FACING THE CHALLENGES OF CROSS-STRAIT RELATIONS IN 2012

OPENING KEYNOTE

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WELCOME:
Douglas Paal,
Vice President for Studies,
Carnegie Endowment for International Peace

SPEAKER:
Shin-Yuan Lai,
Minister, Mainland Affairs Council,
Taiwan

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DOUGLAS PAAL: Good morning, everyone. Welcome to the Carnegie Endowment for International Peace. My name is Doug Paal. I'm vice president for studies here and responsible for the Asia program. I'm very pleased to welcome you all here, so many very knowledgeable and familiar faces in the audience.

We have a very large attendee list. I suspect people will come and go through the course of the day but we look forward to you staying as long as you can. We normally have to ask you to please turn off your cell phones and your other kinds of devices. We operate on the Bluetooth principle in this building and you can easily interfere with it with your operating cell phones and BlackBerries and other machines.

It’s my privilege to kick off this conference today. We had last year a similar conference which was a breakthrough. It was the first time that we had in public, on camera people from the PRC, the United States and Taiwan all addressing these very complicated and sensitive issues of cross-strait relations.

It suggested at that time that a new level of self-confidence and comfort and discussing frankly these tough issues had been achieved in the last few years. A desensitization had occurred from the very delicate years of the period from 2000 to 2008 or even earlier to 2008. So this is our second in this series of conferences.

And I'm very pleased that we have a distinguished roster of speakers and very good topics for our common edification. But it’s my duty now, and privilege and pleasure, to welcome the chairperson of the Mainland Affairs Commission – rank of minister – and good friend, knowledgeable international figure from – everything from trade to these hot sensitive cross-strait issues. Dr. Lai Shin-yuan is a Ph.D. out of the U.K. in urban planning.

LAI SHIN-YUAN: No, development studies.

MR. PAAL: Development studies. (Laughter.)

MS. SHIN-YUAN: Well, first, international relations.

MR. PAAL: But has more than proven herself in working on international relations and therefore I think it’s a real privilege for us this morning to welcome her to offer some remarks and she has agreed to take questions and offer answers at the end of her remarks. So Dr. Lai, will you please join us?

MS. SHIN-YUAN: Sure.

MR. PAAL: Thank you. (Applause.)
international conference on facing the challenges of cross-strait relations in 2012. I'm sure we will gain precious insight and enlightenment from your collective probing into this very important subject.

During the last three years, close cross-strait relations and cooperation have brought peace and stability to the Taiwan Strait, yet there are many difficult challenges before us that need to be faced.

Looking forward, I believe that in the course of cross-strait interaction, Taiwan has a responsibility to share with mainland China the experience that we have gained from the last six decades of economic development and the process of our democratization. The Taiwan experience, particularly its core values of liberty and peace, can become a leading force in the advancement of cross-strait relations.

Today on this theme I'm telling you about the main significance and practical achievements of the ROC's mainland policies. Today, my topic is the ROC’s mainland policy. I want to stress on piloting cross-strait relations to create a peaceful environment for benign interaction between the two sides of the strait.

So in the first part of my talk will elaborate the fact that we are upholding the ROC’s democratic constitutional system while actively building peaceful and stable cross-strait relations.

The Republic of China is one-hundred years old. I've just heard yesterday that this is also one hundred years old for Carnegie Endowment Foundation, right? So happy birthday. (Laughter.) A century of development as Asia’s first democratic republic has persisted through the utmost hardship.

It has been riven by war and separation, steeped in blood and tears, embroiled in struggle for more than 60 years. The realization of the ROC's nation building ideals has taken root and blossomed in Taiwan. Our island soil, where people of many ethnicities live together, the interplay of various complex sentiments has coalesced into the common values of liberty and peace that we treasure today.

And the institution that safeguards these values is the democratic constitution of the Republic of China. Taiwan’s democratic development has budded amid the many difficulties and challenges of the situation in Taiwan Strait. After the second change of ruling party in Taiwan on May 20th, 2008, President Ma actively set about improving cross-strait relations.

On the second anniversary of his inauguration, he unveiled his idea of protecting the country by promoting peace as one of his six steps to a better Taiwan. The crux of this idea is the promotion of peace as a means of establishing a new order in the Taiwan Strait, while adhering firmly to our democratic system.

In other words, we will not compromise democracy. I want to emphasize we will not compromise democracy for the sake of promoting progress in cross-strait relations. The process of cross-strait contacts will in no way shake or undermine the ROC’s democratic constitutional system. The experience of the last three years testified to the establishment of peace and stability as the status quo in the Taiwan Strait.

