



**China-Taiwan Relations:
KMT Disarray Shapes Campaign**

**David G. Brown, Johns Hopkins School of Advanced International Studies
Kevin Scott, The Brookings Institution**

The Kuomintang (KMT) Party's mismanagement of the selection of its presidential candidate has left the party in disarray and increased the prospect that Democratic Progressive Party (DPP) candidate Tsai Ing-wen will win the presidency along with a majority in the Legislative Yuan (LY) elections. Faced with the prospect of DPP victories, Beijing has sent mixed messages to Taiwan, while voicing its confidence in preserving the accomplishments of the peaceful development policy for the long-term. Against this background, the Ma administration and Beijing have struggled to keep cross-strait relations moving forward.

Taiwan presidential campaign

Candidates for the Jan. 16 presidential election are positioning themselves and describing their approaches to China mostly in broad terms with few specifics. Cross-strait relations are not the most pressing challenge facing Taiwan – that would be economic revitalization and adjustment – but as always it is an overarching theme that colors almost all other issues. At this writing, there are three candidates: Hung Hsiu-chu of the KMT, Tsai Ing-wen of the DPP, and James Soong Chu-yu of the People First Party (PFP). However, on Sept. 2, in further evidence of KMT disarray, Hung announced that she is temporarily suspending her daily campaign activities.

Hung Hsiu-chu

KMT Chairman Eric Chu Li-lun has said repeatedly since January that he would not run for president. Instead, he devised a KMT primary process with a 30 percent threshold to qualify for nomination. Hung Hsiu-chu, deputy speaker of the Legislative Yuan (LY), was the only viable candidate to step forward.

Hung was born in Taipei in 1948 after her parents came from the mainland in early 1946. Her father had been a minor Republic of China (ROC) official and worked for the Taiwan Sugar Corporation. He was accused of being a communist agent and spent three years in prison; his job prospects suffered for the rest of his life and Hsiu-chu grew up with limited resources. After college she spent 10 years as a high school teacher and then in 1980 began working in a KMT branch office. She was elected to the LY in 1989 and climbed the party ladder, serving as a vice chairperson of the party from 2012 until the day after Eric Chu became chairman in February

This article is extracted from [Comparative Connections](#): A Triannual E-Journal on East Asian Bilateral Relations, Vol. 17, No. 2, Sept. 2015. Preferred citation: David G. Brown and Kevin Scott, "China-Taiwan Relations: KMT Disarray Shapes Campaign," *Comparative Connections*, Vol. 17, No. 2, Sept. 2015, pp. 77-86.

2015. On the basis of this background and a reputation for straight talk, Hung passed the KMT primary threshold with 46 percent June 13.

In an interview with the mainland-affiliated *China Review News* published on April 20, Hung stated that Ma Ying-jeou's Three Nos (no unification, no independence, no use of force) and the "1992 Consensus" are no longer able to move cross-strait relations forward. She called for political talks that may lead to a peace agreement. Since then, she has struggled to define her vision for cross-strait relations in a clear and consistent way. On May 6, the day after Eric Chu returned from China to criticism for using Xi Jinping's language that both sides of the Taiwan Strait belong to one China, Hung described the status quo as overlapping sovereignty claims by two separate governments, and announced a goal of reaching agreement with Beijing on "one China, same interpretation." Facing an outcry, Hung sought to clarify her intent by claiming that the idea is an "advanced version of the 1992 Consensus," then explaining that the governments of the PRC and the ROC would recognize each other's existence. She said, in a clumsy way, that this would not imply recognition of the ROC itself since this would be the same as a "two-state theory." Her idea can be characterized as mutual recognition of jurisdiction, a step farther than President Ma's mutual non-denial, within the context of one China. In a June 10 speech to the KMT Central Standing Committee, Hung repeated criticisms of the party's timidity, compromises, and appeasement and asked, "Do we have the ideals to save the nation? Or do we want only to hold on to a corner of our territory, like at present...?"

Hung's positions were out of step with opinion within the KMT and the society at large. As criticism intensified, her poll numbers plummeted, some KMT members defected to the PFP, and there was talk of dumping her candidacy. Instead, Chairman Chu rallied the party's national congress in July, and she was unanimously nominated. To clarify party policy, the "1992 Consensus" – one China, respective interpretations – which Hung had written off in April and May, was written into the KMT platform. In her acceptance speech she said she would "adhere to the party's political platform." Although Hung has not repeated her idea of "one China, same interpretation," the damage to her candidacy had been done.

