

**THE CHINA-TAIWAN ECONOMIC
COOPERATION FRAMEWORK AGREEMENT:
POLITICS, NOT JUST ECONOMICS**

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Executive Summary

1. On June 30, 2010 China and Taiwan finalized an important agreement called the “Economic Cooperation Framework Agreement” (or ECFA). Provisions in ECFA reduce tariffs on over 500 items of Taiwan exports to China and more than 200 China exports to Taiwan.
2. Economically, Taiwan will benefit from the agreement more than China. ECFA will enhance Taiwan’s exports and increase employment. It will make commerce with China more efficient. It will alleviate problems dealing with investments, intellectual property rights, and more.
3. While the agreement was negotiated as an economic accord, and it is that, it has far reaching political significance. In fact, some observers see the politics of the agreement as much more important than the economics.
4. China, Taiwan (the government as well as the opposition), and the United States espouse quite different views on the accord.
5. China sees the agreement as promoting more commercial relations with Taiwan and better relations overall. Chinese leaders say it advances the cause of peace in East Asia and is generous to Taiwan. Some suggest it will lead to a political agreement and unification.
6. More important for China, ECFA will reduce tension with Taiwan and help Chinese leaders promote its peaceful rise strategy, especially in the context of growing tension over the South China Sea and with the United States over various issues.
7. The government in Taiwan and the Nationalist Party (KMT) view the ECFA as a major accomplishment and the agreement favorable to Taiwan since it will boost Taiwan’s economy. It will also help Taiwan diplomatically since it

will lead to improved relations with Southeast Asian countries and allow Taiwan greater participation in regional organizations.

8. The Nationalist Party (KMT) calculates that ECFA will help it win metropolitan city elections in November and likely assist the party in performing better in legislative and presidential elections in 2012.
9. The opposition (Democratic Progressive Party or DPP and the Taiwan Solidarity Union or TSU) views the accord as threatening Taiwan's democracy and its sovereignty. They note that China continues to augment its military to threaten Taiwan. They demand a referendum.
10. The opposition's complaints with the agreement comport with its basic political strategy to exploit ethnic difference and local nationalism. The DPP, however, seems confused about how to strenuously assail ECFA and using what tactics.
11. The U.S. government supports the agreement. Some, however, say that this is because it is preoccupied with problems elsewhere, has become beholden to China, and its commitment to Taiwan has otherwise diminished.
12. Washington may be less supportive of ECFA, or at least better China-Taiwan relations, than it appears. U.S.-China relations have deteriorated in recent months.

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Background/Importance of the ECFA

- 1.1 Vice-President Vincent Siew (not holding government office at the time) proposed a cross-strait common market in 2001. Economic activities with the mainland accelerated quickly during the Chen Shui-bian presidency, though former president Lee Teng-hui, vice president Annette Lu, and some other top opposition leaders cautioned against this.¹
- 1.2 Ma Ying-jeou promised to improve Taiwan's economic growth during his 2008 presidential campaign, citing more extensive economic ties with China as a means to do this. China responded to President Ma in a positive manner. Following meetings of the heads of the unofficial Straits Exchange Foundation (SEF) on Taiwan's side and the Association for Relations Across the Taiwan Straits (ARATS) in China, a number of agreements were reached, including, in April 2009, a deal to establish direct flights, which the business community in Taiwan had long wanted.²
- 1.3 Soon after this the two sides talked about an agreement to be called a Comprehensive Economic Cooperation Agreement. Taiwan's negative

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¹ Thomas B. Gold, "Taiwan in 2009: Eroding Landslide," *Asian Survey*, January-February 2010, p. 68.

