

A satellite night map of China and Taiwan, showing city lights and coastlines against a dark blue background. The map is oriented with China on the left and Taiwan on the right, separated by the Taiwan Strait.

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Managing Cross-Strait Ties in 2017

AUTHOR
Bonnie S. Glaser

A REPORT OF THE
CSIS CHINA POWER PROJECT

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Recommendations for the Trump Administration

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Executive Summary

Beijing and Taipei are engaged in a difficult balancing act as they seek to manage relations with each other and with Washington. Cross-Strait ties, which improved considerably under Ma Ying-jeou's presidency (May 2008–May 2016), have deteriorated since Tsai Ing-wen came to power last May. Dissatisfied with Tsai's unwillingness to rule out Taiwan independence and state that the two sides of the Strait belong to "one China," Beijing has gradually, but conspicuously imposed pressure on the new Democratic Progressive Party (DPP) government. Mainland China insists that Taipei, not Beijing, has changed the status quo.

There is a major cross-Strait trust deficit and mutual fears guide policies on both sides. Beijing fears that Tsai is pursuing a separatist agenda that threatens mainland China's sovereignty and territorial integrity. Taipei fears that the Chinese will curb Taiwan's autonomy and eventually close off all options other than reunification on Beijing's terms.

Leaders in both Taiwan and China face complicated domestic political environments and neither attaches top priority to cross-Strait relations at present. Tsai Ing-wen's attention is focused on reviving the island's flagging economy. Xi Jinping's priority this year is to ensure the success of the 19th Party Congress and use it as a springboard to consolidate his power base as China's core leader. Neither president has much room to maneuver domestically when it comes to cross-Strait relations. Tsai faces growing pressure from pro-independence forces within the DPP, as well as from the social justice advocates in the New Power Party, which is likely to pose a challenge to the DPP in the 2018 local elections. Xi cannot afford to look weak on the sensitive issue of Taiwan if he hopes to maintain, much less strengthen his grip on power. Both presidents seek to avoid increased tensions that make cross-Strait relations a front-burner issue. For these reasons, a crisis between the two sides of the Strait can likely be averted.

Stabilizing and improving cross-Strait relations will require greater flexibility and creativity by both sides. Since Tsai assumed office, both sides have taken steps that have undermined mutual trust. Xi Jinping and Tsai Ing-wen should demonstrate self-restraint, while seeking opportunities to provide reassurance and show goodwill to the other side. Taipei and Beijing will both need to enter into a process of incremental trust-building through reciprocal and positive words and deeds. The absence of effective, reliable communication channels hampers the ability of both sides to build trust and increases the potential for miscalculation.

As Donald Trump's presidency begins, there is a great deal of uncertainty about the future of U.S. policy toward Taiwan and China, which is bound to make managing cross-Strait ties more challenging. The preservation of peace and stability in the Taiwan Strait remains an important U.S. interest. Responsibility for maintaining cross-Strait peace and stability lies primarily with Beijing and Taipei, but Washington also has a role to play.

Most importantly, the United States should do no harm. Radical changes in American policy at this juncture could create instability in relations between Beijing and Taipei. The United States' "one China" policy is part of the foundation of the U.S.-China relationship that made normalization of diplomatic ties possible. It has served U.S. interests for over 37 years and should not be capriciously discarded. The "one China" policy—the Three U.S.-China Communiqués, the Taiwan Relations Act, and the Six Assurances—has provided a successful framework for managing U.S. relations with both sides of the Strait. Rather than damaging Taiwan's interests, the "one China" policy, with its deliberate ambiguity, has enabled the maintenance of a robust U.S. relationship with Taiwan, including extensive diplomatic interaction, strong economic and people-to-people ties, and wide-ranging military and security cooperation.

Going forward, the United States should take the following steps to promote cross-Strait stability and further strengthen ties with Taiwan.

