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President Ma Ying-Jeou’s Strategies to Promote ECFA in Taiwan

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Abstract

This paper examines Republic of China (ROC) President Ma Ying-Jiu’s strategies for promoting the Economic Cooperation Framework Agreement (ECFA) in Taiwan. The research finds that if a state leader is more aware of the concerns of the opposition parties and of the public through better strategic collaboration and communication skills, the people in Taiwan will more incline to acquiesce to the government’s new trade policy. This paper contributes to both the theoretical and empirical perspectives. It considers President Ma’s intention in creating a working group to formulate the policy and to understand the relevant organizations in promoting the importance of ECFA. The main theme of this paper is that President Ma recruited a team to create and to implement the strategies that can prevent a potential economic crisis in Taiwan.

I. Introduction

After the 2008 ROC presidential election, the normalization of Taiwan-China relations has become a top priority for Ma Ying-Jing’s administration. The ruling party (Kuomintang, hereafter KMT) believed that an improved cross-Straits relation would not only reinforce Taiwan’s security, but more importantly, increase economic opportunities in Mainland China. President Ma in his inaugural address asserted that there would be “no reunification, no independence, and no war” during his term, and called for a return to cross-Straits negotiations based on the “1992 Consensus.”

Ma’s good-will gesture received a positive response from his Chinese counterpart Hu Jintao. On March 26, President Hu stated that China was willing to resume dialogue with Taiwan under the “1992 Consensus.”2 Both sides then resumed dialogue in June under the banners of Taiwan’s Straits Exchange Foundation (SEF) and China’s Association for

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1 “Full text of President Ma’s Inaugural Address,” May 21, 2008, The China Post, http://www.chinapost.com.tw/taiwan/national/national-news/2008/05/21/157332/Full-text.htm. “The 1992 Consensus” is a term describing the outcome of a meeting in 1992 between the representatives of China (hereafter the PRC) and Taiwan (hereafter the ROC). Both sides recognize there is only one China. China and Taiwan belong to the same China, but both sides differ on the definition of that one China. China’s position is that there is an undivided sovereignty. Taiwan’s position is that there is one, undivided sovereignty of China, and that the ROC is the sole legitimate representative of that sovereignty. Su Chi, “The history of the One China with varying definitions Consensus,” Nov. 4, 2002, National Policy Foundation, http://old.npf.org.tw/PUBLICATION/NS/091/NS-B-091-023.htm.

Relations across the Straits (ARATS). The two semi-official organizations have reached 16 agreements on a wide range of functional and economic issues. Among them, ECFA, a preferential trade agreement that aims to reduce tariffs and commercial barriers, stands out.\(^3\) The pact, signed on June 29, 2010, in Chongqing, China, was viewed as the most important cross-Strait agreement since 1949. Taiwan’s Executive Yuan approved ECFA on July 2. Legislative Yuan (LY) enacted the agreement on August 18, and has been put into effect as a law on January 1, 2011. Under the 16-article agreement, Taiwan and China will reach a zero-tariff goal on goods within two years after its implementation.\(^4\)

Ma’s administration stated that ECFA is a watershed in cross-Strait relations and gives Taiwan the opportunity to integrate more fully into the East Asian economy.\(^5\) However, the opposition parties (Democratic Progressive Party, DPP; and Taiwan Solidarity Union, TSU) in Taiwan criticized ECFA as inadequately attentive to the needs of most people and the increased economic dependence on China would even lead to the loss of its sovereignty.\(^6\) To counter these accusations, the KMT government released the results of a poll conducted shortly after the agreement was concluded reporting 60–70 percent favor of the outcome. Taiwan’s Mainland Affairs Council (MAC) attributed the growth in support after ECFA was signed both to the confirmation that Taiwan agriculture would not be impacted and Chinese laborers would not be allowed into Taiwan. The governments of China and the U.S. were in same tune with Ma’s administration. For example, a China spokesman hailed ECFA as signifying that cross-Strait economic relations had entered into a stage of institutionalized cooperation, creating a new pattern of greater mutual communication and cooperation. The U.S. government welcomed the increased cross-Strait dialogue and interaction that the agreement represented.\(^7\)

As noted by the Ma’s administration, ECFA is essential to Taiwan’s economy not only because it refers to a more cooperative cross-Strait business relations, but


\(^7\) Alan D. Romberg, “Cross-Strait Relations: Setting the Stage for 2012,” China Leadership Monitor, no. 34, p.3.
revealing a broader scope for Taiwan’s economy in both the scales of the East Asia and the world.\(^8\) Ever since ECFA became a pressing agenda for President Ma, the relevant government organizations had devoted tremendous efforts to shaping the positive facets of ECFA in an attempt to rally for public support. This paper explores how President Ma’s administration built a public consensus by establishing a strategic collaboration between the government and the general public. All decisions made by Ma’s administration were behind close-doors, and as such the details and the decision-making process were not made known to the public. This paper thus adopts an approach of literature reviews and interviews that tries to provide an empirical assessment.

