

The Role of CBMs in Cross-Strait Relations

Policy Report from the
Central Asia-Caucasus Institute &
Silk Road Studies Program Workshop
Uppsala Sweden, December 15, 2005

Niklas L.P. Swanström
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A Joint Transatlantic Research and Policy Center
Johns Hopkins University-SAIS, 1619 Massachusetts Ave. NW, Washington, D.C. 20036
Uppsala University, Box 514, 75120 Uppsala, Sweden
www.silkroadstudies.org

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Paul H. Nitze School of Advanced International Studies
1619 Massachusetts Ave. NW, Washington, D.C. 20036,
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E-mail: caciz@jhudig.admin.jhu.edu

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Uppsala University
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Tel. +46-18-471-2217; Fax. +46-18-106397
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The content of this paper has its origin in discussions during the informal workshop "Conflict Management across the Taiwan Strait" held in Uppsala in December 2005. It also draws upon articles written by the academics and officials from Northeast Asia, the United States and Sweden who were present at this occasion, as well as other relevant sources of information. The purpose is to give an overview of the past and present situation in the Taiwan Strait and the possibilities and challenges facing the actors involved.

Introduction

The conflict between China and Taiwan is one of the most dangerous conflicts in Asia and has rightly been described as a regional powder keg that risk igniting. A military conflict over the Taiwan Strait would have repercussions, primarily economic but potentially also military, at a global level as both the U.S. and some of the E.U. states could be forced to get involved. Nevertheless, the conflict is currently relatively stable although developments in recent years indicate that a more hard-line policy has developed on both sides of the Strait. In addition, the political will to continue down this path is high among certain camps in both China and Taiwan.

The historical background to the present day situation is well-known and will not be repeated here in length. Rather, this paper will focus on measures that have been taken to reduce tension and prevent the outbreak of a full-scale war between the People's Republic of China (PRC) and Taiwan. First, it will give a brief outline of the different phases in cross-Strait relations and some of the adopted measures during these periods. Thereafter, an overview of conflict prevention and management measures that have been implemented across the Taiwan Strait will be provided in order to illustrate the actual achievements in this regard. This paper will thereupon discuss the main *bilateral* obstacles to improved relations between the PRC and Taiwan. The concluding section will focus on general and specific measures that could be implemented to improve relations between the two entities.

A Chronology of Cross-Strait Relations

From the founding of the PRC and the Republic of China (ROC) on Taiwan in 1949, cross-Strait relations can roughly be divided into four phases: 1949 –

early 1970s; early 1970s – mid-1980s; mid-1980s – mid-1990s; mid-1990s – present.

Phase I (1949 – early 1970s)

The first phase, which began with the proclamation of the two republics on each side of the Strait, was marked by a mode of military confrontation. Much point to the fact that the Mainland would have launched a military attack on Taiwan had it not been for the outbreak of the Korean War. This war not only demanded a strong offensive by the People's Liberation Army (PLA) on the peninsula. In addition, a military attack on Taiwan was prevented by the American blockade of the Taiwan Strait during the war. After the war, the U.S. and Taiwan signed a mutual defense treaty, thereby making a Chinese overtake largely unrealistic. Nevertheless, both the PRC and the ROC aimed to militarily overwhelm the other party and two relatively small military conflicts erupted during the 1950s. After the U.S. lifted its blockade over the Taiwan Strait, which was put in place to prevent a military attack from the Mainland, the ROC leader Chiang Kai-shek moved large number of troops to the islands of Jinmen (Quemoy) and Mazu in 1954, a few kilometers off the Chinese mainland. The PRC replied with heavy artillery attacks on the islands. However, the fighting was contained to the off-shore islands and did not threaten the integrity of the combating political entities. Indeed, much point to the fact the PRC wished to resolve the issue by peaceful means at the time. In 1958, after launching the Great Leap Forward, the PRC began to revise its "soft-line" foreign policy – based on the five principles of peaceful coexistence – that had been introduced in 1954. As a consequence of this foreign policy change, in August the same year, the PRC launched a second artillery attack on the islands.

Since military force was the main strategy of both parties, it is difficult to identify any sophisticated measures of conflict prevention and management, especially not peaceful ones. However, some measures of self-restraint on behalf of the involved actors can be noted, especially from the PRC side. Right after the 1958 Taiwan Strait crisis, the PRC leadership took a decision to shell on odd days and refrain from shelling on even days. This unorthodox policy was meant as a signal to Taiwan that the Mainland did not primarily seek a military solution. As a unilateral policy of goodwill, it gave some leeway to the U.S. and Taiwanese shipments of logistical supplies to the island of Jinmen.