² Ibid., p. 67. At this time some technical agreements on cross-strait commerce were signed including some provisions (that had been quite sensitive) regarding investments from China in Taiwan. Twelve important agreements were finalized before the signing of ECFA. See "New era for cross-strait relations," *Japan Times*, July 6, 2010.

economic growth in 2009, a serious economic downturn in the U.S., China continuing to boom, China and the Association of Southeast Asian Nations (ASEAN) working on an economic deal some described as the first stage of a common market (a huge one) that was finalized in January 2010 and put Taiwan at a serious disadvantage in trade (tariffs increase from 5 to 15 percent), supplied the context.³

- 1.4 When ECFA negotiations were completed observers described it as one of the most important, perhaps *the* most important, accord ever reached between China and Taiwan. The two sides described it as a watershed event.⁴
- 1.5 Officials in the U.S., the European Union, and a host of other countries applauded ECFA.⁵ It was generally hailed by the media as an agreement that would expand global trade and would be good for the cause of peace.
- 1.6 The agreement will increase trade between the two sides. It is estimated that \$14 billion in Taiwan's sales to China will be affected by the accord as well as \$3 billion in Chinese goods going to Taiwan. It is anticipated it will increase Taiwan's gross domestic product by 1.7 percent and create 260,000 jobs. It may enable Taiwan to conclude free trade agreements with other countries and regional organizations. It will facilitate handling intellectual property rights disputes and increase the flow of investments between the two sides. It will contribute to better cross-strait relations and peace and stability in East Asia.⁶

³ Gold, "Taiwan in 2009," p. 68. The name of the agreement was changed so as not to suggest a parallel with the agreement China had reached with Hong Kong earlier.

⁴ For some of the reasons for saying this, see "Analysts: China-Taiwan Trade Deal Strengthens Ties, Challenges Remain," Voice of America News, July 12, 2010 (online at www1.voanews.com/English/news/asia/Analysts-China-Taiwan-Trade-Deal-Strengthens-Ties-Challenges-Remain-98286099.html) and Cris Hogg, "Taiwan and China sign landmark trade agreement," BBC News, June 29, 2010 (online at www.bbc.co.uk/news/10442557).

⁵ Chiayi Ho, "EU welcomes landmark cross-strait trade deal," *Taiwan Today*, July 2, 2010 (online at taiwantoday.tw/ct.asp?xitem=109272CtNode=414).

⁶ Hogg, "Taiwan and China sign landmark trade agreement," "New era for cross-strait relations," *Japan Times*, July 6, 2010, and Cindy Sui, "Taiwan weighs up historic China trade deal," BBC News, June 29, 2010 (online at www.bbc.co.uk/news/10434768).

- 1.7 ECFA is an economic agreement; the negotiations and the accord itself were carefully designed to avoid political and security issues. Nevertheless, it is also political; in fact, some say its political aspects are more important, certainly broader and more controversial, than its economic aspects. ECFA will impact regional politics, security and more.⁷
- 1.8 The ECFA issue will likely be a salient issue in the important metropolitan city elections in late November. These elections, many say, are a bellwether that will predict (and affect) the results of legislative and presidential elections in 2012.⁸ The agreement will likely help the government and Nationalist Party in other ways.

China's Perspective

- 2.1 Along with relations with the United States, China's foreign policy makers have long given the highest priority to dealing with Taiwan.⁹ As often stated the paramount objective of China's Taiwan policy is attaining the peaceful reunification of the island and other territory under Taipei's control; but China's negotiating this agreement indicates this is a distant goal.
- 2.2 China's recent accommodative Taiwan policy comports with its overriding concern over maintaining its domestic economic development, which requires peace in the region. China wants to present an image of it being a champion of Asian and global stability.¹⁰

⁷ See Alan D. Romberg, "All Economics is Political: ECFA Front and Center," *China Leadership Monitor*, May 11, 1010.

⁸ The election will be for municipal mayors, city councils and ward chiefs in Taipei city, Taipei county, Taichung city and county, Tainan city and county and Kaohsiung city and county. The latter three have been consolidated so that there are five elections. Taipei county has been renamed New Taipei. There are ten million eligible voters.

