

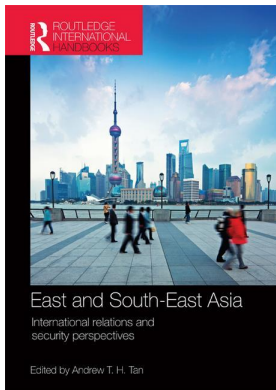
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China and Taiwan relations

Challenges and prospects

Sheryn Lee

Introduction

With the inauguration of the Kuomintang (KMT)'s Ma Ying-Jeou as President of Taiwan in 2008, attempts to expand political, economic and social linkages between Taiwan and the People's Republic of China have improved dramatically. In a 2011 speech to the Center for Strategic and International Studies, President Ma stated:

Before I came to office, we had all witnessed the spread of instability, especially in security in cross-Strait relations. I had long recognized that cross-Strait relations require a new mindset, one that would emphasize the commonalities, take advantage of our shared interests, capitalize on our mutual opportunities and de-emphasize our political disagreements. (Ma 2011)

Since Ma's appointment, significant steps towards rapprochement have been reached through deals, such as the establishment of direct shipping, air transport and postal links, and the opening of Taiwan to independent tourists from the mainland through the Free Independent Traveller Programme (*Taipei Times* 2011). The most significant cross-Strait agreement signed was the June 2010 Economic Co-operation Framework Agreement (ECFA), which liberalized important aspects of cross-Strait economic relations via reducing tariffs, the elimination of non-tariff trade barriers, promoting trade and investment contacts, and boosting economic development and employment (Glaser and Billingsley 2011: 1). This marked improvement in cross-Strait relations was given further impetus when on 14 January 2012, President Ma won a second term in office, consolidating on the KMT's first term political gains of reaching a mutual consensus with Beijing on resolving the issue of Taiwan's sovereignty. Thus, the situation appeared to offer the prospect of détente—an opportunity for Taipei and Beijing to move on from past trauma to pursue reconciliation and remove one of the region's most potent tinderboxes.

Undeniably, the economic and socio-political context of cross-Strait relations has undergone significant changes to bring into view the prospect of permanently removing the Taiwan Strait off the list of potential flashpoints in the Asia-Pacific. These developments raise fundamental questions about the future direction and underlying determinants of China-Taiwan relations.

Long-term structural dynamics suggest three persistent barriers to sustained cross-Strait rapprochement that would satisfy all the parties involved. First, Taiwanese and Chinese domestic perceptions differ greatly regarding the definitions of ‘sovereignty’ and the ‘status quo’, and subsequently the terms of (re)unification. To this end, Taipei is increasingly wary as to the negative implications of closer economic ties, which would make the island more dependent on the mainland. Second, the resolution of Taiwan’s status is not merely restricted to the narrow Strait, but rather the tempo and tone of China–Taiwan relations has regional implications. Taiwan’s geostrategic position is increasingly salient to the USA’s—the vital triangular partner to cross-Strait stability and a key Pacific power—operational planning in the event of a regional conflict. Taiwan’s location on the ‘first island chain’, stretching from Japan to the Philippines, provides a buffer through which Chinese power projection can be contained (Erikson and Mikolay 2005: 159). Moreover, Taiwan’s relations with both Beijing and Washington are often seen as indicative of Chinese intent to the region as well as the USA’s credibility and commitment to the security of the Asia-Pacific.

As such, this chapter will first briefly overview cross-Strait relations since the mid-1990s. Second, it will evaluate the prospects and challenges for a resolution to cross-Strait tensions from the domestic and political, the economic, and the strategic dimensions. Lastly, it will conclude that despite short-term improvements in cross-Strait relations, the countervailing dynamics that have emerged as a consequence of six decades of cross-Strait relations point to endemic antagonism. Beijing, Taipei and Washington all diverge in their definitions of not only ‘(re)unification’ but also ‘sovereignty’ and the ‘status quo’. These divergent perspectives of the situation in the Taiwan Strait by the main actors involved suggests the long-term strengthening of bonds between the USA and its friends and allies in the Asia-Pacific, including Taiwan, and increasing tensions with China regarding the extent and scope of Washington’s future involvement in the region (Office of the Secretary of Defense 2011: 1). Consequently, the probability of China and Taiwan overcoming the contrasting perceptions of their relationship and negotiating a peace agreement that would satisfy Beijing, Taipei and Washington, remains low.

