

Beijing and Taipei: Dialectics in Post-Tiananmen Interactions

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The brutality of the 4 June 1989 Tiananmen Square crackdown ordered by Beijing quickly checked the former growing “mainland fever” among the inhabitants of Taiwan. It seemed that, with their aspiration to reunify with the People’s Republic of China shattered forever, Taiwan’s expanding non-governmental interactions with the mainland would cease indefinitely. Yet, on 5 July, 76 Taiwanese businessmen crossed the Taiwan Strait to attend an export commodities fair in Dalian. There, one Taiwanese visitor even made an investment of US\$5 million.¹

Half a year after the Beijing carnage, Taiwanese pop singers Lin Chung and Huang Lei celebrated the incoming Year of the Horse on stage in that same city.² Earlier, on 16 December 1989, Taiwan’s then Foreign Minister Lien Chan announced that his government intended to end open animosity toward Beijing and would abandon such appeals as “Han Chinese (Taipei) tolerate no coexistence with invading bandits (Beijing).”³ These post-Tiananmen developments – economic, social, and political – between Taiwan and the mainland carried goodwill and suggested an eventual integration. They unfolded, however, alongside parallel events portending conflict and persistent disintegration.

In mid-November 1989, glaring headlines in at least one leading Taiwanese newspaper pointed to a Hong Kong report that China’s then Chairman of the Central Military Commission, Deng Xiaoping, had spoken to the high command of the People’s Liberation Army in late August or early September, relaying the following message:

Do not always resort to a smiling face in dealing with Taiwan.... On this issue, we cannot exclude the use of force.... The purpose of building up the Army is to fight wars. These days, one possible war ... is that with Taiwan. Incorporate the Taiwan issue on our timetable contingent upon: when Taiwan claims independence; when Taipei treats us with a “discourteous face”; and when Taiwan’s “black hand” continuously interferes in our domestic affairs.”⁴

1. All following monetary figures in U.S. dollars. “Commentary views Taiwan investment on mainland,” Beijing *Zhongguo Xinwen She*, 29 December 1989, in *Foreign Broadcast Information Service (FBIS)*, 8 January 1990, p. 51.

2. “Taiwan gexing Lin Chung, Huang Lei zai Jing canjia dianshi lianhuan hui” (“Taiwanese singers Lin Chung, Huang Lei participated in a Beijing TV gala”), *Shijie ribao* (*World Journal*, New York), 19 January 1990, p. 32.

3. “State to end open animosity toward mainland,” *China Post*, Taipei, 17 December 1989, in *FBIS*, 26 December 1989, p. 55.

4. “Deng Xiaoping shuo hen hua: Taiwan du qilai jiuyao da” (“Deng Xiaoping spoke bold words: if Taiwan claims independence, we will strike”), *Zhongyang ribao* (*Central Daily News*, Taipei), 17 November 1989, p. 1.

As might be expected, the prospect of China invading Taiwan – often a hot topic among Taipei's intelligentsia – also evoked intense debate at public forums there, such as the 23–27 December 1989 Civilian Conference on National Issues (*minjian guojian hui*) which was attended by 250 Taiwanese elite and enjoyed President Lee Teng-hui's personal attention.⁵

These developments have outpaced commonly-held post-Tiananmen expectations for Taiwan–mainland relations in terms of the possibilities for both growing accommodation and increasing animosity. The multifariousness of these events, therefore, renders more pertinent than ever the question of whether relations between Taiwan and China will evolve towards a rapprochement, maintain the status quo, or even gravitate towards armed confrontation. Addressing this issue requires examination of the trends – political, economic, socio-cultural and strategic – in Taiwan–China interactions. The first major shift in these trends occurred a decade before the 1989 Tiananmen Square incident.

Political Trends

On 1 January 1979, the routine and symbolic bombardment of Taiwan's offshore islands, Jinmen and Mazu (Quemoy and Matsu), was stopped, as Beijing's National People's Congress Standing Committee sent a message to Taipei calling for peaceful reunification of China. A series of similar proposals from Beijing followed in the next seven years (see Appendix), while Taipei adhered to its policy of the "Three Nos" (no contact, no negotiation, no compromise). On 14 October 1987, Taiwan's first official initiative on its mainland policy was taken by the ailing, yet anxious, President Chiang Ching-kuo who lifted the ban on ROC citizens visiting their relatives on the mainland. His death on 13 January 1988 occasioned the condolences of Chinese Communist Party General Secretary Zhao Ziyang to Taipei the next day.

The year 1988 saw an acceleration of peaceful overtures between Taiwan and China, especially after 9 July, when Zhao Ziyang congratulated Lee Teng-hui, acting Chairman since January, on becoming the official Chairman of the Kuomintang at its 13th Party Congress. One highlight among these activities occurred on 14 July when KMT senior statesman, Chen Li-fu, leading 34 colleagues, put forward the proposal of reunifying China through traditional culture; on 15 July, Zhao Ziyang reciprocated by stressing that both sides share a foundation in politics, economics and cultural tradition. Two months later, Beijing discontinued the policy established in 1962 of offering a monetary reward to Taiwanese defecting with military ships or aircraft. Three days after that, on 14 September, Taipei reduced the reward, delivered since 1959, to mainland pilots defecting with warplanes of less advanced models.

5. Taiwan President Lee Teng-hui listened to the summaries of the Conference discussions while receiving the key participants on 26 December 1989. Also see for examples: *Zhongguo shibao* (*China Times*, Taipei), 25 December 1989, p. 2; *Zili Zaobao* (*Independence Morning News*, Taipei), 25 December 1989, p. 2.

The continuing momentum of constructive political interaction seemed to culminate in the spring of 1989, one month before the Tiananmen tragedy. On 1 May, not only did Taiwan's first official delegation since 1949 attend the Asian Development Bank's annual meeting in Beijing, but the delegation led by Finance Minister Shirley Kuo also stood up for the playing of the PRC national anthem.

The Tiananmen shock to Taipei, seemingly ineradicable at the time, began to dissipate sooner than expected. One month after ROC Foreign Minister Lien Chan's announcement ending open animosity toward Beijing in December 1989, Taipei further relaxed its mainland travel policy by allowing low-level government officials to visit their relatives across the Strait.⁶ In the first half of 1990, Taipei further lifted a series of visitation restrictions allowing elected and appointed ROC officials to call on mainland relations in a private capacity, and permitting mainland cultural and athletic celebrities to visit Taiwan.⁷ On 18 September 1990, Red Cross officials from Taiwan and China, ostensibly non-governmental but indirectly representing each government, having secretly met on Jinmen Island – still heavily fortified by Taiwanese forces against possible PRC invasions – jointly announced that they had signed an agreement on repatriation procedures for illegal immigrants from either side.⁸ One day earlier, Taiwan athletic teams had arrived in Beijing to participate in the Asian Olympic Games under the name "Chinese-Taipei."⁹ In August 1991, two mainland journalists and two mainland Red Cross officials visited Taiwan, this being the first time in 42 years that personnel commissioned by Beijing had set foot on the island.¹⁰ In addition, quasi-governmental co-operation between Taiwan and China developed beyond their immediate geographical confines. In early August 1990, more than 100 Taiwanese engineers and technicians succeeded in evacuating from Kuwait after the Iraqi invasion under assistance offered by the PRC embassy.¹¹ In late October, Beijing accused Tokyo of encroaching on China's sovereignty by allowing the installation of navigational lights on the controversial Diaoyutai (Senkaku) Island after Japanese warships dispelled the protesting Taiwanese fishermen earlier

6. "Diceng gongwu renyuan tanqin zhunle" ("Visitations of mainland relatives by low-level government officials approved"), *Shijie ribao*, 17 January 1990, p. 8.

7. "Chronology-pragmatic adaptations," *Free China Review* (Taipei), January 1991 p. 15.

8. Li Yu, "Xin tupo: liangan Jinmen tanpan de lishi yiyi" ("A new breakthrough: the historical significance of the Quemoy negotiation between two sides of the Taiwan Strait"), *Shibao zhouban* (*China Times Weekly*, New York), 29 September–5 October 1990, pp. 8–10.

9. "ROC team gets warm welcome: Peking kicks off Asian Games," *Free China Journal*, 20 September 1990, p. 1.

10. "Liangan fenge sishier nian hou, shoupi dalu jizhe lai Tai" ("The first group of mainland journalists arrived in Taiwan after 42 years of separation") *Zhongyang ribao*, 14 August 1991, p. 1; "Mainland Red Cross officials to arrive 21 August," CNA, Taipei, 20 August 1991 in *FBIS*, 20 August 1991, p. 69.

11. Jing Shixiu, "Taiwan zai Keweite de gongzuo renyuan xiang Zhonggong qiuyuan" ("Taiwanese workers in Kuwait requested the assistance of Communist China"), *Shibao zhouban*, 25–31 August 1990, pp. 26–27.

that month.¹² Although both incidents slightly embarrassed the Taipei government, which passively witnessed the developments, positive interactions across the Strait reached new dimensions. On 27–28 April 1992, a milestone conference in Singapore between the Straits Exchange Foundation (SEF) from Taiwan and the Association for Relations Across the Taiwan Straits (ARATS) from the mainland produced four agreements on functional matters such as registered mail delivery. Although unofficial in name, both organizations were headed by former officials closely tied to the Taipei and Beijing leadership respectively.

The trends of accommodation and integration in post-Tiananmen political interactions between Taipei and Beijing have, however, been accompanied by currents of a contentious and disintegrative nature. At least five such currents have become prominent, and not all were foreseeable in June 1989. First, a diplomatic contest between Beijing and Taipei has intensified, increasingly highlighting their irreconcilable positions regarding the status of Taiwan: “a province of China” according to Beijing, or, according to Taipei, “one of the two governments of China” therefore deserving “international living space” such as representations in foreign capitals and international organizations. As Taipei shifted from ideology-bound inflexibility to a “pragmatic diplomacy” (*wushi waijiao*), Beijing condemned this “dangerous” trend as it cultivates internationally the “deplorable” status quo of “two Chinas” or “one China, one Taiwan.”¹³ The effort to solidify the separation between Taiwan and the mainland, Beijing warned, would arouse “the fire of anger smoldering in the bosom of the Chinese people.”¹⁴

Aided by its accumulated wealth, Taipei gained between July 1989 and July 1991 recognition by Grenada, Liberia, Belize, Lesotho, Guinea-Bissau, Nicaragua and the Central African Republic. Within weeks of each event Beijing withdrew its embassy from the country in question. In early 1990 Taipei began furthering the pursuit by broadening its diplomatic agenda to improve, under Beijing’s strong protests or silent suspicion, substantive ties with Western countries (France, Canada, Australia, New Zealand), Eastern bloc countries (Poland, Czechoslovakia, Hungary), socialist Third World countries (Vietnam, North Korea), and even the then Soviet Union and its subsequently derived independent republics.¹⁵ In February 1992, Beijing withdrew its embassy from Latvia

12. “Sovereignty over islands viewed,” Beijing in Japanese to Japan, in *FBIS*, 22 October 1990, p. 7.

13. “Zhonggong Xinhua shi fabiao Taiwan zhengqing huigu” (“Chinese Communist Xinhua News Agency published annual report of Taiwanese politics”), *Zhongyang ribao*, 21 January 1990, p. 1.

14. “Liaowang views ‘disasters’ of independence,” *Liaowang*, Beijing, 19 March 1990, pp. 12–14, in *FBIS*, 17 April 1990, pp. 51–53.

15. For Beijing’s reactions, see for example, Liu Guofeng, “Taiwan dangju dui Sulian zhengce cuoshi de yixie bianhua” (“Changes in Taiwanese authority’s policy towards the Soviet Union”), *Liaowang* (*Outlook*, Beijing), 26 November 1990, p. 23; “Interview with spokesman of Chinese Foreign Ministry on French Industrial Minister’s visit to Taiwan,” Xinhua, Beijing, 23 January 1991, in *Newsletter, The Embassy of the People’s Republic of China*. For Taiwan’s broadened diplomatic activities, see for example, Lena H. Sun, “China opts to maintain ties to Eastern Europe: Beijing fears political inroads by Taiwan,” *Washing-*

following the establishment of consular relations between the latter and Taiwan, thus revealing a new dimension of Beijing's objection to Taipei's diplomatic expansion. Taiwan's unexpected application on 1 January 1990 to join GATT under the name "the customs territory of Taiwan, Penghu, Jinmen and Mazu," instead of the title "Republic of China" demonstrated its determination with operational flexibility to join international organizations, an approach Beijing found unacceptable.¹⁶ On 31 August 1993, Beijing issued a White Paper in six languages condemning Taipei's effort to enter the United Nations. Shortly afterwards, the follow-up SEF-ARATS talks broke down, and only 17 per cent of Taiwan's people, down from 50 per cent at the conclusion of the ice-breaking Singapore conference in late April, still believed in China's friendliness toward Taiwan.¹⁷

In spring 1990, Beijing launched a diplomatic counter-offensive to salvage its Tiananmen-damaged international image with the apparent effect of containing the rapid expansion of Taipei's governmental and substantive global presence.¹⁸ By late 1992, Beijing had not only resumed diplomatic relations with Indonesia, improved relations with former enemies such as Moscow, New Delhi and Hanoi, and established embassies in Namibia, Republic of the Marshall Islands, Israel, Saudi Arabia, Singapore and South Korea – the latter three being once staunch allies of Taipei – but also had begun extending China's influence in Asia, Latin America and the Middle East, and strengthening weakened diplomatic connections with Eastern Europe.¹⁹ On 11 February 1991, Beijing dispatched its Deputy Foreign Minister, Yang Fuchang, to the Middle East just one week before his counterpart from Taipei, Chang Hsiaoyen (John Chang), went there too to seek improvement of relations with the

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ton Post, 19 February 1991, p. A16; "Taiwan daibiaotuan siyue fang Beihan" ("Taiwanese delegation to visit North Korea in April"), *Shijie ribao*, 21 January 1990, p. 1; "Zhong Yue guanxi huo zhongda tupuo" ("Major breakthrough in Taiwan-Vietnam relations"), *Zhongyang ribao*, 10 January 1991, p. 1; "Zhong Niu hang quan tanpan xiazhou zai Tai juxing" ("Taiwan-New Zealand talk on establishing direct flight to be held in Taipei next week"), *Shijie ribao*, 1 February 1991, p. 10; "Taibei jiang zai Wuotaihua she zhengfuxing banshi chu" ("Taipei to establish governmental office in Ottawa"), *Shijie ribao*, 4 November 1990, p. 1; "Taibei jiang zai Ganbeila she jingji wenhua zhongxing" ("Taipei to establish economic-cultural centre in Canberra"), *Shijie ribao*, 29 January 1991, p. 2.