Another example is the virtual middle line in the Strait, which started to be respected by the parties from the 1950s onwards. Despite the lack of a formal agreement, Taiwan, the PRC and the U.S. all refrained from crossing this line, which later became the actual line of control between the two entities. During this time, all three actors had ample opportunities to change the line of control, but for the sake of not destroying relations totally, these opportunities were never acted upon.

Phase 2 (early 1970s – mid-1980s)

During the second phase of cross-Strait relations, focus shifted from military means to political means as the main strategy for winning the other side over. In the 1970s, following the establishment of diplomatic ties with the U.S. and international recognition within the United Nations, China changed its Taiwan policy from armed to peaceful liberation. The PRC's changing status and the exclusion of the ROC from the U.N. was a clear signal that the international community regarded the government in Beijing as the legitimate representative of China. Triggered by the confidence of its new status within the international community, the PRC was ready to communicate with the ROC. In 1979, the PRC called for open talks with the Kuomintang (KMT) and launched a series of proposals, including the establishment of "three links" (trade, postal services and transportation) and "four exchanges" (academic, culture, sports, science and technology). Due to its loss of international status and newly acquired sense of vulnerability, the ROC was not ready for further contact with the PRC. Thus, the ROC responded with the "Three Nos" policy (no contact, no negotiation, and no compromise). Although the ROC opposed any normalization in the relationship with the Mainland, it abandoned its offensive military doctrine in favor of a defensive strategy emphasizing mobilization, readiness and military modernization in an effort to withstand the emerging military might of the PRC. Even so, a military takeover of the Mainland was not completely ruled out.

Phase 3 mid-1980s – mid-1990s

The third phase, from the mid-1980s to mid-1990s is sometimes described as a honeymoon period in cross-Strait relations. Although no formal peace treaty was signed, conscious measures were taken to improve the stability across the Strait and facilitate for people and business exchanges. During this period of time, cross-Strait trade and ROC investments on the Mainland grew

substantially and if the triangular trade via Hong Kong is included, figures indicate that the ROC was the largest investor in the PRC. As a reaction to the changing reality of increasing cross-Strait people-to-people exchanges, the ROC lifted the ban on Mainland visits in 1987. To encourage further Taiwanese businesses on the Mainland, the PRC established two investment zones for Taiwanese firms in Fujian in 1989. A few years later, the National People's Congress passed a legislation protecting Taiwanese investment on the Mainland. These were unprecedented measures implemented to improve relations between the two sides.

In the beginning of the 1990s, the Straits Exchange Foundation (SEF) in Taiwan and the Association for Relations Across the Taiwan Strait (ARATS) on the Mainland were established to handle cross-Strait relations. This new communication channel was used for regular, semi-official talks on functional issues. It quickly became the main channel, outside the business sector, for cross-Strait communication in the civilian sphere.

In regard to military affairs, the move from offensive to defensive postures continued. Taiwan renounced any intention to recover the Mainland by military force and declared to solely focus on homeland defense, a posture more in line with the actual capabilities of the ROC military. In 1991, Taiwan unilaterally declared an end to the hostilities across the Strait. It thereby, although indirectly, recognized the legitimacy of the CCP's rule over the mainland. Although this move was positively received on the other side of the Strait, the PRC still did not acknowledge the existence of the ROC. Later the same year, the Taiwanese Executive Yuan also adopted the Guidelines for National Unification, arguably a unilateral confidence building measure. This contributed to an improvement in the overall relations between Taiwan and China despite the PRC's failure to respond adequately to these measures. In addition, the PRC's policy remained defensive, although the capacity and reach of the PLA Navy increased during this period.

In terms of conflict management measures, it has been reported that the two navies practiced self-restraint when they met in the Taiwan Strait. Similarly, over time the encounters by the air forces of each side developed into an informal code of conduct. In addition, the Taiwanese navy and air force were reportedly given the order not to shoot first in case of a clash with their Chinese counterparts. Furthermore, thanks to the development of more sophisticated technology, Taiwanese surveillance flights were no longer necessary and the virtual middle-line continued to be observed. These

military CBMs, however, rested on fragile grounds and worked well as long as there were no major incidents. In addition, during this period, pilots and captains on both sides still had real combat experience, which made them more aware of the risks involved than today's generation of military staff. Thus, this fragile and non-binding practice of self-restraint is even less reliable today and the risk of misjudgments has increased.