Cross-Strait relations since the mid-1990s

Contentious relations between China and Taiwan (or the Republic of China—ROC) has remained an uncomfortable legacy of the unfinished Chinese Civil War of the 1940s. This contentious legacy relates to the concept of ‘sovereignty’, central to Taiwan–China relations, which is contested in theory and practice. On the one hand, Taiwan has effective domestic and Westphalian/Vattelien sovereignty, and limited international legal sovereignty in the form of recognition from a relatively small number of states (Krasner 2011: xv). On the other hand, the political leaders of China claim sovereignty of Taiwan, and are unlikely to revoke this stance, due to the possibility of setting precedents with regards to Tibet and Xinjiang. ‘One China’, ‘sovereignty’ and ‘unity’ have become not just slogans of the regime but also a well-understood set of principles embraced by the population (Krasner 2011: xv)—sentiments that arguably would be enhanced in the succession of Xi Jinping as the General Secretary of the Chinese Communist Party (CCP) and President of China in late 2012.

Relations between Beijing and Taiwan continued to deteriorate with Taiwan’s first direct presidential elections, won by pro-independence candidate Lee Teng-Hui, and further election successes of the Democratic Progressive Party (DPP) in 2000 and 2004, led by Chen Shui-Bian. In response, China’s National People’s Congress (NPC) adopted the Anti-Secession Law (ASL) in March 2005, which affirmed the ‘One China’ principle as the basis for reunification and

explicitly threatened the use of force should secessionist forces act to cause the declaration of independence for Taiwan (Tkacik 2011: 29). Much of this tension was based on differences in the evolving semantics of the ‘cross-Strait *status quo*’. For most Taiwanese, *status quo* has come to mean that Taiwan is neither a part of China, nor an independent sovereign state. Conversely, for Beijing, the *status quo* is broadly understood to be the ‘one country, two systems’ principle in which Taiwan is a province of China and China retains sovereignty over Taiwan (Lin 2011: 93–95).

A further obfuscating factor is the role of the USA and its policy of ‘strategic ambiguity’ in courting Beijing for its economic and security benefits, while remaining Taiwan’s principle ally under the provisions of the 1979 Taiwan Relations Act (TRA) (Hu 2011: 53). For Washington, ‘strategic ambiguity’ remains the basis of its Taiwan policy and has facilitated US–Taiwan relations and protected Taiwan’s own economic and political interests (Dumbaugh 2009: 6). However, the policy entails Washington to balance two competing objectives. On the one hand, three communiqués—signed in 1972, 1979 and 1982—in which US policy makers recognized the legitimacy of the Chinese government, acknowledged that there is only ‘one China’, and suggested an eventual ending point for arms sales to Taiwan. On the other hand, the TRA provided Washington with a statutory framework for maintaining extensive unofficial contacts with Taiwan, and committed the US to provide weapons for Taiwan for self-defence purposes (Chase 2005: 162). Whilst this ‘strategic ambiguity’ has come to be credited with preserving stability across the Taiwan Strait for the past two decades, it has also created conflicting expectations on behalf of both Taiwan and China of US credibility and commitment to the region.

Additionally, the 1995/96 Taiwan Straits Crisis was a critical incident in demonstrating China and the USA’s policy towards Taiwan and the terms of (re)unification. In the lead-up to Taiwan’s first presidential elections, the People’s Liberation Army (PLA) conducted a series of military exercises and missile tests in the waters near Taiwan between July 1995 and March 1996. This was largely in response to the perceived democratization and creeping independence taking place in Taiwan—and particularly to a decision by the USA to grant a visa to then Taiwanese President Lee Tenghui to attend his graduate school reunion at Cornell University (Scobell 2000: 227). Accordingly, Washington responded to the PLA manoeuvres by deploying two carrier battle groups to the Taiwan Strait—the largest US naval deployment to East Asia since the Viet Nam War—which ultimately defused the crisis.

