted as Chinese territory the South China Sea, where countries such as Vietnam and the Philippines claim sovereignty, as well as regions where a border has not been demarcated between China and India, sparking criticisms from relevant countries. China and India have territorial disputes over Arunachal Pradesh in northeastern India and Aksai Chin in Kashmir in northern India. According to a local Indian newspaper, India informed China that if the latter continues to publish such passports, India would issue visas imprinted with a map claiming both areas as Indian territory.<sup>36</sup> In the case that Chinese nationals try to enter the countries concerned using this passport, the countries have adopted measures, including placing entry stamps in non-passport immigration documents and issuing visas pasted on separate documents.<sup>37</sup>

Citizens of mainland China and Taiwan wishing to enter or exit the China-Taiwan border are required to have entry and exit permits, which are different from a passport. Thus, the passport issue has not given rise to any direct problems as of the writing of this paper. Nevertheless, questions are being raised to the Mainland Affairs Council, including how Taiwan would respond if China issued currency or securities with maps or illustrations of areas under Taiwanese control.

#### *Chinese and Taiwanese handling of the Senkaku Islands dispute*

On August 23, 2012, Wang Yi, Director of the Taiwan Affairs Office of the State Council, held a press conference with Taiwanese scholars attending a juristic forum on cross-Strait peace development. At the press conference, Wang Yi stated, "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. The people on both sides of the Strait have relatively the same review on the problem of the Diaoyu Islands, and exchanges and cooperation in this regard are being carried out."<sup>38</sup> On September 16,

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<sup>33</sup> Mainland Affairs Council, Executive Yuan, November 23, 2012; "Statement on Newly Issued Passport of the Chinese Mainland," *Taiwan Weekly Review*, November 26, 2012.

<sup>34</sup> "Huzhao fengbo, Lin Join-sane Chen Yunlin dang miantan [Lin Join-sane Meets Chen Yunlin over Chinese Passport Issue]," *Lianhebao, Jishi Xinwen [United Daily News, News Alert]*, The Central News Agency, December 13, 2012.

<sup>35</sup> "Huang Kunhui: Ma bu kangyi Zhongguo huzhao jiushi maiguo [Huang Kunhui Criticizes Ma Ying-jiou because Ma doesn't protest against the Chinese government about a passport]," *Ziyou Dianzibao [Liberty Times Net]*, November 27, 2012.

<sup>36</sup> "China-India Relations Flare Up Over Passport Map, India Notifies Countermeasure for China's Territorial Indication," *msn Sankei News*, November 24, 2012, 7:36 pm.

<sup>37</sup> "Fanzhi Zhongguo xinban huzhao, Indu jiagai ditu Yuenan lingfa qianzheng [India and Vietnam Take Countermeasures in Response to China's New Passport]," *Ziyou Dianzibao [Liberty Times Net]*, November 25, 2012.

<sup>38</sup> "Ma caishuo bu lianshou kangri. Guotaiban: Diaoyutai wenti liang an you gongshi [Ma Says He Won't Cooperate with China on Confrontation with Japan; Taiwan Affairs Office of the State Council PRC Says China and Taiwan Have Consensus on Diaoyutai (Senkaku) Issue]," *Ziyou Dianzibao [Liberty Times Net]*, August 24, 2012.

at a symposium on cross-Strait economic, trade and cultural exchanges held in Yunnan Province, Director Wang also said that the people of China and Taiwan must overcome their divisions and address external affairs in unison, citing the history of the anti-Japanese war in Yunnan Province.<sup>39</sup> This was implying nothing else than China and Taiwan working together in countering Japan. Dong Liwen, former Chinese Affairs Director of DPP, points out that demonstrators protesting against Japan in China included people waving the Blue Sky, White Sun, and a Wholly Red Earth flag (flag of the Republic of China). According to Dong, this was not a coincidence; China linked the act of jointly defending the Senkaku Islands to giving a stronger impression to the international community that China and Taiwan were one country, as well as to smooth the way for future China-Taiwan political negotiations by seeing the Chinese society's reaction to the political symbol of the "Chinese nation."<sup>40</sup>

On September 28, 2012, in response to questions asked at the Legislative Yuan, Cai Desheng, Director-General of Taiwan's National Security Bureau, stated that the greatest concern for the United States was Taiwan and China joining hands on the Senkaku dispute. Director-General Cai noted that the United States was no doubt an important factor in Japan's ability to take proactive actions with regard to the Senkaku Islands. He said while the United States is worried that Taiwan and China would join hands on the Senkaku dispute, Taiwan has repeatedly stressed that it would not join hands with China on this issue and the United States certainly understand and affirm this.<sup>41</sup> In the end, Taiwan signed a private-sector fisheries agreement with Japan, formally rejecting China's proposal to join hands on this matter.