This study aims to contribute with the following results: 1) to expand upon strategic collaboration and consensus-building studies from both theoretical and empirical perspectives; 2) to understand the rationales why President Ma attempted to raise awareness of a potential economic crisis in Taiwan; 3) to explore the relevant organizations which created strategies to promote ECFA; and 4) to understand how the government implemented the strategies to build domestic consensus. The research question of this paper is: how did Ma’s administration devise and implement strategies to garner support for ECFA from the general public?

II. Research framework

As the international economy becomes more closely integrated, regional groupings of states have increased their cooperation in order to improve their bargaining positions, and to promote political and economic objectives. According to Robert Gilpin, economists are convinced that free trade is superior to trade protection and can produce a number of specific benefits: 1) increasing competition in domestic markets as well as consumer choice; 2) augmenting national wealth by enabling countries to specialize and export those goods and services from which they can claim to have a comparative advantage; 3) encouraging the international spread of know-how and thus providing developing economies with the opportunity to catch up in productivity with more advanced economies; and 4) entailing the prospects of world peace.\(^9\)

Although free trade offers many economic incentives, trade issues have involved culture and sovereignty issues that are not easily amenable to solutions that are

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acceptable to all states. As trade penetrates deeply into national societies, it becomes increasingly entwined with politically sensitive matters and at times comes into conflict with domestic interests.\textsuperscript{10} Gilpin’s argument reflects well the cross-Straits relations. Even though most people in Taiwan agree that free trade with China is beneficial to domestic economy, some are worried that China’s economic incentives serve mainly to prevent Taiwan from seeking autonomy and in the process of speeding up its goal of unification. As both sides have been separated for more than 60 years, people in Taiwan have developed their unique identities and cultures different from those of people in China.

ECFA was drafted based on the “1992 Consensus” which asserts that both Taiwan and China belong to the same China, but both sides verbally express the meaning of that one China according to their own definition. Built upon the 1992 Consensus, ECFA got on sensitive nerves of the long-standing social dispute in Taiwan composed of ethnic groups differentiate by their thoughts of the “One China principle.” The ruling party, KMT, accepts “One China Policy” under the ROC Constitution and claims that there is one, undivided sovereignty of China, and that the Republic of China is the sole legitimate representative of that sovereignty. However, the DPP and TSU, the pro-Taiwan independence parties, rejects the “One China Policy.” As a result, ECFA has become a thorny issue in which KMT and opposition parties engage. In an attempt to reduce arising political concerns, the Ma administration has been focused more on its economic prospect rather than underlying political context in promoting ECFA.\textsuperscript{11} Hence, the conflicting voices of signing ECFA with China have created an ideal case study.

This study adopts the strategic collaboration theory to assess the perception of government leaders with respect to the establishment of strategic collaboration and the promotion of important policies to the general public. It explains why state leaders have to be better attuned to the feelings of the opposition parties and to improve their communication skills with the general public. Building credibility with those who will be affected, identifying public concerns, developing consensus among the affected parties, producing better decisions, and enhancing democratic practice are common goals in efficient government policy-making. While all these goals are difficult to

\textsuperscript{10} Ibid., p. 202.
\textsuperscript{11} Wayne Chen, “From ECFA, Taiwan is Extending Its Trade Horizon to the Globe,” \textit{Asia-Pacific Perspectives}, http://www.ctpecc.org.tw/publications/Perspectives9904.pdf.
achieve, a few of them may be attainable. In general, a successful strategic collaboration within an organization would proceed in the following manner: 1) an idea emerges; 2) recruit a set of individual and hold meetings to discuss the idea; 3) the group brainstorms; 4) decide whether strategic collaboration is appropriate; 5) recruit participants for collaboration; and 6) make decisions based on a common vision.\textsuperscript{12} A leader also prescribes a core set of strategies—creating an inspiring vision, enlisting followers, and aligning stakeholders to facilitate their performance—before implementing important government policies.\textsuperscript{13}

Based on the aforementioned observations, a broad-based framework is proposed. First of all, raise the general awareness of a potential crisis. A capable state leader will raise the issues which are closely related to the livelihood of and are of great concern to the general public. Individuals will naturally pay more attention to the problems relevant to their livelihood. Thus the leader can elevate the problem to priority status by creating a sense of urgency and can-do capability.\textsuperscript{14}

Secondly, form working groups. A leader first identifies the full spectrum of stakeholders and knowledge-holders, then enlists the core working group members and designs multiple levels of participation to allow for a broader reach. A process that allocates time for problem defining and re-defining is also needed.\textsuperscript{15}

Thirdly, create strategies. After convening the stakeholders, the leader helps them to convert and transform their concerns and interests into viable action strategies to which they can commit energy and resources. The stakeholders in turn facilitate agreements on specific strategies, projects, and initiatives that are intended to achieve the desired results.\textsuperscript{16}

Lastly, implement strategies. After building the constituent support and advocacy coalition, the leader starts to mobilize resources while maintaining a commitment to

\textsuperscript{12} Dorothy Norris-Tirrell and Jou A. Clay, Strategic Collaboration in Public and Nonprofit Administration: A Practice-Based Approach to Solving Shared Problems (New York: Taylor & Francis Group, 2010), p. 49.


