



## **Cross-Strait Charter Flights: Getting to Yes**

by David G. Brown

On Jan. 29, 2005, a Chinese airliner landed at Taipei's international airport for the first time since 1949. As these New Years charter flights may provide a model for other cross-Strait airline arrangements, understanding how they came about may provide some lessons for the future.

### **Fundamental Factors**

One driving force has been Beijing's desire to facilitate cross-Strait economic and cultural ties as an element in its long-term strategy for eventual reunification. This objective goes as far back as Beijing's first proposal of the "three links" in 1979, but the rise of a stronger Taiwan consciousness has made this a more urgent task. The importance of facilitating closer ties led Beijing in 2002 to state that cross-Strait transportation was an economic, rather than a political issue. Therefore, Taipei's acceptance of "One China" was not a precondition for talks on this issue. While declaring the issue economic, Beijing also insisted that the arrangements be worked out between private airline associations rather than the pseudo-official channel between its Association for Relations Across the Taiwan Strait (ARATS) and Taipei's Straits Exchange Foundation (SEF).

The administration of President Chen Shui-bian has not been guided by a broad strategic goal with respect to cross-Strait air travel. Chen's Democratic Progressive Party (DPP) is divided on the issue. The DPP's business supporters argue that progress toward direct cross-Strait air travel is urgently needed for Taiwan to maintain its international competitiveness. The DPP's fundamentalist wing is opposed to any direct travel arrangements because they believe that by promoting closer ties with China, direct travel would weaken Taiwan's separate identity. Chen himself has wavered on the issue. At the 2001 Economic Development Advisory Council, he seemed to throw his support behind the business community's interest in direct travel. In 2003, his administration published a high-profile report on cross-Strait transportation that highlighted a host of reasons opponents advance against direct travel.

The Chen administration has also seen Beijing's interest in the "three links" as giving it leverage to gain some recognition by pressing Beijing to give government negotiators a leading role in air travel arrangements. DPP opponents frequently cite security and immigration concerns to justify a leading government role. Beijing's insistence on working through private associations is in part designed to counter this. Weighing the practical and political aspects has been central to Taipei's handling of the issue.

### **Setting the Stage**

This year's direct cross-Strait charters were preceded by limited indirect charter flights in 2003. Those flights came about on the initiative of an opposition Kuomintang (KMT)

legislator, Chang Hsiao-yan. As Beijing was cultivating opposition politicians at the time, Chang's involvement made it attractive for Beijing to encourage his efforts. When Chang proposed New Year charter flights in late 2002, the MAC under Chairperson Tsai Ing-wen took the position that the Chen administration could agree if the flights were conducted only by Taiwan carriers, flew indirectly by stopping briefly in Hong Kong or Macau and carried passengers only one way, bringing Taiwan businessmen home for the New Year and then returning them to China. Many in the Chen administration expected Beijing to reject these conditions. However, Beijing agreed on a one-time basis to Taipei's terms. The compromise reflected the importance Beijing places on progress toward direct travel links. The airline associations worked out the details and the flights took place at the New Year in 2003. However, since the airlines carried passengers only one way on each round trip, they lost money and were not interested in repeating those arrangements.

A year later, Beijing made clear that it was open to another round of New Year charters but would insist that the arrangements this time be reciprocal (meaning both sides' airlines would participate), direct (meaning no landing at intermediate airports) and two-way (meaning passengers would be carried on every leg of flights). These proposals were made in the midst of Taiwan's presidential election campaign. Beijing may have expected Chen to reject these terms. However, the MAC said it could agree to the terms, provided the arrangements for the first PRC planes landing in Taiwan were negotiated by government officials. The MAC knew that negotiations by government officials would be unacceptable to Beijing, and it was. Arranging charters in the midst of a contentious election proved impossible.

In December 2003, Beijing published a paper setting forth its views on cross-Strait transportation issues. The document reiterated Beijing's willingness to describe the routes as being "cross-Strait routes" rather than "domestic," a word that was read in Taipei as an indirect insistence on "one China." In October, President Chen told a business group that Taipei could agree to describing routes as "cross-Strait" rather than "international," a word that Beijing read as an effort by Taipei to gain indirect recognition from Beijing. The PRC policy paper reiterated China's view that transportation issues should be negotiated by private airline associations but put in writing Beijing's agreement that government officials could participate in negotiations as advisors to the private associations. Earlier in 2003, Taipei adopted amendments to its statute governing cross-Strait relations that allowed the government to authorize private associations to negotiate on its behalf. The planets were aligning with respect to procedures for negotiating cross-Strait transport issues.

## Arranging 2005 New Years Charters

In the fall of 2004, the MAC, now under Chairman Joseph Wu, proposed that charter flights be arranged for New Year 2005. In October, President Chen went further, proposing negotiations on year-round passenger and cargo charter flights. At a time when campaign rhetoric was again exacerbating cross-Strait relations, Chen apparently saw political benefit at home and with Washington in making conciliatory proposals to Beijing, one of which involved charters. Washington did welcome his proposals and urged Beijing to open dialogue. Moreover, charters may have appealed to Chen because they represent a middle position between those in his party who want regular flights and those who want no flights at all.