⁹ Robert G. Sutter, *Chinese Foreign Relations: Power and Policy since the Cold War* (Lanham, MD: Roman and Littlefield, 2010), p. 154.

¹⁰ See, for example, Lake Wang, "The Good Neighbor; Why China Cooperates," *Harvard International Review*, Fall 2007, pp. 38-41. In 2005, China's legislature passed the Anti-Secession Law stating the conditions under which China would employ non-peaceful means against Taiwan. The conditions are vague and subject to interpretation—more so than the "three ifs" in the February 2000

- 2.3 Chinese civilian leaders see serious disadvantages in a conflict with Taiwan. Such might accelerate nationalist feelings at home, transfer some (perhaps considerable) decision-making authority in foreign affairs to the military, damage China's relations with the United States and Southeast Asia, and more.¹¹
- 2.4 In late 2008, President Hu Jintao stated publically that reunification is "at best a distant goal."¹²
- 2.5 In 2009 President Hu endorsed the idea of an umbrella economic agreement with Taiwan, one which Taiwan's President Ma Ying-jeou had broached during the 2007-08 presidential election campaign.¹³
- 2.6 Meanwhile, in April 2009, Beijing acquiesced to Taiwan sending an observer to the World Health Assembly meeting in Geneva. This gave Taiwan's its first presence in a United Nations body since it was expelled from the U.N. in 1971. In August, when Typhoon Morakot hit Taiwan causing serious damage and killing over 600, China sent aid and refrained from disrupting other foreign aid providers.¹⁴
- 2.7 Negotiating the ECFA China was quite generous to Taiwan. China made concessions during the talks to dampen criticism that its exports might hurt traditional or small businesses and farmers or that ECFA was a trap as the opposition in Taiwan described it.¹⁵

Taiwan White Paper, which cited military action if Taiwan were to take too long in negotiating reunification.

¹¹ See John F. Copper, *Playing with Fire: The Looming War with China over Taiwan* (Westport, CT: Praeger Publisher, 2006). Also see Michael Yahuda, "China's Taiwan Dilemma," Yale/Global Online, February 18, 2004.

¹² Alan D. Romberg, "Cross-Strait Relations: First the East, Now the Hard," China Leadership Monitor, No. 28 2009 (online at www.hoover.org/publications/china-leadership-monitor/article/5595).

¹³ Ibid.

¹⁴ Gold, "Taiwan in 2009," pp. 70-71. This contrasts with China's actions during earlier crises in Taiwan.

¹⁵ "Hu visits Taiwan businesses on mainland before Festival," Xinhua, February 12, 2010.

- 2.8 It appears that Beijing sought to boost public support in Taiwan for the agreement in Taiwan and succor President Ma Ying-jeou.¹⁶ President Hu promised “full consideration” of the interests of Taiwan compatriots. Chinese negotiators stated that ECFA would be “strictly an economic agreement, not a political one.”

The Taiwan Government’s Position

- 3.1 President Ma Ying-jeou, during the 2008 presidential election campaign, promised to bring good economic growth back to Taiwan.¹⁷ This was a central issue for Ma during the campaign. He specifically mentioned an agreement such as ECFA. The government and Nationalist Party now declare that he has accomplished that goal.
- 3.2 The agreement improved President Ma’s popularity. After his debate with DPP Chairperson Tsai Ing-wen in April, Ma’s popularity rose five percentage points. Support for his administration on the ECFA issue rose by three percent while the opposition’s fell by three percent.¹⁸
- 3.3 Some pundits say that the DPP has been setting the public agenda. The ECFA may be a game changer for the KMT.¹⁹
- 3.4 The KMT, in response to the opposition’s call for a referendum, declared that it is normal procedure for such an agreement to be approved by the

¹⁶ Alan D. Romberg, “All Economics Is Political: ECFA Front and Center,” p. 2

¹⁷ See John F. Copper, *Taiwan’s 2008 Presidential and Vice Presidential Election: Maturing Democracy* (Baltimore: University of Maryland School of Law, 2008), p. 57. Ma promised to expand commercial ties with the mainland, including increasing the number of tourists, the volume of trade, direct travel, etc.

