



The Habibie Center

Talking ASEAN

**“Cross-Straits Relations: Changes and
Prospects for the Wider Region”**



Presentation and Discussion Report

Wednesday, 14 May 2014 at 14.00 - 16.00
The Habibie Center Building
Jl. Kemang Selatan no. 98, Jakarta 12560



DISCUSSION REPORT

Talking ASEAN on “Cross-Straits Relations: Changes and Prospects for the Wider Region”

The Habibie Center, Jakarta, Tuesday, May 14, 2014

Introduction

JAKARTA – On Wednesday, 14 May 2014, The Habibie Center held a Talking ASEAN dialogue entitled “Cross-Straits Relations: Changes and Prospect for the Wider Region” at The Habibie Center Building in Jakarta. This edition of Talking ASEAN featured H.E. Liang-Jen Chang (Representative, Taipei Economic and Trade Office, Jakarta, Indonesia), Mr. Rene Pattiradjawane (Chairman, Centre for Chinese Studies Foundation) and Dr. Johannes Herlijanto (Lecturer, Department of International Relations, BINUS University) as resource persons with Ms. Rahimah Abdulrahim (Executive Director, The Habibie Center) as the moderator.

The objectives of this Talking ASEAN were to: (a) discuss the many critical issues raised by developments in the cross-straits relations between Beijing and Taipei and their implications on ASEAN; (b) hear different perspectives on the developing cross-straits relations including the views of cross-straits parties, Indonesia and ASEAN member-states; and (c) explore the various likely prospects of the developing cross-straits relations in the years to come. Key questions to be addressed by the dialogue included: What is the current development of the cross-straits relation between China and Taiwan? What are the implications of the change in circumstance of the cross-straits relation to the wider region? Do China, Taiwan and the wider region including ASEAN have the same understanding and interpretation of the One China policy?

This discussion report summarizes the key points of each speaker as well as the question and answer session that followed.

H.E Liang-Jen Chang (Representative, Taipei Economic and Trade Office, Jakarta, Indonesia)

The first to speak at the Talking ASEAN dialogue was Mr. Liang-Jen Chang who explained that there had been many changes taking place so the issue of cross-straits relations was a very complicated one. Mr. Liang-Jen began by explaining how China was divided into two parts in 1949 which saw mainland China becoming the People’s Republic of China whilst the government of nationalist China was forced to move to Taiwan (Republic of China). For almost 30 years from 1949 to 1987 the two sides had no relations at all. It was not until the beginning of 1997 when the cross strait relations started to witness a number of changes over several stages. Mr. Liang-Jen explained the transition policy of Taiwan towards mainland China stating the different policies used by the different Taiwanese leaders towards the mainland China. He noted that from 2000 to 2008, the then-President Chen Shui-bian from the Democratic Progressive party leaned more towards asserting Taiwanese independence with his party



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espousing a hard-line policy. In 2008, however, Taiwan elected a new president, Ma Ying-jeou, who focused more towards increasing economic and cultural ties with the mainland, thus concentrating on soft power diplomacy.

Mr. Liang-Jen also highlighted the role of the US in cross-straits relations over the years. He described the dark years of the US which was also seen as the dark years for the international community. He noted that from 2000 to 2008, the three sides of China, Taiwan and the US were fluctuating and that relations were very unstable. However by 2008, the triangular relations peaked as China and Taiwan began to have very good relations. Despite this, US-China relations also saw some tensions related to other political and military issues.

Moving on, Mr. Liang-Jen showed a number of statistics comparing China and Taiwan's relative population, economy and GDP. In each case, China demonstrated better statistics than Taiwan except with regards to GDP per capita and PPP. Mr. Liang-Jen opined that though China appeared to be more successful than Taiwan, there were two factors which Taipei felt was most important. First was government system where mainland China was dominated by a one-party system (the Communist party) whereas in Taiwan there was a multi-party democratic system. Second, in mainland China, decision making was focused in the hands of the 2,987 people that made up its National People's Congress. For example, the Chinese President was elected by these 2,987 people rather than by the wider public. In contrast, decision-making in Taiwan – especially Taipei's policy towards mainland China – have to take into consideration many inputs and concerns. These include the likely reaction of mainland China's military, US security guarantees, and cross strait business interests. Mr. Liang-Jen then continued with the fact about the lack of mutual trust and understanding between two sides. This was important since the domestic inclination and/or public opinion of the Taiwanese people played a significant factor in Taipei's decision making.

