

**Cross-Strait Relations in the Era of Tsai Ing-wen:
Shelving Differences and Seeking Common Ground?**

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Executive Summary

Cross-Strait relations entered a new, uncertain phase with the victory of Tsai Ing-wen and her Democratic Progressive Party (DPP) in Taiwan's January 16, 2016 presidential and legislative elections. Tsai's Kuomintang (KMT) predecessor Ma Ying-jeou (2008-2016) pursued a policy of reassurance and engagement with China that ushered in unprecedented levels of peace and stability in the Taiwan Strait, ending the tension-filled thirteen-year period that preceded it. Central to Ma's pro-engagement approach was his affirmation of the 1992 Consensus. This political formula, which Beijing finds reassuring since it espouses a "one China" position, served as the basis on which Beijing and Taipei negotiated 23 trade, economic, and political agreements during Ma's tenure. This golden era in relations culminated in a historic November 2015 summit meeting between Ma and his PRC counterpart Xi Jinping in Singapore.

Tsai, however, has not—and is unlikely to ever—endorse the 1992 Consensus for both substantive and domestic political reasons, leaving many observers to ponder China's policy response. Will Beijing seek to punish the new DPP government for its refusal to acknowledge a formula whose "one China" implication it views as the sacrosanct underpinning of the cross-Strait relationship? Or, will it show flexibility and work toward a new, mutually acceptable framework with Tsai on which to advance cross-Strait relations over the next four years and perhaps beyond?

Notwithstanding Tsai's sustained efforts to minimize the gap between Beijing's position and her own since the launch of her presidential bid in 2015, Beijing remains visibly unsatisfied with her cross-Strait policy. Statements by senior Chinese officials and PRC pressure tactics prior and subsequent to Tsai's May 20, 2016 inauguration point to Beijing's unwillingness to show much flexibility in the years ahead. China will likely ratchet up economic, diplomatic, and perhaps even military pressure on Tsai's government to persuade it to move closer toward an unambiguous "one China" position, be it the 1992 Consensus or something akin to it. Such a strategy is unlikely to bend Tsai to its will, however, and Beijing knows this. The PRC strategy, in fact, may be to simply inflict enough pain to damage Tsai politically in the hope of returning the KMT—its preferred political party—to power in 2020.

The extent to which cross-Strait relations deteriorate largely depends on the type of punitive measures Beijing pursues and Tsai's reaction. In the near term, Beijing may opt for principle issue symbolic punishments that are limited in scope. In a worst case scenario, a negative spiral characterized by tit-for-tat retaliation could gradually develop. For example, Beijing could poach some of Taiwan's remaining diplomatic partners and dramatically reduce the number of Chinese tourists to the island. Tsai in response could pursue policy and legal initiatives that Beijing perceives to be subtly aimed at laying the groundwork for Taiwan independence.

Of course, some set of circumstances could emerge incentivizing Beijing to display more flexibility and continue business as usual with Taipei. But, this seems less likely to occur over the long run. Indeed, the negative developments over the past eight months portend an uneasy cross-Strait relationship during Tsai's tenure. But, that does not necessarily mean a tense cross-Strait dynamic will ensue, as there are a number of "brakes" that could dissuade Beijing from pursuing full-scale punishment.

In adjusting to the new cross-Strait environment, Washington should play a more active role within the U.S.-China-Taiwan triangle to safeguard its abiding interest in a peaceful and stable Taiwan Strait. In the Ma era, Washington adopted a backseat position as both sides took steps to reduce tensions and expand interaction without the need of American facilitation. With Chinese pressure now mounting on the Tsai administration and especially in light of Tsai's efforts to minimize the gap with Beijing, Washington should make clear in word and deed its continued support of Taiwan, which remains a loyal friend and key trading partner of the United States.

If cross-Strait relations begin to sour badly with both sides locked in mutual confrontation, Washington could revisit the "dual deterrence" strategy it pursued between 1995 and 2008 whereby it employed reassurances and warnings to deter both Beijing and Taipei from making unilateral changes to the status quo. Yet, regardless of how cross-Strait relations evolve in the coming years, America's friends and allies in the Asia-Pacific will closely observe how the U.S. responds to Chinese pressure and possible coercion against Taiwan, providing yet another test case of U.S. credibility as the region's security guarantor.

This policy paper is separated into five sections. The first section discusses the historical role of the 1992 Consensus in cross-Strait relations and why the DPP does not accept it. The second and third sections discuss the cross-Strait policies of the Tsai administration and the PRC government, respectively. The penultimate section analyzes possible scenarios for cross-Strait relations going forward, whereas final section discusses their implications for U.S. policy.

The Significance of the 1992 Consensus

From the perspective of Beijing and the KMT, the 1992 Consensus is an understanding in which China and Taiwan agreed in 1992 that they both belong to "China," but disagreed on their

individual interpretation of what that meant. For Taiwan, “China” refers to the Republic of China, whose government was transplanted to the island in 1949; for Beijing, “China” refers to the People’s Republic of China. Initially referred to as “one China, respective interpretations” by the Taiwan media, the term 1992 Consensus took root when Su Chi, a senior official in the Taiwan government at the time, renamed it 1999.

On the basis of the 1992 Consensus, Beijing and Taipei throughout the 1990s conducted negotiations on practical matters such as registered cross-Strait mail and the settlement of fishing disputes via semi-official organizations, namely the Association for Relations Across the Taiwan Strait (ARATS) on the PRC side and the Straits Exchange Foundation (SEF) on the Taiwan side. In 1999, ARATS unilaterally froze dialogue with its Taiwan counterpart to protest remarks by Taiwan president Lee Teng-hui after he described China-Taiwan relations as a state-to-state relationship in an interview with *Deutsche Welle*. After Lee’s successor Chen Shui-bian assumed office in 2000, Beijing refused to resume dialogue because the island’s first DPP president did not recognize the 1992 Consensus. In May 2008, new KMT president Ma Ying-jeou revived the use of the 1992 Consensus, leading to the resumption of ARATS-SEF dialogue and yielding a total of 23 cross-Strait agreements during his tenure.

The DPP has traditionally acknowledged that a meeting did indeed occur in 1992 between representatives of ARATS and SEF under the spirit of “shelving differences and seeking common ground.”¹ But, the party denies that any agreement was reached on a “One China, respective interpretations” formulation and has relentlessly accused former SEF Chairman Su Chi (1999-2000) of fabricating the entire concept. Su, on the other hand, claims that he only replaced the “one

¹ The four-character Chinese phrase for this expression is 求同存异.

China, respective interpretations” phraseology with the more simple and vague “1992 Consensus,” in part to make the concept more palatable to the DPP.

More fundamentally, the DPP’s rejection of the 1992 Consensus stems from at least three substantive factors. First and most importantly, the DPP wants to preserve space for the Taiwan people to determine their own future. Recognition of the 1992 Consensus, which implies that Taiwan is part of “China,” would deny a future option for independence in their judgement. Although the vast majority of the party’s elected officials—Tsai included—do not support independence in the near term given the unquestionable military response by the Mainland, they hold out hope for an option to form of a Republic of Taiwan. Second, the party views the 1992 Consensus as a KMT invention unreflective of the realities of today’s democratized Taiwan. Indeed, Taiwan in 1992 was in the early stages of democratization after decades of authoritarian KMT rule, and the DPP had little influence in national policy debates. Third, Beijing has on several occasions emphasized the “one China” part of the 1992 Consensus, but not the latter, face-saving “respective interpretations” component.

For its part, Beijing views the DPP’s non-recognition of the 1992 Consensus as rejection of the sacrosanct “one China principle.” Beijing’s suspicious view of the party is also informed by the DPP’s support for eventual *de jure* independence.