The two sides have been able to interact benignly on an equal and dignified footing, putting aside of our sovereignty dispute. Government officials from both sides have sat down together to confer and negotiate. Exchanges and
interactions between our societies have expanded in every, every sphere. All of these represent a massive change from the state of hostility across the Taiwan Strait that prevailed in the past.

Moreover, in the process of cross-strait interaction, the democratic system of the ROC has not only been completely – has not only been completely unharmed, but has actually been bolstered. This state of affairs must surely stand out as a precious model in a world full of tumult, and amid the discords and conflicts in the East Asian region.

Forty years ago, John Lennon’s call to “give peace a chance” is a beautiful song – was sung out to every part of the world. It may have gone largely unheeded by politicians in most parts of the world, but his dream has been turned to reality across the Taiwan Strait in the last three years.

The conciliation in cross-strait relations has turned the threat of war into opportunity for peace and prosperity. The efforts made by the two sides of the strait to give peace a chance have been applauded around the world, and have matched the common hopes of the international community.

The second part of my talk will discuss how to make Taiwan a force for stability in the midst of historic transition. The crux of ROC’s mainland policy is to create external conditions that will enable Taiwan to develop stably. We pragmatically recognize the need to cast off Cold War thinking in cross-strait relations, and to work together to create a winning situation for both sides.

In a nutshell, it is what ancestors referred to as “turning swords into plowshares.” Our basic position in promoting cross-strait relations is the ROC – is that the ROC is a sovereign, independent country; that we will act under the framework of the ROC constitution to uphold the status quo of no unification, no independence and no use of force in the Taiwan Strait; and that we will adhere to the principle of putting Taiwan first for the benefit of the people in pursuing the improvement of cross-strait relations.

We respect the different perspectives created by the different historical experiences that the two sides of the strait have gone through over the past 400 and more years. And we will strive to reconcile step by step the estrangements and misunderstandings of the past 60-some years.

We have resurrected institutionalized cross-strait negotiations on the basis of the 1992 consensus, with each side having its own definition of the meaning of one China, while we assert that the one China is the Republic of China.

Internally, the ROC’s mainland policy must reconcile differences of opinion between the ruling and opposition parties. Externally, it must staunchly uphold the interests of our nation and our people.

Through such stance and principles, we can gradually bolster the Taiwanese people’s self-confidence in dealing with mainland China, and need not have fears about engaging in dialogue and connections with mainland China on account of its rising political and economic power.

Such self-confidence can enable Taiwan to maintain a firm attitude in continuing to improve cross-strait relations. It can turn the Taiwan Strait from being an unsteady East Asian flash point, teetering on the edge of conflict, to
instead become a buttressing force for regional stability. It can enable the two sides of the strait to interact rationally, and collaborate to achieve co-prosperity.

This is the right path to peace. We need to step steadily to go far along it. We will certainly walk along it with steady determination. I’m pleased to tell you that close to 90 percent of Taiwanese people support maintaining the status quo in all forms. This wish of the people to maintain the status quo in the Taiwan Strait is what solidly underpins the advocacy of no unification, no independence and no use of force in the ROC government’s mainland policy.

The third part of my talk will emphasize the mode of institutionalized negotiations as the cornerstone for building up mutual trust. If we cast our eyes around the world, we cannot see anything like the cross-strait relations elsewhere. In the past three years, six rounds of high-level cross-strait talks have been held, resulting in the signing of 15 agreements and the reaching of one item of consensus.

In this short space of time, the two sides have made up the past deficiency in systematic regulation. This is an historic achievement that has hardly been matched in the ROC’s 100-year existence. The signing of these agreements has exerted a push-pull effect, pushing the advancement of cross-strait interaction, and at the same time also pulling unregulated aspects of cross-strait dealings onto a sound track.

This has created active cross-strait cooperation in the economic, trade and social spheres. It has generated new prospects for internal development on both sides. And it has laid a sound basis for mutual trust and benign interaction between the two sides of the strait.

Now, cross-strait negotiations are conducted directly by government officials. After agreements are signed, mechanisms are set up for liaison between government agencies on each side, to jointly carry out the agreements and solve related problems. This kind of official-to-official and agency-to-agency conduct of business and interaction indicates that, though the two sides of the strait do not recognize each other’s sovereignty, they have already substantively entered a state of mutual non-denial of authority to govern in systematized dealings.

