

Cross-Strait Relations and Northeast Asian Security

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I. Introduction

Taiwan Strait and Korean Peninsula were the two most combustible flashpoints in the Northeast Asian region during the Cold War era. Both hotspots share some quite similar characteristics. Firstly, they are both areas where the strategic interests of great powers overlap. The Taiwan Strait sits at the crossroads of overlapping interests of China, Japan and the United States. The Korean Peninsula involves with direct interests of the major powers of China, Japan, Russia and the United States. Secondly, they are the legacies of the World War II-involving the only two nations in the world with divided entities of communist system vs. democratic system. Thirdly, they play the roles of buffer zones in the intersection of the sea power and the continental power of US and China. Especially the rise of Mainland China has made it the only great power to challenge the dominance of US in the Asia-Pacific Region.

The cross-strait relationship not only concerns with Taiwan and Mainland China, but it is also, very similar to the Korean Peninsula situation, closely embedded in the geo-strategic texture of great power politics in this region.

Since May of 2008, under the leadership of President Ma Ying-jeou, The Republic of China on Taiwan has greatly improved and stabilized the relations with Mainland China. Based on the “1992 consensus” or “one China with respective interpretations,” both sides

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actively promote the cultural, economic and social exchanges. According to the principles of “the easy ahead of the difficult, the economic ahead of the political, and the urgent ahead of non-urgent,” both sides gradually cultivated mutual trust and successfully established the institutionalized negotiation and consultation model.

In this paper I would like to first introduce the complexity of the cross-strait relations, and then briefly mention the historical overview of the cross-strait relations in the Taiwan-China-US strategic triangle. The rapprochement of cross-strait relations relies heavily on the endeavor of the current President Ma’s Administration, so I would also discuss about the rationales behind his administration.

The discussion will also touch on the institutionalized talks between two sides of Taiwan Strait and the impacts of ECEA on Taiwan and Mainland. The cross-strait relations influence and interact with Taiwan’s diplomacy in the world. The rapprochements of cross-strait relations did ease the diplomatic tensions between Taiwan and Mainland China but it didn’t solve the sensitive political issues and sovereign disputes between two sides. The future development of cross-strait relations still depends on the good will of both sides and the respective changing domestic situations. I would also discuss the intention of China’s policy to Taiwan and prospects of the cross-strait relations.

As the above-mentioned, cross-strait relations are intertwined with Korean Peninsula and Northeast Asian security. Obviously North Korea with its nuclear capability and provocative behaviors during the process of political succession poses the immediate security challenge in the region. Cross-strait situations are currently stable but the fundamental cause underlying the threat of cross-strait conflict has been deferred rather than removed. So the critical challenge for the future is still looming. The biggest long-term challenge lies in the future development of Mainland China. The domestic changes would interact with China’s external behavior. The uncertain internal structural development needs to be cautiously watched for it will influence China’s external behavior accordingly.

In conclusion, I will argue that more and more cross-strait exchanges could make Taiwan’s democratic system and way of life an alternative model for Mainland China’s future

development and the stabilizing relations between Taiwan and Mainland concern not only the interests of both sides of Taiwan Strait but also the security of Korean Peninsula and the Asian Pacific region.

II. The Complexity of Cross-Strait Relations

To better understand the comprehensive Taiwan and Mainland China relations we must not only focus on the hard side categories of cross-strait military or diplomatic issues but we need to pay attention to the soft side of economic and cultural relations. The relationships are actually operating in a spectrum from less sensitive of cultural and economic fields to the high politics of military and diplomatic affairs. Between the hard and soft side issues lies in the middle of the lever support point of the political consideration which functions as the leverage for the development of the relations.¹⁾

The development of cross-strait relations involves not only Taiwan and Mainland China but also the geostrategic objective of the US in the Asia Pacific region. During the Cold War era, the US fought the Korean War and sent the Seventh Fleet to Taiwan Strait to deter the invasion of Chinese communist on Taiwan. The US signed the Mutual Defense Treaty with Taiwan and included Taiwan in the first Island Chain in the East Asia Pacific to contain the expansion of communism. After the collapse of the former Soviet Empire, the US still maintained its geopolitical position of preventing a hegemonic power to arise in the Asia-Pacific region.²⁾

Since the establishment of the diplomatic relations between the US and the PRC in 1979, America has always maintained its "one China" policy based on the three US-China

1) Su Chi, *Taiwan's Relations with Mainland China - A tail wagging two dogs* (London/New York: Routledge, 2009), 278-279.

2) Sukhee Han & Jangho Kim "Liberalism Limited: Why the Cold War Persists in Northeast Asia?" paper presented in The Sixth ROK-China-US Future Forum co-hosted by Hallym University of Graduate Studies and Shanghai Institutes for International Studies on Nov 15, 2010 in Seoul.

Joint Communiqués and the Taiwan Relations Act. In his testimony before the US-China Economic and Security Review Commission on March 18, 2010, Mr. David B. Shear, the Deputy Assistant Secretary of the Bureau of East Asian and Pacific Affairs of State Department clearly reiterated that the US policy does not support Taiwan independence and opposes the unilateral attempts by either side to change the status quo. The disputes between Taiwan and Mainland China should be resolved peacefully and according to the wishes of the people on both sides of the Taiwan Strait.³⁾ Comparing the size and power of Mainland China and Taiwan, the US obviously is playing the pivotal role of power balancer in the development of the cross-strait relations.

