



# BULLETIN

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## Taiwan Elections: Implications for Its Ties with the Mainland and Internationally

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*In presidential and parliamentary elections in Taiwan on 16 January, the chairwoman of the opposition Democratic Progressive Party (DPP), Tsai Ing-wen, stands a great chance to be elected president and the DPP may take over the parliament, the Legislative Yuan. Tsai's victory might weaken cross-strait ties. There is also the possibility for less stability in the Taiwan Strait. The uncertainty about cross-strait relations may narrow the room for launching talks about an EU-Taiwan investment agreement.*

On 16 January in Taiwan, both presidential and parliamentary elections will be held. There are three presidential candidates: Eric Chu, chairman of the ruling Kuomintang (KMT), Tsai Ing-wen, chairwoman of the opposition Democratic Progressive Party (DPP), and James Soong from the People's First Party. The incumbent president, Ma Ying-jeou from KMT, after two terms cannot take part in these elections. Tsai is polling first with about 45% support, leaving Chu second and Soong a distant third, and is expected to be elected the new and first female president of Taiwan. Her DPP party will probably win the parliamentary elections. The campaign has been focused on domestic issues such as the economic slowdown in the country, but cross-strait relations and Taiwan's foreign policy are on the agenda as well. Under DPP, cross-strait ties might weaken, although this does not necessarily mean a dramatic change because of Tsai's likely policies, rather it is the "side effect" of Ma's overall policy in the past eight years. There has been a transformation in Taiwanese society (mostly among young people) to be more assertive vis-à-vis China, as well as in business where it is ready to be more engaged in other markets, not only in China—its number one economic partner. Also, China's economic downturn may be a factor that modifies Beijing-Taipei relations and Taiwan's international status.

**Ma's Results and Chu's Promises.** When Ma won his first term in 2008, cross-strait relations were frozen in response to then-President Chen Shui-bian's rhetoric about Taiwan's independence. Ma reassured China that his cross-strait policy was founded on the "1992-consensus," that is, "one China" with different interpretations and "three no's" (no to unification, independence or use of force). He announced a "diplomatic truce," which meant that he intended better relations with China to help the island expand its international room to manoeuvre.

Under Ma, Taiwan and China resumed talks through semi-official foundations: Chinese ARATS and Taiwanese SEF. After 11 rounds of talks, 23 agreements have been signed, including an FTA-like accord (ECFA). There was also progress in political relations. In 2014, the heads of the Taiwan Affairs Office (TAO) and Mainland Affairs Committee (MAC) met, as did Chinese President Xi Jinping and Ma and in November 2015—both meetings were firsts of their kind in 65 years. Internationally, Taipei signed its first FTAs with two countries with which it does not have formal diplomatic relations—New Zealand and Singapore—and was more extensively represented in international forums. But there were also failures, such as the lack of progress on efforts to start negotiations on the Trans-Pacific Partnership (TPP) and Regional Comprehensive Economic Partnership (RCEP).

Cross-strait relations lost momentum in Ma's second term as social discontent arose over the pace of economic cooperation and anger at KMT's style of relations with Beijing. The culmination was the "Sunflower Movement" protests of March-April 2014 against ratification of the Cross-Strait Service Trade Agreement based on claims of a lack of transparency in the negotiations. Eventually, Ma agreed to introduce an oversight law (not yet adopted) to help monitor talks on bilateral accords.

The Sunflower Movement was not linked with any political party and marked the emergence of a “third force,” a result of KMT’s post-authoritarian style of bypassing the public. Under Ma, a strengthening of Taiwanese self-identification can be observed, along with the maturing of young Taiwanese who are fully aware of democratic values (and do not remember the autocratic regime that ended in the late 1980s).

All the concerns about the social changes are visible in Chu’s campaign. He admits failures, such as the gap between the authorities and the public (an apparent response to the Sunflower Movement), for which he has apologised. The need for wide consensus and dialogue are catchwords of the campaign. In foreign policy, he advocates Taiwan’s participation in TPP and RCEP. Nevertheless, his cross-strait agenda is a continuation of Ma’s policy without a solution to “the next step” problem, that is, what to do after improving economic relations when China pushes for opening political negotiations but Taiwanese are against it.

