

Beijing's Taiwan Policy After the 2016 Elections

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The DPP and the CCP suffer from the commitment problem in international relations:

- ▶ The CCP worries reconciliation will enhance the DPP's position to pursue Taiwan independence
- ▶ The DPP worries concession will encourage the CCP to demand further steps toward unification

Cross-strait relations froze after Tsai's inauguration, but a hot conflict is unlikely in the short-term:

- ▶ Tsai Ing-wen has no political needs to provoke China
 - ▶ Median voters support her cross-strait discourse
- ▶ China believes time is on its side
- ▶ Xi Jinping is consumed with the 19th Party Congress

Tsai's Goodwill

Tsai used three major occasions to lay out her cross-strait policies and signal goodwill to Beijing:

- ▶ Her inaugural speech on May 20th
- ▶ Her administrations reactions to the South China Sea ruling in July 2016
- ▶ Her National Day Speech on October 10th

Inaugural Speech

Tsai used four discourses to approach as closely as possible to the “1992 Consensus”:

- ▶ She vowed to defend the territory and sovereignty defined by the ROC constitution
- ▶ She vowed to follow the “Act Governing Relations Between the People of Taiwan Area and the Mainland Area”
- ▶ She called the “common understanding” the two sides reached in 1992 a “historical fact”
- ▶ She called for the two “ruling parties” across the Taiwan Strait to dialogue

South China Sea Ruling

Tsai rejected the ruling and did not ally with the United States to undermine China's claims.

National Day Speech

In her first National Day speech, Tsai repeated every points in her inaugural speech and emphasized her 4 “noes”:

- ▶ her promises won't change
- ▶ her goodwill won't change
- ▶ but her administration won't bend under pressure
- ▶ though her administration won't return to confrontation with China, either

In sum, at the current state, the cross-strait relations defined by the ROC constitution is Tsai's bottom line, and she has shown no intention to go beyond that.

Unfortunately, Beijing did not find Tsai's embrace of the ROC good enough.

- ▶ China called Tsai's position an "incomplete answer sheet" on the nature of cross-strait relations

This is intriguing, since

- ▶ Embracing the ROC constitution is no small step for the DPP
- ▶ China did not oppose Frank Hsieh's constitutional one China

The issue is the commitment problem, and the commitment problem becomes salient because

- ▶ The DPP has become the ruling party
- ▶ Tsai is the leader of the DPP regime and the “Taiwan authority”

Inconsistency also exacerbates the commitment problem.

- ▶ Inconsistency from the DPP:
 - ▶ Pushing for joining the UN in the name of Taiwan
 - ▶ Pushing for removing Sun Yat-sen's portraits and statues from schools and government buildings
- ▶ Inconsistency from Tsai:
 - ▶ Nominating pro-independence justices of constitutional court
 - ▶ Aborting adjustments in high school history course outlines
 - ▶ Putting the Chinese history under the rubric of East Asian history in the textbook
 - ▶ Snubbing official worship of Koxinga
 - ▶ Open letter to the DPP's 30th Anniversary

China at the moment does not have incentives to use force:

- ▶ Relative power has tilted to China's favor and unlikely to change soon
 - ▶ No swift alternation of relative power, so no imperative for war
- ▶ The CCP is consumed with the 19th Party Congress

China's strategy was to bring pressure on Tsai to squeeze out as many concessions as possible

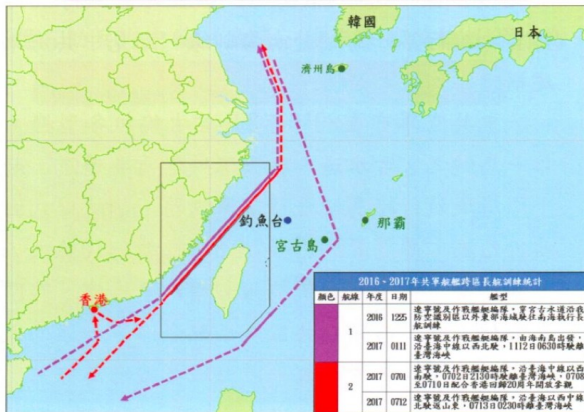
- ▶ Diplomatic pressure
- ▶ Military pressure
- ▶ Economic pressure
- ▶ Aspects symbolizing sovereignty more were pressed harder

Diplomatic Pressure

- ▶ China suspended official (TAO-MAC) and semi-official (ARATS-SEF) contacts
- ▶ China blocked Taiwan's participation in ICAO and WHA
- ▶ China snatched Sao Tome and Principe and Panama
- ▶ China pressured Taiwan's trade offices to change names

