

## U.S.-China-Taiwan Relations in the Run-up to 2012 Elections in Taiwan and the U.S. and Leadership Transition in China \*

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Eased tensions and increased economic integration between Taiwan and Mainland China in recent years have contributed substantially to the stabilization of the triangular relationship among Taiwan, China and the United States. In 2012, presidential elections will be held in both Taiwan and the U.S., with the possibility that current leaders Ma Ying-jeou and Barack Obama will be re-elected or voted out of office and replaced by political opponents. China's President Hu Jintao will step down from his position as general secretary of the Chinese Communist Party at the 18<sup>th</sup> National Party Congress in the fall and relinquish his position as state president in the spring of 2013. These political processes and their unknown outcomes invariably introduce a degree of uncertainty into the U.S.-China-Taiwan relationship. This paper will examine the dynamics at work during the run-up to the elections in Taiwan and the U.S. and China's Party Congress, and explore the implications for U.S.-China-Taiwan relations of possible leadership and policy changes.

### Taiwan

With only six months left until the January 2012 presidential election in Taiwan, the campaign is already in full swing. Although domestic issues such as the gap between rich and poor will likely be most important to voters, Taiwan's policy toward Mainland China will also be critical. The presidential candidate from the Democratic People's Progressive Party (DPP), Tsai Ing-wen, has accused President Ma of gambling away Taiwan's sovereignty in exchange for short-term economic benefits from China. Under pressure to prove that economic integration with the Mainland has served Taiwan's interests, Ma's administration has turned its attention to ensuring the smooth and effective implementation of the 15 agreements already signed with Beijing since 2008.<sup>1</sup> Consolidating achievements, especially the gains from the Economic Cooperation and Framework Agreement (ECFA), is the top priority. In addition, Ma will seek to counter the DPP's charges that he has undermined Taiwan's sovereignty and increase public trust in him and the KMT.<sup>2</sup> In public speeches and statements, he will emphasize the Republic of China

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<sup>1</sup> Negotiators from both sides of the Strait held the first ever meeting on June 8, 2011 to review the implementation of cross-Strait agreements and address deficiencies. "Chinese mainland, Taiwan negotiators meet to address implementation of cross-Strait pacts," [http://news.xinhuanet.com/english2010/china/2011-06/08/c\\_13917813.htm](http://news.xinhuanet.com/english2010/china/2011-06/08/c_13917813.htm).

<sup>2</sup> According to a GVSRC poll in June 2011, public trust in President Ma was 40.8% with 39.6% indicating they did not trust the president. Ma's approval rating in the same poll was 34.3% with 50.8% saying they disapproved. Support for Ma's cross-Strait policy has waned, with 32.3 percent of respondents considering those policies a "failure" compared to 24.2 percent in May 2009. 49.9 percent viewed his cross-Strait policy as a "success," down from 53.4 percent two years earlier. See Global Views Survey Research Center, [www.gvsr.net.tw](http://www.gvsr.net.tw).

Constitution and his “three noes” policy (no independence, no reunification, no use of force) as the basis for conducting cross-Strait relations and resolving disputes.

A series of presidential debates will likely be held that will allow both candidates to present their views to the public. Among the most controversial issues will be the existence of the “1992 consensus” under which Beijing and Taipei agree on the concept of “one China,” but retain their respective interpretations of what “one China” means. Tsai Ing-wen, who rejects the 1992 consensus and opposes Ma’s “three noes” policy, has advocated dealing with China under a multilateral framework, “where international rules and regulations help to balance China’s growingly (sic) asymmetrical leverage and influence.”<sup>3</sup> On the economic front, Tsai is critical of what she terms is Ma’s excessive dependence on the Mainland and his export-oriented and growth-dominated policies. She will need to explain to Taiwan voters her blueprint for Taiwan’s economic strategy.