16. Frances Williams and Jonathan Moore, "Taiwan's GATT application angers Peking," *Far Eastern Economic Review*, 1 February 1990, pp. 36–37.

17. Julian Baum, "Divided nations", *Far Eastern Economic Review*, 16 September 1993, p. 10.

18. For Beijing's post-Tiananmen diplomatic counter-offensive beginning in spring 1990, see for example: "Recent diplomatic activities of CPC viewed," *Da Gong Bao*, Hong Kong, 10 May 1990, in *FBIS*, 21 May 1990, p. 1; "Zhonggong jiaqiang longluo disanshijie, Yang Shangkun Wu Xueqian pupu fengchen" ("Communist China to strengthen ties with the Third World: Yang Shangkun, Wu Xueqian travel abroad"), *Shijie ribao*, 14 May 1990, p. 2; "More reportage on Li Peng's four-day Moscow visit," *Xinhua*, Beijing, 24 April 1990, in *FBIS*, 26 April 1990, p. 11.

19. Chen Wenying and Chen Xiaochun, "China's noticeable diplomacy of 1990," *Beijing Review*, 24–30 December 1990, pp. 12–13; Lena Sun, "China, S. Korea establish full relations," *Washington Post*, 24 August 1992, pp. A10–A18.

region.²⁰ The European tour of PRC Foreign Minister Qian Qichen in February and March 1991 was perceived internationally as yet another attempt to circumvent future diplomatic advancement of the Taiwan authorities.²¹ One month after Taipei and Canberra agreed to solidify their diplomatic relations, Beijing heralded on 28 February 1991 Australia's decision to restore ties with China.²² The post-Tiananmen diplomatic competition between Beijing and Taipei had grown more intense than generally expected.

Secondly, advocacy for "Taiwan independence" became a more prominent issue, which Beijing condemned as a movement "against the fundamental interests of the Chinese nation" and "a road to disaster."²³ On 7 October 1990, Taiwan's major opposition – the Democratic Progressive Party (DPP) – adopted a resolution entitled "Taiwan's Sovereignty Power Reaches Not the People's Republic of China and the People's Republic of Mongolia," which Beijing denounced for attempting to "split China."²⁴ During its annual conference on 13 October 1991, the DPP became committed by its charter "to build a Taiwanese republic with independent sovereignty."²⁵ The next day, Beijing reiterated President Yang Shangkun's 9 October warning to Taiwanese independence advocates that "those playing with fire will burn themselves to ashes."²⁶

Thirdly, with respect to the post-Tiananmen pro-democracy movement, Taipei surprisingly reversed its attitude from ambiguous timidity in June to assertive support by December 1989. At the year's end, more than 100 pro-democracy leaders in exile arrived in Taipei and were greeted with

20. Yang visited Syria, Turkey, Yugoslavia and Iran. According to Taipei, Chang's trip enhanced relations with Saudia Arabia, Kuwait, Iran and Israel. "Beijing fuwaizhang Yang Fuchang fang si guo" ("Beijing's Deputy Foreign Minister Yang Fuchang visits four countries"), *Shijie ribao*, 11 February 1991, p. 1; "Chang Hsiaoyien 19 ri Fu Sha fangwen" ("Chang Hsiaoyien visited Saudia Arabia on 19 February"), *Shijie ribao*, 19 February 1991, p. 9; "Enhanced relations with Mideast South," CNA, Taipei, 28 February 1991, in *FBIS*, 5 March 1991, p. 77; "Saudia Arabia substantive ties to be maintained," "Government exchange offices with Israel," "Trade, economic ties with Iran strengthened," "Representative office in Kuwait reopen," all CNA, Taipei, 28 February, 2, 3 March 1991 in *FBIS*, 5 March 1991, p. 78.

21. Lena H. Sun, "China opts to maintain ties to Eastern Europe: Beijing fears political inroads by Taiwan," *Washington Post*, 18 February 1991, p. A16; also see Asashi Shimbun, 20 January 1991, reported in "Qian Qichen Ouzhou xing" ("Qian Qichen's European tour"), *Shijie ribao*, 11 February 1991, p. 12.

22. "Taibei jiangzai Ganbeila" ("Welcomes Australia's 'positive attitude' ") *Xinhua*, Beijing, 28 February 1991, in *FBIS*, 28 February 1991, p. 2.

23. "Liaowang views 'disaster' of independence," p. 53.

24. Zhu Xianlong, "Zhi zai fenlie Zhongguo de 'Taiwan zhuquan' jueyi an" ("Aiming to split China: the resolution 'Taiwan's sovereignty Power' "), *Liaowang*, 5 November 1990, p. 20. Also see a less formal report from Hong Kong: "PRC leaders shocked by Taiwan independence bill," *Zhengming*, No. 157 1 November 1990, pp. 18–19, in *FBIS*, 7 November 1990, pp. 55–56.

25. Julian Baum, "Opposition party opts for independence: one China policy," *Far Eastern Economic Review*, 24 October 1991, pp. 20–21.

26. "Jing gao 'Taidu' fenzi wanhuo bi zifen" (" 'Taiwanese independence' advocates be warned: those playing with fire will burn themselves to ashes"), *Renmin ribao*, 15 October 1991, p. 1.

receptions in their honour and offers of financial backing.²⁷ Ever since, visits of mainland dissidents – many seeking monetary assistance – have become regular events in Taiwan.²⁸

Fourthly, Beijing has announced, at a seemingly accelerated pace, the arrests of “spies” commissioned by Taiwan for the purpose of social sabotage and intelligence gathering. At least fourteen such announcements have been made since June 1989.²⁹ Finally, by mid-January 1990, Taipei appeared to have adopted a policy of continuing its support for the political liberalization of Hong Kong, even after 1997.³⁰

In the eyes of PRC leaders, certain trends emanating from Taiwan reinforced each other in irritating and threatening Beijing. The PRC charged, first, that the KMT was responsible for the escalation of the Taiwanese independence movement, largely as a result of the party’s “appeasing and indulgent” attitude and probably even “tacit encouragement.”³¹ Secondly, they argued that foreign forces led by the United States and Japan in pursuit of their own “strategic interests” sought to perpetuate “splitism” of the Chinese nation by “supporting overtly or covertly” the bottom-up Taiwanese independence movement (*Tai du*) or, “in a disguised form,” the top-down “independent Taiwan” (*du Tai*) policy characterized by Taipei’s “elastic and silver bullet diplomacy.”³² To deter external powers from seizing Taiwan and internal elements from splitting it, Beijing therefore could not promise to forego the use of force over Taiwan.³³ Thirdly, they claimed that Taipei’s efforts to foment social unrest on the mainland through supporting exiled dissidents and sending

27. Xia Yun, “Guofu dalu zhengce jiang angsou kuobu?” (“KMT government’s mainland policy will advance in strides?”), *Shibao zhoubao* (*China Times Weekly*, New York), 6–12 January 1990, p. 15.

28. See for example, “Visit by four mainland dissidents approved,” CNA, Taipei, 26 June 1990 in *FBIS*, 27 June 1990, p. 52; “He Shang, zhuyao zhuangao zhe Su Xiaokang zaido fang Tai” (“Chief author of River Elegy, Su Xiaokang revisits Taiwan”), *Shijie ribao*, 2 June 1990, p. 8.

29. See “Zhonggong xuancheng puohuo Taite an” (“Chinese Communists announced breaking Taiwanese spy ring”), *Shijie ribao*, 14 January 1990, p. 1; “Taiwan tewu an di er li xuan pan” (“The second case of Taiwanese spies reaching judgement”), *Lianhebao*, (*United Daily News*, Taipei), 5 January 1990, p. 10; “Taiwan spies discovered in Yunnan,” Kunming Yunnan Provincial Service, 31 January 1989, in *FBIS*, 2 February 1989; “Beikong wei Tai huiji qingbao” (“Accused for spying for Taiwan”), *Shijie ribao*, 5 February 1990, p. 2; “Zhonggong shengcheng panchu wumin Taiwan jian die tuxing” (“Chinese Communists announced the sentencing for imprisonment of five Taiwanese spies”), *Zhongyang ribao*, 3 March 1990, p. 4; “Zhonggong zai Guangxi, Tianjin ji Shangdong puohuo sanqi Taite anjian” (“Chinese Communists broke three Taiwanese spy rings in Guangxi, Tianjin and Shangdong”), *Shijie ribao*, 16 May 1990, p. 2; “Shangdong Yantai yi nanzi beibu” (“Man in Shangdong Yantai arrested”), *Zhongyang ribao*, 18 May 1990, p. 4; “Two Taiwan ‘spies’ arrested in Hunan,” Changsha Hunan Provincial Service in Mandarin, in *FBIS*, 20 August 1990.

30. “Li Huan tan jiu qi hou Tai Gang guanxi” (“Li Huan talked about Taiwan–Hong Kong relations after 1997”), *Shijie ribao*, 17 January 1990, p. 1; “Beijing upset over support,” *South China Morning Post*, Hong Kong, 17 January 1990, p. 8 in *FBIS*, 18 January 1990, p. 55.

31. “Li Peng chongshen fandui Tai du” (“Li Peng reiterated condemnation on Taiwan independence”), *Zhongyang ribao*, 1 February 1990, p. 4.

32. “Liaowang views ‘disaster’ of independence,” p. 52.

33. “Jiang Zemin chongshen bu fangqi wuli jie jue Taihai wenti” (“Jiang Zemin reiterates not to renounce the use of force in resolving the Taiwan Strait problem”), *Shijie ribao*,

secret agents to the provinces increased tensions on both sides of the Strait.³⁴ In the eyes of ROC leaders, Beijing's criticism of Taipei for applying "silver dollar diplomacy," which the PRC had engaged in even more, was annoyingly unjustified; and Beijing's diplomatic containment of Taipei and its non-renunciation of the use of force against Taiwan were tantamount to "threatening with machine guns on three sides, leaving exit on one" toward submission.³⁵

On 16 January 1980, Deng Xiaoping said in his "Speech to the 10,000 Cadres" that "the return of Taiwan to the motherland" was one of the CCP's three major tasks.³⁶ Since then more than a decade has elapsed, during which time "opposing hegemony" and "economic construction," the other two major tasks, have borne impressive results; reunification of China, however, remained even more remote after 4 June 1989. Even before then, Beijing had demonstrated a growing sense of urgency on this issue by adding to its State Council Taiwan Affairs Office two similar departments specializing in socio-cultural and economic affairs.³⁷ In September 1990, PRC President Yang Shangkun admitted publicly that the unresolved issue of reunification brought the increasingly anxious geriatric leaders in Beijing "long nights ... fraught with dreams."³⁸ Since the 1989 Tiananmen incident, however, the PRC government's eagerness for expanded bilateral interaction has become mixed with suspicion and circumspection. For example, despite the July 1989 announcement that its policy on Taiwan remained unchanged,³⁹ Beijing began restricting the activities of Taiwanese journalists on the mainland two months later, according to PRC Foreign Minister Qian Qichen.⁴⁰

While the Beijing government initiated political interaction and led the PRC economic and social sectors in exchanges with Taiwan, Taipei's

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29 June 1990, p. 1; "Yang Shangkun on China's reunification," *Beijing Review*, 26 November–2 December 1990, pp. 15–16.

34. "Taiwan tewu jiguan chashou dalu dongluan zongshu" ("Summary of the involvement of Taiwanese spies in mainland unrest"), *Liaowang*, 7 August 1989, pp. 4–6. "Zhonggong gongji maotou zhuan xiang liuwang haiwai yiyi renshi" ("Chinese Communists turned criticism at exiled dissidents"), *Lianhebao*, 3 August 1989, p. 9.

35. "Chien Fu zhi Beijing cai zhengge shi 'Kaizi Waijiao'" ("Fredrick Chien points out that Beijing applies the real 'silver dollar diplomacy'"), *Shijie ribao*, 29 December 1990, p. 2; "Ma Yingjiu zhi Zhonggong dui Tai zhengce ren shui ye nanyi jieshou" ("Ying-jeou Ma held that Communist China's policy towards Taiwan is intolerable to anyone"), *Zhongyang ribao*, 13 November 1990, p. 1.

