

Cross-Taiwan Straits Relations: Opportunities and Challenges

CHU Shulong

Tsinghua University

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Cross-Taiwan Straits relations have been stable since May 2008 when the National Party (KMT) took office in Taiwan. The Mainland China's strategy towards Taiwan has also been stable since 2007, when the 17th CPC (Communist Party of China) proposed "Peace and Development" strategy towards Taiwan. The new government of China keeps the strategy.

I. Continuation of the Mainland's Cross Straits Policy

Before and during the 17th Chinese Communist Party (CCP) Congress in October 2007, President Hu and the Chinese leadership started to state "Peaceful Development" as the central theme of relations across the Taiwan Strait and Mainland China's strategy towards Taiwan. ¹

Since the 17th Party Congress, the CCP has emphasized "Peaceful Development" rather than "Peaceful Reunification" as a guiding principle of its Taiwan policy. Such a move is a major shift of Mainland China's strategy towards Taiwan. Since the "Open Letter to Taiwan People," issued by China's National People's Congress on January 1, 1979, the Mainland has been pursuing a strategy that seeks peaceful resolution. To be sure, the "Peaceful Development" strategy does not give up the final goal of "Peaceful Reunification" between the Mainland and Taiwan. The Mainland's leaders and government have always consistently insisted on this goal. But the "Peaceful Development" strategy does recognize the reality that the two sides cannot be reunited now or for quite a long time in the future. Therefore, while still pursuing the final goal of the national reunification, the Mainland now and for a relatively long time to come, will emphasize the "Peaceful Development" of relations between the Mainland and Taiwan over "Peaceful Reunification," which is now seen as a long-term goal.

The Mainland's "Peaceful Development" strategy was adopted in late 2007, when Taiwan was under the rule of President Chen Shui-bian and the Democratic People's Progress Party (DPP). The strategy has continued since President Ma Ying-jeou came into office and his Kuomintang (KMT, the Nationalist Party) retook power in May 2008. The policy has led to a steady progress in cross-strait relations since then.

Since Ma's reelection for a second four-year term in January 2012, Mainland China has continued to implement its "Peaceful Development" strategy towards Taiwan and cross-strait relations. The Mainland leaders and government have consistently restated

¹ Hu Jintao: Report to the 17th CPC Congress, *China Daily*, October 15, 2007, p.1.

their view and position on many occasions in the few months after Taiwan's election.

The 18th Congress of the CCP held in November 2012, set the general guidelines of the Mainland's Taiwan policy for the next five years. The report presented by Party's outgoing General Secretary Hu included a relatively large section on Taiwan that clearly stated that the Mainland's "Peaceful Development" strategy's long-term goal remains the national reunification of China:

"To resolve the Taiwan question and achieve the complete reunification of China is an irresistible historical process. Peaceful reunification is in the best interests of the Chinese nation, including our compatriots in Taiwan. To achieve peaceful reunification, we must, above everything else, ensure the peaceful growth of relations between the two sides of the Taiwan Straits. We must adhere to the principles of 'peaceful reunification' and 'one country, two systems' and the eight-point proposal for developing cross-Straits relations and advancing peaceful reunification of the motherland. We must put into full practice the important thought of the peaceful development of cross-Straits relations, consolidate and strengthen the political, economic, cultural and social foundations for such a development, and create even better conditions for achieving peaceful reunification."²

This report also restated "One China" as the fundamental principle of the cross-Taiwan Strait relations:

"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."³

The Party Congress report indicates that the Mainland will continue to expand economic and social ties across the Taiwan Strait in the future. The Mainland seeks to support cross-strait exchanges and deepen economic cooperation to increase common interests. In addition, it also undertakes to expand cultural exchanges to enhance a common sense of national identity, and further people-to-people contacts to cultivate mutual goodwill. It further pledges to promote consultation on an equal footing and strengthen institutional building. The CCP hopes that the two sides will jointly explore cross-strait political relations and make reasonable arrangements under the special condition that the country is yet to be reunified. It hopes the two sides will discuss the establishment of a cross-strait confidence-building mechanism for military security to maintain stability in Mainland-Taiwan relations and reach a peace agreement through consultation so as to open a new horizon in advancing the peaceful

² Hu Jintao, Report to the 18th Congress of the Chinese Communist Party, *China Daily*, November 18, 2013, p.4.

