

Beijing blurs divide with Taiwan economy

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TAIPEI - Beijing is gearing up its efforts to achieve unification with Taiwan only a few weeks after Ma Ying-jeou of the Kuomintang (KMT), the mainland's favorite candidate, won re-election as Taiwanese president.

Since conditions are not ripe for opening cross-strait talks on political issues, Beijing is launching an aggressive campaign - bypassing the Taiwanese government - to implement another strategic goal of "placing the hope [of unification] on Taiwanese people", or winning the hearts and minds of Taiwanese people in various social sectors by directly offering them money-making opportunities.

In one of its new approaches, Beijing aims at those sectors of Taiwanese society that believe cross-strait business ties have benefited only the north of the island and the rich. It has established the "Pingtan Comprehensive Experimental Zone" on a cluster of islands belonging to Fujian province and targeting central Taiwan, just across the Taiwan Strait.

Pingtang island, the scene of large-scale war games against Taiwan in the mid-1990s by the People's Liberation Army (PLA), is now referred to as a "Little Taiwan" and seeks to attract small, medium-sized and family-owned Taiwanese enterprises to set up business operations.

Those Taiwanese willing to move will find a long list of preferential treatments and US\$40 billion-worth of brand-new infrastructure that includes several ports of over 200,000 tonne capacity and 18 square kilometers that will also accommodate a cross-strait financial service center for banks, insurers and securities.

Tax benefits are to be offered and bank loans generously granted, while Taiwanese professional qualification certificates will be accepted. Taiwanese lawyers and doctors will be allowed to operate freely. Exclusively for Taiwanese investors in Pingtan, the mainland's strict restrictions on imports of certain products, such as steel, are to be eased, which will give them an edge over their foreign competitors in the mainland.

To make the bait even more irresistible, both the mainland currency, the yuan, and the New Taiwan Dollar will circulate next to each other in the zone.

New roll-on, roll-off passenger ferries have been awaiting the starter's gun at Pingtan, ready to make the trip to the central Taiwanese city of Taichung in two-and-a-half hours - about the same time it takes a car drive from Taichung to the Taiwanese capital of Taipei on a good day.

Fujian governor Su Shulin announced in mid-February a plan to jointly develop Pingtan. All Taiwanese municipalities, counties and institutions are welcome to participate. Around 1,000 Taiwanese professionals will be hired within the next five years, to be offered annual incomes of between US\$30,000 and US\$300,000. In addition, around 1,000 Taiwanese with agricultural expertise may be hired.

Eventually, the Pingtan Comprehensive Experimental Zone, together with Taichung, is envisaged as a cross-strait free-trade zone. Once established, Taiwanese people, ships and cargo could enter Pingtan freely and from there the huge mainland market. The status of Taichung - Taiwan's third-

largest city - would be lifted significantly, which is undoubtedly an important factor in the Chinese strategy as the area is generally assessed as being amongst Taiwan's key electoral battlegrounds.

Another Beijing initiative - this one aimed at Taiwanese small entrepreneurs from throughout the island - is to come into effect some time later this year. Under a new rule, Taiwanese citizens as natural persons or families may register certain types of small businesses in a number of mainland cities and provinces as "individual industrial and commercial households".

As the move is most likely meant as a pilot project that will eventually be extended, it could be an attractive offer to many Taiwanese, facing negative growth in real wages and relatively high unemployment at home, given that wages have risen much faster in the mainland coastal provinces than in Taiwan and are expected to catch up with those on the island within a few years.

Mother China is gradually also refining plans for those who cannot move across the Taiwan Strait, such as farmers and fishermen. Since Ma Ying-jeou took office in 2008, and particularly since Taipei and Beijing signed the Economic Cooperation Framework Agreement (ECFA) in 2010, mainland delegations have roamed Taiwan's south - the home turf of the opposition anti-unification Democratic Progressive Party (DPP) - trying to soften the attitude of locals by large-scale procurements. Beijing has recently been fine-tuning this approach.

Assessing that before the presidential and legislative elections held in January, much of the profits earned through the export of farm and fishery products to the mainland were pocketed by intermediaries, which meant mainland money failed to buy votes away from the DPP, Beijing now engages farmers and fishermen directly.

Zheng Lizhong, deputy chairman of the Association for Relations Across the Taiwan Strait and the mainland's No 2 negotiator, recently toured the area and forged closer relationships with the ordinary people there, effectively bypassing intermediary agents and also the government in Taipei as well as local administrations. Zheng reportedly even stayed overnight at humble countryside homes.

