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Change in Taiwan policy under Xi Jinping administration: an internalized policy-making process

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ABSTRACT



After the Democratic Progressive Party (DPP) gained power in 2016, the cross-strait communication channels were gradually closed. The mainland's Taiwan policy was changed, resulting in an internalization of the policy-making process. This paper manifests the internalization through the case study of the "31 Preferential Policies for Taiwan" launched in 2018. This new Taiwan policy originated from the local governments' initiative to establish local policy pools that are partially transformed into the new Taiwan policy, hence the implementation nationwide. The local track of central leaders, which is a key variable, significantly influences the policy-making process.

KEYWORDS

China's Taiwan Policy; Policy Pool; 31 Policies; Local Track; Fujian FTZ

China is now in its most potent period since the late 19th century. Though its international standing has not revived to the level of the "Reign of Zhenguan" of the Tang dynasty or the "The booming age of Kangxi and Qianlong" of the Qing dynasty, to which the Chinese have always aspired, there is no doubt that China has become one of the few major powers in the world. Exploring the mainland's policy toward Taiwan under Xi Jinping helps us understand this distinctly different major power from the democratic state.

After the DPP regained power in Taiwan in 2016, several notable changes occurred in the mainland's Taiwan policy. Beijing no longer actively used official cross-strait communication channels at the central level and suspended cross-party consultations between the Kuomintang and the Communist Party. At the same time, the mainland began unilaterally formulating its policy toward Taiwan. These include the "Certain Measures to Promote Cross-Straits Economic and Cultural Exchanges and Cooperation (guanyu cujin liangan jingji wenhua jiaoliu hezuo de ruogan cuoshi, ")¹ promulgated in February 2018 ("31 preferential policies for Taiwan" or "the 31 Policies," sanshiyitia), the restrictive measures on tourism to Taiwan since August 2019², the

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¹Taiwan Affairs Office, and National Development and Reform Commission, "Guanyu Yinfa 'Guanyu Cujin Liangan Jingji Wenhua Jiaoliu Hezuo De Ruogan Cuoshi' De Tongzhi," [Circular on the Issuance of Several Measures to Promote Cross-Strait Economic and Cultural Exchanges and Cooperation], Taiwan Affairs Office of the State Council PRC, February 28 2018. http://www.gwytb.gov.cn/wyly/201802/t20180228_11928139.htm (accessed August 31 2020).

²Zhao, B and Yu, J, "Dalu Jumin Futai Gerenyou Shidian 8 Yue 1 Ri Qi Zan Ting," [Individual travel pilot for mainland residents to Taiwan suspended from Aug. 1], Xinhua Net, July 31 2019. http://www.xinhuanet.com/2019-07/31/c_1124820658.htm (accessed November 2 2020).

“Certain Measures to Further Promote Cross-Straits Economic and Cultural Exchanges and Cooperation” promulgated in November 2019³, and the amendment of the Law of the People’s Republic of China on the Protection of Investments by Taiwan Compatriots in December 2019⁴, etc.

This paper argues that since 2016, there has been a trend of internalization of mainland policy-making toward Taiwan. Through a case study of the 31 policies, this paper demonstrates an internalized process of Taiwan policy-making. The process consists of 3 phases, starting with local governments taking the initiative to create policy pools; then, the central government partially activates policies from those local policy pools to formulate new policies toward Taiwan; and finally, the central government extends the new policy to all provinces across the country. The paper also examines the influence exerted by a key variable, the local track of central leadership, on the new policy process’s first two phases.

With reference to and drawing on conventional wisdom, this study contributes to the field of cross-strait relations and China’s foreign policy decisions. As a former forefront official dealing with Taiwan issues, the understanding of Taiwan gained by Xi Jinping in local government has undoubtedly influenced the current mainland Taiwan policy. Examining this new variable will deepen the understanding of the central-local relationship in the foreign policy-making process. In recent years, several scholars have actively affirmed the role of local governments as foreign policy-making actors⁵. By examining the policy pool, this paper questions the over-evaluation of the role of local governments in previous studies.

1 A new model of Taiwan policy making process

Since 2016, the 31 Policies were the most significant and influential policy toward Taiwan, so that this paper utilizes the making process of the 31 Policies as the case study. The sources consist of public documents of central and local governments, government meeting minutes, statements from the party and government officials, and recently published interviews with former Fujian officials.

The policy-making process of the 31 Policies shows the trend of internalization within the mainland’s Taiwan policy. Internalization means that the policy-making process toward Taiwan is done entirely within China’s domestic political system. That is, policies are first made at the local government level, then the central government uses local policies as the

³“Guanyu Jinyibu Cujin Liangan Jingji Wenhua Jiaoliu Hezuo De Ruogan Cuoshi,” [Several Measures to Further Promote Cross-Straits Economic and Cultural Exchanges and Cooperation], Edited by Ying Zhu. The State Council of The People’s Republic of China, November 4 2019. http://www.gov.cn/xinwen/2019-11/04/content_5448363.htm (accessed August 31 2020).

⁴Article 8 of the 2016 version of this law stipulated that Taiwanese companies are required to report to the local government or the State Council for approval of their establishments in the mainland. The 2019 amendment removes this provision. See National People’s Congress. “Zhonghua Renmin Gongheguo Taiwan Tongbao Touzi Baohu Fa,” [Law of the People’s Republic of China on the Protection of Investments by Taiwan Residents], The National People’s Congress of the People’s Republic of China, September 6 2016. http://www.npc.gov.cn/zgrdw/npc/xinwen/2016-09/06/content_1997111.htm (accessed August 31 2020), and “Quanguo Renmin Daibiao Dahui Changwu Weiyuanhui Guanyu Xiugai ‘Zhonghua Renmin Gongheguo Taiwan Tongbao Touzi Baohu Fa’ De Jueding,” [Decision of the Standing Committee of the National People’s Congress on Amending the Law of the People’s Republic of China on the Protection of Investments by Taiwan], Xinhua Net, December 28 2019. http://www.xinhuanet.com/politics/2019-12/28/c_1125399235.htm (accessed August 31 2020).