In this process of reciprocating and interweaving benefits, the two sides have combed out sets of rules for orderly interaction. We no longer need to resort to violent altercation, no longer have to deal with that lack of orderly arrangement. However, there are still many problems of order in cross-strait economic, trade and other dealings that affect the interests of people on both sides.

But we hope that in the future these can be dealt with partly by the negotiation and signing of further agreements, and partly by the vigorous implementation of the agreements already signed. Hi, Bonnie. (Laughter.) Welcome.

At present, the two sides are actively negotiating on investment protection and nuclear power issues. We hope to conclude agreements on these matters at the seventh round of Chiang-Chen talks. Meanwhile, the Cross-Strait Economic Cooperation Committee convened its first regular meeting on February 22nd this year, and the two sides have already launched ECFA follow-up negotiations.
We believe it is essential for the both sides of the strait to move forward in an orderly, step-by-step manner, and gradually build up experience of dealing with each other. Only thus can we solidify the foundations of mutual trust, and solve problems pragmatically.

This mode of institutionalized negotiations has a high level of support in Taiwan, receiving approval rating – approval from nearly 80 percent of respondents in public opinion surveys. The 15 individual agreements – individual cross-strait agreements that we have signed to date have also received high approval ratings of 60 – from 60 to 80 percent.

These poll results – these poll results show that the Ma administration’s mainland policy is in line with people’s – with public sentiment and the general expectations of Taiwanese society.

[00:19:10]

Ladies and gentlemen, peace is indeed the greatest dividend. In the fourth part of my talk, I will reveal why this is the case in the cross-strait peace. In our cross-strait policy, this policy has brought an enormous peace dividend. We have seen conspicuous growth and important breakthroughs in all kinds of cross-strait interflows.

For example, last year there were 1.7 million visits to Taiwan by mainland Chinese, including 1.2 million tourist visits, which was twice as many as the year before. Also last year, Taiwan’s trade with the mainland was worth US$153 billion, up 39.4 percent from the year before.

The benefits delivered by ECFA are another concrete example of the peace dividend. Our export figures show that, in the first quarter of this year, our cross-strait exports of ECFA early harvest items were up by more than 20 percent. Among these, machinery – machinery and machine tool exports were 70 to 90 percent higher, while agri-product exports to the mainland posted a 16-fold increase.

In the 2011 world competitiveness rankings issued by Swiss-based IMD, Taiwan was ranked sixth, up 17 places from two years ago. IMD stated that the signing of ECFA and the improvement of cross-strait relations were the main reasons for Taiwan’s rise in competitiveness.

In addition to the economic benefits, the improvement of cross-strait relations has also expanded the scope of external relations and participation in international activities. Currently, we are making smooth progress in negotiating an economic partnership agreement with Singapore, and we are conducting FTA feasibility studies with India and the Philippines.

[00:21:41]

Meanwhile, we have maintained stable ties with all 23 of Taiwan’s diplomatic allies. Our involvement in international bodies has been enhanced not only by our accession to the WTO Agreement on Government Procurement, but also by our admission to the World Health Assembly for three successive years after 30 years of exclusion from all UN events.

In addition to all of these positive developments, the number of countries and territories granting visa-free entry to Taiwanese citizens has more than doubled from 54 to 116 – 54 in year 2008 to 116 at present. And a colleague in the ministry of foreign affairs has told me that this number will soon increase to over 120.
Transcript Not Checked Against Delivery

The improvement in cross-strait relations has made the international community more welcoming of Taiwan’s meaningful participation in international activities. These peace benefits have at the same time alleviated mutual aversion and suspicion between the peoples on the two sides of the strait, enhanced our mutual understanding, and formed an atmosphere of goodwill that can nourish a virtuous cycle.

Of course, Taiwan also needs continued support from the international community. In the course of dealing with the recent tempest over the downgrading of Taiwan’s status in an internal WHO document, the secretary of State of the United States, Kathleen Sebelius, actively asserted to the WHO that no UN organization had the right to decide Taiwan's position on a unilateral basis.

This clear and forceful statement constitutes a key support for Taiwan’s meaningful participation in international organizations. We consider that the mode of our participation in the WHA should be extended to all WHO activities, and that Taiwan has a right and a duty to contribute to collective action by the global community.