³ Hu Jintao, Report to the 18th Congress of the Chinese Communist Party, *China Daily*, November 18, 2013, p.4.

development of these relations.⁴

The new Mainland leadership that was elected at the 18th CCP Congress is likely to be more supportive of cross-strait economic and social integration. Compared with previous Mainland leaders such as Jiang Zemin and Hu Jintao, Xi Jinping worked for a long period of time at the local level including seventeen years in Fujian, the Mainland's province nearest to Taiwan. He has developed close contacts with Taiwan. This experience gives Xi Jinping a better knowledge and understanding of Taiwan, its business people and society, as well as the importance of cross-strait relations.

During his first meeting with a Taiwanese leader as Party General Secretary, Xi told the visiting Honorary Chairman of the Kuomintang Lien Chan in February 2013, that the new leadership will continue to promote the peaceful development of cross-strait relations. Recalling the time when he worked in Fujian, Xi mentioned that he often met with Taiwan compatriots and befriended many of them; the first Taiwan chamber of commerce on the Mainland was established in Xiamen city in Fujian. He also reported that he helped solve many problems for Taiwan compatriots and was viewed positively by many of them. "I dealt with things related to Taiwan almost every day when working in Fujian province," Xi said, adding that he still paid close attention to cross-strait ties after leaving Fujian to work in Zhejiang and then Shanghai.⁵

During his meeting with the visiting delegation led by Wu Poh-hsiung, Honorary Chairman of the KMT on March 22, 2012, President Hu said that "The peaceful development of relations has won support from both Taiwan residents and the international community." Hu stressed that promoting the peaceful development of the cross-straits relations is in agreement with the trends of our times. The two parties, the Mainland and Taiwan, should push forward cross-straits relations "along the correct path," "deepen the cooperation, and try to make new progress."⁶ "The Mainland will continue to push peaceful development as the central theme, creating new situation and development of peace and development in the relationship."⁷ Hu urged the two sides to enhance relations through more cultural and economic exchanges and make progress "hand in hand like a family."⁸

II. Issues, Opportunities and Challenges

It is almost certain that both the Ma Ying-jeou government and the Mainland China leadership will continue the policies and approaches on cross-strait relations that they

⁴ Hu Jintao, Report to the 18th Congress of the Chinese Communist Party, *China Daily*, November 18, 2013, p.4.

⁵ An Baljie, "Cross-Straits Relations 'Will be Boosted'," *China Daily*, February 26, 2013, p.1.

⁶ Zhao Yanan and Tan Zongyang, "Closer Relations Welcomed," *China Daily*, March 23, 2012, p.1.

⁷ Ibid, and Wu Yaming: "Hu Jintao Met Wu Po-hsiung," *Renmin Ribao* (People's Daily), March 23, 2012, p.1.

⁸ Zhao Yanan and Tan Zongyang, "Closer Relations Welcomed," *China Daily*, March 23, 2012, p.1.

have pursued since Ma took office in 2008. So peace, stability, development, and progress are likely to continue as the watchwords in the relationship. However, because of constraints inside politically divided Taiwan, the agendas and progress of cross-strait relations will be limited to some degree and limited to certain areas the next several years. Most progress is likely to continue to occur in the area of economic and social areas. There may be some new agreements in the cultural and educational fields. But there is no significant possibility of negotiation over political issues. The conclusion of a “peace agreement” will probably remain out of reach. And since there will be no political talks and peace agreement, then there will hardly be any progress in the areas of Taiwan’s international space, or major steps in military and security areas, including in the establishment of confidence building mechanisms (CBMs) across the Taiwan Strait.