⁵See, for example, Chen, “Chapter 10 Yanhai Shengfen, Yu Zhongguo Duiwai Juece [Coastal Provinces and China’s Foreign Policy];” Masuo, Chūgoku No Kōdō Genri; Jakobson, and Knox, “New Foreign Policy Actors in China;” and Wong, “More than Peripheral.”

basis for making a national policy toward Taiwan, and finally, the policy is implemented in all provinces. There are several new features of this policy-making process. No consultation of any kind with the Taiwan authorities prior to policy formulation exists, and the content of the policy was not derived from any agreement between the two sides of the Taiwan Strait. During this policy-making process, previously uninvolved domestic policy actors, such as local governments and the National Development and Reform Commission, began to enter the policy-making process. Local governments are the actors that this study will highlight. They first provide policy experiments for Taiwan policy through the creation of policy pools. Then they also exert continuous influence on the policy process through the local track of the central leadership.

This paper's main finding is to show the mainland's Taiwan policy process after the internalization, as illustrated in Table 1. The case study of the 31 Policies illuminates the policy process that is divided into 3 phases. At each phase, there is a policy initiator who actively promotes the policy process. Phase 1 and Phase 2 are relatively critical processes of policy formation, and Phase 3 is the policy implementation process. In the policy formation process, Xi's local track, in this case, his Fujian track, is a key variable. It has a solid presence in Phase 1 and probable presence in Phase 2 as the key factor that facilitates both the establishment of the policy pool and the formation of the 31 measures. In the first two phases, this may not be the only variable influencing policy formation, but Xi's local track, as a newly emerged and unique variable, still provides a reasonably strong complementary explanation.

In Phase 1, through inauguration and experiments, Fujian Province took the initiative to create its Taiwan-related policy pool. "Policy pool" is defined as a collection of policies that are enacted in a particular area and initiated by the local government – for example, Fujian's Taiwan-related policy pool, Guangxi and Yunnan's ASEAN-related policy pool, and so on. The China (Fujian) Pilot Free Trade Zone (Fujian FTZ) is the implementation area of Fujian's Taiwan-related policy pool, but the Fujian FTZ is not the equivalent of the Taiwan-related policy pool. The reason is that Taiwan-related policies are only part of the FTZ policies, and other non-Taiwan-related policies form separate policy pools. Although the policy pool is a local government initiative, the successful inauguration requires the central government's approval. In the case of the 31 Policies, Xi's Fujian track played a decisive role in establishing Fujian's Taiwan-related policy pool.

In Phase 2, the central government selected policies from the Fujian Government's policy pool, slightly modified them, and added a few of the central government's original provisions to form the 31 Policies. The central government initiated this phase of policy formation. Available evidence suggests that the formulation of the 31 Policies was most likely under the direct instruction of Xi Jinping. It is possible that Xi's experience in Fujian had an impact on this process.

Table 1. The Making Process of the 31 Policies

| Policy Phrases | Policy Initiator | Influence on Account of Xi's Fujian Track |
|--|---|---|
| Phase 1. Fujian Policy Pool formation, through policy inauguration and experiments therein | Fujian takes the initiative | Solid presence |
| Phase 2. Fujian Policy Pool activation and policy formation of the 31 measures | Central government takes the initiative | Probable presence |
| Phase 3. Policy implementation in Local governments | Central government takes the initiative | Probable absence |

In Phase 3, the central government issued the 31 Policies as an executive order to all provincial governments, urging them to implement the policies. The central government at this phase remained the policy initiator. However, the provincial implementation effect yields considerable disparities that are identified by this paper. At this phase, Xi's Fujian experience hardly functioned.

2 The formation of China's foreign policy and Taiwan policy, and the unique position of Fujian Province in this regard

For a long time, most scholars have not separated the policy-making toward Taiwan from the "China foreign policy-making analysis" but analyze it as part of the broader Chinese foreign policy. There has been a trend since the 1980s of utilizing the mid-range theory to analyze China's foreign policy-making. A number of scholars have attempted to explain China's foreign actions from Chinese domestic politics, such as Christensen's contribution⁶. Other results in this category include Lieberthal and Oksenberg's contribution of Chinese factionalism and Fragmented Authoritarianism⁷ and Fravel's study of domestic socio-political conditions and China's resolution of border disputes⁸.

Another scholar who utilizes middle-level theory to analyze China's foreign policy-making is David M. Lampton, who identifies four essential changes in Chinese policy-making: professionalization, corporate pluralization, decentralization, and globalization. Lampton's view is echoed by Hao, Jakobson, and Knox, whose works particularly develop the discourses of pluralism and decentralization⁹.

Detailing the areas in which local governments influence China's foreign policy decisions, Jakobson and Knox suggest that China's local governments, which can influence foreign policy-making through seats in the Politburo, tend to push the central authority to adopt a policy of deeper internationalization, especially in the economic sphere¹⁰.