I would like to stress again that the Republic of China is a sovereign, independent country. If mainland China wants to best develop cross-strait relations, it must positively face and respect this fact. It must understand that the gradual loss of the ROC’s identity on the world stage over the 30-some years up to 2008 was a cause of deep regret and pain to the Taiwanese people.

If Taiwan cannot enjoy meaningful and dignified participation in international activities, the Taiwanese people will continue to harbor negative views toward the mainland, and cross-strait relations will not easily be fundamentally improved.

In the fifth section, I’m going to show that Taiwan’s soft power generated by our democratic system are observational indicators of the mainland’s political and social reforms. In recent years, the rise of mainland China’s overall strength has turned it into a closely watched force in global affairs.

Taiwan and the mainland have close historic, geographic, cultural and social connections. Hence, we have paid particular attention to internal changes in mainland China during these years, especially to the reform of its political system, the problem of its rich-poor gap and the state of development of its civil society.

Addressing these structural issues is an extremely difficult task that the mainland authority will have to face up to in the course of development. We have paid attention to mainland China’s current search for a system that matches the needs of its society. And we have noted the clear statements that have emanated from the mainland authorities as to their need to rely on political reforms to secure the fruits of economic reforms.

In the past process of mainland China’s reform and opening up, Taiwanese capital and technology played a bellwether role in mainland China’s entry into the global economy, while Taiwanese investors and professional managers earned mainland China its first pot of gold from foreign trade.

Now, through the development of cross-strait relations, the Taiwan experience is exerting an even broader effect, influencing mainland China in the social and cultural realms. Taiwan is using its way of life, democratic system, to interact with the changing mainland China, and to turn its core values and soft power into a driving force for the uplifting of cross-strait interaction.
Of course, in this process, Taiwan needs to join forces with the international community’s freedom-loving countries, to ensure that cross-strait relations develop in the right direction, so that the people on both sides of the strait can share the blessings of liberty, justice, equality and other such values.

In the fifth section – in the sixth section of my presentation, I’d like to particularly stress that the security of Taiwan Strait must be jointly protected by the regional allies. Taiwan is situated in a central strategic position in the first island chain of the Western Pacific, and is closely linked into the security of the Asia Pacific.

We need the staunch support of the international community to enable us to continue exerting the optimum influence of the Taiwan experience in promoting peace in the Taiwan Strait. Although cross-strait relations have been greatly improved in dissonance with the current – there is still some risk that persists in dissonance with the current situation.

Mainland China has not yet renounced its use force against Taiwan, which remains a negative factor for peace and stability in the Taiwan Strait. In a teleconference hosted by the CSIS on May 12th this year, President Ma stated that, to face up to the challenge of mainland China, we needed to have a strategy giving due balance of weight to security and prosperity.

For this purpose, he outlined his three-pronged strategy for bolstering our national security: first, by institutionalizing cross-strait rapprochement; second, by enhancing Taiwan’s contributions to international participation; and third, by aligning defense with diplomacy to ensure that Taiwan possessed sufficient deterrent force.

Recently, some American experts have expressed the view that, as the situation in the Taiwan Strait is no longer tense, U.S.-Taiwan relations might have some – U.S.-Taiwan relations might have some impact on the development of relations between the U.S. and China.

Some have even suggested the need to review and amend the Taiwan Relations Act and military sales to Taiwan. Though these are minority views, as an American ally, Taiwan hopes that America can be pragmatic toward Taiwan as an ally. Asian security needs strong support from the international community and Taiwan should not be omitted from the defense of the liberal alliance.

At this key juncture in the development of cross-strait relations, there is all the more reason why the U.S. should attach importance to Taiwan’s power to exert a piloting influence on mainland China. The military balance in the Taiwan Strait is growing more uneven by the day. In face of this situation, it is vital for Taiwan to raise its strength, to give it greater confidence in its dealing with mainland China.

Continued support from the U.S., including the sale of essential defensive weapons, is a key factor in whether or not we will be able to effectively keep pursuing cross-strait conciliation, and is a sturdy prop for our being able to do so.

Only when our security has been safeguarded will Taiwan be able to continue making a contribution to peace across the Taiwan Strait and stability in the Asia Pacific, and be able to continue exerting its influence on mainland China to best effect.
In conclusion, ladies and gentlemen, I remember that in the Nobel Peace Prize acceptance speech, President Obama said one very – I think a very touching phrase. He said that, for peace is not merely the absence of visible conflict. Only a just peace based on the inherent rights and dignity of every individual can truly be lasting.

