The election of Chen Shui-bian as Taiwan’s new president and the prospective entry of both China and Taiwan into the World Trade Organization offer a rare opportunity for a fresh start in cross-Strait relations. For the first time since the 1993 agreement in Singapore between designated representatives of the two governments, there is now a possibility that both sides might agree on terms of reference in cross-Strait ties for which neither claims outright ownership or a monopoly of political virtue.

Explicit economic agreements and regulations constitute the common ground where the two sides could break the stalemate in cross-Strait ties and move from intimations of flexibility to tangible results. Such accords would provide significant benefits to both sides, as well as compelling incentives for their continued political and military restraint.

Toward this end, we offer the following ideas for consideration by the two sides as a way of reviving and injecting momentum into their discussions of cross-Strait ties. Befitting Chinese practice, we characterize these initiatives as the “four nows and one soon.”

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*A slightly edited version was published in* The Asian Wall Street Journal *on May 19–21, 2000 under the title “A New Beginning.”*
First, Taipei has long prevented direct investment projects on the mainland larger than $50 million, and has denied any transactions entailing high-technology transfer. In addition, it has consistently precluded, contrary to Beijing’s wishes, the establishment of direct air and sea transport across the Taiwan Strait. Taiwan should immediately place these items on the table for discussion.

Second, joint or sequential admission of China and Taiwan into the WTO (with Taiwan joining as a “customs state”) can be accompanied or preceded by negotiations on matters of mutual economic interest. These subjects include foreign direct investment, protection of property rights, affirming and implementing the rule of law, technology transfer agreements, and facilitating establishment of joint ventures between firms in China and Taiwan.

Third, both sides should explore their overlapping interests and the mutual gains to be realized by coordinating their respective policies toward development and exploitation of energy resources in the South China Sea.

Fourth, both sides should consider whether these issues on which they have common interests—perhaps sometimes at variance with the interests of other countries in and out of the region—warrant their establishing mechanisms for bilateral consultation and coordination. Such mechanisms could be useful before and during future meetings of the WTO as well as the Asia-Pacific Economic Cooperation (APEC) forum, in which both China and Taiwan are members.

To these four “nows,” we would add a fifth “soon.” China and Taiwan should be prepared to discuss the perverse interaction between China’s development and deployment of missiles that Taiwan views as threatening, and Taiwan’s repeated requests to the United States for enhanced air and missile defense systems to counter this threat. Both sides might recognize the prospect of mutual benefits by parallel restraint in this domain. This sensitive issue may not be appropriate to broach immediately, but as soon as signs of progress materialize in less contentious areas.

President-elect Chen clearly seems amenable to exploring these possibilities. He has demonstrated extraordinary discipline and political restraint in the month since his election, studiously avoiding actions or statements that he knows will incur Beijing’s wrath. But there is an
imperative need to provide more of a structure for cross-Strait ties. A denser and direct web of economic linkages would help provide the ballast and underpinning that these relations presently lack.

It still remains uncertain whether the Chinese see opportunity or danger in Chen’s election—or perhaps some of both. Leaders in Beijing did not fully anticipate, let alone prepare for, Chen’s victory or the humbling of the Kuomintang, which held sway over the island’s politics for more than a half century. Instead, they made rhetorical efforts, which were both conspicuous and ineffectual, to prevent such an electoral outcome. Beijing’s leaders remain exceedingly wary of the Democratic Progressive Party, which has long advocated Taiwan’s formal independence from the mainland.

But Chen’s acute awareness of Beijing’s sensibilities, and his restrained comments since his electoral victory, have contributed to a mood of guarded optimism. He has stated his readiness to discuss the “one China” concept, perhaps under a confederal formula. He has also reassured Beijing that (absent the use of force against Taiwan) he will not take any actions that China would deem moves toward a formal declaration of independence. In addition, he has explicitly endorsed China’s entry into the WTO and Congressional approval of Permanent Normal Trade Relations status for Beijing.

To be sure, initiatives such as the “four nows and one soon” constitute only one component of a larger accommodation. But an expanded framework for trade and investment would help circumvent the political liabilities that have foreclosed movement in the past. Moreover, prompt initiation of cross-Strait discussions along the lines we suggest would probably shelve any further action on the Taiwan Security Enhancement Act by the United States Senate—an outcome China clearly seeks.

We recognize the political obstacles that could easily doom forward movement. But the two sides now have an unparalleled opportunity to define a mutually acceptable framework that defers the more contentious issues while providing both with tangible economic and political gains. These are matters that China and Taiwan need to pursue in earnest, lest the propitious moment be lost, and stalemate or worse resume.
Postaudit

The “four nows and one soon” agenda that Jonathan Pollack and I proposed remains valid and relevant. The first “now” has been largely realized without formal resumption of cross-Strait negotiations.