Owing to the adverse response towards the bellicose posturing of the PLA, the subsequent decade reflected a shift towards a longer-term Chinese national strategy of pursuing cross-Strait ‘(re)unification’ without direct confrontation and conflict (Sutter 2004: 179). Chinese President Hu Jintao backed away from the aggressive rhetoric of his predecessor Jiang Zemin by shifting China’s priority to achieving (re)unification in the long term whilst opposing Taiwan’s ‘creeping independence’ in the near to medium term (Roberge and Lee 2009). Thus, from this point Beijing recognized the importance of building mutual trust through dialogue and exchange after the decade of mutual fear of an escalation towards conflict. More pluralistic interactions and policies, for instance the ECFA, reflect Beijing’s emphasis on mutual interests and values—economic co-operation and cultural heritage—as well as greater accord to reducing the zero-sum competition in the international arena (Bush 2010). The implications for the Taiwan issue have been not only the preservation of the status quo but also the prospect of greater engagement with Taipei beyond economic rapprochement. The 2008 and 2012 electoral victories of KMT leader Ma Ying-Jeou validated Ma and the KMT’s pragmatic and economically focused approach to cross-Strait relations (Cook 2012: 24). Despite this, challenges remain regarding the depth of ‘rapprochement’, and whether this is synonymous with ‘(re)unification’.

Economic interaction and the ECFA

In spite of the severe tensions that characterized relations between Taipei and Beijing through till the mid-2000s, over the past decade, China-Taiwan economic interaction has improved both the tone and scope of cross-Strait relations, towards interdependence (Zhao 1997: 177). Cross-Strait dialogue based on the understanding of financial co-operation has led to a series of 'direct-link' breakthroughs and has set clear antecedents for the possibility of political convergence, such as the formal accession of China and Taiwan to the World Trade Organization (WTO) in December 2001 (Zhang 2008: 83). The successes of economic affiliation as a bilateral measure arguably could provide the bedrock for resolving Taiwan's political status and relaxing tensions across the Strait. That is, notionally, the economic gains will build increased prosperity on both sides of the Taiwan Strait, and alleviate long-standing enmity to allow for more sensitive disagreements, ultimately sovereignty issues, to be addressed (Rigger and Hsu 2011: 2–4).

In June 2008 Taiwanese President Ma and the CCP leadership resumed cross-Strait dialogue, with Ma announcing the KMT's priority of economic talks over political negotiation with Beijing. By 2003 China became Taiwan's largest trading partner, with over 2 million Taiwan citizens living on the mainland by 2008. By 2008 Taiwan had announced seven rounds of Straits Exchange Foundation-Association for Relations Across the Taiwan Straits (SEF-ARATS) talks along with the conclusion of 16 cross-Strait primary agreements. By the end of 2009, Taiwan's companies had invested approximately US \$150 billion in over 77,000 projects in the previous 20 years (Kan and Morrison 2012: 6). These agreements culminated with the signing of ECFA, which was used as the main harness for moving China-Taiwan relations forward. Whilst the rest of the region faced continuing aftershocks from the 2008 Global Financial Crisis (GFC), the ECFA's benefits were two-fold. For Taipei, the agreement represented the best near-term option for reviving Taiwan's economy, which had been severely dented by successive months of year-on-year drops in exports close to 50%. In a study by the Peterson Institute for International Economics on the impacts of Taiwan and China signing the ECFA, it is estimated that by 2020 Taiwan will see its gross domestic product (GDP) at least 4% higher by virtue of the ECFA (Rosen and Wang 2011: 2). For China, the ECFA has promised two benefits: a closer embrace with its 'Taiwan compatriots', and enhancing the international perception of China as a responsible economic stakeholder in the region (Cooke 2009: 9). Moreover, for the USA the ECFA broadly fulfilled the longstanding policy of encouraging cross-Strait commercial engagement.

Consequently, it required the shock of a global economic downturn to position Taiwan and China for the next level of mutual engagement and economic interaction. However, despite its successes, it must be noted that the process was structured on shared recognition that cross-Strait economic integration needed to be pursued in a measured and balanced fashion (Cooke 2009: 10). Should peaceful (re)unification occur, it would need to mimic the process, and such an end-point could not be pursued without mutual and due process. Although both Taipei and Beijing have been deeply involved in regulating and promoting economic exchanges, Beijing's motivations behind economic interdependence have in fact exacerbated tensions with both Taipei and Washington. The fear being that Beijing has encouraged exchanges in the hope that increased economic interdependence will 'bind Taipei's hands in seeking *de jure* independence and that it will facilitate national (re)unification' (Zhao 1997: 178).