Underlining the importance of public opinion, Mr. Liang-Jen stated that domestic inclination regarding Taiwan's policy towards mainland China had become the hottest issue during candidates for the previous election. He highlighted that there were three dimensions when it came to cross-strait relations: the domestic issue, bilateral issue and cultural issue. Of these three, domestic political issues was perhaps the most important. Due to the very intense situation between Taiwan and China during 2000 to 2008, Mr. Liang-Jen explained that the Ma government made plans to calm the situation and also improve it. As such direct flights between the two sides were resumed. This was one example of the positive developments since 2008. In addition have been a lessening control of visits, the normalization of economic relations that culminated in a framework economic agreement, a diplomatic truce and a widening scope of exchanges. However, Mr. Liang-Jen admitted that these efforts were not without their struggle and that the Taiwanese government worked very hard to bring results while at the same time maintaining her independence.

Mr. Liang-Jen then asked: what should not be done? He suggested that Taiwan should not conduct political talk with mainland China as the time was not right. There also should not be military contacts as it would likely provoke domestic concerns. Lastly there was no need for Taiwan to declare its independence which would only disturb cross-strait relations. Indeed, Mr. Liang-Jen explained that Taipei already considered itself an independent country since before the civil war.

Mr. Liang then suggested that it was important to minimize the military strength of mainland China and stabilize the general relationship in order to maximize the economic opportunities.



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Here he highlighted how Taiwan had tried to promote better relations and build mutual understanding between the two sides. Although Taiwanese and Chinese were basically the same, they had grown up in different political systems with different ideas. As such there was a lack of understanding between the two sides.

Moving on, Mr. Liang-Jen explained about the Taiwanese approach to reducing misunderstanding with China. In particular, he underlined Taiwan's belief that efforts should begin with simple issues before addressing more difficult ones. While China wished to deal with political issues, Taiwan proposed to start with simple issues such as economic, trade and business so as to create positive momentum before touching on political issues. It was also important for discussions to be based on an equal partnership meaning there should be no non-recognition/non-denial of each other. This was also the case during the 1992 Consensus over the topic of the One China policy. He underlined that since 1949 there were now two sides and that if both sides could not recognize each other, at the very least they should not deny each other's existence.

After six years of the efforts of the current Taiwanese government, Mr. Liang-Jen highlighted a number of positive results. 21 agreements had been signed between Beijing and Taipei and there were now 828 direct flights per week. He went on to add that Taiwanese could now fly to 57 mainland Chinese cities with a total of 10 million cross-strait visitors. In terms of trade, it was explained that in the past three years, the average trade stood at USD150 billion per year. Although there were some Taiwanese who protested at the increasing cross-strait relations and the perceived dependence of Taipei on mainland China for its exports market, it was interesting to note that intermarriages between the two sides over the past 27 years had reached 350,000 cases. Moreover, since four years ago Taiwan had opened up its doors to many Chinese students, with about 24,000 college students from the mainland studying in Taiwan.

These positive changes and increasing linkages between two sides were seen to building fresh ties which in Mr. Liang-Jen's view made the possibility of war distant. However Mr. Liang-Jen did note that despite the blossoming peace between the two sides, Beijing continued to build up its military. It was observed that over 1200 missiles could be deployed against Taiwan and Beijing was developing new submarines and aircraft carriers. These implied some concerns and considerations that remained in the region and Mr. Liang-Jen hoped that the Taiwanese government would be alert to incidents in its area so that it could respond quickly to avoid any war.

Towards the end of his presentation, Mr. Liang-Jen highlighted some trends. First was that Taiwanese identity had increased as a result of greater interaction with the mainland. At the same time, he felt that China's hostility towards the people and government of Taiwan remained the same. It was also noted that according to opinion polls, 75% of Taiwanese advocated maintaining the status quo and did not want to see any more changes. Mr. Liang-Jen suggested this may be due to fears over China's increasing military muscle and the way in which China tried to block Taiwan's diplomatic activities with others.