II-1. The Political Framework of the Relationship and Political Talks

Ma Ying-jeou stated during his first term that Taiwan might open political talks and negotiate a “peace accord” with the Mainland in his second term. When he raised this possibility during his reelection campaign, it drew much criticism in Taiwan. Because of the serious political division inside Taiwan on the cross-strait relations and the harsh electoral competition, Ma retreated. During the 2012 campaign, at one point he said that, if he were reelected, he would not hold such talks or negotiate such an accord. Also during the campaign, he put various preconditions to the opening of this type of negotiation, including requiring a referendum in Taiwan to approve any such accord.⁹

The Mainland government held the 2013 annual “Meeting on Taiwan Work” in February. Yu Zhengsheng, the new CCP Politburo Standing Committee member in charge of Taiwan affairs, confirmed that the new leadership will follow the guidelines set by the 18th Party Congress, fully implement peaceful development thinking, and strengthen the political, economic, cultural and social foundation of peaceful development across the Taiwan straits.

Because of the hesitations and political divisions on the Taiwan side, the Mainland leaders and government have ceased talking about political talks and a peace accord. Beijing has not mentioned anything about them since early 2011. Beijing remained quiet on these issues during the 2012 presidential and legislative campaigns and elections in Taiwan. And this silence has continued since Ma’s reelection.

Therefore, it seems that the two sides have reached another consensus about their relationship for Ma’s second term: that there will not be formal political negotiations, let alone a “peace accord” as the outcome of such a negotiation.

⁹ Chen Jianxing, “2013 Meeting on Taiwan Work Held in Beijing,” *Renmin Ribao* (People’s Daily), February 20, 2013, p.1.

However, as Ma Ying-jeou and tMainland officials have said before and after the January 2012 election, the two sides can engage in some political talks without formal negotiations over political relations, and can reach various agreements to ensure the peace across the Taiwan Straits without concluding a formal “peace accord.”

In fact, beginning shortly after the January 2012 election, high level talks between the two sides reached some quite significant agreements and made important progress. The Hu Jintao-Wu Poh-hsiung CCP-KMT talks produced a statement that “both sides belong to one China” in March in Beijing, and the talks between Vice-Premier Li Keqiang and Vice-President-elect Wu Den-yih in Boao in April 2012 yielded additional progress.

During the meeting between Hu Jintao and visiting Honorary Chairman of KMT Wu Poh-hsiung, the two leaders stressed the reorganization of the “1992 Consensus,” a crucial concept that holds that both sides of the Taiwan Straits adhere to a one-China principle.¹⁰ The 1992 Consensus is a significant basis for cross-strait talks and peaceful development. although the Mainland and Taiwan have not yet been unified, Chinese territory and sovereignty remain intact, and the fact that both Taiwan and Mainland belong to one China has not changed. “Confirming this fact is agreeable with the existing laws and regulations, should be able to do to the two sides.” “Maintaining the one China framework would be beneficial to enhance the mutual political trust, to the stability and development of cross-strait relations,” Hu said.¹¹

Envisioning new opportunities in future cross-strait exchanges, Hu stressed that “enhancing mutual political trust” remained the key issue and major driver for the development of cross-strait ties. And the condition for enhancing mutual political trust is to maintain to the “1992 Consensus” firmly and oppose “Taiwan independence.” The two sides should take more actions, make greater efforts, Hu added. He also said that the two sides should push forward cross-strait relations and strive to achieve breakthroughs, including substantial progress in exchanges in the fields of industry, education and culture.¹²

Wu said during his meeting with Hu Jintao that the KMT’s Mainland policy is also to maintain the “1992 Consensus” and oppose “Taiwan independence.” He insisted that the “1992 Consensus” is the most important mutual political common denominator between the KMT and the CCP. Cross-strait relations are not state-to-state relations. On the basis of each side’s existing systems and relevant regulations, both Taiwan and the Mainland hold to a one-China principle, seeking common ground and reserving(?) their differences. As Wu put it, the common ground is that “both sides across the strait belong to one China”; while facing the reality of our differences, we put our disputes

¹⁰ Zhao Yinan and Tan Zongyang, ‘Closer Relations Welcomed,’ *China Daily*, March 23, 2012, p.1.

¹¹ Ibid, and Wu Yaming, “Hu Jintao Met Wu Po-hsiung,” *Renmin Ribao*, March 23, 2012, p.1.