Added to this, the growing interdependence—although manifest in all economic indicators—is not symmetric (Rosen and Wang 2011: 5). By late 2001 China replaced the USA as Taiwan's number one export market, and by 2011 Taiwan had the world's largest trade surplus with China, with cumulative foreign direct investment by its companies in mainland China

accounting for more than half of foreign direct investment overall, rising 11% to US \$13 billion (Wong and Chang 2012). In recent years, Taipei's attempts to regulate the pace of economic exchange—out of fear of economic coercion for political subjugation—have been stymied by slow domestic growth and the GFC (Zhao 1997: 178). Therefore, as business leaders have sought to capitalize on China's rapid economic growth to reverse downward trends, they have also stimulated Beijing economic and political leverage over Taipei. These levers of economic coercion—such as applying or publicly airing forms of pressure, the purposeful disruption of financial markets or information network, and the selective harassment of Taiwanese business-people—have provided China with political methods of signalling discontent with changes in Taiwan which fall short of the threat and/or use of military force. Therefore, if long-term efficacy of economic pressure is perceived to lose political utility for the Chinese government, the likelihood of military pressure remains an effective alternative to influence the *status quo* (Shlapak *et al.* 2009: 13). Moreover, Beijing's investment in long-term economic—and thus political—policies to move Taiwan closer towards (re)unification and/or discouraging moves towards independence has had the converse effect of prolonging the status quo, resulting in the development of a military option (Pollack 1996: 113).

Domestic politics

The 2008 Taiwan election was a decisive moment, which signified systematic efforts of both China and Taiwan to stabilize relations and reduce the level of mutual fear of conflict over the Taiwan Strait. The election of Ma, in addition to the further consolidation of the KMT's hold on the national legislature (the Legislative Yuan), signified domestic support for a more pragmatic approach on cross-Strait matters (Bullard 2008: 113). The domestic fear that the continuation of pro-independence rhetoric would destabilize the delicate cross-Strait balance, which continues further to isolate the island in the international arena, and escalate tensions into conflict, pushed many voters to seek more moderate political approaches to dealing with the mainland. This sentiment even led Frank Hsieh, the DPP candidate for the 2008 election, to espouse a moderate view on (re)unification and China-related issues as an alternative to Chen Shui-Bian's policies (Zhang 2008: 82). With 58.45% of the electoral vote, Taiwan's populace voted for a political platform, which expressed that it was necessary for Taiwan to reach out for possible accommodations with mainland China and that unilateral secession on the part of Taiwan can only be a recipe for disaster (Ma 2006).

Then in 2012 President Ma secured a second term in office, obtaining 51.6% of the popular vote while Tsai Ing-wen, his DPP opponent, managed 45.6%. Ma's party, the KMT, thus retained control of the Legislative Yuan, securing 64 of the 113 seats (CEC Taiwan 2012). Based on the numbers, President Ma would be able to govern with both a clear majority of popular support and legislative freedom over the next four years. Beijing and Washington were also visibly relieved with the KMT's success, as Tsai's appointment may have renewed concerns of another Taiwan Straits crisis—a situation neither the USA nor China was keen to face, given the current state of their own domestic politics. In late 2012 China underwent the leadership succession of Xi Jinping and the appointment of seven new members to the Politburo during the 18th National Congress of the CCP (*Washington Post* 2012). In November the USA faced its own presidential elections, with Barack Obama eventually re-elected.

However, despite the perception of political détente, improvements in cross-Strait relations remain largely superficial. In the campaign for the 2012 presidential election, Ma argued that Taiwan's future prosperity and greater regional stability both required a reduction in cross-Strait tensions, as well as advancing relations with Washington to help Taiwan level the playing field

(Ma 2011: 5). Opposition leader Tsai was in agreement, arguing that further integration should be approached with caution, and that it should not threaten Taiwan's *de facto* independence (Tsai 2011). Moreover, despite Ma's electoral win, compared to the 2008 election, the total number of votes Ma received dropped by more than 767,000—whilst votes for the DPP grew by 648,000—and the KMT coalition lost 18 seats in the Legislative Yuan, a significant portion of its majority, while the opposition DPP coalition gained 16 seats (CEC Taiwan 2012). These losses and gains signify that the KMT's second term may not be as smooth as the first; President Ma will likely be constrained by increased opposition in the legislature, and this is likely to limit how much he can offer Beijing in enhanced cross-Strait relations.