Relations with the United States, the backbone of Taiwan’s security, will also be a topic of discussion during the campaign season. The DPP maintains that improvement in cross-Strait relations has come at the expense of Taipei’s relations with Washington and that as a result, Taiwan’s security has been weakened. President Ma denies the charges, emphasizing that mutual trust has been restored in U.S.-Taiwan relations under his rule. But Ma is vulnerable due to his administration’s failure to make progress on most of the requests put forward to the Obama government, including negotiating an extradition agreement, joining the U.S. visa waiver program, enhancing the Trade and Investment Framework Agreement (TIFA), and buying advanced F-16 C/D fighter jets.<sup>4</sup>

Taiwan’s international space and the best approach to expanding Taiwan’s participation in the international community will also be hotly debated. Tsai Ing-wen claims that achievements made under Ma have come at the expense of Taiwan’s sovereignty. Ma counters that while preserving the country’s sovereignty and dignity, Taiwan has expanded its international role, becoming a member or observer in seven intergovernmental organizations (IGOs) and three non-governmental organizations (NGOs). Nevertheless, Ma has been damaged by the recent ruckus over World Health Organization (WHO) internal documents that refer to the island as a province of China even though Taiwan has been invited for the past three years to join the annual meeting of the World Health Assembly (WHA), the executive decision-making arm of the WHO, under the name “Chinese Taipei.” Following the revelation, Ma issued a protest to the WHO, but refrained from condemning Beijing for its part in denigrating Taiwan’s status.

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<sup>3</sup> Tsai Ing-wen’s speech at the 57<sup>th</sup> Congress of Liberal International in Manila, the Philippines, June 19, 2011, <http://dpptaiwan.blogspot.com/2011/06/tsai-ing-wens-full-speech-at-57th.html>.

<sup>4</sup> Meeting with Paul D. Wolfowitz, chairman of the U.S.-Taiwan Business Council, President Ma complained that Taiwan’s bid to acquire F-16 C/Ds have not been going smoothly. He noted that this marked the 19<sup>th</sup> time that he had publicly called for the sale of the fighters to Taiwan. “President Ma calls for F-16 C/D sale to Taiwan,” June 27, 2011, <http://taiwantoday.tw/ct.asp?xItem=169144&ctNode=413>.

The diplomatic truce pursued by President Ma has been largely successful: no nation has switched diplomatic allegiance from Taiwan to the PRC since his inauguration, and Taiwan has thus retained its 23 diplomatic allies. The president's pledge that signing ECFA with the mainland would enable Taiwan to conclude free-trade agreements with other countries has yet to be fulfilled, though prospects appear promising. Negotiations with Singapore are underway and Ma's chances of re-elections would receive a boost if the agreement is completed prior to the January 14, 2012 election. Beijing has apparently already given the green light to Singapore, but may oppose other countries from negotiating free-trade type agreements comes with Taiwan for fear that they could promote Taiwan's separate status and reduce reliance on the mainland's economy.

The feverish discussion of these issues in Taiwan over the next six months will undoubtedly raise anxiety in Beijing, which worries not only about a return of the DPP to power, but also about a slim margin of victory for Ma that could constrain his ability to make further headway in cross-Strait relations in a second term in office. U.S. interests reside primarily in the conduct of a free and fair election that represents the will of the Taiwan people, the continued economic prosperity of Taiwan, and the maintenance of cross-Strait stability. Both the U.S. and China will observe the Taiwan presidential election closely, but neither will overtly interfere.

If Ma Ying-jeou wins re-election, he is likely to continue to pursue a policy of promoting economic integration with mainland China while simultaneously seeking to create opportunities to expand trade and economic cooperation with other countries. Although he has denied that he has the intention to move beyond economic issues in cross-Strait relations to tackle more sensitive political and military issues, it remains to be seen whether he would explore the possibility of making progress in those areas in a second term. Adherence to his "three noes" policy is likely to endure, as Ma recognizes that the majority of people in Taiwan prefer the status quo over independence or reunification in the near term.

Negotiation of military confidence building measures aimed at preventing accidents, enhancing predictability, and increasing mutual trust could be put on the cross-strait negotiations agenda if conditions are ripe. Beijing is unlikely to heed the calls of Taiwan's Mainland Affairs Council to renounce its military intimidation of Taiwan and repeal the Anti-Secession Law, but it might make a symbolic gesture such as pulling back some missiles deployed opposite Taiwan.