Certainly, there were a number of economic and social disputes between the two sides that would remain. This was especially so when it came to domestic elections when parties wished to take advantage of cross-strait issues in order to obtain more votes. As such, this was seen as rather contradictory to functionalism theory.



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Other issues that continued to remain include the One China policy, Beijing's military threat against Taiwan and the threat to use force, Taiwan's international participation such as joining the RCEP and TPP, and the different political systems practiced. Mr. Liang-Jen stated that the most important issue Taiwan wished to see resolved finally was a legal end to hostilities between the two sides and a peace agreement. Although China had been pushing very hard for a peace agreement, Mr. Liang-Jen stated that the time was still not right as domestic political concerns left little space to maneuver.

Mr. Liang-Jen ended his presentation by highlighting the importance of Taiwan in the regional stage. The cross straits was described as a regional hot spot. As such Taiwan was a stakeholder in achieving Asia-Pacific regional peace. At the same time, Taiwan was seen as a model of mainland China's development. Taiwanese democracy may not be perfect but the experience showed that Chinese culture was compatible with the development of democracy. While mainland China always called for "democracy with Chinese characteristics", Mr. Liang-Jen argued that the Taiwanese example showed there was no need to qualify democracy in this way. Taiwan therefore served as a litmus test for China's democratic process. He ended by stating that though Taiwan was little in size, it had the potential to have a major influence on bigger powers as seen by the many changes and developments it had shown over the past two decades.

Mr. Rene Pattiradjawane (Chairman, Centre for Chinese Studies Foundation)

Mr. Rene Pattiradjawane started his presentation by stating it was an honor for him to discuss with the audience regarding the Cross strait relations between Mainland China and Taiwan, especially in the event of a new stage of higher interactions and high-standards of relations between Beijing and Taipei. He mentioned that this new rapprochement between the two sides that was divided by a long and bloody civil war in the middle of the 20th century and being trapped in the shadows of the Cold War, was an interesting and positive development for Asia in the midst of radical changes in the geopolitical structure affecting regional security and political status, as well as a new era of economic and trade relations as a result of interaction and interdependence of all countries in Asia.

Mr. Rene said that it was always interesting the way in which Asia was the only region in the world who have suffered deeply as a result of the global political games of the Cold War that brought misery to millions of Asian people. Mr. Rene underlined that Asia was the only region in the world that produced separations and prolonged suffering because of the Cold War, bringing split bonds of brotherhood and kinship in the form of two countries in Vietnam, the two countries Korea, and the two countries of China. In the case of Vietnam, their unification was hard and difficult through a long and bloody battle but at the same times the end of the Vietnam War was also marked by an era that ended global politics dominations.

He then continued his presentation by saying that what had been achieved in ASEAN was a new type of cooperation among nations through connectivity. This was not only groundbreaking toward inclusive dynamics regionalism, but also a model of expanding economic, trade and business opportunities in the era of a free trade region. He noted that the historic meeting in February earlier this year between Minister Wang Yu-chi of the Mainland Affairs Council (MAC) and Director Zhang Zhiyun of Taiwan Affairs Office was an important step for both sides toward reunification efforts that would change the geopolitical circumstances of realizing and implementing the so called "One China" as stipulated in the 1992 Consensus between Beijing and Taipei.



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Mr. Rene then explained that the 1992 Consensus did not emphasize clearly regarding the “One China” terminology by stating “Both side of the Taiwan Strait agree that there is only one China.” Regardless of the opinions of the two sides of the straits over the meaning over “One China”, Mr. Rene held the view that this should be seen as an internal “Chinese matter”. Nevertheless Mr. Rene felt that the Wang-Zhang Meeting in Nanjing should be viewed as an important political gesture from both sides to upgrade their relations which would also provide opportunities for other nations in the region to reformulate the “One China Policy” without encountering any sovereignty issues that were attached to that meaning.

Mr. Rene then mentioned that by reformulating the “One China Policy” there would be ample choices for every countries in Asia, especially ASEAN, to engage with Taiwan more extensively in the form of multilateral cooperation - except in the form of political and security issues. In his opinion it would be very important for ASEAN to be synchronized with the Wang-Zhang Meeting when they start implementing an open relationship among them, enhancing and integrating their economic and trade strength and abilities across the strait.

