

**CROSS-STRAIT RELATIONS UNDER
MA YING-JEOU'S SECOND PRESIDENCY**

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Executive Summary

1. On several occasions after the 2012 presidential election, the Kuomintang (KMT) representative had proposed a new concept called “two areas in one country” in his meeting with Chinese Communist Party (CCP) leaders.
2. Ma Ying-Jeou in his inaugural speech in his second term of presidency reiterated this new concept in the context of the “92 consensus”. What he left out were the more sensitive issues like peace pact or political talks between Taiwan and China.
3. Negotiations under the Economic Cooperation Framework Agreement continue during Ma’s second presidency. The Cross-Strait Investment Protection and Promotion Agreement was concluded in August 2012, while a cross-strait service trade agreement was settled in July 2012 and awaiting legislative endorsement.
4. Despite the many economic benefits of cordial cross-strait relations, discords between Ma and the ruling KMT have overshadowed the outlook of the agreements.
5. Yet Ma’s moves and intentions to distance the KMT away from cross-strait affairs may have the benign effect of limiting cross-strait issue to a smaller group and eventually lessening the burden of future leaders.
6. The US continues to play the role of a counterweight against Chinese economic might. Yet, in Taiwan-Japanese fishery talks and Taiwan-Philippine fishery dispute, the risks of compromising Taiwan’s own interests are looming large.
7. The opposition Democratic Progressive Party’s (DPP) heavyweight Frank Hsieh visited the Mainland twice within less than a year. Despite high-level

receptions and wide media attention, Hsieh's proposal of a new platform for future CCP-DDP contacts did not receive much resonance.

8. Whether Hsieh's visit will eradicate existing obstacles between the two remains uncertain. CCP requires DPP's full and formal recognition of "one China" and "both the Mainland and Taiwan belong to one country" before the two can engage in further talks.
9. Ma is taking various measures to solicit US support while avoiding increasing pressure from Beijing to enter into political talk by invoking Taiwan's constitution as a safeguard mechanism. Yet, without strengthening its economy and military capability, further avoidance may not be possible.
10. The Taiwan policy under the Xi Jinping administration is transforming from a "92 consensus" to a "one China framework", with the former being upheld for existing exchanges. Xi has demonstrated the determination of Beijing to push for political talks at the APEC summit in Indonesia in October 2013. Xi's team is likely to rely on practical methods to push through its policy goal.