¹² Ibid.

aside.¹³

At the Mainland's Taiwan Affairs Office press conference on March 28, spokesman Yang Yi summarized the outcome of the meeting between Hu Jintao and Wu Poh-hsiung. Yi said that the two sides had expressed their principled position to uphold the "1992 Consensus" and oppose "Taiwan independence," and formulated a clearer, common acknowledgement of the one China principle. Yi added that the two sides had stated that cross-Taiwan Straits relations are not state-to-state relations, and they maintain a "one China" position and on this basis, would "seek common grounds and keep their differences." The common ground is that "both sides across the strait belong together to one China (*Liang'an tongshu yi Zhong*), and put aside the differences.¹⁴

According news media reports in Taiwan and the Mainland, Wu Poh-hsiung proposed the "One Country, Two Regions" concept during his visit in Mainland in March 2012. He said that the legal foundation for Taiwan conducting relations with the Mainland is the *Regulations on the Relations of the Peoples cross the Straits*, proposed by the Lee Teng-hui Administration and passed by Taiwan's Legislative Yuan (LY) in the early 1990s. According to Wu, the foundation of the regulations is a legal framework of "One Country, Two Regions." According to the law, the regulations, the part of the Taiwan government in charge of cross-strait relations is the Mainland Affairs Council, not the Ministry of Foreign Affairs; this makes clear that cross-strait relations are not state-to-state relations.¹⁵

Originally it was the Taiwan side that proposed and asked for political talks and the conclusion of a "peace accord". Taiwan made this proposal during the Lee Teng-hui and Chen Shui-bian eras in the 1990s and the early 2000s. The Mainland side did not reply to this call for long time, but after Hu Jintao took office and after Ma took office, the Mainland side started to call for talks on a peace accord. For some time after 2008, Beijing, and perhaps the Ma administration itself, expected that such negotiations would take place during Ma's second term.

During his meeting with the visiting Wu Po-hsiung in June 2013 in Beijing, Mr. Xi Jinping said "both sides must take more positive measures to enhance overall communication in economic, scientific, cultural and educational sectors."¹⁶ He did not mention nor pressure Taiwan side for "political talks or agreement.

The new Mainland's Director of Taiwan Affairs Office Mr. Zhang Zhijun seems to understand the difficulty for political talks between the two sides. He said at the a cross straits relations seminar in Fujian in March 2013 that existing political factors

¹³ Wu Yaming, "Hu Jintao Met Wu Po-hsiung," *Renmin Ribao*, March 23, 2012, p.1.

¹⁴ Wu Yaming and Lu Ang, "TAO Holds Regular Press Conference," *Renmin Ribao*, March 29, 2012, p.4.

¹⁵ Xiao Shiyuan and Yao Binbin, "Wu Bo-hsiung Proposed 'One Country Two Regions' Concept in his Meeting with Hu Jintao," *The Global Times*, March 23, 2012, p.10.

¹⁶ An Baijie, "Nation's Rise a Common Goal," *China Daily*, June 14, 2013, p.1.

have made cross-straits ties more complex and difficult to resolve, and both parties should think about how to address the problems. He encouraged academic circle from both sides to search for possible means of political dialogue and reach a deeper consensus.¹⁷

Now the Mainland side seems to have given up any expectation for formal political talks during Ma's second term. Partly, the Mainland side believes that, given the reality of politics inside Taiwan, such negotiations could not bear any fruit. For now, in Beijing's view, the two sides cannot reach any agreement or consensus better than the "1992 Consensus." However, the Mainland side believes that Beijing and Taipei can still address political issues without holding formal political talks, and even make some further progresses through informal talks. Meetings in 2012 between Hu Jintao and Wu Poh-hsiung in Beijing and between Li Keqiang and Wu Den-yih in Boao have demonstrated that this is possible. Therefore, it is likely that, in the remainder of Ma's second term, the two sides will continue to discuss political issues without engaging in formal political talks, and reach some agreements and consensus without concluding a "peace accord" or superseding the 1992 Consensus.

DDP so far has not accepts or recognizes the "one China principle" or the "1992 Consensus," then they may turn down those agreements between Taiwan and Mainland China during the KMT rule. However, many DPP leaders and people have found that they have to deal with "one China" issue and "1992 consensus." in fact the party has tried to find someway to deal with it. It cannot turn down the principle and consensus totally, even it will take power again in Taiwan in 2016.