In the event of a victory by Tsai Ing-wen, the introduction of uncertainty into the cross-Strait relationship is unavoidable. It remains to be seen whether an alternative to the 1992 consensus can be found as a basis for sustaining cross-Strait dialogue and negotiations. Under a worst case scenario, contacts between the Straits Exchange Foundation (SEF) and the Association of Relations Across the Taiwan Strait (ARATS), the two quasi-official negotiating arms of the governments in Taipei and Beijing, could be suspended. The DPP government could launch a review of the agreements already concluded and seek to repeal or slow implementation of those it deems adverse to Taiwan's interests. A resumption of "de-sinification" policies and efforts to

promote a separate Taiwan identity are possible. It is unlikely, however, that a Tsai Ing-wen administration would pursue a series of provocative pro-independence measures such as were taken by former DPP President Chen Shui-bian. Moreover, the DPP is unlikely to achieve a majority in the Legislative Yuan, which will limit its ability to pass and repeal laws.

### Mainland China

Although no breakthrough has been achieved in cross-Strait relations, stabilizing and improving ties with Taiwan is nevertheless a major legacy of Hu Jintao's rule. To prevent a reversal of the current positive trajectory, Beijing hopes that Ma Ying-jeou will secure a second term in office. Recognizing that support from voters in southern and central Taiwan will be critical, mainland China is seeking to ensure that Taiwan farmers feel the benefits of ECFA by procuring agricultural products such as tea, fruit, and fishery goods.

Contingency policies are probably in place in the event that Ma's re-election is in doubt. For example, Beijing could give the nod to other countries, in addition to Singapore, to open free-trade negotiations with Taiwan or signal that it is willing to allow Taiwan to become an observer of the International Civil Aviation Organization (ICAO), which Taipei is eager to join. A precondition would be that these arrangements be consistent with the "one China" framework and take place through consultations. Such steps would provide more concrete evidence of the success of Ma's cross-Strait policies, and likely increase voter support. Beijing is wary of making these gestures, however, because it worries that in the absence of a political understanding with Taipei, such measures could strengthen Taiwan's claim to having a separate sovereignty and be used by a DPP government to promote independence.

At the same time that it hopes to bolster Ma Ying-jeou's chances of re-election in 2012, mainland China is actively seeking to court favor with individual DPP members and officials. Although direct dialogue with DPP candidate Tsai Ing-wen has not been initiated, mainland scholars frequently engage with DPP scholars and officials. The mainland has neither rejected nor accepted Tsai's offers to talk about establishing a framework for exchange with a DPP administration. Beijing is unlikely to seriously pursue such a dialogue unless Tsai is elected and signals that an understanding can be reached that preserves the mainland's "one China" principle.<sup>5</sup>

Beijing remains determined to start a dialogue with Taiwan on political matters, but it has come to understand that it is impossible to achieve this goal in the near term. In the run-up to the

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<sup>5</sup> One such proposal was put forward by DPP presidential hopeful Frank Hsieh in January 2011. He proposed a "constitutional consensus" that would encompass the ideas of an "overlapping consensus" and "once Constitution, two interpretations" to replace the current understanding of the "1992 consensus" with each side having its own interpretation of "one China." See "Interview: Frank Hsieh explains his 'constitutional consensus' proposal," January 30, 2011, <http://www.taipeitimes.com/News/taiwan/archives/2011/01/30/2003494788>.

presidential election, the mainland will not press Ma to open political talks. For the time being, mainland policy is focused on promoting a web of economic, social and cultural relationships that will serve as the foundation for achieving both short- and long-term goals, including advancing its ultimate goal of reunification. Track 2 dialogue with scholars and retired military officers from Taiwan is being employed to probe whether Ma might more explicitly endorse “one China” and agree to implement military confidence building measures.