Phase 4 (mid-1990s – present)

Political Development

During the fourth phase, from the mid-1990s to the present, cross-Strait relations started deteriorating. In the mid-1990s, Taiwan started to step up efforts to break its diplomatic isolation. Beijing, in turn, interpreted any move towards international recognition on Taiwan's behalf as a move towards *de jure* independence and a splitting of the motherland. As a response to Taiwanese President Lee Teng-hui's visit to the United States in 1995, Beijing suspended all talks between the SEF and ARATS. In conjunction with this, and in face of the upcoming Taiwanese elections, the PRC launched a series of military exercises in the Taiwan Strait in 1995 and 1996 with the aim of intimidating Taiwan from continuing the path toward independence. The tension reached its peak in March 1996 when the PLA fired four missiles close to the Taiwanese coastline, which sparked a serious crisis that led to the involvement of the U.S. military. During this time, it was also reported that the PLA-Air Force flew across the virtual middle line several times. The Taiwanese military was, however, ordered to practice self-restraint although the risks for unplanned actions had increased significantly.

In 1998, as cross-Strait relations began to stabilize, following de-escalation efforts by both sides, talks between the SEF and ARATS resumed. However, the rapprochement only lasted until 1999, when President Lee made his well-known "two-state" comment. After this, talks were suspended again and a new series of military exercises was launched. The election success of the Democratic Progressive Party (DPP) in 2000 and inauguration of Chen Shui-bian, an outspoken independence supporter, did not serve to improve the frosty political relations across the Strait. Adding more fuel to the fire, the U.S. expanded its defense engagement with Taiwan and approved a large arms sales package to the island. Despite the Mainland's hopes for the opposite, Chen Shui-bian was re-elected in 2004 after an election campaign involving plans for a Taiwanese referendum and a re-write of the Taiwanese constitution. After Chen was re-elected, he toned down his rhetoric and

some improvement in cross-Strait relations could be noticed. Nevertheless, this did not serve to alter the distrust for Chen on the Mainland or the fear of him declaring independence. In addition, the Mainland was also well aware of Chen's reliance on more radical pro-independence groups in Taiwan and the influence of Chen's vice-president Annette Lu, who is an outspoken independence advocate. Soon rumors were circulating that Taiwan would scrap the unification council and possibly also declare independence, which caused great worries on the Mainland.

As a result, in March 2005, the Mainland's National People's Congress adopted the Anti-Secession Law. This law affirms the "One-China" principle as the basis for reunification but also makes certain proposals for increased cross-Strait exchange and negotiation. The law also stipulates that China "shall employ non-peaceful means and other necessary measures" if secessionist forces should act to cause the secession of Taiwan from China, if such a succession should occur or if all possibilities for a peaceful reunification should be completely exhausted. Needless to say, the law met with grave protests in Taiwan.

In February 2006, the Taiwanese leadership took the decision to eliminate its National Unification Council, despite Chen Shui-bian's pledge not to do so in his inauguration speech in 2000. Although the 16-year-old council more or less had ceased to function, the abolishment was interpreted as another step toward independence. According to the Chinese leadership, Beijing was consequently forced to take a harder stance vis-à-vis Taipei.

Rapprochement outside the political sphere

Despite the deteriorating political relations between Taiwan and the Mainland following the 1995-96 crises, relations within other fields have been improving during the past decade, most notably in the business and finance sectors. Nevertheless, then-President Lee initiated the so-called "go slow, be patient policy" in 1996 to limit investments on the Mainland and thereby avoid what was perceived as a too great dependency on the Chinese economy. This meant that the rapidly increasing economic integration continued at a slower pace from the mid-1990s onwards. Although the "go slow, be patient" policy has been abandoned today and economic interaction is blossoming between the two sides, there are different opinions regarding the long term implications of this integration. Critical voices on both sides have, for example, claimed that economic integration can be used as a tool by the

opponents to decrease the other party's maneuver space. For Taiwan, the extensive economic activity in China has also meant a great outflow of business people and young professionals, who leave Taiwan for the Mainland. In the long term, this may have negative consequences for the domestic businesses. Advocates of economic integration, on the other hand, see it as the primary bulwark against military and political tension.

In 2000, travel restrictions were relaxed for Mainlanders visiting Taiwan. It was also decided that Taiwanese living on the Mainland would not be deprived of their citizenship even if their stay on the Mainland exceeded four years. The same year, restrictions placed on PRC journalists traveling to Taiwan were lifted. These measures were implemented by the ROC government as a reaction to growing pressure from the Taiwanese business community that required relaxed regulations vis-à-vis the Mainland.

Despite President Lee's efforts to restrict investments on the Mainland, grounded in fear that China's influence on Taiwanese business would grow out of proportion, the Taiwanese business sector continued and expanded their activities on the Mainland. As a result, President Chen was forced to implement measures that would regulate and facilitate the already ongoing commerce. In 2001, Chen's newly formed EDAC (Economic Development Advisory Council) agreed on a range of economic recommendations, including the liberalization of direct trade and investment; the creation of more flexible cross-Strait capital flow mechanisms; and the opening for travel and tourism. The same year, three small-scale direct links were established between the Chinese province Fujian and the Taiwanese islands of Jinmen, Mazu, and Penghu. This intensified the debate in Taipei on the potential danger, politically and economically, of being too dependent on the economy of the Mainland.