¹⁸ The poll was done by TVBS on April 26. The percent change was based on a similar poll conducted four days earlier. Before the debate 24 percent thought Ma would do better than Tsai; 28 percent thought she would do better. After the debate 46 percent said Ma did better—a gain of 22 percent. These data are available online at www.kmt.org.tw/english/page.aspx?type=article&mnum=114&anum=7962).

¹⁹ For some months ECFA has been mentioned as a major issue in the November election. See for example, “2010 elections already in the spotlight after New Year,” *China Post*, February 22, 2010.

“democratically elected” legislature and that the government will adequately explain the agreement to the people.²⁰

3.5 The next day after the ECFA was concluded President Ma declared that it would end Taiwan’s economic isolation, revitalize its economy, help Taiwan compete in the global economy and facilitate the signing of free trade agreements with other countries.²¹

3.6 Supporters of the Ma administration assert that ECFA will make it possible for Taiwan to experience six percent growth (as Ma promised during the 2008 election campaign, but was not realized due to the global recession).²² If so, the government will win praise for bringing prosperity back to Taiwan; the opposition is anxious because of this.²³

3.7 Nationalist Party leaders believe that the agreement will improve their candidates’ chances in the November metropolitan city election as well as the 2012 legislative and presidential elections.²⁴ This is probably true.

The Opposition’s Stance

4.1 During the 2008 presidential election campaign the DPP and its candidates for president and vice president, Frank Hsieh and Su Tseng-chang, attacked KMT candidates’ proposal for increased commerce with China. They referred to it

²⁰ Gold, “Taiwan in 2009,” p. 69.

²¹ “Ma eyes global market after ECFA,” *China Post*, July 2, 2010 (online at chinapost.com.tw).

²² In a report titled *Deepening China-Taiwan Relations Through the Economic Cooperation Framework Agreement*, scholars Daniel Rosen and Zhi Wang of the Peterson Institute for International Economics predicted the net improvement in Taiwan’s GDP by 2020 would be 5.3 percent or \$21 billion. See Ko Shu-ling, “US analysts urge Washington to pay attention to ECFA,” *Taipei Times*, July 15, 2010 (online at taipeitimes.com).

²³ “A new era of negotiation dawn with the ECFA,” *China Post* (editorial), July 20, 2010 (online at chinapost.com.tw).

²⁴ Top government officials said this in interviews with the author. It can be gleaned from the importance the KMT has given the agreement and the fact the party has talked about it being a success of the Ma administration.

as a “one-China common market” scheme. They said it would make Taiwan dependent on China and undermine its sovereignty.²⁵

- 4.2 In advance of final agreement on the ECFA, DPP chairperson Tsai Ing-wen stated that if it were passed without the referendum the DPP advocated and if the DPP regains the presidency in 2012, the DPP government would suspend the agreement or make adjustments to it after a referendum.²⁶
- 4.3 After the Legislative Yuan’s Referendum Review Committee rejected holding a referendum on the topic, the DPP and its partner the Taiwan Solidarity union (TSU) vowed a ten-year resistance against the ECFA.²⁷
- 4.4 On June 26, the DPP organized a protest outside President Ma’s office. A placard carried by a supporter showed President Ma kissing the cheek of President Hu Jintao. The placard read: “Don’t embrace the enemy.” The DPP claimed that 100,000 people participated in the event; the police reported it was 32,000.²⁸
- 4.5 Just before the signing of ECFA was formally announced, the DPP and the TSU organized a mass parade demonstration to protest the agreement. Demonstrators carried placards saying “Oppose One-China Market,” “Defend Labor Rights,” etc. Former president Lee Teng-hui spoke and asserted that Ma Ying-jeou was “cooperating with the Chinese communists to unify Taiwan” and is “not qualified to be president of Taiwan.”²⁹

²⁵ Copper, *Taiwan’s 2008 Presidential and Vice Presidential Election*, pp. 65-66.