Young educated Taiwanese are being tempted by long-term visits to the mainland's top cities where they can stay with selected families, part of Beijing's intention to make a greater effort in encouraging study in the mainland.

Taiwan's United Daily News in an editorial named the mainland strategy as "Penetrating into the island, into the households, into the hearts of people". The newspaper didn't fail to identify the dilemma the Taiwanese government finds itself in: "Can you really stop Beijing building Pingtan? Can you really oppose Beijing buying Taiwanese produce?"

President Ma is well aware that Beijing has begun to actively undermine Taipei's power over the island, Chen In-Chin, a professor at Taiwan's National Central University's Graduate Institute of Law and Government, told Asia Times Online.

"Beijing takes very seriously that many Taiwanese think Ma's cross-strait policies only benefit the rich. It has hence changed its approach to a practical one. That it now gets directly in touch with the Taiwanese population makes Ma very nervous," Chen said.

According to Chen, in order to escape such a frighteningly tight Chinese embrace, it has all along been Ma's strategy to gain more international space and sign free-trade agreements (FTA) with industrialized countries while at the same time keeping the cross-strait situation peaceful by acknowledging that the mainland and Taiwan both belong to China.

“Of course, Ma sees that ECFA, Pingtan and their likes are merely tools for unification in the eyes of Beijing. That’s why he wants to pull the United States as a balancing power into the game. But now it becomes very clear that he cannot take the international hurdles.”

As an example of the weakness of Ma’s efforts to secure improved international ties, Chen singled out Taipei’s relations with Singapore. The two sides started FTA talks well before the presidential election, but once Ma was re-elected, this FTA bubble seemed to burst.

Taiwan’s representative to Singapore, Vanessa Shih, was recalled in mid-February, supposedly because she was caught by the Singaporean government displaying the Republic of China (ROC), or Taiwanese, flag in public and singing the ROC anthem, which if true would amount to a considerable faux-pax, given Taiwan’s diplomatic situation.

Chen believes this story is a pretense.

“Beijing made it look as if it consents to Ma signing an FTA with Singapore because it wanted to help him get reelected. But since he won, they see no more need for such compromises. Behind the Vanessa Shih controversy stands China, of course,” he said.

One of the very few moves left in Taipei’s bag of tricks that could potentially delay unification indefinitely by making the Taiwanese export-reliant economy less dependent on mainland China is Taiwan becoming a member of the Trans-Pacific Partnership (TPP).

Ma has on many occasions stated that within a decade he wants Taiwan to join the multilateral trade bloc that will likely be comprised of US, Japan, Australia, Brunei, Chile, New Zealand, Singapore, Malaysia, Peru and Vietnam. He has promised that Taiwan’s first free-trade zone will be set up in the southern port city of Kaohsiung by that time.

While Beijing is certain to oppose Taiwanese TPP membership as it would provide the island with about the only real alternative to putting all eggs into the mainland basket, Washington says Taiwan is welcome but must first get rid of import restrictions on US beef. Those were initially imposed in relation to incidents of mad cow disease in the United States and were later renewed over the use of ractopamine; this lean meat enhancer is banned in Taiwan, the European Union and mainland China but is allowed in the US, Canada and a number of other countries.

For the sake of satisfying the Americans, Ma’s cabinet has been pushing for an end to the beef import ban, but as the DPP, the staunchly pro-independence Taiwan Solidarity Union, the island’s farmers and civic groups, and even parts of Ma’s own KMT are all up in arms against the use of ractopamine, it is hard to see how Washington’s demand will be met.

Professor Chen dismissed the notion that Beijing secretly pushes Taiwanese farmers to work against scrapping the ractopamine ban in order to ruin Taiwan’s chances of joining the TPP. He also pointed out that as the DPP has effectively lacked a leadership since its election loss, what is currently seen and heard of the party represents individual opinions rather than a clear party line.

Chen then singled out what he believes is the crux of the problem. He holds that it is Ma’s personality that brought Taiwan into the precarious situation in the first place.

“Ma knows that the TPP is vital. Yet his political will isn’t strong enough to challenge Beijing. In [South] Korea, there are also many conflicting opinions and intense domestic tension over FTAs. But a Ma Ying-jeou is not a [Korean President] Lee Myung-bak,” Chen said.

P.S.

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