In 2003, the first "direct"¹ commercial flight between Taiwan and China was launched in conjunction with the Lunar holidays. Two years later, also during the Chinese New Year celebrations, similar flights carried thousands of passengers across the Strait. This time, however, the planes only had to pass through Hong Kong or Macau airspace, but did not need to touch down. The passing of Hong Kong/Macau airspace can at large be interpreted as a face-saving measure that will become unnecessary over time. However, at the time, it was perceived as crucial for domestic purposes.

¹ The plane still had to fly via Hong Kong, but passengers did not have to disembark.

In April 2005, representatives of Taiwan's opposition parties visited the Mainland and met with Chinese President Hu Jintao. In September the same year, the Taiwanese government started allowing the island's commercial jets to fly through the Mainland's airspace to save time and fuel. However, the Taiwanese leaders in the DPP have announced that they do not intend to allow planes from the Mainland to enter Taiwanese airspace until a cross-Strait peace agreement has been signed. The ROC government intends to keep a tough position in this matter, despite any smaller concessions. This is at large due to the domestic political situation in the ROC and Chen's currently weak position domestically.

Summary

In sum, the outline above illustrates the great discrepancy between the political and economic/cultural climate. Relations outside the political sphere have developed and improved constantly over the past few decades. Today, the Mainland is one of Taiwan's top three trading partners and also one of the largest recipients of Taiwanese direct overseas investment. People-to-people exchanges within the academic and cultural fields are also increasing and many Taiwanese people are today living and inter-marrying on the Mainland. However, the spill-over effects have been limited and the political tension is still very much a reality in cross-Strait relations. Instead of winning the hearts and minds of the Taiwanese people, the economic gains from cross-Strait business have made some groups at the island more prone to stress of what they see as a unique Taiwanese identity. At the same time, many Taiwanese are becoming more aware of their economic situation and overall reliance on China. Moreover the Mainland's opposition against a greater international role for Taiwan has created frustration on the island. On the other side of the Taiwan Strait, the persistent refusal by Taipei to accept the one-China policy and President Chen Shui-bian's perceived moves towards secession have resulted in a growing Chinese acceptance of military means to "defend the homeland".

Cross-Strait Conflict Prevention and Management - an Overview

Despite decades of unstable cross-Strait relations, a full, or even large scale war, has never erupted across the Strait since the founding of the two political entities in 1949. Rather, the conflict has been confined to missile

exchanges, minor clashes and threats.² Noting the intense political climate and the reoccurring crisis, it is justified to ask why and how a major war has been avoided. Needless to say, several factors have interplayed in cross-Strait relations to prevent the outbreak of a large-scale military conflict. Such factors include, but are not limited to: the U.S. presence; trade; internal instability; and the reluctance, at least in the present time, to fight other Chinese soldiers.

This section will look at measures of conflict management and prevention in the Taiwan Strait and important undertakings to build confidence.³ Confidence is a central theme in conflict prevention and management and its absence in cross-Strait relations has proved to be a real obstacle. It is commonplace to point to the lack of experience regarding confidence building measures (CBMs) in the Taiwan Strait, but an evaluation of the past decades shows that this picture is not entirely true. It is possible to identify measures, formal and informal, unilateral and bilateral, that have been applied to ease tensions between China and Taiwan, although they may not have been labeled or perceived as prevention, management or even CBMs at the time.

Before presenting an overview of applied measures between China and Taiwan, it is appropriate to look closer at the very term CBM as most of the measures taken across the Strait can be categorized as such. This concept developed out of the European experience during the Cold War and referred, at this time, solely to military measures undertaken in a multilateral context. Its value and relevance to present-day conflicts in Asia and Africa has been questioned and the meaning of the term has consequently been altered to fit the "new" contexts to which it has been applied. Today, the term CBM is used rather broadly and can be applied to any measures used as instruments to increase trust and confidence in the prevention, management and resolution of a conflict.

One of the differences between the European and Asia-Pacific views on confidence building is that in Asia, the *process* is often just as important as the *outcome*. It is also important to note that the Western bottom-up approach

² For some time, Nationalist forces fought the PRC in southwest China in an effort to overthrow the Communist government. These forces were either brought back to Taiwan or slowly integrated into the criminal networks that today are involved in drug trade in, for example, Burma. However, it would be misleading to claim that these forces were closely connected to the ROC government from the 1960s onwards.