Tsai’s Cross-Strait Policy: Endeavoring to Square the Circle

Between the launch of her presidential bid in April 2015 and her May 2016 inauguration, Tsai comprehensively expounded upon her cross-Strait policy on three separate occasions: her June 2015 speech at the Center for Strategic and International Studies (CSIS) as a presidential candidate, her January 2016 interview with Taiwan-based *Liberty Times* as president-elect, and

her May 20, 2016 inaugural address as the first female president of the Republic of China. With each occasion, Tsai provided a more nuanced description of how she intends to manage Taiwan's relationship with China. When viewed sequentially, Tsai's remarks also reflect an effort to shorten the gap between Beijing's position and her own.

In her speech at CSIS, candidate Tsai proclaimed she was committed to a "consistent, predictable, and sustainable" relationship with China and that she would maintain the status quo in the Taiwan Strait if elected.² Tsai's predecessor Ma Ying-jeou similarly promised to maintain the status quo during his 2008 campaign, but he predicated it on the 1992 Consensus and a "three no's" policy—namely, "no independence," "no unification," and "no use of force." Tsai did not provide such a detailed formulation, but her declaration to simply maintain the status quo implies that she would not advocate *de jure* independence.

A novel component of Tsai's CSIS speech was her statement to "push for the peaceful and stable development of cross-Strait relations in accordance with the will of the people and *the existing ROC constitutional order* (emphasis mine)." In the question-and-answer session that followed, Tsai—a former law professor—elaborated that the "constitutional order" included not only the constitution but "subsequent amendments, interpretations, court decisions based on these provisions and practices by different divisions of the government and different sectors of the population here."³

² Tsai Ing-wen, "Taiwan Meeting the Challenges: Crafting a Model of New Asian Value," (speech, Center for Strategic and International Studies, Washington, D.C., June 3, 2015).

³ Ibid.

The current constitution of the Republic of China—Taiwan’s official name—was promulgated by the KMT government on the Mainland in 1947 and includes both Mainland China and Taiwan as its sovereign territory. Hence, Tsai’s statement to pursue cross-Strait relations in accordance with Taiwan’s existing constitution and its amendments could be interpreted as implicit acceptance of the notion that Taiwan and China belong to the same country. But, Tsai neither confirmed nor denied if this was what she meant.

The significance of Tsai’s statement to abide by the ROC Constitution should be viewed in light of the DPP’s grudging embrace of the Republic of China throughout its 30-year history. In viewing the ROC as a forced construct by Chiang Kai-shek and his retreating KMT government, several of the DPP’s founding members called for the immediate establishment of a Republic of Taiwan with its own constitution. This was most prominently encapsulated in the 1991 Taiwan independence plank of the party’s charter that Beijing has long viewed with deep suspicion. After a series of disastrous election results in the 1990s largely due to its radical position on Taiwan independence, the DPP in 1999 issued its Resolution on Taiwan’s Future that accepted “Republic of China” as Taiwan’s official name and required any change of the nation’s political status to be determined by a referendum.⁴ This reflected a softening of the DPP’s position insofar as accepting the status quo. Yet, the party in 2007 tacked course somewhat when it approved its Resolution on a Normal State, which called for a new constitution and replacement of the nation’s official name with “Taiwan” at an “an appropriate time.”⁵ In addition, previous DPP president Chen Shui-bian

⁴Shelley Rigger, *From Opposition to Power: Taiwan’s Democratic Progressive Party*, (Boulder: Lynne Rienner Publishers, 2001), 131-132.

⁵ June Tsai, “DPP drafts resolution promoting Taiwan’s national sovereignty,” *Taiwan Today*, August 10, 2007. <http://www.taiwantoday.tw/ct.asp?xItem=24531&CtNode=436>; Flora Wang, “DPP passes ‘normal country’ resolution,” October 1, 2007. <http://www.taipeitimes.com/News/front/archives/2007/10/01/2003381145>

endeavored to write a new constitution and enforce it via a referendum by the end of his term in 2008, but the KMT-majority legislature blocked his efforts.

A final important component of Tsai's CSIS speech was her statement urging both sides of the Taiwan Strait to "treasure and secure the accumulated outcomes of more than twenty years of negotiations and exchanges." In essence, Tsai messaged that she would not seek to overturn the 23 agreements the Ma administration signed with Beijing, which in itself is remarkable given that she had once described the most significant one—the 2010 Economic Cooperation Framework Agreement—as "sugar-coated poison."⁶ Tsai appears to have concluded that many of these cross-Strait agreements have produced beneficial results for Taiwan, such as: the current 890 cross-Strait flights per week, millions of Mainland tourists visiting the island each year, and (until recently) a direct government-to-government communication channel between Taiwan's Mainland Affairs Council and China's Taiwan Affairs Office.

Throughout the remainder of the campaign following her CSIS speech, Tsai did not provide a great deal of specifics about her China policy. With polls across the board indicating she would secure an emphatic victory, she had little incentive to lay out concrete proposals regarding the 1992 Consensus or some other formulation that risked support from her base, especially if perceived as too accommodating of Beijing's demands. On the other hand, she refrained from attacking the 1992 Consensus as detrimental to Taiwan's sovereignty, unlike in the past.⁷

⁶ Tsai Tsung-xun 蔡宗勳, "Tsai Ing-wen Pi ECFA Shi Tangyi Duyao" 蔡英文批 ECFA 是糖衣毒藥 [Tsai Ing-wen Criticizes ECFA as sugar-coated poison], *Liberty Times*, March 29, 2010. <http://news.ltn.com.tw/news/focus/paper/383427>.

⁷ Alan Romberg, "The '1992 Consensus' – Adapting to the Future?" *China Leadership Monitor* 49 (2016): 2. <http://www.hoover.org/research/1992-consensus-adapting-future>

KMT presidential candidate Eric Chu assailed Tsai for her non-support of the 1992 Consensus and her vague cross-Strait policy in general, arguing it would lead to a worsening of relations with the Mainland. But, this boilerplate KMT attack painting the DPP presidential candidate as a threat to cross-Strait stability—an attack Ma wielded very effectively in 2008 and 2012—fell flat in the 2016 election. The Taiwan electorate, deeply dissatisfied with KMT rule, had fewer qualms about returning a reformed DPP to power. Tsai scored the largest margin of victory ever for a DPP presidential candidate: she won 58% of the vote in a three-person race. In 2004, Chen Shui-bian won by a razor-thin margin of 50.1% in a two-person race—the first time a DPP presidential candidate had ever won a majority of the vote.

Even more noteworthy, Tsai’s Democratic Progressive Party secured its first ever ruling majority in Taiwan’s legislature, with the party winning 68 out of a grand total of 113 seats in the Legislative Yuan. This result undoubtedly dismayed Beijing. During Chen Shui-bian’s tenure, it viewed the KMT-controlled legislature as an important brake on the independence-minded president’s more controversial moves. Nevertheless, Tsai is a cautious moderate with a more sophisticated understanding of the complexities of the cross-strait relationship than Chen.

Five days after her election victory and removed from the constraints of campaign politics, Tsai conducted a highly significant interview with the pro-DPP *Liberty Times* newspaper in which she provided a more nuanced explanation of her position on the 1992 Consensus.⁸ Tsai restated the DPP’s long-held view that Taiwan’s SEF and China’s ARATS did indeed communicate and negotiate in 1992 under the spirit of “shelving differences and seeking common ground.” But, in a new twist, she said the two sides also “reached some common acknowledgements and

⁸ Tsai Ing-wen, interview by Tzo Jiing-wen, *Liberty Times*, January 21, 2016. <http://news.ltn.com.tw/news/focus/paper/951154>.

understandings” in 1992 and that she “respects this historical fact.”⁹ It is unclear what specific acknowledgements and understandings Tsai was referring to. It is doubtful she was alluding to the 1992 Consensus, but perhaps she was intentionally vague to allow Beijing to read into it what it wants. Regardless of how Beijing interpreted it, Taiwan affairs expert Alan Romberg noted this new statement brought Tsai a step closer to Beijing’s belief that events in 1992 yielded “not simply a process but substantive agreements.”¹⁰

Also in her *Liberty Times* interview, Tsai proclaimed she would base Taiwan’s relationship with China on democratic principles and the public will. Tsai had made similar statements concerning these “twin pillars” of her cross-strait policy throughout the campaign, but she used the occasion to underscore them as the most significant area of difference between her approach and that of the Ma administration. Indeed, as the 2014 Sunflower Movement tangibly demonstrated, many Taiwanese perceived the Ma administration’s dealings with China—particularly those in his second term—to be out of step with the public’s expectations and lacking in transparency. Accordingly, Tsai has promised careful attentiveness to the public’s concerns and transparency in conducting relations with China. Crucially, this will be based on a Cross-Strait Agreement Oversight Bill that the island’s DPP-majority legislature is currently deliberating. In addition, Tsai’s declaration to follow the “public will” suggests that, in approaching China, she will not commit to anything that runs counter to the broad consensus view of Taiwan’s population.

