

China and Taiwan walking the line of rapprochement

12th September, 2014

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After more than six decades of conflict over the political status of Taiwan, Beijing and Taipei are taking significant steps toward rapprochement in their relations. Yet how much Chinese influence can Taiwan's democracy tolerate?

On 25 June 2014, for the first time in over 60 years, China sent a ministerial-level figure on an official visit to Taiwan. Zhang Zhijun, head of China's Taiwan Affairs Office, spent four days in Taiwan, reciprocating the historic visit of his Taiwanese counterpart, Wang Yu-Chi, to Nanjing in February. The February encounter was the first official meeting between representatives of China and Taiwan's governments since the end of the Chinese Civil War in 1949.



Official contact between the two governments is the latest sign of the rapprochement that Taiwan's President Ma Ying-jeou has been trying to foster since coming to power in 2008. But the threat of reabsorption by military force still hangs over Taiwan. Even as economic ties grow closer, Taiwan's people are still divided on the degree of friendliness their government should offer to their larger neighbour.

Taiwan tops the latest edition of the [Bertelsmann Stiftung's Transformation Index](#) ^[1] (BTI), which measures developing and transitioning countries' progress towards democracy and a socially responsible market economy. Taiwan has a strongly developed market economy which suffers from neither barriers to market entry for private enterprise nor structurally embedded social exclusion.

This stands in sharp contrast to its more powerful neighbour: China has the second largest

economy in the world, but social exclusion, inequality and poverty are rife. Private business faces huge hurdles in dealing with a weak and arbitrarily applied legal framework.

Even so, Taiwan is increasingly dependent on trade with the mainland. In 2010, two years after Ma was first elected, China and Taiwan established an Economic Co-operation Framework Agreement (ECFA). Since then, trade between the two sides has been liberalised. According to the [BTI report](#) ^[2], trade with China accounts for around 40 per cent of Taiwan's exports. Taiwan's total trade with China [amounted to](#) ^[3] US\$165.6 billion in 2013, according to [Taiwan's Bureau of Foreign Trade](#) ^[4]. And visitors from China are now a key driver of Taiwan's [tourism industry](#) ^[5]: 2.8 million Chinese came to Taiwan in 2013 and 670 flights go between Taiwan and the mainland every week.

Taiwan's business leaders support closer economic ties because they stand to profit from them. The ruling party, the Kuomintang (KMT), has always been on the Chinese side of the identity divide in Taiwan. And Beijing has come to believe that the best path to unification, a goal it has not abandoned, is now economic control rather than military incursion.

But the people of Taiwan are not all convinced. Ma's [approval ratings](#) ^[6] stood at 17.9 per cent in May 2014, which still represented a leap from his [dismal 9 per cent](#) ^[7] rating in November 2013. In March, over 100,000 people [marched in Taipei](#) ^[8] against the ratification of the Cross-Strait Services Trade Agreement (CSSTA), a new trade pact that would further extend Chinese penetration of Taiwan's market by opening 80 of China's service sectors to Taiwan and 64 of Taiwan's service sectors to China. And between 18 March and 10 April 2014, a group of students and activists calling themselves the [Sunflower Movement](#) ^[9] occupied Taiwan's parliament in protest against the same agreement.

A [controversial editorial](#) ^[10] in the Wall Street Journal in August 2014 said that unless Taiwan enacts the CSSTA, it risks losing out in trade with China to competitors such as South Korea. But [other commentators argue](#) ^[11] that allowing China to invest in sensitive sectors such as telecommunications and print media would enable China to exercise greater influence and to work its will to undermine Taiwan's political system.

[The BTI gives Taiwan](#) ^[12] a score of 9 out of 10 for freedom of expression and 10 for civil rights, as compared to [China's score of two for both indicators](#) ^[13]. With China still aspiring to unification, any step towards increased influence could prove detrimental to Taiwan's well-functioning democracy.