36. Willen van Kemenade, "Proposal for a book with the working title: One China but when?," to be published by MacMillan, London.

37. "Zhonggong guowuyuan Taibanshi zhizhang gongbu zhihou de shengshi" ("Observations on the announcement of responsibilities of Communist China State Council Taiwan Affairs Office"), *Zhongyang ribao*, 3 February 1989, p. 2.

38. Yang said, "Mr Deng Xiaoping has proposed that it is better for both the mainland and Taiwan to establish contacts and realize the goal of the country's reunification when the senior leaders of the CPC and KMT in Taiwan are still alive." See "Yang Shangkun on China's reunification," p. 17.

39. "Policy on Taiwan unchanged," *Beijing Review*, 10–16 July 1989, p. 12.

40. "Zhonggong tiaozheng dui Tai guanxi" ("Communist China adjusted its relations with Taiwan"), *Shijie ribao*, 16 September 1989, p. 1.

government at first merely reacted passively and followed the lead of Taiwan's non-governmental forces in the developments. Then, with extreme caution, Taipei gingerly edged toward an increasingly more flexible and forward-looking mainland policy based on the separation of affairs between the government and the people in the economic, academic, cultural and athletic spheres. The five principles reiterated by Taiwan's Government Information Bureau Director, Shaw Yu-ming, on 13 October 1988 were, "security, non-governmental contacts, no direct contacts, contact limited to civic affairs and gradual progress," which were characterized by Beijing as "peace but no talks, communication but no unification, contention but no war, and division but no separation."⁴¹ In such a process, Taiwan's non-official political elite often functioned as the vanguard in breaking the restrictions decreed by Taipei's government on contact with the mainland, as did National Assembly Deputy, Wu Che-lang, in July 1988,⁴² and Legislator Hu Chiu-yuan in October of the same year.⁴³ Even university professor Li Ching-hua, the son of the then Premier Li Huan, had suggested in May 1988 the need to revise the ossified "Three Nos" policy.⁴⁴

After the Tiananmen incident, Taipei surprisingly not only continued the thawing of its mainland policy but also, after a while, proceeded at an accelerated pace. After Lee Teng-hui was elected President on his own merit in March 1990, he began pushing towards more active political interactions with Beijing. By spring 1991, Lee had established three organizations for co-ordinating mainland affairs including the "non-governmental" Strait Exchange Foundation (SEF) for direct contact with the PRC, enunciated "guidelines for national unification," and announced the end of the ROC's technical state of war with the PRC effective from 1 May 1991 (see Appendix).⁴⁵ Although Beijing criticized Taipei's

41. Li Jiaquan, "More on reunification of Taiwan with the mainland," *Beijing Review*, 16–22 January 1989, p. 28.

42. "Tupo Guomindang bu zhunxu gongzhi renyuan wangfang jinji" ("Breaking the KMT's restrictions on mainland visitation by government employees"), *Huaqiao ribao*, (China News, New York), 20 July 1988, p. 1.

43. "Zishen liwei Hu Qiuyuan dalu tangqin" ("Senior Legislator Hu Qiuyuan visits mainland relatives"), *Huaqiao ribao*, 9 September 1988, p. 1.

44. Li Qinghua, "Dui xian jieduan dalu zhengce de ji dian jianyi" ("A few suggestions on the current mainland policy"), *Zhongguo shibao* (China Times Daily, Taipei), 10 May 1988.

45. The three organizations include the National Unification Council (a consultative body for the President, established on 17 October 1990), the Mainland Affairs Council (a policy planning agency of the Executive Yuan, established 18 October 1990), the Strait Exchange Foundation (a non-governmental organization for implementing Taipei's policy while dealing with the mainland, established 21 November 1990). The "guideline for national unification" was formally enunciated by President Lee on 7 March 1991. On 25 December 1990, he announced that Taipei would terminate the "Period of Mobilization for Suppression of the Communists Rebellion by the ROC" by May 1991. See Li Jiangrong, "Shutu tonggui de dalu zhengce jigou" ("Mainland policy agencies have different functions but same objectives"), *Shibao zhoubao*, 27 October–2 November 1990, pp. 28–29; Wang Zaixi, "Zhongzhi 'Kanluan' dui Taiwan zhengju he liangan guanxi de yingxiang" ("Impact of terminating 'rebellion suppression' on Taiwan and interactions across the Strait"), *Liaowang*, 28 January 1991, pp. 8–9; "Coordinating mainland affairs," *Free China Journal*, (Taipei) 25 February 1991, p. 1; "Guojia tongyi gangling quanwen" ("Guidelines for national unification: the full text"), *Zhongyang ribao*, 7 March 1991, p. 1.

"national reunification programme" for demanding that PRC leaders change the mainland's current political and economic systems and for persisting in the "attempt to counter-attack the mainland,"⁴⁶ Beijing reciprocated on functional terms. On 16 December 1991, the PRC founded the Association for Relations Across the Taiwan Straits (ARATS) – a "non-governmental" but "authoritative organization" – as the counterpart of Taipei's SEF.⁴⁷

In sum, the post-Tiananmen political interactions across the Strait have contained a mixture of unexpected movements towards co-operation and integration, as well as both lingering and emerging signs of contention portending conflict and disintegration.

Economic Trends

In early February 1990, both Taipei⁴⁸ and Beijing⁴⁹ announced that for 1989 indirect trade between Taiwan and China amounted to \$3.7 billion, up from \$2.6 billion in 1988.⁵⁰ This record increase (see Table 1) invalidated the general expectation of a Tiananmen-traumatized Western public. Rather unexpectedly, the total of Taiwan–mainland indirect trade and mainland-bound Taiwanese investment in the latter half of 1989, as handled by Chase Manhattan Bank's China branch, more than doubled that in the first six months.⁵¹ Also, most of the 1989 Taiwanese investment in the mainland was made after June, according to one Hong Kong report.⁵² As of February 1990, the accumulated total of Taiwan–mainland indirect trade was \$10 billion⁵³; Taiwanese businessmen had initiated at least 500–600 investment projects on the mainland with a total capital investment of over \$1 billion, an increase of more than 100 per cent over 1988⁵⁴; and Taiwanese entrepreneurs had applied for some 2,000 trademarks and 500 patents.⁵⁵ In Fujian province alone, which faces Taiwan across the Strait, 1989 saw the establishment of more than 200 new

46. "Article views mainland–Taiwan relations," *Renmin ribao*, 6 February 1991, p. 4 in *FBIS*, 7 February 1991, pp. 57–58; "National People's Congress: Li Peng delivers report at 25 March session," Beijing Domestic Service, 25 March 1991, in *FBIS*, 27 March 1991, p. 33.

47. Yang Yuanhu and Li Dahong, "Promoting exchanges across the Taiwan Straits," *Beijing Review*, 3–16 February 1992, pp. 30–33.

48. "Two-way trade with mainland increased in 1989," CNA, Taipei, 3 February 1990, in *FBIS*, 6 February 1990, p. 41.

49. "Liangyan jianjie maoyi zong'e qunian zengzhi 37 yi meiyuan" ("Indirect trade across the Straits increased to \$3.7 billion last year"), *Shijie ribao*, 10 February 1990, p. 31.

50. "Two-way trade with mainland," p. 41.

51. "Huaqi yinhang jinbannian yewu beizeng" ("Chase Manhattan Bank's business in the second half of 1989 more than doubled"), *Shijie ribao*, 16 February 1990, p. 8.

52. "Xiamen-Taiwan de ling yige jiagong chukou qu" ("Xiamen-Taiwan's additional special manufacture export district"), *Zhongyang ribao*, 6 February 1990, p. 1.

53. "Commentary on developing trade ties with Taiwan," *Zhongguo xinwen she*, Beijing, 20 December 1989, in *FBIS*, 4 January 1990, p. 65.

54. "Commentary views Taiwan investment on mainland," p. 51.

55. Li Dahong, "Weile cujin liangan," p. 22.

Table 1: Indirect Trade Between Taiwan and Mainland China (US\$m.)

<i>Year</i>	<i>Trade turnover</i>
1978	47
1979	77
1980	321(a)
1981	467
1982	298
1983	265
1984	553(b)
1985	1,104
1986	925
1987	1,516
1988	2,600(c)
1989	3,700(d)
1990	4,043
1991	5,793(e)
1992	7,410

Notes:

- (a) \$450 million according to Ralph N. Clough, "The Republic of China and the world," in Hungdah Chiu and Shao-Chuan Leng (eds.), *China: Seventy Years after the 1911 Hsin-hai Revolution* (Charlottesville, Virginia: University Press of Virginia, 1984), p. 539.
- (b) \$1,130 million according to the source for 1978.
- (c) \$2,717 million according to the source for 1979–87.
- (d) \$3,483 million according to the source for 1979–87.
- (e) \$7,500 million according to Jiang Lingzhi, "Haixia liang an jingmao guanxi de xin zhuanzhe" ("The new turning point of the economic and trade relations across the Taiwan Strait"), *Liaowang*, 1 June 1992, pp. 22–23.

Sources:

1978: "Mainland trade mania shows," *Free China Journal*, 30 March 1989, p. 8; 1979–87: Hong Kong Census and Statistics Department Figures cited in Chung Chin, "Trade across the Straits," *Free China Review*, January 1991, p. 43; 1988–89: "Two-way trade with mainland increased in 1989," CNA, Taipei, 3 February 1990, in *FBIS*, 6 February 1990, p. 4; 1989–90: "Indirect trade with mainland hits high in 1990," CNA, Taipei, 21 February 1991, in *FBIS*, 21 February 1991, p. 52; 1991: "Liangnan maoyi chuang wu xiang jilu" ("Trade across the Taiwan Strait set five records"), *Shijie ribao*, 8 March 1992, p. 6; 1992: "Cross-Strait trade expected to top \$10 billion," *China Daily*, Beijing, 3 April 1993, in *FBIS*, 5 April 1993, p. 54.

Taiwanese enterprises with investment totalling over \$400 million, representing more than 200 per cent in annual growth.⁵⁶

In 1990, despite the ROC government's effort to slow down economic

56. Xie Xiangru, "Min-Tai mingjian jialiu xiang zongshen fazhan" ("Scope of Fujian–Taiwan civilian exchanges deepens"), *Liaowang*, 22 January 1990, p. 22.

Table 2: Taiwanese Investment in Mainland China (US\$m.)

Year	Accumulated investment
1988	600
1989	1,000
1990	3,000
1991	5,000
1992	5,700
1993 (June)	7,000 (9,000)

Sources:

1989: "Commentary views Taiwan investment on mainland," *Zhongguo Xinwen She*, Beijing 29 December 1989, in *FBIS*, 8 January 1990, p. 51; 1990: "Most cross-Straits investors keep roots in Taiwan," *CNA*, Taipei, 12 August 1992 in *FBIS*, 12 August 1992; 1991: "Qu nian Taizi liu Dalu gaoda 50 yi meiyuan" ("Last year's capital flow from Taiwan to mainland reached \$5 billion"), *Shijie ribao*, 15 January 1992, p. 1; 1992: Contracted Taiwanese investment – see Central Intelligence Agency, *China's Economy in 1992 and 1993: Grappling with the Risks of Rapid Growth* (Washington, D.C.: Central Intelligence Agency, 1993), pp. 14–15; Taipei's Ministry of Economic Affairs put the estimate at more than US\$4 billion in late 1992 – see "Taiwan: investment in China," *Far Eastern Economic Review*, 26 November 1992, p. 67; 1993: the estimate varies between Taipei's US\$7 billion and Beijing's US\$9 billion – see "Some 8,000 firms register Mainland ventures," *CNA*, Taipei, 4 June 1993 in *FBIS*, 7 June 1993, p. 73.

exchange with the mainland in the summer, indirect trade across the Strait grew even further to \$4.04 billion, increasing 9 per cent over 1989; and in 1991, the volume jumped by 43 per cent to \$5.79 billion, or by 86 per cent to \$7.5 billion according to Hong Kong sources.⁵⁷ By early 1991, Taiwanese businessmen had established on the mainland from 1,600 to over 2,000 enterprises with a total investment from \$2 billion to over \$5 billion, representing a growth of 100 to 400 per cent since 1989.⁵⁸ Continuing to grow, Taiwanese mainland-bound investment reached between \$7 billion and \$9 billion by June 1993⁵⁹ (see Table 2). Contrary to

57. Mainly due to Taiwan's problems of capital flight, declining export, and collapsing stockmarket, Taipei announced in July 1990 an effort to "cool off the mainland (economic) fever." See Gan Changqiu, "Ruhe kandai Taiwan dangju 'lengque Dalu re' " ("How to view Taiwan authority's efforts to 'Cool off the mainland fever' "), *Liaowang*, 8 October 1990, pp. 26–27; and "Efforts to slow down mainland trade viewed," *CNA*, Taipei, 17 September 1990, in *FBIS*, 17 September 1990, p. 55.