³ For a detailed overview of conflict management and conflict prevention, see: Niklas L.P. Swanström and Mikael S. Weissmann, [Conflict, Conflict Prevention and Conflict Management and beyond: a conceptual exploration](#), Uppsala & Washington: CACI & SRSP, 2005.

to these measures, where one small step leads to another, contradicts with the PRC's top-down view on diplomacy.

Unilateral and bilateral measures that have been taken to improve cross-Strait relations since 1990⁴

Taiwan

Unilateral measures:

- 1991; the National Guidelines for Unification were drawn up, laying out a three step process of unification
- 1995; Lee Teng-hui made a six-point proposal for peace talks
- 2000; in Chen Shui-bian's inauguration speech, he pledged not to: declare independence; change the name of the country; organize a referendum to alter the status quo; abolish the National Reunification Council or the National Reunification Guidelines
- 2004; Taiwan took a decision to speed up and facilitate the visa process regarding mainland visitors
- 2004; Joseph Wu, Chairman of the Mainland Affairs Council on Taiwan, identified a number of areas in which cooperation could be promoted, including: currency exchange, investment protection, avoidance of double taxation, legal arbitration, IPR protection, tourism, repatriation of illegal immigrants, the combating of cross-Strait crime, transportation⁵
- 2004; Chen announced plans to reduce Taiwan's armed forces by 100,000 troops. On the same occasion, he announced that Taiwan will not develop weapons of mass destruction and called on China to abandon the development and use of WMD
- 2004; Chen also suggested the establishment of a military buffer zone into which aircrafts and ships of the two sides would not enter. In addition, he proposed the establishment of a military security consultation mechanism in the Taiwan Strait

⁴ The authors wish to acknowledge the following documents in this summary: Brad Glosserman, 'Cross-Strait Confidence Building Measures', *Issues & Insights*, Vol. 5, No. 2, Honolulu, Hawaii, February 2005; Bonnie S. Glaser, *PRC Perspectives on Cross-Strait Confidence-Building Measures*, Center for Strategic and International Studies, August 23, 2004; The Cross-Strait Security Initiative, The Center for Strategic and International Studies, www.csis.org/isp/taiwan.

⁵ Jaushieh Joseph Wu, "Taiwan: seeking a meaningful dialogue", *Taipei Times*, October 18, 2004, p. 9.

- 2004; at his second inauguration President Chen repeated earlier pledges made that year and also announced that he was willing to discuss the meaning of "One China" and that a confederation did not have to be ruled out as a solution to the conflict. During his inauguration and national day speeches, Chen launched a new peace offensive and called for a resumption of cross-Strait dialogue; arms control; and CBMs through consultation and dialogue; and a possible establishment of a "Code of Conduct across the Taiwan Strait". He also proposed that the Taiwan-Hong Kong commercial air route be used as a model for cross-Strait direct transportation.

China

Unilateral measures that China has undertaken to improve cross-Strait relations include:

- Declarations, such as calls for nuclear free zones; no first use of military power
- Arms control measures
- 1995; Jiang Zemin made an eight-point proposal for unification
- 1998; the publication of its Defense White Papers, which can be regarded as a transparency measure
- Military Exchanges
- Maritime Security Measures
- Establishment of three trade areas in China
- 2002; then Chinese President Jiang Zemin, offered to put a ceiling on the Chinese missile deployment across the Strait. However, the details and possible preconditions (especially on behalf on the Americans), surrounding this matter remain unclear
- 2004; As a result of the growing input of the PLA on cross-Strait policy, the Taiwan Affairs Office proposed to establish cross-Strait military CBMs under the precondition that Taiwan accepts the "One China" principle. This proposal was a direct response to, especially, the Taiwanese military that had called for such measures earlier. Thus, this move has been interpreted as an effort to reach out to elements within the Taiwanese society that do not fully support Chen Shui-bian.

Bilateral Measures

- 1990; an agreement on crime fighting measures in the Strait were completed between the Red Cross societies in Taiwan and the PRC
- "Unofficial" meeting in Singapore April 1993
- Maritime agreements, including the setting up of a hotline between the China Rescue Association (Taiwan) and China Marine Rescue Center (PRC)
- Exchanges between security forces and public security personnel
- Public notice of pending military exercises, dialogue between retired military personnel
- Voluntary constraint measures between the two parties, like the observation of a virtual middle line (have been breached several times recently)
- The initiation of semi-official communication between the island and the mainland through SEF and ARATS (no talks have been held since 1999)

What are the main obstacles?

There are several reasons why conflict management and conflict prevention, especially in the political and military sphere, has not reaped greater success across the Taiwan Strait. Part of the problem is the fundamental lack of confidence between the actors and the absence of high-level bilateral talks between political and military leaders. Although conflict management and prevention measures should be adjusted according to the cultural and geographical context, it can still be fruitful to look at the Cold War experience when examining the obstacles to such measures across the Taiwan Strait.

