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# Prospects for Cross-Strait Relations as Tsai Ing-wen Assumes the Presidency in Taiwan

AUTHOR

Bonnie S. Glaser

CHINA

A Report of the

CSIS CHINA POWER PROJECT

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# Executive Summary

On May 20, Tsai Ing-wen from the Democratic People's Progressive Party (DPP) will be inaugurated president in Taiwan. A key concern of the United States is whether relations between Taiwan and China will remain stable or see a resurgence of tensions. During the presidential campaign, Tsai pledged that she would "maintain the status quo" in cross-Strait relations. Beijing's precondition for preserving the status quo is that she accept the "core" of the 1992 Consensus, which is that the two sides of the Taiwan Strait belong to one and the same China. Although Tsai has taken steps to provide reassurances to Beijing, she has not yet satisfied Chinese demands.

There are three possible pathways for relations between Taiwan and Mainland China in the near term. The first potential scenario is that Taipei and Beijing find sufficient common ground to maintain and continue to develop cross-Strait relations. This outcome is undoubtedly the best for the United States as it would provide the greatest likelihood that cross-Strait friction will be manageable under Tsai's presidency and PRC diplomatic and economic coercion against Taiwan can be largely averted.

The second potential scenario is that the two sides of the Strait do not agree on a new formulation, but Tsai Ing-wen provides additional reassurances that are sufficient to forestall significant punitive actions by Beijing. In this scenario, China would "wait and see" what policies Tsai implements as president. During this trial period, it is nevertheless likely that the Mainland quietly suspends official and quasi-official dialogue channels, reduces Chinese tourists to Taiwan, and refuses to resume negotiations of new cross-Strait agreements including the merchandise trade agreement and discussions on establishing representative offices on both sides of the Strait. Beijing would also not permit an expansion of Taiwan's role in international organizations and might create some new difficulties for Taiwan's government and nongovernmental organizations (NGOs) to participate in various multilateral organizations, but it would not attempt to reverse gains Taiwan has made or steal away Taiwan's diplomatic allies.

The third potential scenario is that Beijing concludes that Tsai is insincere and harbors intentions to push a Taiwan independence agenda. This would result in a series of overt policies designed to pressure and punish the DPP. In addition to announcing a cutoff of cross-Strait dialogue channels, the Mainland might halt implementation of some existing agreements, encourage Taiwan's allies to switch their diplomatic allegiance to the PRC, and roll back Taiwan's gains in the international arena, including its participation as an observer in the World Health Assembly. Military pressure on Taiwan would likely increase, such as the conduct of exercises simulating strikes on Taiwan and flight operations that cross the mid-line of the Taiwan Strait. In this scenario, Beijing would also likely increase pressure on the United States to prevent Tsai from taking provocative actions.

It is increasingly clear that Tsai Ing-wen is making a concerted effort to exercise creativity and flexibility so as to maintain the cross-Strait status quo, but Beijing is doing little to reciprocate. Given U.S. interests in the preservation of open cross-Strait communication

channels and stability, the United States should adopt a more proactive and less even-handed approach. Specifically, the following policy measures should be undertaken:

- U.S. officials should make clear that while both sides have responsibility for avoiding disruption of the prevailing cross-Strait stability, in current circumstances Beijing needs to exhibit greater creativity and flexibility toward Taiwan, specifically to demand less clarity from Tsai and tolerate more ambiguity.
- Washington should encourage China to pay attention not only to Tsai Ing-wen's words but also to her actions.
- The United States should warn Beijing against taking actions that are harmful to Taiwan's economy and its participation in the international community. U.S. officials should emphasize that such actions would be counterproductive to China's goals of winning the hearts and minds of the people of Taiwan and its ultimate goal of reunification.
- U.S. officials should encourage Tsai Ing-wen to continue to exercise restraint, to avoid taking actions that could further incite Beijing's suspicions of her intentions, and to seek ways to provide additional reassurances that she does not plan to seek independence during her term in office.

# Prospects for Cross-Strait Relations as Tsai Ing-wen Assumes the Presidency in Taiwan

Bonnie S. Glaser

## U.S. Interests in Cross-Strait Relations

U.S. officials often say that the United States has a deep and abiding interest in peace and stability in the Taiwan Strait.<sup>1</sup> This may be truer today than ever before. Although relations between the United States and China remain a complex mix of cooperation and competition, friction in the security realm is increasing, especially in the maritime areas around China's periphery. The South and East China Seas have been the primary focus of U.S.-Chinese rivalry in recent years, while the Taiwan Strait has been relatively calm. With the presidential inauguration on May 20 of Tsai Ing-wen from the Democratic People's Progressive Party (DPP), which has long advocated independence for Taiwan, many observers are watching the cross-Strait situation for any signs of a resurgence of tensions.

The principal reason that the United States prioritizes peace and stability in the Taiwan Strait is that a spike in cross-Strait tension increases the risk of a wider conflict through political and even military escalation, which could draw in the United States. During both the Lee Teng-hui and Chen Shui-bian presidencies, heightened Chinese concern about the potential that Taiwan could break away from the Mainland and become independent produced tensions that raised the specter of Chinese use of military force against the island. In both cases, Chinese pressure on Taiwan resulted in the United States becoming involved in various ways.