Chen examines the relationship between local government and foreign policy-making in China's coastal provinces. He argues that China's decentralization trend since 1978 has made local governments into actors capable of participating in international affairs. Coastal provinces have influenced policy-making through three main channels: The National People's Congress (NPC), the seat on the Politburo of the CCP, and the

⁶According to Thomas Christensen, China is a country that is difficult to deter by force. Chinese leaders often use force preemptively in response to a perceived inability to achieve predetermined strategic objectives or to weaken a powerful adversary beforehand. He thus argues that China may ignore the United States and use military force against Taiwan initially. The cause for that is not necessarily the independence declaration of Taiwan but rather Chinese leaders' perception that certain activities of Taiwan pose a threat to China's institutional stability. See Christensen, "Chapter 3 Windows and War," 50–53.

⁷See Lieberthal and Oksenberg, *Policy Making in China*.

⁸See Fravel, *Strong Boarders Secure Nation*.

⁹Hao argues that diverse unofficial or quasi-official actors, such as ministries of the State Council and local governments, begin to enter China's foreign policy-making process. There has been fragmentation, refinement, and shifting of focus to the bottom in foreign policy formulation. The media and think tanks are also part of the picture, shaping public opinion and providing references for leaders' policy-making. He categorized the factors that influence foreign policy decisions as "societal forces." See Hao Yufan and Lin Su, "Introduction Yingxiang Zhongguo dui Mei Juece de Shehui Yinsu." Jakobson and Knox refer to SOEs, local governments, think tanks and academia, media and netizens as "foreign policy actors on margins." As new policy actors, they have a role to play that is incomparable to traditional actors. See Jakobson and Knox, "New Foreign Policy Actors in China."

¹⁰Jakobson and Knox, "New Foreign Policy Actors in China."

Central Economic Work Conference. Local governments' role is that of agents and partners of the central authority, but they may also be potential troublemakers¹¹.

Wong summarizes local governments' behaviors in foreign policy-making into three categories: trailblazing, carpetbagging, and resisting. She conducts case studies of Yunnan and Hainan provinces, where she found that local governments have opportunities to engage in all three types of behaviors at both the policy formulation and implementation stages¹².

Masuo points out that the relationship between the central and local governments is similar to a "parent-child relationship." The central authority lets local governments compete and measure their performance through various indicators, including economic development, and promotes well-performing provinces' leaders¹³. Through a case study of the Guangxi Autonomous Region's role in economic cooperation between China and ASEAN countries, Masuo argues that local governments have positive actions in building foreign economic relations from the perspective of promoting the province's socio-economic development¹⁴. In general, Masuo's conclusion is similar to Wong's upon the local governments' role. Masuo argues that one of the origins of the Belt and Road policy is the Guangxi Autonomous Region's foreign development strategy¹⁵. This view echoes Wong's argument that local governments act as "trailblazers."

Shimono has conducted an in-depth study of Fujian Province's policy-making toward Taiwan. She concludes that Fujian could first influence the formulation of central authority's policies toward Taiwan, such as dominating the policy-making process on overseas Chinese affairs, establishing special economic zones, and improving the investment environment for Taiwanese enterprises. Through the study of local leaders in Fujian in the early years of reform and opening up, Shimono found that the central and local policy goals were divergent. While the central authority wanted the local governments to concentrate on political work, the focus of Fujian Province's work in Taiwan had always been on economic issues¹⁶.

This paper argues that local governments did take the initiative to build policy pools in a particular policy area, such as Fujian's Taiwan-related policy pool. However, such policy pools' original purpose is not to influence a specific foreign policy of the central government but to promote the local interest like economic growth. Simultaneously, since foreign policy-making authority falls into the central government, local governments cannot decide whether the policies they propose can be transferred into central foreign policy. Prior research has also overlooked the initiator of policy-making; that is, it is possible that the policies advocated by certain local governments were proposed by the central government much earlier. Besides, this paper uses Xi's Fujian experience as an independent variable to examine its impact on policy pool formation and activation, distinguishing it from conventional wisdom.

¹¹Chen, "Chapter 10 Yanhai Shengfen, Yu Zhongguo Duiwai Juece [Coastal Provinces and China's Foreign Policy]," 245–266.

¹²The cases of trailblazers are Yunnan in the construction of the China-Myanmar oil and gas pipeline and Hainan in the opening of the Paracels for tourism. Trailblazing means lobbying governments to adopt their policies. The case of carpetbagging is Hainan in China's South China Sea policy. The cases of resisting are Hainan's resistance to the central authority's fisheries policy and Yunnan's resistance to the central authority's China-Myanmar border policy. See Wong, "More than Peripheral."

¹³Masuo, *Chūgoku No Kōdō Genri*, 151.

¹⁴*Ibid.*, 216.

¹⁵*Ibid.*, 219.

¹⁶See Shimono, "Fukkenshō Niokeru Taigai Kaihō No Seiji Katei"; Shimono, "Fukkenshō No Taigai Kaihō Niokeru Taiwan No Ichizuke: Chihō Kanbu No Shiten Kara."; Shimono, "Taigai Kaihō Jidai No Kyō Mu Kōsaku Nikansuru Ichi Kōsatsu."

3 Policy-making process of the 31 Policies

3.1 *The inauguration of Taiwan-related policy pool in Fujian*

The current carrier of Fujian's Taiwan-related policy pool is Fujian FTZ. Its origin is traced back to the concept of the "Western Taiwan Straits Economic Zone" (WTSEZ) proposed by Fujian Province in 2004¹⁷. In 2009, the State Council for the first time formally supported the concept of the WTSEZ and clearly stated that the area is an "early and pilot zone for cross-strait exchanges and cooperation."¹⁸ In 2011, the State Council officially approved the "Development Plan for the WTSEZ," signifying the strategy's elevation to the national level¹⁹.

Pingtang and Xiamen areas in the WTSEZ submitted the application to the State Council to establish the Fujian FTZ in 2013²⁰. In 2014, the Department of Commerce of Fujian Province once withdrew their applications and reapplied to the State Council soon after changing the name into "China (Fujian) Free Trade Zone" by adding the Fuzhou area into the zone²¹. The State Council approved it in December 2011²².