\textsuperscript{16} Henton, D. Building Economic Community: How Civic Entrepreneurs Are Transforming America (San Francisco: Jossey-Bass, 1997).
Hence, this study utilizes the strategic collaboration theory to examine President Ma Ying-Jiu’s strategies for promoting ECFA in Taiwan in an attempt to contribute to both the theoretical and empirical perspectives of decision-making process of Taiwan government.

III. Results
1. Raising awareness of potential crisis

A popular leader highlights the potential crisis that is closely relevant to the concern of the general public. The leader can prioritize the issue and allocate government resources accordingly to prevent a crisis from happening. For example, compared to the Association of Southeast Asian Nations (ASEAN) which had signed Free Trade Agreements (FTAs) with China, South Korea, Japan, New Zealand, Australia, and India, Taiwan had only signed five bilateral FTAs with its diplomatic allies from Central American countries. And these mutual agreements only account for 0.187% of Taiwan’s total global exports. So far Taiwan has not signed any FTA with its regional and major economic partners. President Ma perceived that Taiwan economy would be in a very unfavorable position if Taiwan failed to sign bilateral FTAs with the United States, Europe and East Asian countries which presently constitute 89% of its total exports. In 2008 the Taiwan trade surplus with the rest of the world was US$14.8 billion, while that with China and Hong Kong was US$66.7 billion. Since China lowered tariffs on ASEAN imports in 2005, its imports from ASEAN have surpassed those from Taiwan in value for the first time. As regional

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18 Taipei has long sought to sign FTAs with other governments. But so far it has made little headway. Only five governments in Central America have signed. They are Panama, Guatemala, Nicaragua, Honduras, and El Salvador. The problem is primarily political opposition from Beijing. Taipei’s major trading partners are not diplomatic allies. “President Ma is Determined to Sign FTAs,” May 4, 2010, *China Times*, http://datelinetaipei.wordpress.com/2010/05/04/president-ma-is-determined-to-sign-ftas/.

19 Before the signing of the ASEAN + Korea FTA, the annual growth rate of Taiwan’s average exports to ASEAN 10 was 20.1%, while Korea’s rate was 16.6%. After the said FTA went into effect, Taiwan’s growth rate became 11.8%, and Korea’s increased to 24.0%. Before the signing of the Singapore + Korea FTA, the annual growth rate of Taiwan’s average exports to Singapore was 20.4%, while Korea’s was 20.9%. After the said FTA went into effect, Taiwan’s growth rate became 13.2%, and Korea’s increased to 30.1%. Bureau of Foreign Trade, Ministry of Economic Affairs, “The Content and Possible Effects of the Cross-Strait Economic Cooperation Framework Agreement (ECFA),” January 2010. See, http://ecfa.cla.gov.tw/site/45cc121a/4b71250c/4b98927d/files/3-8.pdf.

integration continues, Taiwan’s global competitiveness will decline to a severe level and its economy will suffer greatly. Given that signatories provide tariff exemptions on a reciprocal basis, failing to sign FTAs with key trading partners puts Taiwan at risk of being marginalized and thereby losing its competitiveness in major markets. Signing agreements with China will help Taiwan participate in regional economic integration and mitigate the risk of economic marginalization. Worried about Taiwan’s future economic situation, President Ma held an important meeting with his economic team on February 21, 2009. Ma’s economic advisors suggested liberalizing Taiwan’s major trading markets as a means to increase economic growth. Some major Taiwanese business tycoons have also appealed to President Ma to take urgent measures to enhance business competitiveness in China. Indeed, both government and businesses were concerned about the impact of ASEAN+1 and ASEAN+3 on Taiwan’s competitiveness in the Chinese market.