- The Trump administration should build on the significant achievements made by prior U.S. administrations to strengthen ties with Taiwan. An internal policy review should be conducted to evaluate what elements of the U.S.-Taiwan relationship can and should be improved. This could include consideration of loosening restrictions on some long-standing restrictions on official and military exchanges. However, the principle that the U.S.-Taiwan relationship is an unofficial relationship should not be compromised because it would trigger a strong reaction from Beijing and would put Taiwan's security in jeopardy.
- There is much that has been done and can be done between the United States and Taiwan within the framework of an unofficial relationship. Improvements in U.S.-Taiwan relations should be done without public fanfare, to reduce the possibility that Beijing feels compelled to react strongly.
- U.S. officials should strongly encourage Beijing to restore official cross-Strait communication and negotiation channels to minimize the possibility of misunderstanding and miscalculation, and to provide opportunities to narrow differences and address problems.
- The United States should warn Beijing against taking measures that are damaging to Taiwan's economy and its participation in the international community. Should China pressure Taiwan in these areas, the United States should take actions to offset the negative impact of Chinese policies. For example, Chinese pressure aimed at preventing Taiwan from appropriate and meaningful participation in regional and international organizations should result in stepped-up U.S. efforts to work with like-minded countries to promote Taiwan's involvement in cooperative diplomatic activities. Beijing's exclusion of Taiwan from regional economic integration should lead the United States to accelerate negotiation of bilateral economic agreements with Taiwan and encourage other countries to follow suit.

Managing Cross-Strait Ties in 2017

Recommendations for the Trump Administration

Bonnie S. Glaser

Cross-Strait Mistrust Deepens

Beijing and Taipei are engaged in a difficult balancing act as they seek to manage relations with each other and with Washington. Cross-Strait ties, which improved considerably under Ma Ying-jeou's presidency (May 2008–May 2016), have deteriorated since Tsai Ing-wen came to power last May. Dissatisfied with Tsai's unwillingness to rule out Taiwan independence and state that the two sides of the Strait belong to "one China," Beijing has gradually, but conspicuously imposed pressure on the new Democratic Progressive Party (DPP) government. Mainland China insists that Taipei, not Beijing, has changed the status quo. There is a major cross-Strait trust deficit and mutual fears guide policies on both sides. Beijing fears that Tsai is pursuing a separatist agenda that threatens mainland China's sovereignty and territorial integrity. Taipei fears that the Chinese will curb Taiwan's autonomy and eventually close off all options other than reunification on Beijing's terms.

Tsai Ing-wen's phone call with President-elect Donald Trump, even if intended to simply offer congratulations on his election victory, has exacerbated cross-Strait mistrust. Trump's subsequent questioning of the long-standing U.S. "one China" policy and his suggestion that Taiwan could be used as a bargaining chip to extract trade concessions from China further complicated the increasingly precarious relations among the United States, China, and Taiwan. As Trump's presidency begins, there is a great deal of uncertainty about the future of U.S. policy toward Taiwan and China, which is bound to make managing cross-Strait ties more challenging.

The preservation of peace and stability in the Taiwan Strait remains an important U.S. interest. Responsibility for maintaining cross-Strait peace and stability lies primarily with Beijing and Taipei, but Washington also has a role to play.

This report analyzes the state of cross-Strait relations, examining Taipei's policy toward China and Beijing's policy toward Taiwan. It proposes policy recommendations for the United States as the Trump administration seeks to advance U.S. interests with both Taipei and Beijing. The report is informed by interviews conducted in China and Taiwan October 17–23, 2016.

Tsai Ing-wen Stays on Message, Offers Reassurance

Since being elected in January, President Tsai Ing-wen has attempted to implement her campaign pledge to maintain the status quo in relations with mainland China. In various speeches and interviews, she has remained consistent in her statements about cross-Strait relations. Although Tsai has resisted Beijing's pressure to endorse the "1992 Consensus"—a political formulation referring to the understanding reached by both sides that Taiwan and the mainland belong to "one China" while having different interpretations of the meaning of "one China"—she has put forward a series of positions that Beijing should find reassuring. In her inauguration address, she reiterated the four elements that comprise the "existing political foundation, which she first articulated in an interview with the *Liberty Times* a few days after the election. These four elements are: 1) the "historical fact" of the 1992 SEF-ARATS [Straits Exchange Foundation–Association for Relations Across the Taiwan Strait] discussions and joint acknowledgment to set aside differences and seek common ground; 2) the existing Republic of China (ROC) constitutional order; 3) the outcomes of over 20 years of interactions and negotiations across the Strait; and 4) the democratic principles and prevalent will of the people of Taiwan. Moreover, Tsai pledged to conduct cross-Strait affairs in accordance with the ROC Constitution as well as the Act Governing Relations between the People of the Taiwan Area and the Mainland Area and other relevant legislation.