The United States also has a strong interest in Taiwan's economic prosperity and in a greater meaningful role for Taiwan's government and NGOs in the international community. Chinese distrust of Tsai's intentions would almost certainly lead Beijing to take measures that would be harmful to Taiwan's economy, including creating difficulties in implementation of existing cross-Strait economic agreements, and preventing Taipei from signing free-trade agreements with other countries and participating in regional economic integration. China would also seek to constrain Taiwan's participation in regional and multilateral organizations.

Cross-Strait discord was kept in check in the past eight years, primarily due to the policies of Taiwan's President Ma Ying-jeou who accorded priority to achieving a stable and

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<sup>1</sup> Statement by John Kirby, State Department spokesperson, following the meeting between Xi Jinping and Ma Ying-jeou, November 7, 2015, <http://www.state.gov/r/pa/prs/ps/2015/11/249295.htm>.

normal relationship with China. Early in his presidency, Ma adopted a pledge of no unification, no independence, and no use of force. On the basis of the 1992 Consensus—an understanding reached after talks in Hong Kong between representatives from Beijing and Taipei that Taiwan and the Mainland belong to “one China,” even as they disagreed on whether China meant the Republic of China (ROC) or the People’s Republic of China (PRC)—the two sides of the Strait reestablished channels of dialogue and cooperation and signed 23 economic agreements. The improvement in cross-Strait relations benefited the United States, since it removed Taiwan as an irritant in U.S.-China relations and enabled the Obama administration to focus on other challenges.

If cross-Strait tensions resurface during Tsai Ing-wen’s term in office, it would bring Taiwan back to the front burner of U.S.-China relations at a time when there is likely to be a high level of mutual distrust and substantial friction over other issues. There is a great deal at stake, therefore, for the United States as well as for Taiwan and China in the future development of relations across the Taiwan Strait.

This report outlines Tsai Ing-wen’s policy toward China and Beijing’s policy toward Taiwan. It then analyzes cross-Strait relations going forward by laying out three alternative scenarios. Finally, it proposes policy recommendations for the United States at the current juncture. The report is informed by interviews conducted in China and Taiwan March 14–19, 2016.

## Tsai Ing-wen’s Policy toward China

During the presidential campaign, Tsai Ing-wen set out her basic stance on her policy toward China, which was that she would “maintain the status quo.” By adopting this position, she adroitly positioned herself in the mainstream of Taiwan public opinion, which favors preservation of the status quo over independence or reunification. Tsai also sought to reassure the public that cross-Strait economic ties would not suffer under DPP rule. Although on a few occasions she offered some elaboration of what she meant by her pledge to maintain the status quo, for most of the campaign Tsai focused on the domestic economy and social issues, not cross-Strait relations. Since she held a significant lead in public opinion polls and the majority of Taiwan’s voters supported her stance, there was no electoral need for Tsai to provide greater specificity despite repeated demands from the candidates from the Nationalist Party (KMT) and People’s First Party (PFP) to do so.

The most detailed explication of Tsai Ing-wen’s policy toward Beijing prior to Taiwan’s January 16 election was delivered not in Taiwan, but rather in the United States, where concern about her ability to maintain cross-Strait stability had sparked U.S. official criticism in her first bid for the presidency four years earlier.<sup>2</sup> In a carefully worded speech, which Tsai gave at the Center for Strategic and International Studies (CSIS) in Washington, D.C., on June 3, 2015, she made a deliberate attempt to respond, albeit indirectly, to China’s demands that the DPP accept the 1992 Consensus and its “core connotation” that the Mainland and Taiwan belong to one China. In her speech, Tsai called for the two sides

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<sup>2</sup> Anna Fitfield, “U.S. concerned about Taiwan candidate,” *Financial Times*, September 15, 2011, <http://www.ft.com/intl/cms/s/0/f926fd14-df93-11e0-845a-00144feabdc0.html#axzz44oMqLMkY>.

of the Taiwan Strait to “treasure and secure the accumulated outcomes of more than twenty years of negotiations and exchanges,” adding that “these accumulated outcomes will serve as the firm basis of my efforts to further the peaceful and stable development of cross-Strait relations.”<sup>3</sup>

Tsai’s use of the phrase *more than twenty years* was a clear allusion to the talks that produced what later came to be called the 1992 Consensus and marked a significant departure from her position when she ran for president four years earlier. At that time, Tsai had argued that the 1992 Consensus “did not exist” and proposed instead a “Taiwan consensus,” which, she said, would be achieved by a democratic nonpartisan mechanism so that Taiwan’s policies toward China would be consistent and unaffected by changes in administration.<sup>4</sup>

On the issue of the “core connotation,” Tsai pledged that she would “push for the peaceful and stable development of cross-Strait relations in accordance with the will of the Taiwanese people and the existing ROC constitutional order.” In the question-and-answer session, she elaborated that the “order” included not only the original constitution, but also “subsequent amendments, interpretations, court decisions, and practices by the government and different sectors of the population.” This left ambiguous whether she intended to accept the existence of “one China,” of which Taiwan is a part.