In the middle of his explanation, Mr. Rene then mentioned two reasons that would justify this perspectives. First, it should be understood that due to interdependence and enhancing connectivity in the era of a free trade mechanism and cooperation, ASEAN and its members would always deal with China as the second largest economies in the world after the US. This would also mean that ASEAN-China cooperation would go hand-in-hand and play an important role in the global market. In this globalized market of trade and services it would be a mistake for ASEAN not to include Taiwan in the game since Beijing and Taipei had already produced strong indications to abandon antagonizing each others politically. Second, the alignment between Beijing-Taipei that would happen very soon would give plenty of opportunities for both sides that will play a crucial role in the economic development especially in the service industry. Taiwan’s services account for 70% of their gross domestic product but make up only 1 percent of the global market. The implementation of the Wang-Zhang Meeting would enhance Taiwan’s service industry by several folds from around US\$ 1.9 billion to US\$ 8.58 billion when it become part of an economic bloc – such as the RECP or TPP.

Mr. Rene underlined that several scholars and analysts believed that incorporating Taiwan in an FTA with ASEAN will be easier to resolve with its members individually rather than ASEAN as an organization. They proposed Taiwan-Singapore FTA may be a good first step in that direction. Mr. Rene perceived a one-by-one approach will not be effective since implementing an FTA with ASEAN should be done as a whole through a special circumstances like assuming Taiwan as a part of a Special Administrative Region in the “One China” perspective thus establishing an ASEAN special economic relations to cope with the need to enhance economic and socio-cultural connectivity between ASEAN and Taiwan.

Moving on to the global context, Mr. Rene then explained that Taiwan as an economic entity has a strong comparative advantage in linking the three major economic countries of the world, mainly the United States, China and Japan compared with other countries in the region. First, the Japanese colonial legacy and the developments post-World War II in Taiwan has resulted in a strong technological ties between Japan and Taiwan. He then mentioned that some Taiwanese companies had a strategic alliance partnership with Japan. Second, Taiwan has a culture and language that is easy to assimilate with the Chinese and depended heavily towards trade and investment with China. Political disputes between Beijing- Taipei had given way to the interests of enhancing economic relations between Taiwan and China. And third, the U.S. and Taiwan have traditionally had strong ally relationships in terms of security and economic



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interests. Lots of politicians, the intellectuals elite and businessmen in Taiwan finished their education in the U.S. Thus, if Taiwan can expand multilateral trade and investment with these three major economic powers of the world economy, it will achieve the status of “near hub-ness” in Asian economic integration. But the development of economic integration will have a strong impact on political relations in the future. There would be several scenarios that will most likely result from the cross-straits economic integration.

Scenario 1: Every effort for Taiwan to join the free trade agreements with other countries will be blocked by Beijing. Taiwan will only be a small part of the Chinese-centric pivot connecting their trade and economic relations without pacts with major trading partners such as the United States, the European Union, or Japan. Without institutionalized framework of trade, Taiwan will be too dependent on asymmetric trade with the Chinese market, where around 40 percent or more of their total export are directed to China and Hong Kong. In addition to economic vulnerability, Mr. Rene mentioned that excessive dependence on China's market will impact the risk of serious political ramifications. With the ECFA (Economic Cooperation Framework Agreement), Taiwan's trade and investment in China will rise, putting Taiwan in China's orbit for the short term and extended into a political issue for the long term. The influence of China's economy will infiltrate into the Taiwanese political electoral system and endanger Taiwan's de facto independent sovereignty. This tendency can also serve political ends for Beijing to peacefully unify Taiwan under the “one country, two systems.” This is one of the reasons why the Taiwanese students rallied in Taipei in the so called “Sunflower Student Movement” by occupying the Legislative Yuan for a few weeks last March.

Scenario 2: A moderate scenario where Taiwan has no FTAs with major trading partners such as the United States, European Union, and Japan but signed trade pacts with small countries with little economic benefits. This type of trade pacts are essentially symbolic to show the virtues of Beijing, but will not allow Taiwan to diversify trade flows or reduce dependence on the Chinese market. However the vulnerabilities of this scenario would not be that much different from the first scenario. Politically, Taiwan can only sign FTAs with countries that are tolerated by Beijing, then Taiwan had been under China's sphere of influence. The influence of China's economy will infiltrate further into Taiwan's democracy, endangering the status quo over the de facto Taiwan's autonomy, and a selection of narrow political mainstream for Taiwan.