### **Cross-Strait Relations from a Military Security Perspective**

#### *Taiwan's continued wariness of China's military*

On September 24, 2012, Kao Hua-chu, Minister of National Defense of Taiwan, delivered a report at the Legislative Yuan. He said that while tensions in the Taiwan Strait were gradually easing, China was developing combat capabilities against Taiwan, and furthermore, China's defense spending was seeing double-digit growth. Minister Kao forecasted that China would perfect its capacity to invade Taiwan before 2020 (e.g., ballistic missile, cruise missile, ground-launched anti-ship missile and air-defense missile, amphibious tank, and next-generation fighter) and would have tactical superiority in the first and second island chains.<sup>42</sup>

Prior to the delivery of this report, on September 2, the Ministry of National Defense of Taiwan released the "Report on Military Capabilities of the People's Republic of China" and the "Five-Year Force Restructuring and Policy Planning Report." According to the reports, the number of Chinese ballistic and cruise missiles targeted at Taiwan increased by 200 in one year

<sup>39</sup> "Wan Yi : Liangan ying yizhi duiwai [Wang Yi says China and Taiwan must cooperate about international issues]," *Lianhebao Jishi Xinwen* [United Daily News, News Alert], September 16, 2012, 6:50 pm.

<sup>40</sup> "Hui woqi fanri, xuezhe: tu zhizao liangan gongtong baodiao [Taiwanese Scholar Says Chinese Citizens Fly the Flag of ROC in Mainland China Because They Want to Jointly Defend the Senkaku Islands]," *Ziyou Dianzibao* [Liberty Times Net], September 17, 2012.

<sup>41</sup> "Duoci biaoda guanqie Cai Desheng: Mei zuipa liangan lianshou baodiao [Cai Desheng Says US Most Afraid of Taiwan and China Cooperating to Defend Diaoyutai]," *Zhongshi Dianzibao* [China Times], September 28, 2012. As a result of the signing of a private-sector fisheries agreement between Japan and Taiwan in April 2013, the possibility became remote that Taiwan would join hands with China.

<sup>42</sup> *Gazette of the Legislative Yuan*, Vol. 101, No. 53, p. 116.

to 1,600. The reports stated that Taiwan's defense capabilities were currently at their weakest,<sup>43</sup> and that China "has not renounced the use of military force against Taiwan" and was not letting its guard down.<sup>44</sup> The gravest military concern for Taiwan is saturation attack by China's short-range ballistic missiles. Taiwan lacks similar weapons for counterbalancing that threat, and its only means of defense are the three Patriot Advanced Capability-2 (PAC-2) missile batteries deployed around the Taipei area. The Taiwanese armed forces are gradually upgrading their PAC-2 units to the PAC-3 system.<sup>45</sup> Furthermore, according to media reports, the Taiwanese armed forces plan to purchase additional PAC-3 units for deployment in the island's southern and central regions, but it appears that deployment will not be completed anytime soon. Minister of National Defense Kao Hua-chu expected that four sets of PAC-3 units that the United States approved for sale would be delivered to Taiwan by 2014, and indicated the possibility of purchasing two additional sets.

While efforts to modernize the Taiwan armed forces' weapons and equipment—including the Patriot missile system—depend mainly on procurement from the United States, there are also weapons like the supersonic Hsiung Feng III ship-to-ship missile which Taiwan manufactured on its own. The Taiwan Navy's Cheng Kung-class and Ching Chiang-class vessels had been fitted with Hsiung Feng II ship-to-ship missiles (subsonic). However, they are beginning to be replaced with Hsiung Feng III missiles.<sup>46</sup> Additionally, it has been reported that the Hsiung Feng IIE cruise missile is being mass produced and is being deployed one after another. Although only ground-launched missiles currently exist, Taiwan is anticipated to also develop missile types that utilize warships and fighters as their platforms. Among them, the ship-launched missile is easier to develop on the scale of difficulty. Military analysts assess that Taiwan's completion of such missile systems is feasible as long as a budget is appropriated.<sup>47</sup>