Therefore, to seek lasting peace, we must put the influencing force of Taiwan’s experience to optimal effect in piloting cross-strait relations. Taiwan’s strength lies in our democratic constitutional system and its defense of liberty, peace and other core values. I have to emphasize that core values will never just automatically exert an influence. They can only have a real effect on others through contact, dialogue, cooperation and mutual understanding.

My hope is that the improvement of cross-strait relations will enable Taiwan’s core values to be truly understood by the people on the other side of the strait, and even adopted as their own values. This will be a big step along the way to promoting lasting peace, and is what I mean when I speak of Taiwan’s piloting power.

Of course, we also realistically recognize that there are basic differences between the two sides of the Taiwan Strait. We know it is not possible to resolve those differences in the near term. There are still many challenges to face along the road to cross-strait rapprochement and peace.

But the government of the Republic of China will continue to communicate and interact with mainland China in a positive and steady manner. As we celebrate the centenary of the Republic of China, Taiwan is already firmly established as a bastion and model of democracy in East Asia.

The mainland policy carried out under President Ma’s leadership during the last three years is one of the most outstanding achievements in one of the world’s – by any of the world’s national leaders, and deserves to be highly commended by the international community.

President Obama and Secretary of State Hillary Clinton have expressed high approval and when I visited European Union last year, many of the European Union’s political leaders spoke praisingly to me of President Ma as a shining star of world politics.

I must stress to you all that the promotion of peace in the Taiwan Strait is also favorable to the U.S. construction of an Asia-Pacific policy that brings benefit to itself as well as to others.

The deepening and consolidation of the U.S.-Taiwan alliance, and more concrete US support for Taiwan, will undoubtedly provide a favorable foundation for the beneficial effects of America’s Asia policy.

Ladies and gentlemen, let me end by wishing you good health and happiness, and wishing this meeting of today and tomorrow the best of success. Thank you very much. Thank you. (Applause.) I think Doug gave me one hour, right? So I still have time to take a few questions. So I would welcome your views and your counsel. Thank you. (Applause.)

MR. PAAL: (Off mic.)
MS. SHIN-YUAN: Because I don’t know – maybe you can – yeah, you do that. You moderate.

MR. PAAL: I’m going to start with Mike Fonte. Please identify yourself and your affiliation when you get the microphone so that everybody can hear and that the cameras can pick up the sound.

Q: Mike Fonte. I'm the Washington liaison for the Democratic Progressive Party. Thank you, Dr. Lai, for a very energetic speech. Swords into plowshares, I think that’s a great phrase of course. There has been concern as I go around talking to administration people, to congressional people, to analysts here that the swords into plowshares has been done by the Taiwan side, not by the Chinese side.

MS. SHIN-YUAN: Sorry, I couldn’t – I can’t hear you.

[00:37:40]

MR. PAAL: Swords into plowshares.

MS. SHIN-YUAN: Oh OK, the swords into plowshares.

Q: That it has been done by the Taiwan side and not by the Chinese side and the objective reference to that is the slowdown and the diminution of the defense budget under President Ma’s administration. He promised 3 percent of GDP and has not delivered that.

In fact, the defense budget has gone down. So I guess my question to you is how do you see that aspect. How is Taiwan really showing its allies in the region, showing the United States that it is serious about its defense? Yes, invest (ph) for F-16 C/Ds but when you look at the hard facts of the budget, it doesn’t seem like Taiwan is trying its best to keep its guard up. So I’d like to ask you that question. Thank you.

MS. SHIN-YUAN: Thank you, Mike. First, I’d like to stress again that national security is of the most importance matter for – I think for any country. Our government has a very strong determination to safeguard Taiwan security. Therefore we need defensive weaponry and we need to purchase defensive weapons. So we are very – yeah, it’s – we are very determined to do so.

Regarding to our budget, in our system with regard to these – with regard to expenditures for necessary defensive weapons, these categories are a special budgetary item. So you can’t just read these annual regular budget to judge that we don’t have the determination to defend ourselves.

[00:39:27]

That’s very wrong because according to what our practice, we will. I mean, if we can secure the purchasing defensive weapon, then we will have our Executive Yuan – the government, the executive body of the government would – yeah, would have this bill to be approved by Legislative Yuan, yeah. Thank you, Mike.

MR. PAAL: Please, in the middle?

Q: Thank you, Dr. Lai.