Scenario 3: Taiwan breaks through the China knot to sign the TPP with strong support from the United States. Taiwan would benefit from a diversified trade flows with many Pacific Basin countries, including the United States and possibly Japan. Therefore, Taiwan will have a free trade flowing with multiple hub-centric and even achieve the status of “near hub-ness” in the region. This development will create a harmonious situation, with mechanism of multipolar and trilateral-centric hub between China, the United States, Taiwan and Japan to be one of the key members in the region. Mr. Rene then explained that if Taiwan is integrated with the three largest economies in the world, not just China, then Taiwan would achieved the equivalent status of trade with South Korea which has signed several FTAs with trading partners covering more than 60 percent of exports to the world. Trade liberalization under competitive multipolar centric hub will not only benefit Taiwan, but also balance the economic power and further contribute to regional stability. Until the vast regional free trade regimes like APEC FTA becomes a reality, this situation will be improved in the development of regional trade arrangements under strong US leadership. A lot of this depends on the development of international relations, especially the US to implement policies that emphasize their economic and strategic interests in East Asia.



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During the end of his presentation, Mr. Rene stated that the emergence of trading blocs in the strait with China centric linking the East Asian economic integration has a strong impact on the shift of power in East Asia. Global response to this development not only involves economic integration in the region, but also a shift of power in international politics. The questions will be: whether China will retain its influence due to the size and scale of economic achievement without causing unacceptable damage to its neighbors in Asia, including Taiwan and the US economic and strategic interests in the region? Will the United States and other Asian countries recognize the contribution of Taiwan's growth in the region and overcome the pressure from Beijing to exclude Taiwan in regional trading arrangements? Is Taiwan able to maintain a de facto independence in the face of China's sovereignty through further economic integration?

Lastly, in concluding his presentation, Mr. Rene suggested that the changing relations across the strait will not only affect China- Taiwan relations but also other countries in the region including external power such as the US. The emerging trade bloc across the strait involves not just how Taiwan is coping with China but also global adjustments to China's increasing prominence on the playing field of international economy. To avoid the worst-case scenario, ASEAN need to take strong policy action by establishing a new terms of connectivity in the era of ASEAN Community 2015 by recalculating Taiwan as a potential strategic partnership.

Dr. Johanes Herlijanto (Lecturer, Department of International Relations, BINUS University)

The last resource person to speak was Dr. Johanes Herlijanto who wanted to explain what Taiwan meant for Indonesia and after that to compare it with the Indonesia-China relationship. Dr. Johanes noted that there were a number of economic and cultural ties between Indonesia and Taiwan which had already been cited by previous speakers. Citing Taiwanese investment in Indonesia, he observed that many of them were in the manufacturing sector, which contrasted with Chinese investment which tended to focus in the oil and gas sector. He took the view that Taiwanese investment would create a lot of job opportunities for Indonesian workers before adding that Indonesia sent hundred thousand migrants workers to Taiwan. These were not only uneducated labor workers but also included cases of Indonesians with bachelor degrees that sought employment in the Taiwanese corporate world.

Dr. Johanes pointed out that for many Indonesian Chinese, Taiwan had become the destination place for them to study and work. He then mentioned that while only the middle and upper class people could afford to send their children to study abroad, there were cases where Indonesian parents had only prepared enough money to cover their children's first year of education. As such there were plenty of cases of Indonesian students working in Taiwan, in some instances illegally. He went on to detail the story of a female Indonesian domestic worker who having lived and worked in Taiwan for three years, later returned to Indonesia and established her own business. He recalled that when the former Taiwanese employer of the Indonesian domestic worker was in Jakarta, the two happened to meet whereby the latter said, "Now I have my own business and I do not need to work for other people again because I have my own staff." Dr. Johanes said it was important therefore not to simply look at the figures but also see the stories behind it. He then explained that as a lecturer in the Chinese Studies Department in University of Indonesia, in 2006 they held cooperation with the Tzu Chi University to conduct research. The interaction between the two institutions was not only to build up the house but also to transfer the ethics from Taiwanese/Chinese business culture to Indonesia.