III. The Historical Overview of Cross-Strait Relations in the US-China-Taiwan Strategic Triangle

From the historical perspective, the US has always played the pivotal role in the cross-strait relations. In 1949, when the nationalist government of Republic of China retreated from the mainland with 2 millions mainlanders who were following the Generalissimo Chiang Kai-shek to Taiwan, the US Truman Administration published the China White Paper⁴⁾ intending to absolve the US from the responsibility for the fall of Mainland China to the hands of Chinese communists. The hands-off policy had an about-face after the outbreak of the Korean War in June 1950. To contain the expansion of international communism, the US sent the Seventh Fleet to Taiwan Strait in support of the nationalist government and since then Taiwan Strait had served as a frontline of the Cold War between the US allies and the Soviet bloc.

During the period of 1949-1960, both sides of Taiwan Strait were in direct military

3) Testimony before the US-China Economic and Security Review Commission, Washington DC. March 18, 2010. <http://www.state.gov/p/eap/rls/rm/2010/03/138547.htm>

4) William A Rintz, "The Failure of the China White Paper," *Constructing the Past*(2010), Vol.11:Iss.1, Article 8.

confrontations and hostilities. The US came to Taiwan's aid in the first and second offshore island conflicts in 1955 and 1958 respectively. The US had also maintained the official diplomatic relations with Taiwan and provided economic and military aids to Taiwan.

In 1971, PRC took the place of ROC seat in the UN and its affiliated agencies. To curb the Soviet hegemonic power in the Asia Pacific, the US shifted its geopolitical strategy and began its rapprochement with PRC under the President Nixon administration. The US and PRC had started to have a transitional semi-official relations evolving to a full official diplomatic ties with PRC under the President Carter Administration in 1979.

In 1950-1971, the US and ROC on Taiwan had maintained a strong diplomatic and military relations while joined together in fighting against Chinese communists. There had been no substantial ties between PRC and US or PRC and Taiwan. However the strategic triangle changed after the US severed the diplomatic relations with Taiwan in 1979 and recognized PRC's legitimacy in the Mainland China.

In 1980 Mainland China started opening up policy and economic reforms and urged the direct three links of cross-strait postal, transportation and trade exchanges. The ROC Government on Taiwan at that time brushed it off and considered it as a communist united front tactic aiming at the absorption of Taiwan. Taiwan responded with three Nos policy of "No contacts, no negotiations and no compromises".

During the 1980-1987 period of time, Taiwan had adhered to its no contact policy toward Mainland and maintained unofficial relations with the US.

In 1987 Taiwan lifted Martial law, and accelerated the democratization process. Under the humanitarian considerations, the ROC government opened the door for people in Taiwan to visit their relatives in the Mainland in the same year.

In 1991 the Strait Exchange Foundation for Taiwan's side and the Association for Relations across the Strait for Mainland's side were established and functioned as white gloves for the cross- strait consultations. During 1991-1995 there had 18 times of cross-strait consultations on the functional issues been conducted.

In 1996 before the first-ever direct Presidential election was held in Taiwan, PRC had

test-fired missiles against Taiwan to intimidate Taiwanese voters and showed its anger for President Lee Teng-hui's foreign policy which Beijing leaders considered as moving away from the "one China" principle. The US Clinton Administration then dispatched two aircraft-carrier battle groups to the region to support Taiwan.

In July, 1999, President Lee Teng-hui proclaimed the two states theory and Beijing ferociously responded with political condemnation and military intimidation and plunged the Taiwan Strait into another crisis.

In 2000 the Nationalist Party (Kuomintang, KMT) lost Presidential election and Taiwan experienced the first peaceful transfer of power. The cross-strait relations during the DPP government (2000-2008) could be expressed succinctly in one phrase — "hot in economics, but cold in politics"(only the civilian economic and culture exchanges were engaged, but the political, military and diplomatic areas were hostile).

In May, 2008 the Nationalist Party (KMT) won the presidential election and the cross-strait rapprochement began.

During the time of June, 2008 to December 2010, there had been six cross-strait Chiang-Chen Talks conducted with the achievements of a total 15 cross-strait agreements being signed.

Through the above overview of the cross-strait relations, we could see that the ups and downs of relationship across the Taiwan Strait had not only been determined by the PRC and Taiwan's policy toward each other but the variables of the US China policy and the three players of Taiwan, Mainland China, and US triangle interactive relationship and their domestic political considerations had had great influence on the development of relationship.⁵⁾

IV. The Mainland Policy Rationales under the Current ROC Government

The rationales behind the President Ma's mainland policy are "the benefits of the people

5) See The Chronology of Cross-Strait Relations in Mainland Affairs Council website <http://www.mac.gov.tw> and Su Chi, op.cit., 276-291.

first” and emphasize “the reconciliations instead of confrontations.” Taiwan society had been excessively burdened with the legacies of the Civil War. Taiwan should focus more on its geography rather than on its history. To its east, the United States is the largest economy and the sole superpower of the world. To its north, west and south, Mainland China, Japan, and the ASEAN nations are the second, third and fifth largest economies respectively.

