

Taiwan & China: The Cross-Strait Diplomatic Truce in the Pacific

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Published: October 27, 2014

The cross-Taiwan Strait diplomatic truce that has swiftly materialized since 2008 creates a win-win-win situation for not only China and Taiwan, but also the Pacific Island Countries (PICs). On one hand, Taipei and Beijing, the two patrons that used to compete to outbid each other for diplomatic allegiances of these island countries, get to save their valuable resources. On the other hand, as no-strings-attached money aimed only at buying off diplomatic loyalties dies down, chances for corruption in the recipient countries decrease. This means a window of opportunity is surfacing for the Pacific Island states to more scrupulously use foreign aid to the benefits of their general public. Therefore, perhaps counterintuitively, the South Pacific region would not benefit from a return by China and Taiwan to fierce financial competition. In fact, a breakdown of the tenuous cross-Strait diplomatic truce would serve no party's interests, including the PICs.

The current cross-Strait diplomatic truce developed because it serves Taipei and Beijing's mutual interests. For Taiwan, a zero-sum bidding game against an exponentially powerful China has proven to be to be an uphill struggle and will likely to become even more so. With an economic scale over fifteen times that of Taiwan, a permanent seat in the United Nations Security Council, and an increasingly robust military-industrial complex, China has economic, political, and military patronage resources at its disposal that Taiwan has no way to compete with. Since 2008, the incumbent Ma Ying-jeou Administration in Taiwan has articulated a new approach to

foreign aid that emphasizes humanitarian assistance, in a bid to polish up Taiwan's image as a benevolent and responsible member of the global community and occupy the moral high ground in its struggle for international breathing space. This shift in approach reflects not only a fresh new thinking in the country's diplomatic strategy but also the hard reality that a dollar-to-dollar match against China is no longer sustainable.

Though not obvious at first glance, China also gains from the diplomatic truce. While certainly having the wherewithal to buy off all Taiwan's remaining diplomatic allies in the South Pacific region, the marginal value to Beijing of depriving Taipei of any more diplomatic recognition is dwindling. China knows that with only twenty-three countries (none of them primary powers) officially recognizing Taipei and few else willing to do so at the risk of incurring Beijing's wrath, a *de jure* Taiwan independence through international recognition is a pipe dream.

In contrast, the marginal value to Taiwan of keeping its remaining official diplomatic relations from dropping to zero will increase if the number of allies goes down further. Taiwan needs to maintain at least some international recognition of its statehood to avoid the appearance that cross-Strait disputes are solely an internal affair, for the sake of heightening China's political costs of a forceful takeover. If the price Taiwan is willing to pay for keeping diplomatic recognition goes up, the price tag that China has to match increases in tandem, against a backdrop of diminishing marginal value from the money it spends. This mismatch of costs and benefits simply means China would be wasting its resources by continuing to compete for allegiance--resources which are abundant but certainly not unlimited.

Therefore, common interests exist between China and Taiwan to enact a tacit diplomatic truce in the South Pacific region. However, both sides were able to carry out this mutually beneficial armistice only after a basis of cooperation was created, and this basis was the Chinese Communist Party (CCP) and the Kuomintang's (KMT) broader common interests in countering the Democratic Progressive Party's (DPP) aggressive push toward Taiwan independence.

For the KMT, after its two defeats in the 2000 and 2004 presidential elections in Taiwan, the party decided to move to occupy the middle ground of the unification with China vs. independence of Taiwan political spectrum to counter the DPP's pro-independence stance. The move was pragmatic and opportune. On one hand, without the halo of its former charismatic leader Lee Teng-hui (who was the first native Taiwanese elected to the presidential office in Taiwan), the KMT could no longer compete with the DPP (which had no baggage of a Chinese origin) by appealing to a Taiwanese identity.

Furthermore, the DPP administration's aggressive manipulation of the identity issue and pro-independence gambits during its time in office between 2000 and 2008 brought constant cross-Strait tension and Chinese saber rattling. As a result, voters became fatigued by and even detested the identity politics, which intertwined with the issue of Taiwan's eventual political relations with China. Opinion polls had shown that the number of Taiwanese who favored maintaining the status quo of the cross-Strait relations and kicking the thorny can of Taiwan's political status down the road jumped during the DPP's rein. The KMT thus took a more explicit tone against the DPP's pro-independence policy to distinguish itself on this issue and appeal to the majority of voters.

For the CCP, reining in the DPP's pro-independence moves also took priority over promoting cross-Strait unification in this period from 2000 to 2008. The DPP Administration's Taiwan independence gambits precipitated the

cross-Strait relationship into profound uncertainty and unpredictability, tying down much of Beijing's attention and resources on this southeast front. Frequent tensions in the Taiwan Strait were nuisances to China, which was in no mood for a major cross-Strait showdown as it was still trying to grab what Chinese leaders called the "period of strategic opportunities" for developing the country's comprehensive national power.

