

COMPARATIVE

CONNECTIONS

A TRIANNUAL E-JOURNAL
ON EAST ASIAN BILATERAL RELATIONS

CHINA- TAIWAN RELATIONS

CHINA INCREASES PRESSURE, TSAI HOLDS THE LINE

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In the run-up to the 19th Party Congress, Beijing has pursued an inflexible policy toward Taiwan, consistently blocking its international participation, establishing diplomatic relations with Panama, and conducting military exercises around Taiwan. Despite such pressures, President Tsai, whose priorities are domestic economic and social reform, has not changed her policy that neither accepts nor explicitly challenges Beijing's one-China principle, and she has urged Beijing to join in seeking a new formula. With the US Congress expressing increased support for Taiwan, the Trump administration approved a new arms sales package and took other steps to improve ties with Taiwan. Beijing has warned Washington about closer ties with Taipei, raising the prospect that Taiwan will again become a divisive issue in US-China relations. In the absence of dialogue, unstable and risky cross-strait relations will continue in the months ahead.

This article is extracted from *Comparative Connections: A Triannual E-Journal on East Asian Bilateral Relations*, Vol. 19, No. 2, September 2017. pp 63-70

Beijing Pressure on Taiwan

Beijing has increased pressure on President Tsai Ing-wen's administration. In May, Beijing blocked Taipei's participation in the World Health Assembly (WHA). The Taiwan Affairs Office (TAO) stated that Taipei had been excluded because it had not accepted the 1992 Consensus on one-China and blamed the Democratic Progressive Party (DPP) for that outcome. When Taipei's allies proposed putting its observer status on the WHA agenda, Beijing blocked that proposal. Beijing established diplomatic relations with Panama in June. Panama's President Juan Carlos Varela later explained that Panama had long delayed pursuing this change because of the diplomatic truce in place under former President Ma Ying-jeou. However, when the truce became uncertain after Tsai assumed office, Panama pursued the switch, in part because of China's heavy economic involvement in Panama and the Panama Canal.

These two major actions were part of an across-the-board effort by Beijing to limit Taiwan's international space. Beijing also blocked the participation of Taiwan union and industry representatives in the annual meeting of the International Labor Organization (ILO). It blocked Taiwan's participation in the annual meeting of the Kimberley Process concerning conflict diamonds in Australia. Beijing has also begun a campaign to press countries with unofficial ties with Taiwan to change the names of Taiwan's unofficial offices. For example, in Ecuador, the former "ROC Commercial Office" was renamed "Taipei Commercial Office." In May, Beijing signed communiqués with Vietnam and Cambodia committing those governments to stronger support for One China.

Beijing has taken other steps. With PRC tourist arrivals down 40 percent, Taiwan officials estimate that revenue from PRC tourists will decline \$1.4 billion in 2017. Taiwan human-rights activist Lee Ming-che remains in detention because Beijing has chosen not to resolve his case. The Communist Party (CCP) had the *Xinhua News Agency* issue revised press guidance on the terms to be used in Chinese media coverage of Taiwan. In addition to banning the use of "Republic of China," the new directive also prohibits the mention of "one China with respective interpretations" when discussing the 1992 Consensus. Beyond such important actions, Beijing has also taken some

petty steps. Taiwan students wishing to observe the UN Human Rights Council (UNHRC) at UN headquarters in New York were told they could only attend if they had a Beijing-issued Taiwan Compatriots Travel certificate. Beijing pressed Emirates Airlines to require its cabin personnel from Taiwan to use PRC flag pins on their flights.

The frequency of PLA ships and aircraft operating around Taiwan has increased. Since mid-July, PLA aircraft have regularly transited the Miyako Strait to conduct exercises east of Taiwan. Three times in July and August, PLA H-6 bombers and Y-8 reconnaissance planes circumnavigated Taiwan. In August, an H-6 flew north through the Taiwan Strait along the mid-line. Taiwan commentators have seen these as intended to intimidate Taiwan and send a message to Washington.



1Chinese navy sails through Miyako Strait (Straits Times)

Why is Beijing doing this? A short answer would be to press Tsai to accept the one-China principle and to deter Taiwan independence. At the annual conference of China's National Society for Taiwan Studies (NSTS), former Taiwan Studies Institute president, Zhou Zhihui, summarized current requirements saying that now is the time to show strength. These increased pressures began last October when Beijing concluded that President Tsai was not going to accept one-China, at least under then existing conditions. Beijing's pressures seem designed to drive home the costs to Taiwan of not accepting one-China to change the constellation of political forces in Taiwan in ways that Beijing hopes will force Tsai to change her position or to be replaced by the KMT in the 2020 elections. Unfortunately, the evidence thus far is that there are more voices pushing Tsai toward explicit rejection of one-China than urging her to accept the 1992 Consensus.