#### *Retired Taiwanese generals of waishengren descent's affinity for the mainland*

In addition to not being able to freely modernize its weapons and develop its defense strategy, the Taiwanese armed forces also face another big challenge with regard to the island's increasingly conciliatory stance towards China. A controversy erupted when Xia Yingzhou, a retired Taiwanese Air Force general—whose service included deputy chief of the general staff and president of the National Defense University—was reported to have remarked in China that both the Taiwanese military and the PLA were Chinese armed forces.<sup>48</sup> In 2012, retired General Xia was reported to have said that while the two militaries have different principles, they both exist for the

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<sup>43</sup> "Zhonggong duitai feidan pansheng. Guofangbu dancheng muqian zhanli zuiruo [Communist China Strengthens Missile Capability; Contrary to China, MND of ROC's Present Military Power is at its Weakest]." *Ziyou Dianzibao*, *Jishi Xinwen* [*Liberty Times Net*, News Alert], September 3, 2012, 9 am..

<sup>44</sup> Ministry of National Defense, Republic of China, ed., *National Defense Report, 100th Anniversary*, 2011, p. 47.

<sup>45</sup> "Xingneng tisheng! Aiguo zhe sanxing feidan ditai bushu Nangang [PAC-3 Delivered to Taiwan and Deployed at Nangang]," *Lianhe Wanbao* [*United Evening News*], April 3, 2012.

<sup>46</sup> "Kang Zhongguo hangjian Hsiung III wancheng bushu [Deployment Completed of Hsiung Feng III Missile for Countering Chinese Aircraft Carrier]," *Ziyou Dianzibao* [*Liberty Times Net*], May 17, 2012.

<sup>47</sup> "Hsiung II xunge feidan wancheng bushu [Deployment of Hsiung Feng II Cruise Missile Completed]," *Ziyou Dianzibao* [*Liberty Times Net*], May 28, 2012.

<sup>48</sup> "Women doushi Zhongguojun rey. Lanlu tongsheng qianze Xia Yingzhou [Both KMT and DPP Condemn Xia Yingzhou over 'We are All Chinese Armed Forces' Remark]," *Ziyou Dianzibao*, *Jishi Xinwen* [*Liberty Times Net*, News Alert], June 8, 2011, 10:56 am.

unification of the Chinese nation and share the exact same goals. This again raised controversy.<sup>49</sup> More public consternation followed when a Taiwanese newspaper reported that a large group of retired Taiwanese generals had visited China for a golf social with retired PLA generals. These and similar reports of fraternization led the spokesperson of the Office of the President to state that such incidents, if true, not only do not correspond with national policy, but would undermine the morale of the Taiwanese armed forces, and that the Office of the President has no tolerance for such remarks that confuse the Taiwanese armed forces and the PLA.<sup>50</sup>

Behind this state of affairs is the historical reality that the vast majority of the Taiwanese military's senior officers are *waishengren*—Han Chinese who immigrated to Taiwan after the end of the Japanese rule and their descendants. Reportedly, the only Taiwanese defense ministers who have never visited China are Tang Yiau-ming (born in Taizhong, Taiwan) and Lee Jye (a *waishengren*).<sup>51</sup> It is also said that many retired military personnel have a sentimental attachment to China because they were born there or have relatives living there. While it appears that there no longer are any active-duty personnel who were born in China, the affinity of immigrant descendants for the mainland may still be strong, given the influence of their parents' education on them and the presence of many *waishengren* who were born in Taiwan but grew up in immigrant military personnel communities. Additionally, for at least some members of the Taiwanese armed forces, having been inculcated that Chinese unification is the ultimate goal of military service may have conversely sparked sympathy in them for the mainland.

At the same time, however, examination should be given to the question of whether contact between Chinese and Taiwanese retired generals has helped to relax cross-Strait military tensions. The Chinese organization that coordinates visits by retired Taiwanese generals, the Alumni Association of the Huangpu Military Academy, was formed to promote the unification movement. As can be readily surmised, such organizations would need to have permission from the CPC's senior leadership in order to host many Taiwanese generals—even if they are retired. Judging from this and the circumstances outlined above, the visits to China by retired Taiwanese generals may be the product of an effort by Beijing to advance unification by taking advantage of Taiwanese amity towards the mainland. Going forward, China may actively seek to create opportunities for exchanges along the lines of those frequently held among retired Japanese, U.S., and Taiwanese generals, such as open or closed symposia on security issues. As such, China may pursue such engagement in order to lay the foundation for the construction of a confidence-building mechanism in military affairs.