A final important aspect of Tsai’s *Liberty Times* interview is her interpretation of the “existing political foundation” (既有政治基础) for the cross-strait relationship. Whereas Beijing has

⁹The English-language translation of Tsai’s interview omits translation of these important comments. <http://www.taipeitimes.com/News/front/archives/2016/01/22/2003637766>.

¹⁰ Alan Romberg, “The ‘1992 Consensus’ – Adapting to the Future?”: 9.

referred to the 1992 Consensus and its “one China” connotation as the “common political foundation” (共同政治基础), Tsai’s version of the “political foundation” contains four elements:

- The “historical fact” of the 1992 meeting between SEF and ARATS in Hong Kong in which both sides maintained a spirit of “shelving differences and seeking common ground”
- The existing ROC constitutional order
- The outcomes of more than 20 years of cross-Strait negotiations and exchanges
- Taiwan’s democratic principles and the will of the Taiwan people

In a nutshell, these four elements summarize Tsai’s cross-Strait policy. By collectively referring to them as the “existing political foundation,” Tsai employs Beijing’s language to a certain extent, even though her own interpretation of such a foundation is different.

In her May 20 inaugural address, Tsai reiterated all of the key points of her *Liberty Times* interview, including the abovementioned four elements forming the “existing political foundation.”¹¹ Tsai also repeated her statement that the two sides reached various “joint understandings and acknowledgments” in 1992; however, a Presidential Office spokesman afterwards said these “acknowledgments” referred to the fact that “the two sides can in fact hold a dialogue, let go of the burden of history and engage with each other.”¹² Perhaps this was an attempt to preempt concerns by deep-Green figures that “acknowledgements” was codeword for the 1992 Consensus.

Tsai for the first time in her speech also cited the Act Governing Relations between the People of the Taiwan Area and the Mainland Area as a component of her cross-Strait policy. This 1992 statute designates the two sides of the Taiwan Strait as the territory of the Republic of China.

¹¹ Tsai Ing-wen, “Inaugural address of ROC 14th-term President Tsai Ing-wen,” (speech, Taipei, Taiwan, May 20, 2016). <http://english.president.gov.tw/Default.aspx?tabid=491&itemid=37416&rmid=2355>.

¹² Sophia Yeh and Christie Chen, “President extends greatest good will to China: spokesman,” *Focus Taiwan*, May 20, 2016. <http://focustaiwan.tw/news/acs/201605200032.aspx>.

Hence, Tsai's decision to publicly mention a domestic law that includes "Taiwan area" and "Mainland area" in its title represents a further attempt to show goodwill to Beijing. Yet, nowhere in her speech did Tsai utter what Beijing had demanded: an endorsement of the 1992 Consensuses. With only two paragraphs devoted to her cross-Strait policy, Tsai's speech overwhelmingly focused on Taiwan's domestic economic and fiscal challenges.

In sum, Tsai's cross-Strait policy is designed to reassure China without abandoning the DPP's core principles concerning the self-determination of the Taiwan people. Accordingly, Tsai's policy contains intentionally ambiguous elements in order to "square the circle" between Beijing's position and her own.

Furthermore, Tsai's cross-Strait policy is, *prima facie*, entirely notional. Unlike Ma in the 2008 and 2012 elections, she has not proposed certain practical economic and political agreements that she would like to negotiate with Beijing. On one level, this is because China and Taiwan already plucked all of the low-hanging fruit concerning the normalization of cross-Strait economic and political relations by the end of Ma's first term. Ma did attempt to push through ECFA follow-up trade agreements to further integrate the two economies in his second term, but he faced insurmountable pushback by the 2014 Sunflower Movement and its political fallout. Tsai, concerned about Taiwan's overreliance on the Chinese market, is unlikely to ever approve these trade agreements leftover by the Ma administration. Instead, she will seek to rebalance Taiwan's economic relations toward Southeast and South Asia through her administration's New Southbound Policy. In short, Tsai will not seek to deepen the cross-Strait economic and political relationship, but she will also not seek to reverse the current state of affairs. She realizes that a stable cross-Strait relationship is crucial to her reform agenda aimed at reinvigorating Taiwan's stagnant economy.

Beijing's Inflexible Position

Since Tsai's election victory in January, top PRC leaders and Taiwan Affairs Office officials have repeated the same mantra regarding their determination not to alter their current approach: "our policy toward Taiwan is clear and consistent, and it will not change with the change in Taiwan's political situation."¹³ Indeed, Beijing not only adhered to its demands of Tsai during Taiwan's lengthy four-month interregnum, it also pursued a series of pressure tactics to persuade Tsai to adopt its position before her May 20 inauguration. After Tsai declined to endorse the 1992 Consensus in her inaugural speech, Beijing waited about a month before meting out its first post-inauguration "punishment": the suspension of cross-Strait communication channels.

Based on official statements by top PRC officials responsible for Taiwan policy since the election, China's approach consists of three key aspects:

- Firm insistence on recognition of the 1992 Consensus and its "core connotation" as the "common political foundation" for cross-Strait relations
- Resolute opposition to "Taiwan independence" secessionist activities in any form¹⁴
- Promotion of cross-Strait exchanges in various fields, especially—and more recently—among youth

In Beijing's view, cross-Strait relations can only continue to develop peacefully and have bright prospects if the "common political foundation" is upheld; conversely, non-recognition of the 1992 Consensus and its core connotation represents a change in the status quo that imperils cross-Strait peace and stability.

¹³ "我们对台大方针是明确的，一贯的，不会因台湾政局变化而改变。"

¹⁴ In some instances, opposition to Taiwan independence activities is often linked together with the 1992 Consensus to form the "common political foundation."

During the first half of the interregnum (January-February), Beijing maintained a decidedly wait-and-see approach toward Tsai. In remarks at CSIS on January 19, DPP Secretary General Joseph Wu (currently Tsai’s national security advisor) credited Beijing with a “measured” and “rather reserved” reaction to Tsai’s election victory, calling it a “first positive step.”¹⁵ A TAO spokesman also did not criticize Tsai’s nuanced statements in her *Liberty Times* interview on January 21.¹⁶

Remarks by PRC Foreign Minister Wang Yi at CSIS on February 25 prompted speculation that Beijing might be willing to soften its demands of Tsai. In response to a question about the future of cross-strait relations, Wang—who served as TAO director between 2008 and 2013—not only did not mention the 1992 Consensus, he also expressed hope that Tsai would accept the provision in Taiwan’s constitution that states the Mainland and Taiwan “belong to the one, the same China.”¹⁷ This marked the first time a PRC official publicly acknowledged the ROC constitution, leading some observers to ponder whether it would satisfy Beijing’s requirements on “one China.”¹⁸

By early March, however, China’s top leadership made it crystal clear during the annual meetings of the National People’s Congress (NPC) and Chinese People’s Political Consultative Conference (CPPCC) that it would not moderate its position. Referred to as the “two meetings” in China, the NPC and CPPCC are important events on the Chinese political calendar in which

¹⁵ Joseph Wu, “Assessing the Outcomes and Implications of Taiwan’s January 2016 Elections,” (presentation, Center for Strategic and International Studies, Washington, DC, January 19, 2016). https://csis-prod.s3.amazonaws.com/s3fs-public/event/160119_csis_brookings_taiwan_transcript.pdf

¹⁶ Alan Romberg, “The ‘1992 Consensus’ – Adapting to the Future?”: 10

¹⁷ Wang Yi, “Statesmen’s Forum: Wang Yi, Minister of Foreign Affairs, PRC,” (speech, Center for Strategic and International Studies, Washington, DC, February 25, 2016), <https://www.csis.org/events/statesmens-forum-wang-yi-minister-foreign-affairs-prc>.