58. The higher figures came from Beijing and the lower, Taipei. See "Taishang zai bi an touzi yi yu 15 yi mei yuan" ("Taiwanese businessmen have invested over \$1.5 billion across the Strait"), *Shijie ribao*, 24 January 1991, p. 2; "Taishang touzi dalu chuxian xin reliu" ("Taiwanese businessmen are investing on the mainland with renewed enthusiasm"), *Renmin ribao*, 4 January 1991, p. 5; "Liangyan zhuankou maoyi jinnian jiang da sishi yi meiyuan" ("Indirect trade across the Strait reach \$4 billion this year"), *Shijie ribao*, 28 December 1990, p. 10.

59. The estimate varies between Taipei's \$7 billion and Beijing's \$9 billion. See "Some 8,000 firms register mainland ventures," *CNA*, Taipei, 4 June 1993, in *FBIS*, 7 June 1993, p. 73.

prevailing views that the 4 June Tiananmen massacre had a long-lasting effect on the flow of Taiwan merchants across the Strait, the influence was transient. Taiwanese investors did hesitate immediately after the incident in Beijing, but not for long.

Visits such as that of the Taiwan business delegation to Dalian on 1 July, an oddity at the time, soon became commonplace. From August to October 1989, Taiwan manufacturers transferred to the mainland more than 50 production lines for making shoes, umbrellas and furniture. Over 500 Taiwan businessmen attended a Guangzhou export commodities fair in the autumn of 1989, more than ever before.⁶⁰ On 16 December 1989, an unofficial Taiwan delegation led by legislator Chang Ping-chau, and an obviously semi-official mainland group led by the former Minister of Commerce, Zhen Hongye, signed an agreement in Hong Kong to establish an organization – the Association for Co-ordination of Trading and Commercial Affairs Across the Strait (ACTCA) – for promoting and mediating economic and technological exchanges between the two sides.⁶¹ In early 1990 Wang Yung-ching, head of Taiwan's largest conglomerate, Formosa Plastics, and the 15th wealthiest man in the world, made an investment reconnaissance trip to the mainland where he discussed the prospects of investing \$3.5 billion.⁶²

Why the economic interaction across the Strait has manifested such resilience and momentum may be attributed to the following factors. First, the economic compatibility of the two sides remains strong, and may, in fact, have increased in the post-Tiananmen period. Taiwan's abundant capital and advanced technology match well with China's ample resources and low cost of production. The cost of labour on the mainland was 5 to 10 per cent of that in Taiwan, and the cost of land only 0.5 per cent, according to Wang Yung-ching after his trip across the Strait.⁶³

Secondly, the deteriorating investment environment in Taiwan compelled its entrepreneurs to look for opportunities outside. In 1989, the number of Taiwan's emigration applicants – more than 90 per cent of them wealthy businessmen capable of investing \$20–40 million abroad – grew three times from that of 1988 to about 10,000 families. Of these, 50 to 70 per cent cited as their main concern insecurity under a rapidly deteriorating social order: where extorting well-to-do businessmen had become prevalent; where kidnapping and murder were in the news almost

60. "Commentary views Taiwan investment on mainland," p. 52.

61. Li Dahong, "Weile cujin liangan shuangxiang jiaoliu" ("For promoting two-way exchanges across the Strait"), *Liaowang*, (Outlook, Beijing), 8 January 1990, pp. 21–22; "Commentary on developing trade ties with Taiwan," *Zhongguo xinwen she*, Beijing, 20 December 1989, in Daily Report on China, *FBIS*, 4 January 1990, pp. 64–65.

62. Wang Yung-ching and family's net worth was estimated at \$4 billion and, owned, in addition to Formosa Plastics Group, 14 plants in the U.S. "The billionaires," *Fortune*, 11 September 1989, p. 76. "Businessman's mainland trip, intentions detailed," *Hong Kong Standard*, 1 February 1990, p. 6, in *FBIS*, 2 February 1990, p. 56; Fu Yijie, "Wang Yung-ching toushi wen lu" ("Wang Yungching threw a stone to probe his path"), *Shijie ribao*, 18 February 1990, p. 1.

63. "Wang Yung-ching baozheng ba gen liu zai Taiwan" ("Wang Yung-ching guaranteed to leave roots in Taiwan"), *Shijie ribao*, 28 January 1990, p. 6.

daily; where “contagious” and violence-prone protest movements spread from political dissidents to environmentalists, from farmers embittered by imported American agricultural products flooding the market to veterans dissatisfied with their military retirement compensations; and where the government was perceived as impotent because of its inability to arrest the erosion of social conditions.⁶⁴ A common complaint was the corrosion of labour’s previously admirable work ethic by widespread gambling fever and stockmarket mania, which had reduced the respectable acronym of the ROC to that of the “Republic of Casino.”⁶⁵ The considerable appreciation of the Taiwan dollar against the American dollar, which was the highest among world currencies and amounted to 45.5 per cent from 1984 to 1989, also added increasing pressure for Taiwan businessmen to divest at home and invest abroad.⁶⁶

Thirdly, both China’s widely recognized market potential and its easily underestimated productivity potential were attractive to Taiwan investors. During the Tiananmen aftermath, China’s productivity in light industry proved to be more vigorous than expected. In 1989, textile exports exceeded \$13 billion, replacing Taiwan’s as number three in the world in this category⁶⁷; and exports to the United States, consisting largely of light industry products, amounted to \$11 billion, growing 44 per cent from 1988.⁶⁸

Fourthly, the Beijing government continued and even escalated its efforts to attract Taiwan investors after 4 June 1989. During July and August 1989, approved by China’s State Council, Fujian province opened up a new special economic zone in Xiamen, Xinglin and Haicang for Taiwan capital which began to arrive within two months.⁶⁹ After PRC Premier Li Peng announced the lifting of martial law on 11 January 1990, the mainland-bound flow of Taiwan merchants grew even further.⁷⁰ Despite its grave financial difficulties, Beijing decided in late January 1990 not to collect newly-added taxes from enterprises with foreign, including Taiwanese, investments in the coming year with the obvious aim of enticing investors.⁷¹

64. “Ni luan wo zou! Fuweng yiweifeng yimin” (“When chaos arrives, one leaves! The rich swarmed to emigrate”), *Lianhebao*, 4 January 1990, p. 4. See for example, Lincoln Kaye, “Capital fright: Taiwan plans tough law to combat crime and labor unrest,” *Far Eastern Economic Review*, 7 December 1989, pp. 52–53.

65. Chen Ziyang, “Taiwan shi Yazhou piaofu ducheng?” (“Is Taiwan the Asian floating casino?”), *Zhongguo shibao*, 27 January–9 February 1990, p. 71.

66. “Qunian gegou huobi dui meiyuan huilu, taibi shengzhi fudu shijie diyi” (“Taiwanese currency was number one among other currencies in appreciation rate against U.S. dollars”), *Shijie ribao*, 13 February 1990, p. 1.

67. “Dalu fang pin chukou er chaoyu Taiwan” (“Mainland textile export value surpassed Taiwan’s”), *Shijie ribao*, 3 February 1990, p. 31.

68. “Dalu huo su Mei wei shou liu si yingxiang” (“Mainland export to the U.S. unaffected by 4 June”), *Shijie ribao*, 18 January 1990, p. 2.

69. Xie Xiangru, “Min–Tai mingjian jiaoliu.”

70. “Taiwan da qiye qiu shengcun fen du hai wang dalu touzi” (“Large Taiwanese enterprises busily crossed the Straits to invest in the mainland to survive”), *Shijie ribao*, 24 January 1990, p. 32.

71. “Xiyyin waishang touzi sanzi qiye bu zheng xin sui” (“To attack foreign investment three foreign enterprise types pay no new taxes”), *Shijie ribao*, 24 January 1990, p. 32.

Finally, Taipei's government, although officially still upholding the "Three Nos" principle, demonstrated growing tolerance in its practices toward economic exchanges across the Strait. In mid-January 1989, the ROC National Trade Bureau Director indicated that his government would no longer verify the final destination of exported goods so long as they were not directly shipped to the mainland. This policy simply recognized the growing dependence of Taiwan's economy on the mainland market which had become the fourth largest for the island's exports in 1988 with an 80 per cent growth from 1987 to over \$2 billion.⁷² At the same time, bilateral direct trade – outlawed by Taipei – expanded before and after the Tiananmen incident with the blessing of the deliberate ignorance of the Taiwanese government. One captain of a Taiwan merchant ship anchored at Xiamen observed in September 1989 that the Nationalist patrol boats no longer interfered in his activities.⁷³

Examination of the economic interactions across the Strait points to several noteworthy trends. At the non-governmental level, expanding Taiwanese investment on the mainland, which has become more prominent than the growing trade across the Strait, has exhibited the following traits: the amount of investment has increased, with the average Taiwanese enterprise growing from \$1 million in 1988 to \$2 million in 1989; the term of investment has lengthened from two or three to ten to 20 years; its scope has widened from manufacturing (processing and assembly) to include architectural, agricultural and service industries (finance, tourism and real estate); increasing numbers of investors have exported to the mainland new and full sets of equipment rather than used and incomplete ones; the typical investor has evolved from an individual businessman to financial groups, and Taiwanese investments with little or no mainland participation have grown in number.⁷⁴ In 1989, 74 per cent of Taiwanese-funded enterprises in China consisted of independent investment, and investment regions have been expanded from the coast inland.

At the governmental level, Taipei has gradually but continuously relaxed restrictions on bilateral economic interaction, less in response to Beijing's appeal for full-scale exchanges than in recognition of the fast-evolving reality shaped largely by the economic initiatives of Taiwanese citizens. By 1990, Taipei's commercial policy of the "Three Nos" (no direct shipping, no direct communication and no direct trade) existed in name only. In mid-January 1990, the then Taiwan Economics Minister, Chen Li-an, indicated that his government should not regulate economic relations (trade and investment) by means of restrictions, and that his

72. "Taiwan dui liangan maoyi guan jin bu guan chu" ("Taiwan's policy on trade across the Straits is check import not export"), *Huaqiao ribao*, 17 January 1989, p. 2.

73. "Taihai zhijie maoyi shizhi jinxing" ("Direct trade across the Taiwan Straits advanced substantively"), *Zhongyang ribao*, 9 September 1989, p. 2.

74. "Commentary views Taiwan investment on mainland," *Zhongguo xinwen she*, Beijing, 29 December 1989, in *FBIS*, 8 January 1990, p. 52. "Tai shang dalu touzi zhuan xiang changqi xing" ("Taiwanese investment in mainland shifts to long-term commitment"), *Shijie ribao*, 7 February 1990, p. 31. Xie Xiangru, "Min-Tai mingjian jiaoliu."

ministry would reconsider its current policy of banning direct investment on the mainland.⁷⁵

Among the prevailing trends toward further co-operative interactions are minor signs which foreshadow conflict. Concerns for Taipei include the danger of Taiwan's growing economic dependency on the mainland, the possibility that Taiwanese investment on the mainland could eventually strengthen China's overall commercial competitiveness to the detriment of Taiwan's economy, and that mainland-bound Taiwan investors could form an interest group susceptible to the manipulation of Beijing.⁷⁶ Concerns for Beijing include the fear that greater presence of Taiwanese economic power on the mainland might weaken people's confidence in their government, compared to Taipei's success in development, and that a network of Taiwan investors might defy Beijing's control.⁷⁷

In sum, the post-Tiananmen economic interaction across the Strait has manifested unexpected momentum, and trends towards co-operation and integration seem more numerous and significant than those auguring conflict and disintegration.

Social Trends

The post-Tiananmen interactions between the societies across the Taiwan Strait have shown noteworthy trends at least in the following areas.

Travel and communication. In 1988, 450,000 Taiwanese visited mainland China⁷⁸; in 1989 – the year of the Tiananmen incident – this had grown to 500,000⁷⁹ (or even 550,000 according to PRC Vice-Premier Wu Xueqian on 19 February 1990)⁸⁰; and in 1990, 1991 and 1992, the annual total swelled to over 900,000, 940,000 and 1,500,000 respectively.⁸¹ In 1988, Fujian residents made 130,000 telephone calls to Taiwan; in 1989 the number increased to 450,000⁸² and in 1990 it was

75. "Government may increase pace of mainland trade," CNA, Taipei, 17 January 1990 in *FBIS*, 29 January 1990, pp. 52–53.

76. See "Direct trade with mainland still forbidden," *Taipei International Service*, 28 January 1990, p. 53; Louise Ran, "Dangxin, wu guoyu yixiang qinyuan" ("Be careful, do not think wishfully") *Zhongguo shibao*, 10–16 February 1990, p. 30.

77. For example, see "Zhonggong liyao Tai shang touzi, que you fangfan bici lianluo" ("Communist China actively invited Taiwan investors but prevented them from networking"), *Shijie ribao*, 9 February 1990, p. 31.

78. "Taibao tangqin luyou jingshang jinnian renshu chaoguo qunian" ("Number of Taiwan compatriots visiting relatives, touring, and doing business exceeded that of last year"), *Shijie ribao*, 15 December 1989, p. 32.

79. "Residents in Beijing discuss direct contacts," *Xinhua*, Beijing, 18 January 1990, in *FBIS*, 29 January 1990, p. 53.

80. "Wu Xueqian jiejian Taiwan tongmeng fangtuan" ("Wu Xueqian received Taiwan's reunification alliance visiting delegation"), *Shijie ribao*, 19 February 1990, p. 1.