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On the other hand, it was noted that the Indonesia-China relationship was a very different situation from two decades ago. He said that the current relationship could be described as extremely warm, with Dr. Johanes quoting prominent Indonesian Sinologist, Prof. Dahana, when he stated that Indonesia's relationship with China was always in an extreme condition: either extremely bad or extremely warm. He noted that at the moment, at least on the superficial level, Indonesia was in very warm relation with China. This happened during the Abdurrahman Wahid period when he made his first presidential foreign trip to China and was followed up by then-President Megawati who met with Mr. Zhiang Ze Min. More recently, President Yudhoyono talked of a strategic partnership worth millions of dollars.

Otherwise, Dr. Johanes stated that today the discourse of China was relatively better and widely circulated, especially if we mentioned about the discourse of China as a model of economic development. This was all the more so since the global financial crisis of 2008 when the world's attention fell to China to see how they were able to handle the situation. There thus emerged discourses on "Learning from China". Indonesian sinologists, for example, mentioned how Indonesia could learn from China and perceived China as friendly neighbor. In the past, Dr. Johanes stated that many Indonesians were familiar with the discourse about Kubilai Khan, who commanded his troops to invade the kingdom of Singosari lead by Kertanegara, but now the discourse suddenly changed and saw people talk more about Admiral Cheng Ho with his more peaceful mission to the Indonesian archipelago and other Southeast Asian countries. Another interesting discourse was related to the spread of Islam and the acknowledgement that the Islamic faith was spread to Indonesia not only from the Middle East and India but also from China.

Dr. Johanes then underlined the implication of these points to Indonesia's view of Taiwan. He explained that the strong background relationship between Indonesia and China meant that Jakarta was perhaps still strongly adhering to Beijing's view of the One China policy. Besides that, Indonesia was also very careful in avoiding too publicly conducting bilateral relations with Taiwan. As quoted by one Indonesian diplomat (Ambassador Sudrajad, 2008), "we should to be very careful because this is a sensitive issue for China". Dr. Johanes also suggested that Indonesia would continue to followed the One China Policy perspective and see the relationship between China and Taiwan as a purely internal domestic affairs. He put forward the case that back in 1998 when there were riots in Jakarta that witnessed incidents of anti-Chinese violence, the Chinese government in Beijing stated that this was the domestic affair of Indonesia and China would not interfere. It was not until later that Beijing condemned the anti-Chinese violence. Based on that experience, Dr. Johanes predicted that Indonesia will do the same thing of respecting and not interfering in the domestic affairs of China/Taiwan.

Finally, in the last part of his presentation, Dr. Johanes stated that in future there may be an improvement of relationship between Indonesia and Taiwan. This would create more room for business and trade relation. Even China and Taiwan had improved their relationship on business and trade but still Indonesia was somewhat stuck by the One China Policy. Dr. Johanes went on to speculate what would happen with the next Indonesian government. He observed that one presidential candidate, Prabowo Subianto stated back in 2009 the importance of learning from China. On the other side. Dr. Johanes was not so sure about the other presidential candidate, Joko Widodo and his perspective on the Chinese issues. Nevertheless, he assumed that like the rest of Indonesia, Joko Widodo would view China as a very sophisticated country. Lastly Dr. Johanes mentioned that when we spoke about China, this not only referred to China as a country but also related to Indonesian Chinese. When Indonesian or any Indonesian officials



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have negative perception of China there was also a negative perception towards Indonesian Chinese.

Question and Answer Session

In response to the other speakers, **Mr. Liang-Jen** stated that the first thing is to anticipate and react to the discourse on the One China policy. For Taiwan, the One China policy was seen as the agenda of mainland China. He pointed out that President Ma had often declared that One China referred to the Republic of China (Taiwan) and that Beijing had never given any protest or criticism of these statements. Second, he noted that while he acknowledged student and public opposition to Taiwan's increasing relations with China, Taipei was not dependent on Beijing but it was more the case of mutual interdependence. He then underlined that in many issues like China-Taiwan and the ASEAN countries, this area must take on an all inclusive discourse. Mr. Liang-Jen stated that Taiwan was also this part of this region, and so any issues like the South China Sea issue should also hold on to the principle of inclusiveness by inviting Taiwan into the process. On the issue about RCEP in economic issues, Mr. Liang-Jen stated that he hope Taiwan can join later after 2015 as Taiwan already made significant economic contributions to this part of the world. Third, transparency is very important, China's rise was alarming for the world and often there was a lack of information about China's policies. He thus called for greater transparency from Beijing.