¹⁸ Bonnie Glaser, *Prospects for Cross-Strait Relations as Tsai Ing-wen Assumes the Presidency in Taiwan*, (Washington D.C., Center for Strategic and International Studies, April 2016), 6; David Brown, “China-Taiwan Relations: Taiwan Sets a New Direction,” *Comparative Connections* 18, no. 1 (May 2016): 70.

provincial representatives and professional groups confer with the central leadership about policy. When meeting with Shanghai delegates to the NPC on March 5, Xi Jinping provided his first post-election remarks on the future of cross-Strait ties, importantly stating: “only by accepting the 1992 Consensus and recognizing its core implications can the two sides have a common political foundation and maintain good interactions.”¹⁹ In their respective work reports to the NPC and CPPCC, Premier Li Keqiang and Politburo Standing Committee member Yu Zhengsheng also said China would insist on recognition of the 1992 Consensus and oppose “Taiwan independence” activities.

To demonstrate the seriousness of its position in not just word but deed, Beijing on March 17 restored official diplomatic relations with the Gambia, which unilaterally severed ties with Taipei in 2013. Beijing initially declined to re-establish relations with the tiny West African nation—which had recognized it between 1974 and 1995—out of respect for its tacit diplomatic truce with the Ma administration. Despite a PRC Foreign Ministry spokesman’s statement that the move “targets no one,” Taiwan’s top intelligence service said in a report to the Legislative Yuan that it was designed to put pressure on Tsai to “fall in line” before her inauguration.²⁰ Indeed, the Gambia is of little geostrategic or economic significance to Beijing, but is of large symbolic importance to Taiwan. Taipei believes official recognition by its 22 diplomatic partners buttresses its claim as a sovereign nation.

Beijing applied pressure in other ways throughout the second half of the interregnum to demonstrate its multi-faceted leverage over Taiwan and to influence Tsai’s position on the 1992

¹⁹ “President Xi warns against ‘Taiwan independence’ in any form,” *Xinhua*, March 5, 2016. http://news.xinhuanet.com/english/2016-03/05/c_135159249.htm.

²⁰ “China pushing Tsai to ‘fall in line’: NSB,” *Taipei Times*, March 22, 2016. <http://www.taipeitimes.com/News/taiwan/archives/2016/03/22/2003642163>

Consensus. Applications by Chinese tourists to visit Taiwan on group tours declined in April and May over previous months, which may have reflected a PRC effort to flex its economic muscles.²¹ In April, Kenya and Malaysia—under apparent pressure by Beijing—deported to China dozens of Taiwan nationals who had allegedly engaged in telecom fraud against PRC citizens. Both the outgoing KMT government and the incoming DPP administration sharply criticized the deportations, especially since it seemingly violated the 2009 Cross-Strait Joint Crime-Fighting Agreement that requires Beijing and Taipei to jointly decide which side should handle legal cases involving both sides’ citizens. Lastly, the World Health Organization in early May issued an eleventh-hour invitation to Taiwan to attend the annual meeting of its governing body—the World Health Assembly—as an observer; however, the letter strangely mentioned the PRC’s “one China principle” and UN Resolution No. 2758 that expelled ROC representatives from the United Nations in 1971. Some observers had questioned whether Beijing would even permit the WHO to issue an invitation to Taiwan since the WHA would convene a few days subsequent to the installation of the new DPP government.

Yet, Beijing’s pressure tactics were unsuccessful in that Tsai did not endorse the 1992 Consensus in her inaugural address. Beijing did not immediately retaliate, but the TAO did issue a statement some hours after Tsai’s speech that evinced its dissatisfied view of her cross-Strait policy.²² The document said Tsai “was ambiguous about the fundamental issue, [namely] the nature of cross-Strait relations” and that she “did not explicitly recognize the 1992 Consensus, nor

²¹ Ben Blanchard and Faith Hung, “China, Taiwan add tourists to their squabbles,” *Reuters*, May 12, 2016. <http://www.reuters.com/article/us-taiwan-china-tourism-idUSKCN0Y305W>.

²²“Zhonggong Zhongyang Guotai, Guowuyuan Taiban Fuzeren Jiu Dangqian Liangan Guanxi Fabiao Tanhua” 中共中央台办、国务院台办负责人就当前两岸关系发表谈话 [Person in Charge of CCP and State Council’s Taiwan Affairs Office Issues Statement Regarding Current Cross-Strait Relations,” *Xinhua*, May 20, 2016. http://www.gwytb.gov.cn/wyly/201605/t20160520_11463128.htm.

acknowledge its core connotation.” On a more positive level, the statement did “note” Tsai’s statements concerning “acknowledgements” reached in 1992, the ROC Constitutional order, and the Act Governing Relations between the Taiwan Area and Mainland Area. But, in almost didactic fashion, Beijing called these steps “an incomplete test answer sheet.”

The day following Tsai’s inauguration, the *People’s Daily*—the mouthpiece of the Chinese Communist Party (CCP)—carried a front page editorial that described Beijing’s view in starker terms: “The 1992 Consensus clearly defines the basic nature of cross-Strait relations. Regarding our principles on the basic nature of cross-Strait relations, our bottom line is clear and our position is firm. There is no room for ambiguity or compromise.”²³ Beijing yet again proclaimed its basic demand for Tsai to unequivocally recognize the 1992 Consensus or some unambiguous “one China” position, period.

For about a month after Tsai’s inauguration, Beijing warned repeatedly that cross-Strait communication via the semi-official SEF-ARATS channel and the official MAC-TAO channel could only be maintained through recognition of the 1992 Consensus. Since their respective establishments in 1990 and 1991, SEF and ARATS have nominally functioned as private organizations due to the unwillingness of both governments to recognize the existence of the other. The two organizations, which negotiated most of the cross-Strait agreements during Ma’s tenure, handle most of the day-to-day business between the two sides. In February 2014, the minister of Taiwan’s cabinet-level Mainland Affairs Council and the director of the Taiwan Affairs Office under the PRC State Council met in Nanjing, establishing an unprecedented government-to-

²³ “Liangan Guanxi Heping Fazhan De Zhengzhi Jichu Bixu Weihi,” 两岸关系和平发展的政治基础必须维护 [The Political Foundation for the Peaceful Development of Cross-Strait Relations Must Be Protected], *People’s Daily*, May 21, 2016. http://paper.people.com.cn/rmrb/html/2016-05/21/nw.D110000renmrb_20160521_7-01.htm.

government dialogue mechanism that embodies the principle of mutual non-denial of sovereignty. In December 2015, the two government departments set up a hotline for discussion of urgent matters.²⁴

On June 25, just as Tsai embarked on her first overseas trip to Taiwan's allies Panama and Paraguay after a month in power, a TAO spokesman announced that these two communication mechanisms had been suspended due to Tsai's refusal to acknowledge the 1992 Consensus. With this announcement, no direct communication now exists between the two governments; there is no Taiwan institution on the Mainland that functions as an embassy or vice versa.²⁵ Additionally, the DPP—unlike the KMT—maintains no party-to-party communication with the CCP. To demonstrate it had indeed suspended communication, a Taiwan Affairs Office spokesman on July 6 expressed gratitude to the KMT—but not the DPP government—for its expression of concern regarding floods in Southern China that had killed dozens of people.²⁶ One day prior, the Straits Exchange Foundation announced that it had offered condolences to its Mainland counterpart about the loss of life.²⁷

The Taiwan Navy's accidental launch of a supersonic missile within the Taiwan Strait on July 1 challenged the wisdom of Beijing's decision to suspend cross-Strait communication. An

²⁴“Hotline Officially Established and Launched between the Heads of Cross-Strait Competent Authorities,” Mainland Affairs Council (Taiwan), December 30, 2015. <http://www.mac.gov.tw/ct.asp?xItem=113921&ctNode=6337&mp=3>.