Cross-strait relations occupy a special place in this new geographical perspective. Taiwan is fortunate to be so advantageously located at the center of this dense and rich network of economic powerhouses. In addition, Taiwan is culturally and linguistically familiar with all its neighbors. Combined together, Taiwan is optimally situated to serve as a conduit and springboard for multilateral exchange and growth in the Asia Pacific region.⁶⁾

The core of the Cross-Strait Relations are based on “1992 Consensus” – one China with respective interpretations. That is, both sides of the Taiwan Strait recognize that there is only one China, but agree to differ on its definition. This very fact has been well recognized by former US President George W. Bush in his key March 26th telephone conversation with Mainland Chinese leader Hu Jintao in 2008.⁷⁾

In cross-strait relations, the ROC Government adheres to the advocacy of “no unification, no independence, and no use of force,” to maintaining the cross-strait status quo, and thereby to preserving peace in Taiwan Strait and stabilizing cross-strait relations.

In the international community, particularly in the protection of regional collective security, Taiwan has taken up a constructive role as “peacemaker” and “responsible stakeholder,” and is no longer a “troublemaker.”

In order to build a win-win cross-strait relationship, the most important objective was to build the mutual trust through the institutionalized talks which were based on the step-by-step mutual trust building principles. Through the informal cross-strait high level contacts and exchanges, both sides gradually cultivated goodwill and mutual trust by

6) “The Taiwan Relations Act: Turning a New Chapter,” President Ma’s Remarks at the Videoconference with the Center for Strategic and International Studies, April 22, 2009 <http://english.president.gov.tw/>

7) <http://www.mac.gov.tw/ct.asp?xItem=67775&ctNode=6605&mp=3>

“setting aside disputes and finding the common grounds,” taking the benefit of people into first consideration and then further enhanced cross-strait cultural and educational exchanges.⁸⁾

Under the institutionalized negotiations principle of “the easy ahead of the difficult, the urgent ahead of the non-urgent, and the economic ahead of the political,” Taiwan and Mainland China, for the past three years, have signed 15 agreements including the Direct air links (weekend charter flight), Mainland tourists visiting Taiwan (flight directly from the Mainland to Taiwan), Food safety Weekday charter flight, Direct sea transport, Postal cooperation, Joint crime-fighting efforts, Financial collaboration, from June, 2008, the first Chiang-Chen Talks in Beijing to December, 2010 the sixth Chiang-Chen Talks in Taipei.

The two sides had also reached a consensus on jointly promoting mainland Chinese investment in Taiwan. Agreements also covered the areas of the Inspection and Quarantine on agricultural products and the cooperation on the setting of industry standards and certificates, Fishing related labor affairs.

The milestone was set in the Fifth Chiang-Chen Talks in Chongqing of June 28, 2010, when the Cross-Strait Economic Cooperation Framework Agreement (ECFA) was concluded and the cross-strait economic relations became normalized after 60 years of separations.

V. The Impact of ECFA on Cross-Strait Relations : the Normalization of the Cross-Strait Economic Relations

1. Why ECFA for Taiwan ?

Taiwan needs to sign ECFA with Mainland China owing to the fact that the current trend of fast-moving East Asian economic integration of ASEAN 10 plus 1 and 10 plus

8) “The Current Stage of Cross-strait Relations and the ROC Government’s Mainland China Policy,” Speech delivered by Lai Shin-yuan, Minister of the Mainland Affairs Council, July 14, 2009.
<http://www.mac.gov.tw/>

3 has made the 90% of products granted tariff-free treatment among the FTA signatories. Taiwan having been excluded from the regional economic integration process, the petrochemical products, machinery equipment, and automobiles produced in Taiwan would be levied 7%, 10% and 25% of tariff respectively.

Mainland China is the largest trade partner and with the largest trade surplus for Taiwan. In order to improve Taiwan's competitiveness and avoid being economically marginalized, Taiwan needs to negotiate tariff concession on exports to the mainland market. The signing of ECFA can not only enhance Taiwan exporting competitiveness and create job opportunities but also provide the easier access to the China market and make Taiwan become the springboard to the global competitiveness.

ECFA may enable Taiwan to participate in regional economic integration, and strengthen alignment with global markets and provides more incentives for foreign businesses to include Taiwan in their regional operations. After the conclusion of ECFA, More countries are willing to sign FTAs with Taiwan. It plays as a stepping stone to enhance Taiwan's integration with the Asia Pacific regional economy.

2. Why ECFA for Mainland China?

Since the economic reforms in 1980s, Mainland China has been trying to solicit Taiwan to open up its domestic market and make it depend more on the China market. Beijing also wishes to reduce the support of Taiwan independence movement through the institutionalized cross-strait economic mechanism for the long-term national unification goal.

3. ECFA's real benefits for Taiwan

The ECFA's conclusion not only paves the way for further stable cross-strait interactions but also opens Taiwan market to the world. As of 2009 Taiwan attracted 42 multinational corporations such as IBM, Ericsson, Motorola etc. for setting up R&D centers with an aim to developing China market. In the first half year of 2010, the FDI reached a total

of 2.2 billions, which is 22.5% increases compared to that of the year 2009.

As far as the capital market is concerned, The foreign investors of Singapore companies, Asian East Technologies Co., Ltd. ASE Test Ltd have come to Taiwan to issue Taiwan Depository Receipts (TDR) and expressed their intent to be listed on the Taiwan stock market in order to raise capital.

Since June 30, 2009, there have been 70 Mainland Chinese investments in Taiwan with a total value of US\$ 185 million. The BERI(US-based Business Environment Risk intelligence) even ranked Taiwan the fourth globally for investment environment and IMD ranked Taiwan 6th position in 2011 world competitiveness report. The annual economic growth rate reached more than 10% in the year of 2010.