The CBMs between the U.S. and the Soviet Union, and their allies, were founded on a common understanding that neither party could win a war against the other. It is fair to say that the implemented measures were an outcome of a common realization of the impossibility of a military conflict and a sincere wish to lessen tensions in a concrete and verifiable way. In addition, confidence was a prerequisite for these undertaking and much of the process in Europe focused on how to create and increase trust between the actors. This common realization, or sincere wish, does not exist between

China and Taiwan. Although a military confrontation is unwanted, the Mainland has not given up the military option. At the same time, there are groupings on Taiwan that believe that a conflict with China could be managed through the involvement of the U.S.

The first and most fundamental obstacle to improving cross-Strait relations is the deep-seated lack of trust between the two political leaderships and their persistent view of the situation as zero-sum. Beijing accuses Chen Shui-bian of being untrustworthy and unreliable and is even more concerned with Vice-President Annette Lu. The Chinese leadership is therefore reluctant to agree to any significant improvements in cross-Strait relations since this could credit Chen, his ruling DDP party and the alliance in power. Similarly, the Taiwanese leaders do not see the Chinese Communist Party as a reliable cooperation partner and recent developments in Hong Kong only serve to reinforce such perceptions. The starting point and desired outcomes are thus incompatible. Thus, it is difficult to identify even small common denominators, at least on the surface. However, both the PRC and the ROC governments clearly prefer peaceful relations and a non-violent solution to the conflict, even though other solutions are not being ruled out. Moreover, the growing trade and investments are creating greater trust in the business sectors, which also has an impact on people to people relations in further societal sectors.

Another significant difference between the two parties is the asymmetry in threat perceptions. Taiwan fears the build-up of the Chinese military, which in many ways seems driven by a determination to gain the capability to take over the island militarily. The Mainland, however, is reportedly not too concerned about Taipei's military capability and does not see any imminent risks for an accidental escalation of the cross-Strait conflict. However, China is increasingly wary of the position of the U.S. and worries that a conflict in the Strait could threaten Sino-U.S. relations and China's relations with the rest of the international community. Thus, China would prefer continued dialogue with the U.S. regarding its position in the region and eventual defense of Taiwan. Such a Sino-U.S. security dialogue would not be in the interest of Taiwan since it faces the risk of being downgraded to a "disputed area" as opposed to a de-facto sovereign state. In such a scenario, Taiwan also faces the danger of being treated as trading goods in Sino-U.S. relations. As a result, the parties remain far apart regarding the perceived need for bilateral communication measures. In addition, the history of bilateral self-restraint and the respect of the virtual middle line have contributed to a feeling of

security. Therefore, the parties do not, at least officially, regard conflicts due to miscalculations or misunderstandings as highly probable. In reality, however, the militaries on both sides acknowledge the overhanging and constantly increasing risk of fatal mistakes and potential conflicts.

It can also be questioned if both parties are sincerely interested in the underlying purpose of any measures to build confidence, i.e. to increase security. Some argue that China is more interested in deterrence with the aim of preventing Taiwanese independence, and that increased security for the Taiwanese therefore is not a priority.⁶ Consequently, as representatives of the Chinese military have pointed out, CBMs would mitigate conflict and thereby alleviate the concerns of the Taiwanese.⁷ However, they would not mitigate the Chinese fear of Taiwanese independence. This clearly illustrates the major difference in perception: China does not fear a military conflict as much as it does Taiwanese independence whereas Taiwan's main concern is the risk for a military conflict. It is thus not only appropriate to ask whether there is an interest in confidence building and preventive mechanisms, but also what the aims of such strategies should be. To be of interest for the Chinese, such strategies should aim to prevent Taiwanese independence. To be of interest for the Taiwanese, they should prevent a Chinese military invasion. Ultimately, both sides stand to gain from CBMs as they can serve the needs of both parties.

At present, all track-I dialogue between China and Taiwan has been suspended and will not be resumed until Taiwan officially accepts the "One China" principle that, according to the Chinese, was agreed upon in 1992. Taiwan has refused to accept this precondition and requires communication on equal terms. However, this is impossible for the Mainland to accept since it entails, in the view of the Chinese, the recognition of Taiwan as an independent political entity. Thus, a rather common view on the Mainland is that increased dialogue is not in the interest of China and that Beijing instead should continue to pressure Taiwan. In sum, the current cross-Strait situation is marked by deep bilateral mistrust; lack of communication; growing nationalism on both sides; and an extensive military build-up, especially on the Mainland. This said there are also positive factors such as economic integration and trade that works for a better situation.

⁶ See for example, Bonnie S. Glaser, *PRC Perspectives on Cross-Strait Confidence-Building Measures*, Center for Strategic and International Studies, August 23, 2004.