II-2 Economic Arena

In March 2012, Hu Jintao said that the two sides across the strait should actively promote the various remaining ECFA (Economic Cooperation Framework Agreement, signed in June 2010) follow-on negotiations to reach agreements, push for substantial progress in cooperation in industrial (and other?) sectors, and actively enlarge mutually beneficial cooperation in the financial field.¹⁸

Premier Wen Jiabao said in the *Government Work Report* to the NPC in March 2012 that the Mainland would push forward economic relations with Taiwan in three areas: (1) deepening comprehensive cooperation in financial areas; (2) promoting negotiation on the follow-on agreements to ECFA; and (3) speeding up construction of the "Western Region of the Straits" in Fujian Province.¹⁹

Li Keqiang emphasized stronger economic cooperation with Taiwan when he met Wu

¹⁷ An Baijie, "Exchanges to Improve Ties with Taiwan," *China Daily*, March 24, 2013, p.1.

¹⁸ Zhao Yanan and Tan Zongyang, "Closer Relations Welcomed," *China Daily*, March 23, 2012, p.1.

¹⁹ Wen Jiabao, "Governmental Report to the People's Congress", *Remin Ribao*, March 16, 2012, p.4.

Den-yih in early April 2012 in Hainan Island during the Boao Forum. Li said that follow-up negotiations on ECFA, should be pushed forward, so as to reach an agreement on investment protection and promotion as quickly as possible.²⁰ (An agreement on this issue was reached in 2013.(?))

Li also called for the establishment of a currency-clearing system between the two sides, hoping to see more cooperation in the fields of banking, securities, and insurance. “We encourage and support capable Mainland enterprises to invest in Taiwan”, Li said to Wu, urging that the necessary environment be provided.²¹

Li Keqiang promised continued support for Taiwanese enterprises in the Mainland, the protection of their legal rights and increased market access. “We will continue to listen to opinions from grassroots Taiwan people, such as small-and medium-sized enterprise owners, farmers and fishermen, to get to know their wishes and address their concerns to improve cross-Straits ties,” Li said.²²

One new progress in economic area across the straits is the sign of the service trade pact in June 2013 in Shanghai. According to the agreement, the mainland will open 80 service sectors to Taiwan, while Taiwan will open 64 sectors to the mainland. The sectors include those related to commerce, telecoms, construction, environment, health, tourism, entertainment, culture, sports, transportation and finance.²³

The economic ties between the two sides across the strait likely will continue to develop during the next few years, and this is the interest of the both sides. However, there are limits to how far the development of close economic relations can go. Progress will very much depend upon the Mainland’s ability to shift its economic development from an export- and investment-led growth model to a domestic consumption-driven model. If the Mainland can shift its growth model, then the Mainland market will be bigger for Taiwan’s exports and investment in the future.

The Taiwanese market may become more open to Mainland goods and investment in the coming years, particularly after both sides implement a long-discussed investment protection agreement and other following up agreements under ECFA. However, the Taiwan market will remain limited for the Mainland. Although highly developed, Taiwan’s economy is small compared to the Mainlands. Taiwan does not have the natural resources, including energy products, that the Mainland economy badly needs to import. The Mainland side has also been strong in infrastructure building, as it has demonstrated in Africa and other places in the world. But Taiwan’s infrastructure is already quite developed.

With labor-intensive manufacturing (a comparative strength of Mainland enterprises)

²⁰ Qin Jize, “Economic Relations Benefit Both Sides,” *China Daily*, April 2, 2012, p.3.

²¹ Ibid.

²² Ibid.

²³ An Baijie, “Cross-Straits Service Sector Pact Called For,” *China Daily*, August 14, 2013, p.3.

offering few investment opportunities in Taiwan, the main areas Mainland businesses can develop in Taiwan are likely to be service industries, such as financial services, hotels, restaurants, travel and other services.