²⁵ “Guotaiban: Ganxie Zhongguo Guomindang Ji Taiwan Gejie Renshi Guanxin Nanfang Hongzai” 国台办：感谢中国国民党及台湾各界人士关心南方洪灾 [Taiwan Affairs Office: Thank you to the Chinese National Party and Taiwan Personages of Various Circles for Concern over Southern Floods], Taiwan Affairs Office, July 6, 2016. http://www.gwytb.gov.cn/wyly/201607/t20160707_11501261.htm.

²⁶ Chen Chia-lun and Lilian Wu, “Taiwan expresses concern over extreme weather deaths in China,” *Focus Taiwan*, July 5, 2016. <http://focustaiwan.tw/news/acs/201607050030.aspx>.

inexperienced and sleep-deprived petty officer aboard a navy corvette inadvertently fired the highly sophisticated anti-ship Hsiung-feng III missile—indigenously developed by Taiwan’s Chungshan Institute of Science and Technology—during a morning drill in waters nearby the southwestern coast of Taiwan. In travelling in a northwest trajectory toward the Chinese Mainland, the missile ripped through a small Taiwan-operated fishing vessel several kilometers south of the Taiwan-controlled Penghu islands in the middle of the Taiwan Strait, killing the captain. While the weapon did not explode, the incident did rekindle concerns about the professional nature and readiness of Taiwan’s armed forces.

Beijing, ostensibly alarmed by the missile mishap, attempted to exploit the situation to urge acceptance of the 1992 Consensus. TAO director Zhang Zhijun said the incident had a “serious impact” in light of the Taiwan government’s refusal to accept the 1992 Consensus and demanded that Taiwan authorities provide a responsible explanation.²⁸ Taipei, while acknowledging full responsibility, noted that the missile had not crossed the midline of the Taiwan Strait and that such incidents underscore the importance of open communication channels to prevent miscalculation.²⁹

Coincidentally, the missile blunder occurred the same day Xi Jinping delivered an important speech commemorating the 95th anniversary of the founding of the CCP in the Great Hall of the People. In his address, Xi delivered remarks on cross-Strait relations for the first time since Tsai’s inauguration, declaring emphatically: “We firmly oppose ‘Taiwan independence’ secessionist activities. More than 1.3 billion Chinese people and the whole Chinese nation will by

²⁸ “Zhang Zhijun Tan ‘Feidan Wushe’: Taiwan Fangmian Xu Zuochu Fuzeren Shuoming” 张志军谈“飞弹误射”: 台湾方面需作出负责任说明 [Zhang Zhijun Discusses “Missile Misfire”: The Taiwan Side Should Give an Explanation Taking Responsibility], *Xinhua*, July 1, 2016. http://www.gwytb.gov.cn/wyly/201607/t20160701_11497397.htm.

²⁹ Youguan Wushe Xionsan Feidan Shijian Xinwen Cankao Ziliao,” 有關誤射雄三飛彈事件新聞參考資料 [Reference Materials Related to the Hsiung III Missile Incident], Mainland Affairs Council (Taiwan), July 1, 2016. <http://www.mac.gov.tw/ct.asp?xItem=114990&ctNode=5650&mp=1>.

no means tolerate secessionist activities by any person, at any time and in any form!”³⁰ The stridency of such a statement suggests Beijing is genuinely concerned about potential efforts by the Tsai administration and the DPP-majority legislature to promote and strengthen a separate Taiwanese identity. This could include initiatives to remove Chinese historical and cultural elements on the island, such as revisions to history textbooks and efforts to deemphasize Taiwan’s national title, the Republic of China. Perhaps Tsai’s decision to sign her name in a guestbook as “Tsai Ing-wen, President of Taiwan (ROC)” instead of the more commonly used “Republic of China (Taiwan)” during her visit to the Panama Canal on June 26 prompted Xi to make such an emphatic statement. In response to Tsai’s signature, the TAO spokesperson on June 29 stated the PRC government “resolutely opposes ‘Taiwan independence’ secessionist activities on the international stage.”³¹

Since Tsai’s inauguration, Beijing also has signaled a strong desire to promote exchanges among cross-Strait youth as relations between Beijing and Taipei cool. During the annual Straits Forum³² in June, Yu Zhengsheng—the fourth ranked Politburo Standing Committee member whose portfolio covers cross-Strait affairs—announced that Beijing would create additional platforms for Taiwan young people to study, work, and innovate on the Mainland.³³ Yu toured one such platform launched in Xiamen during the Forum: the “Taiwan Pavilion” incubation center,

³⁰ “Xi reiterates opposition to ‘Taiwan independence,’” *Xinhua*, July 1, 2016. http://news.xinhuanet.com/english/2016-07/01/c_135481869.htm.

³¹ “Guotaiban: Jianjue Fandui Zai Guojishang Gao ‘Taidu’ Fenlie Huodong,” 国台办：坚决反对在国际上搞“台独”分裂活动 [Taiwan Affairs Office: Resolutely Oppose Splittist Activities Doing “Taiwan Independence” on the International Stage], Taiwan Affairs Office, June 29, 2016. http://www.gwytb.gov.cn/wyly/201606/t20160629_11495071.htm.

³² Established in May 2009, the Straits Forum is a non-political grassroots gathering of cross-Strait businesspeople, political figures, and cultural representatives in Xiamen. The aim of the forum is to promote cross-Strait economic, cultural, and people-to-people exchanges.

³³ Yu Zhengsheng, “Opening Ceremony Remarks at the 8th Straits Forum,” (speech, Xiamen, June 12, 2016). http://www.gwytb.gov.cn/wyly/201606/t20160614_11482269.htm.

which will aid starts-ups established by young Taiwan entrepreneurs on the Mainland.³⁴ In addition, TAO director Zhang Zhijun on July 1 said that China “attaches great importance to the desire of Taiwan young people to come to the Mainland” and that the entire PRC government at all levels is making efforts to create opportunities and improve services for them.³⁵ Clearly, Beijing is eager for Taiwan young people to understand and be invested in the Mainland, not least because they overwhelmingly self-identify as “Taiwanese” over “Chinese.” Indeed, as China’s economy develops and moves up the value-added chain, one may expect to see young Taiwanese increasingly decide to pursue career opportunities in the enormous and diversified Mainland market. One only has to look to pairs of countries that share the same language and a land border or maritime boundary to observe such a brain drain from the smaller nation to the larger: Canada and the United States, New Zealand and Australia, and Austria and Germany.

In sum, Beijing’s rhetoric and behavior over the past eight months clearly indicate that it has not softened its demand for Tsai to explicitly accept the 1992 Consensus. It considers Tsai’s nuanced adjustments to her interpretation of the 1992 Consensus as too vague and, hence, unsatisfactory. Beginning with its decision to restore official relations with the Gambia in March, Beijing has shown it will not hesitate to apply pressure in an effort to bend Tsai to its will.

The motivations behind Beijing’s inflexibility, however, are less clear-cut. Prominent Taiwan expert Richard Bush suggests Beijing does not trust Tsai’s intentions regarding Taiwan independence, and therefore demands reassurance in the form of clear recognition of 1992

³⁴ Luo Wangshu and Hu Meidong, “Taiwan youths encouraged to plant business roots on mainland,” *China Daily*, June 15, 2016. http://www.chinadaily.com.cn/china/2016-06/15/content_25725323.htm.

³⁵ “Guotaiban Zhuren Zhang Zhijun: Huanying Geng Duo Taiwan Qingnian Lai Dalu Fazhan,” 国台办主任张志军：欢迎更多台湾青年来大陆发展 [TAO Director Zhang Zhijun: Welcome More Taiwan Youth to the Mainland To Develop,” *Xinhua*, July 1, 2016. http://news.xinhuanet.com/tw/2016-07/01/c_1119150315.htm.