Taiwan officials stress that Tsai's willingness to repeat all the above positive elements of her inaugural address in her October 10 speech despite growing pressure from mainland China was intended as a goodwill gesture. Moreover, when she mentioned the ROC Constitution in her speech, she dropped the reference to "order," eliminating the ambiguity that the phrase had implied. Tsai also added a new reassurance, promising that her administration "will of course not revert to the old path of confrontation." According to Tsai administration officials, this was intended to assure Beijing that Tsai would not pursue the kind of destabilizing policies that Chen Shui-bian had implemented. Tsai also stressed that maintaining the status quo "has a more proactive meaning" and indicated that her government would "take proactive and forward-looking measures to promote constructive exchanges and dialogue across the Strait." Adopting a somewhat tougher stance, she noted that "we will not bow to pressure" and called on the mainland Chinese authorities to "face up to the reality that the Republic of China exists, and that the people of Taiwan have an unshakable faith in the democratic system."

In both the inaugural and October 10 speeches, Tsai proposed that the "two governing parties" across the Strait "set aside the baggage of history and engage in positive dialogue for the benefit of the people on both sides." Although she did not specify what constitutes "historical baggage," interlocutors on both sides of the Strait speculate that Tsai's baggage is the independence plank in the DPP's 1991 Party platform. Some DPP members have already suggested freezing the plank or taking other actions to neutralize it, but Tsai has never taken a public position on the matter. The mainland's historical baggage that Tsai wants Beijing to relinquish could refer to its insistence on "one China." Alternatively, it could refer to revising a document such as Article 8 of the PRC Anti-Secession Law, which outlines conditions under which the mainland can use "non-peaceful means and other necessary measures" against

Taiwan,” or the PRC constitution, which states in its preamble, “Taiwan is part of the sacred territory of the People’s Republic of China.”

That Tsai has generally stayed on message and continued to provide reassurances to Beijing was not a certainty and is commendable. She faces enormous domestic pressure from across the political spectrum on a range of issues. The “blue camp” is unhappy with her cross-Strait policy and angry about her support for the DPP’s transitional justice agenda aimed at resolving historical grievances against the Kuomintang (KMT). Radicals in the DPP are demanding a reevaluation of Taiwan’s history, political institutions, and constitutional order, and eventually discarding the “Republic of China” structure. The New Power Party is dissatisfied at the slow progress in fulfilling campaign promises on social issues. Tsai has faced a spate of protests conducted by public school teachers, civil servants, retired military personnel, laborers, pro-LGBT rights activists, and the tourist industry.¹ According to one poll, in the first eight months of her presidency, Tsai’s domestic approval rating fell from 69.9 to 38.0 percent, and her disapproval rating rose from 8.8 to 43.7 percent.²

Having reflected on the eight years of Chen Shui-bian’s rule, Tsai administration officials understand the risks of adopting pro-independence policies pushed by the fundamentalist “deep green camp.” President Tsai is committed to maintaining peaceful and positive relations with Beijing and hopes that the mainland will eventually conclude that applying pressure on Taiwan is counterproductive: it will increase the hostility of the majority of the people of Taiwan toward mainland China rather than winning their support for reunification. Although Tsai administration officials are not optimistic that cross-Strait relations will take a turn for the better this year, they see a potential window of opportunity to improve ties with Beijing in Xi Jinping’s second term in office, after the 19th Party Congress this fall. If internal bickering in the KMT continues and KMT candidates fare poorly in the Taiwan’s local elections in 2018, they predict that Xi may decide to engage with the DPP. In the meantime, Tsai intends to stick to her policy of averting tensions with Beijing and seeking ways to improve cross-Strait relations. She views her cross-Strait policy as solidly based on the preferences of the majority of the people of Taiwan who favor cooperative relations with mainland China but do not endorse the “1992 Consensus.”

A key premise of Tsai’s cross-Strait policy is that dialogue and communication are essential to maintaining peaceful and stable cross-Strait relations and to setting up mutual trust between the two sides of the Strait.³ Despite Beijing’s announcement a month after Tsai Ing-wen’s inauguration suspending official communications and negotiations between Beijing and Taipei, Tsai’s administration is doing its utmost to utilize various channels to maintain cross-Strait communication. Taiwan’s Mainland Affairs Council (MAC) and Straits Exchange Foundation continue to send faxes to their counterpart organizations on the mainland, the Taiwan Affairs Office (TAO) and the ARATS, to convey information and handle emergencies.