Beijing's actions have irritated or angered many in Taiwan and thus undermined Beijing's long-term unification goal. When asked about this, one PRC official said it is necessary at this time to teach Taipei that one-China is a reality that has to be accepted. When children are mistaken, they have to be told what is right even if doing so is painful. Chinese officials and scholars have also said that public opinion in China is demanding a tougher policy toward Taiwanese who have not been moved by evidence of Beijing's generosity and goodwill.

At the same time, in the absence of dialogue, Beijing has taken a series of minor unilateral steps to make it easier for Taiwanese to visit, study, work or live in the PRC. Many of these [measures](#) are designed to provide economic benefits to Taiwan's younger generation, which Beijing recognizes as having the strongest sense of a separate Taiwanese identity. At the NSTS conference, TAO Minister Zhang Zhijun reported that 20 specific measures had been implemented this year. Beijing believes these measures will deepen Taiwan's "economic and social integration" with the mainland.

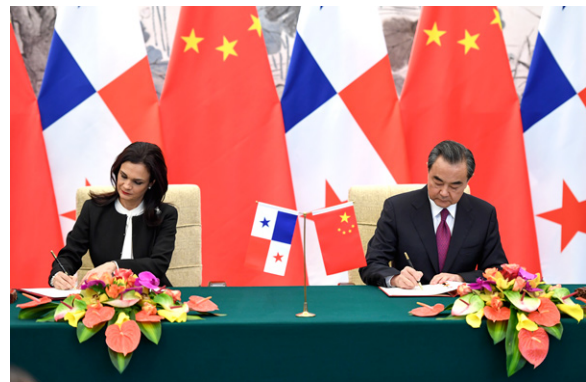
Hong Kong

Beijing has also been tough on Hong Kong. General Secretary Xi Jinping spoke at the 20th anniversary of Hong Kong's reversion in July. While reaffirming the "one country, two systems" framework, Xi warned that Beijing's sovereignty over Hong Kong could not be challenged. The ceremony gave unusual prominence to the PLA including a port visit from the aircraft carrier *Liaoning*. In August, the Hong Kong courts handed down prison sentences to three leaders of the 2014 umbrella movement. The sentences were interpreted as a sign of Beijing's growing influence over local courts. Although these events did not attract great attention in Taipei, Taiwan democracy activists share common perspectives with Hong Kong youth. These actions add to the reasons why "one country, two systems" has long been considered unacceptable in Taiwan.

Tsai maintains consistent policy

Taiwan's exclusion from the World Health Assembly and the establishment of China-Panama diplomatic relations were important events that challenged Tsai's cross-strait policy. Despite these setbacks, President Tsai maintained her "consistent, predictable and

sustainable" policy for the maintenance of the cross-strait status quo. When the WHA began, Tsai's office released a statement reiterating Republic of China (ROC) sovereignty and the fact that Taiwan is not a province under PRC rule. The Ministry of Foreign Affairs argued that acceptance of one-China was not a prerequisite for WHA observership, and MAC Minister Katharine Chang said, "We never could accept the one-China principle proposed by China" as it denies the existence of the ROC. Health Minister Chen Shih-Chung traveled to Geneva anyway and held meetings on the sidelines. When he returned to Taiwan, President Tsai said that China's handling of the situation had hurt cross-strait relations "to some extent."



2Panama's Vice-President and Foreign Minister Isabel de Saint Malo, left, and Chinese Foreign Minister Wang Yi sign a joint communique on establishing diplomatic relations, in Beijing, June 13, 2017 (China Daily/Xinhua)

Though it had known the break with Panama was coming, Tsai's government initially expressed shock and anger. Later, President Tsai [said](#) in a press conference that, "Taiwan has already upheld our responsibility for maintaining cross-strait peace and stability," and that "we do not want to see China's misguided efforts and provocations lead cross-strait relations from peace towards confrontation." She warned China that Taiwan would never surrender to threats and coercion. Joseph Wu, secretary general of the Office of the President, stressed peace and stability, but indicated Taipei would "reassess the cross-strait situation" as Beijing had challenged the status quo. On Aug. 8, Tsai told a conference audience that included former US Vice President Dick Cheney that her administration "remains fully committed to maintaining the status quo." She said the status quo cannot be upheld unilaterally and called for a new model of cross-strait relations. In the meantime, while Taiwan says it will not engage in dollar diplomacy, it has

enhanced its stewardship of remaining allies: in July, the government announced visa-free entrance to Taiwan for citizens of its Latin American and Caribbean allies, and Foreign Minister David Lee and Defense Minister Feng Shih-kuan made separate trips to the region.