81. "Tai nian waichu luyoujing sanbaiwan ren ce" ("Taiwanese abroad were nearly three million"), *Renmin ribao* (overseas edition), 14 January 1991, p. 5; *China Daily*, 1 March 1992; Julian Baum, "Dirty linen: turf war over China policy goes public," *Far Eastern Economic Review*, 1 July 1993, p. 21.

82. "Fujian gua wang Taiwan dianhua qunian da sishiwuwan zhang" ("Telephone calls from Fujian to Taiwan reached 450,000 in number last year"), *Shijie ribao*, 17 January 1990, p. 32.

1,009,000.⁸³ In 1989, letters crossing the Taiwan Strait in both directions totalled 13 million, a 350 per cent jump from the 1988 volume,⁸⁴ and in 1990 the amount grew to 21 million.⁸⁵ The adverse effects of 4 June 1989 on Taiwan-mainland social interaction, at least in westward visits and bilateral communication, were unremarkable.

Entertainment. In April 1989, Taiwanese gymnasts competed with Asian athletes in China for the first time in four decades. By February 1990, 12 Taiwan sports teams had followed suit despite the distaste left by the Tiananmen incident. To prepare for the 11th Asian Olympics in September 1990, the Taiwan ping-pong team even invited mainland coaches for training in Hong Kong.⁸⁶ In late January 1990, at the same time as the Beijing performance of Taiwanese pop singers Lin Chung and Huang Lei, crews from all three Taiwan television stations shot footage of the celebration of the Spring Festival, or Chinese New Year, in Beijing.⁸⁷ In early February 1990, it was confirmed that representatives from both China and Taiwan would compete for the title of "Miss Model Universe" in Taipei.⁸⁸ Similar integrative trends continued in still other avenues of social exchanges.

Culture. Half a year after the Tiananmen incident, arrested academic exchanges moved forward again. In early February 1990, some 100 scholars from both sides of the Strait exchanged views on their common cultural heritage at the "Conference on Novels from Ming and Qing Dynasties."⁸⁹ Meanwhile, two groups of Taiwanese scholars from the "Mainland Research Association" and the "National Taiwan University Professors Association" visited major universities on the mainland.⁹⁰ During the same period, Chen Che-nan, a KMT legislator in Taiwan, met mainland representatives in Hong Kong to initiate the establishment of 30 "sister schools" across the Strait, at the risk of being disciplined by his party.⁹¹ The momentum of cultural exchange was also manifested in

83. "Fujian sheng zhibo Taiwan dianhua" ("Direct telephone calls from Fujian to Taiwan"), *Shijie ribao*, 26 December 1990, p. 11.

84. "Liang'an hu xie xinjian da yiqianwuwan jian" ("Letter correspondence across the Straits reached ten million in number"), *Shijie ribao*, 12 February 1990, p. 31.

85. "Liang'an tongyou de huigu yu zhanwang" ("Postal exchanges across the Strait: reviews and prospects"), *Liaowang*, 18-25 February 1991, p. 37.

86. Bao Jifu, "Haixia liangan tiyu jiaoliu huode lishixing tupuo" ("Historical breakthrough in athlete exchanges across the Straits"), *Liaowang*, 12 February 1990, p. 40.

87. "Mainland, Taiwan conduct cultural exchanges," Xinhua, Beijing, 30 December 1989, in *FBIS*, 8 January 1990, p. 51.

88. "Dalu daibiao lai ding le" ("Mainland representatives will arrive for sure"), *Shijie ribao*, 7 February 1990, p. 8.

89. "Liang'an yantao Ming-Qing xiaoshuo" ("Two sides of the Straits conferred on Ming-Qing novels"), *Shijie ribao*, 3 February 1990, p. 32.

90. "Jiaoshou fangwentuan yu tigai hui zuo tan" ("Professors of visiting delegation met with system reform committee"), *Shijie ribao*, 3 February 1990, p. 3.

91. "Wei liangan tijie jiemei xiao Chen Chenan ganmao dangji chufen" ("For establishing sister schools across the Straits, Chen Chenan would rather risk being disciplined by Party"), *Shijie ribao*, 1 February 1990, p. 7.

publications. For example, a volume entitled *Zhongguo wenhua yanjiu nianjian* (*Chinese Cultural Research Chronology*), compiled by mainland scholars was published in Taiwan in May 1990 with jointly-compiled sequels to follow.⁹²

Religion. Mainland-bound religious activities from Taiwan have proceeded despite governmental restrictions and seem little affected by the Tiananmen crisis. In April 1989, PRC President Yang Shangkun even indicated his willingness to consider the release of the renowned dissident Wei Jingsheng – an effect that pressure from Washington had failed to achieve – only if Taiwanese Buddhist leader Xing Yun were to press the point once more during his visit in Beijing.⁹³ In the following month, 19 Taiwanese fishing boats carrying pilgrim worshippers of the Goddess Matsu sailed directly to Her birthplace in Meizhou, Fujian, defying Taipei's ban on direct visits across the Strait.⁹⁴ All through 1989, streams of Taiwan pilgrims poured into Fujian. In late February 1990, a record size religious excursion of some 300 believers opened the season of celebration for the Goddess's 1,030th anniversary in April⁹⁵ heralding a year unmatched to date of Strait-crossing Taiwanese pilgrims totalling 80,000.⁹⁶ By October 1991, the cumulative number of Taiwanese pilgrims had reached 300,000.⁹⁷

Law. In response to the increased social interaction across the Strait, the need for co-operation arose in dealing with marital and inheritance disputes and criminal extradition. Bound by the "Three Nos" policy, Taipei in most cases reacted with reservation to Beijing's appeal for joint action. In February 1989, in an unprecedented move, Beijing extradited Yang Min-chung, charged for murder in Taiwan, via Singapore to Taipei.⁹⁸ A year later, mainland public security agencies arrested 17 gun smugglers from Taiwan along with 25 from the mainland and one from Hong Kong, all members of a network that had allegedly flooded Taiwan

92. "Wenhua yanjiu nianjian ji zai Tai chuban" ("Culture research chronology will soon be published in Taiwan"), *Shijie ribao*, 22 January 1990, p. 2.

93. "Qiu qing shifang Wei Jingsheng Zhongguo bu maizhang, Yang Shangkun cheng Xing Yun shi liwai" ("China submits to no pressure for releasing Wei Jingsheng, Yang Shangkan considered Xing Yun exception"), *Huaqiao ribao*, 24 April 1989, p. 2.

94. "Yilan Meizhou jinxiang hongdong quansheng" ("Yilan-Meizhou pilgrimage electrified the entire province"), *Huaqiao ribao*, 1 May 1989, p. 3.

95. "Taiwan xintu chusan fu Meizhou jinxiang" ("Taiwan worshippers sailed to Meizhou in pilgrimage on the third of the lunar new year"), *Shijie ribao*, 16 January 1990, p. 32.

96. Fujian provincial government released the annual number of Taiwanese pilgrims. See "Min-Tai guanxi shida xinwen chulong" ("Top ten news of Fujian-Taiwan relations released"), *Shijie ribao*, 11 February 1991, p. 12.

97. "Wu nian lai da sanshiwai ci" ("The number reaches 300,000 in five years"), *Shijie ribao*, 21 October 1991, p. 11.

98. "Mainland said to agree on criminal extradition," *Taipei International Service*, 13 February 1989, in *FBIS*, 13 February 1989.

with 1,600 pistols and 40,000 bullets made in the PRC.⁹⁹ While Beijing suggested on 4 February 1990 that the 17 be extradited to Taiwan in exchange for Wu Dapeng, who was wanted by the PRC and had been arrested in the ROC, Taipei requested on 5 February, through the Paris-based International Criminal Police Commission, that the 17 be returned to Taiwan without mentioning Wu.¹⁰⁰

The strong momentum of co-operative social interactions across the Strait which continued despite the trauma of Tiananmen coexisted with certain developments which foreboded conflict. In 1989, illegal firearms confiscated by the Taiwan police amounted to about 10,000 (mostly made in the PRC and bearing consecutive serial numbers), up from 2,400 in 1988.¹⁰¹ In late December 1989, Taipei government spokesman Shaw Yu-ming attributed the recent drastic deterioration of public security in Taiwan to the gun smuggling across the Strait, facilitated by a "conniving" Beijing government.¹⁰² Furthermore, another form of smuggling which originated on the mainland also troubled Taiwanese society. The Institute for National Security Policy Research, a non-governmental think-tank in Taipei, reported in November 1989 that at least 5,000 to 6,000 mainland drifters had illegally arrived in Taiwan by infiltrating the coastline on fishing boats under night cover, and that among these "guestworkers" and "imported prostitutes" were commissioned agents engaging in sabotage and espionage.¹⁰³ Since spring 1990, additional frictions have occurred between the two societies from unforeseen developments such as the illegal profiteering and lecherous behaviour of Taiwanese businessmen and fishermen causing increasing resentment among the mainland populace, the growing number of mainland pirates preying upon Taiwanese fisherman, and the tragic deaths of mainland drifters during extradition voyages supervised by Taipei.¹⁰⁴

On balance, the social interaction across the Strait exhibited greater integrative than disintegrative trends, and the mainland-bound movements far exceeded the reverse. At least three factors may account for

99. "Liangnan bufa fengzi goujie zousi heiqiang, Zhonggong jue qisu shiqi ming Taiwan heidao" ("Criminals from both sides of the Straits co-operated in gun smuggling, Communist China decided to prosecute 17 Taiwan lawbreakers"), *Shijie ribao*, 4 February 1990, p. 1.

100. "Beijing asked to return local arms traffickers," CNA, Taipei, 5 February 1990, in *FBIS*, 6 February 1990, p. 41.

101. "Lian hao heixin hongxin shouqiang cong chi" ("Proliferation of 'Blackstar' and 'Redstar' pistols bearing consecutive serial numbers"), *Zhongyang ribao*, 6 November 1989, p. 1.

102. "Shaw condemns mainland arms smuggling," CNA, Taipei, 29 December 1989, in *FBIS*, 29 December 1989, p. 54.

103. "Chang Rungfa jijinhui guoce yanjiu zhongxin tichu jing gao" ("The Institute National Policy Research of Chang Rungfa Foundation publicized warnings"), *Shijie ribao*, 5 November 1989, p. 1.

104. "Taibao piaoji, Dalu fangan" ("Taiwanese visitors frequent prostitution houses, mainland populace resentful"), *Shijie ribao*, 1 June 1992, p. 32; "Taibao bu guiju zi re mafan" ("Taiwanese visitors behave badly and invite troubles"), *Shijie ribao*, 14 June 1990, p. 32; "Dalu dongnan yanhai 'xiandai haidao' siyi hengxing" ("Modern pirates' roam mainland's south-east coast"), *Zhongyang ribao*, 2 July 1990, p. 1; "Dalu haidao xuexi Jilong yuchan" ("The bloodbath of Keelung fishing boat by mainland pirates"), *Shijie ribao*, 28 February 1991, p. 10; "Qianfan toudou renshi fasheng liangqi canju" ("Extraditing drifters led to two tragic accidents"), *Shijie ribao*, 22 August 1990, p. 1.

such developments. First, Beijing's efforts at fostering goodwill among Taiwanese people never slackened. For example, on 4 February 1990, the PRC government dispatched People's Liberation Army vehicles to rescue 17 Taiwanese tourists from a snowstorm in Zhangjiajie, Hunan while leaving some Hong Kong tourists still stranded at the location.¹⁰⁵

Secondly, the Taipei government has maintained since 1988 its relaxation, however limited, of restrictions on non-governmental contact and communication across the Strait. In April 1988, written correspondence between the two sides began passing through a transfer station in Hong Kong administered by the International Red Cross.¹⁰⁶ As described by Tao Pai-chuan, Taipei's Adviser on National Policy, in October 1988, the emerging but tacit stance taken by his government was "communication by letter but no postal exchanges, ... interflow but no contact"¹⁰⁷

Finally, nationalistic sentiments rooted in cultural and familial bonds proved to be an unstopplable force for social interaction between the two sides. Even Chen Yin-chen, a Taiwanese author with no relations on the mainland, publicly expressed his sense of urgency for reunification based on the "warmth towards compatriots and profound concerns for the bones and flesh of his mainland brothers and sisters" when the Taiwan civilian delegation led by him, "China Reunification Alliance," landed in Beijing on 15 February 1990.¹⁰⁸ After the worst flood in a century struck southern China in the summer of 1991, Taiwan donated \$6 million in rescue funds, far exceeding the \$25,000 from the United States and \$300,000 from Japan.¹⁰⁹

Strategic Trends

Both Taipei and Beijing have expressed an intention to co-operate militarily with each other in the defence of the Spratlys.¹¹⁰ As previously mentioned, in October 1990 Beijing accused Tokyo of violating China's sovereignty after Japanese naval vessels harassed Taiwanese fishing boats near Diaoyutai (Senkaku) Island. But apart from these rare occasions of mutual support, most of the post-Tiananmen interactions between Beijing

105. "Gaogan pai junche zhi zhu Taiwan tuan" ("High-ranking cadres dispatched military vehicles to rescue only Taiwan tourists"), *Shijie ribao*, 5 February 1990, p. 31.

106. "Taiwan Hongshizhui zhengshi xuanbu liangan tong xin fang shi shouli reqi" ("Taiwan Red Cross formally announced the date for handling correspondences across the Straits"), *Huaqiao ribao*, 18 April 1988, p. 1.