Six months later in one of the presidential debates, Tsai went a bit further. Referring to the meeting that took place in Hong Kong in 1992, she maintained that although “everyone had different opinions,” they “agreed on pushing forward cross-Strait relations based on mutual understanding and seeking common ground while reserving differences.” Tsai stated clearly that the DPP does not deny this “historical fact,” but rather “accepts it.” She then called on “the Chinese leader” to recognize that party alternation is normal in democratic societies and to “show us some respect.”<sup>5</sup> On other occasions, Tsai encouraged Beijing to respect Taiwan’s public opinion. For example, in a TV interview, she said that “the Mainland was closely monitoring public trends in Taiwan, and if the people reached a consensus on cross-Strait relations,” she expected the “Mainland authorities will respect Taiwan’s public opinions and take them into consideration when making decisions.”<sup>6</sup>

In her victory speech on election night, Tsai reaffirmed that she would “build a consistent, predictable and sustainable cross-strait relationship.” She asserted that both sides of the Strait have a responsibility “to find mutually acceptable means of interaction that are based on dignity and reciprocity,” and stressed the importance of ensuring that “no provocations

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<sup>3</sup> Tsai Ing-wen, “Taiwan Faces the Future” (speech at CSIS, Washington, DC, June 3, 2015), <http://csis.org/event/tsai-ing-wen-2016>.

<sup>4</sup> Chris Wang, “Tsai details DPP’s cross-strait policies,” *Taipei Times*, August 24, 2011, <http://www.taipeitimes.com/News/front/archives/2011/08/24/2003511508>.

<sup>5</sup> “Full text of presidential candidate Tsai Ing-wen at the first televised debate, first phase, detailed statements” [總統候選人蔡英文首場電視辯論會第一階段申論全文 (zongtong houxuanren cai yingwen shouchang dianshi bianlunhui diyi jieduan shenlun quanwen)], *Light Up Taiwan* (blog), December 27, 2015, <http://iing.tw/posts/462>.

<sup>6</sup> “Tsai still evasive on 1992 Consensus in TV interview,” citing an interview with Sanlih E-Television Station on November 20, 2015, KMT News Network (from Taipei newspapers), November 23, 2015, <http://www1.kmt.org.tw/english/page.aspx?type=article&mnum=112&anum=17032>.

or accidents take place.” Attributing her victory to the will of the Taiwanese people, Tsai stated that “the Republic of China is a democratic country” whose “democratic system, national identity and international space must be respected.” In a warning to Beijing, she said that “any forms of suppression will harm the stability of cross-Strait relations.”<sup>7</sup>

As if she had more to say, but had decided to not say it in her victory speech, Tsai gave an interview to the pro-Green newspaper, *Liberty Times*, five days later. Addressing the 1992 talks again, she noted that those negotiations had “achieved several common understandings and acknowledgements,” adding that “I understand and respect this historical fact.”<sup>8</sup> As noted Taiwan affairs expert Alan Romberg analyzed, this was a significant step in the direction of Beijing’s demand that what was achieved in 1992 was “not simply a process but substantive agreements.”<sup>9</sup>

Tsai also told *Liberty Times* that it is incumbent on both sides of the Strait to “cherish and protect the accumulated status quo and outcomes” that resulted from the 1992 talks. Referring to “this fact and the existing political foundation,” she said that peace, stability, and development of cross-Strait relations should continue. Tsai then proceeded to define the “existing political foundation” as comprising four elements: 1) the historical fact of the 1992 talks and the resulting shared understanding to seek common ground and reserve differences; 2) the Republic of China’s constitutional order; 3) the accumulated results of more than 20 years of cross-Strait negotiations, exchanges, and interactions; and 4) Taiwan’s democratic principles and the will of the Taiwan people.<sup>10</sup>

The *Liberty Times* interview suggests an effort by Tsai Ing-wen to establish the “existing political foundation” as a new formulation for cross-Strait relations. For Beijing, the 1992 Consensus and opposition to Taiwan independence comprise the “common political foundation,” which the DPP cannot accept. Like the 1992 Consensus, however, Tsai evidently hoped that the two sides of the Strait could use a similar phrase, but reserve their respective interpretations. However, Beijing wasn’t satisfied with this positive gesture and demanded more.

DPP sources underscore that Tsai Ing-wen is attempting to provide reassurances to the PRC that she will not pursue Taiwan independence not only through words, but also in her actions. For example, in the DPP’s version of the Cross-Strait Agreement Supervisory Act, Tsai consciously took into account Beijing’s concerns about the use of terminology that might imply a state-to-state relationship, opting to use the term “cross-Strait” instead of China-Taiwan.<sup>11</sup>

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<sup>7</sup> Tsai Ing-wen’s victory speech, January 16, 2016, Democratic Progressive Party, [http://www.dpp.org.tw/news\\_content.php?sn=8770](http://www.dpp.org.tw/news_content.php?sn=8770).

<sup>8</sup> Tsou Ching-wen, “Tsai Ing-wen: 1992 is an historical fact, promoting cross-Strait relations” [蔡英文：九二歷史事實推動兩岸關係 (cai yingwen: jiuer lishi shishi tuidong liangan guanxi)], *Liberty Times*, January 21, 2016, <http://news.ltn.com.tw/news/focus/paper/951154>.

<sup>9</sup> Alan D. Romberg, “The ‘1992 Consensus’—Adapting to the Future?,” *China Leadership Monitor*, issue 49 (Winter 2016), <http://www.hoover.org/sites/default/files/clm49ar.pdf>.

<sup>10</sup> Tsou Ching-wen, “Tsai Ing-wen: 1992 is an historical fact, promoting cross-Strait relations.”