MS. SHIN-YUAN: Thank you.
Q: Yeah, Quansheng Zhao from American University. Last four months ago, we had good discussion in Taipei during the National Chengchi University Conference. So welcome to Washington. My question here is regard – you mentioned one China policy. And recently there has been discussion over the issue whether the two sides – PRC or ROC – should not use the name PRC or should not use the name ROC, rather to use a third name.

There has been discussion like that and President Ma in June personally made some comments. So my question is what your idea about that discussion and also a different issue.

Over recent South China Sea, East China Sea, like – (inaudible) – issue with Japan and the South China Sea with others, all have overlapping claim by Taiwan as well. So my question is what’s the policy of Taiwan towards those disputes of territory with Southeast Asian nations on the one hand and also with Japan on the other hand. Thank you.

MS. SHIN-YUAN: Thank you, Mr. Zhou, right?

[00:41:29]

Q: Yeah. Zhao, Zhao.

MS. SHIN-YUAN: Zhao, regarding –

Q: Quansheng Zhao.

MS. SHIN-YUAN: Oh.

Q: Yeah, yeah, thank you.

MS. SHIN-YUAN: Thank you for your questions. Regarding your first questions or comment, I know what you are trying to get from me. (Laughter.) But I have to tell you that it’s an academic subject there you are discussing. So for all these academic subjects, I have no comment.

But I want to tell you that I did not say in my talk, in my presentation – I didn’t talk about one China policy. I did not say that. I said that we resurrected the institutionalized negotiation based on 1992 consensus with the – you know, with the – I mean, with the interpretation of one China which has, you know, different – I mean, with one China which has different interpretation, yeah.

[00:42:20]

And to us, to Taiwan, this so-called one China is the Republic of China. That’s exactly my phrase in my – in my talk. Regarding to your second question concerning South China Sea, our government stance – the Republic of China’s government stance is so clear with regarding the sovereignty issues.

These several islands in Southern China Sea, that’s our claim. You know, it’s our sovereignty. That’s our islands. So we made it very clear on this. And we think that over these disputes – these, I mean, prolonged disputed in South China Sea, it’s – yeah, this has been discussed by international communities and it should be.

It should be handled in a peaceful and also a collaborative kind of a manner. I think that's important because nobody wants war, yeah. Thank you.
MR. PAAL: Professor Michael Yahuda?

Q: Michael Yahuda, now with George Washington University. I have two questions for you, one arising out of the last one and that is since the famous nine-dotted line in the South China Sea originated from a document issued by the Republic of China in 1947, what is the stance of the Republic of China now towards those nine dots on the China Sea?

MS. SHIN-YUAN: The nine dots?

Q: Yes, the separating line.

[00:44:13]

MS. SHIN-YUAN: Which nine dots? (Laughter.) OK, you draw the picture for me.

Q: (In Chinese.)

MS. SHIN-YUAN: OK, right, thank you.

Q: And my second question is really about the negotiations with Singapore over the free-trade agreement or whatever term is used. And you emphasized in your talk the sovereignty of the ROC, the fact that because of the better relations across the strait, Taiwan now has more access to the international community and you cited the World Health Association.

MS. SHIN-YUAN: Yeah.

Q: Now see, as I understand it, the PRC has stated that any agreement on trade with Singapore such as a free-trade agreement would have to have the prior agreement of the PRC. Is that the case as you see it or wouldn’t that be rather damaging to the position that you have stated regarding the ROC’s sovereignty? Thank you.

MS. SHIN-YUAN: Thank you, Professor Yahuda. Do you remember? It’s so nice to see you. I was your student at London School of Economics long time ago. (Laughter.) So I’m really so happy to see you here. Thank you. I feel nostalgic. Thank you for your two questions.

[00:45:51]

Regarding I would address to the second question first regarding our negotiating with Singapore our economic partnership agreement. It’s going smoothly from last year and these media or some comments like to cite that, you know, whatever Taiwan needs to expand or our international space or even with this economic nature of these kind of agreements, we need to have now China’s approval.

No, this is not the case, definitely not, you know? China has say, you know, as far as we regard. China has no say on this. This is not a political issue. This is purely economic issues that Taiwan as a global – important global economic player.

We need to – we need to negotiate these types of agreements with other counties for the globalization of Taiwanese economy and also for the challenges that we faced in this trend of regional economic integration.
So it’s not true that if – if that comment was true, then there would not be a deal which now is in the process of negotiating between Singapore and Taiwan. And we are doing feasibility studies with India and the Philippines. So it’s quite – we made – the government and also President Ma and our government have made it so clear to the other side that this is our right.