107. Tao's comment, referred to as "five nos and five yeses," in its entirety is: "Communication by letter but no postal exchanges, exchange of goods but no trade, interflow but no contact, dialogue but no negotiation, and relaxation but no compromise." See Li Jiaquan, "More on reunification of Taiwan with mainland," *Beijing Review*, 16–22 January 1989, p. 28.

108. "Tonglian dalu fangwentuan sheng min" ("Reunification alliance's announcement for visiting mainland"), *Shijie ribao*, 16 February 1990, p. 21.

109. "Gang Tai dali zhenzai" ("Hong Kong and Taiwan offer great help in disaster relief"), *Shijie ribao*, 24 July 1991, p. 10.

110. "Rear Admiral on co-operation with Taiwan navy," *Voice of Pujiang*, Shanghai, 30 January 1989, in *FBIS*, 2 February 1989, p. 73; "Taipei ban haijun Nansha xunyi shouze" ("Taipei decreed naval guidelines for patrolling the Spratlys"), *Huaqiao ribao*, 12 April 1988, p. 2.

and Taipei in the strategic arena have manifested distrust and friction despite the growing accommodations in economic, social and, to a lesser extent, political exchanges across the Taiwan Strait.

Four contentious trends have become prominent in mainland-Taiwan strategic interactions. They are Taipei's apprehensive reactions to Beijing's military rhetoric, the tension-causing activities of the mainland fishing flotilla, Taipei's alarmed perception of Beijing's intimidating military operations, and the mini-arms race across the Taiwan Strait.

Beijing's militant rhetoric. Beijing has mentioned repeatedly that it will not renounce the use of force in achieving reunification, while Taipei, vigilantly recording these "verbal threats," has noted that their frequency has increased and their tone has toughened since the 1989 Tiananmen incident. According to Taipei's Government Information Office, Beijing issued five such statements in 1989 and 22 in 1990.¹¹¹ In October 1991, Taipei's Mainland Affairs Council Director Huang Kun-hui reported that Beijing had reiterated more than 70 times in one year its non-renunciation of using force against Taiwan.¹¹² In May 1992, PRC President Yang Shangkun turned down Taipei's proposal that the mainland and Taiwan sign a non-aggression treaty.¹¹³

On 27 May 1990, Yang Shangkun, while receiving overseas Chinese during his visit to Argentina, reiterated Beijing's non-renunciation of force against Taiwan with a reminder that "we [Beijing] have nuclear warheads, ballistic missiles, submarines, many submarines...."¹¹⁴ Bordering on nuclear blackmail, such statements coming from the leader of a country that claimed never to use nuclear weapons against a non-nuclear neighbour were unprecedented. On 10 June 1991, PRC State Council Taiwan Affairs Bureau Chief Wang Zhaoguo commented to a visiting delegation that "if Beijing merely launches a blockade, Taiwan can not endure it."¹¹⁵ Beijing's belligerent rhetoric reached a new height four months later. Publicly denouncing the escalating Taiwanese independence movement, Yang stated on 10 October 1991: "A small number of separatists be warned. Do not misjudge the situation. Those who play with fire will perish by fire."¹¹⁶

111. Government Information Office (Taipei), *A Study of a Possible Communist Attack on Taiwan* (Taipei: Good Earth Printing Company, 1991), pp. 30-61.

112. "Zhonggong yinian lai tan wuli dui Tai" ("Communist China's mentioning of the use of force against Taiwan last year"), *Shijie ribao*, 7 October 1992, p. 2.

113. "Yang Shangkun ming biao ju tan liangan hu bu qinfan tiaoyue" ("Yang Shangkun clearly indicated his refusal to discuss the non-aggression treaty across the Taiwan Strait"), *Shijie ribao*, 30 May 1992, p. 1.

114. Yang was denouncing both the Taiwanese independence movement and Taipei's insistence on having an equal status when talking to Beijing on a government-to-government basis. See "Yang Shangkun fan Taidu kouqi qiangying" ("Yang Shangkun sounded tough in opposing Taiwanese independence"), *Shijie ribao*, 8 June 1990, p. 1.

115. "Zhonggong jianchi tongyi zhuzhang" ("Communist China insists on reunification"), *Zhongshi wanbao* (*China Times Express*, Taipei), 12 June 1991, p. 1.

116. Yang was commemorating the 80th anniversary of the 1911 revolution led by Sun Yat-sen whose wish to see China reunified "remained unfulfilled." See "Yang Shangkun Zhuxi de jianghua" ("The Speech by President Yang Shangkun"), *Remin ribao*, 10 October 1991, pp. 1-3.

Beijing has frequently explained that its non-renunciation of using force against Taiwan was meant for foreign, not Taiwanese, consumption in order to deter certain international powers from taking Taiwan away from China forever, because "for Chinese to fight Chinese makes no sense."¹¹⁷ However, Taiwan's apprehension of the mainland threat has not decreased as a result. An October 1991 opinion poll conducted in Taiwan showed that those who fear a PLA invasion of the island if Taiwan were to announce independence amounted to 60.6 per cent of the respondents.¹¹⁸ One month after the April 1993 Koo-Wang Conference in Singapore – a landmark event of growing goodwill across the Taiwan Strait – 67 per cent of college students in Taiwan foresaw a blockade by Beijing upon Taipei's declaration of independence, according to one survey.¹¹⁹ Expanded activities of mainland fishing boats and movements of the People's Liberation Army have also contributed to the contentious strategic interactions between the mainland and Taiwan.

Mainland fishing flotilla. In November 1989, Taipei's official newspaper described the hydrographical survey around Taiwan by PRC boats allegedly connected with Beijing's National Defence, Science, Technology and Industry Commission as "obviously having ulterior motives against us."¹²⁰ In recent years, Taipei has observed with growing unease the broadened mainland fishing flotilla operations, ranging from harassing offshore islands to invading Taiwanese coastal waters and ports. For example, waves of mainland civilian vessels encroached on the waters around Jinmen and Mazu islands in the spring of 1990. The ROC Defence Ministry reported that from 25 April to 23 May 1990, troops stationed on those offshore islands had to fire 5,556 bullets and 143 artillery shots to drive away 6,574 sorties of mainland fishing boats at an average of 227 a day.¹²¹ Formations of mainland boats have often lingered enigmatically off Taiwanese waters, such as on 9 April 1991, 26 September 1991 and 1 April 1992 when groups numbering around 50, 200 and 100 vessels respectively were sighted near Taoyuan and Penghu.¹²²

117. In August 1987, Yang Shangkun said to Taiwanese Americans then visiting Beijing: "Our talk of applying armed forces against Taiwan is for the American audience. We will not actually apply force against Taiwan." Ma Feibai, "Deng Xiaoping kaishi bu naifan le!" ("Deng Xiaoping has begun to be impatient!"), *Xin Xinwen (The Journalist)*, Taipei, 26 December–1 January 1989, p. 79; also see "Talk' ridicules Taiwan invasion fears," Beijing in Mandarin to Taiwan, 27 February 1991, in *FBIS*, 5 March 1991, p. 72.

118. *Shijie ribao*, 28 October 1991, p. 9.

119. "Daxuesheng 64% bu zancheng taidu" ("64% of college students disapproved Taiwanese independence"), *Zhongyang ribao*, 8 June 1993, p. 3.

120. "Chunli shouji Taiwan chuandao shuiwen ziliao" ("Gathering hydrographical data of entire Taiwan with all capabilities"), *Zhongyang ribao*, 24 November 1989, p. 1.

121. "Zhonggong chuanzhi xu saorao Jinma" ("Chinese Communist vessels continue to harass Jinmen and Mazu"), *Shijie ribao*, 26 May 1990, p. 7.

122. "Wushi yi dalu chuan bijin Taiwan linhai" ("Some 50 mainland boats near Taiwan's territorial waters"), *Shijie ribao*, 10 April 1991, p. 8; "Jin liangbai sou dalu chuan jijie Taoyuan waihai" ("About 200 mainland boats gather outside the territorial waters near Taotuan"), *Shijie ribao*, 6 September 1991, p. 8; and "102 Sou dalu yuchuan jijie Penghu haiyu" ("102 mainland fishing boats gather in territorial waters of Penghu"), *Shijie ribao*, 12 April 1992, p. 5.

According to one study, mainland fishing boats, some fortified with armour, attacked Taiwanese civilian and naval vessels on 14 different occasions from 5 November 1990 to 9 April 1991, killing several sailors and kidnapping a few patrolling soldiers.¹²³

These incidents have reinforced Taipei's suspicion that some mainland civilian vessels are in fact units of the coastal militia which comprise up to 300,000 men, and 32,000 merchant and fishing boats. In Taipei's view, their missions include probing weaknesses of Taiwan's defence, gathering intelligence reports, delivering infiltrating agents, and even assisting the PLA Navy by diverting the ROC Navy's attention during an armed conflict.¹²⁴ Taipei therefore decided to toughen its posture. In March 1990, the Taiwanese government allowed its patrol boats to fire shots more than just for warning, directly at mainland vessels if necessary.¹²⁵ In April 1991, the government decided to intensify patrols and to destroy, if necessary, mainland Chinese vessels that refuse to leave waters off Taiwan.¹²⁶

After March 1990, Taiwanese shots at mainland vessels resulted in injuries and deaths, and hostility among mainland fisherman towards the Taiwanese navy and coastal police rose steadily.¹²⁷ Taipei saw this as part of a media campaign conducted by PRC officials aimed at mainland fisherman.¹²⁸ One New China News Agency dispatch from Fuzhou on 18 October 1991 stated that Taipei "mobilized naval ships to rob mainland fishing boats and to shoot to death fishermen from Fujian province, which has caused one's hair to stand on its end out of anger."¹²⁹ Apparently in retaliation, PRC coastal patrols began shooting at Taiwanese fishing boats in April 1991, further aggravating the situation.¹³⁰ In 1992, at least 19 Taiwanese fishing boats were harassed or robbed by mainlanders and at least five mainland boats were shot by the Taiwanese navy, which

123. Ji Yinghuan, "Liang'an guanxi de yi gu anchao" ("A dark current in the relations across the Taiwan Strait"), *Shibao zhoubao*, 20–26 September 1991, p. 25.

124. See for example, "Zhonggong guangshou Taishi yu chuan, juxin buze" ("Chinese Communists mass purchase Taiwanese-styled fishing boats with unfathomable motives"), *Shijie ribao*, 15 March 1991, p. 9.

125. "Taiwan jisi jian zhiqin buzai zhiyu shijing" ("Taiwan's anti-smuggling patrol ships no longer restricted to firing warning shots"), *Shijie ribao*, 24 March 1990, p. 5.

126. "Navy to intensify patrols to protect fisherman," Taipei, CNA, 3 April 1991, in *FBIS*, 4 April 1991, p. 83; "Intruding mainland vessels may be destroyed," Taipei, CNA, 9 April 1991, in *FBIS*, 8 April 1991, p. 65.

127. See, for example, a report dispatched from Fujian, "Min yanhai yumin dui guofu junjing chongman diyi" ("Fisherman from Fujian coast harbour strong hatred against Taiwanese Navy and coastal police"), *Shijie ribao*, 10 October 1991, p. 8.

128. "Troops kidnap, torture mainland fisherman," Beijing in Mandarin to Taiwan, 24 March 1990, in *FBIS*, 26 March 1990, p. 53. "Zhonggong qitu zhizhao dui Tai buman qing xu" ("Chinese Communists attempt to create anti-Taiwan sentiments"), *Shijie ribao*, 9 September 1991, p. 8.

129. "Junjing jie yuchuan" ("The Navy and the coastal patrol held up fishing boats"), *Shijie ribao*, 19 October 1991, p. 8.

130. "Dalu gong'an chuan sheji Taiwan yuchuan" ("Mainland public security ships shoot at Taiwanese fishing boats"), *Shijie ribao*, 18 April 1991, p. 8.

resulted in recurrent protests from both Taipei and Beijing against each other.¹³¹

Beijing's military operations. Taipei has perceived a growing security threat in the PLA's post-Tiananmen movements. Beijing has never made explicit that its military exercises are threatening to Taiwan, but they have often coincided in timing with its official denunciations of the Taiwanese independence movement and of Taipei's effort to expand its international presence (see Table 3). Typically, these operations occurred in areas not distant from Taiwan, and simulated air, sea or amphibious battles – conditions similar to Beijing's possible military actions against the island and its offshore territories. For example, an operation in the South China Sea in October 1990, described by Beijing as “a parachute-landing exercise on an island for the first time” by the PLA,¹³² caused grave concern across the Strait and was seen by Taiwan's Defence Ministry as a rehearsal for an assault against Taiwan.¹³³

The Mini-Arms Race. In recent years, Taiwan has made impressive progress in its defence capability, emphasizing improvement in quality over expansion in quantity. Such efforts continued and probably accelerated after the 1989 Tiananmen incident. The 1989 budget for Taiwan's armed forces, about one-tenth the size of the PLA, was \$6.84 billion, exceeding the \$6.67 billion of the 1989 PLA budget. The Taiwanese defence budget grew 27 per cent to \$8.69 billion in 1990, and 7 per cent to \$9.29 billion in 1991, surpassing the published PLA budget every year.¹³⁴

By February 1991, Taipei had completed the ten-year “Chiashan Project,” an underground airforce base east of the Central Mountains, from which 200 stored fighter planes could taxi to nearby Hualien Airport.¹³⁵ Meanwhile, in 1990, the construction of eight other underground military bases, dispersed around Taiwan and to be operational by 1993, had begun.