<sup>11</sup> Discussions in Taiwan, March 14–16, 2016.

## Beijing's Policy toward Taiwan

Ever since Tsai declared her second bid for the presidency, Beijing has been signaling what is necessary to preserve the cross-Strait status quo that prevailed under the Ma administration. The essence of its demand is that Tsai accept the “core” of the 1992 Consensus, which is that the two sides of the Taiwan Strait belong to one and the same China. Beijing's concerns about Tsai Ing-wen emanate from its experience with both Lee Teng-hui, Taiwan's first Taiwan president, and Chen Shui-bian, Taiwan's first DPP president, and from its close study of Tsai's statements over the past several decades. Her central role in the development in 1999 of former president Lee Teng-hui's “special state-to-state” formulation to describe the relationship between Taiwan and China as well as her alleged influence on former president Chen Shui-bian's decision to openly reject the existence of the 1992 Consensus are frequently cited by Chinese experts as reasons to distrust Tsai's intentions.

Even as China follows closely her words and actions, deeply rooted suspicion that she is ideologically in favor of Taiwan independence will unavoidably factor into how Beijing deals with Tsai Ing-wen after she assumes the presidency. Occasional statements and policies of President Ma Ying-jeou of the KMT that China found objectionable were tolerated by Beijing because Chinese leaders trusted that Ma did not seek to make Taiwan legally independent from China. The Mainland is unlikely to give Tsai the benefit of the doubt.

After Tsai elaborated on the meaning of her intent to preserve the cross-Strait status quo in her speech at CSIS, the spokesman for the Taiwan Affairs Office under China's State Council stated that “she didn't make herself clear on the core issue. . . . Rejection of Taiwan independence and insistence on the 1992 Consensus comprise the common political basis for the peaceful development of cross-Strait ties, and the core issue is recognizing that the Mainland and Taiwan belong to the same China.”<sup>12</sup>

In the wake of Tsai's carefully worded interview with the *Liberty Times*, the TAO spokesman emphasized that the numerous cross-Strait achievements in 2015 were possible only because of adherence to the 1992 Consensus and he warned that failure to preserve that foundation would have negative consequences.<sup>13</sup>

Foreign Minister Wang Yi of China presented a milder and more constructive, but not necessarily contradictory, stance in the question-and-answer session following his speech at CSIS on February 25. Noting that what the PRC cares about is the “one China” principle, Wang urged the president elect of Taiwan to “recommit to the political foundation of cross-Strait relations.” He then implied that she could achieve that goal by unequivocally accepting the provision in Taiwan's constitution that the mainland and Taiwan belong to

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<sup>12</sup> “Tsai Seeks to build cross-Strait ties on foundation built by ROC presidents, expert,” *Travel Trade News*, June 12, 2015, <http://www.traveltradenews.info/index.php/tsai-seeks-to-build-cross-strait-ties-on-foundation-built-by-roc-presidents-expert>.

<sup>13</sup> “Transcript of TAO press briefing,” Taiwan Affairs Office, January 27, 2016, [http://www.gwytb.gov.cn/xwfbh/201601/t20160127\\_11376021.htm](http://www.gwytb.gov.cn/xwfbh/201601/t20160127_11376021.htm).

one and the same China.<sup>14</sup> This marked the first time that a Chinese official made public reference to the ROC constitution and it created a lively debate in Taiwan about whether the PRC might be willing to accord legitimacy to the ROC, which was an over-interpretation of Wang's remarks. It appears more likely that the Chinese foreign minister was signaling that Tsai needed to state more clearly that she accepts the core connotation of "one China."

It was against this background that Xi Jinping made his remarks to the Shanghai delegation to the fourth Session of the 12th National People's Congress (NPC) on March 5. Xi stated that "The '1992 Consensus' has clearly defined the nature of cross-Strait relations and is a key to ensure that the peaceful development of cross-Strait relations will go far and steadily. By recognizing the historical fact of the '1992 Consensus' and its core connotation, the two sides of the Strait then have a common political basis and can maintain virtuous interaction." He warned that the Mainland would "resolutely stop 'Taiwan independence' splittist acts in any form, safeguard national sovereignty and territorial integrity," and would "definitely not allow the replay of historical tragedy."<sup>15</sup>

Xi's remarks, though firm, were not as harsh as those he made when he met with Taiwan's President Ma Ying-jeou in Singapore in November 2015. In a statement clearly intended as a signal to the DPP, China's leader stressed during the closed-door meeting that the two sides of the Strait should adhere to the common political foundation, which he defined as sticking to the 1992 Consensus and opposing Taiwan independence. Without this common political foundation, Xi reportedly said, "the boat of peaceful development will encounter terrifying waves or even capsize."<sup>16</sup> When Xi Jinping met President Obama on March 31 in Washington, D.C., on the margins of the Nuclear Security Summit, he again used milder language, but delivered a similar message. Xi purportedly stressed that the Chinese side would persist in promoting peaceful development of cross-Strait relations "by adhering to the political foundation of the 1992 Consensus while resolutely deterring any forms of 'Taiwan independence' splittist acts."<sup>17</sup>