The signing of ECFA increases the economic growth rate of Taiwan about 1.65% to 1.72% representing GDP increase of US\$ 7 billion. The employment rate will be increased about 2.6% which means more than two hundred fifty thousand jobs will be created.⁹⁾

4. The Economic Benefits of ECFA Early Harvest Plan on Taiwan and Mainland

Under the ECFA Early Harvest List Taiwan exports to the mainland includes 539 products, eight service industries, and three financial service sectors. The Mainland China list for exports to Taiwan covers 268 products, eight service industries, and one financial service sector.

A Chung-Hua Institute for Economic Research(CIER) study estimated that ECFA Early Harvest List will make Taiwan's GDP growth 0.4%, which is about US\$1.7 billion from the benefits of tariff reductions. The Early Harvest would also create 60,000 jobs. There will be approximately 11,140 companies enjoying the benefits, especially those in the petrochemical, machinery, textiles, auto parts, home electronics, and iron and steel sectors.

As far as the financial sectors are concerned, Mainland China opens eleven service sectors

9) "ECFA's Win-Win-Win: Taiwan, Mainland China and Global Trading Partners," Policy paper of the Ministry of Economic Affairs, October 27, 2010.

to Taiwan in the Early Harvest List, while Taiwan opens nine. Taiwan's banks can handle ordinary RMB-denominated business two years earlier than other foreign banks. Taiwan's bank will also be able to underwrite RMB-business by Taiwanese-invested companies three years ahead of other foreign banks.

5. Post – ECEA Development

The ECEA took effect on September 12, 2010. The first Cross-Strait Economic Cooperation committee (CSECC) co-chaired by the vice ministers of economic affairs of both sides was formed in January, 2011. The Committee started the negotiations for commodity trade, service trade, investment protection, and dispute settlement in March this year.

Even with Taiwan's exclusion from the ASEAN+1, ASEAN+3, ASEAN+6 and the proposed China-Japan-Korea FTA regional economic integration, Taiwan businesses have been playing the role of key investors in the Southeast Asia. Taiwan is currently Vietnam's top FDI source, Thailand's third leading FDI source and Malaysia's fifth, the Philippines' seven, and Indonesia's eight. Taiwan businessmen have also established tightly knit supply chain networks in Mainland China. Through the ECEA, Taiwan businesses would become ideal partner for foreign investors to expand their businesses into Mainland China and Asia-Pacific markets. ECEA could not only be the stepping stone for Taiwan to join in the East Asia Economic Integration (EAEI) but also as a bridge for foreign businesses seeking to enter the Mainland China market.

Taking the EU-based RT Mart International for example, through its collaborating with Taiwan's businesses, it has gone on to establish 130 stores, and it is estimated that by the end of 2011 it will break the 200 mark. Its market share has already surpassed that of Carrefour and Wal-Mart.¹⁰ This very fact has demonstrated that collaboration with Taiwan's businesses is a highly effective approach for foreign businesses entering the

10) See Speech by the Dr. Chiang Ping-Kung, the Chairman of Cross-Strait Foundation on Sept 30, 2010 in the lunch meeting of the European Chamber of Commerce in Taipei.

Mainland China market.

VI. Taiwan's Flexible Diplomacy¹¹⁾

In diplomatic field, the improvement of cross-strait relations has reduced the confrontations between Taiwan and Mainland China in the international arena. In order to maintain a stable cross-strait relation, *Taiwan* has been keeping its striving for international space in parallel development with the cross-strait relations. The two sides across the Taiwan Strait have demonstrated a tacit good will by refraining from attempts to lure away the other's diplomatic allies. For Taiwan the relations with its 23 diplomatic allies become more stable, and international status steadily consolidated.

With the enhancement of the cross-strait relations, the possibility of conflict in the Taiwan Strait has been greatly reduced. The stable relations across the strait have also created some concrete results for Taiwan's diplomacy.

On the Nov. 22-23, 2008, the former Vice President, Dr. Lien Chan attended APEC Leaders' Summit Meeting and Taiwan joined the Agreement of Government Procurement (GPA) of the WTO on Dec. 9, 2008. Taiwan's Minister of Health was invited to attend the World Health Assembly (WHA) as an observer in May, 2009 and he again led Taiwan's delegation to participate in WHA as an observer in May, 2010.

VII. Mainland

I. China's Policy toward Taiwan

China's long-term policy toward Taiwan has been economically and culturally promoting

11) See The Concept and Strategy of "Flexible Diplomacy" and the Republic of China's Foreign Relations, President Ma's speech during an inspection tour of the Ministry of foreign Affairs, August 4, 2008. in <http://english.president.gov.tw>

exchanges and through which to lay the foundation for the future peaceful reunification. Politically, Mainland China wants to lure Taiwan to accept so-called “one country, two systems” model which treats ROC Government as a local government such as Hong Kong and Macao. Diplomatically, the improvement of cross-strait relations does reduce the tensions but not mitigate Mainland China’s rigid position with the sovereign issue that is “one China principle” with an aim to suppressing ROC’s sovereignty in the world. Militarily, Mainland China would not hesitate to use its military power to intimidate Taiwan and deter Taiwan from independence

Mainland China has been keeping its double-digit growth rates of military budget since 1990. It maintains the second largest military budget in the world (according to the US Pentagon report of 2010, the official figure is about US\$ 78.6 billion; however the US estimation about US\$150 billions).¹²⁾

Currently, Mainland China deploys 1,300-1500 missiles targeting Taiwan, and with 100-120 missiles number increase per year. It also has more than 60 modern submarines which can effectively blockade the Taiwan Strait. China deploys one third of its military power across the Taiwan Strait and which constitutes the biggest security threat for Taiwan.