²⁶ “Tsai Ing-wen: With ECFA, US will be marginalized; If regaining power, DPP may repeal ECFA unilaterally,” KMT News Network, April 30, 2010.

²⁷ Vincent Chao and William Lowther, “Opposition vows ten-year ECFA fight,” *Taipei Times*, June 5, 2010 (online at taipeitimes.com).

²⁸ “The ties that bind? *Economist*, July 3, 2010, p. 39.

²⁹ Dennis Engbarth, “Thousands of DPP, TSU to oppose ECFA,” *Taiwan News*, June 27, 2010 (online at taiwanews.com.tw).

- 4.6 Shortly after the agreement was signed pro-opposition media ran a well-known picture of Mao Zedong and Chiang Kai-shek signing peace talks in 1945 in Chongqing (where the ECFA was concluded). The implication was that the KMT had been tricked again.³⁰
- 4.7 The opposition contends that the agreement should have dealt with China's military buildup aimed at Taiwan. It made issue of a report from the Ministry of Defense's intelligence branch after the signing of the ECFA predicting that China's missiles aimed at Taiwan would increase to 2,000 by the end of the year.³¹
- 4.8 ECFA will benefit farmers in southern Taiwan who will be able to market their fruits, vegetables and other products in China. This concerns DPP leaders since their voting base is in south Taiwan.³² Some DPP leaders say this is a plot; but farmers are happy about it.

The U.S. View of ECFA

- 5.1 Preceding the conclusion of the ECFA talks, the State Department reiterated the main tenets of U.S. Taiwan policy: U.S. Taiwan policy is a one-China policy and is based on the three communiqués and the Taiwan Relations Act. The U.S. does not support Taiwan's independence and opposes unilateral attempts by either side to change the status quo. The U.S. welcomes efforts by both sides to engage in dialogue that reduces tension and increases contacts of all kinds across the Strait.³³

³⁰ Michael Fahey, "Beijing is wrong to think its trade pact with Taiwan will help its long-term political aims," *South China Morning Post*, July 2, 2010.

³¹ Hsu Shao-hsuan, "PRC's preparations to attack Taiwan accelerate: report," *Taipei Times*, July 19, 2010 (online at taipeitimes.com).

³² See Mo Yan-chih, Shih Hsiu-chuan and J. Michael Cole, "Ma visits Chiayi to promote ECFA among farmers," *Taipei Times*, February 10, 2010 (online at taipeitimes.com).

³³ David B. Shear, "China-Taiwan: Recent Economic, Political and Military Developments Across the Strait and Implications for the United States," Testimony before the U.S.-China Economic and Security Review Commission, March 18, 2010 (on line at www.state.gov/p/eap/rls/rm/2010/03/138547.htm). Shear is Deputy Assistant Secretary of State for Asia and the Pacific.

- 5.2 Elaborating further on U.S. Taiwan policy, specifically in the context of ECFA negotiations, the Department of State praised President Ma's "remarkable progress" in improving cross-strait relations and declared that the U.S. should not regard the Mainland-Taiwan rapprochement as detrimental to U.S. interests..."³⁴
- 5.3 Washington is much relieved by the fact that Chen Shui-bian, who often incensed China, is no longer president and cross-strait relations are cordial under President Ma Ying-jeou. This means that the U.S. has one less foreign policy problem to contend with. Indeed the Taiwan Strait is no longer considered the world's number one flashpoint and thus a very possible cause for a U.S.-China war.³⁵
- 5.4 Having said this, U.S.-China relations are strained, especially compared to the years of the George W. Bush presidency. This is embarrassing to the Obama administration in view of the notion being propagated by the White House that the world likes the U.S. better because of President Obama.³⁶
- 5.5 President Obama has thus not mentioned China much in his public speeches, especially considering China is the world's only significant rising power and the only country to seriously challenge the U.S. The president does not want to draw attention to China's economic success, the fact that the U.S. is deeply indebted to China, and China may sideline the U.S. to become the world's biggest power in the future.³⁷

³⁴ Ibid.