Hung's rhetoric and Eric Chu's mismanagement of the nomination process have weakened the KMT. Hung is not receiving the usual support from party leaders, her nomination has widened the gap between "mainland" and "local" factions, and several senior politicians have left the party or been expelled.

Tsai Ing-wen

While Hung has struggled to clarify her view of cross-strait relations, Tsai Ing-wen has worked hard to keep hers vague. Tsai has tried to focus more on the style of her policy – transparent and participatory – than on the desired end state. She faces a delicate balancing act as she must speak to DPP supporters, Taiwan's voters at large, and the government in Beijing.

Xi Jinping and other PRC officials have been firm on Beijing's conditions for dealing with a DPP administration. The shorthand is that the "1992 Consensus" must be upheld and Taiwan independence opposed. Tsai's response to this challenge, which she has adopted since March, is to say that she will uphold peace, stability and the "status quo" in cross-strait relations. She has emphasized her sense of responsibility for maintaining peace, but has not explained how she

would accomplish this in the face of PRC demands (see our previous report). Both Beijing and the KMT have called on her to clarify this, but the KMT is so weak that it has not been able to force Tsai to say anything that might alienate DPP voters. She has not (and most likely will not) explicitly accepted the “1992 Consensus,” uttered the phrase “one China,” or foresworn Taiwan independence.

As the DPP attributed Tsai’s loss in 2012 in part to US criticism of her cross-strait policy, the party has worked hard to solidify ties with the US and lay the groundwork for Tsai making a successful visit to Washington. On a 12-day visit to the United States in late May and early June, Tsai wrote in a *Wall Street Journal* op-ed that she seeks to enhance “principled cooperation with China,” but included this as a facet of Taiwan’s “foreign policy.” She acknowledged that “consistent and sustainable” cross-strait relations underpin all of Taiwan’s external and economic goals. Notably, she wrote that she will “ensure that the spirit of cooperation that has guided the betterment of China-Taiwan relations continues.”

In a [speech](#) at CSIS on June 3, Tsai responded subtly to some of the markers that Beijing has put down, without changing the DPP’s principles. She said as president she will pursue peaceful development of cross-strait relations “in accordance with the will of the Taiwanese people and the existing ROC constitutional order.” During the question and answer session she defined this to encompass “the constitution itself, subsequent amendments, interpretations, court decisions, and practices by the government and different sectors of the population.” This phraseology could allow for different interpretations of whether she was basing her policy on the ROC’s “one China” constitution. Tsai also said that both sides should “treasure and secure the accumulated outcomes of more than 20 years of negotiations and exchanges,” and that these outcomes will form the “firm basis” of her pursuit of continued peace and development. She seemed to be saying something that could be interpreted as indirectly accepting the “1992 Consensus” which occurred “more than 20 years” ago. Some of Tsai’s ambiguous statements appeared to indicate that some form of dialogue had been going on behind the scenes between the DPP and Beijing.

Tsai concluded her discussion of cross-strait policy by reaffirming one of her party’s principles. Echoing the Resolution on Taiwan’s Future, she said that “most importantly” she would “uphold the right of the people to decide their future free of coercion.”

These efforts to address her differences with Beijing contributed to a successful visit. The US State Department said its exchanges with Tsai were “constructive,” a much better response than she received on her unsuccessful visit to Washington during her 2012 presidential campaign. Furthermore, the State Department reiterated that the US would remain neutral in the campaign. By contrast, Beijing reprimanded the US for sending wrong signals to “separatist forces.”

James Soong

With Hung Hsiu-chu’s campaign on the rocks, veteran politician and PFP founder James Soong Chu-yu saw an opportunity and on Aug. 6 announced his candidacy. In his announcement, Soong sought to appeal to both “green” and “blue” constituencies, pledging to maintain the cross-strait status quo, calling it the most agreed-upon consensus among Taiwan’s 23 million people. He said that under the “1992 Consensus,” his administration would pursue economic, cultural, social, and educational exchanges with the mainland.