In April 2015, the Fujian FTZ was officially established, consisting of the Xiamen Area, Fuzhou Area, and Pingtang Area. China's FTZ is essentially a policy-experiment area in which local governments are granted significant autonomy to experiment with policies and then form their policy pools in respective fields. The central government then selectively employs the policies created by local governments to further design new policies, whether domestic or foreign, for the whole country afterward²³. The Fujian FTA inherited the strategic concept of the WTSEZ and built on it by conducting extensive policy experiments with the goal of liberalizing investment and trade between the FTA and Taiwan²⁴, forming a Taiwan-related policy pool.

In the 3rd year since the establishment of the Fujian FTZ, the policy pool's experiment has produced remarkable results. By April 2018, 3290 foreign-invested enterprises (including 2005 Taiwan-invested enterprises) had established in Fujian FTZ, contributing 23.21

¹⁷"2004 Nian Yuanyue, Lu Zhongong Tichule Jianshe Haixi De Zhanlue Gouxiang," [In January 2004, Lu Zhongong Proposed a Strategic Vision for the Construction of Western Taiwan Straits] Dongnan Wang, April 8 2009. http://www.fjsen.com/zhuant/2009-04/08/content_41217.htm (accessed August 31 2020).

¹⁸"Guowuyuan Guanyu Zhichi Fujiansheng Jiakuai Jianshe Haixia Xian Jingji De Ruogan Yijian," [Opinions of the State Council on Supporting Fujian Province to Accelerate the Construction of the Western Taiwan Straits Economic Zone], The Central People's Government of the People's Republic of China, May 14 2009. http://www.gov.cn/zwggk/2009-05/14/content_1314194.htm (accessed August 31 2020).

¹⁹"Haixia Xian Jingji Fazhan Guihua' Cu Liangan Huli Gongying," [Development Plan for the WTSEZ Promotes Mutually Beneficial and Win-Win Cooperation Across the Taiwan Strait], The State Council Information Office of the People's Republic of China, March 16 2011. <http://www.scio.gov.cn/zggk/gqbg/2011/Document/875641/875641.htm> (accessed August 31 2020).

²⁰"Pingtang xiang Guowuyuan Shenqing Ziyou Maoyiqu Shidian Baogao Dedao Zhichi," [Pingtang Applies to The State Council for a Pilot Free Trade Zone. The Application Was Supported], Sina Fujian, December 2 2013. http://fj.sina.com.cn/news/m/2013-12-02/081945200.html?from=fj_xgbd (accessed August 31 2020).

²¹"Fuxiaping Kunbang Shenbao Zimaoku, Xiamen Shenbao Fanwei Shoupilu," [Fuzhou, Xiamen, Pingtang Bundle to Apply for Free Trade Zone. Xiamen's Scope of Application Was Revealed for the First Time], Sina Fujian, March 12 2014. <http://fj.sina.com.cn/news/m/2014-03-12/080052569.html> (accessed August 31 2020).

²²Ministry of Commerce of the People's Republic of China. "Yi Pifu Ziyou Maoyi Shiyangu de Jianyao Fazhan Licheng," [Brief History of the Approved Pilot Free Trade Zones], The History of Commerce, <http://history.mofcom.gov.cn/specialsix=yfzymysyqdyfzlc> (accessed August 31 2020).

²³Heilmann, Red Swan, 5–6.

²⁴The State Council of the People's Republic of China. "Guowuyuan Guanyu Yinfa Zhongguo (Fujian) Ziyou Maoyi Shiyangu Zongti Fangan De Tongzhi," [Circular of the State Council on the Issuance of the General Plan of China (Fujian) Pilot Free Trade Zone], The Central People's Government of the People's Republic of China, April 20 2015. http://www.gov.cn/zhengce/content/2015-04/20/content_9633.htm (accessed August 31 2020).

billion USD in foreign investment. In April 2018, the General Office of the State Council issued a circular, expressly recognizing the achievements of the Fujian FTZ²⁵.

The formation of the Taiwan-related policy pool is Phrase 1 in the making of the 31 Policies. This process shows that Fujian Province is the main policy initiator.

3.2 Policy formation within the central government

From the very beginning of the establishment of the Fujian FTA, the central government made it clear that the Ministry of Commerce and the Fujian Province, together with relevant departments, would evaluate the implementation of the pilot policies in the FTA and report to the State Council afterward. The State Council would probably select specific policies to implement in other provinces²⁶.

In November 2016, during his meeting with Kuomintang Chairman Hong Xiuzhu, Xi personally revealed that “we will research introducing relevant policies and measures to provide more convenience for Taiwan compatriots to study, work, businesses start-up and live on the mainland.”²⁷ In January 2017, at the Central Work Conference on Taiwan, Yu Zhengsheng, the then member of the Politburo Standing Committee in charge of Taiwan Work, reaffirmed that the Central Government was “researching the introduction of policies and measures to facilitate Taiwan compatriots’ study, employment, start-ups, and daily living.”²⁸ Later in March of the same year, Li Keqiang continued to reassert in his government work report to the National People’s Congress that “We shall continue to promote cross-strait economic and social integration and provide more convenience for Taiwan compatriots, especially young people, to study, work, start businesses and live on the mainland.”²⁹ In October, Xi Jinping again mentioned in his report to the 17th CPC National Congress that “we will expand economic and cultural exchanges and cooperation across the Taiwan Strait to achieve mutual benefits and gradually provide Taiwan compatriots with the same treatment as residents on the mainland in terms of study, entrepreneurship, employment, and daily living.” It is the first time in the Taiwan policy that a discourse on providing equal treatment to Taiwanese residents occurred³⁰. In February 2018, Wang Yang reiterated the policy proposed by Xi Jinping at the Taiwan Work Conference: “[We will] deepen the development of economic and social integration across the Taiwan Strait, and gradually

²⁵“Fujian Zimao Shiyangu: Yongbao ‘Zimao Jiyu’, Dazao Duiwai Kaifang Xingao,” [Fujian Pilot Free Trade Zone: Embracing “Free Trade Opportunities” to Create a New Highland for Opening Up to the Outside World], Dongnan Wang, May 18 2018. http://fjnews.fjsen.com/2018-05/18/content_21057798.htm (accessed August 31 2020).