**Tsai’s Agenda.** On that last point, Tsai also does not offer a solution. The DPP’s cross-strait agenda is the *status quo*, which is supported by the vast majority of Taiwanese. Tsai highlights that she respects the “accumulated outcomes” of cross-strait ties, and says her goal is peace and stability. She does not accept the 1992 consensus, which, according to her, is only an unwritten agreement between KMT and China and not consensus that includes Taiwan’s public. Nevertheless, she does not openly reject it. This vagueness forms the cornerstone of Chu’s criticism about Tsai’s policy and is a reason for Beijing’s concerns. Her statement that the 1992 consensus is one of a possible number of frameworks of cooperation with the PRC might be a nod to the mainland that the DPP wants (or already has) contacts with the Chinese communist party. For Tsai, there is no need to take a clear stance on China to secure votes. She plans to base cross-strait relations on the planned oversight law and maintain good economic ties with Beijing, but is against Taiwan becoming overly dependent economically on the PRC.

Internationally, Tsai argues that Taiwan should not look to China to expand its international presence. She has declared a “New Southbound Policy,” aimed at diversifying the island’s foreign policy directions. The DPP advocates closer relations with the U.S. (Tsai visited Washington in June), Japan (she travelled there in October), India and the ASEAN states. Nevertheless, she is fuzzy on negotiations of great economic pacts. She is unclear about RCEP but has declared that Taiwan should join TPP, though she is very cautious about details. She argues that the island’s better economic performance and wealth would upgrade Taipei’s international status. It seems that this blurry stance serves to help the DPP gain votes among those with small businesses and farmers.

**China’s Taiwan Policy.** Beijing’s policy towards Taiwan is clear. The ultimate goal is “peaceful reunification.” Under China’s leader Hu Jintao, when Ma started rapprochement, the PRC’s policy was focused on tying the island to the mainland through business. Now, Xi would like to go a step further and launch political talks. This is visible in his rhetoric about the “great rejuvenation of the Chinese nation,” brotherhood, common blood, etc.

For China, the best option is a KMT victory. This was visible especially after support skyrocketed for Tsai. After trying a rather tough policy approach for months in reaction to the Sunflower Movement (e.g., Beijing declined Taiwan’s bid to be an AIIB founding member), China has switched on a “charm offensive” to help KMT. This has included an unexpected Xi-Ma meeting, decisions made in late 2015 and early 2016 on such matters as the supply of water from Fujian province to the Taiwanese island of Kinmen, allowing mainland travellers transit stops in Taiwan, and the launch of a TAO-MAC hotline.

Beijing’s concerns are also noticeable in its reactions to Tsai’s declarations. In statements and New Year’s greetings issued by TAO and ARTAS, the existence of the 1992 consensus is presented as unquestionable and the sole framework for Beijing-Taipei talks. China has warned Taipei not to support the idea of independence, “two Chinas,” or any separatist movements. Beijing also predicted that in 2016 the situation in the Taiwan Strait may become complicated.

**Towards Less Stability?** KMT’s lack of understanding the Taiwanese public’s needs and neglect of democratic rules will probably bring about its defeat. Although DPP is perceived as pro-independence, Chen’s course probably will not be re-established because the vast majority of Taiwanese demand the *status quo*. Bearing in mind the demands of Taiwan’s “third force” in politics (which, if not fulfilled, might lead to street demonstrations), cross-strait relations may proceed at a slower pace. These factors could make relations less predictable and force the DPP and China to work on a new formula of ties as the “old” pattern (economic cooperation, beginning of political talks and bypassing society) comes to an end. It’s expected that the first months of Tsai’s presidency will be when the government prepares for the oversight law and the PRC-DPP probe to see how far the other side might go and for any red lines.

Tsai’s ambiguous cross-strait and foreign policy stances make predictions of the future of the Taiwan Strait very risky. Tsai’s push for a more diverse and active foreign policy to upgrade the island’s international status and improve economic conditions might meet resistance from Beijing. This, along with a weaker Chinese economy, may result in less stability in the Taiwan Strait (especially if Taiwan takes a more tough stance on South China Sea disputes as a show of strength). This would be a problem in particular for the U.S., which seeks sanguine relations with the PRC but also needs to fulfil alliance commitments under the *Taiwan Relations Act* (in fact, the U.S. is Taiwan’s main security guarantor).

Stability in the region is in the interest of the EU as well because it is Taiwan’s second-largest FDI source and is interested in increasing Taiwanese investments in Europe. Facilitating economic cooperation, as well as political reasons, lie behind Taiwan’s efforts to have economic agreements (including, first, an investment treaty) with the EU. Tsai’s victory, though, may narrow the margin for launching talks as Brussels becomes uncertain about cross-strait relations, Tsai’s policy vis-à-vis China and Beijing’s reaction to it all.