For President Ma’s strategic consideration, improved cross-Straits relations and engaging free trade negotiations with China would help Taiwan to break out of its trade liberalization isolation and allow it to sign FTAs with its major trading partners. Ma’s administration initially decided to propose the signing of Comprehensive Economic Cooperation Arrangement (CECA) with China to fulfill the promise he made during the presidential campaign. However, there were strong objections from opposition parties about the name, citing that the sound of CECA is too close to the pact—CEPA (Closer Economic Partnership Arrangement), which is an agreement signed between China and its two special administrative regions, Hong Kong and Macau. The opposition parties accused the ruling party of belittling Taiwan’s status. To prevent the sensitivity of
names from turning into unnecessary political disputes, President Ma decided to change the name of CECA to ECFA.\footnote{ECFA won’t boost China imports,” The China Post, March 6, 2009. http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2009/03/06/198915/ECFA-wont.htm.}

If Taiwan is unable to sign FTAs with its major trading partners and gradually loses its competitive edge in the Chinese market, its economy will suffer a serious blow. President Ma therefore decided to promote ECFA in order to improve Taiwan’s stagnant economy. To build consensus within the intra-organizations of the government, President Ma warned of a likely economic crisis in Taiwan if the pact were not signed. He also mentioned other consequences on the domestic economy and the livelihood of Taiwan. In this way he elevated ECFA to be a top priority in his China policy. One can see that when a leader foresees a potential crisis he would bring the issue to public attention in the hope of winning public support and paving the way for the implementation of an important government remedial policy.

\section*{2. Forming working groups}

After addressing the possibility of an economic crisis, the leader starts to identify the stakeholders who can form the working group. This group will then define the problem and come up with the solutions. Having acknowledged a potential gloomy economy, President Ma began to recruit his working team by selling ECFA as a means to fulfill his campaign promise of improving Taiwan’s economy. As the signing of ECFA will have a tremendous influence on domestic industries and may even touch on sensitive cross-Straits issues, President Ma acknowledged that the successful promotion of ECFA required cooperation and coordination of feasible policies within the intra-organizations of the government. The National Security Council (NSC), the highest national security organ in Taiwan, serves as a major consultant to provide the President with an overall assessment regarding security issues. Besides the NSC, the National Policy Foundation of the ruling party’s think tank also offers varied recommendations and research papers.\footnote{Interview with senior official from the Mainland Affairs Council.} The NSC, however, did not play a leading role on the negotiations of ECFA because this agreement involved economic and legal issues.\footnote{Interview with research fellow from the NSC.} President Ma also assigned former Premier Wu Den-yih (the head of Executive Yuan) the task of supervising the process of ECFA while the Mainland Affairs Council (MAC) and Ministry of Economic Affairs (MEC) under the Executive
Yuan were the two key organizations which set agendas, negotiations, and implementation. The MAC is responsible for planning policies, enacting regulations, and implementing policies of ECFA from the strategic and political perspectives while the MEC shoulders the responsibility of determining the content of the agreements and negotiations with China for the technical and legal aspects of ECFA. Another semi-official organization, the Straits Exchange Foundation (SEF), was in charge of dealing with technical or business matters with China, and served as a crucial player for direct contact with its counterpart, Association for Relations across the Taiwan Straits (ARATS), in China.

Other government organizations actively promoting ECFA are the Ministry of Finance, Ministry of Transportation and Communications, Council of Agriculture, Council for Economic Planning and Development, and Council of Labor Affairs. Within these organizations, the Council of Agriculture Affairs and Council of Labor Affairs are particularly important. According to studies from some academic institutes, ECFA might have a negative impact on certain weaker Taiwan industries and the livelihood of farmers and labors. These two councils have been called to initiate countermeasures to mitigate the potential impact. To come up with scientific evidence, the major think tanks (Chung-Hua Institution for Economic Research, Foundation on Asia-Pacific Peace Studies, Cross-Strait Interflow Prospect Foundation, and Academia Sinica) were asked to study the pros and cons of ECFA with government financial assistance. In addition, universities such as the National Chengchi University, the National Taiwan University, and National Sun Yat-sen University have also held seminars for debates on ECFA. The results of these academic researches were used by the government as references for improving policy-making that concerned ECFA issues. Since ECFA was the most important policy since Ma Ying-Jing assumed presidency, some government organizations responsible for cross-Straits, economy, agriculture, and labor issues from central to local governments as well as research organizations have been actively involved in promoting positive aspects of ECFA.

29 Interview with senior official from the Mainland Affairs Council.
32 ARATS is an organization set up by the China for handling technical or business matters with Taiwan Ministry of Economic Affairs, “The Concept and Implementation of the Cross-Strait Economic Cooperation Framework Agreement (ECFA),” The 7th Session of the 8th meeting of Economic Commission of Legislative Yuan, April 13, 2009.
President Ma realized that this cross-Straits economy agreement would definitely encounter a daunting challenge from opposition parties (DPP and TSU). As these two parties have strong grassroots foundation, the government had to double its efforts to convince them of the benefits of ECFA and to lessen their suspicions. More importantly, the scale of ECFA included comprehensive aspects requiring the cooperation of various organizations. President Ma has recruited relevant organizations and affiliated think tanks to evaluate, promote, and implement ECFA. The above examples have shown that President Ma has basically identified the stakeholders, enlisted his working group members, and designed multiple levels of participation to ensure a broader reach before creating feasible strategies.