While Beijing rejected Chen's other proposals, it did not reject charters. Beijing's Taiwan Affairs Office (TAO) commented that New Year charter flights should be reciprocal, direct, and two-way but spoke of the need to treat the routes as "domestic." The MAC indicated publicly that it agreed the flights should be reciprocal, direct, and two-way but expressed concern about the TAO's characterizing the routes as "domestic." This time Taipei did not insist on government officials taking the lead. The MAC designated the Taipei Airlines Association to be its representative; Beijing took no steps to designate an association on its side. One interpretation was that Beijing wanted to wait until after the December Legislative Yuan election to ensure that the DPP could not benefit in the elections by claiming credit for arranging charters.

But when the elections were over, Beijing did not immediately respond to the New Year charters proposal. Private groups including the Taipei Airline Association were working behind the scenes. In late December, MAC Chairman Wu expressed pessimism about charters, saying publicly that Beijing had not responded to private overtures. The next day, Wu met with a group of KMT legislators, including Chang Hsiao-yan, and agreed they could sound Beijing out on charters. Agreeing to KMT contacts showed considerable flexibility. One reason for this flexibility was to demonstrate to Washington that Taipei was not the obstacle to progress in cross-Strait relations.

In December 2004, China's National People's Congress (NPC) Standing Committee unanimously approved a draft Anti-Secession Law to be considered by the NPC in March. Seemingly, balancing this tough new legislation with a soft initiative, Beijing then publicly called for arranging New Year charter flights. On Jan. 7, preliminary discussions took place in Macau between the Taipei Airline Association and the China Civil Aviation Association. On Jan. 10, TAO Director Chen Yunlin held a high-profile meeting with the KMT delegation in Beijing and announced to the press that agreement had been reached. This meeting was part of Beijing's effort to reduce the extent to which Chen could claim credit for the charters. Whether the KMT delegation had any significant influence on the ultimate agreement is unclear. At the same time, the TAO said that MAC and SEF personnel should not participate in the private-sector negotiations; Taipei's governmental participants should be technical personnel from the aviation sector. The MAC considered this requirement offensive but it agreed, and the way was cleared for talks.

Another issue was the flight paths that the charters would fly. The MAC stipulated that the planes must follow existing air routes either approaching Taiwan from the north along air routes from Korea or Okinawa or from the south along air routes from Hong Kong. The TAO insisted that all flights follow the southern route even though this was in most cases much longer. Beijing reportedly saw the northern route as looking "international" and hence chose the southern route that it could characterize as "domestic." The MAC reluctantly agreed to this, in part because it chose to view even the southern route via Hong Kong airspace as "international." The MAC took the position that the charters should only be for Taiwan businessmen and their families, excluding Taiwan students on the mainland as well as tourists wishing to visit China over the holidays, with lost revenue to the carriers. This restrictive condition was apparently taken by the MAC in response to pressures from DPP fundamentalists opposed to the charters. Beijing agreed to the limitation, but criticized Taipei for imposing it.

The negotiations took place in Macau between the two airline associations. Aviation officials from both sides participated. After insisting that the private sector take the lead, Beijing chose an officer of the China Civil Aviation Association who was concurrently an official in the China Civil Aviation Administration responsible for Hong Kong, Macau and Taiwan affairs. Taipei did not object to this subterfuge. The head of Taiwan's Civil Aviation Bureau participated as an advisor to the Taipei Airline Association delegation. This arrangement gave Beijing the appearance of private negotiations and Taipei got direct negotiations between government officials. Given the preliminary contacts, agreement was reached easily in a day and announced Jan. 15. Forty-eight charter flights would take place between Jan. 29 and Feb. 20 between Beijing, Shanghai, and Guangzhou on the mainland and Taipei and Kaohsiung on the island.

## Looking Forward

Some lessons can be drawn from this experience. The first is that a procedural approach to negotiating cross-Strait transportation issues has been worked out and can be used when both sides wish. The approach was been applied in the negotiation of the Hong Kong-Taiwan Aviation Agreement in 2002 and now in a cross-Strait context for negotiating charters. A second lesson is that these charter flights were arranged without any foreign mediation. When both sides of the Strait are ready, they are capable of working things out on their own. Still, the oft-repeated U.S. desire for lowering cross-Strait tensions and pursuing dialogue did play a role. Another lesson is the obvious one: politics on each side will determine when each is ready to make progress on particular issues.

Will it be possible to make further progress on cross-Strait transportation? Officials from both the TAO and the MAC have expressed their desire for further progress on cross-Strait transportation issues, yet both question the other's intentions. Procedures exist. Whether events will change the political calculations of the two sides remains to be seen.

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