### *Ceaseless cases of espionage*

It appears that the Taiwanese military's sense of vigilance and opposition towards China has weakened—perhaps due to the decreased risk of actual war with the mainland—and this may

<sup>49</sup> “Xia Yingzhou you fangyan: Guojun gongjun douwei tongyi. Lu pi Ma: Fangren duijiang xuanyang tongyi [Xia Yingzhou Slips His Tongue Again, ‘the Taiwanese Military and the PLA Exist for Unification’; DPP Condemns President Ma for Allowing Retired General to Promote Unification],” *Ziyou Dianzibao* [*Liberty Times Net*], February 10, 2012.

<sup>50</sup> “Fu yu tuijiang yanlun. Wushang guojun shiqi [President's Office Urges Retired Generals Not to Make Comments that Hurt Military Morale],” *Ziyou Dianzibao* [*Liberty Times Net*], February 11, 2012.

<sup>51</sup> “Bushu mei geren doushuo mianhua...Shen Fangping fanglu ban heilian bo tongzhan [Retired Vice Admiral Shen Fangping Visits China to Refute United Front],” *Zhongshi Dianzibao* [*China Times*], June 10, 2011.

have facilitated recent cases of espionage, such as the arrest in 2011 of an active-duty major general for divulging military secrets to China (the highest-ranking officer ever to be charged for this crime) and the arrest in 2012 of a retired officer for spying for the mainland. Two retired lieutenant colonels of the reserve command were deceived by Chinese intelligence, and were arrested and indicted for leaking military exercise plan information to China. The investigations have revealed that in this case, a former head of the intelligence bureau of the army command (found dead after committing suicide) lured the two individuals.<sup>52</sup>

Furthermore, a Taiwanese newspaper dated October 29, 2012 reported that in May of that year, a lieutenant colonel who retired as head of political warfare at the Naval Meteorology and Oceanography Office, along with seven other retired officers, were bribed as spies by China. According to the report, military prosecutors already arrested and indicted the individuals on suspicion of leaking hydrographic charts and information on Taiwan's surrounding waters.<sup>53</sup> On the same day, the Ministry of National Defense announced that there was no truth to the reports that classified information was leaked to the outside, and that the case did not involve active-duty military personnel, saying that active-duty military personnel did not commit the case.<sup>54</sup>

While Taiwan and China continue to maintain close exchanges, particularly economic exchanges, intelligence activities are increasing on the military front. Following the aforementioned incident, the Ministry of National Defense summoned from their duty stations 50 officers (attaches) who were stationed overseas, and interviewed them to test their loyalty. Minister of National Defense Kao Hua-chu reported at the Legislative Yuan that no abnormalities were found during the interviews. Defense Minister Kao stated that attaches assigned overseas would be sent back to Taiwan for review once a year, in accordance with the resolution of the Legislative Yuan.<sup>55</sup>

In August 2014, it was also reported that Taiwanese law enforcement authorities were investigating Chang Hsien-yao, Vice Chairman of the Mainland Affairs Council of the Executive Yuan, for leaking classified information to China. If it is true that a senior official of the Mainland Affairs Council who is also engaged in direct negotiations with China had leaked classified information to China, this may have major consequences on future China-Taiwan relations.

### *Large discrepancies on confidence-building in military affairs and political dialogue*

On February 6, 2012, Lai Shin-yuan, Chairman of the Mainland Affairs Council of the Executive Yuan, who was visiting the United States, delivered a speech entitled, "The Republic of China's Democratic Achievement is the Core Force for Building Lasting Peace in Cross-Strait Relations," at Harvard University's Fairbank Center in Boston renowned for Chinese studies.<sup>56</sup> In his speech,

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<sup>52</sup> "*Ban gongdie sou junqing er tuiyi zhongxiao qisu* [Two Retired Lieutenant Colonels Indicted for Conspiring to Collect Military Information]," *Ziyou Dianzibao* [*Liberty Times Net*], October 24, 2012.

<sup>53</sup> "*Taiwan Kaigun no Kimitsu Joho Chugoku ni Roei? Kokubobu wa Hitei* [Taiwanese Navy Leaks Classified Information to China? Defense Ministry Denies Allegation]," *Focus Taiwan*, October 29, 2012.

<sup>54</sup> "*Guofangbu hanban Zhangxing zhongxiao an, qianghua baomi fangdie jizhi* [Ministry of National Defense Strengthens Protection of Classified Information and Counterintelligence Mechanisms]," *Junshi Xinwen Tongxunshu* [*Military News Agency*], October 29, 2012.