II-3 Social and Cultural Relations

During his meeting with Wu Poh-shuing in 2012, Hu Jintao called for more cultural exchanges, promoting the **reorganization** of Chinese culture and the Chinese national spirit in order to strengthen the Chinese identity of the Taiwan people. Hu called for the two sides to consider signing relevant agreements in the fields of culture and education, promote the institutionalization of cultural and educational exchanges, and move those exchanges to higher levels.²⁴

In his report to the National People's Congress annual session in March 2012, Premier Wen Jiabao developed the same idea, emphasizing that the Mainland would actively enlarge cultural and educational exchanges, in order to promote closer contacts and feelings and a greater integration of interests between the people on both sides of the Strait.²⁵

During his meeting with Wu Den-yih in April, Li Keqiang also called for increasing exchanges in non-economic areas. He hailed the expansion of Taiwan's individual travel program, saying it would boost mutual understanding and promote local tourism.²⁶

On April 1, 2012, Taiwan agreed to allow residents from the ten cities of Tianjin, Chongqing, Nanjing, Hangzhou, Guangzhou, Chengdu, Jinan, Xian, Fuzhou and Shenzhen to visit the island as individual tourists. This expanded a program that had been in place for residents of Beijing, Shanghai, and Xiamen since July 2011. As a result, the number of tourists from Mainland China traveling to Taiwan will continue to increase. This will bring additional economic benefits to Taiwan. The social impact may be more mixed. Some problems come with closer engagements between the two societies. Tourism does not automatically bring people closer together.

In the areas of educational and cultural exchanges, the Taiwan side, especially the Pan-Green Camp, have some concerns about the political implications that may emerge from such exchanges. They also worry about what they see as the Mainland's "united front strategy" in the areas of cultural and educational exchange, seeking to undermine the sense of a separate identity in Taiwan that the Pan-Green often emphasizes.

²⁴ Wu Yaming, "Hu Jintao Met with Wu Po-suihong," *Renmin Ribao*, March 23, 2012, p.1.

²⁵ Wen Jiabao, "Governmental Report to the People's Congress", *Remin Ribao*, March 16, 2012, p.4.

²⁶ Qin Jize, "Economic Relations Benefit Both Sides," *China Daily*, April 2, 2012, p.3.

In April 2013, Mainland leader Mr. Yu Zhengsheng called that both sides should work hard to reach afterwards agreements of ACFA, promote to establish offices on each side, and the signing of the agreements on science and education cooperation across the straits.²⁷

Limitations regarding the scope of educational and cultural exchanges between the two sides have persisted into Ma's second term. In the area of education, Taiwan has some good universities and, for Mainlanders, studying in Taiwan is closer, more convenient in terms of language, and cheaper than studying in most places overseas. Around 300,000 Mainland students study abroad every year. As restrictions have eased, there will be some increase of the number of Mainland youth studying in Taiwan in the future. However, there are factors limiting interest on the Mainland side. Most Mainland students still prefer to go to North America, Europe, Australia, New Zealand or Japan. Because Taiwan is not so different from the Mainland, its universities are less attractive to those Chinese students who seek a more "foreign" experience. And obtaining a Taiwanese academic degree does not give a big advantage to Mainland students, when they try to get jobs back home, over having studied at a Mainland university.

II-4 Taiwan's "International Space"

Beijing and Taipei have made some progress in diplomatic areas since 2008. They have engaged in an unwritten "diplomatic truce": while Taiwan does not pursue independence, the Mainland does not seek to reduce further the number of the nations having diplomatic relations with Taiwan.

Taiwan has also made some gains, with China's acquiescence or support, in term of "international space." It has gained access as an invited observer at the World Health Assembly meetings and has joined the World Health Organization's International Health Regulations. And, after ECFA, Taiwan has engaged in free trade agreement talks with some countries in Asia, such as Singapore.

As the peace and development persists for cross-strait relations, Taiwan may enjoy a larger international space. However, it is likely to remain very limited. So long as the two sides will not engage in formal and comprehensive political talks or sign a peace accord, they will not be able to reach a general and overall understanding and negotiate a broader agreement on diplomatic and international space issues. Absent progress in these areas, Beijing will not agree to let Taiwan gain much greater international space. Since international space is a political issue and since Beijing and Taipei are unlikely to initiate formal and comprehensive political talks in the near term, they will only negotiate additional international space for Taiwan on a case by case basis. Because not many cases are likely to be discussed on this basis,

²⁷ Wu Yaming, "Yu Zhengsheng Met Delegates and Gave Speech," *Renmin Ribao*, April 26, 2013, p.1.