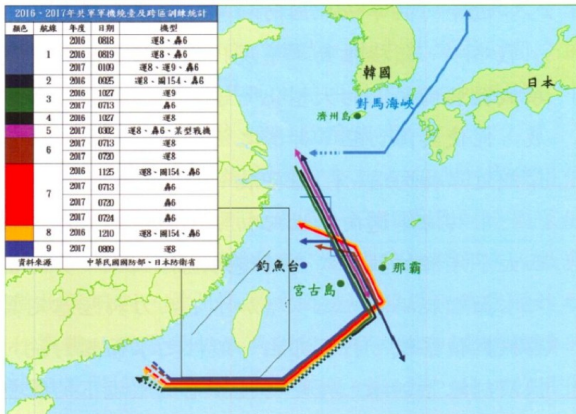
Military Pressure

中共航艦繞臺及跨區訓練航線示意圖



Military Pressure

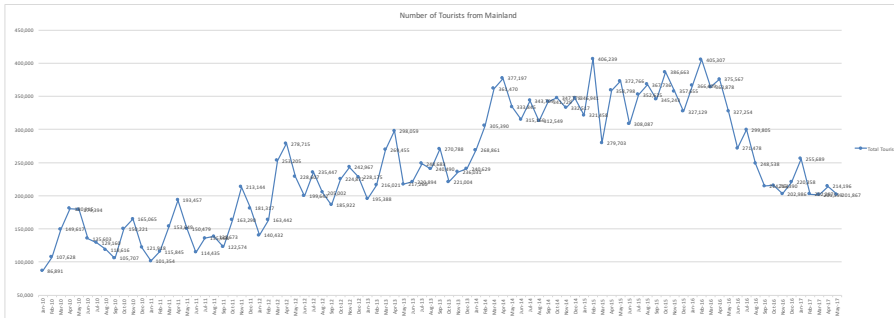
中共軍機繞臺及跨區訓練航線示意圖



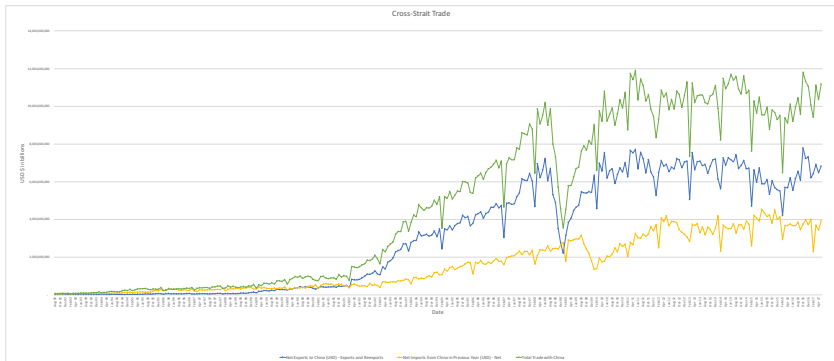
Economic Pressure

- ▶ Beijing ended contract agricultural production with Taiwan
- ▶ Monthly numbers of Chinese tourists have dropped for more than 50%
- ▶ However, cross-strait trade has not been affected much

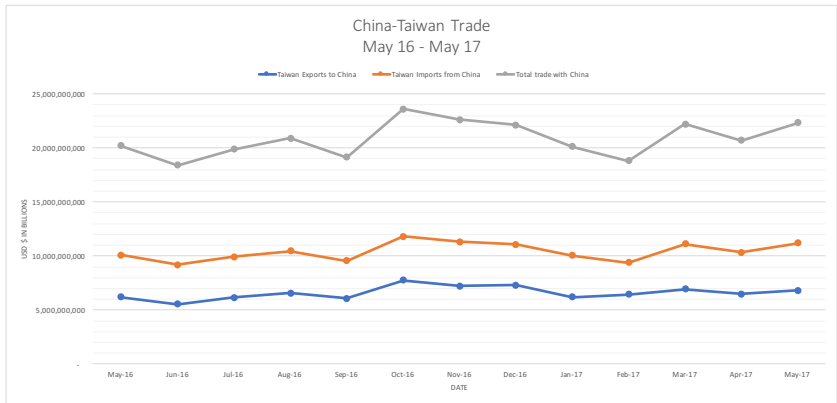
Economic Pressure



Economic Pressure



Economic Pressure



Several possible explanations on the different policies:

- ▶ Tourism was easy to manipulate
- ▶ Tourism hurt Taiwan's domestic economy but not Taiwanese businesses in China
- ▶ Trade disputes could be brought to the WTO

What are possible scenarios for the future?

- ▶ A dynamic cold peace is most likely, unless China's domestic factors intervene
- ▶ A compromise between Tsai and Beijing cannot be totally ruled out
 - ▶ Beijing has not totally given up on Tsai
 - ▶ China's perception of the KMT's strength matters
 - ▶ Who are the alternatives to Tsai inside the DPP?