¹ See Lu Pengqiao, “Taiwan’s Biggest Problems Are at Home (Not Across the Strait,” *The Diplomat*, November 17, 2016, <http://thediplomat.com/2016/11/taiwans-biggest-problems-are-at-home-not-across-the-strait/>.

² “Majority positive over Tsai-Trump call,” *Taipei Times*, December 27, 2016, <http://www.taipeitimes.com/News/taiwan/archives/2016/12/27/2003662000>.

³ Speech by Lin Cheng-yi, deputy minister, Mainland Affairs Council, at The Brookings Institution, September 15, 2016, https://www.brookings.edu/wp-content/uploads/2016/09/20160915_taiwan_cross_strait_transcript.pdf.

According to Taiwan officials, Beijing has replied when it serves its interests to do so, such as in the case of the tragic bus accident on July 19, 2016, in which 24 mainland Chinese tourists were killed.⁴ When Taipei sent condolences to the mainland after flooding in central and southern China that killed over 200 people and displaced over 1 million, Beijing sent back a message expressing gratitude for Taiwan's concern about human security on the mainland.⁵ Moreover, routine working-level communication and cooperation between government agencies on the two sides of the Strait continue in accordance with the implementation of the 23 agreements signed during the Ma Ying-jeou administration.⁶

Concern is growing in Tsai's government, however, that Beijing is seeking to bypass government channels and use the KMT-CCP (Chinese Communist Party) Forum as a platform for cross-Strait cooperation as well as set up direct links to the private sector in Taiwan. During the latest round of KMT-CCP meetings in Beijing last November, KMT chair Hung Hsiu-chu did not hide her intention that her party serve as a main conduit between the two sides of the Strait. While in Beijing, she stated: "Amid the suspension of official cross-Strait communication channels, it is the KMT's unshakeable responsibility to assist private organizations and help address relevant problems through the KMT-CCP communication mechanisms."⁷

Beijing's Suspicions Grow, but Door Remains Open

Despite Tsai Ing-wen's efforts to demonstrate good will and her deliberate use of rhetoric to reassure mainland China that she seeks to preserve positive cross-Strait ties, Beijing's mistrust of her has increased since the May 20 inauguration. Tsai's unwillingness to accept the "1992 Consensus" or offer an alternative formulation that expresses that the two sides of the Strait are part of one country is at the root of their suspicions. "What is the fundamental nature of cross-Strait relations? Relations between two countries or relations between two sides of one country?" asked a senior Chinese official privately. "She needs to come up with words that can convince our people on the mainland," the official added.

Prior to the inauguration, China's distrust of Tsai was based on her past. Chinese experts cited her record as creator of the "special state-to-state relations" theory during the Lee Teng-hui presidency and as a supporter of the "one country on each side of the Strait" position when Chen Shui-bian was president. Policies that Tsai has implemented since becoming president have made the Chinese even more worried that she seeks to pursue independence from mainland China. Unlike former President Chen, who overtly attempted to take pro-independence actions, Beijing accuses Tsai Ing-wen of pursuing independence more surreptitiously, often referred to by mainland Chinese experts as "soft," "flexible," or "cultural" independence.

⁴ Conversation with senior official in Taiwan, October 19, 2016.

⁵ Conversation with senior official in Taipei, October 19, 2016.

⁶ Speech by Lin Cheng-yi, deputy minister, Mainland Affairs Council.

⁷ "Hung proposes peace accord in Beijing," *Taipei Times*, November 2, 2016, <http://www.taipeitimes.com/News/front/archives/2016/11/02/2003658394>.

Chinese experts cite a series of actions taken by the Tsai administration that they charge are aimed at separating Taiwan from the mainland. Examples of such “de-sinification” measures include 1) rescinding new Sino-centric guidelines for high school history and social studies textbooks that had been approved under Ma Ying-jeou; 2) promoting the New Southbound Policy to reduce cross-Straits economic cooperation and trade as a proportion of Taiwan’s overall trade; 3) identifying five major innovative industries for priority development that are not closely linked to the mainland; and 4) nominating judges to serve as grand justices who dispute whether the sovereignty of the Republic of China includes mainland China or refuse to accept the ROC all together.