For Indonesia, Mr. Liang-Jen called on Indonesia to develop parallel political and economic relations with Taiwan in a similar way to those Jakarta had with China. With Beijing's closer relations with Taipei, he hoped that Indonesia would be more relaxed in its policy towards Taiwan. Lastly he expressed his hope that Taiwan could one day be an ASEAN+1 FTA partner.

Mr. Rene explained that one of the main problem regarding cross-straits was that both Beijing and Taipei tended to be too stubborn. He called the One China policy a relic of the past, from the Cold War era and a legacy of WWII. Mr. Rene further described the insistence of both sides that One China referred to China or Taiwan was "nonsense" and called on everyone to modernize their way of thinking.

Comment No. 1: Just a simple question, in the 1992 consensus regarding the One China policy, is this related to Taiwan's relationship in 1949 with Indonesia? If I'm not mistaken there was an agreement between Taiwan and Indonesia and I wonder if this is still in effect?

Response:

Mr. Liang-Jen answered that question by explaining that the 1992 consensus was still related with the cross straits issue, but it was not entirely clear if it applied to the issue of the South China Sea. The 1992 consensus only covered the political relationship between two political entities and not on whether to have one country or two countries, one country with two systems, one country with two formulas, one country with two governments, etc.

Mr. Rene meanwhile stated that Indonesia needed to understand that the One China in the 1992 consensus was not regarded to be represented by either Beijing or Taipei. This has to be a matter of a civilization, representing the biggest race in the world, so that is why in his presentation, he emphasized that whatever One China meant for Taipei or Beijing, please do not try to force it on Indonesia. It was noted however that when Indonesia first became independent, the Republic of China (Taiwan) did not initially recognize Indonesia's



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independence. Instead it was the People's Republic of China under Beijing that recognized Indonesia's independence following the conclusion of its civil war. Mr. Rene also pointed out that despite the ups and downs in Jakarta-Beijing relations (especially under the Suharto era), relations were never cut off but simply frozen. By frozen, Mr. Rene explained that Indonesia still recognized China and vice-versa.

Mr. Rene went on to place some blame for the South China Sea tensions on the USA for creating Beijing's fear of being encircled. He also reminded the fact that the nine-dotted line was actually a Taiwanese creation and that when Taipei first put forward the nine-dotted line it never clearly explained where the coordinates were. Beijing simply adopted Taiwan's nine-dotted line claim and so Mr. Rene suggested that if we wanted to blame someone for raising tensions in the South China Sea then we should look to Taiwan.

He further suggested that Indonesia and ASEAN should hold informal meetings with all the claimant countries to the South China Sea regardless of whether Beijing wished to attend or not. He further called on Taiwan to explain the nine-dotted lines reminding that whenever ASEAN states had overlapping claims and territorial disputes they would usually take it to international arbitration. He therefore suggested Beijing's anger at the Philippines for internationalizing their disputes was unjustified and that Manila was simply carrying out ASEAN norms.

Here **Mr. Liang-Jen** added that the Wang-Zhang meeting was aimed at stabilizing relations between the two sides and should not be interpreted as Taiwan's integration with the mainland. As he emphasized earlier, Taiwan wished to be seen as an equal partner in dealing with mainland China. He stated that Taiwan cannot lose its identity or sovereignty.

Comment No. 2: What is the response of Taiwan towards Indonesia's offer to mediate the dispute between China and Vietnam?

Response:

Mr. Liang-Jen answered that Taiwan's policies toward the East China Sea and South China Sea were very simple and was based on an all-inclusive principle. He believed that all claimant parties should be involved in the process. He added his hope that these issues could be resolved through negotiations rather than through military confrontations and suggested they look into development of the areas as one way to build momentum. He admitted that he didn't expect there to be any grand solution but that it would take a step-by-step approach through bilateral and multilateral channels.

Mr. Rene added that this development was a nice start and suggested it was a good way to open up cooperation in other areas. He said it was important for everyone to understand each other and called again for everyone to come together to find a solution. He ended by saying the One China policy was a problem for China and Taiwan to sort out.

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