²⁶ibid.

²⁷“Xi Jinping Zongshuji Huijian Zhongguo Guomindang Zhuxi Hongxiuzhu,” [General Secretary Xi Jinping meets Kuomintang Chairman Hong Xiuzhu], CPC News, November 1, 2016. <http://cpc.people.com.cn/n1/2016/1101/c64094-28826164.html> (accessed October 31 2020).

²⁸“Yu Zhengsheng Chuxi 2017 Duitai Gongzuo Huiyi Bing Zuo Zhongyao Jianghua,” [Yu Zhengsheng Attends the 2017 Taiwan Work Conference and Delivers an Important Speech], Xinhua Net, January 20 2017. http://www.xinhuanet.com/politics/2017-01/20/c_1120354535.htm (accessed October 31 2020).

²⁹“Zhengfu Gongzuo Baogao,” [Report on the work of the Government], The State Council The People’s Republic Of China, March 16 2017. http://www.gov.cn/guowuyuan/2017-03/16/content_5177940.htm (accessed November 2 2020).

³⁰“Xi Jinping: Juesheng Quanmian Jiancheng Xiaokang Shehui, Duoqu Xinshidai Zhongguo Tese Shehuizhuyi Weida Shengli: Zai Zhongguo Gongchandang Di 19 Ci Quanguo Daibiao Dahui Shang De Baogao,” [Xi Jinping: Determined to build a moderately prosperous society in all respects and seize the great victory of socialism with Chinese characteristics in the new era: Report at the 19th National Congress of the Communist Party of China], The State Council The People’s Republic Of China, October 27 2017. http://www.gov.cn/zhuanti/2017-10/27/content_5234876.htm (accessed November 2 2020).

provide Taiwan compatriots with the same treatment as mainland compatriots in the study, business start-up, employment, and daily living on the mainland.”³¹

On February 28 2018, the 31-article policy was officially promulgated. It is divided into two main parts, aiming to grant the same treatment to Taiwan-owned enterprises as mainland enterprises (12 articles) and to grant the same treatment to Taiwanese as mainland residents (19 articles)³². Two agencies formulated the policy under the State Council, the Taiwan Affairs Office of the State Council, and the National Development and Reform Commission.

Most of Article 31 originated from Fujian’s Taiwan-related policy pool, such as the 15% tax reduction in Article 2 from the Pingtan area experiment³³. Article 3, which provides equal treatment to Taiwanese research institutions, originated from the talent attraction policy in the Fujian FTZ³⁴. The financial policies in Articles 10, 11, and 12 were already implemented in the FTZ before 2017³⁵. Articles 13, 26, 27, 28, 29, 30, and 31 relate to the policy of professional qualifications for Taiwan residents to come to the mainland for employment, which also has a precedent in Fujian Province and the FTA³⁶.

However, there are a few policies in Article 31 that are not in the Fujian policy pool. For example, Article 1 provides preferential policies to Taiwanese enterprises participating in “Made in China 2025,” and Article 8 encourages Taiwanese enterprises to move to the central and western regions and to participate in the “Belt and Road” construction, which reflects the concerns of the top leadership of the CCP (especially Xi) at that time. The final version of the 31 Policies can be seen as a consensus among the various central departments that can participate in the decision-making process.

The Ministry of Commerce (MOFCOM) is responsible for the FTA’s approval and administration, specifically the Department of Pilot Free Trade Zone and Free Trade Port

³¹“2018 Zhongyang Duitai Gongzuo Huiyi Zaijiang Zhaokai, Wang Yang Chuxi Bing Jianghua,” [The 2018 Work Conference on Taiwan was held in Beijing, which Wang Yang attended and spoke], Xinhua Net, February 2 2018. http://www.xinhuanet.com/2018-02/02/c_1122360878.htm (accessed November 2 2020).

³²Taiwan Affairs Office, and National Development and Reform Commission, “Guanyu Yinfa ‘Guanyu Cujin Liangan Jingji Wenhua Jiaoliu Hezuo De Ruogan Cuoshi’ De Tongzhi,” [Circular on the Issuance of Several Measures to Promote Cross-Strait Economic and Cultural Exchanges and Cooperation], Taiwan Affairs Office of the State Council PRC, February 28 2018. http://www.gwytb.gov.cn/wyly/201802/t20180228_11928139.htm (accessed August 31 2020).

³³PricewaterhouseCoopers. “Jujiao Fujian Zimaoqu (yi): Fujian Zimaoqu Guapai Ji Zongti Fangan De Fabu,” [Focus on Fujian Free Trade Zone(I): Fujian Free Trade Zone Listing and the Release of the Overall Plan], Shenzhen: PricewaterhouseCoopersInternational Limited, April 2015. <https://www.pwccn.com/zh/china-tax-news/chinatax-news-apr2015-18.pdf> (accessed November 4 2020).