In an article aimed at interpreting Chinese President Xi Jinping’s remarks in his November 1 meeting with KMT Chairwoman Hung Hsiu-chu, TAO Minister Zhang Zhijun raised concerns about Tsai’s alleged “de-sinification” policies. “Some people on the island are engaged in all kinds of “de-sinification” activities in an attempt to weaken the spiritual bonds between the compatriots on both sides of the Taiwan Strait. These are unpopular and cannot possibly succeed,” Zhang wrote.⁸

In addition to these de-sinification measures, the Chinese claim that Tsai has undertaken some unfriendly actions toward the mainland and failed to seize opportunities to show goodwill. The most frequently cited example is the bus accident last July in which 26 passengers were killed, 24 of whom were from China’s northeastern city of Dalian. Mainland Chinese officials privately express outrage at the fact that Tsai Ing-wen sent a condolence inscription to the memorial service of the Taiwanese tour guide killed in the accident, but did not convey any condolences to the families of the 24 mainland tourists. Another episode that angered Beijing was the July 1 misfiring of one of Taiwan’s cruise missiles in the direction of mainland China. Taipei informed Washington of the mishap immediately, but apparently notified the Chinese only several hours later.

Chinese scholars, who are mostly hawkish, are deeply critical of Tsai’s transitional justice agenda. The government’s freeze on the KMT’s bank accounts as part of an investigation into the party’s seizure of considerable state and some private assets following the post-WWII settlement that stripped Japan of its Asian empire is widely seen by the mainland as an attempt to prevent the KMT from coming back to power. This is especially alarming to the CCP, which continues to promote its ties with the KMT and sees it a bulwark against independence.

Tsai’s open letter to DPP members in September 2016, marking the party’s 30th anniversary, in which she called on them in her capacity as DPP chair to “resist pressure from China” and reduce Taiwan’s overdependence on China⁹ was also condemned by many mainland experts as evidence of Tsai’s pro-independence proclivities. Similarly, although some Chinese experts acknowledged that Tsai attempted to show some goodwill in her October 10 speech, they

⁸ “张志军署名文章：指引方向、坚定信心、克难前行——学习习近平总书记会见洪秀柱重要讲话的体会,” Xinhua, November 2, 2016, http://news.xinhuanet.com/tw/2016-11/02/c_129348190.htm.

⁹ Matthew Strong, “Tsai calls on DPP to resist China pressure,” *Taiwan News*, September 29, 2016, <http://www.taiwannews.com.tw/en/news/2986999>.

nevertheless roundly condemned her for bluntly stating that Taiwan “will not bow to pressure” from China.

A number of Chinese scholars suspect that Tsai is using cross-Strait policy as a means to boost her domestic popularity, which has declined significantly since the election. Few experts appear to appreciate the growing pressure that Tsai faces from radical elements within her own party and from the increasingly popular New Power Party, which advocates independence.

Even though official political contacts and communication channels were suspended after Tsai became president due to her refusal to accept the “1992 Consensus.” Chinese officials say, the mainland is still willing to promote cross-Strait cooperation in economic, social, and cultural spheres. Minister Zhang Zhijun has stated that Beijing will continue to honor the 23 cross-Strait economic agreements signed during Ma Ying-jeou’s term in office.¹⁰ Last October, a senior Chinese official said privately, “We still want to let the Taiwan share the benefits of the mainland’s development. We want to show that the people of Taiwan and the mainland are one family, brothers and sisters. There is only condition—that the country cannot be split.”

As mainland Chinese views of Tsai harden, however, even its economic policies are being adjusted to signal discontent with the DPP. At the end of 2016, Beijing began to give preferential treatment to eight cities and counties in Taiwan that are governed by the KMT or independents who accept the “1992 Consensus.”¹¹ Earlier that month, Zhang Zhijun told a conference in Henan that the mainland would continue to welcome investments from Taiwanese companies, but not from those that advocate Taiwan independence.¹² In addition, mainland tourists to Taiwan continue to drop, falling 36 percent in the first seven months after Tsai took power.¹³ Privately, Chinese officials insist that the government is not actively discouraging tourists from visiting Taiwan. Rather, they say, it is simply no longer encouraging mainland Chinese to travel to the island. “We showed our good will,” one official asserted, adding, “We could have eliminated them all together.”