The Quadrennial Defense Review shows that Taiwan’s intention to build up its military strength on the principle of “Resolute Defense, Effective Deterrence.” The military policy is to create an all volunteer force to enhance the professionalism of Taiwan’s military. The current military budget accounts for 2.73% of GDP (about US\$10 billion). Starting from this year, the defense budget will be increasing to at least 3% of GDP.¹³⁾ However, compared to the 7.8% increase of PRC’s military budget (US\$ 78 billion in 2010), the delicate balance of the status quo has been shaken by the gross military imbalances across the Strait.

12) “Military and Security Developments Involving the People’s Republic of China,” 2010 US Department of Defense’s Annual Report to the Congress, <http://www.defense.gov/>

13) “Quadrennial Defense Review 2009,” Ministry of National defense, March 2009
<http://www.mnd.gov.tw/qdr/>

VIII *Prospects for Cross-Strait Relations*

For Taiwan, China's rise and its fast economic development represent the combination of opportunity and threat. How to maximize the opportunities and minimize the threats has become the severe wisdom test for the leadership in Taiwan and most importantly, to convince its people to follow.

To maximize the opportunity, Taiwan has been engaged with Mainland China through dialogues of economic/functional issues and incremental agreements and gradually built mutual trust and paved the way for further exchanges across the Taiwan Strait.

To minimize the threats, Taiwan has to cautiously deal with Mainland China's rapid military expansion, and its increasing diplomatic influence around the world. It is also necessary to watch carefully the changes of Chinese communism and the future uncertainty of the Mainland domestic development.

Despite the recent big improvement in cross-strait relations, Mainland China's military threat – the deployment of 1300-1500 missiles targeting Taiwan and 100-120 missiles increase per year is still the biggest obstacle to the development of cross-strait relations, and needs to be removed.

For Mainland China has not renounced the use of force against Taiwan, the conditions are not yet ripe for addressing the highly political issues. Taiwan needs to maintain its military modernization and armaments procurement, to demonstrate its commitment to defending itself, and to lay a more durable basis for cross-strait reconciliation and co-existence.

IX. **Northeast Asian Security Posture**

The Northeast Asian Security Posture in the Cold War era was dominated by the geopolitical competition between former Soviet communist blocs vs. US led capitalist alliances. The United States' geopolitical objective in the Northeast Asia since the Second World War has always been curbing a potential hegemonic power to arise in the Pacific Asia.

The US fought the Korean War and intervened in the Taiwan Strait crisis were the manifestations of this balance of power strategy in the Asia- Pacific Region.

After the collapse of the former Soviet Union Empire and the rise of Mainland China, the grand geopolitical landscape in the Asia Pacific Region has been changed to the focal point of the Sino-US competitive relations. The two residual Cold War flashpoints –Taiwan Strait and the Korean Peninsula happened to be the two most important litmus tests for the development of Sino-US relations and the Northeast Asia regional security.

The cornerstone of US strategy in the cross-strait relations is to maintain its “one China Policy” which is based on the US-PRC Joint Communiqués and the Taiwan Relations Act. The US insists on a peaceful and non-coercive resolution of disputes between Taiwan and Mainland and does not play the role of mediator between two sides or exert pressure on Taiwan to come to the bargaining table with Mainland China.

In the Clinton Administration or George W. Bush Administration, the US deployed the strategy of “dual deterrence” to warn Beijing not to use force against Taiwan on the one hand and on the other hand Washington also warned Taipei’s previous DPP Government not to take political actions that might provoke Beijing to use force.¹⁴⁾

With the US pivotal balancing role in the cross-strait relations, Taiwan can be free from intimidation and coercion and confidently negotiate with Mainland in the low politics issues of the cultural, economic and social exchanges while deferring the discussion of sensitive hard issues.

The inter-Korean relations are also in a wider Northeast Asia strategic context of the US-Japan and US -South Korean alliance vs. China-North Korea alliance with Russia tilted toward it. Comparing to the cross-strait relations, the Korean Peninsula is more complicated and currently more unstable and can be seen as a critical junction between US and PRC competition for the dominant position in this region.

The end of Cold War had not changed the blood-cemented friendship between PRC

14) Logan Wright, “Dual Deterrence: A New Taiwan Strategy,” *The National interest*, March 31, 2004. <http://nationalinterest.org/>

and the DPRK. The PRC's support of Pyongyang after the Cheonan corvette incident and Yeonpyeong Island artillery attack only prove that enhancing the PRC-DPRK alliance rather than estranging their deep traditional friendship is in the core interest of Beijing's foreign policy on the Korean Peninsula.

1. North Korea: the Immediate Northeast Asia Security Challenge

The Korean War is a War on Hold, there was not any peace treaty signed to end the war. Only an armistice was signed on July 27, 1953. The 4-kilometer-wide strip stretching 220 kilometers Korean Demilitarized Zone across the Peninsula, in the past six decades has divided the North and South Korea into a backward totalitarian communist society vs. a prosperous democratic country.