3. Creating strategies

After identifying stakeholders, leaders convert their concerns into feasible strategies to achieve objectives. In Taiwan, ECFA has already received strong criticism from the opposition parties. They condemned the ruling party of selling Taiwan’s interests in exchange for closer cross-Straits economic ties, and considered that normalizing economic relations with China would be tantamount to the “Hongkongization” of Taiwan. Pan-Green Coalition also demanded that the people and the legislators have the right to be informed in any agreement that may have a major impact on their way of life. To respond demands of Pan-Green Coalition, the Ma’s administration created the following strategies to justify its China policy.

1) Promoting the agreement will benefit Taiwan’s economy

Ma’s administration has chosen the strategy of proactively promoting the benefits of ECFA by utilizing the resources of government organs. They highlighted the main theme of ECFA as a purely bilateral economic agreement which can “richly cultivating Taiwan while linking up with the world.” Ma’s working groups declared that this free trade pact would recover Taiwan’s economy from the global financial crisis. Although in itself ECFA is not a panacea, it can help Taiwan avoid being marginalized in the process.

34 The author raised question to Joseph Chao-hsieh Wu, the former Chairman Affair Council and the head of the Taipei Economic and Cultural Representative Office in Washington, while he was delivering a speech in Chengchi University.
of economic globalization and regional economic integration. After it puts into effect, Taiwan can facilitate its economic restructuring and boost the competitiveness within global market. Relevant organizations have used the research reports done by MAC and Chung-Hua Institution for Economic Research to highlight that ECFA added around 1.7% to Taiwan economic growth and created approximately 260,000 jobs. They accentuated the fact that entering Chinese market before other trade competitors can attract foreign direct investment, and Taiwan will then have an inflow of new foreign direct investment totaling $8.9 billion over the next seven years. ECFA can also enable Taiwan to become a priority cooperation partner for foreign businesses seeking investment in China. In this way, Taiwanese enterprises in China can expand their purchases from Taiwan to raise the competitiveness of local industries and keep Taiwan in the manufacturing supply chain. It can further accelerate Taiwan’s transformation into a regional industrial operation center.37

2) Advocating government’s contribution to Taiwan security

The security strategy planners of the Ma’s administration stressed that ECFA would not touch upon the sensitive issue of unification, nor would it depend on any political premises. They underlined that the agreement would not contain any political language and it would purely regulate the cross-Straits trade activities and cooperation. As China still poses a threat to Taiwan’s security, President Ma believes that the feasible approach for Taiwan to alleviate the threat would be a good hedging strategy. This means staying strong economically in the face of rising China. He repeatedly stressed that if Taiwan remains weak there would be no point in talking about its autonomy and security. Taiwan is a fully democratic country and this would be a powerful weapon to serve as a role model in guiding China in its move toward democracy. President Ma underlined that Taiwan security would be better served by making the Taiwan economy more valuable to China. If ECFA can produce the desired outcome, it will make China and Taiwan as stakeholders in each other’s economy, thereby providing incentives for maintaining peace and stability across the Taiwan Strait.38 The way President Ma sees it, ECFA can create favorable conditions for greater bilateral exchanges and cooperation which can provide the prospect of a peaceful resolution of their differences on political issues.

37 The author attended the speech by a senior officer from International Trade Bureau of the Ministry of Economic Affairs at Chengchi University.
38 Zhao Hong & Sarah Y. Tong, Taiwan-Mainland Economic Cooperation Framework Agreement (ECFA): Implications for Cross-Strait Relations, EAI Background Brief, No. 452, 21 May 2009.
3) Highlighting the international support for ECFA

Besides praising ECFA would be conducive to Taiwan’s economy and security, the ruling party has particularly underscored the international support for ECFA to justify its claims. Since Taiwan proposed the initiatives of ECFA, many countries have expressed their welcome as well as a positive acceptance. For example, the American Chamber of Commerce stated in its 2009 Taiwan White Paper that “the conclusion of ECFA would pave the way for Taiwan to participate in regional trade blocs and enter into bilateral FTAs with additional trading partners.” David Shear, Deputy Assistant Secretary for East Asian and Pacific Affairs, gave a speech on July 7, 2010. He stated that “the signing of ECFA will lower or eliminate tariffs on hundreds of commodities. The U.S. welcomes the increased trade and people-to-people ties that will necessarily result from this agreement.” A report by the U.S. think tank, the Peterson Institute for International Economics, said that Taiwan’s GDP will grow by about 4.5 percent from the current level due to the effects of ECFA. On January 19, 2010, President Barack Obama applauded ECFA between the two sides of the Taiwan Strait and welcomed the new lines of communications developing between them at meeting with Chinese President Hu Jintao. A 2009 Taiwan White Paper Issue released by the Japanese Chamber of Commerce and Industry affirmed that if ECFA comes into being, it should form a greater opportunity for Taiwan and Japan to discuss signing an FTA. Hence, Japan looks forward to progress being made in ECFA negotiations. The European Chamber of Commerce also had their fair share of positive comments in its 2009-2010 Position Paper: “The sooner Taiwan signs ECFA with China, the quicker political impediments to other countries signing economic agreements with Taiwan will be removed.” In the past, China has tried to block Taiwan from signing trade agreements with other countries due to the political reasons. But that opposition appears to be changing as Taiwan and Singapore have already discussed a trade deal after the signing of ECFA. Japan, Philippines, and Malaysia also expressed their interests to reach an investment protection deal with Taiwan. The Ministry of Foreign Affairs has also