³⁵ See Ted Galen Carpenter, "Taiwan Strait," *The Diplomat*, no date cited (online at <http://apac2020.the-diplomat.com/flashpoint-asia/taiwan-strait/>).

³⁶ The administration frequently cites polls showing more nations in the world like the United States under Obama than under George W. Bush. These polls, however, do not factor in the size or population of the nations polled. During the Bush administration both Chinese and U.S. leaders often described U.S.-China relations as better than at any time in recent years. Neither side says this now.

³⁷ The number of times President Obama has mentioned China in his public speeches gives China a rank of number 35 when factoring in its population and 28 according to its gross domestic product. In total number of mentions China ranks number two after Afghanistan, but not much more frequently than Iraq, Iran and Pakistan and slightly more than double South Korea. See Stephen M. Walt, "Which Countries does Obama talk about most and does it matter?" *Foreign Policy* post, July 15,

- 5.6 Though the U.S. government favors the Ma administration, the U.S. media and academic community generally support the views and positions of the opposition in Taiwan.³⁸ In short, support for the Obama administration's Taiwan policy is divided and tentative.
- 5.7 Some supporters of Taiwan in the U.S. perceive that President Obama has betrayed Taiwan. During his 2009 visit to China, addressing the topic of U.S.-China relations he cited the three communiqués (which favor China); he did not mention the Taiwan Relations Act (which favors Taiwan).³⁹ Later President Obama seemed to acquiesce when China mentioned its "core interests" when discussing global issues. (One of China's core interests is the reunification of Taiwan.)⁴⁰
- 5.8 Immediately after ECFA was signed the State Department froze congressional notifications for new arms sales to Taiwan until the spring of next year. It was reported that the decision was made because of pressure from China.⁴¹ This brings into question whether the U.S. can maintain a balance of power in the Taiwan Strait that Washington has long argued keeps the peace in the region.⁴²

2010 (online at http://walt.foreignpolicy.com/posts/2010/07/15/which_countries_does_obama_talk_about_most_and_does_it_matter).

³⁸ Open letters or letters of petition signed by a number of American scholars and retired officials were published in the *Taipei Times* November 11, 2006, December 2, 2008, January 21, 2009 and May 5, 2010. Two were addressed to the Minister of Justice and Legislative Speaker Wang Jyn-ping. Also see Dennis Hickey, "U.S.' dislike for ECFA is a myth," *China Post*, July 22, 2010 (online at chinapost.com.tw).

³⁹ See Li Xing, "China, US pledge to move forward together," *China Daily*, November 18, 2009 (online at chinadaily.com.cn). The author notes that President Obama gave support, in this context, for China's territorial and sovereignty (which in this context means its support for China's claim to Taiwan).

⁴⁰ "Hu meets with Obama in Washington on China-US ties," *China Daily*, April 13, 2010 (online at http://www.chinadaily.com.cn/china/2010-04/13/content_9719025.htm).

⁴¹ J. Michael Cole, "China lobbying provokes freeze on US arms sales," *Taipei Times*, June 30, 2010 (online at taipeitimes.com).

⁴² See Martin L. Lasater, *The Changing of the Guard: President Clinton and the Security of Taiwan* (Boulder, CO: Westview Press, 1995), pp. 217-19. Lasater argues that it is U.S. policy to maintain a balance of power in East Asia as well as the Taiwan Strait. Henry Kissinger has frequently made this argument in public comments.