In an attempt to move the cross-strait conversation beyond the 1992 Consensus, on which the two sides have reached an impasse, President Tsai proposed “Three News” in an interview with the blue-leaning *United Daily News* published on May 3. While maintaining the status quo as the basis of her cross-strait approach, Tsai called for the two sides to recognize that there is a new situation, to consider new questions (a reference to the mainland’s assessment of her May 2016 inaugural address as an “incomplete” answer to their one-China demand), and to develop new models of interaction (新情勢、新問卷、新模式). On May 19, Tsai clarified that the “new situation” is a product of Taiwan’s democracy. “We have entered upon a new age because the people of Taiwan want it to be a new age,” she told a group of overseas Chinese-language reporters. “I hope the leader of mainland China can correctly interpret the significance of last year’s elections.” She called on President Xi to work with her for stable relations that would benefit both sides, and for new forms of interaction to replace inefficient and bureaucratic methods, perhaps a reference to the lack of communication between the designated institutions in Taipei and Beijing.

Some aspects of cross-strait cooperation continued. Taiwan offered condolences and assistance, through the Mainland Affairs Council (MAC) and Straits Exchange Foundation (SEF), after a landslide in Sichuan in June and an earthquake there in August, but there was no public response from the mainland. In July, following communication from the Taiwan Coast Guard, Chinese police detained a mainland boat that had been involved in a robbery of a Taiwan boat at sea. Taiwan requested that the suspects be prosecuted under the Cross-Strait Joint Crime-Fighting and Judicial Mutual Assistance Agreement, but their fate has not been reported. (Continuing a trend that began last year, ROC nationals arrested for crimes in third countries continue to be deported mostly to China rather than Taiwan.) MAC Minister Katharine Chang visited the island of Matsu in

August, to stress the importance of the “three mini-links” in commerce and communication.

Tsai’s actions affecting cross-strait relations were relatively few. In late May, the MAC announced that the government maintains a list of suspected human-rights violators in China and that in response to the detention of Lee Ming-che, it was considering barring people on the list from entering Taiwan. Following Panama’s switch in diplomatic recognition, the MAC announced that it was considering tighter monitoring of certain cross-strait exchanges and closer scrutiny of visa applications, especially in cases of false identity, for visits to Taiwan for “highly political” activities and, again, human rights violators. Separately, the Cabinet plans a reform and possible significant budget increase for the National Security Bureau to attempt to deal more effectively with Chinese espionage against Taiwan.

In July, Taiwan’s Ministry of Education published a new draft high school history curriculum, which among other updates proposes highlighting Taiwan’s history and its interaction with the world, and viewing Chinese history as part of East Asian history rather than as a separate unit. The TAO warned against splitting Taiwan from Chinese history. There is also debate about the proportion of classical Chinese works to include in high school literature education. Taiwan’s Executive Yuan announced in mid-August that it had decided to dissolve the Cabinet-level Mongolian and Tibetan Affairs Commission. Under the plan, which must be ratified by the legislature, the Commission’s personnel and functions will be taken over by the Ministry of Culture and the MAC.

Mainland scholars often cite such actions as evidence that Tsai is pursuing a policy of gradual or peaceful independence and consequently cannot be trusted. However, despite China’s escalating suppression, low approval ratings including among her own base, and public pressure from senior members of her party, Tsai consistently resists initiatives that would seek to change Taiwan’s name or status. In late August, for example, just after Taipei successfully hosted the Universiade (World University Games) and public consciousness was high, the Legislative Yuan passed a new National Sports Act. The New Power Party and others had hoped to use the act to change the name of Taiwan’s international sports organization from “Chinese

Taipei Olympic Committee” to “National Olympic Committee,” but Tsai resisted this idea and it was not included in the final version of the bill. More significantly, she seems to be slow-walking an amendment to the Referendum Act that would lower thresholds for the establishment and success of public referenda, a tool that Chen Shui-bian sought to use during his presidency to express the sovereignty of the people of Taiwan.