⁷ Ibid.

What can be done to improve cross-Strait relations in the future?

From the outline above, it is clear that the ongoing measures to build confidence and prevent an escalation of the conflict need to be continued and further strengthened. Noting the prevailing asymmetry in the two parties' threat perceptions and the incompatibility of their aims, any efforts to build confidence in the Strait must start by addressing the most basic, and possibly the only, common interest of the parties: *that war should be avoided and a peaceful solution should be found to the political differences.*

At this stage, there is thus no point in aiming at finding a final solution to the question of unification or independence. This may be hard to accept for some groups in Taiwan who feel that the passing of time makes the goal of independence more and more remote. Nevertheless, under the current situation, the only realistic and viable option for both sides is to maintain the status quo and concurrently work for improved CBMs and strategies for prevention and management. Measures toward a common strategy should be taken at a lower political level. Thus, priority should be given to measures to increase trust and handle everyday relations in order to achieve further dialogue and a possible de-escalation of the conflict. Creating dialogue certainly is not an easy task, especially since the parties differ in their perceptions on how time will affect the conflict. Some analysts argue that a continuation of the current situation most likely will lead to independence for Taiwan. Others are convinced that Taiwan will slowly become an integrated part of the Chinese mainland if the present status quo continues. Taken together, this has created a widespread perception on both sides that dialogue is not a preferred option and that a continuation of the status quo is in the interest of both entities.

The present cross-Strait situation requires a broad set of measures within the political, military and socioeconomic field, addressing all levels of society including first, second and third track actors. There is a need for both overarching and general measures, as well as for specifically designed ones. In addition, other undertakings, such as preventive diplomacy, should not be excluded on the grounds that the cross-Strait conflict is not an interstate conflict. Indeed, there are many examples of state actors that have become involved in intrastate conflicts. In this case, third party involvement could, for example, be justified by the global implication of a cross-Strait conflict, not least in the economic field. Nevertheless, it should be noted that the involvement of another state or organization requires the consent of the

conflicting parties. In addition, to make such a process feasible across the Strait, it is necessary to keep it informal and "unofficial".

Due to the frozen political relations and the centrality of trust to these measures, it is recommended that the first political steps to build confidence either are made in the form of unilateral declaratory measures or in an informal setting during discussions between high level political and military officials. However, whereas trust takes great efforts to acquire, it can be undermined within seconds. It is therefore of utmost importance that the pledges made also are adhered to. In this regard, small steps are preferred over grand designs since the latter often prove difficult to implement. In this context, it should be acknowledged that if the parties would open up for a serious dialogue on the development and implementation of CBMs and other preventive measures, it is arguably a confidence-building measure in its own right.

A feasible starting point would be to build on the positive structures of the economic integration. The business communities on both sides have not only developed close economic ties, but have also, as a side-effect, increased the social contacts between the disputants. The political elites could thus gain important insights by analyzing the interaction channels of the business community, since this sector of society has, within a limited time period, managed to build more confidence than the political leadership has done over the past half decade.

Overarching Measures

Overall Community Building

- Overarching efforts should be made to create understanding and promote a sense of community across the Strait. This needs to be done at all levels of society and between both private and public citizens. It could possibly be handled at a third track level without government involvement.
- The climate between the two entities would also benefit from increased tourism, facilitated through better communication and simplified visa regulations.

Dialogue

- As long as the DPP, with President Chen or his associates at the helm, remains in power, the likelihood of a formal track I dialogue in the near future is fairly low, which means that second and third track interaction and exchanges need to be strengthened. Due to the nature of the situation, this should preferably be done bilaterally and possibly even on the informal level due to the current political sensitivity. However, in order to find new and innovative ways to improve the situation, discussions should also be promoted within multilateral forums, such as the CSCAP, of which the two parties are members. At least, such multilateral forums could be utilized by the parties to reestablish personal contacts and convey signals and intentions. To accomplish this, Taiwan requires more international space, for example through memberships in non-governmental organizations. By accepting this, China could also demonstrate its determination to resolve the Strait issue peacefully.
- In order to enhance the outcome of any bilateral dialogues or negotiations, the mandates of the officials involved need to be clear to all parties. In this way, the confusion seen in some of the current second and third track dialogues could be avoided. To increase the confidence in and the impact of these dialogues, the involved parties should be able to suggest, where possible, whom they wish that the other side send to such meetings.
- Increased academic exchanges between the Mainland and Taiwan, both on student and teacher level should be encouraged by specially designed academic exchange programs. This would increase the understanding of the other side and possibly create a better environment for resolving the conflict over time.