³⁴Taiwan Affairs Office of the State Council of the People’s Republic of China. “Fujian Zimaoqu Tui ‘yinzhi’ Xinzheng, Taiwan Rencai Youhui Duo,” [The Fujian Free Trade Zone pushing the new policy of “attracting wisdom,” Taiwan talent preferential more], Taiwan Affairs Office of the State Council PRC, July 3 2015. http://www.gwytb.gov.cn/service/cxggjc/201507/t20150703_10170030.htm (accessed November 4 2020).

³⁵The FTA has implemented experimental policies such as cross-border RMB loans, cross-strait credit inquiries, and the establishment of Taiwan-funded financial institutions. See “Fujian Zimaoqu Litui Mintai Jinrong Hezuo, Duitai Kuajing Daikuan Zhan Dalu Jiucheng,” [Fujian Free Trade Zone Pushes Financial Cooperation between Fujian and Taiwan, Cross-Border Loans to Taiwan Account for 90% of Mainland’s Loans], Xinhua Net, May 12 2017. http://m.xinhuanet.com/2017-05/12/c_1120963730.htm (accessed August 31 2020).

³⁶Regarding on policies for qualifying examinations, See “Fujiansheng Daoyou Zige Kaoshi Shouci Dui Taiwan Huji Jumin Kaifang,” [Fujian province tour guide qualification exam for the first time open to Taiwan residents], Dongnan Wang, June 30 2015. http://fjnews.fjsen.com/2015-06/30/content_16300297.htm (accessed August 31 2020). Regarding on policies for certifying Taiwan’s professional qualifications, See “Fujian Zimaoqu: 3nian Xinzeng Qiye Jin 7wan Hu, Yingshang Huanjing Haopinglv Chao 90%,” [Fujian Free Trade Zone: Nearly 70,000 New Enterprises in 3 Years, Business Environment over 90% Favorable Rating], 21th Jingji wang, April 16 2018. http://epaper.21jingji.com/html/2018-04/16/content_84421.htm (accessed August 31 2020). Regarding on policies for Taiwan Compatriot Permit, See “Fujian: Zimao Shiyangu Tansuo Fazhan Xinkongjian,” [Fujian: Pilot Free Trade Zone explores new space for development], Chinese Communist Party News, August 22, 2017. <http://cpc.people.com.cn/n1/2017/0822/c412690-29485011.html> (accessed November 4 2020).

thereunder. The policies implemented in the Fujian FTA are mainly formulated by Fujian Province and the MOFCOM. However, when the 31 Policies were formulated, the responsible departments switched to the Taiwan Affairs Office and the National Development and Reform Commission³⁷. It is understandable that, as the authority in charge of Taiwan affairs and the department responsible for communication with the Taiwan authorities, the Office of Taiwan Affairs of the State Council entered the policy-making process. The appearance of the National Development and Reform Commission is unusual. As a policy-maker and administrator of macroeconomic and social progress policies, it has extraordinary powers, though mostly limited to domestic policies. The commission's recent involvement in policy formulation toward Taiwan also reflects the internalization of Taiwan's policy formulation.

3.3 Local implementations

The achievement of Article 31 as a national policy requires the cooperation of other provinces, whose responses vary widely across the country nevertheless. First, four of the 31 mainland provincial administrations (Xinjiang, Tibet, Shanxi, and Jilin) have been unresponsive to Article 31. They have not introduced any local policies at all in echoing the 31 Policies. Second, among the 27 provinces that have launched their local versions of the 31 Policies, the degree of implementation varies, with the difference between the positive and negative responses mainly in the quantity and quality of local versions.

In terms of quantity, the positively responding provinces usually introduced more policies than the negative responding provinces. For example, in Fujian, not only did the provincial government introduce 66 localized policies, but cities and counties went further to introduce their own policies. The three FTA Cities, Xiamen, Fuzhou, and Pingtan, launched a total of 119 policies; Longyan, Ningde, and other six cities outside the FTA announced a total of 320 policies³⁸. The provinces that responded negatively, such as Henan, issued only 60 policies³⁹; Qinghai, only 64 policies⁴⁰.

Compared to the quantity, the difference in quality is more to judge whether a province is actively responding to 31 policies. For example, Beijing has produced a 118-page explanatory document as an example of a positive response, although it has only introduced 55 measures. For each policy, there are detailed descriptions of the

³⁷Taiwan Affairs Office, and National Development and Reform Commission, "Guanyu Yinfa 'Guanyu Cujin Liangan Jingji Wenhua Jiaoliu Hezuo De Ruogan Cuoshi' De Tongzhi," [Circular on the Issuance of Several Measures to Promote Cross-Strait Economic and Cultural Exchanges and Cooperation], Taiwan Affairs Office of the State Council PRC, February 28 2018. http://www.gwytb.gov.cn/wyly/201802/t20180228_11928139.htm (accessed August 31 2020).

³⁸"Fujian: Fujiansheng Chutai '66tiao Shishi Yijian' Cujin Liangan Jingji Jiaoliu Wenhua Hezuo," [Fujian Province Issued '66 Implementation Opinions' to Promote Cross-Strait Economic and Cultural Exchanges and Cooperation], Zhongguo Taiwan Wang, September 17 2018. http://www.taiwan.cn/local/tebietuijian/dfzt/gdcs/201809/t20180917_12061034.htm (accessed August 31 2020).

³⁹"Henan: Henan Fabu 'Huitai 60tiao' Cujin Yutai Hezuo Jiaoliu," [Henan Released '60 Articles of Preferential Policy toward Taiwan' to Promote Cooperation and Exchanges between Henan and Taiwan], Zhongguo Taiwan Wang, October 31 2018. http://www.taiwan.cn/local/tebietuijian/dfzt/gdcs/201810/t20181031_12107642.htm (accessed August 31 2020).