Consensus.³⁶ PRC scholars often cite two instances in Tsai's background that reveal her "splittist" loyalties: her key role in the task force that created Lee Teng-hui's "Two States Theory" in 1999 and her alleged influence on Chen Shui-bian's 2002 decision to reject the 1992 Consensus when serving as minister of the Mainland Affairs Council.³⁷ Moreover, Tsai is no stranger to the cross-strait political scene: PRC officials recall her initial vehement opposition to the ECFA and support for the 2014 Sunflower Movement. In short, Beijing may be viewing Tsai through the lens of her past statements and actions instead of through the prism of her more recent conciliatory remarks. Whether Tsai can disabuse the PRC leadership of its perception of her remains to be seen.

In addition, Beijing likely is very hesitant to jettison the 1992 Consensus for some other formulation, especially one with a looser embrace of "one China." Doing so would be a major step backwards from its perspective and could make its ultimate objective of unification even more difficult to achieve. The DPP's fear that acceptance of the 1992 Consensus will set Taiwan on a slippery slope toward eventual political incorporation by China may not be wholly unfounded.³⁸

Another factor influencing Beijing's rigid approach could be Xi Jinping. The Chinese president, who has surprised observers with his rapid consolidation of power within the Chinese political system, has shown a penchant for a muscular foreign policy toward China's neighbors, particularly Japan, Vietnam, and the Philippines. In addition, Xi's highly nationalistic "China Dream" concept calls for the "rejuvenation" of the Chinese nation to great-power status, and reunifying Taiwan with the PRC is an important component of this. It is very unlikely Xi will push

³⁶ Richard C. Bush, "Cross-Strait relations: Not a one-way street," *Order from Chaos*, Brookings Institution, April 22, 2016. <https://www.brookings.edu/2016/04/22/cross-strait-relations-not-a-one-way-street/>.

³⁷ Bonnie Glaser, *Prospects for Cross-Strait Relations as Tsai Ing-wen Assumes the Presidency in Taiwan*: 5.

³⁸ Richard C. Bush, "Tsai's inauguration in Taiwan: It could have been worse," *Order from Chaos*, Brookings Institution, May 23, 2016. <https://www.brookings.edu/2016/05/23/tsais-inauguration-in-taiwan-it-could-have-been-worse/>.

for unification before he steps down, ostensibly in 2022 (that is, if he decides to abide by the Party's term limits). But, given his hardline track record in both domestic and foreign affairs to date, he will likely show less flexibility toward the DPP administration than most optimists hope. Xi's handling of Hong Kong's 2014 Umbrella Movement, whereby he made zero concessions and simply bided his time, speaks volumes about the negotiating style of the "core leader."

Lastly, one would hope that Beijing has not set up a trap for itself by staking such a rigid position publicly. It could be difficult for the Chinese leadership to justify to its nationalistic population a noticeable softening in its approach concerning the highly sensitive and emotive Taiwan issue.

Outlook

Developments since Taiwan's January 16 election point to an uneasy cross-Strait relationship during Tsai's four-year tenure. For domestic political reasons, Tsai is unlikely to ever endorse the 1992 Consensus, whereas Beijing is unlikely to abandon its demand for recognition of it. In light of its recent behavior, Beijing will most likely seek to punish the new DPP administration in order to persuade it to adopt its position or, more malevolently, to damage Tsai's popularity. The extent to which cross-Strait ties deteriorate largely depends on the type of punishments Beijing metes out and Tsai's subsequent reaction. In a worst case scenario, a negative spiral characterized by tit-for-tat retaliation could develop.

Admittedly, the 1992 Consensus is poison pill Tsai prefers not to swallow. Acceptance of it would alienate the "deep green" pro-independence supporters in her party, many of whom might decide to join the staunchly pro-independence New Power Party (NPP). In securing a better-than-

expected five seats in Taiwan's 2016 legislative elections, the NPP has emerged from the 2014 Sunflower Movement as a significant player in Taiwan politics. A July poll conducted by a DPP-affiliated think tank indicates rising support for the NPP.³⁹

Furthermore, the 1992 Consensus does not appear to enjoy majority public support in today's Taiwan, where a growing majority of the public identifies as "Taiwanese" over "Chinese."⁴⁰ According to a May 30, 2016 poll conducted by the non-partisan and highly respected Taiwan Indicators and Survey Research organization, 51.4% of respondents deemed it "unnecessary" for Tsai to accept the 1992 Consensus *despite* Beijing's admonitions that it is a prerequisite for healthy cross-Strait ties. Only 27.5% of respondents said it was necessary. Such findings further disincentives a decision to endorse the 1992 Consensus, not least given Tsai's promise to ground her cross-Strait policies on the will of the people.

For these and other substantive reasons outlined previously, Tsai has signaled since her inauguration that she will not stretch her interpretation of the 1992 Consensus any further to satisfy Beijing. In a press conference after her inaugural address, a Presidential Office spokesperson said Tsai "displayed maximum flexibility and goodwill to China."⁴¹ Similarly, soon after China's decision to suspend communication channels, Tsai stated she had demonstrated "maximum

³⁹ Tang Pei-chun and Elaine Hou, "New Power Party trailing closely behind KMT in party preferences: poll," *Focus Taiwan*, July 30, 2016. <http://www.chinapost.com.tw/taiwan/national/national-news/2016/07/31/473953/New-Power.htm>.

⁴⁰ According to a June 2016 survey by the Election Study Center at Taiwan's Chengchi University, 59% of respondents identified as Taiwanese, whereas 33.7% said they are both Chinese and Taiwanese. <http://www.taipeitimes.com/News/taiwan/archives/2015/07/26/2003623930>

⁴¹ Ye Su-ping, 者葉素, "Fufang: Tsai Zongtong Xiang Duian Zhanxiang Zuida Tanxing Yu Shanyi," 府方：蔡總統向對岸展現最大彈性與善意[Presidential Office: President Tsai Displayed Maximum Flexibility and Goodwill to the Other Side], Central News Agency (Taiwan), May 20, 2016. <http://www.cna.com.tw/news/aip/201605200354-1.aspx>

goodwill and flexibility” in her inaugural speech.⁴² Finally, in a July 21 interview with the *Washington Post*, Tsai declared: “In Taiwan, we have done our best to minimize the gap. I believe that the Chinese side [will] realize the goodwill we have put forth at the inauguration.”⁴³ All of these statements suggest that Tsai has gone as far as she willing to go, and has left the ball in Beijing’s court. As a rejoinder and perhaps symbolizing the veritable logjam confronting the two sides, TAO Director Zhang Zhujun on July 6 said the 1992 Consensus is “our maximum display of goodwill.”⁴⁴

Beijing does recognize Tsai’s domestic political constraints, but it continues to set the bar unattainably high (or, from its perspective, refuses to lower the bar). This is likely due to one or a combination of the reasons enumerated previously: its distrust of Tsai’s intentions concerning Taiwan independence, its hesitancy to accept a weaker “one China” formula for fear it will make unification even more elusive, and Xi’s uncompromising approach.

Officially, Beijing has declared that the DPP government’s non-acceptance of the 1992 Consensus represents a provocative change in the status quo. As such, it holds the new administration culpable for its decision to suspend of communication channels,⁴⁵ and says Tsai

⁴² Xu Weiyuan 徐維遠, “Tsai Xian Pai: Cheng 520 Yanshuo Zhan Zuida Shanyi,” 蔡掀牌 稱 520 演說展最大善 [Tsai Pulls Out a Card: Says May 20 Speech Expresses Maximum Goodwill], *China Times*, July 1, 2016, <http://www.chinatimes.com/newspapers/20160701000764-260301>.