Taiwan's international space will not expand very much.

The Mainland always has had two major concerns about the Taiwan's pursuit of international space. The first is the "One China Principle." The Mainland worries that if Taiwan engages in too many international activities, then it might lead to a de facto situation of "two Chinas" or "One China, One Taiwan" situation, transgressing the basic line of the Mainland's "One China" principle. Second, the Mainland understands that Taiwan is place with elections and partisan party politics, meaning that no one party is likely to remain in power indefinitely in Taiwan. As a result, the Mainland must be concerned that the DPP or other Taiwan pro-independence forces may rule Taiwan again in the future. Thus, if the Mainland grants Taiwan too large an international space when the Pan Blue is in power and when the relationship is good, the Pan Greens can also use this additional space to pursue Taiwan independence once they are back in power. Therefore, the Mainland always feels that it is necessary to impose some constraints on Taiwan's pursuit of international space even when cross-strait relations are developing positively as they have been during Ma's leadership in Taiwan.

II-5 Security/Military Relations and CBMs

In recent years, both Mainland and Taiwan leaders, officials and sometimes military officers have talked about the need to establish confidence building measures (CBMs) and address other security issues, such as the missiles deployed against Taiwan. On the Mainland side, President Hu Jintao proposed that the two sides "engage in contacts and exchanges on military issues at a proper time," and explore the setting up of a mutual military trust system. This would stabilize the situation across the Taiwan Straits and ease worries over military security. He made this gesture in his statement on December 31, 2008 in Beijing.²⁸

However, in the next few years, whether the two sides will make any progress in the security area or on CBMs is quite uncertain.

The key issue here is who wants CBMs or security talks? Sometimes, some on the Taiwan side (who?) suggest that the Mainland side wants them. There is no clear evidence to support that argument. Because, in the Mainland's view, the situation across the Taiwan Strait is and will remain stable so long as the Taiwan side does not pursue independence. Therefore, to the Mainland, the security issue across the Taiwan Strait is a political issue and a question of political choices that might be made in Taiwan, not a military or security issue. While there is peace and stability across the strait and Taiwan does not seek independence, there will be no danger for military engagement and incidents. Since, under these conditions, each of the two armed forces would exercise self-restraint in their military activities in the strait, there is no pressing need for any confidence building measures, as the Mainland sees it.

²⁸ Wu Jiao, "Hu Proposes Cross-Straits Military Ties," *China Daily*, January 1, 2009, p.1.

The Mainland's basic position is that in the absence of formal political talks and negotiations for a peace accord, there is no need, and no interest, from the Mainland side in talking and doing more to address more specific areas or issues of security, military relations, CBMs, missile deployment, and international space of Taiwan. Because, after all, in the Mainland's view these are all political issues, and require formal and comprehensive political talks and agreements as a basis for addressing them. Since the Taiwan side is not prepared to enter into such formal political talks, the Mainland side is not willing to talk with Taiwan on those specific political issues that the Taiwan side wants to address and has a strong interest in addressing.

III. Conclusion

The peak of Taiwan independence movement has been gone. Because after the hard try of Mr. Chen Suibian and his government during the eight years between 2001 and 2008, most people on the three sides, Taiwan, Mainland, and the U.S., have recognized that Taiwan's independence is impossible. The DPP will continue to say soemthing about the Taiwan independence, partly to keep their support from the deep green, but they know they can do little to push for the independence. Peace and development have become reality of the cross-Taiwan straits' relations, thus it will remian stable and unchange in the future, even the DPP will take power in Taiwan again in 2016 or 2020. For the Mainaland side, it has also recognized that peace and developement are the best situation it can get with Taiwan for a period of time, and it serves the long-term interests of peacefu reunification. Therefore, the Mianland under President Xi Jinping will conitue to follow the strategy, and try to make more progress, including political talks, with the framework of peace and development.