⁴⁰"31tiao Zai Qinghai: Qinghaisheng Guanche 'Guanyu Cujin Liangan Hezuo Wenhua Jiaoliu De Ruogan Cuoshi' Shishi Yijian' Quanwen," [The 31 Policies in Qinghai, 'Implementation of the Opinions of Qinghai Province on the Implementation of Certain Measures to Promote Cultural Exchanges and Cooperation Across the Taiwan Strait' (Full Text)], Zhongguo Taiwan Wang, February 18 2019. http://www.taiwan.cn/local/dfkx/201902/t20190218_12140284.htm (accessed August 31 2020).

responsible department, contact details, and procedures⁴¹. In the more negative Henan and Qinghai cases, there are many empty propaganda clauses and no description of the undertaker for each policy.

The central government is the primary initiator in this phase.

3.4 Xi's local track and its influence upon Taiwan-policy making

After leaving his post as secretary to Defense Minister Geng Biao in 1982, Xi spent most of his time in Fujian, then moved through Zhejiang and Shanghai before returning to Beijing in 2007 to become the sixth-ranking member of the Politburo Standing Committee. In 17 years, Xi rose from deputy secretary of a prefecture-level city to deputy secretary of the Fujian Provincial Party Committee and governor (see Table 2).

Xi Jinping's track in Fujian as a vital variable had an impact on both Phase 1 and Phase 2 of the formation of the 31 Policies. The impact in Phase 1 was very solid and supported by clear evidence, whereas the impact in Phase 2 was very likely but without direct evidence, and there was almost no impact in Phase 3.

Lobbying the central leadership⁴³ with working experience in relative provinces was an important factor in the success of local policy pools' establishment in Phase 1. In general, the longer a central leader has served in a province, the easier he is to be lobbied. The central leader also needs the local government's support to implement the policies he advocates. Since there is a lot of room for maneuver in the process of appointment and removal, the central leadership usually rewards local officials who can better carry out the central government's will with political promotions. Once these officials are in the central government, they become lobbying channels that local governments can use.

After entering into the Politburo Standing Committee in 2007, Xi obtained Taiwan-related information and discussed and instructed Fujian's Taiwan work through frequent research in Fujian and participation in the discussions of the Fujian delegation to the

Table 2. Xi's Fujian Track⁴²

| Period | Xi's age | Primary Posts |
|-----------|----------|--|
| 1985–1988 | 32–35 | Deputy Mayor and Deputy Party Secretary of Xiamen City |
| 1988–1990 | 35–37 | Party Secretary of Ningde Prefecture |
| 1990–1993 | 37–40 | Party Secretary of Fuzhou City |
| 1993–1995 | 40–42 | Standing Committee members of Party Committee of Fujian Province, Party Secretary of Fuzhou City |
| 1995–1996 | 42–43 | Deputy Party Secretary of Fujian Province, Party Secretary of Fuzhou City |
| 1996–1999 | 43–46 | Deputy Party Secretary of Fujian Province |
| 1999–2000 | 46–47 | Deputy Party Secretary of Fujian Province, Acting Governor of Fujian Province |
| 2000–2002 | 47–49 | Deputy Party Secretary of Fujian Province, Governor of Fujian Province |

⁴¹"Guanyu Shenhua Jingtai Jingji Wenhua Jiaoliu Hezuo De Ruogan Cuoshi [Measures on Deepening Economic and Cultural Exchanges and Cooperation between Beijing and Taiwan]", Beijing People's Government, October 23 2018. <http://www.taiwan.cn/local/tebietujian/dftz/gdcs/201907/P020190730472941859837.pdf> (accessed November 4 2020).

⁴²Source: "Xi Jinping Tongzhi Jianli," [Biography of Xi Jinping], Xinhua Net, October 25 2017. http://www.xinhuanet.com/politics/leaders/2017-10/25/c_1121856289.htm (accessed August 31 2020).

⁴³Central leadership refers to the members of the Political Bureau serving in Beijing.

National People's Congress⁴⁴. During his first term in the Standing Committee, Xi was particularly concerned about the construction of the WTSEZ and gave direct instructions at least twice⁴⁵. However, he was the then standing committee member who primarily administered party affairs and Hong Kong-Macau affairs. Fujian's policy experiments were clearly outside the scope of his duties. The concern appears to be unusual and most likely due to lobbying from Fujian. The idea of the WTSEC was proposed in Fujian in 2004, but the central government never responded positively. It was only after Xi Jinping became a member of the Politburo Standing Committee in 2007, and after several instructions from him, that the central government began to pay attention to the construction of the WTSEC. Xi's Fujian track undoubtedly played a key role in shaping the Taiwan-related policy pool of Fujian.

Phase 2 of the policy process, in which Fujian's Taiwan-related policy pool was activated at the central government and developed into a national policy, should correlate with Xi's local track, although this correlation is less pronounced than in the previous phase. Xi has extensive experience working on Taiwan affairs during his time in Fujian. When Xi was party secretary in Fuzhou, he also served as head of the Party Committee's Leading Group for Taiwan Affairs of the city, and after 1996, as executive deputy head of the Provincial Party Committee's Leading Group for Taiwan Affairs⁴⁶. He was a forefront official to deal with Taiwan affairs. During his term of office, Xiamen-Kinmen and Mawei-Matsu achieved the "Mini Three Links"⁴⁷, which was the first step in realizing the "Three Links." He attached great importance to Fujian and Taiwan's economic and trade cooperation and introduced many large Taiwan-funded projects. Xi has also visited Pingtan 20 times, directly influencing the establishment of the Pingtan Comprehensive Pilot Zone⁴⁸. It is reasonable to infer that Xi's Taiwan-related work experience influenced his decision to formulate a Taiwan preferential policy in 2016. Xi's direction of researching and making preferential policies for Taiwan in 2016 was related to his working experience with Taiwan accumulated in Fujian, as he was very familiar with Fujian's Taiwan-related policy pool. The "policies to facilitate study, employment, business start-up and living on the mainland for Taiwan compatriots" are very specific and detailed. It is difficult for leaders who have not been exposed to grassroots Taiwan-related work to come up with such an idea.