US Policy

Though President Trump did not tweet or speak publicly about Taiwan or the one-China policy, his administration commented frequently on cross-strait relations. Acting Assistant Secretary of State for East Asian and Pacific Affairs Susan Thornton and spokesperson Heather Nauert said on a few occasions that neither side should engage in destabilizing actions – even after Panama broke relations with Taiwan – and called for Taiwan and China to engage in productive dialogue. James Moriarty, chairman of the American Institute in Taiwan, was less neutral in a conference at CSIS in July. In a question-and-answer session following his prepared remarks, he [said](#) that the lack of authoritative cross-strait dialogue has caused widespread concern within the US government, and urged both sides to be creative and flexible. He also acknowledged Tsai’s attempts to reach out to China, said she has not been provocative, and added “Frankly, China has got to let up on the pressure on the diplomatic front.” He also predicted that “fairly senior” US officials would soon begin traveling to Taiwan.

Nevertheless, some uncertainty about the administration approach remains – not least because a number of key government positions remain without nominees or confirmations. Secretary of State Rex Tillerson indicated in May, twice in June, and again in August that a comprehensive assessment of the US-China relationship, with a view toward setting parameters for the relationship over the next half century, is underway and is a component of bilateral discussions with the Chinese. In testimony before the House of Representatives Foreign Affairs Committee in June, Secretary Tillerson stressed that the United States is committed to its one-China policy and all aspects of the Taiwan Relations Act, but in response to questions from the Committee also wondered whether the one-China policy is “sustainable for the next 50 years” (at 1:15:55 of

the [webcast](#)). Such remarks, and then-President-elect Trump’s statement in January that the one-China policy was “under negotiation,” create concern for some that the administration might seek a fourth communique with China.

In remarks to the World Health Assembly in May, US Secretary of Health and Human Services Tom Price [expressed](#) disappointment that Taiwan had not been invited, and said that the US “remains committed that Taiwan should not be excluded from WHO.” Speaking at the Shangri-La Dialogue in June, US Secretary of Defense Jim Mattis [affirmed](#) the one-China policy and the Taiwan Relations Act, and stated that the US stands for peaceful resolution “in a manner acceptable to people on both sides of the Taiwan Strait.” He also said that allies and partners would not be treated as bargaining chips.

On June 29, the State Department notified Congress of its intent to make a \$1.42 billion arms sale to Taiwan as provided under the Taiwan Relations Act; the package had reportedly been on hold since the end of the Obama administration in late 2016. While relatively small in dollar terms, the package will provide for the first time two missiles that are significant upgrades for the Taiwan Air Force – Joint Stand-off Weapon (JSOW) and High-Speed Anti-Radiation (HARM) missiles. China’s Foreign Ministry and Central Military Commission each accused Washington of a “wrong decision,” and the TAO criticized Taiwan for seeking help from “foreigners.” A group of senior former officials from Taiwan visited Washington in early June, and reported that an “authoritative senior official” told them that Taiwan must rely more on itself for security and raised questions about whether the US would be as supportive in the future if Taiwan does not take on more of a burden for its defense. Taiwan has expressed interest in purchasing F-35 fighter jets, although the administration has not indicated support for the sale.

Other contacts indicated support for Taiwan from the Trump administration. Acting Deputy Assistant Secretary of State Laura Stone made an unpublicized trip to Taipei in June and participated in a ceremony marking 60 years of Fulbright scholarship in Taiwan. US Trade Representative (USTR) and other officials met in July in Taipei for extensive informal bilateral

talks. The first Monterey Talks on defense issues under the Trump administration were held in Hawaii in August.

Several members of Congress have been outspoken in their support of Taiwan, in part in response to Beijing's increasing pressures on Taiwan. In a letter to President Trump dated June 23, a bipartisan group of senators blamed China for "threatening peace and security in the Taiwan Strait" and called on the administration to approve arms sales that were then under consideration (six days before the June 29 notification to Congress), to approve future sales on a case-by-case basis, and to work with Taiwan on the procurement and development of advanced platforms including fighter jets, submarines, missile defense, and electronic capabilities. Four bills calling for stronger US-Taiwan relations are currently before Congress – [House](#) and [Senate](#) versions of a Taiwan Travel Act, a proposed Taiwan [Security](#) Act, and a [bill](#) directing the secretary of State to develop a strategy to regain observer status for Taiwan in the World Health Organization. In addition, the National Defense Authorization Act contains a number of items related to Taiwan including enhancement of military-to-military relations, a feasibility study of port of call exchanges between the US Navy and the "Republic of China Navy," and a motion for the administration to assess Taiwan arms sale requests on a case by case basis rather than packaging requests.