Since the military truce between the two Koreas in the 1953, there have been many incursions and acts of aggression from North Korea across the border. The DPRK 's test of nuclear weapons and the last year's Cheonan corvette sinking incident and Yeonpyeong island artillery attack were the brinkmanship strategy by the Pyongyang leadership to blackmail the parties concerned around the peninsula.

The poor performance of the world's last centrally planned economic systems produced GDP per capita only US\$ 1,800 in the year 2010 compared to that of South Korea's already surpassing of US\$20,000. The severe domestic economic situation pushes Kim Jong-il's continuing uncurbed calculated strategy of rational irrationality & irrational rationality for more attentions and economic aids and that is the biggest immediate challenge in the regional security.¹⁵⁾

The intended transfer of regime power from father to the son has caused some legitimacy problem.¹⁶⁾ The future unstable power transition and possible regime collapse definitely

15) Young Sung Lee, "The Kim Jong Il Regime and Economic Reform: Myth and Reality" in Chung-in Moon, ed., *Understanding Regime Dynamics in North Korea*(Seoul: Yonsei University Press, 1998). 175-193.

16) Kim Jin-Ha, "North Korea's Succession Plan: Stability and Future Outlook," Korea Institute for

will be the most unstable factor for the Korean peninsular security. The future development of North Korea will involve not only the inter-Korean relations but will impact the Sino-US ties and cause great concerns for Japan, Russia and the neighboring countries around the Asia Pacific region.

2. Taiwan Strait: the Looming but Critical Challenge

The improvement of cultural, economic and people to people contacts in recent years has greatly reduced the cross-strait's tensions. However, the underlying threat of the political and sovereign issues which may cause conflicts and tensions is still looming. The sensitive political issues have been deferred rather than arranged for settlement in the foreseeable future.

The six decades of separation under the different political and social systems rendered huge gaps between two sides of Taiwan Strait. People in Taiwan are currently enjoying the fruits of democratization and would rather maintain a stable relation with the Mainland than anticipation for the unification with the authoritarian communist system.

The statistics reveal that the majority of more than 87% Taiwanese people prefer status quo to the immediate decisions for unification or independence.¹⁷⁾ The recent public opinions also shows that more than 48% of people in Taiwan still perceive Beijing's hostility.¹⁸⁾

Taiwan's democracy preservation is very much valuable for the democratic countries in the East Asia region and the international community. Taiwan's democracy proves that under the Chinese society the fundamental values of human rights, democracy, and the rule of law can prevail. It resonates with the universal values of the regional geo-strategic fulcrum and the common strategic objectives of the US led democratic alliances.

For the past 30 years, Mainland China has been very successfully improving people's

National Unification, Online Series Co 10-42, Nov 12, 2010

17) See statistics in the website of Mainland Affairs Council.(<http://www.mac.gov.tw/public/Attachment/1318592415.gif>)

18) <http://www.mac.gov.tw/public/Attachment/131903961.gif>

living standard and increasing its comprehensive national power. However, the political system has not been reformed to accommodate the fast domestic social changes. Whether the “Socialism with Chinese Characteristics” system can sustain for the future development is still uncertain. Through the deepened civilian interactions and cross-strait exchanges, the way of life in Taiwan could function as an alternative model for Chinese development in the Mainland.

3. A Rising China: the Biggest Long-term Challenge

China has geographically become a magnetizing power in the region. Will China become a challenger of the status quo or an accommodator for the existing international order? Can China become a responsible stakeholder or it is seeking a hegemonic status? These are the questions currently under hot debate in the academics and policy community.

The opening up and economic reform of Mainland China since 1980s has tremendously changed the society and people's life of the giant communist state. During 1991-2009, China's national wealth increases 15 times with average economic growth rate 9% annually. After the death of the “great architect of economic reform” Deng Hsiao-Ping, the leadership in Beijing seemed to adhere to his wise teachings of “hide the strength and bide the time” policy.

In the year of 1990s to the early 2000s Beijing basically maintained a low profile policy in the international affairs via accommodation rather than confrontation. The peaceful rise of China has thus become a less controversial topic in the academics and practitioners of international relations.

On the October 1st, 2009, of the 60th founding anniversary of the People's Republic of China, Beijing held a high-profile military parade and displayed its most advanced weapons in the Tienanmen Square. The demonstration externally created a very strong impression of the rise of China to the whole world and internally inspired the pride and dignity of Chinese people with a strong sentiment of Chinese nationalism.

Last year of 2010, China surpassed Japan as the world's second biggest economy after US. Many experts predict that China will catch up with the US sooner than expected. The increasing economic and military power plus the rapid transformation of value system have made the policy coordination among Chinese government agencies-especially the civil and military departments in disarray.

How to manage the diversified views on foreign policy issues among the political elites and the general public also test the ability of governance of Beijing leadership.¹⁹⁾

Last year, in the events of Cheonan incident, the Senkaku/Diaoyu Island fishing boat incident and the dispute over South China Sea, China's assertive behaviors caused some suspicions of its accommodating image of the "responsible stakeholder" or "status quo power" in the region.

Will China's rise challenge the existing international order and pose a threat to the regional security and the hegemonic leadership of the United States becomes a hot issue for the neighboring countries to cautiously watch.