<sup>55</sup> "*Zhuwai junguan huitai ce zhongcheng Kao Hua-chu: mei yichang* [Defense Minister Kao Hua-chu Says No Abnormalities Found in Lie Detector Tests for Military Officers Based Abroad]," *Ziyou Dianzibao, Jishi Xinwen* [*Liberty Times Net, News Alert*], November 5, 2012, 3:59 pm.

<sup>56</sup> The entire speech (also available in Chinese) is available at: <http://www.mac.gov.tw/public/Attachment/22714483673.pdf>.

Chairman Lai stated that in the four years ahead, Taiwan will consolidate the gains achieved from institutionalized negotiations and cross-Strait agreements “to further institutionalize the ‘no use of force’ for cross-Strait, and to create an irreversible state of peace between the two sides of the Taiwan Strait.”

Chairman Lai did not give any further details, and his remarks did not go into any greater depth than what President Ma Ying-jeou had already stated. Even at that, a statement like “institutionalize the ‘no use of force’” obviously grabs media attention. It raises an issue of an entirely different order from exchanges and negotiations with China on economic, trade, and cultural affairs. Let alone there are no small number of people who hope (or are wary) that the second administration of Ma Ying-jeou who, not having to worry about re-election, will begin to take steps towards building a new cross-Strait relationship. Moreover, Taiwan will need to pay a significant trade-off to get China to agree to “no use of force.” In that regard, the chances seem remote that the cross-Strait relations will see major political and military changes in the remaining four years.

Meanwhile, China has demonstrated a forward-looking stance towards cross-Strait political negotiations. Based on Chairman Lai’s speech, Fan Liqing, spokesperson of the Taiwan Affairs Office of the State Council, stated, “We can not shelve political and military disputes between the two sides of the Strait forever.”<sup>57</sup> In response, Liu Te-shun, Vice Chairman of the Mainland Affairs Council, stated “quicker the better,” and underscored that the two sides needed to work quickly to strengthen the foundations of trust between China and Taiwan.<sup>58</sup>

## **U.S.-China and U.S.-Taiwan Relations**

### *Inter-state talks following the death of Kim Jong-il*

2012 kicked off with regional diplomacy spurred by the death of Kim Jong-il, General Secretary of the Workers’ Party of Korea of North Korea, on December 17, 2011. Following the death of Kim Jong-il, Kurt Campbell, U.S. Assistant Secretary of State for East Asian and Pacific Affairs, visited China on January 3 and 4, 2012 and held talks with Zhang Zhijun, Vice Foreign Minister, and Cui Tiankai, Vice Foreign Minister (in charge of North American affairs), and other senior Chinese officials. Following his talks, on January 4, Assistant Secretary Campbell gave a press conference at Beijing Airport en route to his next destination, the Republic of Korea (ROK). He stated, “I think the United States and China share a strong determination to maintain peace and stability. I think we both underscored how important it will be over the course of the coming months to maintain very close contact between Washington and Beijing.”<sup>59</sup> Subsequently, Assistant Secretary Campbell visited Seoul from January 4 to 6 and Tokyo from January 6 to 7 and held talks with diplomatic authorities.

### *Sino-U.S. relations: Continued dialogue and responding to the U.S. rebalancing to Asia*

China’s reaction to the U.S. policy of “rebalancing to Asia” is worth noting. From Beijing’s

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<sup>57</sup> “*Guotaiban: Liangan zhengjun wenti kezuo xiatan* [Taiwan Affairs Office of the State Council Says Taiwan and China Can Have Dialogues on Political and Military Disputes],” *Lianhebao* [United Daily News], February 16, 2012.

<sup>58</sup> “*Liangan tan zhengjun? Luweihui: shiji weidao* [China and Taiwan Discuss Political and Military Issues? MAC Says Now is Not the Time],” *Lianhebao* [United Daily News], February 17, 2012.

<sup>59</sup> “US Envoy Visits China After Kim Jong Il’s Death,” AP, January 4, 2012 <<http://news.yahoo.com/us-envoy-visits-china-kim-jong-ils-death-133654325.html>>.