Privately, senior Chinese officials accuse Tsai of evading the central issue of the nature of Taiwan's relationship vis-à-vis the Mainland. They insist that she state clearly the nature of the cross-Strait relationship—is it a relationship between two parts of the same country or not? The PRC prefers an affirmative statement that recognizes the existence of one China, but at a minimum wants her to acknowledge that Taiwan and the Mainland are not two

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<sup>14</sup> Wang Yi, speech delivered at the Center for Strategic and International Studies, February 25, 2016, [http://csis.org/files/attachments/160225\\_statesmen\\_forum\\_wang\\_yi.pdf](http://csis.org/files/attachments/160225_statesmen_forum_wang_yi.pdf). Relevant portions of the ROC Constitution include Article 4, which states that "The territory of the Republic of China within its existing national boundaries shall not be altered except by a resolution of the National Assembly" and the Act Governing Relations between the People of the Taiwan Area and the Mainland Area (enacted in accordance with Article 10 of the Amendment of the Constitution promulgated on May 1, 1991), which governs the rights and obligations of the people in the Taiwan area and the Mainland area prior to reunification of the nation.

<sup>15</sup> "习近平参加上海代表团审议" [Xi Jinping canjia shanghai daibiaotuan shenyi], Xinhua, March 5, 2016, [http://news.xinhuanet.com/politics/2016lh/2016-03/05/c\\_1118244365.htm](http://news.xinhuanet.com/politics/2016lh/2016-03/05/c_1118244365.htm).

<sup>16</sup> "China focus: Xi calls for adhering to one-China principle in meeting with Ma," Xinhua, November 7, 2015, [http://news.xinhuanet.com/english/2015-11/07/c\\_134793533.htm](http://news.xinhuanet.com/english/2015-11/07/c_134793533.htm).

<sup>17</sup> "外交部副部长郑泽光介绍中美元首会晤情况" [wajiaobu fubuzhang zheng zeguang jieshao zhongmei yuanshou huiwu qingkuang], Xinhua, April 1, 2016, [http://news.xinhuanet.com/world/2016-04/01/c\\_1118511995.htm](http://news.xinhuanet.com/world/2016-04/01/c_1118511995.htm).

separate states. In a meeting with U.S. scholars in March 2015, one senior official stated that “the buildings” of cross-Strait relations were constructed on the foundation of the 1992 Consensus. If you remove that foundation, the official warned, “the superstructure will collapse.”<sup>18</sup>

The Chinese believe that they have shown some flexibility and goodwill to Tsai Ing-wen and the DPP. For example, Beijing has indicated that if the DPP cannot embrace the 1992 Consensus, it “can come up with a new version” using alternative wording to express its core meaning. Another example of the Mainland’s good will cited by the Chinese side is the policy of not demanding more from the DPP than it has asked of the KMT. From Beijing’s perspective, it is not raising the bar and is not unilaterally changing the cross-Strait status quo. Rather, it is Tsai and the DPP that is changing the status quo. A third example that the Mainland says is a sign of its goodwill toward the DPP is Xi Jinping’s statement at the NPC that Beijing’s policies and principles toward Taiwan will not change because of changes in Taiwan’s political situation, including willingness to pursue peaceful development of cross-Strait relations.<sup>19</sup>

As Taiwan’s presidential inauguration nears, Chinese officials are growing impatient and warn that if Tsai doesn’t clearly state that Taiwan and China are part of one country, they are prepared to downgrade cross-Strait ties. If she refuses to satisfy Beijing’s demands in her inauguration address, actions taken will be “measured,” they say. PRC interlocutors suggest a range of steps that the Mainland might take against Taiwan, including 1) suspending the dialogue mechanisms between the TAO and its counterpart in Taiwan, the Mainland Affairs Council (MAC), and between the quasi-official organizations that conduct negotiations, the Mainland’s Association for Relations Across the Taiwan Strait (ARATS) and Taiwan’s Straits Exchange Foundation (SEF); and 2) halting negotiations on the merchandise trade agreement and on the establishment of representative offices. Absent provocations by Taipei, however, Beijing says it will not abandon its peaceful development policy, which includes preserving and promoting people-to-people ties.

If Tsai pursues Taiwan independence, senior Chinese officials warn, the Mainland will act in accordance with the National Security Law and the Anti-Secession Law (ASL), and use of force cannot be ruled out.<sup>20</sup> Although Chinese interlocutors do not clearly state what provocations would be met by a military response, the 2005 ASL stipulates that “non-peaceful means” shall be employed “in the event that the ‘Taiwan independence’ secessionist forces should act . . . to cause the fact of Taiwan’s secession from China, or that major incidents entailing Taiwan’s secession from China should occur, or that possibility for a peaceful reunification should be completely exhausted.”<sup>21</sup> It can be speculated that actions by Taipei such as holding a referendum on independence or changing the constitution in ways that clarify that Taiwan is not part of China could provoke military retribution.

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<sup>18</sup> Discussions in Beijing, March 17, 2016.

<sup>19</sup> Discussions in Beijing and Xiamen, March 17–18, 2016.

<sup>20</sup> Discussions in Beijing and Xiamen, March 17–18, 2016.

<sup>21</sup> “Full text of Anti-Secession Law,” *Renmin Wang*, March 14, 2005, [http://en.people.cn/200503/14/eng20050314\\_176746.html](http://en.people.cn/200503/14/eng20050314_176746.html).

