



# UNISCI Discussion Papers

## CROSS-STRAIT CHARTER FLIGHTS ARRANGEMENT: A VIABLE MODEL FOR TAIWAN-CHINA NEGOTIATION?

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In late October 2002, Taiwanese legislators proposed lunar new-year charter flights between Taiwan and China to both governments across the Taiwan Strait. In response, China stated that China would consider the application of charter flights based on actual situation with a hope that airlines of both sides could participate in the business.

In turn, Taiwan responded that Taiwan welcomed cross-Strait negotiations and was ready to begin talks on the charter flights arrangement with China anytime. Without bilateral official negotiations, Taiwan would only allow its airlines to file applications with the Chinese government to obtain permission for indirect charter flights between Taiwan and China by stopover in Hong Kong or Macao during lunar new-year holidays in early 2003.

However, China requested Taiwan negotiate with China through authorized private organizations on the details of charter flights as well as reach an agreement that the arrangement should be reciprocal two-way flights the next year. In response, Taiwan emphasized that Taiwan was ready to send representatives of the Strait Exchange Foundation (SEF) to negotiate with their counterparts of the Association of Relations Across the Taiwan Strait (ARATS). But China refused to resume SEF-ARATS dialogues because Taiwan did not accept the one-China principle.

Without Taiwan's authorization of private organizations to negotiate with China, on January 7, 2003, China finally approved the first indirect charter flights by six Taiwanese airlines to China. Nevertheless, China stressed that China reserved its right to have reciprocal flights from China to Taiwan next time.

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<sup>1</sup> *Las opiniones expresadas en estos artículos son propias de sus autores. Estos artículos no reflejan necesariamente la opinión de UNISCI.* The views expressed in these articles are those of the authors. These articles do not necessarily reflect the views of UNISCI.

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In mid-November 2003, Beijing announced that its position on the 2004 new-year charter flights was “direct, nonstop and reciprocal.” In response, Taipei said that SEF-ARATS negotiations were necessary if Chinese air carriers wanted to operate charter flights between Taiwan and China during lunar new-year holidays. Nevertheless, Beijing insisted that both sides authorize airline companies to negotiate with each others.

Without Taiwan’s agreement on the negotiation model and reciprocal flights arrangement from China to Taiwan, China even proposed to allow Taiwanese airlines to operate direct charter flights to China in 2004 as long as Taiwan agreed to allow two-way charter flights in 2005. At the end, Taiwan did not agree upon China’s proposal and thus there was no charter flights arrangement across the Taiwan Strait during the 2004 lunar new-year holidays.

In early October 2004, Taiwan sharply changed its policy position toward China with respect to the 2005 charter flights arrangement. Taiwan agreed upon all China’s previous conditions on the arrangement -- “bilateral, reciprocal, and non-stop” and a flexible negotiation approach.

However, China added one more political condition on the charter flights arrangement that Taiwan had to obey the principle of internal affairs of one country and China accused that Taiwan did not follow the principle. Furthermore, Beijing asked Taipei to authorize a private organization to negotiate on the charter flights arrangement. In turn, Taipei reiterated its previous position and welcome China to authorize appropriate persons to negotiate with Taiwan.

On November 10, Taiwanese President Chen Shui-bian proposed a concrete negotiation model to China that both sides across the Taiwan Strait should follow the Taiwan-Hong Kong aviation right model to settle passenger and cargo charter flights. The model meant that, without any precondition, Taiwan authorized a private association with official participation to negotiate with Hong Kong’s counterpart on Taiwan-Hong Kong aviation right in 2002.

However, China pointed out that functional talks across the Strait had to insist on the one-China principle. In addition, China accused that President Chen’s statement “China is not our country, but an enemy” created tensions and thus China would not like to negotiate with Taiwan on the charter flights arrangement. Finally, China defined charter flights as internal affairs of one country. Generally speaking, China was very passive and not supportive regarding the charter flights negotiation until the end of 2004.

Suddenly, on January 2, 2005, Beijing changed its policy position. In an interview by the Xinhua News Agency, Chinese spokesman emphasized that China would work hard to promote the launching of charter flights across the Taiwan Strait during the lunar new-year holidays. Beijing suggested that airlines across the Strait communicated directly over technical and business details and make arrangements. In the interview, Chinese spokesman neither mentioned the one-China principle as a precondition of the talk, nor defined the charter flights arrangement as internal affairs of one country.