A U.S. arms sale to Taiwan in the months prior to Taiwan’s presidential election or in 2012 would not be welcomed by Beijing, but is a distinct possibility. If consistent with past practice, such a sale would not affect cross-Strait relations, but would have a negative impact on U.S.-China relations. The extent to which China would take steps to punish the Obama administration will depend on what weapons are sold.<sup>6</sup> A decision to sell F-16 C/D fighters could result in the suspension of most, if not all, bilateral military exchanges for a prolonged period—probably the remainder of Obama’s first term in office. China’s reaction to a decision to upgrade Taiwan’s existing F-16 A/B fighters would likely be less severe, but it is difficult to predict with certainty. At a time of leadership transition, China is likely to opt for a harsher response to avert domestic criticism.

Hu Jintao’s policy of “peaceful development” across the Taiwan Strait has achieved results and has won substantial support on the mainland. Nevertheless, critics of the policy exist in both civilian and military circles. Some observers have argued that Ma Ying-jeou is pursuing a policy of “peaceful separation” and imply that Hu’s policy has been too soft.<sup>7</sup> Within this group, some advocate putting greater pressure on Ma to launch political talks and implement military CBMs. It is unlikely under prevailing conditions that there is any significant push for use of force against Taiwan, although there also is little support for reducing the mainland’s military buildup opposite Taiwan. Other observers call for even greater flexibility on the part of the mainland to create conditions for a long-term stable solution. Qinghua University Professor Chu Shulong, for example, recently called for a political agreement on the nature of the two sides’ “political and governmental relations” that would entail Beijing’s recognition of the ROC as a legal government within “one China.”<sup>8</sup>

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<sup>6</sup> Chief of the PLA General Staff General Chen Bingde stated at a press conference with Chairman of the Joint Chiefs of staff Admiral Mullen in Washington D.C. that U.S. arms sales to Taiwan will have an impact on the state-to-state and mil-to-mil relations between China and the United States, adding “As to how bad the impact will be, it would depend on the nature of the weapons sold to Taiwan. Joint Press Conference with Adm. Mullen and Gen. Chen from the Pentagon, May 18, 2011, <http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4824>.

<sup>7</sup> Lu I-ming, “The Aggression in China’s Goodwill,” *Taipei Times*, December 1, 2009, [www.taipetimes.com/News/editorials/archives/2009/12/01/2003459841](http://www.taipetimes.com/News/editorials/archives/2009/12/01/2003459841).

<sup>8</sup> Chu Shulong, “Communication for Better Understanding and Improvement of Cross-Taiwan Strait Relations,” Brookings Northeast Asia Commentary, Number 50, June 2011, [http://www.brookings.edu/articles/2011/06\\_cross\\_strait\\_shulong.aspx](http://www.brookings.edu/articles/2011/06_cross_strait_shulong.aspx).

If Ma Ying-jeou is re-elected for another four years, the “peaceful development” framework for Chinese policy is likely to remain in place. However, the return to power by the DPP could unleash more vocal criticism of Hu Jintao’s Taiwan policy and potentially strengthen those who argue for the adoption of a tougher approach. Taking place on the eve of the Chinese leadership transition, a DPP victory, especially if it was unexpected, could trigger intense debates and even influence personnel decisions. Hu Jintao’s presumed successor Xi Jinping, is reputed to have closer ties to the PLA than Hu Jintao’s.<sup>9</sup> How Xi’s ties with the military will affect the civil-military relationship and Chinese policy toward Taiwan remains anybody’s guess, however. Some analysts believe that Hu Jintao, in part because he had little military experience prior to taking office, has been less able than his predecessors to rein in the military. Xi’s network of personal contacts with the military may make it easier for him to impose his authority on the PLA. Alternatively, it could make Xi more willing to support and channel the PLA’s nationalist instincts, including a tougher stance toward Taiwan.

A more muscular policy toward Taiwan could include greater pressure on the United States to end arms sales to Taiwan, perhaps as part of a fourth communiqué. Beijing could revive the language used in the 2000 White Paper on Taiwan, which stated that China would “be forced to adopt all drastic measures possible including the use of force” if Taiwan refuses, “sine die, the peaceful settlement of cross-Straits reunification through negotiations.” Support could grow for setting a deadline for Taiwan to begin negotiations or agree to reunification—a position that almost held sway in the Jiang Zemin era.