This is Taiwan’s right, you know? And Taiwan’s right to be engaging in this globalization economic process also by signing of these kind of similar FTA agreements. So we don’t see any hindrance or any difficulties in front of us.

Basically, these kinds of negotiations are really based on the pure economic assessment, whether that would benefit one’s country or not. This is a very complicated but very professional economic analysis, yeah. That’s exactly what our ministry of economic affairs actually do in it, yeah.

[00:48:32]

And regarding to the South China Sea issues, I still want to reemphasize again that that’s the sovereignty. I mean, that's the territory of the Republic of China and we do not give up that claim. That's very clear. Thank you.

MR. PAAL: Next question is from Bonnie Glaser in the front.

Q: Bonnie Glaser.

MS. SHIN-YUAN: Hi, Bonnie.

Q: From the Center for Strategic and International Studies and my apologies for arriving a bit late. Minister Lai, I’d like to ask you a question about an article that was recently published which you may have read by a professor from the mainland – Chu Shulong from Tsinghua Daxue.

And it was published I think on the Brookings Institution website. And he called in this article for a political agreement on the nature of the two sides – political and governmental relations.

And I think implicit in his argument is that there needs to be a recognition by the PRC side of the Republic of China. I think this is not the first time that a mainland scholar has raised this issue. I have heard it certainly from some and I’ve actually seen it in articles previously. And I don’t mean to say that this is necessarily a trial balloon by the government.

[00:50:02]

I think it’s a good thing that scholars in China are expressing their own ideas and Chu Shulong has been doing I think a year-long project if not longer for the MacArthur Foundation. But nevertheless, it’s an interesting idea. And I’m wondering if you could comment on it. Do you think that this is something that might be the basis for discussions in a second term if Ma Ying-jeou were to be reelected? Thank you.

MS. SHIN-YUAN: Thank you, Bonnie. Again, I’d like to emphasize again that I don’t comment on these academic subject. However, I have – not only I have but I think our government and President Ma – we have continually stressed that the Republic of China – it’s a sovereign, independent country.
Even in my talk just now that I said that so clearly, that that is the fact, you know? Republic of China is a sovereign, independent country. That’s the fact. And Chinese authority, mainland China should face it. So this is our government stance and it has been very clear.

And so any – I think if any scholars or experts in the second tract from anywhere like to discuss this and face with that, I think it’s good, welcoming. You know, just Republic of China exists – I mean, Republic of China is an independent, sovereign country. That’s the existence – existing effect – and should be respected. Thank you.

MR. PAAL: We have a question from way in the back from the famous Chris Nelson of the Nelson Report.

[00:51:50]

Q: (Off mic) – I’m late coming in, my apologies. Thank you so much, Dr. Lai. I’m sorry I came in late also and I’m sorry for speaking way back here in the bleachers. The topic of the conference of course is cross-strait relations.

But in some ways one of the most important factors in that for your government is type-A Washington relations. Sometimes the management of that seems more difficult. I’m wondering your assessment of how – how you are getting along with the Obama administration. Are there some general feelings of have things improved or are there things you wish had been promised that have not happened?

And specifically, of course on this F-16 sale question that just refuses to go away, sometimes it seems as though your friends here may make your life more difficult and specifically it appears that Senator Cornyn has put a hold on William Burns’ nomination as deputy secretary of State.

Do you think that kind of tactic is going to make the administration more favorable towards an F-16 sale or would you quietly advise perhaps a little less vigor and more constructive approach on behalf of Taiwan? Thank you.

MS. SHIN-YUAN: Thank you, Professor Ling. Right? Professor Ling?

MR. PAAL: No, Nelson, Nelson.

MS. SHIN-YUAN: Nelson, sorry. (Laughter.)

[00:53:18]

Q: (Off mic.)

MS. SHIN-YUAN: Nelson, thank you. Thank you. I’m very pleased to say that I think – I mean, Taiwan-U.S., we are – we are having very close relationship and the relationship is getting along very well.

With regard to the question you are asking on military sales, I think we do not comment on these internal – other countries’ internal – these internal politics, these procedural in the parliament, in the Congress and also this relationship between the parliament and the executive body.

So I think over the last three years, particularly our policies of – our mainland policies and also the improvement, which help to improve cross-strait relations greatly, have received very high approval from Obama administration. And I think it’s also a contribution to East Asian politics.
So this is very much welcomed and endorsed. However, I already mentioned in my presentation that it is also important for Taiwan to secure our military, our weaponry purchasing so that we have more confident and more security to, you know, to continuously exert our influence in cross-strait relations in a peaceful and stable manner.