He spoke to many mainlanders, saying that people on both sides of the strait belong to the Chinese ethnic group, and channeled Tsai Ing-wen when he pledged “I will ensure public participation, transparency, open scrutiny and legislative supervision in the government’s creation of major cross-strait policies.” The next day he portrayed himself as heir to the legacy of Chiang Ching-kuo, saying his former boss “emphasized that he was both a Chinese and a Taiwanese, and that he would not turn his back on the Chinese ethnic group, nor walk away from his responsibility to Taiwanese.”

Soong’s entry into the race clearly hurt Hung’s prospects and split the opposition to Tsai, and seems to assure Tsai’s eventual election. His candidacy is also designed to boost the prospects of PFP candidates in the LY elections. The disarray in the KMT and the breakdown of KMT-PFP cooperation have opened the possibility that the DPP may win a majority in the LY, alone or with support of other pan-green elected members.

Beijing’s response

As the campaign has proceeded, the DPP’s prospects have become increasingly positive. This has only intensified a debate in Beijing both on what this means for the long-term and how to influence events. Things that could be interpreted as hard and soft approaches have occurred.

Among the hard signals is the firm position Xi Jinping has taken with respect to the DPP. In his early-May meeting with KMT Chairman Eric Chu, Xi warned about the dangers posed by Taiwan independence forces and stated that, if the political basis for cross-strait relations is lost (for instance if the DPP should continue to reject the “1992 Consensus”), then there would be no peace and no development in cross-strait relations. Zhang Zhijun warned that people might realize how precious peace is only after losing it. Beijing has conducted military exercises focused on Taiwan. For example, the PRC conducted long-range strike exercises in the Bashi Channel south of Taiwan during Tsai Ing-wen’s visit to the United States. In July, the official TV channel (*CCTV*) carried a short clip featuring a PLA urban warfare exercise targeting a building resembling the presidential office building in Taipei. In Taipei this was interpreted as a threatening action related to the election.

Beijing’s handling of the question of Taiwan’s membership in the Asian Infrastructure Investment Bank (AIIB) also seems to fit this hardline pattern. When the charter for the bank was completed in June, Beijing noted that membership was open to members of the Asian Development Bank (ADB) and World Bank and expressed confidence that Taipei’s membership could be worked out. However, the specifics raised two problems. First, non-sovereign candidate members had to be sponsored. Beijing and the vast majority of AIIB members consider Taiwan as non-sovereign. How Taipei would be sponsored was not clear. Being sponsored by Beijing would be unacceptable. Second, although Taipei’s membership in the ADB seemed to open an avenue for Taiwan, Taipei’s membership in the ADB is under the name “Taipei, China,” a term that was imposed on Taiwan and that Taipei has made clear would be unacceptable in the AIIB. Since the announcement of the bank’s charter in June, no further action has been announced. Beijing appears to be delaying resolution of the membership issue until after the election.

Beijing's softer side has appeared more recently in its handling of Taipei Mayor Ko Wen-je, in policy guidance given at the annual conference of the National Taiwan Studies Society in August, and Xi's most recent comments. Since last winter Beijing had been pressing Ko to accept the "1992 Consensus" on one China as the price for approving his participation in the Shanghai-Taipei "Twin City Forum." But despite various statements by Ko, his participation remained uncertain. Although Ko and the DPP are different, it has been clear that the Taiwan Affairs Office (TAO) was handling Ko with the DPP in mind. In May, Taipei Deputy Mayor Chou Li-fang visited Shanghai, and in July, Shanghai Deputy Mayor Weng Tiehui visited Taipei and met Ko. As the PRC objected that the city government's international office was handling Weng's visit, Ko transferred responsibility to the media department. The visit did not produce an announcement about the Twin City Forum. Ko acknowledged that Beijing was pressing him to clarify his views on the "1992 Consensus" and the nature of Shanghai-Taipei ties. For his part, Ko continued to refer back to his March statement about a "New Perspective for 2015." A few days later, Ko agreed to an interview official PRC and other media on Aug. 3.