During the DPP Government (2000-2008), Beijing reversed its long resistance against U.S. meddling in the cross-Strait relations by asking Washington to bring pressure to bear on Taiwan to halt the DPP's pushing the independence envelope. Since the United States had interests in regional stability but not cross-Strait unification, China's about-face showed its desperation to put the agenda of unification on the back burner and focus on curbing Taiwan's creep towards eventual separation. A regime in Taipei that vocally opposed Taiwan independence would thus be a great relief for Beijing.

The KMT and the CCP had common interests in a policy against Taiwan independence, but it took great efforts by both sides to recognize their confluence of preferences. In 2005, the then-KMT chairman, Lien Chan, visited Beijing, and the CCP decided to roll out the highest level of welcome. Lien met with the CCP Secretary General and Chinese President Hu Jintao, and the two issued a document called "The Common Visions of Peaceful Cross-Strait Developments," which brought up the two parties' recognition of a common stance against Taiwan independence.

Later, during Ma Ying-jeou's KMT chairmanship, these visions were incorporated into the KMT's plank, and when Ma stood for presidential election in 2008, these visions were part of his campaign platform. Moreover, between 2005 and 2008, KMT elites frequented Beijing, giving both sides abundant opportunities to measure up the other's real intentions. Lastly, after Ma's successful election in March 2008, Hu Jintao told U.S. President

George W. Bush in a telephone conversation that “it is China’s consistent stand that the Chinese mainland and Taiwan should restore consultation and talks on the basis of the ‘1992 consensus.’” Since the consensus saw both sides recognize there is only one China but agree to differ on its definition, Beijing explicitly signaled its recognition of a common stance with the new KMT regime against Taiwan independence but tabled the push for unification. After the common interests were successfully identified and recognized, China and Taiwan embarked on reconciliatory and cooperative moves at breathtaking pace after Ma Ying-jeou took office in May 2008. Among the steps toward reconciliation was the diplomatic truce.

The suspension of the reckless cross-Taiwan Strait bidding games in the South Pacific is not bad news to the island-states in the region at all. The no-strings-attached aid from China and Taiwan amid their zero-sum rivalry over exclusive diplomatic recognition had wreaked havoc on South Pacific island-countries’ political, social, and economic structures. The flood of money mostly went backdoors, exacerbating existing problems of corruption in these island-states, distorting political systems of these nations to the extent that accountability to the public could only be pro forma, and helping little with respect to economic development in these regional countries.

The 2006 post-election chaos in the Solomon Islands, where islanders angry at the electoral results allegedly rigged by Asian bribes looted and burned the capital’s Chinatown, illustrated the level of disturbance and destruction that the buyoff money from Taiwan and China could cause in the South Pacific. Therefore, when both sides of the Taiwan Strait no longer desperately shower money merely to keep diplomatic allegiances, hopes are the donors will at least ask for some accountability of their valued resources. This also means a window of opportunity for South Pacific island-states to improve transparency in their reception and utilization of foreign aid. The recent incident where Taiwan pursued Kiribati over a missing

one and a half million U.S. dollars in aid has pointed to a direction of improvement.

Continuing progress toward responsible foreign aid giving and taking in the South Pacific relies heavily on a cross-Strait relationship that maintains its current stability. However, the existing tranquility is tenuous, and as soon as the common interests of the ruling regimes in Taipei and Beijing evaporate, a diplomatic chess game will resume. Several reasonable scenarios can lead to such a deviation of interests in the short term. If Beijing feels entitled after several-years’ rapprochement to elevate promoting unification to a higher priority of its cross-Strait agenda, while Taipei sticks to maintaining the status quo due to the lack of domestic support for closer political relations with China, the preferences of the KMT and the CCP might clash instead of converge.

Chinese President Xi Jinping last year opined that the cross-Strait political divide cannot be passed on from generation to generation and recently brought up the “one country, two systems” formula for unification again. Both statements indicate the above scenario might come to pass within Xi’s tenure. An earlier test may come as soon as 2016 when Taiwan holds its next presidential election. The incumbent Ma Ying-jeou is obliged by law to step down, and none of the KMT hopefuls are as pro-China as Ma. The biggest uncertainty is posed by a possible DPP regime, whose pro-independence stance has long bedeviled its relations with Beijing. Without a tacit understanding built up between the DPP and the CCP before 2016, Taipei and Beijing might find themselves again on a diplomatic collision course.

The current cross-Taiwan Strait diplomatic truce builds upon recognized common interests between the ruling regimes of the both sides. The truce has created “peace dividends” for not only Taipei and Beijing but also South Pacific island-states, which have long received patronage from the two Asian capitals. However, the truce remains fragile, and any cracks in this consensus of common interests can quickly torpedo the diplomatic armistice.

The resumption of a cross-Taiwan Strait diplomatic antagonism, unfortunately, will serve no party's interests. Neither China nor Taiwan. Nor the PICs.

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The views expressed are those of the author.