Beijing has exerted far greater pressure on Taiwan’s international space. Taipei was blocked from sending an official delegation to the triennial International Civil Aviation Organization (ICAO) meeting in Montreal. In 2013, under Ma Ying-jeou’s administration, a delegation from Taiwan was permitted to participate as a guest of the ICAO president. Beijing would not agree to allow Taiwan any form of participation in Interpol, despite urgings from many countries to at least allow Taipei to have access to the I-24/7 global police communications system. China also denied Taiwan official government participation in the UN Framework Convention on Climate Change and blocked a representative from Taiwan from joining a

¹⁰ 戴瑞芬, “張志軍: 兩岸 23 協議 陸不改變,” *World Journal*, August 18, 2016, <http://www.worldjournal.com/4275382/article-張志軍: 兩岸 23 協議-陸不改變/>.

¹¹ In late December 2016, a three-day promotional fair was held in Beijing to promote agricultural products from Miaoli, Hsinchu, Nantou, Taitung, Hualien, Lienchiang, and Kinmen counties, as well as New Taipei City.

¹² “Pro-Taiwanese independence firms ‘not welcome’: Beijing,” *The China Post*, December 3, 2016, <http://www.chinapost.com.tw/taiwan-business/2016/12/03/485734/Pro-Taiwanese-independence.htm>.

¹³ “Taiwan tourism suffering under Tsai,” *Shanghai Daily*, December 30, 2016, <http://www.shanghaidaily.com/nation/Taiwan-tourism-suffering-under-Tsai/shdaily.shtml>.

global gathering on rare diseases. In an especially petty move, the Chinese persuaded the UN to not permit anyone holding an ROC passport to join tours of the UN building. Chinese officials explain that these are natural consequences of the DPP's failure to accept "one China." One senior Chinese official explained that "Our position has always been that Taiwan's participation in international activities must be based on one China and must be discussed with the mainland. Under those circumstances, appropriate arrangements can be made."¹⁴

Beijing's willingness to continue the tacit diplomatic truce that existed during Ma Ying-jeou's presidency also came to an end as the mainland took reprisals against Tsai Ing-wen for making a phone call to President-elect Donald Trump. Chinese Foreign Minister Wang Yi called the phone call a "little trick" and then arranged for Sao Tome and Principe to sever ties with Taipei and establish formal diplomatic relations with Beijing.

Although China eschewed using military measures to pressure Tsai's government for many months after her inauguration, Beijing abandoned that restraint even prior to the Tsai-Trump phone call. On November 25, the People's Liberation Army Air Force (PLAAF) flew two Xian H-6K bombers along the nine-dash line in the South China Sea and encircled Taiwan during military exercises. Two weeks later on December 10, more than a week after the phone call, the PLAAF flew an H6-K bomber and a dozen aircraft over the East China Sea to the south of the Japanese island of Okinawa. The bomber and three other aircraft circled the international airspace around Taiwan.¹⁵ As part of what was likely a long-planned series of military exercises, China's aircraft carrier, the *Liaoning*, sailed southeast of the Pratas Islands, which are controlled by Taiwan, and then passed 90 nautical miles south of Taiwan's southernmost point via the Bashi channel between Taiwan and the Philippines.¹⁶ On January 11, the Chinese carrier battle group passed through the Taiwan Strait.¹⁷

Even as mainland China's suspicions grow that Tsai Ing-wen intends to gradually advance a separate and independent Taiwan, the Chinese government has eschewed direct criticism of her and left the door open for improving cross-Straits relations. Beijing's assessment of Tsai's policies as "incomplete exam paper," issued after her inauguration address, has not changed; the mainland remains patient and is willing to give her time to complete the test to its satisfaction. Privately, Chinese officials say that the ball is in Taiwan's court and that Beijing is willing to consider a new expression to replace the "1992 Consensus," as long as it has a "one China" connotation. This position was first articulated privately in 2011 by then TAO Director Wang Yi during a visit to Washington, D.C., in the run-up to Taiwan's 2012 presidential election. It has never been stated publicly by a Chinese official, however.

A step toward official utterance of China's willingness to consider a new understanding to replace the "1992 Consensus" was taken last December. Zhou Zhihui, director of the

¹⁴ Conversation with senior Chinese official in Beijing, October 21, 2016.