While the United States continued to sell Taiwan arms (such as the first three of ten anti-submarine helicopters delivered in July 1991, the 68

131. The sources include: *Renmin ribao*, 20 April 1992, p. 1; 24 June 1992, p. 5; *FBIS*, 3 June 1992, p. 54; 13 July 1992, p. 60; 30 July 1992; *Shijie ribao*, 22 May 1992, p. 9; 22 July 1992, p. 1; 27 July 1992, p. 6; 7 August 1992, p. 7; 5 October 1992, p. 8; 13 November 1992, p. 9; *Far Eastern Economic Review*, 6 August 1992, p. 12; *Zhongyang ribao*, 13 July 1992, p. 1.

132. “Airborne units conduct island paratroop exercise,” *Jiefangjun bao*, 5 November 1990, p. 1 in *FBIS*, 21 November 1990, p. 27.

133. “Paratroops carry out practice drop on island,” *Wen Wei Bao*, Hong Kong, 6 November 1990, p. 1, originally carried by *Jiefangjun bao*, 5 November 1990 in *FBIS*, 9 November 1990.

134. *The Military Balance 1991–1992* (London: The International Institute for Strategic Studies, 1991), pp. 150, 180.

135. “Tunnel links air force bunkers to Hualien Airport,” Taipei Domestic Service, 12 February 1991, in *FBIS*, 19 February 1991, p. 59. “Shanfu wakong ke tingfang zhanji liangbai jia” (“Excavated mountains can store 200 fighters”), *Zhongyang ribao*, 14 February 1991, p. 1.

Table 3: Post-Tiananmen PLA Exercises Perceived as Invasion Simulations by Taiwan

<i>Time</i>	<i>Nature of exercises</i>	<i>Original sources</i>
1989		
Early May–mid-September	East Sea Fleet in the West Pacific Ocean and South China Sea	<i>Renmin ribao</i> 21 September 1989
July–September	Nanjing Military Region at Jiulongjiang near Jinmen	<i>Shijie ribao</i> 17 November 1989
Autumn	Nanjing Military Region in waters near Penghu	<i>Shijie ribao</i> 17 November 1989
October–December	East China Sea Fleet in open seas beyond the littoral zone	<i>Jiefangjun bao</i> 21 November 1989
1990		
9–12 March	South-east coast of China with Jian-8 fighters	Taiwan intelligence <i>Shijie ribao</i> 12 March 1990
April	Naval reconnaissance and Marine troops in amphibious operations on coral reef islands (probably in South China Sea)	<i>Wen Wei Bao</i> 18 April 1990
Late September	Shengyang Military Region naval militia in an exercise of transporting troops and arms under battle conditions	<i>Jiefangjun bao</i> 13 October 1990
20 October	Airborne exercises on a South China Sea island	<i>Jiefangjun bao</i> 5 November 1990

1991			
8 February	Navy's airforce exercises including "unprecedented scenario in training" such as low penetration flights	<i>Renmin ribao</i> 8 February 1991	
March	Nationwide military exercises in a magnitude "rarely seen in recent years"	<i>Renmin ribao</i> 19 March 1991	
July	Navy seafaring, combined arms exercises in the Yellow Sea and Bohai Sea	<i>Jiefangjun bao</i> 5 July 1991	
28-30 September	China's first post-Tiananmen military parade after an exercise in Guangdong with PLA reserves	<i>Shijie ribao</i> 29 September 1991	
26 September-1 October	Guangzhou and Nanjing Military Regions	<i>Shijie ribao</i> 3 October 1991	
October	Exercises along the Yangzi River	<i>Renmin ribao</i> 25 October 1991	
October-November	Army exercises in Fujian	<i>Zhongyang ribao</i> 1 December 1991	
17 November	Airforce exercises over the Yellow Sea	New China News Agency <i>Shijie ribao</i> 10 November 1992	
December	Airforce exercises in East China	New China News Agency <i>Shijie ribao</i> 16 December 1991	
25 December-1 January	Nanjing and Jinnan Military Regions	<i>Dongxiang</i> (Hong Kong) 14 March 1992	

combat helicopters that Washington may transfer to Taiwan by December 1995, and 150 F-16 fighters deliverable after 1996¹³⁶) Taipei became increasingly active in indigenous development of armaments and in diversification of weapon suppliers. Taiwan's first jet fighter (IDF), which is comparable to the American F-16, made its public debut in October 1989 and entered mass production virtually on schedule in April 1992.¹³⁷ Taiwan has also developed tactical missiles such as the long-range ship-to-ship Heroic Wind (Hsiung Feng) II missile deployed in 1991, the surface-to-air Sky Bow (Tien Kung) I and II missiles deployed by 1991, and the air-to-air Sky Arrow (Tien Chieng) missile to be deployed in the early 1990s.¹³⁸ In October 1991, Taiwan's first self-built missile frigate was launched, with seven more to follow by the year 2000,¹³⁹ and Taiwan's first locally-produced Brave Tiger (Meng Hu) tank was deployed in April 1990.¹⁴⁰

In September 1991, the French government, despite Beijing's protest, authorized the sale of 16 frigates worth \$4.8 billion to Taiwan, with deployment scheduled in four years.¹⁴¹ In November 1992, Paris decided to sell 60 Mirage 2000-5 fighters to Taipei, ignoring Beijing's objection.¹⁴² By 1991, Taipei had expanded its non-American arms sources to more than 20 countries, including most notably the Netherlands who had sold Taiwan two attack submarines. Besides items such as Belgian missile generators and German torpedoes, Taiwan also acquired Israeli weaponry.¹⁴³ Despite Tel Aviv's then-ongoing unofficial ties with Beijing, Israel exported more than \$1 billion worth of "aerospace equipment," much of it military, to Taiwan in 1990 alone.¹⁴⁴ In July 1991, Taipei even

136. "Mei shou Tai fan qian zhishengji" ("The U.S. sold Taiwan anti-submarine helicopters"), *Shijie ribao*, 28 July 1991, p. 1. "Mei ning shou Tai 68 jia zhishengji" ("The U.S. about to sell Taiwan 68 helicopters"), *Shijie ribao*, 3 April 1992, p. 2. Julian Baum, "A foot in the door," *Far Eastern Economic Review*, 17 September 1992, p. 12.

137. "Taiwan's IDF bid," and "Taiwan's new fighter enters production," *Aviation Week and Space Technology*, Vol. 136, No. 17 (27 April 1992), pp. 7, 38-44. "Taiwan jet blows tire at its debut," *Milwaukee Sentinel*, 30 October 1989, p. 11.

138. "Sky bow makes formal bow," *Free China Journal*, 28 September 1989, p. 2. "Fazhan duan chang cheng dui kong feidan" ("Developing short and long-range air-to-air missiles"), *Shijie ribao*, 27 January 1991, p. 2. *The Military Balance 1991-1992*, p. 180.

139. "Navy launches first Taiwan-built missile frigate," CNA, Taipei, 7 October 1991, in *FBIS*, 8 October 1991, p. 76.

140. " 'Brave Tiger' tank roars," *Free China Journal*, 19 April 1990, p. 1.

141. "New missile frigate to upgrade naval forces," CNA, Taipei, 3 October 1991, in *FBIS*, 3 October 1991, p. 56. "Sale of French frigates to Taiwan protested," Xinhua, Beijing, 28 September 1991, in *FBIS*, 30 September 1991, p. 22.

142. "Gou zhi 60 jia huanxiang zhanji Zhong Fa jin qian heyue" ("Taiwan and France sign agreement today on sale of 60 Mirage fighters"), *Zhongguo shibao*, 17 November 1992, p. 7.

143. Liu Jiansheng, "Taiwan junhuo cong nali lai?" ("Where are Taiwan's weapons from?"), *Jiushi niandai yuekan* (*The Nineties Weekly*, Hong Kong), May 1991, pp. 68-72; *Military Balance 1991-1992*, p. 180; "Bilishi shou Tai huojian fadongji" ("Belgium sold Taiwan missile generators"), *Shijie ribao*, 19 May 1991, p. 1; "Haijun tianshou jingmi yulei" ("Navy acquired sophisticated torpedoes"), *Shijie ribao*, 4 August 1991, p. 4; Liu Jiansheng, "Taiwan junhuo," pp. 71-72.

144. "Israeli trade, aerospace purchases reported," CNA, Taipei, 7 September 1991, in *FBIS*, 10 September 1991, p. 71.

considered Moscow's initial offer to sell Mig-31 interceptors.¹⁴⁵ By 1992, Taiwan's arms build-up had begun to promise a point of equilibrium in the military balance across the Taiwan Strait.

Parallel to Taipei's defence build-up, the PLA escalated its efforts in arms acquisition after the Tiananmen incident. Reversing a declining trend since 1979, China's defence budget has grown continuously since 1989 with an increase of 13 per cent in that year, 15.5 per cent in 1990, 12 per cent in 1991, 13.8 per cent in 1992, and 14.9 per cent in 1993.¹⁴⁶ Despite its quantitative reduction of forces, the PLA has become more active in procuring new weapons to boost its projection force which, in Taipei's perception, will inevitably affect the strategic balance across the Taiwan Strait.

As a result of Beijing's incessant efforts to reach out diplomatically, the post-Tiananmen international sanctions on China did not succeed in restricting Beijing's foreign supplies of military technology for long. By the autumn of 1990, France had decided to upgrade two Chinese Luda-class destroyers with air defence missiles and search radars.¹⁴⁷ A year later, Moscow sold Beijing three IL-76TD military transport planes and considered helping China develop Yak-141 fighters capable of short take-offs and vertical landings.¹⁴⁸ By spring 1992, Israel had reportedly transferred to China, among other materials, technology for re-fuelling in mid-air and even American "patriot" missile technology for use in China's new KS1 surface-to-air missile.¹⁴⁹

In September 1990, Beijing negotiated with Moscow to purchase state-of-the-art Sukhoi SU-27 jet fighters, which would be the first significant arms transfers since the 1950s. At the time, observers expected only a small number of the aircraft to be sold and saw in the deal already "a quantum leap in the firepower of China's air force, as well as a shift in the balance of military power in Asia."¹⁵⁰ By April 1992, China had purchased from the Russian Republic 24 high-performance SU-27

145. "Yi qian beiwang lu" ("The memorandum has been signed"), *Shijie ribao*, 30 July 1991, p. 1.

146. Robert Delfs, "Premier Li calls for austerity, sacrifice: tighten your belts," *Far Eastern Economic Review*, 30 March 1989, p. 10. See also, "Gongjun 'piluan' you gong" ("The PLA was rewarded for quelling the rebellion"), *Shijie ribao*, 22 March 1990, p. 31; "Increased military spending," *South China Morning Post*, Hong Kong, 25 March 1991, in *FBIS*, 26 March 1991, p. 14; "Zhonggong bennian junshi yusuan ju zeng" ("Communist China's military budget this year grows noticeably"), *Shijie ribao*, 23 March 1992, p. 2; and "Ri juece Zhonggong zai fabiao guofang baipishu" ("Japan decides to urge China to publish defence White Paper"), *Lianhebao*, 24 May 1993, p. 1.

147. Ted Hooton, "French to upgrade Chinese Luda destroyers," *International Defense Review*, August 1990, p. 920.

148. Henry Dodds, "'Hokum' takes to the air: Yak-141 may find role with air force," *Jane's Defense Weekly*, 28 September 1991, p. 551; "Zhonggong xiang Sulian caigou sanjia junyong yunsu ji" ("Communist China purchases three military transport airplanes from the Soviet Union"), *Zhongguo shibao*, 27 September 1991, p. 10.

149. Jin Zhaofu, "Youtairen he Zhonggong wuqi susong" ("The Israeli-Chinese arms transfer"), *Shijie ribao*, 9 April 1992, p. 36; "Beijing fazhan KS1 feidan" ("Beijing develops KS1 missile"), *Shijie ribao*, 18 January 1992, p. 10; and Christopher F. Foss, "Phased array for China's KS1 SAM," *Jane's Defense Weekly*, 11 January 1992, p. 39.