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41 Wayne Chen, “From ECFA, Taiwan is Extending Its Trade Horizon to the Globe,” Asia-Pacific Perspectives, pp. 10-14.
43 Daniel H. Rosen and Zhi Wang, “Deepening China-Taiwan Relations through the Economic
been assigned by the government to form strategies that can project to foreign countries the attractiveness of signing FTAs with Taiwan.\textsuperscript{44} President Ma understood that ECFA enables Taiwan’s economy to integrate with other countries in the Asia-Pacific region. The favorable wordings of ECFA from Taiwan major trading partners have been highlighted by the Ma’s working team as a tool to refute the criticism from the opposition parties.

4) Taking an incremental approach to meet Taiwan best interests

As a framework agreement, ECFA needs a long process of gradual implementation after its signing. Though the document brings long-term benefits, there will also be short-term impacts. Thus, Ma’s government has taken on an incremental approach while seeking to obtain interests for Taiwan. President Ma emphasized that negotiations on ECFA would be taken from simple to complex issues, and dealing first with highly complementary sectors and urgent items, and later with controversial issues. An “Early Harvest” approach (those products identified in the agreement for early tariff reductions) in conjunction with an adjustment period would meet Taiwan’s urgent needs, taking into account the short-, medium- and long-term economic development needs. Early Harvest list came into effect on January 1, 2011, includes 539 products worth US$13,837 million, accounting for 16.14% of the total exports of Taiwan to China.

Wang Yi, a director of PRC’s Taiwan Affair Office, spelled out five concessions China would make in regard to the “early harvest” lists: first, the amount of China’s items on the early harvest list will be fewer than those of Taiwan; second, in choosing Taiwan products that will receive tax reduction, China will do its best to benefit Taiwan’s small- and medium-sized enterprises as well as those at the grassroots; third, China will do its best not to affect Taiwan’s weak industries; fourth, China will not request that it be allowed to export more agricultural items to Taiwan; and finally, China has no intention of exporting laborers to Taiwan.\textsuperscript{45} Taiwan’s Ministry of Economic Affairs stated that it would strengthen the risk management system by enhancing the monitoring of imports from China and setting up of a cross-Straits trade relief system in place of unsafe commodity alert mechanism. Ma’s strategy is intended to send a clear message to the public that the government has been taking a careful, flexible, and incremental approach in line with the interests of Taiwan.

\textsuperscript{44} Interview with officials from the Ministry of Foreign Affairs.

5) Emphasizing ECFA is merely an economic agreement

In an attempt to reduce arising political concerns in promoting ECFA, the Ma administration has been focused more on its economic prospect. ECFA is trying hard to win support by performing as a gateway leading Taiwan to a prosperous economy and to closer international connection where China would not boycott Taiwanese effort.\(^{46}\) The ruling party emphasized that ECFA is purely an economic agreement and adheres to the principles of equality and reciprocity with an aim to strengthening cross-Straits trade relations. The government’s publications also stated that the objectives of ECFA are to advance the economic, trade and investment cooperation across the Taiwan Strait; to promote further liberalization of trade in goods and services between the two sides; and to establish fair and transparent investment protection mechanisms. It is clear that Ma’s administration attempted to express to the public that ECFA would be a strictly economic arrangement and not a political one.

These examples show that promoting the normalization of cross-Straits economic relations, avoiding that Taiwan becomes marginalized, and elevating Taiwan’s position as an attractive venue for regional investment are three main pillars for President Ma in selling ECFA. In defending the opposing voices from the opposition parties and winning approval from the people, the government has come up with the strategies to showcase the favorable side of the agreement: contributing to Taiwan security, highlighting the international support, adopting an incremental approach, and emphasizing ECFA is merely an economic agreement. One can see that after President Ma had formed his working group, the government began to formulate specific strategies that are ready for future implementation.