⁴⁴See "Xi Jinping Zai Fujian Diaoyan," [Xi Jinping's Research in Fujian], Chinese Communist Party News, November 2 2014. <http://cpc.people.com.cn/n/2014/1102/c64094-25958997.html> (accessed August 31 2020), and "Xi Jinping Zongshuji Canjia Fujian Daibiaotuan Shen'yishi De Zhongyao Jianghua Zai Fujiansheng Ganbu Qunzhong He Zaimin Taibao Taishang Zhong Yinfu Relie Fanxiang," [General Secretary Xi Jinping's speech during the deliberations of the Fujian delegation triggered a warm reaction among cadres and masses in Fujian and Taiwanese businessmen in the province.], Dongnan Wang, March 13 2019. http://fjnews.fjsen.com/2019-03/13/content_22066234.htm (accessed August 31 2020).

⁴⁵"Xi Jinping Cheng Haixi Jianshe Qude Kexi Jinzhan," [Xi Jinping Says Construction of Haixi Has Made Promising Progress], Sina – Haixia Dushi Bao, March 11 2008. <http://news.sina.com.cn/c/2008-03-11/101815122851.shtml> (accessed August 31 2020), and "Xi Jinping Weisha Dui Haixi Jingji Jiyu Houwang," [Why Xi Jinping Has High Hopes for the Haixi Economic Zone], Dongnan Wang, March 9 2011. http://www.fjsen.com/r/2011-03/09/content_4150575.htm (accessed August 31 2020).

⁴⁶"Jinping Shuji Shi Taishang Taibao De Tiexinren': Xi Jinping Zai Fujian (22)," ["Secretary Jinping is a close friend of Taiwanese businessmen and compatriots": Xi Jinping in Fujian (xxii)], Party School of the Central Committee of C.P.C. (National Academy of Governance), August 5 2020. https://www.ccps.gov.cn/zt/xjpfzj/202008/t20200805_142671.shtml (accessed November 4 2020).

⁴⁷Ibid.

⁴⁸Lan, Xiaowei. "Fujian Gongzuo 17nian, Xi Duitai Jingyan Fengfu," [After 17 Years in Fujian, Xi Jinping Has Extensive Experience toward Taiwan], Chinatimes. Liangan Yaowen – Zhongguo Shibao, November 1 2014. <https://www.chinatimes.com/newspapers/20141102000658-260108?chdtv> (accessed August 31 2020).

4 Conclusion

For the Chinese Communist Party, Taiwan has long been one of the most vital political issues. It is rare to find an issue that has retained such long-lasting importance as Taiwan, which has always been considered China's "core interests." Two aspects demonstrate Taiwan's importance to the Chinese Communist Party.

First, the Taiwan issue affects the Chinese Communist Party's internal legitimacy (people's beliefs about the political authority) and the legitimacy as a sovereign state (the only legitimate government representing the entire country). Every Chinese leadership has been unable to avoid the Taiwan issue. Deng Xiaoping can say, "put aside the dispute and leave it to the next generation to resolve" regarding the Diaoyu Islands, but he would never dare to claim that the Taiwan issue should be left to future generations to resolve.

Also, the question of Taiwan concerns the political life of the leaders of the Chinese Communist Party. The reunification of Taiwan is one of the highest political ideals of every generation of Chinese Communist Party leaders. If Taiwan became independent, it would strike a devastating blow to the leadership's authority.

Based on these two aspects, each leadership has actively put forward its policy on Taiwan, making China's Taiwan policy highly dynamic and innovative. Deng Xiaoping's One Country Two Systems, Jiang Zemin's Wang-Koo Summit, and Hu Jintao's ECFA talks and the Kuomintang-Communist Party Forum have one thing in common, which is to treat the Taiwan issue as an external issue and emphasize the equivalence of cross-strait relations. Xi's earlier period also inherited his predecessor's Taiwan policies, such as continuing to use the Kuomintang-Communist Party Forum, advancing cross-strait trade negotiations, and meeting with Ma Ying-jeou in Singapore. However, when the DPP came to power in 2016, Xi's policy toward Taiwan underwent a remarkable internalization shift.

This paper has three main findings: the description of internalization in the policy decision process toward Taiwan, the concept of local policy pool, and the examination of the role of the central leadership's local track in the first two phases of the internalized policy process.

There is still room for future development of this study. The central government may also consider Taiwan-related policy pools in other provinces when forming its policy toward Taiwan. However, this paper focuses on Fujian because its policy pool constitutes the main content of the 31 Policies. In future studies, Taiwan-related policy pools in provinces such as Jiangsu and Shanghai will also be examined.

Besides Fujian, Xi also has local experiences in Hebei, Zhejiang, and Shanghai. The role of Xi's local track in establishing local policy pools in these provinces and the activation of the policy pool at the central level also need to be studied. Another analogous question is whether other top leaders' local tracks play a part amid the formation of policy pools of those provinces in which Xi has not worked.

Local track is an important variable that is valuable for establishing communication channels between central and local governments and for its potential to shape leaders' unique perceptions of policy in specific areas. When leaders reach a particular level of position, these perceptions from local tracks begin to play a role in the policy-making process.

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