¹⁵ "Chinese aircraft fly around Taiwan," *Taipei Times*, December 11, 2016, <http://www.taipeitimes.com/News/front/archives/2016/12/11/2003660975>.

¹⁶ J.R. Wu, "Chinese carrier enters South China Sea amid renewed tension," Reuters, December 26, 2016, <http://www.reuters.com/article/us-china-defence-taiwan-idUSKBN14F061>.

¹⁷ J.R. Wu and Faith Hung, "Taiwan scrambles jets, navy as China aircraft carrier enters Taiwan Strait," Reuters, January 10, 2017, <http://www.reuters.com/article/us-china-taiwan-carrier-idUSKBN14V061>.

influential Institute of Taiwan Studies under the Chinese Academy of Social Sciences, stated in a speech delivered at a conference in Guilin that Beijing is open to considering a formulation other than the “1992 Consensus” between the mainland and Taiwan, as long as it is consistent with “one China.” Zhou’s statement was almost certainly authorized and was likely intended as a signal to Tsai’s government. Zhou also proposed that think tanks on both sides of the Strait exchange ideas on how to find a mutually acceptable formulation.

China has also privately signaled several steps that Tsai Ing-wen could take to assuage Beijing’s concerns that she is promoting a separatist agenda. At the top of the list is a statement that she will not pursue independence. Given the pressure from the “dark greens” in the DPP and others who hold out hope for a formal declaration of independence from China, Tsai is unlikely to make such a statement. One could imagine, perhaps, that Tsai might be willing to consider saying that she doesn’t have the ambition to pursue independence during her term in office. But it would be reasonable for her to then ask Beijing to make concessions in return. Perhaps, China could agree to restore the official communication and cooperation channels that have been cut, including those between MAC and TAO, and between SEF and ARATS.

Another reassurance step that some Chinese experts have long sought is revision of the Taiwan independence plank in the DPP party platform. Tsai Ing-wen has never publicly taken a position on whether the independence plank could be changed. It is an intriguing idea, however, since her proposal to set aside “historical baggage” likely means the DPP should seek ways to shed its pro-independence stance, and Beijing should find a way to give up its “one China” position. Some DPP politicians have suggested revising the party charter to reflect Tsai’s positions on maintaining the status quo, instead of promoting the goal of independence. So far, however, such proposals have been rejected.

A third potential measure that Taiwan could take to build trust, according to mainland Chinese scholars, is what they refer to as the Ko Wen-je model. Ko Wen-je, mayor of Taipei, has not accepted the “1992 Consensus,” but he has said that he “understands and respects” Beijing’s insistence on that consensus. Ko also called for past interactions between the two sides of the Strait to be respected and said that the people on the two sides are part of one family. Importantly, Ko denied the existence of two Chinas. Ko’s positions were judged by China to be good enough—the Taipei-Shanghai forum was allowed to take place in Taipei last August. There are no signs, however, that Tsai is willing to follow this model.

Prospects for Cross-Strait Relations in 2017 and Beyond

Leaders in both Taiwan and China face complicated domestic political environments and neither attaches top priority to cross-Strait relations at present. Tsai Ing-wen’s attention is focused on reviving the island’s flagging economy. Xi Jinping’s priority this year is to ensure the success of the 19th Party Congress and use it as a springboard to consolidate his power base as China’s core leader. Neither president has much room to maneuver domestically when it comes to cross-Strait relations. Tsai faces growing pressure from pro-independence forces within the DPP, as well as from the social justice advocates in the New Power Party, which is likely to pose a challenge to the DPP in the 2018 local elections. Xi cannot afford to

look weak on the sensitive issue of Taiwan if he hopes to maintain, much less strengthen his grip on power. Both presidents seek to avoid increased tensions that make cross-Strait relations a front-burner issue. For these reasons, a crisis between the two sides of the Strait can likely be averted.

Stabilizing and improving cross-Strait relations will require greater flexibility and creativity by both sides. Since Tsai assumed office, both sides have taken steps that have undermined mutual trust. Xi Jinping and Tsai Ing-wen should demonstrate self-restraint, while seeking opportunities to provide reassurance and show goodwill to the other side. Taipei and Beijing will both need to enter into a process of incremental trust-building through reciprocal and positive words and deeds.¹⁸ The absence of effective, reliable communication channels hampers the ability of both sides to build trust and increases the potential for miscalculation. Until official communication mechanisms can be restored, both sides should appoint trusted representatives to conduct dialogue as necessary. These individuals must have access to their leaders and be authorized to convey messages.