On January 4, Taipei immediately authorized the Taipei Air Transportation Association (TATA) to conduct talks on the charter flights arrangement with Beijing. Three days later, the TATA president met in Macau with Pu Zhaozhou, a senior official of the General Administration of Civil Aviation of China and executive director of the China Civil Aviation Association. Nevertheless, China ruled out the participation of Taiwan’s officials in charge of



its China policy in the charter flights negotiation, but was acceptable with other Taiwanese officials.

On January 15, within only two hours, both sides reached agreement on the charter flight issue based on the two-way, reciprocal, and non-stop principle by Taiwan's Chang Kuo-cheng, director of Civil Aeronautic Administration and advisor to the TATA, and China's Pu Zhaozhou. Forty-eight flights would connect Taipei and Kaohsiung on the Taiwan side with Beijing, Shanghai, and Guangzhou on the China side from January 29 to February 20, 2005.

Negotiation over charter flights arrangement across the Taiwan Strait serves a very good example for both sides to gradually work out a feasible negotiation model on bilateral economic issues. In the very beginning, Taipei would like to exploit the negotiation on cross-Strait charter flights arrangement as leverage to force Beijing to accept the resumption of SEF-ARATS dialogues. Despite it wanted to reach an agreement on bilateral reciprocal flights arrangement, Beijing only accepted negotiation by "private" organizations authorized by both sides.

In early 2003, China conceded to accept Taiwan's unilateral charter flights to China and hoped Taiwan would accept reciprocity of charter flights from China to Taiwan the next year. However, Taiwan did not accept China's proposal and thus China declined to offer one more trial of charter flights arrangement for 2004 lunar new-year holidays.

In late 2004, Taiwan accepted China's previous conditions on charter flights arrangement and a flexible negotiation model with official participation from both sides. Then, China set up two extra political conditions for the negotiation: the one-China principle and internal affairs of one country. At the end, Taipei did not concede and Beijing pragmatically accepted Taipei's proposal. Both sides swiftly reached the agreement on the charter flights arrangement for 2005 lunar new-year holidays.

To sum up the case of cross-Strait charter flights arrangement, both sides across the Taiwan Strait gradually realized additional political conditions for the negotiation on charter flights arrangement would finally break down the bilateral agreement and thus both sides adopted a very pragmatic approach to solve the issue. The progress of cross-Strait economic negotiation was influenced, but at most delayed, by political agenda in both sides. After two-year bargaining between Taiwan and China, the flexible negotiation model with official participation for charter flights arrangement could be a viable model for Taiwan-China negotiation on other economic issues, including direct links, and thus pave the way for a new era of cross-Strait relations in the future.

In early March 2005, Chinese President Hu Jintao responded to Taiwanese President Chen's proposal that both sides could gradually develop cross-Strait passenger charter flights during festivals into a regular practice as well as negotiate the issue of cross-Strait cargo charter flights through private civil aviation organizations. Ten days later, Chinese Premier Wen Jiabao proposed negotiations with Taiwan over passenger charter flights, Taiwan's agricultural exports to China, and China's fishery workers to Taiwan.

On June 13, Taiwan appointed the TAA to contact its Chinese counterpart and arrange talks over cargo charter flights between Taiwan and China, named the Taiwan External Trade Development Council to arrange talks over Taiwan's exports of fruit to China. On August 2, Taiwan further authorized Taiwan's Travel Agent Association to negotiate with its Chinese counterpart over China's tourists to Taiwan. Parenthetically, Taiwan referred to the Macau



model for the negotiation of all the three issues and China showed no opposition. Despite Taiwan put priority on the negotiation of cargo charter flights across the Taiwan Strait, on August 4, Taiwan agreed to open talks with China simultaneously on cargo and passenger charter flights due to China's insistence.

Since mid-2004, Taiwan has proposed a long list of economic issues to negotiate with China: currency clearance, investment protection, financial supervision, avoidance of double taxation, product importation, protection of intellectual property rights, judicial assistance, commercial arbitration, fisheries dispute arbitration, personal security, charter flights and direct transportation links, tourism, repatriation of illegal migrants, joint crime prevention, marine pollution, and fisheries labor negotiations. In addition, Taiwan has positively responded to China's proposal of negotiating bilateral economic issues based upon China's conditions. Nevertheless, China's response to Taiwan's initial response has been very ambiguous and even counterproductive. Currently the Chinese government still does not want to negotiate with the Taiwanese government through both sides' authorized private organizations. Instead, Beijing tries to "negotiate" with Taiwan's opposition parties on bilateral economic issues. Whether Taiwan and China can establish a stable framework to facilitate cross-Strait economic exchange and a constructive mechanism for cross-Strait economic cooperation will depend on whether the Chinese government would seriously and directly negotiate with the Taiwanese government through appropriate authorized organizations.