⁴³ Tsai Ing-wen, interview by Lally Weymouth, *The Washington Post*, July 21, 2016. https://www.washingtonpost.com/opinions/2016/07/21/44b0a1a4-4e25-11e6-a422-83ab49ed5e6a_story.html?utm_term=.d63e5098c11d

⁴⁴ “Zhang Zhijun: Women Weihu Liangan Guanxi Heping Fazhan Gontong Zhengzhi Jichu De Lichang Cong Wei Gaibian,” 张志军：我们维护两岸关系和平发展共同政治基础的立场从未改变 [Zhang Zhijun: Our Position on the Maintenance of the Common Political Foundation for the Peaceful Development of Cross-Strait Relations Has Not Changed], *Xinhua*, July 6, 2016. http://news.xinhuanet.com/2016-07/06/c_129122454.htm.

⁴⁵ “Guotaiban: Daozhi Liangan Lianxi Goutong Jizhi Tingbai De Zeren Wanquan Zai Taiwan Yifang,” 国台办：导致两岸联系沟通机制停摆的责任完全在台湾一方 [TAO: Taiwan Side Completely Responsible for the Brining About the Suspension of Cross-Strait Communication Mechanisms], Taiwan Affairs Office (PRC), June 29, 2016. http://www.gwytb.gov.cn/wyly/201606/t20160629_11495074.htm.

will be entirely responsible for any cross-Strait impasse or crisis.⁴⁶ This self-righteous attitude, whereby total blame is laid at Tsai's feet, seemingly ignores the fact that the Taiwan electorate convincingly chose Tsai and the DPP, thereby altering the "status quo" as defined by Beijing.

As leading Taiwan experts Richard Bush and Bonnie Glaser describe, China possesses a multi-faceted set of levers it can pull to pressure Tsai. Listed below are the various tools Beijing has at its disposal, separated into what Bush terms "symbolic" or "limited" punishments in the square bullets and "comprehensive punishments" in the diamond bullets.⁴⁷

Economic

- Quietly canceling small-scale business contracts that provide preferential treatment to Taiwan farmers and producers.
- Limiting opportunities for Chinese students to attend Taiwan universities. With declining enrollment due to the island's low birth rate, Taiwan's tertiary institutions are eager to admit PRC students.
- ◆ Significantly reducing the number of Chinese tourists permitted to visit the island. Taipei has heavily invested in infrastructure for PRC tourists, who generally are big spenders.
- ◆ Creating hurdles for Taiwan businesspeople operating on the Mainland, especially those who espouse pro-independence tendencies.
- ◆ Frustrating Taiwan's efforts to join the Trans Pacific Partnership, a key economic goal of the Tsai administration. China could, for example, pressure TPP members Vietnam or Malaysia to block Taiwan's eventual accession.

Diplomatic/International Space

- Suspending SEF-ARATS and MAC-TAO dialogue channels.
- Restricting Taiwan's already limited participation in international organizations and fora.

⁴⁶ "Guotaiban: Ruo Liangan Chuxian Wei Ji Zeren You Gaibian Xianzhuangzhe Chengdan." 国台办：若两岸出现危机 责任由改变现状者承担 [TAO: If There Is a Crisis, The One Changing the Status Quo Will Assume Responsibility], *People's Daily*, May 11, 2016. <http://tw.people.com.cn/n1/2016/0511/c14657-28342169.html>.

⁴⁷ Bonnie Glaser, *Prospects for Cross-Strait Relations as Tsai Ing-wen Assumes the Presidency in Taiwan*: 10-11; Richard C. Bush, "Taiwan's January 2016 elections and their implications for relations with China and the United States," *Order from Chaos—Asia Working Group, Paper 1*, Brookings Institution, December 16, 2015. <https://www.brookings.edu/research/taiwans-january-2016-elections-and-their-implications-for-relations-with-china-and-the-united-states/>.

- Pressuring third countries to deport Taiwan nationals accused of criminal conduct for prosecution to China.
- ♦ Terminating Taiwan’s participation as an observer in the World Health Assembly and the International Civil Aviation Organization (ICAO), two major multilateral gains of the Ma administration.
- ♦ Poaching some of Taiwan’s 22 remaining diplomatic partners. A handful of these nations already have robust economic linkages with China, particularly Panama. Convincing these nations to make a switch could take minimal effort by Beijing.

Military

- Accelerating the build-up of PLA capabilities relevant to the Taiwan theater of operations. This could include deployment of additional ballistic and cruise missiles opposite Taiwan, which current estimates place around 1,400 to 1,800.
- ♦ Conducting military exercises in a deliberately threatening manner or simulating strikes on Taiwan government organs and military installations in a public fashion.

Beijing already has issued at least one limited/symbolic punishment since Tsai’s inauguration, namely the suspension of cross-Strait communication channels. PRC tourist arrivals also declined in June over previous months, and Cambodia on June 24 deported to China 25 Taiwan suspects accused of telecom fraud against PRC citizens.⁴⁸ Whether these two developments reflect a deliberate PRC effort to put further pressure on Tsai is unclear, as Chinese officials have not publicly acknowledged them as such. Beijing has yet to issue any form of comprehensive punishment, although Richard Bush considers its March decision to restore ties with the Gambia as a move exceeding limited punishment.⁴⁹

The key, correlative questions going forward are what punishments will Beijing pursue and to what end. Two pathways appear most plausible. The first, worst-case scenario is that Beijing concludes it cannot do business with Tsai. As a result, it pursues comprehensive punishment, such

⁴⁸ Yuan-Ming Chiao, “MAC protests as Cambodia deports Taiwanese to China,” *The China Post*, June 25, 2016. <http://www.chinapost.com.tw/taiwan/national/national-news/2016/06/25/470316/MAC-protests.htm>.

⁴⁹ Richard Bush, “China’s Gambia gambit and what it means for Taiwan,” *Order from Chaos*, Brookings Institution, March 22, 2016. <https://www.brookings.edu/2016/03/22/chinas-gambia-gambit-and-what-it-means-for-taiwan/>

as persuading some of Taiwan's diplomatic allies to switch recognition and radically scaling back tourism to the island, in an attempt to influence the Taiwan electorate to abandon Tsai and the DPP in the 2020 election. This would most likely be executed in an escalatory fashion that allows Beijing to claim it gave Tsai multiple opportunities to reverse her stance.⁵⁰

Under this first scenario, Taiwan's domestic politics will be a key factor in the emergence of any downward spiral. Should Beijing pursue heavy-handed punishments, an angry Taiwan public may force Tsai's hand to retaliate. Or, Tsai may simply grow frustrated with PRC uncooperativeness and be less solicitous of its sensitivities as a result. This could include, for example, efforts to strengthen a separate Taiwanese identity on the island or legal processes to codify Taiwan's *de facto* separation from the Mainland. Such a possible evolution in Tsai's approach is not without precedent. During his first two years in office, DPP president Chen Shui-bian (2000-2008) pursued a moderate approach toward China, only to adopt a less restrained posture once he realized Beijing would not reciprocate his goodwill. This included a controversial 2004 plebiscite concerning cross-strait relations, efforts to write a new constitution, and Taiwan's 2007 bid to enter the United Nations under the name "Taiwan."

A heavy-handed approach carries other risks for Beijing as well. On one level, the Taiwan public's less-than-positive attitude toward the PRC government could harden if Beijing inflicts real pain that impacts their livelihood and sense of dignity. It would also seemingly contradict Beijing's stated aim to win over the hearts and minds on the island, making its quest for unification even more problematic. On another level, an effort to damage Tsai's popularity through comprehensive punishment could backfire, especially if Tsai avoids provoking China. Even

⁵⁰ Richard C. Bush, "Taiwan's January 2016 elections and their implications for relations with China and the United States," 16.

staunch KMT supporters might view Beijing as the troublemaker. Besides, Tsai has good chance of winning re-election in 2020 in light of the KMT's current unpopularity and internal disarray, provided her administration avoids a major policy blunder or scandal.

The aforementioned risks and uncertainties may dissuade Beijing from moving too far in the direction of comprehensive punishment and toward a second plausible scenario: the pursuit of limited punishments out of principle. Beijing could, for example, refuse to reopen communication channels, disallow Taiwan's participation in international organizations it seeks to join, and limiting an increase in the number of PRC tourists to Taiwan. For example, Beijing in late September effectively blocked Taiwan's participation in the late September meeting of the International Civil Aviation Organization in Montreal. Taipei had participated in the UN specialized agency's triennial meeting for the first time in 2013.