The Chinese also express concern about “de-sinification” steps that Tsai might take, including revision of textbooks in Taiwan to highlight that China and Taiwan are separate countries. What punitive actions Beijing would take in response remains unclear, however. China’s lack of clarity on what it means to pursue Taiwan independence appears aimed at giving the Chinese maximum discretion to charge Tsai with wrongdoing; it is not an approach that is likely to effectively induce restraint, however.<sup>22</sup>

Although Chinese experts fully understand that public support in Taiwan for closer cross-Strait relations has declined, they have not concluded that Beijing’s strategy to win the hearts and minds of the people of Taiwan is flawed. Instead, they blame Ma and the KMT for failing to ensure that the benefits of improved relations are seen to be equitably shared, and fault the Taiwan education system and the pan-Green media for promoting anti-Mainland sentiment.<sup>23</sup>

Pressure on Taiwan from China has already begun although steps taken thus far have not been acknowledged publicly by Chinese officials. Such measures are likely aimed at influencing Tsai Ing-wen’s policies and as warnings of further negative consequences if she refuses to provide a definition of the nature of the relationship between the two sides of the Strait that is acceptable to Beijing. Following Taiwan’s presidential election in January, China began to reduce group tours to Taiwan by limiting its issuance of the travel permits that tourists need to join such tours. Taiwan’s Minister of Transportation Chen Jian-yu told the Legislative Yuan (LY) in early April that he expects a 30 percent drop in the number of Chinese tourists, which he said could lead to decline in business revenue totaling as much as NT\$2.85 (U.S.\$95 million) per month.<sup>24</sup> The Mainland’s Cross-Strait Tourism Association apparently said that the dip in tourism is due to market factors. However, the Taiwan Affairs Office spokesman admitted that the situation in cross-Strait relations would also be a factor affecting the number of tourists that travel from the Mainland to Taiwan. Similarly, the spokesman said that whether more cities will be added to the transit program that allows passengers flying to or from the approved list of Chinese cities to transfer to other airlines “will depend on the pilot program and the development of the cross-Strait situation.”<sup>25</sup>

Another action taken by Beijing to pressure Tsai and the DPP was the suspension of the “contract farming” program that enabled Taiwanese milkfish farmers to sell their fish at a fixed price directly to the Mainland. The deal was struck in 2011 between Taiwan’s Shinejia Foods Co. and China’s Shanghai Fisheries General Corp., and later with China’s Haikui Seafood Group. A total of 208 milkfish farmer households participated in the program that exported 5,000 tons of milkfish to Mainland China in the first year, and 6,000 tons per year since 2012.<sup>26</sup> The contract was allegedly suspended due to cold weather in Taiwan

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<sup>22</sup> I am indebted to Richard Bush for this insight.

<sup>23</sup> Discussions in Beijing and Xiamen, March 17–18, 2016.

<sup>24</sup> “Mainland Tourists to Decline by 30% Starting Mid-April,” *United Daily News*, April 8, 2016, <http://www1.kmt.org.tw/english/page.aspx?type=article&num=112&anum=17564>.

<sup>25</sup> “Chinese mainland denies capping number of tourists to Taiwan,” Xinhua, January 27, 2016, [http://news.xinhuanet.com/english/2016-01/27/c\\_135050696.htm](http://news.xinhuanet.com/english/2016-01/27/c_135050696.htm).

<sup>26</sup> “Cross-strait milkfish agreement suspended on Taiwan cold snap,” *The China Post*, April 4, 2016, <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2016/04/04/462548/Cross-strait-milkfish.htm>.

that caused a decrease in milkfish production. It is likely, however, that the decision to break the deal is intended as a deliberate signal of Beijing's willingness to stop extending preferential treatment to Taiwan if the DPP doesn't meet its demands.

The PRC's announcement on March 17 that it was "restoring" diplomatic ties with Gambia is yet another indicator of China's displeasure with the DPP refusal to accept "one China." Under most of Ma Ying-jeou's presidency, the two sides of the Strait maintained a tacit diplomatic truce, so that when Gambia severed official relations with Taipei in 2013, Beijing did not seize the opportunity to expand its list of diplomatic allies. Denials by Chinese officials and scholars that the timing of the decision to accept Gambia's two-and-a-half-year offer to establish diplomatic ties has nothing to do with Taiwan are unconvincing.<sup>27</sup> As Richard Bush has written, "Restoring relations with Gambia was one way for China to demonstrate that its hardball threats were not a bluff."<sup>28</sup>

## Cross-Strait Relations Going Forward

While China may not be raising the bar for Tsai, it is apparent that it will not lower the bar for her either. Beijing is firm in its insistence that she state clearly that the two sides of the Taiwan Strait belong to the same country. Ambiguity on the nature of the relationship between Taiwan and Mainland China is deemed unacceptable, especially since the Chinese are suspicious that Tsai plans to make strides toward Taiwan independence during her term in office.

It cannot be ruled out that China's goal in making demands of Tsai that it knows she cannot and will not meet is that Beijing doesn't want to strike a deal with her that could help the DPP remain in power for at least eight years, and perhaps longer. Instead, the Chinese may want Tsai's presidency to fail and hope that the KMT will revive and return to power as soon as possible.