- 5.9 Less than two weeks later the U.S. Navy sent nuclear submarines armed with Tomahawk missiles closer to China than usual. It was reported that the U.S. was responding to calls from Japan, Indonesia, South Korea and Vietnam to “push back” against China’s aggressive actions in the South China Sea.⁴³ Apart from this the U.S. has adopted a more aggressive policy regarding the South China Sea.⁴⁴

Conclusions/Future Issues

- 6.1 ECFA was negotiated as an economic agreement, and it is that. In fact, both sides studiously avoided making it political.⁴⁵ However, that is not possible as indicated in the above assessment. Moreover, the accord will continue to have political significance.
- 6.2 China strongly supported the agreement and will strive to make it work. China’s more aggressive pursuit of claims in the South China Sea, which has caused some blowback, and thorny issues with the United States, makes amicable relations with Taiwan even more important.⁴⁶
- 6.3 Chinese leaders view ECFA as a stepping stone to political agreements with Taiwan and see it as a means to pursuing its policy of reunification. However, because this is a distant goal it is hard to connect the two in a meaningful way. It seems accurate to say that currently China does not want to make Taiwan part of China. Owning Taiwan at the present time would not be advantageous to China in some important respects: economic relations are nearly as good as they can be, Taiwan would be troublesome if incorporated by China as many

⁴³ William Lowther, “US deploys three subs in Asia,” *Taipei Times*, July 10, 2010 (online at taipeitimws.com). The writer cites a story in the recent issue of *Time* magazine.

⁴⁴ See Dan Blumenthal, “Clinton’s Unfinished Business,” *Articles and Commentary* (The American Enterprise Institute), July 23, 2010 (online at www.aei.com/article/102336) and “American Shadow over South China Sea,” *Global Times*, July 26, 2010.

⁴⁵ Romberg, “All Economics is Political,” p. 2.

⁴⁶ See “Battle of the South China Sea,” *Wall Street Journal*, July 27, 2010 (online at wsj.com) and “U.S.-PRC South Sea flap and Taiwan’s choices,” *Taiwan News*, July 27, 2010 (online at taiwannews.com.tw).

people would flee ahead of that happening and ruling Taiwan might prove difficult, and Sino-American relations would be irretrievably damaged. China wants to prevent a declaration of independence and keep another power (such as Japan) from gaining too much influence in Taiwan. If these conditions are met China can accept the status quo for a long time.⁴⁷

- 6.4 The Ma administration describes ECFA as an important achievement and one that was accomplished by democratic means. Ma portrays the DPP and TSU as provincial, isolationist, ignorant of the reality that Taiwan is isolated economically and politically, and that the China-ASEAN Free Trade Agreement reached in January dramatically underscores this.
- 6.5 President Ma must enforce provisions in ECFA. This may present problems. The opposition will exploit any difficulties in this realm.
- 6.6 The Ma administration has taken steps to counter China's military buildup, even during negotiations leading up to the concluding of ECFA. It requested advanced F-16C/D fighters from the United States and did tests of missiles that are capable of hitting targets in China, possibly even the Three Gorges Dam.⁴⁸ This suggests that Ma believes, or at least has to consider, the opposition's argument that China's military threat to Taiwan has increased.
- 6.7 Taiwan may be able to negotiate free trade agreements with some countries. China initially opposed this and it is a sensitive issue for Chinese leaders; but probably Beijing will not block Taiwan's efforts. On the other hand, it is unlikely Taiwan will be able to negotiate an FTA with the U.S. or Japan. If Taiwan succeeds with other countries, it will be of little importance compared to ECFA.⁴⁹

⁴⁷ Generally China has not reacted strongly to actions on Taiwan's part except for talk of a formal declaration of independence and signs of Japan's influence increasing there or Taiwan forging greater ties with Japan.

⁴⁸ See Jens Kastner, "Ma tests cordiality of cross-strait ties," *Asia Times*, June 17, 2010 (online at atimes.com). The tests were conducted in secret in South Taiwan, but were reported on in the media.