Ma and the KMT aim at rapprochement with China, but not unification. Their argument is that building a good economic relationship with China safeguards Taiwan's status, since closer economic links would make it costly for China to take over Taiwan by force. As Taiwanese self-identification solidifies more and more, preserving the status quo is the most popular option: [almost 55 per cent](#) ^[14] of the people of Taiwan view themselves as exclusively Taiwanese, rejecting any notion of a Chinese identity.

But Ma is approaching the end of his tenure: elections are set for 2016, and it is likely that his rivals, the Democratic Progressive Party (DPP), will succeed in winning back the presidency.

The DPP has always been a strident voice for independence and its relationship with China has therefore been frosty. But Beijing is well aware of the failing fortunes of the president and it is willing to take extraordinary measures to avoid derailing the economic relationship that it has built with Ma.

In his June visit, Zhang Zhijun [met with](#) ^[15] the DPP mayor of Kaohsiung, Chen Chu, in a move that many saw as the first step towards reconciliation with the hitherto anti-China DPP. The DPP [has aspirations](#) ^[16] to be seen as the party of the people in contrast to the KMT, which they would cast as the party of the rich. But the people want stability and prosperity, and if economic links with China offer a path to that progress, the DPP will have to walk the line between resisting unification and encouraging closer ties. It remains to be seen whether and for how long Beijing will facilitate the balancing act.

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Article from the East Asia Forum: <http://www.eastasiaforum.org>

URL to article:

<http://www.eastasiaforum.org/2014/09/12/china-and-taiwan-walking-the-line-of-rapprochement/>

[1] Bertelsmann Stiftung's Transformation Index: <http://www.bti-project.org>

[2] BTI report: <http://www.bti-project.org/reports/country-reports/aso/twn/index.nc#chap7>

[3] amounted to:

http://www.trade.gov.tw/english/Pages/Detail.aspx?nodeID=664&pid=485128&dl_DateRange=all&txt_SD=&txt_ED=&txt_Keyword=&Pageid=0

[4] Taiwan's Bureau of Foreign

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http://www.trade.gov.tw/english/Pages/Detail.aspx?nodeID=664&pid=485128&dl_DateRange=all&txt_SD=&txt_ED=&txt_Keyword=&Pageid=0

[5] tourism industry:

<http://www.taipeitimes.com/News/editorials/print/2014/02/10/2003583150>

[6] approval ratings:

<http://www.taipeitimes.com/News/front/archives/2014/05/14/2003590295>

[7] dismal 9 per cent:

<http://www.scmp.com/news/china/article/1311135/ma-ying-jeous-approval-sinks-record-9pc-amid-kmt-infighting>

[8] marched in Taipei:

<http://www.abc.net.au/news/2014-03-31/an-more-than-100000-protest-in-taiwan-over-chin>

a-trade-deal/5355256

[9] Sunflower Movement:

<http://www.thechinastory.org/2014/04/the-sunflower-movement-in-taiwan/>

[10] controversial editorial:

<http://online.wsj.com/articles/taiwan-leaves-itself-behind-1407171366>

[11] other commentators argue:

<http://thediplomat.com/2014/08/dont-let-taiwan-fall-behind-but-at-what-cost/>

[12] The BTI gives Taiwan:

<http://www.bti-project.org/reports/country-reports/aso/twn/index.nc>

[13] China's score of two for both

indicators: **<http://www.bti-project.org/reports/country-reports/aso/chn/index.nc>**

[14] almost 55 per cent:

<http://www.bti-project.org/reports/country-reports/aso/twn/index.nc#history>

[15] met with: **<http://www.economist.com/blogs/banyan/2014/07/china-taiwan-relations-0>**

[16] has aspirations:

<http://nationalinterest.org/feature/taiwans-identity-crisis-11093?page=show>

[17] BTI Blog: **<http://www.bti-project.org/blog/#13905948465731&ifheight=971>**

[18] SGI News: **<http://news.sgi-network.org/news/>**