The United States can play a role in promoting a more positive cross-Strait relationship. Most importantly, however, the United States should do no harm. Radical changes in American policy at this juncture could create instability in relations between Beijing and Taipei. The United States' "one China" policy is part of the foundation of the U.S.-China relationship that made normalization of diplomatic ties possible. It has served U.S. interests for over 37 years and should not be capriciously discarded. The "one China" policy—the Three U.S.-China Communiques, the Taiwan Relations Act, and the Six Assurances—has provided a successful framework for managing U.S. relations with both sides of the Strait. Rather than damaging Taiwan's interests, the "one China" policy, with its deliberate ambiguity, has enabled the maintenance of a robust U.S. relationship with Taiwan, including extensive diplomatic interaction, strong economic and people-to-people ties, and wide-ranging military and security cooperation.

Going forward, the United States should take the following steps to promote cross-Strait stability and further strengthen ties with Taiwan.

- The Trump administration should build on the significant achievements made by prior U.S. administrations to strengthen ties with Taiwan. An internal policy review should be conducted to evaluate what elements of the U.S.-Taiwan relationship can and should be improved. This could include consideration of loosening restrictions on some long-standing restrictions on official and military exchanges. However, the principle that the U.S.-Taiwan relationship is an unofficial relationship should not be compromised because it would trigger a strong reaction from Beijing and would put Taiwan's security in jeopardy.
- There is much that has been done and can be done between the United States and Taiwan within the framework of an unofficial relationship. Improvements in U.S.-

¹⁸ Credit is due to Richard Bush for this formulation. See Richard C. Bush, "Tsai's inauguration in Taiwan: It could have been worse," Brookings Institution, May 23, 2016, <https://www.brookings.edu/blog/order-from-chaos/2016/05/23/tsais-inauguration-in-taiwan-it-could-have-been-worse/>.

Taiwan relations should be done without public fanfare, to reduce the possibility that Beijing feels compelled to react strongly.

- U.S. officials should strongly encourage Beijing to restore official cross-Strait communication and negotiation channels to minimize the possibility of misunderstanding and miscalculation, and to provide opportunities to narrow differences and address problems.
- The United States should warn Beijing against taking measures that are damaging to Taiwan's economy and its participation in the international community. Should China pressure Taiwan in these areas, the United States should take actions to offset the negative impact of Chinese policies. For example, Chinese pressure aimed at preventing Taiwan from appropriate and meaningful participation in regional and international organizations should result in stepped-up U.S. efforts to work with like-minded countries to promote Taiwan's involvement in cooperative diplomatic activities. Beijing's exclusion of Taiwan from regional economic integration should lead the United States to accelerate negotiation of bilateral economic agreements with Taiwan and encourage other countries to follow suit.

Appendix: CSIS Delegation Members

A delegation led by the Center for Strategic and International Studies (CSIS) traveled to Taiwan and China on October 17–23, 2016, where they discussed the issues in this paper extensively with senior officials and scholars.

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Senior Adviser for Asia
Center for Strategic and International Studies

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
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Ms. Susan Lawrence
Specialist in Asian Affairs
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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
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National Defense University

Ms. Alexandra Viers
Program Manager & Research Associate
China Power Project
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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 Asia-Pacific security with a focus on Chinese foreign and security policy. She is concomitantly a nonresident fellow with the Lowy Institute in Sydney, Australia, and a senior associate with the CSIS Pacific Forum. Ms. Glaser has worked for more than three decades at the intersection of Asia-Pacific geopolitics and U.S. policy. From 2008 to mid-2015, Ms. Glaser was a senior adviser with the CSIS 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 published widely in academic and policy journals, including the *Washington Quarterly*, *China Quarterly*, *Asian Survey*, *International Security*, *Problems of Communism*, *Contemporary Southeast Asia*, *American Foreign Policy Interests*, *Far Eastern Economic Review*, and *Korean Journal of Defense Analysis*, in leading newspapers such as the *New York Times* and *International Herald Tribune*, and in various edited volumes on Asian security. Ms. Glaser is a regular contributor to the Pacific Forum 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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