150. "Purchase of Soviet jet fighters considered," *AFP*, Hong Kong, 29 October 1990, in *FBIS*, 29 October 1990, pp. 7-8.

fighters reportedly with an additional 48 to follow.¹⁵¹ Moreover, according to its Foreign Ministry, Moscow would even transfer the manufacturing technology of SU-27 to Beijing by 1996.¹⁵²

Meanwhile, Beijing strived to realize its long-standing aspirations of acquiring an aircraft carrier, which Western observers previously considered too costly and therefore impracticable for the PLA. By June 1990, the conversion of roll-on roll-off amphibious ships to helicopter carriers had begun, which resulted in the inauguration of the PLA Navy's first ship-based aircraft unit in January 1991.¹⁵³ In 1992, Beijing became noticeably active in shopping for an aircraft carrier from Ukraine or Russia.¹⁵⁴

In addition to widening foreign sources of military hardware, Beijing has increased its efforts to upgrade its domestically-produced arsenal. By late 1991, the PLA had deployed more than ten varieties of self-developed guided missiles on most naval ships, and some 30 types of such missiles at air defence bases.¹⁵⁵ The PLA Navy tested a new C-34 torpedo over the Taiwan Strait in early 1990 and announced late last year the successful development, interestingly with extra-budgetary and non-governmental funds, of another torpedo called "China's Sturgeon."¹⁵⁶ Most of these events attracted Taipei's nervous attention. So did an October 1990 report that the PLA was secretly manufacturing a new landing vessel.¹⁵⁷

In sum, post-Tiananmen strategic interaction between Beijing and Taipei has heightened tensions resulting from mutually distrustful perceptions and reinforced by the increasingly unfriendly, if not hostile, strategic behaviour of each party. In Taipei's view, the June 1989 Tiananmen crackdown indicated that violence from Beijing, however unlikely, can never be ruled out. In Beijing's view, the imperialist forces, forever intent on splitting Taiwan away from the motherland, have expanded their assistance in Taiwan's defence build-up since the break-up of the former Soviet Union; and Beijing must not renounce the use of

151. "Beijing qiagou Sulian xianjin zhangji" ("Beijing arranges the purchase of advanced Soviet fighters"), *Shijie ribao*, 30 October 1990, p. 2; Jin Zhao-fu, "Zhonggong damai Erluosi jingmi wuqi" ("Communist China purchases many hi-tech Russian weapons"), *Shijie ribao*, 23 April 1992, p. 40.

152. Pin Kefu, "Zhonggong goude Sulian zhanji weili dazeng" ("Communist China obtains Soviet fighters greatly increasing its capabilities"), *Zhongguo shibao zhouban*, 19–25 April 1992, pp. 16–17.

153. Barbara Starr, "China considers carrier plans," *Jane's Defense Weekly*, 16 June 1990, p. 17; "Navy's first ship-based aircraft unit inaugurated," *Renmin ribao*, 9 January 1991, p. 4, in *FBIS*, 16 January 1991, p. 46.

154. "China: fighting back," *The Economist*, 7 March 1992. Sheryl WuDunn, "China browses for tanks, aircraft and carrier in ex-Soviet lands," *New York Times*, 7 June 1992, p. A20.

155. "Zhonggong yanzhi chenggong duozhong zhanshu daodan" ("Communist China succeeded in developing many tactical missiles"), *Xinhua*, Beijing, 10 October 1991, in *Shijie ribao*, 11 October 1991, p. 10.

156. "Torpedo developed using nongovernmental funds," *Jiefangjun bao*, 25 October 1990, p. 1, in *FBIS*, 13 November 1990, p. 36; "Zhonggong shishe xinxing yulei" ("Communist China tests new landing vessels"), *Shijie ribao*, 8 October 1990, p. 31.

157. "Zhonggong bimi zhizao xinxing dengluting" ("Communist China secretly manufactures new landing vessels"), *Shijie ribao*, 8 October 1990, p. 31.

force to achieve reunification in order to deter foreign intervention over the issue of Taiwan, "a province of China." As Beijing's non-renunciation of the use of force has further aggravated Taipei's misgivings toward Beijing, Taipei feels compelled to accelerate its military self-strengthening. For its part, Beijing's concern that Taipei may soon achieve military sufficiency to deny Beijing's credibility in its strategic threat to Taipei has pushed Beijing further along in its own weapons acquisition programmes.

Conclusions

Examination of post-Tiananmen trends in political, economic, social and strategic interactions between Taiwan and the mainland suggest the following conclusions. First, the Taiwanese people's mainland-bound economic and social activities after the Tiananmen incident expanded at a rate unexpectedly greater than before the incident, except for a transient wait-and-see period in June and July of 1989.

Secondly, the mainland's Taiwan-bound economic and social activities both before and after the Tiananmen incident have grown at a minimal rate, limited by the Taipei government's caution and resistance towards Beijing's persistent initiatives for communication, contact and negotiation. Despite the Tiananmen incident, however, it is expected that such activities will grow as Taipei has begun, and may accelerate, relaxation on restrictions of non-governmental exchanges.

Thirdly, it is not unlikely that Beijing and Taipei, driven by different motives, will manage to achieve direct political contacts in the foreseeable future. PRC gerontocrats wish to realize reunification within their lifetime. Taiwan leaders may have conceived a grand strategy of "soft-offensives," combining the economic, social, and even political movements toward the mainland to change eventually the nature of the PRC state and society, and to encumber Beijing's use of force against Taiwan.

Fourthly, the post-Tiananmen era has seen the dialectical coexistence of two opposite sets of trends in Taiwan-mainland relations, both developing at a rate faster than anticipated in the public perception while neither cancelling out the impetus of the other. One is the set of accommodating trends which manifest most strongly in economic and social interactions, less in political and rarely in strategic interactions. The other is a set of contentious trends which manifest most strongly in strategic, slightly less so in political, and the least in socio-economic interactions. While the accommodating trends promise integration, the contentious trends portend conflict. In addition, the accommodating trends have stemmed primarily, though not entirely, from non-governmental forces. Political powers may slow down or speed up, but can no longer reverse these trends. The long-term, cumulative effects of such trends will be formidable.

Finally, the contentious interactions have resulted largely, but not wholly, from the governmental forces. As both the Taipei and Beijing governments evolve, their rivalry rooted in the past will probably weaken.

Although in the short term, the possibility of rising tension or even hostile operations across the Taiwan Strait cannot be ruled out, the probability of such a prospect is diminishing because of the cross-Strait interactions outlined in this article.

Appendix

Chronology: Taiwan-China Interactions

1979

- 1 January Beijing sends message of peaceful reunification of China to Taiwan and ceases bombardment of Jinmen and Matsu (Quemoy and Matsu).

1981

- 29 March Kuomintang's (KMT's) 11th Party Congress in Taipei passes the resolution on the reunification of China under the Three People's Principles.
- 30 September Ye Jianying puts forward nine proposals on the reunification of China, including exchange of mail, trade, air and shipping services.
- 7 October Chiang Ching-kuo calls for unification of China based on the Three People's Principles and states that "we shall never negotiate with the Chinese Communists."

1982

- 10 June Taiwan's Premier Sun Yun-hsun says that when mainland living standards approach that of Taiwan, reunification will be a matter of course.

1983

- 26 June Deng broadens the areas in which Taiwan would be autonomous.

1984

- February Taipei officially allows its citizens to contact mainland citizens abroad on occasions of a non-political nature. Later in the year, mainland and Taiwan athletes compete in the Los Angeles Olympics.
- 20 February Deng Xiaoping enunciates the concept of "one country, two systems," to be implemented after reunification.
- 26 September The Sino-British Accords on the Future of Hong Kong contains the "one nation, two systems" formula which the PRC intends to apply to Taiwan as well.

1986

- 17 May Beijing's Civil Aviation Administration of China and Taipei's Taiwan China Airline (CAL) reach an agreement in Hong Kong concerning the release of CAL's jet plane which landed in Guangzhou on 3 May.

1987

- May Taipei tacitly approves indirect shipment of Taiwanese goods to China.
- 1 July Taipei lifts martial law.

- 15 September Two journalists of Taiwan's *Independent Evening Post* visit the mainland, defying the ROC government's regulations.
Taiwan's *Independence Evening News* journalist visits Beijing.
- 14 October Taipei lifts ban on Taiwan inhabitants visiting mainland relatives.
- 27 October A Taiwanese journalist questions Chinese Communist Party (CCP) leaders at the CCP's 13th Party Congress.
- 1988
- 14 January Zhao Ziyang, CCP General Secretary, sends Taipei condolences over the death of Chiang Ching-kuo, Chairman of the Kuomintang.
- April Taiwan and China delegates attend Asian Development Bank 21st meeting in Singapore.
- 4 May Taipei returns a hijacked Boeing 737 to China.
- 9 July Zhao Ziyang congratulates Lee Teng-hui on becoming the Chairman of the KMT.
- 14 July KMT senior statesman, Chen Li-fu, proposes reunification of China through Chinese culture.
- 15 July Zhao Ziyang responds that both sides of the Straits share foundations in politics, economics and cultural tradition.
- September Taipei unprecedentedly sends Academia Sinica scholars to attend the 22nd International Science Congress in Beijing.
- 11 September Beijing discontinues the 1962 reward policy for Taiwanese defecting with military ships or aircraft.
- 14 September Taipei reduces the reward established in 1959 for certain categories of defecting mainland pilots.
- 9 November Taipei begins issuing entry permits, with some conditions, to mainlanders visiting ailing relatives or attending funerals in Taiwan.
- 1989
- February Beijing deports the first Taiwan criminal via Singapore to Taipei.
- 17 April Taiwan gymnasts participate in an international competition held in China.
Taiwan officially allows its journalists to report news from China.
- 1 May Taiwan's Finance Minister Shirley Kuo leads its first official delegation since 1949 to China, attending the Asian Development Bank's annual meeting.
- 10 May Taipei lifts the ban on postal communication with China.
- 4 June Tiananmen Square incident.
- 11 September Taipei allows mainland pro-democracy movement leaders to settle in Taiwan.
- November Beijing strongly condemns the Taiwanese independence movement.

- 23 November Taipei allows Taiwanese who arrived on the mainland before 1949 to return and settle in Taiwan.
- 16 December Non-governmental delegations from Taipei and Beijing establish a trade co-ordination committee in Hong Kong. Taiwan's Foreign Minister Lien Chan announces an end to open animosity toward China.

1990

- January Y. C. Wang of Formosa Plastics Corporation visits China to explore opportunities for investment.
- 11 January China's Premier Li Peng announces the lifting of martial law imposed on 20 May 1989.
- 16 January Taipei allows low-level government employees to visit mainland relatives.
- 30 April Taipei allows elected officials to make private visits to the mainland during holidays and recesses.
- 20 May Taiwanese President Lee Teng-hui in his presidential inaugural address calls for opening "channels of communication" with the mainland and for ending the state of war.
- 25 June Taipei allows government officials to visit sick relatives or attend funerals on the mainland.
Taipei allows mainland cultural and athletic celebrities to visit Taiwan.
- 18 September Red Cross officials from both Taipei and Beijing on Jinmen Island sign an agreement on procedures for the repatriation of illegal immigrants.
- 22 September Taiwan athletic teams participate under the name "Chinese Taipei" in the Asian Olympic games held in Beijing.
- 24 September Taipei's Ministry of Economic Affairs approves indirect ROC exports to the mainland.
- 6 October Taipei establishes the National Unification Council (NUC) in the Presidential Office.
- 7 October Taiwan's Democratic Progressive Party adopts a resolution not recognizing that Taiwan's *de facto* sovereignty reaches the mainland.
- 18 October Taipei establishes the Mainland Affairs Council (MAC) in the Executive Yuan.
- 21 November Taipei establishes the Straits Exchange Foundation (SEF) for making "unofficial" contact with Beijing.

1991

- 9 March Taipei's SEF begins its operation.
- 11 March Taipei proclaims the Guidelines for National Unification, passed by the MAC on 23 February 1991 and by the NUC on 18 December 1990.
- 22 March Taipei allows government-run enterprises to import raw materials from the mainland.

- 29 April A delegation of Taipei's SEF visits Beijing's Taiwan Affairs Office, signifying the first contact between the two governments in 42 years.
- 1 May ROC President Lee Teng-hui proclaims an end to the Period of National Mobilization for Suppression of the Communist Rebellion and upgrades Beijing to a "political entity."
- 27 June Taipei officially allows mainland journalists to visit Taiwan without renouncing their Chinese Communist Party membership.
- 29 July Beijing allows Taiwan, as a special administrative district, to retain its armed forces and purchase from other countries weapons considered necessary but not detrimental to the national interests of a reunified China, according to Beijing's ten-point proposal stated in *Liaowang* overseas edition.
- 22 August Two mainland Red Cross officials arrive in Taiwan, marking the first such visit of personnel commissioned by Beijing in 42 years. Two accompanying mainland journalists are the first to see Taiwan in 42 years.
- 27 September France announces its approval of the sales of unarmed frigate hulls to Taiwan, which Beijing's Foreign Ministry terms "very regrettable."
- 7 October The ROC Navy launches the first Taiwan-built missile frigate (Cheng Kung) which will carry two anti-submarine helicopters.
- 9 October PRC President Yang Shangkun warns the independence advocates in Taiwan that "those who play with fire will be burned to ashes."
- 13 October Taiwan's main opposition, the Democratic Progressive Party, commits in its charter "to build a Taiwanese republic with independent sovereignty" at its annual conference.
- 16 December Beijing establishes the Association for Relations Across the Taiwan Straits (ARATS).

1992

- 25 February Beijing's Standing Committee of the National People's Congress passes the law on territorial waters and contiguous zones, which enables Beijing to exercise control over Taiwan and its offshore islands.
- May Russia begins delivering 24 Sukhoi-27 fighters to China.
- 24 August China and South Korea establish diplomatic relations; and Seoul withdraws recognition of Taipei.
- 2 September United States President Bush decides to allow the sale of 150 F-16 fighter planes to Taipei.
- 17 November France decides to sell 60 Dassault Mirage 2000-5 fighters to Taiwan.

1993

- 27–28 April C. F. Koo of Taipei's SEF and Wang Daohan of Beijing's ARATS meet in Singapore and agree to routine consultations, registered mail transactions and document verification.
- August Beijing issues policy paper on reunification during follow-up SEF–ARATS meetings, which break down shortly afterwards.