As such, Ma's slipping popularity and an increase in public concern over increasing Chinese leverage suggest that many Taiwanese remain suspicious of Ma's ties with the mainland. While the election may not have reconfigured cross-Strait relations, the risk remains that Beijing could become impatient with its limited influence over Taiwan's democratic government, in particular during the time of a re-elected KMT-dominant legislature. Rather than stabilizing the cross-Strait *status quo*, the KMT's election victory may usher in a new period of instability—not one in which Taiwan calls for *de jure* independence and recognition as a sovereign nation, but one in which China may intensify its demands on Taiwan, such as pressuring Ma formally to discuss Taiwan's political future and calling upon Taipei to halt the purchase of arms from the USA. That is, while Taiwan, China and the USA are committed to maintaining the status quo, divergent approaches towards (re)unification and the strategic balance in East Asia remain a persistent source of tensions. China's ability to translate economic leverage into political influence still has not been sufficient enough to engage with how to achieve (re)unification, and counter Taiwan's 'creeping independence' (Shlapak *et al.* 2009: xiv).

The problem has been aggravated further by both the Chinese and Taiwanese governments' inability to develop adequate policy tools to influence and/or reverse two key trends that over the long term will increase the possibility of conflict in the Taiwan Strait (Sheng 2002: 116). First, domestic conceptions of identity are a crucial issue in cross-Strait relations. Beijing insists that people in Taiwan are of Chinese nationality and ethnicity—a key reason why Taiwan is considered part of 'one China'. Conversely, there is a growing sense among Taiwanese citizens that they hold a distinct identity separate from that of the mainland (Saunders 2005: 971). In 2011 data from a poll carried out on Taiwanese identity by the National Chengchi University's Election Study Centre indicated that 52% of the island's population viewed themselves as exclusively Taiwanese, 40% viewed themselves as both Chinese and Taiwanese, and a mere 4% viewed themselves as exclusively Chinese (Election Study Centre, National Chengchi University 2011).

Thus, converting Taiwanese nationalism to Chinese nationalism would be no easy matter. It is far from clear that the premise of Chinese policy—to use strong economic and social cross-Strait linkages to break down Taiwan's resistance to unification—is clear or effective. This trend towards a more distinct Taiwanese identity was further evidenced in the formulation of the KMT's policy platform in the lead-up to the 2008 election. Ma's success in shifting DPP votes was attributed to his effort to discarding any previous connection to China in order to reduce distrust of mainland origins with native Taiwanese. Ma changed the KMT's name from 'The Chinese Nationalist Party' to 'The Nationalist Party', and continued to pursue his policy of the 'Three No's—no unification, no independence, and no war' (Zhang 2008: 84). Ma's electoral breakthrough in winning native Taiwanese votes in key DPP electorates demonstrated that despite a more accommodating Taiwan government, his administration must primarily address the demands of a 'Taiwanese' populace rather than a 'Chinese' one. This has undermined any prospect of (re)unification by political convergence, and that (re)unification is impossible without the consent of the Taiwanese people.

Second, China's growing nationalist fervour in its political and economic power has contested the notion that it will remain content with the status quo. The CCP's increasing reliance on nationalism to legitimize its current rule—as well as successes in obtaining the return of Hong Kong and Macao—have increased the political stakes of handling the 'Taiwan problem' successfully (Zhao 2005: 139). Any Chinese leader who allows Taiwan to become independent would find it near impossible to stay in power, as it would also legitimize claims of sovereignty from Xinjiang and Tibet (Saunders 2005: 978). As a result, nationalistic sentiment is inextricably linked to regime survival and the political survival of individual Chinese leaders. The nationalistic policy environment has resulted in the use of cross-Strait economic links as a form of 'coercive diplomacy' and the use of nationalistic objectives by the PLA as a means to emphasize the military option (Saunders 2005: 978). Therefore, despite the successes of Ma's fiscal policies, the divergent evolution of social and cultural identity is enduring and Taipei's acquiescence towards Beijing's desired position will be limited by domestic perceptions (Roy 2012).