In that interview, Ko said that he "understood and respected the mainland's position that the "1992 Consensus" was the foundation of peaceful cross-strait development." He also clarified that Shanghai-Taipei exchanges were "cross-strait" exchanges handled by the Taipei City government's mainland committee, rather than international exchanges. That same day the TAO spokesman noted Ko's comments that the mainland-proposed "1992 Consensus" was the basis for cross-strait relations and said that as long as one accepts that political basis, cross-strait relations including Shanghai-Taipei exchanges can progress. The TAO also noted that Ko characterized Shanghai-Taipei exchanges as inter-city ties handled by Taipei's mainland affairs committee. In the interview, Ko also explained what his New Perspective for 2015 meant saying, "the already signed agreements and the history of the interactions across the strait must be respected. Under the current political foundation, the two sides should conduct exchanges.... in accordance with the spirit of the 'two sides being like a big family'" – the last a theme Xi Jinping has promoted. The Twin City Forum was held in Shanghai on Aug. 18 with Ko participating.

From Beijing's perspective, a leading independent politician with pro-independence leanings who earlier dismissed the "1992 Consensus" had been persuaded to support the mainland's peaceful development policy on terms acceptable to the Beijing. However, Ko's comments and the holding of the forum have sparked speculation in Taipei that a new formulation has been found. Seen from abroad, it seems clear that Beijing showed considerable flexibility. Ko did not have to explicitly endorse the "1992 Consensus," say he believed in "one China," or profess opposition to Taiwan independence. But he said and did enough to satisfy Beijing. Reacting to the speculation in Taipei, the TAO spokesman stated that Beijing's views on the political basis of cross-strait relations had not changed. It is interesting that Ko's language on the history of cross-strait interactions bears some similarity to remarks Tsai Ing-wen made in Washington.

On Aug. 6, TAO Minister Zhang Zhijun addressed the annual meeting of the National Taiwan Studies Society. This was an opportunity to address current concerns and describe policy in a manner that would discourage unwanted speculation by PRC scholars. Zhang admitted the peaceful development policy faced challenges, though he did not specifically mention the election or the prospect of the DPP returning to government. In the coming period, policy toward Taiwan would maintain its "stability and continuity." Rhetorically asking whether the peaceful

development policy would stagnate or reverse, Zhang provided the answer quoting Xi Jinping's comments in March that "we should unswervingly pursue peaceful development, unswervingly adhere to the common political basis, unswervingly bring benefits to the people across the Strait and unswervingly join hands to realize the national revitalization." Zhang warned about the danger posed by independence activists and noted that if the political basis was lost, relations could become turbulent. However, he spent more time explaining positively that if the "1992 Consensus" is maintained, then peace would be preserved, Taiwan's benefits would be enhanced, Taiwan's markets expanded, and its access to regional and international space opened. While he carefully quoted hard and soft elements, he concluded by expressing confidence in preserving the fruits of the peaceful development policies consistently over the long-term. No sense was conveyed that relations were facing a crisis.

On Sept. 1, Xi Jinping met former KMT Chairman Lien Chan, who was in Beijing to participate in Beijing's commemoration of victory in the War of Resistance against Japanese Aggression. Xi took a soft line on cross-strait relations. He said that Taiwan and the mainland were bound together in a common destiny and that abiding by the "1992 Consensus" was the key to cross-strait peace and prosperity. Xi chose not to repeat earlier warnings.

Minimal progress in cross-strait relations

With the campaign underway in Taipei, domestic economic challenges growing in China, and no action by the LY on the cross-strait agreements oversight bill, conditions have not been favorable for progress on practical cross-strait issues. Nevertheless, the Ma administration has wanted to show that it is not a lame duck, and Beijing wishes to consolidate ties while the KMT remains in office. In May, the PRC State Council published regulations that preserved the preferential treatment for Taiwanese investments, addressing a major concern of investors from Taiwan. Later in May, Mainland Affairs Council (MAC) Minister Andrew Hsia Li-yan met his counterpart TAO Director Zhang Zhijun in Kinmen. Although no significant breakthroughs were made, they reached preliminary agreement on the mainland supplying water to Kinmen. In July, Fujian Province signed a 30-year contract to build a pipe system to supply water to the island. In August, Straits Exchange Foundation (SEF) President Lin Join-sane and his counterpart Association for Relations Across the Taiwan Strait (ARATS) Chairman Chen Deming held the 11th SEF-ARATS meeting in Fuzhou. They signed a double taxation avoidance agreement and an agreement on aviation safety cooperation, bringing the total of cross-strait agreements to 23.