4. Implementing strategies

After the relevant organizations have proposed their strategies, the decision makers would evaluate their pros and cons, and then choose the strategies with maximizing value as well as lower cost. Then, the leader will mobilize the government resources to implement the strategies.\(^{47}\) Ever since the Ma’s administration announced the decision of initiating ECFA in February 2010, the executive branches have proposed various options. After screening out unfeasible ones, the relevant organizations started to

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46 Wayne Chen, “From ECFA, Taiwan is Extending Its Trade Horizon to the Globe,” *Asia-Pacific Perspectives*, pp. 10-14.

conduct various planning and the active promotion of ECFA through different channels. The implementing strategies include the following approaches:

1) Highlighting the favorable survey

During the period of implementing strategies, the ruling party had shown favorable surveys to sell its policy to win support from all sectors in Taiwan. Since ECFA has aroused widespread attention and become a focal point of debates in Taiwan, the MAC commissioned Berkeley Business Information Greater China to conduct the public opinion survey from April 8 to 11, 2009. The result showed that the people in Taiwan had a positive view on ECFA. “About 60 percent of the public believed the signing of ECFA would be conducive to the negotiations and signing of free trade agreements with other countries. In addition, over half of respondents believed ECFA were aimed at dealing with economic issues and would not dwarf Taiwan’s sovereignty.” On July 6, 2010, the MAC released another survey. The poll found that nearly 61 percent of respondents support ECFA negotiation results. 79.3 percent endorsed the government’s handling of cross-Straits affairs via the institutionalized negotiations. MAC Deputy Minister Chao Chien-min said the survey results met the government’s goal of obtaining at least 60 percent public supports for ECFA. It also revealed that over 59.2 percent of respondents saw the agreement as being beneficial to Taiwan’s long-term economic development. Ma’s working group utilized various optimistic polls to win over approval of general public to smooth its process of implementing ECFA.

2) Increasing communications in all walks of lives

In keeping with President Ma’s directive to prioritize promotion of the pact’s advantages, a series of measures of communication aimed at informing the public and related industries about ECFA and its potential impacts have been put in place. Based on their area of responsibilities the related organizations have produced television commercials, established ECFA website, held forums to communicate with the residents of central and southern Taiwan in particular, broadcasted radio programs in

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different dialects, and published easy-to-understand brochures. The ruling party also held the first ever televised debate on ECFA between President Ma and DPP Chairwoman Tsai Ing-wen on June 25, 2010. In deference to the opposition party’s criticism that ECFA would damage the rights of farmers and laborers, the Ma’s administration argued that the former DPP government under Chen Shui-Bian leadership has caused damage to the livelihoods of farmers by lifting restrictions on Chinese agriculture imports to Taiwan without accompanying counter-measures. The current government stressed that since President Ma has taken power his administration has been working hard to remedy the damage inflicted upon farmers. More than eight hundred and thirty Chinese agricultural products previously agreed by the former government have not yet been allowed into Taiwan. The government would not ease restrictions on such imports. In light of ECFA’s potential negative effects, the Council of Agriculture Affairs and Council of Labor Affairs have come up with supportive strategies to protect the rights and interests of farmers and laborers by allocating a budget of NT$95 billion as well as providing non-financial assistance to upgrade their competitiveness. The above promotion campaigns were aimed at helping people to have a better understanding about ECFA and thereby support the government’s position.

3) Gaining support from the law-making body

Besides highlighting the favorable survey and increasing communications, the ruling party also tried to gain support from the Legislative Yuan (LY). The incumbent government stated that it abided by three criteria of “meeting the nation’s need, winning the support of the public, and proceeding with legislative oversight concerning the issues of ECFA.” The government would report the details of cross-Strait negotiations to the Speaker, party caucus, and various committees of LY to ensure legislative oversight. Once penned down on paper, the pact would not come into effect until passed by the LY. However, the DPP demanded an article-by-article review of the agreement with votes on every single article, while the KMT caucus wanted a single vote for the entire ECFA package. Ma’s administration said that an individual review was

54 The DPP sought to enhance the legislature’s oversight function, while the Ma’s administration tried to ensure that the LY would not pick the agreement apart. The Ma’s administration argued that, although not a “treaty”—because it is not an agreement between two countries—ECFA has the characteristics of
unnecessary and would compromise Taiwan’s ability to negotiate free-trade agreements with other countries. Despite of the disagreement of reviewing ECFA, Ma’s administration has established close working relations with the lawmakers from the ruling party by providing updated information to gain their support. As the current government currently enjoyed the majority seats in LY, ECFA was eventually passed on August 18 and took effect September 12.