perspective, the United States appears to have launched an all-out effort to build a strategic deterrence system for restraining China. In the wake of U.S. Secretary of Defense Panetta's announcement of plans to deploy six carrier strike groups to the Asia-Pacific in the future, and to deploy 60 percent of the naval fleet to the Pacific by 2020, reports from inside China indicate that the government interprets those plans as an intention by the United States to materially boost its military power. Chinese Ministry of National Defense spokesperson Geng Yansheng has criticized the United States' Joint Air-Sea Battle concept and strengthening of ties with regional allies—specifically, the rotational deployment of U.S. troops to Darwin, northern Australia—as a product of Cold War mentality. At the same time, however, Ministry of Foreign Affairs spokesperson Liu Weimin, expressing the ministry's view of the U.S. rebalancing, emphasized that the development of state-to-state relations should take into account the interests of other countries, and the peace and stability of the region. As these two pronouncements illustrate, China's reaction to the U.S. rebalancing has generally been stern from a military perspective, but has been more subdued on the diplomatic front. A senior official with the Ministry of Foreign Affairs has stated that China welcomes the constructive role played by the United States in the Asia-Pacific, and that a stable Sino-U.S. relationship is essential to the region, adding that the Pacific is big enough for both countries to cooperate and coexist with each other. Public statements such as these reveal a China that is weighing the United States as both a military rival and a partner for economic and trade cooperation. It should be noted that the U.S. rebalancing policy is also a key component of the Japan-U.S. alliance, and hence it appears that China is closely watching how Japan's policies and strategies under the second Abe administration will transform in the context of the U.S. policy shift, and is maneuvering to keep Japan in check.

From February 13 to 17, 2012, then Vice President of China Xi Jinping traveled to the United States on an official visit. The visit included a stop in Washington, where he separately met with President Obama, Vice President Biden, and senior official such as Secretary of State Clinton and Secretary of Defense Panetta. The U.S. government welcomed Xi with a level of reception normally accorded to heads of state, including firing a gun salute. The United States used the series of meetings as an opportunity to stress the importance of developing a strong Sino-U.S. relationship, urge China to be a responsible player, and point out the deterioration in the human rights situation in China. In Xi's meeting with Panetta, both sides agreed to promote exchange between their militaries. The warm reception extended to Xi appears to have been driven by a desire to build rapport with the man expected to become the next CPC general secretary, as well as to get a handle on his thinking and temperament. The meetings served a similar purpose for Xi.

In May of the same year, the fourth round of the U.S.-China Strategic and Economic Dialogue (S&ED) was convened in Beijing, with China represented by Vice Premier Wang Qishan and State Councilor for foreign affairs Dai Bingguo, and the United States by Secretary of State Clinton and Secretary of the Treasury Timothy Geithner. During the talks, U.S.-China strategic security dialogue took place following on from the previous year. In addition, both sides showed a desire to expand their framework of dialogue, as was illustrated by their agreement to engage in future discussion of issues pertaining to human rights and the Middle East, and to pursue regular talks on specific regions. Furthermore, shortly after the S&ED, human rights attorney Chen Guangcheng—who escaped from house arrest in Shandong in April and sought asylum at the U.S. embassy in Beijing—was granted permission by the Chinese government to travel to the United

States under a student visa. The decision, a compromise between a U.S. administration constantly keeping tabs on China's human rights record and a Chinese government eager to save face, served to avert a potentially volatile situation.

China and the United States have continued to engage in military exchange as well. During an official visit to Washington from May 4 to 10, Liang Guanglie, Chinese Minister of National Defense and Central Military Commission member, held talks with Defense Secretary Panetta. This was the first talks conducted by a Chinese Minister of National Defense in nine years since the previous talks conducted by former Minister of National Defense, Cao Gang-chuan. The talks resulted in an agreement to promote a stable relationship between both militaries and carry out high-level visits to each side. Minister Guanglie's visit to the United States took place during attorney Chen Guangcheng's evacuation to the U.S. embassy in Beijing, and reflected Chinese wishes that Chen Guangcheng's matter not affect the military exchanges between the two countries.<sup>60</sup>

In 2014, spotlight fell on the Chinese Navy, which for the first time was invited to participate in RIMPAC (Rim of the Pacific Exercise). China dispatched four vessels, including the destroyer "HAIKOU," which has been hailed as the "Chinese Aegis," replenishment vessel "QIANDAOHU," and a large hospital ship. The United States was seemingly sending out a message that it wished to ease the confrontational state between the two countries and build a cooperative relationship. China, on the other hand, deployed a spy ship to the displeasure of the United States. Although the spy ship operated in the high seas and was not in violation of international law, the spokesperson of the U.S. Pacific Fleet stated, "We've taken all necessary precautions to protect our critical information," and "To my knowledge, this is the first time a nation has ever sent a surveillance ship near Hawaii while also having invited ships participating in the RIMPAC exercise."<sup>61</sup>

#### *Arms supply: Focus of U.S.-Taiwan relations*

During the past few years, Taiwan has asked the United States to supply it with 66 F-16C/D fighters to replace its aging F-5E/F fleet, as well as eight conventionally powered submarines to supplement the only two combat capable ones it owns. However, China has indicated that such weapons constitute a "red line" that must not be crossed, and the United States has maintained a cautious stance regarding arms sales.