Alarmed by the provocations of North Korea and the irregular Chinese behaviors in the region, the US responded by strengthening its ties with allies in the region. Besides the intensive joint military drills with South Korea and Japan, there has been seen more US military power presence in the Northeast Asia region. In the South China sea, US Secretary of State Mrs. Hillary Clinton asserted that "US National interest is in the freedom of navigation" in the ASEAN Regional Forum and supported the collaborative process for resolving territorial dispute without coercion in the region. The US even held a joint military exercise with its former adversary-Vietnam. In the South Asia, the US-India relations were also strengthened by the visit of US President Barack Obama.

The US is currently under no fundamental change for its engagement policy toward China. However, a more assertive China in the international affairs will probably consolidate the position of more hawkish school in Washington and leading to the emergence of a

19) Thomas J. Christensen, "The Advantage of an Assertive China-Responding to Beijing's Abrasive Diplomacy," *Foreign Affairs*, March/April, 2011 in <http://www.foreignaffairs.com/print/67461>

new China containment policy.²⁰⁾

The three decades of rapid economic growth has enormously changed the Chinese society in the Mainland. Not only has the people's living standard been greatly improved but also more humanity of the state to the people compared to the conditions 30 years ago.

After getting rich, the communist ideology has been fading away. Beijing is emphasizing a internal peaceful environment and harmonious society as the basis for national modernization. Nationalism replaced communism ideology as the social propulsion for development. The centennial humiliation has to be addressed by the great rejuvenation of the Chinese people. Striving for the great power influence in foreign affairs meets people's aspirations which will be enhanced by the growing national power.

Even under the tightly media control system, the modern communication technology of internet and mobile devices penetrated the society and gradually loosened communist control. The estimated 32 million netizens in the Mainland have more and more influence on the policy formation process of local and central government.

The huge gaps of the rich vs. the poor, the corruptions of government officials, and the social injustice have created local protests and conflicts more than 100 thousand times in the year of 2008 (more than ten times of 1993) .²¹⁾

Premier Wen Jia-bao's urge for political reform seemed to reflect that some of the leaders in Beijing have sensed the seriousness of problems that China will be facing in the future. The social dissatisfactions may challenge the communist rule and stir up the possibilities of China's political democratization.

X. Conclusions

The US dominant position in the Northeast Asian region remains in the foreseeable future. Mainland China with its fast economic growth rate and double digit military budget

20) See: Zalmay Khalilzad, "Congage China," RAND Issue Paper, 1999 <http://www.rand.org>

21) See: <http://global.dwnews.com/big5/news/2009-02-12/4727664.html>

every year has become the potential power to compete with the US for the dominant status in the Asian Pacific region.

Some experts may argue that with the continuous growing national power, China will sooner or later surpassed the US and become the dominant power in East Asia. The precondition of this forecast requires the presumption that the future domestic development of China still keep on the current pace and the Chinese people in the mainland will be satisfied with the authoritarian communist rule. Without the reform of the current political system, the economic development will reach its bottleneck. As Premier Wen Jia-bao urged in public "without political reform, economic reform can not succeed and the achievement we have made could be lost." The biggest challenge for China itself is how to maintain a stable future development with the existing system of "socialism with Chinese characteristics." The internal uncertainty will interact with the external behavior which will be of great concern of the neighboring countries in the region.

In the Korean Peninsula, the threat comes from the North Korea's nuclear capability and a possible regime collapse. It involves not only the inter-Korea relations but also the Sino-US relations and the multilateral mechanism of six party talks. As China's economy is advancing leaps and bounds and China found new economic interest in North Korea, the relations between the two countries became more cohesive. Even after Cheonan incident and Yeongpeong Island attack. We can see many signs in economic, diplomatic and security perspectives that the two countries are deepening their high-level contacts and exchanges in various fields.

The antagonism between the ROK and the North Korea will pose great security challenge for the Northeast Asian region. Probably a less ambitious and smaller issue-oriented functional approach can be considered to build the momentum for inter-Korean rapprochement and lead to a wider regional mechanism for the peninsular security.

The cross-strait rapprochement plays as the stabilizing factor in this region. The cross-strait exchange model emphasizes "people's benefits first," "the easy ahead of the difficult" and "the economic ahead of the political." Some of the experiences probably could

be applied in the inter-Korea exchanges.

Taiwan and South Korea are both facing the challenge of the rise of Mainland China and collaborating with US's correspondence strategy for China as well. Taiwan may play as a barometer of the future China's hegemonic disposition and as variable in influencing Korean security. The conflict in Taiwan Strait will probably lead to the US-PRC confrontation and which will impact on Japan and South Korea as the military allies of US.

Taiwan's current strategy of alliance with the US, while cooperates and exchanges with Mainland China in terms of economic benefits not only creates a win-win relationship across the strait but also benefits the neighboring countries around. Due to the same language, cultural, custom and historical background, Taiwanese businessmen enjoyed the better advantage running their business in the mainland market than those of the foreign investors. Besides, Beijing leadership is striving for the development of the cross-strait affairs aiming at the goal of future national unification. Therefore, the Taiwanese businessmen are given the better benefit under the united front political considerations.

As far as ECFA is concerned, Japan has been very active in engaging joint venture with Taiwanese businesses for exploring the Mainland China market. Taiwan and South Korea should also cooperate more to explore China market.

The Korean peninsular stability also correlates to Taiwan's security. Any large conflict arise in the Peninsula will draw in the great powers around and impact the security of Taiwan Strait. Preventing the North Korea's development of nuclear weapon and proliferation of technology abroad is also in the security interest of Taiwan.