Despite these developments, no progress was made on the major outstanding issues. Although China and Korea formally signed their free trade agreement (FTA) in June, no further negotiations were held on the Cross-strait Merchandise Trade Agreement (MTA), though two rounds of technical talks took place. Similarly, no further negotiations were held concerning the exchange of offices between ARATS and SEF. Taipei had hoped to reach agreement on a less important issue – allowing PRC tourists visiting Taiwan to travel on to third countries. However, Beijing continued to demand in return Taiwan's agreement to a new flight route directly across the strait, a condition Beijing understood Taipei could not accept for security reasons.

Taipei has perceived a new pattern of unilateral actions on cross-strait issues by Beijing this year. The first was the announcement of the new M503 and associated flight routes in January, which

was eventually resolved in a mutually acceptable manner. In June, Beijing unilaterally announced its intention to issue a new plastic card to replace the Taiwan Compatriot Certificate (*Taibaozheng*) that people from Taiwan use when traveling to the mainland. Taipei had concerns about the implications of this change, but in July Beijing proceeded to implement the change on a trial basis in Fujian. Also in July, Beijing incorporated Taiwan into its new comprehensive National Security Law (NSL) in another unilateral move seen as threatening in Taiwan.

South China Sea

In a speech in Taipei on May 26 and op-ed in the *Wall Street Journal* on June 11, President Ma announced a South China Sea Peace Initiative. He defined the ROC's claim in the disputed region as certain islands "and their surrounding waters," and called on concerned parties to "respect the principles and spirit of relevant international law, including the Charter of the United Nations and the United Nations Convention on the Law of the Sea." This reference to UNCLOS continues the differentiation that President Ma began in 2014 of Taiwan's claims in the South China Sea from China's expansive claims. On July 7, Taiwan's Foreign Ministry restated Ma's definition of the ROC claim. Ma's initiative is similar to his 2012 East China Sea Peace Initiative that has decreased tensions between Taiwan and Japan (if not with China), though the latter initiative referred to "the UN charter and relevant provisions in international law" and did not explicitly cite UNCLOS.

Looking ahead

The Taiwan presidential campaign will dominate the coming period. Although Hung's spokesman has said she will not withdraw and the KMT chairman is again talking of rallying support for Hung, the status of the KMT presidential campaign remains uncertain. How PFP candidate Soong will react is also uncertain. In the LY, the KMT and PFP face another challenge to restore some level of cooperation among the pan-blue parties before LY candidates formally register in late November. Tsai's challenge is to maintain a smooth coherent party campaign to maximize the DPP's prospects. With the election fast approaching, Beijing appears to have few effective means to influence events that are moving contrary to its interests.

Chronology of China-Taiwan Relations May – August 2015

May 3, 2015: Kuomintang (KMT) Chairman Eric Chu Li-lun attends KMT-Chinese Communist Party (CCP) Forum in Shanghai.

May 4, 2015: KMT Chairman Chu and CPP General Secretary Xi Jinping meet in Beijing.

May 5, 2015: Legislative Yuan (LY) adopts bill to implement UN Convention against Corruption.

May 11, 2015: American Institute in Taiwan (AIT) Chairman Ray Burghardt visits Taipei.

May 11, 2015: People's Republic of China (PRC) State Council publishes document to preserve preferential tax provisions for Taiwan invested enterprises.

May 14, 2015: President Ma Ying-jeou explains views on 1992 Consensus at Taipei conference.

May 14, 2015: Taipei orders Alibaba to end business in Taiwan within six months.

May 18, 2015: Taipei Health Minister Chiang Been-huang attends World Health Assembly.

May 23, 2015: Mainland Affairs Council (MAC) Chair Hsia Li-yan and Taiwan Affairs Office (TAO) Minister Zhang Zhijun meet in Kinmen.

May 25, 2015: Taipei Forum holds conference on cross-strait relations.

May 26, 2015: President Ma Ying-jeou proposes South China Sea Peace Initiative.

May 26, 2015: SEF Chairman Lin Join-sane visits Zhejiang, Jiangsu, and Tianjin.

May 27, 2015: Republic of China (ROC) Chief of General Staff Yen De-fa attends change of command ceremony at Pacific Command in Hawaii.

May 28, 2015: TAO Deputy Chen Yuanfeng visits Washington DC.