The strategic dimension

Beijing's investment in long-term political and economic policies towards Taiwan has had the effect of prolonging the status quo resulting in the desire to affect the cross-Strait military balance in the PLA's favour. Less obtrusive behaviour—such as political rhetoric and economic harassment—has only reassured Taipei's political elites about the sustainability of the status quo policy, and has nurtured the perception that Beijing will not use the military option to force a resolution. Conversely, as China's military power increases, so has its confidence that the use and/or threat of the use of military force will be the most effective and credible option. Renewed military activism by the PLA—for instance, incidents in the South China Sea and the Senkaku/Diaoyu Islands—has demonstrated the CCP's intentions, capability and purpose in moves that are psychological as much as they are political and strategic (Pollack 1996: 113).

Taiwan's first Quadrennial Defence Review (QDR), in 2009, reflected defence planners' concerns over the build-up of the Chinese military. It recognized that the PLA's acquisition of significant short-range force projection capabilities, particularly the steady build-up of ballistic missiles, is driven by a determination to gain the capability to overwhelm the island's defences in the event of a conflict (Gertz 2010). China has not renounced its right to use force to prevent Taiwanese independence, nor discussed amendments to the ASL, nor has it withdrawn any missiles targeting Taiwan's coastline (Famularo 2009: 3). Conversely, despite the KMT administration's general unease in dealing with national security issues, Ma himself sought to accommodate public sentiment in the lead-up to the 2008 election, when he pledged he would not seek political negotiations until Beijing removed its missiles deployed across the Taiwan Strait (Ma 2008).

Ultimately, Beijing's calculations are concerned not only about Taiwan's military capabilities, but those of Washington, which serves as Taipei's security guarantor. China's ability to deliver accurate firepower across the Strait must calculate not only Taiwan's ability to protect the island's military and civilian infrastructure from serious damage, but also the armed forces of the USA (Blumenthal 2011). Recent sales of arms packages to Taipei by both the George W. Bush and Obama administrations to improve Taiwan's deterrent capacity have only heightened China's concerns of the necessity to develop an effective means to suppress those capabilities. This has contributed to an arms race dynamic, whereby the destructive capability and quantity of assets acquired has increased the potential damage both parties are capable of inflicting, while simultaneously increasing the incentive to pre-empt the other during the event of a crisis (Ball 2012: 3). Thus, as the risk of conflict in the Taiwan Strait has increased, so has the

entanglement of the USA in the strategic and operational expectations of both China and Taiwan (Shlapak *et al.* 2000: 3).

Thus, the possibility of miscalculation and misadventure, with consequential escalation, which arises from cross-Strait provocations will be the biggest danger facing the Strait (Ball 2012: 3). In the past year, much attention has focused on developments in the PLA—notably its aircraft carrier and J-20 fifth-generation combat-aircraft programmes (Saunders and Wiseman 2011; O'Rourke 2012). However, other aspects of the PLA's expanding capabilities, such as its anti-ship missile and submarine programmes are perhaps more strategically significant, particularly for the US Navy (Holmes and Yoshihara 2010: 209–11). The majority of the wide-ranging improvements in the PLA's capabilities appear to have one element in common: they enhance China's ability to take offensive action against Taiwan while deterring, slowing, or blunting US power projection into the East Asian littoral (Fisher 2010: 42–47). Among these new Chinese capabilities are possessing a synergy that presents a serious and growing challenge to Taiwan's defence even with the help of the USA: these are China's growing arsenal of surface-to-surface missiles and its increasingly modern air force (O'Rourke 2012: 4).

Conversely, Taiwan's defence thinking remains almost entirely focused on maintaining a deterrent to Chinese military adventurism aimed at intimidating or occupying the island (Swaine 2005: 131–32). Taiwan acquired eight Cheng Kung (US Perry)-class frigates (the eighth entered service in 2004), six Kang Ding (French La Fayette)-class frigates, and four refurbished Kidd-class guided missile destroyers (IISS 2012: 283). Taiwan's acquisitions are avowedly intended to offset China's growing capabilities; however, this capability contributes much tension to the Strait, not just between Beijing and Taipei, but also Washington. During 2011 Taipei's continued efforts to negotiate new defence contracts with Washington caused some friction. Taipei had been requesting F-16C/D combat aircraft since 2006, to help maintain the credibility of the island's armed forces in the face of both growing Chinese military capabilities and Washington's wish to downgrade responsibility for Taiwan's defence (*The Economist* 2012). However, Washington had been anxious not to exacerbate its uneasy strategic relations with Beijing—which for the second time threatened the suspension of military-to-military dialogue—and announced in September 2011 that it would instead sell Taiwan an upgrade programme for 145 F-16A/B aircraft acquired during the 1990s (Landler 2011).