4) Holding a referendum as opposition

There was much controversy in Taiwan over ECFA about the potential effects on local Taiwanese businesses and the manner in which ECFA was presented to the public by the government. The DPP and other pro-independence groups believed ECFA was a cover for unification with China. The opponents also indicated concerns about allowing the influx of Chinese white-collar workers or professionals to work in Taiwan, which may put the job security of locals at risk. To justify its claim that people had the right to have a voice on government’s important policies, the DPP demanded that the ruling party held a referendum on ECFA. They succeeded in getting the initial quota of signatures needed for their draft proposal calling for a referendum. However, the Referendum Review Committee of the Executive Yuan rejected the proposal as vague and premature. Given that ECFA was solely an economic pact, the government claimed that it should be discussed on rational grounds through a democratic mechanism so as to establish consensus among all segments of society. Considering such a pact involved highly technical issues, it was inappropriate to resort to a referendum. It further emphasized that a referendum was time-consuming and expensive. It would cost around NT$500 million to be held. If the government were to hold a referendum for every major policy, it would be a daunting task for the government to operate. The Ma administration argued that “ECFA is purely an economic matter that does not involve the issue of sovereignty or politics. As a general rule, countries do not ratify FTAs through a referendum.” The ruling party has used various measures to stall DPP’s attempts to hold a referendum on ECFA.

5) Competing with the opposition party

a treaty and should therefore be treated as one. Alan D. Romberg, “Cross-Strait Relations: Setting the Stage for 2012,” China Leadership Monitor, no. 34, pp.4-5.


The competitions and heated debates between the ruling party and opposition party heated up within Taiwan over ECFA. The ruling party and DPP seemed to be targeting somewhat different audiences. The government exerted its efforts at residents of central and southern part of Taiwan, low and medium-income households, and small- and medium-sized enterprises. Convincing people that ECFA not only would not hurt their interests but would help them become a high priority. The DPP, however, aimed at young people, college graduates, and housewives, and charged that ECFA would put at risk the jobs of up to 5.9 million white-collar workers. DPP’s lawmakers also charged that traditional industries would be severely hurt, and their employees pushed out of work. Ma Ying-jeou countered by highlighting programs to assist those workers and industries that might be negatively affected by ECFA. DPP chairwoman Tsai Ing-wen asserted that because a trade deal with China was so important that general public should be fully informed. Ma responded that “once it will not affect subsequent talks,” his government would inform the public of the results of the negotiations so as not to give the impression of conducting closed-door operations. On the DPP charge that massive numbers of white-collar workers could lose their jobs, the Ma’s administration insisted that, except for some very limited categories of senior managers who are allowed to work in foreign-invested companies, no Chinese white-collar workers or professionals would be permitted to enter Taiwan to work. In the end, Ma seemed to score points with the public by highlighting the fact that the DPP caucus in the LY had either not shown up for briefings, or had attended only to disrupt the sessions rather than inquiring officials who appeared as one might have anticipated.

In sum, after the ruling party had laid out its strategies for pushing ECFA, the related organizations from central to local governments have started to establish communications via various approaches to the people in Taiwan. They have implemented the strategies of presenting favorable surveys, increasing communications, gaining support from Congress, and promising compensation to the disfavored industries. At first sight it seems that the Ma’s administration has successfully promoted this economic pact. Nevertheless due to the dual-party divisions on ECFA, the Ma administration will continue to face daunting challenge in dealing with this issue in view of future cross-Strait relations.

59 Ibid., p.7.
VI. Conclusion

The realization of ECFA has the following five phases: 1) Individual research phase: Taiwan and China engaged their individual research to pinpoint the pros and cons of the agreement. Both sides had wrapped up their individual studies and released their results in public in July and October 2009 respectively. 2) Collective research phase: Taiwan’s Chung-Hua Institution for Economic Research and China’s Academy of International Trade and Economic Cooperation had conducted a collective program of research. They made their results public on January 20, 2010 by underlining that ECFA would be beneficial for cross-Straits economy. 3) Signing of ECFA: The representatives from Taiwan and China have inked the agreement in China on June 29, 2010. 4) The review by Legislative Yuan: The lawmakers reviewed the content of ECFA and then enacted the agreement on August 18, 2010. 5) The implementation of the ECFA: The pact has become law on January 1, 2011 before coming into full effect.

The findings of this study are as follows: At the initial stage of raising awareness, President Ma highlighted that if Taiwan fails to sign the FTA with the major trading partners, Taiwan’s economy and the people livelihood will suffer greatly. It proves that when a leader foresees the potential crisis he or she would prioritize the agenda for public attention to gain the support from people and pave the way for the government to implement the required policy. At the stage of forming working groups, Ma enlisted his working group members from his administration. Relevant organizations based on their own areas of the responsibilities could then create feasible strategies to realize ECFA. At the stage of creating strategies, the government actively promoted the bright side of the pact and underlined the rights of people that would be protected. At the stage of implementation, the Ma’s administration has implemented the policies of increased communication with the people and has attempted to gain support from LY. In a nutshell, the study shows that the theories of strategic collaboration can be applied to President Ma Ying-jeou’s strategies to promote ECFA in Taiwan.
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