Therefore, I think – I mean, I can’t see – maybe some people would think look at these beef issues. But this is a very – I mean, these kind of issues should not harm or damage this fundamental close friendship between Taiwan and between the U.S.

[00:55:34]

And I believe that they don’t, you know? It’s a kind of technical issues that – if these kind of technical issues – it happens and two governments just have to solve it technically, yeah. So the fundamental relationship between U.S. and Taiwan are very close I believe, yeah.

MR. PAAL: Minister Lai, we have just a few minutes left. So I’d like to ask our leading Taiwan expert, Alan Romberg, first to ask his question and CTI-TV’s John Sand (ph) to ask his. Then we’ll have to wrap up. Thank you.

Q: Thanks very much and thanks for your remarks.

MS. SHIN-YUAN: Hello.

Q: I wanted to ask you about the issue of facing up to the existence of the sovereign independence of the Republic of China. You note that both sides had a mutual non-denial of the authority to govern and I think that’s pretty demonstrable. That’s true. You also note that there is mutual non-recognition, which is also true.

But I don’t see how – what is the implication of saying that Beijing needs to face up to the existence of a sovereign independent republic of China on the one hand and the realization that they don’t recognize that the Republic of China is a sovereign independent state on the other?

MR. PAAL: And John?

Q: John Sand with CTI-TV. Dr. Lai, thank you for the speech. You said that security is the top priority of every country, of every government. You have also –

MS. SHIN-YUAN: One of the top – (inaudible).

[00:57:12]

Q: One of the top, OK, and you have also called on the United States to provide defensive weapons to Taiwan and you reaffirmed Taiwan’s determination to defend itself. When do you think would be the time when you confront the source of Taiwan’s insecurity directly?

When do you think President Ma would talk to China about, you know, security, military or even political issues? I know economy first, you know, other issues later. But you have already given us 15 agreements and they are all economic achievements.
When do you think is the time when the Ma administration feels confident enough to confront China on the military and political issues? We know he is not going to talk about unification in his presidency. But confronting security and political issues is not talking unification. Thank you.

MS. SHIN-YUAN: Alan, regard with your comments, we have repeatedly emphasized that, you know, republic – ROC is an independent sovereign country and we know that. Each other – the two sides of the strait, the two countries we do not agree on each other’s – on that issue, sovereignty issues. Therefore, the policies of the both sides for the time being is that we put aside of these sovereignty disputes because we cannot resolve that, because we cannot solve it.

So we are actually having a very pragmatic and also wise attitude towards resolving all these issues which are of people’s concern economically and socially and all that, you know, because after all, any responsibility or purpose of the existence for any government is to serve their people. So it’s very important.

[00:59:20]

On the one hand, we know that – I mean, we are – ROC is an independent sovereign country but there is a dispute. So the attitude of the both sides is clear. So we can’t deal with it now. We don’t have the conditions to deal with it.

Therefore, we just put our mindset in all these difficult – these questions in economic and social affairs. Although they are not easy at all, they are also very difficult, you know.

So therefore I think our three previous – I mean, the last three years’ achievements – every process – every process of each individual agreements are very – to be honest, are very tough, you know, really very tough. But in the end we are able to reach the consensus and agreement.

So that’s the value of it. You know, both sides are learning from each other and growing this also mutual trust, although I would say that it’s not sufficient enough. So this is also going to address to your question of when are we going to talk about security and political issues. The question is not whether we are confident or not. Of course we are very confident.

But the question is whether the conditions are ripe or not. We conceded that we need to have internal and external ripe condition. Internally we need to have a domestic large consensus on whether we want to discuss these security issues or political issues, whether we want to. We can or not, you know.

[01:01:02]

And I can see that Taiwanese society, they do not agree with that yet, you know, and for a democratic government you have to – you just respect – you have to respect people’s opinion on this, particularly this of very highly sensitive and complicated area of issues.

And externally, of course although for the last three years we have gained very sufficient – not sufficient – I mean, very – a big degree of mutual trust and know each other way of thinking and each other way of doing things.

But it’s far from – it’s far short from sufficient trust, mutual trust which would enable both sides to deal with these security or political issues. So if both sides rush into that, that would be very – I think, very unwise, yeah. Thank you. (Applause.) Thank you, thank you. Thank you very –