Therefore, if the long-term efficacy of economic pressure is perceived to lose utility for the Chinese government, the likelihood of military pressure remains an effective alternative to influence the status quo. Moreover, despite growing political linkages, China maintains its policy of 'unification' by force if necessary, and continues to increase the number of missiles deployed along its eastern coast and aimed at Taiwan, strengthen its military capabilities for attacking the island, as well as deter US forces that might come to Taiwan's assistance (Ministry of National Defence—China—2011: section 2). The past 20 years have seen the military balance inevitably and inexorably continue to move in the mainland's favour, eroding both the USA's and Taiwan's deterrent capabilities and increasing Beijing's options for employing force to obtain its objectives. What will most likely prove to be the most complicated factor will be the role of the USA, not just in the Taiwan Strait, but in the broader Asia-Pacific. Questions of US interests and investment in the defence of its allies and friends vis-à-vis China are increasingly bound up with regional strategic concerns over Beijing's actions towards the region as a whole (Medeiros 2009: 211). The resilience of Washington's commitment to Taiwan in the face of China's threat sends a signal of the resolve of the USA to its key alliance partners, in particular Japan and the Republic of Korea (South Korea).

Consequently, the status of Taiwan is not simply an issue of resolving definitions of 'sovereignty' and 'status quo', as well as agreeing to the terms of '(re)unification' between the Chinese

and Taiwanese administrations; rather it has become an important factor in the strategy of the USA and its allies simultaneously to hedge against Chinese military power while engaging and enmeshing Beijing in networks of political, economic and social affiliations that over time will render its military power anachronistic. Whether in the short or long term, Washington's vested global interests—protracted wars in Iraq and Afghanistan based on the export of democratic ideals, and the need to reinvigorate the US domestic economy via the medium of Asian markets—signifies that it cannot and will not abandon Taiwan.

A Taiwan consensus: (re)unification or rivalry?

Since President Ma called on the two sides of the Taiwan Strait to seize opportunities to advance peace and prosperity, cross-Strait tensions have appeared to ease. The tone of China-Taiwan relations has seemingly shifted from crisis point to conciliation—a development widely viewed as conducive to peace and stability in the context of the Asia-Pacific. With the expectation that talks on further agreements regarding economic and cultural ties will continue and steadily mature, hope remains that a peaceful resolution will be found with regard to solving Taiwan's sovereignty. Ma's more moderate government and willingness to work with the mainland, in conjunction with a shift towards a more pluralistic foreign policy by the CCP, demonstrated to many a convergence in the understanding of how to achieve rapprochement. However, the overwhelming support for the KMT in the past few years has demonstrated that the shift in opinion with regards to China-Taiwan relations and resolving Taiwan's status has gone from supporting *de jure* independence to maintaining the current *status quo*, as opposed to outright (re)unification with the mainland. It has also become clear that apart from Beijing, détente with the mainland is not synonymous with (re)unification.

The longer the *status quo* is prolonged, the more stimulus will be given to the evolution of Taiwan's distinct identity and the legitimacy of its moves towards formal sovereignty. Moreover, the PLA's military build-up has continued unabated, and Taiwan has continued to make necessary upgrades to its self-defence. Consequently, the ability to sustain the status quo has become dependent on Beijing's patience with Taipei in promoting (re)unification as an endpoint for Taiwan's political status. Cross-Strait relations are further obfuscated by the dual role of the USA, first as a Pacific power that holds responsibilities in the East Asian littoral to balance against growing Chinese influence, and second as an economy with vested interests in the Asia-Pacific to reinvigorate its own domestic market. These long-term structural challenges, which encompass the political, economic and strategic dimensions of the relationship, mean that the future of China-Taiwan relations will unlikely be a peaceful dénouement that satisfies Beijing, Taipei and Washington.

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