Tsai Ing-wen may provide additional reassurances to Beijing in her May 20 inauguration speech, but it is unlikely that she will satisfy the Mainland's demand of embracing the "one China" principle. Tsai is confident that she has the support of the majority of Taiwan's citizens who favor maintaining the cross-Strait status quo, but do not support explicitly endorsing that China and Taiwan belong to one country. Public opinion polls bear this out. A survey conducted in March by the Election Study Center of National Chengchi University, commissioned by the Taiwan Government's MAC, found that 72.7 percent of respondents do not agree with the claim by China that both sides of the Taiwan Strait belong to "one China."<sup>29</sup> In her inaugural address, Tsai will likely strive to strike a balance between representing Taiwan public opinion as she interprets it and providing reassurance to China. There are risks in leaning too far in either direction. As one DPP adviser put it, if Tsai accepts the PRC's demands, there will be ramifications domestically—she would lose

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<sup>27</sup> Discussions in Beijing and Xiamen, March 17–18, 2016.

<sup>28</sup> Richard C. Bush, "China's Gambia gambit and what it means for Taiwan," *Order from Chaos* (blog), March 22, 2016, <http://www.brookings.edu/blogs/order-from-chaos/posts/2016/03/22-china-gambia-cross-strait-relations-bush>.

<sup>29</sup> Scarlett Chai and Romulo Huang, "Most people in Taiwan in favor of cross-strait status quo," Central News Agency, March 29, 2016, <http://focustaiwan.tw/news/aipl/201603290029.aspx>.

support and potentially undermine her ability to govern effectively. On the other hand, if Tsai ignores Beijing's demands, there will be negative consequences for cross-Strait relations.<sup>30</sup>

Tsai feels pressure not only from within her own party, but also from the New Power Party (NPP), which emerged from the student-led Sunflower Movement that occupied Taiwan's legislature in 2014 over the KMT's handling of a trade pact with the PRC. On many issues such as energy, environment, and human rights, the NPP's policies align closely with the DPP, but on the matter of Taiwan independence, the NPP's stance is more radical than Tsai's recent pronouncements. In addition, the NPP seeks to limit the concessions that the DPP makes on issues where there is a divergence of opinion between the two parties, such as addressing U.S. concerns on Taiwan's restrictions on imports of U.S. agricultural goods. With five seats in the LY, the NPP is now the third-largest party in legislature. If Tsai makes concessions to Mainland China that are not supported by her party, the DPP could lose support to the NPP in the 2018 local elections and beyond.

There are three possible pathways for relations between Taiwan and Mainland China in the near term. The first potential scenario is that Taipei and Beijing find sufficient common ground to maintain and continue to develop cross-Strait relations. This includes preserving established governmental channels and quasi-governmental negotiation channels, as well as other problem-solving mechanisms that have evolved during Ma Ying-jeou's eight-year term in office. This outcome could be realized by agreement on a new formulation to describe the relationship between the Mainland and Taiwan that, like the 1992 Consensus, is ambiguous, but is acceptable to both sides. To be successful, this would need to be a reciprocal process in which Beijing not only gets assurances from Tsai, but also provides reassurances to her. Beijing's obligations would include commitments such as not blocking Taiwan from expanding its economic relations, including through the signing of bilateral and multilateral free-trade agreements with other countries. Tsai would agree to not pursue policies inconsistent with the new formulation, specifically pro-independence policies. This outcome is undoubtedly best for the United States as it would provide the greatest likelihood that cross-Strait friction will be manageable under Tsai's presidency and PRC diplomatic and economic coercion against Taiwan can be largely averted.

The second potential scenario is that the two sides of the Strait do not agree on a new formulation, but Tsai Ing-wen provides additional reassurances that are sufficient to forestall significant punitive actions by Beijing. In this scenario, China would "wait and see" what policies Tsai implements as president. During this trial period, it is nevertheless likely that the Mainland quietly suspends SEF-ARATS and MAC-TAO dialogue channels, reduces Chinese tourists to Taiwan, and refuses to resume negotiations of new cross-Strait agreements including the merchandise trade agreement and discussions on establishing representative offices on both sides of the Strait. Beijing would also not permit an expansion of Taiwan's role in international organizations and might create some new difficulties for Taiwan's government and NGOs to participate in various multilateral

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<sup>30</sup> Discussion with DPP adviser in Taiwan, March 15, 2016.

organizations, but it would not attempt to reverse gains Taiwan has made or steal away Taiwan's diplomatic allies. This situation is unlikely to be sustained for a long period of time and eventually would have three possible outcomes: 1) Tsai and the DPP make concessions to Beijing or a process of mutual accommodation leads to an improvement and a degree of stability in cross-Strait relations; 2) Tsai adopts more radical policies out of frustration and in response to domestic pressure, which prompts a negative reaction from the Mainland, producing a downward negative spiral in cross-Strait relations; or 3) Mainland China decides that due to its deep distrust of Tsai, it cannot work with her, which results in a harsher policy toward Taiwan such as is outlined in scenario three below.