Specific/Targeted Measures

Measures within the Humanitarian Field

- Further confidence building measures for humanitarian purposes should be implemented within the following fields: disaster relief; protection of shared maritime interests; infectious diseases; environmental protection; search and rescue operations. When suitable, these measures could involve both civilian and military agencies.

Measures against organized crime

- Cooperation between China and Taiwan is needed to fight the growing problem of organized crime, criminal networks, narcotics smuggling and human trafficking. At the same time, such urgently needed measures would also create confidence and trust between the different operational units and the state at large.

Measures at Sea

- The ongoing cooperation and coordination between China and Taiwan to protect human security at sea should be expanded, including for example accidents at sea and smuggling. A civilian hotline already exists between the Taipei-based China Rescue Association and its Mainland counterpart for rescue operations at sea.
- There is also a need for clear regulations for how to handle fishermen in breach of temporary demarcation lines etc. This would not only prove beneficial for today's interaction, but also facilitate the creation of legal documents in the future.

Measures within the Military Field

At present, the political situation across the Strait makes the prospects for political CBMs look rather bleak. Nevertheless, this should not pose a barrier to measures involving the two militaries, which may be easier to achieve.

- Transparency in security policy, troop movements, and defense posture should be promoted. This may not have a direct impact on bilateral relations but would be received positively internationally.
- The ongoing exchange of retired military officials and civil security experts should continue and could in the future also come to include active military personnel.
- Improved contacts between the defense ministries on both sides should be encouraged. Meetings between the two ministries should be held on a regular basis, for example to discuss the content of each other's defense white paper. Observers or participants from the other side could be invited in military exercises.
- The future may also offer the possibility for joint undertakings, such as a joint peacekeeping force made up by personnel from both sides of the Strait and rescue operations in the South China Sea and beyond.

Measures within the Political Field

- A large degree of the current tension on the political side is due to misunderstandings and misperception of the other side. An exchange of information, documents, new policies, speeches and the intent of such would be beneficial. It is important to note that many times the target is not the conflicting parties, but rather the domestic audience or international actors and should really be interpreted in such manner. Clarification of these problems has to be done through informal channels, but could defuse much of the tension between the Mainland and Taiwan.
- On the Taiwanese side, President Chen should speed up the establishment of the Committee for Cross-Strait Peace and Development that was announced in 2004. This body is planned to be made up by representatives of both the ruling and the opposition parties, as well as representatives of various sectors of society. If this body is given a clear mandate and a long-term agenda, it would give cross-Strait relations greater continuity and prevent hostage taking from opportunistic politicians. To increase the confidence in such an initiative, Beijing could be asked to suggest candidates for such a committee.
- On the Chinese side, a similar body could be established with representatives from several sectors of the Chinese society, including both soft- and hardliners from the Chinese Communist Party, the PLA, academics as well as members of the business community. Just as proposed above, the Taiwanese should be invited to make suggestions on the representatives in this committee.

Measures within the Economic Field

- Further measures to legally protect the interests of, especially, Taiwanese investors on the Mainland should be taken. This could, in turn, lead to better prospects for the implementation of the "three direct links" which would facilitate the practical side of cross-Strait relations.
- Simplified visa regulations, decreased tariffs and easier access to both markets would have a positive impact on trade relations and the flow of people.

- The interconnectedness between the different business communities should be strengthened, thereby making it easier for investments and trade across the Strait.

Additional Steps to Increased Cross-Strait Interaction

Another move to escape the present incompatibility would be to make an interim agreement; to place a lid on the situation for 30 years and work with CBMs, conflict management and prevention within this timeframe. Thus, it would be left to a future generation to finally resolve the issue, just as Deng Xiaoping suggested regarding the South China Sea. Seen in light of the regional and international implications of a military conflict across the Strait, a possible involvement of external actors should also be discussed further. The U.S. is without doubt the most important actor in this regard and its consent or participation would be crucial. It is important that the U.S. plays a positive supporting role and that it does not spoil any steps taken by the actors. Apart from the U.S., the European Union and the rest of the international community continue to be engaged financially in the region and should match this with further political commitment. This is in not to say that the E.U., or any other third party, should take sides in the conflict. Rather the European Union could serve as a buffer between China and Taiwan and help moderate the American interest in the region.

In addition, both parties should tone down their rhetoric and refrain from making provocative statements. As mentioned above, to win the confidence and trust of the other party takes strenuous efforts and should not be sacrificed for short term political goals. Indeed, in this context, rhetoric can be as important as deeds and, especially, Taiwanese politicians must realize that there is more at stake than the upcoming elections. China, on its side, should refrain from making threatening statements and references to the possible use of force. Noting the heavy involvement of the U.S. in this conflict, this note of precaution should be directed to the American leaders as well. The U.S. leadership should make sure that its statements are clear and calculated in order avoid dangerous misunderstandings and misperceptions.