May 29, 2015: Democratic Progressive Party (DPP) Chair Tsai Ing-wen begins 12-day, five-city visit to US.

June 1, 2015: DPP Chair Tsai writes "Taiwan Can Build on U.S. Ties" in *Wall Street Journal*.

June 1, 2015: US Assistant Secretary of State for Economic and Business Affairs Charles Rivkin visits Taipei.

June 1, 2015: China and South Korea sign free trade agreement (FTA).

June 3, 2015: DPP Chair Tsai meets National Security Council's Evan Medeiros and gives speech at CSIS.

June 4, 2015: DPP Chair Tsai meets Deputy Secretary of State Antony Blinken.

June 7, 2015: DPP Chair Tsai holds end of visit press conference in San Francisco.

June 8, 2015: Kin Moy takes office as AIT Director in Taipei.

June 11, 2015: President Ma writes *Wall Street Journal* article proposing South China Sea (SCS) peace initiative.

June 12, 2015: Hung Hsiu-chu passes KMT nomination threshold.

June 14, 2015: Yu Zhengsheng announces new card to replace Taiwan Compatriot Certificate (*Taibaozheng*) that Taiwan people use to travel to mainland.

June 22, 2015: Myanmar opens trade office in Taipei.

June 29, 2015: Beijing announces Asian Infrastructure Investment Bank (AIIB) membership open to ADB/WB members.

July 1, 2015: PRC publishes National Security Law with provisions applying to Taiwan.

July 4, 2015: President Ma presides at WWII anniversary military parade.

June 6, 2015: Beijing begins issuing new travel cards (*Taibaozheng*) to Taiwanese visiting Fujian.

July 11, 2015: President Ma transits Boston and attends symposium at Harvard.

July 13, 2015: President Ma visits Dominican Republic.

July 14, 2015: President Ma meets President Martelly in Haiti.

July 15, 2015: President Ma meets President Ortega in Nicaragua.

July 15, 2015: MAC Chair Hsia Li-yan visits Washington for consultations.

July 16, 2015: President Ma transits Los Angeles.

July 19, 2015: KMT Congress formally nominates Hung Hsiu-chu.

July 20, 2015: US-Taiwan “Monterey talks” are held in Washington DC.

July 22, 2015: PLA military exercise story involving simulated attack on presidential office building widely covered in Taipei media.

July 23, 2015: Former President Lee Teng-hui in Japan, says Diaoyutai belong to Japan.

July 23, 2015: Taiwan student activists protesting curriculum changes break into Ministry of Education (MOE).

July 29, 2015: Shanghai Deputy Mayor Weng Tiehui visits Taipei to discuss Shanghai-Taipei Forum with Mayor Ko Wen-je.

July 30, 2015: Students activists protest at MOE and break into LY.

Aug. 3, 2015: In interview with PRC journalists, Mayor Ko expresses respect for “1992 Consensus.”

Aug. 6, 2015: James Soong Chu-yu of People’s First Party (PFP) announces candidacy.

Aug. 6, 2015: Students end their protest in front of MOE.

Aug. 6, 2015: TAO Minister Zhang addresses National Taiwan Studies Society conference.

Aug. 13, 2015: Massive industrial explosion in Tianjin; Taipei offers help.

Aug. 14, 2015: TAO Minister Zhang holds consultations in Washington.

Aug. 17, 2015: Taipei announces it is constructing a lighthouse on Taiping Island.

Aug. 18, 2015: Taipei Mayor Ko attends Taipei-Shanghai Forum in Shanghai.

Aug. 20, 2015: Yu Zhengsheng meets delegation led by former LY speaker Yao Eng-chi.

Aug. 21, 2015: TAO spokesman comments further on Shanghai-Taipei forum.

Aug. 25, 2015: Eleventh SEF-ARATS meeting held in Fuzhou; double taxation and aviation safety agreements signed.

Aug. 26, 2015: Technical talks on Merchandise Trade Agreement held in Beijing.

Aug. 27, 2015: Taiwan joins North Pacific Fisheries Commission.

Aug. 27, 2015: ROC government and military, and KMT, discourage members from attending Beijing’s Sept. 3 military parade.

Sept. 1, 2015: Lien Chan meets Xi Jinping in Beijing.

Sept. 2, 2015: KMT candidate Hung announces temporary suspension of campaign activities.