### United States

China and Taiwan are unlikely to be prominent issues during the upcoming U.S. presidential campaign. To the extent that attention is paid to China by the Republican candidates, it will be related to economic matters such as the value of the *yuan* and whether Beijing’s indigenous innovation policies and lack of enforcement of intellectual property rights protection deny American companies a level playing field. American voters paid little heed to rising tensions between Taiwan and the mainland in the run-up to the 2004 election and unless military conflict that could involve the United States is imminent, are equally unlikely to care in 2012.

In the months leading up to Taiwan’s January 2012 election, the Obama administration is likely to attempt to make progress on a few of the outstanding issues in the U.S.-Taiwan relationship. The goal of doing so is not to bolster Ma Ying-jeou’s chances of winning re-election; the U.S. will not interfere in Taiwan’s democratic process. Yet there is a perception held by some American officials that the U.S. has not done enough to demonstrate its support for Ma’s moderate and constructive policies toward mainland China that have reduced the risks of conflict in the Taiwan Strait. The U.S.-Taiwan relationship has by no means been ignored, but there is little to show for the Obama administration’s efforts. Attempts to expand the economic

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<sup>9</sup> James Mulvenon, “Xi Jinping and the Central Military Commission: Bridesmaid or Bride,” *China Leadership Monitor*, February 22, 2011, no. 34.

relationship foundered due to measures taken by Taiwan to restrict imports of American beef. Lack of progress on TIFA has posed an obstacle to consideration of sending a cabinet level official to Taiwan. A major arms package was approved in January 2010, but the weapons sold had been approved by George W. Bush in 2001; the package did not include the F-16 C/D fighter jets that Taiwan has been seeking to acquire since 2006.

Breakthroughs are possible in the second half of 2011 on a bilateral extradition agreement and the provision of visa-free travel for Taiwan's citizens, but assured. Much work will need to be done by both sides to realize these goals. At the same time, pressure on President Obama to sell the F-16s is growing. In May 2011, a bipartisan group of 45 U.S. senators urged Obama to sell the F-16 C/Ds to Taiwan.<sup>10</sup> The following month, hearings were held, for the first time in seven years, by the House Foreign Affairs Committee on "Why Taiwan Matters." Members strongly backed the sale of new fighters to Taiwan and Representative Ileana Ros-Lehtinen (R-FL), committee chairman, pledged to introduce legislation to enhance the Taiwan Relations Act. Persisting high unemployment in the U.S. could be a factor in the decision, especially as the presidential election draws nearer. Industry analysts estimate that a shutdown of Lockheed Martin's F-16 production line, which is likely without orders for Taiwan, would result in the loss of some 11,000 jobs in 43 states.<sup>11</sup> Long time observers of US policy toward Taiwan will recall that facing a close race in his home state of Texas in 1992, George H.W. Bush opted to sell 150 fighters to Taipei, providing 5,800 jobs to General Dynamics' operations.<sup>12</sup>

Concerns about Taiwan's declining defense spending—2.15% of GDP in 2010—and desire to avoid angering Beijing could postpone a decision on the F-16 C/Ds. Momentum is building to proceed first with "retrofitting" Taiwan's existing fleet of F-16 A/B fighter jets. If approval for the F-16 upgrades is granted, China is expected to object, but not as harshly as it would if new fighters are sold. The timing of any arms sale announcement will seek to minimize the negative impact on U.S.-China relations.

The importance of the U.S.-China relationship continues to grow and the United States hopes to strengthen military-to-military dialogue and cooperation with Beijing. Senior US officials in the Obama administration have underscored the need for a sustained and reliable military relationship with China and have sought to persuade the Chinese that suspension of military exchanges carries both cost and risk. Nevertheless, the PLA continues to signal that U.S. arms sales to Taiwan cannot go unpunished. It can be expected, therefore, that any transfer of advanced weapons to Taiwan will be followed by an interruption of U.S.-Chinese military

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<sup>10</sup> Letter to President Obama, May 26, 2011, <http://menendez.senate.gov/newsroom/press/release/?id=07c1ba2e-c59d-4fff-b14d-1d6834b3a19d>.