For this reason, the Taiwanese Ministry of Economic Affairs, CSBC Corporation, and some members of the Legislative Yuan have begun to propose that Taiwan build submarines on its own.<sup>62</sup> Taiwan has a basic policy of building its vessels in Taiwan. Based on this policy, CSBS has built surface vessels, such as Cheng Kung-class vessels (licensed-built based on the Oliver Hazard Perry-class) and Ching Chiang-class large patrol vessels (load displacement: 680 tons). More recently, CSBC is constructing a fuel and ammunition replenishment ship for completion in 2014. Despite not having a track record in building submarines, CSBS expresses confidence that

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<sup>60</sup> Ryouichi Hamamoto, "Beichu Ketsuretsu wo Kaihi shita Chin Kosei 'Bomei' Jiken [Chen Guangcheng's 'Asylum' Incident that Avoided Breakdown of U.S.-China Relations]," *East Asia*, No. 540, June 2012, p. 44.

<sup>61</sup> "Kantaiheiyō Godo Enshū ni Sanka no Chugoku, Johoshushukan wo Betto Haken [China Dispatches Spy Ship for RIMPAC]," *Reuters*, July 21, 2014.

<sup>62</sup> "Taichuan zhengqu qianjian zizhi ji weixiu [CSBC Proposes to Build and Maintain Domestic Submarines]," *Gongshang Shibao* [Commercial Times], March 14, 2012.

it can develop submarines on its own.<sup>63</sup> Nevertheless, a plethora of issues needs to be resolved, including designing hulls that can withstand high water pressure, finding personnel who possess strong technical skills, making high performance batteries, importing high quality raw materials, and installing precision machinery for construction and processing work. With these points to worry about, many senior members of the Ministry of National Defense have questioned from before whether the submarine can float to the surface even if it can successfully cruise underwater. It is natural that defense personnel who attach importance to the reliability of weapons react in this manner. However, Taiwan has taken some steps that seem to factor in the possibility of building submarines on its own.

An example of weapons that Taiwan purchased from the United States is the P-3C patrol aircraft, which is steadily being delivered to Taiwan: 6 aircraft in 2013; 5 aircraft in 2014; and 1 aircraft in 2015.<sup>64</sup> Currently, Taiwan possesses 26 S-2T Tracker fixed-wing anti-submarine patrol aircraft. Given that it is a very old model, the aircraft has inadequate capabilities for dealing with contemporary submarines, and furthermore, probably a considerably reduced operating rate.

Although China has criticized the United States, it has not criticized Taiwan over the sale of weapons to Taiwan after Ma Ying-jeou assumed his presidency. It can be deduced that China has revised its policy of treating and criticizing Taiwan and the United States in the same manner, judging that as long as Taiwan upholds the policy of “no independence, no unification, and no use of force,” criticizing the Ma Ying-jeou administration is not in China’s best interest.

Further still, Taiwan and the United States are negotiating towards the conclusion of a Trade and Investment Framework Agreement (TIFA).

#### *Handshake between U.S. and Taiwanese vice defense ministers at the Pentagon*

On October 1, 2012, Yang Nianzu, Vice Minister of National Defense, attended a U.S.-Taiwan defense industry meeting held in Hershey, Pennsylvania. For the first time, however, senior officials of the U.S. Departments of Defense and State did not attend the meeting, spreading rumors about U.S. dissatisfaction with Taiwan’s actions over the Senkaku Islands. In response, Vice Minister Yang visited Washington at a pace of once every one to two months, underscoring that Taiwan had close relations with the United States. The Vice Minister tried frantically to dispel rumors of a rift between the United States and Taiwan, explaining that the absence of U.S. senior officials was notified to Taiwan in advance and was due to circumstances unrelated to Taiwan.<sup>65</sup>

On the next day, October 2, following the meeting, Vice Minister Yang held talks with Ashton B. Carter, U.S. Deputy Secretary of Defense, at the Pentagon in Washington. During their 30 to 40-minute talks, the two sides exchanged wide-ranging views on mutual military actions between the two countries and touched upon a “sensitive topic.” It is worth highlighting that a photo of a handshake between the two vice ministers was posted on the website of the U.S. Department of

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<sup>63</sup> “*Taichuan: You nengli qianjian guozao* [CSBS Says it has Capability to Build Submarines],” *Zhongshi Dianzibao* [China Times], March 14, 2012.