⁴⁹ "US rules out free trade deal," AFP, July 8, 2010 (online at <http://malaysia.news.yahoo.com/afp/20100707/tbs-us-taiwan-china-trade-beef-weapons-710a28b.html>).

- 6.8 ECFA may enable Taiwan to improve its international space by upgrading its participation in various international organizations. However, even more important to Taiwan is participating in Asian regional organizations. ECFA is a “bridge” for Taiwan to establish better relations with Southeast Asian countries.⁵⁰ This, however, assumes relations remain cordial and are not derailed by the opposition.
- 6.9 The opposition does not have a coherent China policy and it seems not to want one. Formulating a China strategy it can announce publically will be problematic and in many ways disadvantageous since the DPP cannot best the KMT’s positions.⁵¹ The opposition will therefore likely stay in a criticism mode arguing that ECFA threatens Taiwan’s democracy and its sovereignty and that the Ma administration (being traitors) will seek Taiwan’s reunification with China.
- 6.10 The opposition’s charge that ECFA will seriously hurt Taiwan economically has not gained traction and seems to be fading. However, it can be argued that the ECFA will have a negative impact on Japan and South Korea.⁵²
- 6.11 While ECFA is popular in Taiwan and will likely remain so, the opposition believes that scrutinizing it is justified and that its carping solidifies its base, burnishes its reputation for protecting Taiwan’s independence, etc. The legislature in Taiwan does not receive high marks from the public and there is concern among citizens that the KMT is authoritarian.⁵³

⁵⁰ Taiwan desires to participate in various East Asian regional organizations and FTAs with some Asian countries for economic as well as political reasons. However, this is highly unlikely if China objects.

⁵¹ See, for example, “China Times: Where have the DPP’s ‘ten-year policy guidelines’ gone?” *Focus Taiwan*, July 24, 2010 (online at focustaiwan.tw/ShowNews_Detail.aspx?Type=aOPN&TNo=&ID=20100072400004).

⁵² Jens Kastner, “Taiwan challenge to Korea, Japan,” *Asia Times*, July 22, 2010 (online www.atimes.com/atimes/China_Business/LG22Cb01.html).

⁵³ See Romberg, “All Economics is Political,” p. 5. The author cites DPP polling.

- 6.12 The opposition's contention that Taiwan's democracy is in danger seems to say that it is fragile and few believe that. The notion that it threatens Taiwan's sovereignty is also not well considered given the fact that such agreements (including CAFTA) and adherence to international law limits nations' sovereignty.
- 6.13 DPP chairperson Tsai Ing-wen has made conflicting statements about ECFA. This stems from the fact she has to placate radical opponents of ECFA in her party yet realizes ECFA is generally good for Taiwan and that running for mayor of New Taipei in November she must be cognizant of the fact voters in her district support the agreement.⁵⁴
- 6.14 The United States supports the agreement and will likely continue to do so in the future. This is largely because the U.S. supports free trade, though for the Obama administration this is more nominal than real. The Democratic Party gets its political support from unions, environmental, and other groups that do not favor globalism or free trade. But this will probably not overtly impact the Obama administration's general policy; Obama wants to maintain an image of supporting global free markets.
- 6.15 The Obama administration is preoccupied with wars in the Middle East and does not want any new conflict. It does not want to expand its security commitments, and perhaps wishes to phase out its pledges, to Taiwan. The ECFA may be seen as a cover to do this. On the other hand, America's more aggressive policies in East Asia may suggest Washington may not see closer China-Taiwan ties as entirely beneficial.

⁵⁴ See "Taiwan opposition leader denies retreating from anti-ECFA stance," *Taiwan News*, July 28, 2010 (online at taiwannews.com.tw). New Taipei was formerly Taipei County; support there for ECFA is stronger than other areas in Taiwan.