<sup>11</sup> Bob Cox, "For Lockheed Martin's F16, a dwindling list of likely buyers," Fort Worth Star-Telegram, May 29, 2011, <http://www.mcclatchydc.com/2011/05/29/114949/for-lockheed-martins-f16-a-dwindling.html>.

<sup>12</sup> On the F-16 issue in 1992 see Nancy Bernkopf Tucker, *Strait Talk* (Cambridge: Harvard University Press, 2009), 181-92.

exchanges. As China becomes stronger economically and militarily, the tools available to it to retaliate against the U.S. for selling arms to Taiwan will grow. Yet Beijing will continue to have a strong interest in preserving good relations with the U.S. The overall bilateral relationship may be adversely affected, but will endure.

Regardless of whether Obama is re-elected president in 2012 for another four years or a Republican candidate comes to power, the core elements of U.S. policy toward Taiwan and cross-Strait relations are likely to remain unchanged because they continue to serve U.S. interests. Calls to revise the Taiwan Relations Act—including both advocates of strengthening and weakening U.S. commitments—are unlikely to be heeded by future US presidents. Doubts will persist that cutting a deal with Beijing on Taiwan will yield greater Chinese cooperation on other issues vital to U.S. interests. Some will argue that a compromise on Taiwan would be seen by Beijing as a demonstration of American weakness and invite new challenges. U.S. policy will continue to seek to create an environment in which Taiwan and mainland China can settle their differences peacefully through dialogue. Washington's support for Taiwan, including arms sales, will likely continue to be judged as necessary, in part because they provide Taiwan's leaders with the confidence to negotiate with a much stronger China and shape an environment in which differences can be solved through dialogue rather than as a result of intimidation or coercion.

### Conclusion

Improvement in cross-Strait relations in the past three years has been substantial. A framework for normalizing economic ties has been created, direct flights have been established, facilitating visits and exchanges, and cooperation has expanded in law enforcement, food safety, and other practical areas. Another four years under Ma Ying-jeou's rule, should he be re-elected, would likely see further expansion of Taiwan's relations with mainland China. Yet it should not be anticipated that cross-Strait ties would be free of friction. It remains to be seen whether Ma will agree to talks on sensitive political and military issues. If he is unwilling, pressure may build on China's new leadership from various constituencies on the mainland to adopt a tougher stance aimed at compelling Taiwan to enter into negotiations on a political settlement that would eliminate independence as an option for future Taiwan leaders.

A DPP victory in Taiwan will introduce uncertainty into the cross-Strait relationship, but the dynamics are likely to be different than they were under Chen Shui-bian's rule. The DPP has learned some lessons from the past; Tsai Ing-wen is unlikely to pursue policies that provoke mainland China and alienate the United States. DPP rejection of the "1992 consensus" and the failure to reach agreement on an alternative basis for cross-Strait negotiation could prompt Beijing to suspend dialogue, however. Tensions would increase, but use of military force by China is unlikely unless Taiwan independence is an existential threat. Beijing would instead likely use various means to discipline Taiwan's government and convince Taiwan voters to reject DPP rule at the polls in 2016.

Regardless of who is elected president in the United States in November 2012, U.S. policy toward Taiwan is unlikely to change radically. If US commitments to Taiwan's security are challenged in the future, it is less likely to be due to a decision to abandon Taiwan in favor of forging closer ties with Beijing than a result of shrinking U.S. defense budgets. Notwithstanding U.S. Defense Secretary Gates' recent bet that "five years from now, United States influence in this region is as strong if not stronger than it is today,"<sup>13</sup> sustaining American presence and commitments in the Asia-Pacific will be increasingly difficult in the face of record U.S. budget deficits, high unemployment rates, stagnant revenues and growing U.S. debt.

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<http://carnegieendowment.org/2011/07/07/challenges-to-cross-strait-relations-in-2012/kd3>

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<sup>13</sup> Q&A following speech by Robert Gates at the 10<sup>th</sup> Shangri-La Dialogue in Singapore, June 4, 2011, <http://www.iiss.org/conferences/the-shangri-la-dialogue/shangri-la-dialogue-2011/speeches/first-plenary-session/qa/>.