A possible downturn in relations will be complicated and even made dangerous with the suspension of cross-Strait communication channels. Both sides have already begun to speak to each other through public statements by their respective officials and spokespersons. This impersonal way of communicating will undoubtedly lead to the two sides talking past each other instead of to each other. Moreover, absent functioning communication channels, the risk of miscalculation is made greater with accidents such as the July 1 missile launch by the Taiwan Navy. If rumors about it are true, a purported secret channel between Tsai and the PRC leadership may help to resolve these issues.⁵¹ Publicly, the Tsai administration has announced arrangements for Track II exchanges among cross-Strait think tanks to serve as intermediaries.

⁵¹ Richard C. Bush, "Taiwan's January 2016 elections and their implications for relations with China and the United States": 19.

Implications for the United States

The cross-Strait rapprochement of 2008 until the middle of 2016 was a boon to America's "abiding interest" in a peaceful and stable Taiwan Strait. Of all the possibilities for armed conflict between the United States and the People's Republic of China, a showdown over Taiwan ranks near the top. Hence, Washington encouraged steps taken by both sides to reduce tensions and maintain dialogue during the Ma era, while carefully avoiding to meddle in their burgeoning relationship. Concomitantly, the Taiwan issue fell from the top of the U.S.-China bilateral agenda, freeing the two countries to focus on other pressing bilateral and international challenges. America's robust unofficial relationship with Taiwan also deepened, with President Ma making frequent transit stops in the U.S. during his foreign trips and Washington selling sizeable arms packages to Taipei.

As cross-Strait relations likely become less stable in the coming months and years, Washington will feel the pull towards a more active role within the China-Taiwan-United States triangle. Both Beijing and Taipei will attempt to persuade Washington that the other is at fault for the deterioration in ties and seek its understanding accordingly. Taipei will petition the U.S. for greater levels of support in the face of Chinese pressure and possible coercion. Such requests could include U.S. diplomatic pressure on China to show more flexibility towards Taipei and actively advocating for Taiwan's participation within international organizations it seeks to join, such as ICAO. Beijing, meanwhile, will likely demand that Washington stand aside as it downgrades ties with Taiwan. If, on the other hand, Beijing ultimately views Tsai as a troublemaker akin to Chen Shui-bian, it will likely encourage Washington to step in and serve as a restraining influence.

Since Tsai's election, the Obama administration has equally encouraged both sides to show flexibility and creativity to maintain the status quo. Yet, in light of Tsai's efforts since her election

to minimize the gap with Beijing and the latter's unwillingness to reciprocate, Bonnie Glaser correctly argues for a "more proactive and less even-handed" U.S. approach. If Washington does not speak out against PRC efforts to pressure Tsai, Beijing might misconstrue American silence for tacit acceptance.⁵² Glaser therefore recommends U.S. officials press Beijing to show flexibility and accept more ambiguity from Tsai, while also warning it against actions that could harm Taiwan's economy and participation in the international community. According to Glaser, Washington should also encourage Tsai to exercise restraint and avoid actions that could incite Beijing's suspicions. All of these recommendations are a step in the right direction, but Washington can also take a few other proactive actions.

After China's unilateral decision to suspend cross-Strait communication in June, a few number of mid-level U.S. State Department officials have publicly urged both sides to keep such channels open.⁵³ Undoubtedly, senior State Department officials and perhaps even President Obama have conveyed similar messages to their Chinese counterparts in private. But, to more effectively emphasize the importance Washington attaches to open, unimpeded cross-Strait communication and its role in facilitating cross-Strait stability, high-level State Department officials such as the Assistant Secretary for East Asia and Pacific Affairs should publicly urge Beijing to keep the dialogue mechanisms running.

In addition, the next U.S. administration should conduct a thorough policy review upon assuming office that will aid in the development of an updated approach reflecting the new realities in the Taiwan Strait. With only few months remaining in the Obama administration, the new

⁵² Bonnie Glaser, *Prospects for Cross-Strait Relations as Tsai Ing-wen Assumes the Presidency in Taiwan*: 11.

⁵³ "US urges Taiwan-China communications," *Taipei Times*, July 24, 2016.
<http://www.taipeitimes.com/News/taiwan/archives/2016/07/24/2003651683>.

administration will bear primary responsibility for grappling with this issue. As such, the new administration will need to determine how it intends to conduct its relationship with Taiwan during its term in office.

Some observers and former government officials—many of whom belong to the Republican Party—advocate U.S. engagement with Taiwan based on the latter’s merits and not as a feature of U.S. policy towards China. For instance, they call for higher-level dealings with Taiwan government officials, a more prominent place for Taiwan in the Asia “rebalance,” and the sale of advanced weaponry to the island without undue concern about Beijing’s response. The risk of such an approach is that it could infuriate Beijing, leading to its recalcitrance in cooperating with Washington on a wide range of bilateral and international issues. After all, senior Chinese officials in years past have often described the Taiwan issue as the “most important and sensitive issues” in U.S.-China relations.

Another approach, largely pursued by the Obama administration, is to avoid more robust actions in support of Taiwan that could seriously upset the Chinese leadership and endanger U.S.-China cooperation. A salient example is the Obama administration’s 2011 arms package to Taiwan, which included upgrade packages for Taiwan’s aging F-16 A/B fighter jets but did not provide Taipei what it most desired: more sophisticated F-16 C/D fighters or even F-35 jets. Hence, the administration believed this moderate approach upheld commitments to Taiwan under the Taiwan Relations Act, but also avoided inciting Beijing’s ire.

It is within this context that the next administration will need to determine how it intends to conduct relations with Taiwan. If polls one month before the November 8 election do not mislead us, Democratic candidate Hillary Clinton will become the 45th president of the United States. Many analysts predict Clinton will be firmer on China than the Obama administration; yet,

this *ipso facto* does not translate into an upgrade in U.S. relations with Taiwan. A Clinton administration will likely carefully weigh the benefits and costs of American support to Taiwan in light of Beijing's possible reaction.

Beyond encouraging flexibility and communication in the near term, the next U.S. administration should also prepare to deal with a possible severe downturn in cross-Strait relations where both sides are locked in a downward spiral of confrontation and mistrust. Under such a scenario, Washington may decide to revisit the "dual deterrence" strategy it pursued between 1995 and 2008. According to Richard Bush, Washington in the approach would convey reassurances and warnings to both Beijing and Taipei to deter them from making unilateral changes to the status quo.⁵⁴ Reassurance toward Taiwan would include commitments in word and deed not to abandon it, while the principal warning would be to avoid unnecessary steps that could provoke a PRC attack. Washington would also make clear that its security guarantee toward the island does not cover a quixotic quest for independence. To reassure China, Washington would remind it of its non-support for Taiwan independence, while warning against PRC coercion given its fundamental stake in cross-Strait peace and stability. Bush notes that execution of dual deterrence is never easy since Washington's reassurances and warnings need to be credible and ever responsive to a fluid cross-Strait dynamic.

Finally, given its crucial role as an external stabilizing force, Washington would run risks if it were to stand aloof in the evolving cross-Strait environment. Without American engagement, a more unstable and dangerous cross-Strait situation could develop that directly impinges upon long-term American interests. As the island's security guarantor, Washington should endeavor to

⁵⁴ Richard C. Bush, "Taiwan's January 2016 elections and their implications for relations with China and the United States,"

prevent the outbreak of a deteriorating situation that, in the worst-case scenario, could lead to a cross-Strait military confrontation requiring American intervention. Furthermore, U.S. allies and friends in the Asia-Pacific will no doubt carefully observe how Washington responds to PRC pressure and possible coercion against Taiwan in the years ahead. Given their own concerns about China's rise, Washington's lack of active support for Taiwan might sow doubts about America's commitment to their own security.