From above analysis, Taiwan and South Korea are in a similar position striving for national security. Cross-strait relations correlate with the situation in the Korean Peninsula intertwined in the regional security. Both sides should be striving for more exchanges and cooperation in various fields for which are in the mutual interest of both countries.

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Abstract

Cross-Strait Relations and Northeast Asian Security

James C. L. Huang

The Republic of China on Taiwan under the leadership of President Ma Ying-jeou has greatly improved and stabilized the relations with Mainland China since May of 2008. Based on the “1992 consensus” or “one China with respective interpretations,” both sides gradually cultivated mutual trust and successfully established the institutionalized negotiation and consultation model. However, the rapprochement has not resolved the sensitive political issues and sovereign disputes between two sides. The future development of cross-strait relations still depends on the good will of both sides and the respective changing domestic situations.

China’s rise and its fast economic development represent the combination of opportunity and threat for Taiwan. How to maximize the opportunities and minimize the threats has become the severe wisdom test for the leadership in Taiwan and most importantly, to convince its people to follow.

For the Northeast Asian Security, obviously North Korea with its nuclear capability and provocative behaviors poses the immediate security challenge in the region. Cross-strait situations are currently stable but the fundamental cause underlying the threat of cross-strait conflict has been deferred rather than removed. So the critical challenge for the future is still looming. The biggest long-term challenge lies in the future development of Mainland China. The domestic changes would interact with China’s external behavior. The uncertain internal structural development needs to be cautiously watched for it will influence China’s external behavior accordingly.

Taiwan and South Korea are both facing the challenge of the rise of Mainland China

and collaborating with US's correspondence strategy for China as well. Taiwan may play as a barometer of the future China's hegemonic disposition and as variable in influencing Korean security. The conflict in Taiwan Strait will probably lead to the US-PRC confrontation and which will impact on Japan and South Korea as the military allies of US. The Korean peninsular stability also correlates to Taiwan's security. Any large conflict arise in the Peninsula will draw in the great powers around and impact the security of Taiwan Strait.

Taiwan and South Korea are in a similar position striving for national security. Cross-strait relations correlate with the situation in the Korean Peninsula intertwined in the regional security. Both sides should be striving for more exchanges and cooperation in various fields for which are in the mutual interest of both countries.

□ Key words : Cross-strait relations, 1992 consensus, Mainland policy, ECFA, Northeast Asian Security

초록

양안관계와 21세기 동북아시아의 안보

제임스 황

마잉주 총통이 집권한 대만은 2008년 5월부터 중국과의 친선관계를 대단히 향상시키고 안정시켰다. '1992년 공동인식' 혹은 '일개중국' 원칙에 근거하여, 양측은 상호 신뢰를 단계적으로 쌓아오고 있으며 제도화된 교섭과 자문모델을 성공적으로 확립하게 되었다. 그러나 그 관계는 쌍방의 예민한 정치적 사안과 주권 다툼의 논쟁을 해결하지 못했다. 양안관계의 미래의 발전은 여전히 양측의 선의와 각자의 변화하는 자국 상황에 의존하고 있다.

중국의 부상과 급격한 경제성장은 타이완에 대해서는 기회와 위협을 동시에 나타낸다. 기회를 최대화하고 위협을 최소화하는 방법은 대만의 리더십의 지혜를 평가하는 혹독한 기준이자 가장 중요하게는 국민들을 따르게 설득하는 기준이 되어왔다.

북동아시아 안보에 있어 북한의 핵 능력과 도발행위는 그 지역에 즉각적인 안보 도전을 제기하고 있다. 양안의 상황은 현재 안정적이지만, 양안 갈등의 위협에 놓여있는 근본적인 원인은 제거되기보다는 지연되어 왔다. 그래서 미래에 대한 중대한 도전은 여전히 맴돌고 있다. 가장 크고 장기적인 도전은 본토 중국의 미래 성장에 있다. 중국 내부의 변화는 중국의 외부적 행동과 상호작용하게 될 것이다. 중국의 불확실한 내부의 구조적 발전을 조심스럽게 관찰할 필요가 있다. 왜냐하면 그것은 그에 따라서 중국의 외부적인 행동에 영향을 줄 것이기 때문이다.

대만과 남한은 모두 본토 중국의 부상에 따른 도전에 직면하고 있으면서 중국에 대한 미국의 대응전략에 동조하고 있다. 대만은 향후 중국의 패권적 지위에 대한 척도로서 그리고 한국의 안보에 영향을 미치는 변수로서 역할하게 될 것이다. 대만해협에서의 충돌은 중국과 미국의 정면대결로 이어지게 될 것이고, 미국

의 군사적 동맹으로서의 일본과 남한에도 영향을 미칠 것이다. 한반도의 안정은 또한 대만의 안정과 상관되어 있다. 한반도에 어떤 거대한 갈등이 발생할 경우 주위의 강대국들을 끌어들이는 것이고 대만해협의 안보에 영향을 줄 것이다.

대만과 남한은 국가적 안전을 위해서 노력하는 비슷한 처지에 있다.

양안관계는 지역적 안보와 연계되어 있는 한반도내의 정세와 서로 관계되어 있다.

양측 모두는 두 나라에게 상호 이익이 되는 다양한 영역들에서 더 많은 교류와 협력을 위해 노력해야 한다.

□ 주제어 : 양안관계, 1992년 합의, 중국의 정책, 중국과 대만의 경제협력 기본협정, 동북아 안보

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