The third potential scenario is that Beijing concludes that Tsai is insincere and harbors intentions to push a Taiwan independence agenda. This would result in a series of overt policies designed to pressure and punish the DPP. Although the goal would likely be to penalize the Taiwan government while continuing the policy of winning over the hearts and minds of the Taiwan people, in practice this distinction would be difficult if not impossible to achieve. In addition to announcing a cutoff of cross-Strait dialogue channels, the Mainland might halt implementation of some existing agreements, encourage Taiwan's allies to switch their diplomatic allegiance to the PRC, and roll back Taiwan's gains in the international arena, including its participation as an observer in the World Health Assembly. Military pressure on Taiwan would likely increase, such as the conduct of exercises simulating strikes on Taiwan and flight operations that cross the mid-line of the Taiwan Strait. In this scenario, Beijing would also likely increase pressure on the United States to prevent Tsai from taking provocative actions.

## Recommendations for U.S. Policy

To date, U.S. policy toward Beijing and the incoming DPP administration has been deliberately even-handed. U.S. officials have repeatedly emphasized that the fundamental national interest of the United States is in the maintenance of peace and stability across the Taiwan Strait. The consistent message of the Obama administration has been to encourage both Tsai Ing-wen and Xi Jinping to be creative and flexible, and to keep dialogue channels open.<sup>31</sup>

While this policy was appropriate for the run-up to the Taiwan elections last January and their immediate aftermath, it is now necessary to recalibrate the U.S. stance based on the new situation. It is increasingly clear that Tsai Ing-wen is making a concerted effort to exercise creativity and flexibility so as to maintain the cross-Strait status quo, but Beijing is doing little to reciprocate. Given U.S. interests in the preservation of open cross-Strait communication channels and stability, the United States should adopt a more proactive and less even-handed approach. Failure to do so could lead Xi Jinping and the Chinese

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<sup>31</sup> See, for example, "U.S. urges China to remain flexible in cross-Strait ties," *Taipei Times*, February 28, 2016, <http://www.taipetimes.com/News/taiwan/archives/2016/02/28/2003640405>; and "U.S. urges talks between mainland China and Taiwan amid uncertainty after election," *South China Morning Post*, February 12, 2016, <http://www.scmp.com/news/china/policies-politics/article/1912280/us-urges-talks-between-mainland-china-and-taiwan-amid>.

government to miscalculate in the belief that the United States tacitly supports the application of pressure on Tsai Ing-wen, just as it supported such pressure against Chen Shui-bian. Specifically, the following policy measures should be undertaken:

- U.S. officials should make clear that while both sides have responsibility for avoiding disruption of the prevailing cross-Strait stability, in current circumstances Beijing needs to exhibit greater creativity and flexibility toward Taiwan, specifically to demand less clarity from Tsai and tolerate more ambiguity.
- Washington should encourage China to pay attention not only to Tsai Ing-wen's words but also to her actions.
- The United States should warn Beijing against taking actions that are harmful to Taiwan's economy and its participation in the international community. U.S. officials should emphasize that such actions would be counterproductive to China's goals of winning the hearts and minds of the people of Taiwan and its ultimate goal of reunification.
- U.S. officials should encourage Tsai Ing-wen to continue to exercise restraint, to avoid taking actions that could further incite Beijing's suspicions of her intentions, and to seek ways to provide additional reassurances that she does not plan to seek independence during her term in office.

# Appendix: CSIS Delegation Members

A delegation led by the Center for Strategic and International Studies (CSIS) traveled to Taiwan, Beijing, and Xiamen March 14–19, 2016, where they discussed the issues in this paper extensively with senior officials and scholars.

Ms. Bonnie S. Glaser  
*Director, China Power Project*  
*Senior Adviser for Asia*  
*CSIS*

Dr. Richard Bush  
*Director, Center for East Asia Policy Studies*  
*The Chen-Fu and Cecilia Yen Koo Chair in Taiwan Studies*  
*Senior Fellow, Foreign Policy, John L. Thornton China Center*  
*The Brookings Institution*

Ms. Susan Lawrence  
*Specialist in Asian Affairs*  
*Congressional Research Service*

Mr. Alan D. Romberg  
*Distinguished Research Fellow and Director*  
*East Asia Program*  
*Henry L. Stimson Center*

Dr. Phillip C. Saunders  
*Distinguished Research Fellow*  
*Director of Studies, Center for Strategic Research*  
*Director, Center for Study of Chinese Military Affairs*  
*Institute for National Strategic Studies*  
*National Defense University*

## About the Author

Bonnie S. Glaser is a senior adviser for Asia and the director of the China Power Project at CSIS, where she works on issues related to Chinese foreign and security policy. She is concomitantly a nonresident fellow with the Lowy Institute in Sydney, a senior associate with CSIS Pacific Forum, and a consultant for the U.S. government on East Asia. From 2008 to mid-2015, Ms. Glaser was previously a senior adviser with the Freeman Chair in China Studies, and from 2003 to 2008, she was a senior associate in the CSIS International Security Program. Prior to joining CSIS, she served as a consultant for various U.S. government offices, including the Departments of Defense and State. Ms. Glaser has written extensively on various aspects of Chinese foreign policy and Asian security. Ms. Glaser is a regular contributor to the Pacific Forum quarterly Web journal *Comparative Connections*. She is currently a board member of the U.S. Committee of the Council for Security Cooperation in the Asia Pacific, and a member of both the Council on Foreign Relations and the Institute of International Strategic Studies. She served as a member of the Defense Department's Defense Policy Board China Panel in 1997. Ms. Glaser received her B.A. in political science from Boston University and her M.A. with concentrations in international economics and Chinese studies from the Johns Hopkins School of Advanced International Studies.



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