<sup>64</sup> “*Mingnian jiaoji. Jipeng haimei gaihao. P-3C fanqianji jiang zanzhu C-130 de jia* [Hangar for P-3C Patrol Aircraft to be Delivered Next Year Still Incomplete],” *Zhongshi Dianzibao* [China Times], May 29, 2012.

<sup>65</sup> “*Yang Nianzu: Taiwan baodiao Mei weibiao yiyi* [Vice Defense Minister Andrew Yang Says the U.S. Did Not Protest Taiwan’s Campaign to Defend Diaoyutai],” *Zhongyang Tongxunshu* [The Central News Agency], October 2, 2012.

Defense, with Vice Minister Yang identified as “Taiwan Vice Minister of Defense.”<sup>66</sup>

*U.S. think tank: China will attack U.S. bases in Japan during a Taiwan crisis*

On June 4, 2012, the renowned U.S. think tank, the American Enterprise Institute (AEI), released a report entitled, “Asia in the Balance: Transforming US Military Strategy in Asia.” The report notes that military bases in Japan, the ROK, and U.S. territories in the Western Pacific are increasingly vulnerable as targets of the large numbers of precision-guided ballistic and cruise missiles China is deploying. The report goes on to predict that Chinese missiles will attack Taiwanese airfields, preventing Taiwan from controlling the Taiwan Strait. The report also states that Chinese missiles will attack U.S. air bases in Japan to prevent the U.S. Forces from supporting Taiwan.<sup>67</sup>

## Conclusion

What steps will China be taking vis-à-vis Taiwan going forward? First, China will develop closer economic and trade relations with Taiwan—the motivation being that negotiations with Taiwan will increasingly move in China’s favor if Taiwan becomes even more dependent on the Chinese economy. In this regard, China is anticipated to expand economic, trade, and investment exchanges with Taiwan, offer favorable treatment to Taiwanese businesses, and increase the number of direct flights between China and Taiwan. An increase in the number of Chinese tourists visiting Taiwan is also expected to bring significant benefits to the tourism industry in Taiwan. However, as can be observed from the difference in number of Chinese and Taiwanese export goods with zero tariff under the ECFA in the past six years, while China made concessions to Taiwan in the past, China may begin to make demands to Taiwan in the future. On November 10, 2012, Chen Deming, Minister of Commerce of China (current President of ARATS), stated, “China is requesting to Taiwan no more than the most basic most-favored nation treatment between members of the WTO (World Trade Organization), so-called ‘normal trade relations’ between global trade partners.”<sup>68</sup> At the time of concluding the ECFA, Taiwan rejected imports of 830 Chinese agricultural goods in order to protect domestic farmers, while the Chinese government made considerable concessions to Taiwan. Minister Chen’s remarks are interpreted to indicate that China will not be making concessions. In response, Chen Bao-ji, Minister of the Council of Agriculture of the Executive Yuan, expressed that while negotiations are such that parties cannot say this and that are always unnecessary or necessary, the interests of domestic farmers will always be protected and Taiwan’s interests will be given foremost priority. Nevertheless, the presence of a counterpart in negotiations is expected to force Taiwan to make concessions on some instances.

Although China has objected to the U.S. strategy of “rebalancing to Asia,” it has indicated willingness to cooperate with the United States on North Korea’s missile test launches and nuclear

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<sup>66</sup> For a photo of the handshake between the two vice ministers, see <http://www.defense.gov/HomePagePhotos/LeadPhotoImage.aspx?id=87214>; for a photo of the meeting, see <http://www.defense.gov/photos/newsphoto.aspx?newsphotoid=15624>.

<sup>67</sup> Thomas G. Mahnken with Dan Blumenthal, Thomas Donnelly, Michael Mazza, Gary J. Schmitt, and Andrew Shearer, “Asia in the Balance: Transforming US Military Strategy in Asia,” The American Enterprise Institute, June 2012, p. 11.

<sup>68</sup> “ECFA houxi xieshang / Zhongguo nongchanpin. Kong quanmian kouguan [ECFA Follow-up Talks Could Lead to Full-fledged Imports of Chinese Agricultural Products to Taiwan],” *Ziyou Dianzibao [Liberty Times Net]*, November 15, 2012.

tests, and has continued to hold S&ED and U.S.-China military exchanges. Should tensions ever rise between the United States and China in the future, it is likely that the Senkaku Islands rather than Taiwan will be the focus of the tensions.