None of these motions actually requires the government to enhance engagement with Taiwan, with the exception of the Taiwan Security Act, introduced by Sen. Tom Cotton, which has not yet been considered in committee. If passed in its current form, the Taiwan Security Act would require port calls (it too refers to the "Republic of China Navy"), exchanges between flag officers, exchanges between civilian officials at the level of assistant secretary or above, and for Taiwan to be invited to participate in certain joint military exercises including RIMPAC. The act also calls for Taiwan to increase its defense spending and suspend all economic ties with North Korea.

While Taiwan may not be completely comfortable, China has expressed concern about US-Taiwan relations. On July 25, at the National Society of Taiwan Studies conference, Dai Bingguo, former state councilor and now president of the society, [warned](#) the United States against making "historic mistakes" with

specific reference to arms sales, possibly stationing Marine guards at the American Institute in Taiwan, naval port calls, and bills under consideration in the Congress. Dai warned that, "If the U.S. creates pretexts for again deploying troops to Taiwan and sends naval ships to Taiwan ports, thus violating the principles for our diplomatic relations and breaching the U.S. commitments in the three communiques, this will threaten peace and undermine constructive U.S.-China relations." To ensure that the United States – in addition to the Chinese researchers at the conference – received the message, Ambassador Cui Tiankai made similar comments at a conference in Washington on the same day.

Kuomintang begins to regroup

In May, former Vice President Wu Den-yih, a Taiwanese, was elected as the new chairman of the KMT, winning 52 percent of the vote in a five-way race and defeating then Chairwoman Hung Hsiu-chu. Several weeks of divisive negotiations were required to lay the groundwork for the leadership transition. In June, Beijing rolled out the red carpet for Hung, who was welcomed by TAO Minister Zhang Zhijun in Nanjing and granted a meeting with Politburo Standing Committee Member Yu Zhengsheng at the ninth Cross-Strait Forum in Fujian. The welcome reflected Beijing's appreciation for Hung's advocacy of the pro-unification policies that Beijing encourages the KMT to pursue.

In preparation for the leadership transfer at the KMT Congress in August, Wu negotiated a new party platform that would return the KMT to the "one-China with respective interpretations" formula and remove the explicit references to the peace treaty and a common definition of one-China advocated by Hung. The party congress's theme was "Renovation, Unity and Return to Power." Even though the platform rejected Hung's views, she and all recent party chairmen attended the 2,000-member congress. Wu was sworn in and the party platform was approved. It commits the party to peaceful and prosperous cross-strait relations based on the Lien Chan-Hu Jintao joint statement of 2005 (which includes a peace treaty) and former President Ma's policies, including his advocacy of "no independence, no unification, no use of force." Returning the party to these more centrist positions on cross-strait issues will facilitate the goal of returning to power. Despite

these moves, the KMT still faces daunting financial challenges under the DPP-passed Ill-gotten Party Assets legislation and struggles month-to-month to meet payroll.

The TAO issued a brief comment following the congress offering to cooperate on the basis of the 1992 Consensus and opposition to Taiwan independence. But several mainland scholars noted that Beijing would have difficult relations with Wu because he voiced support for separate interpretations, retained the no unification part of Ma's policy, and removed explicit mention of a peace treaty. If one Beijing goal is for President Tsai to fail and for the KMT to return to office in 2020, the new platform is an indication that Beijing must look forward to a KMT administration that will be constrained by domestic politics.

Looking ahead

There has been considerable speculation that after consolidating his leadership position at the 19th Party Congress, Xi Jinping will change policy toward Taiwan. There will be changes in the TAO leadership after the Congress. However, it appears likely that Xi will remain focused on more urgent domestic challenges and that there will be no pressing reason to change policy so long as Tsai does not explicitly reject one-China. The Party congress report will set the framework for Beijing's policy.

CHRONOLOGY OF CHINA-TAIWAN RELATIONS

MAY – AUGUST 2017

May 2, 2017: President Tsai Ing-wen talks of a new model for cross-strait relations.

May 6, 2017: Taiwan Affairs Office (TAO) announces measures beneficial to Taiwan.

May 8, 2017: TAO states Taiwan will not be able to participate in World Health Assembly (WHA).

May 14, 2017: President Tsai says Beijing has squandered opportunities to improve relations.

May 20, 2017: Wu Den-yih elected next KMT chairman.

May 22, 2017: WHA decides not to place Taiwan observer resolution on agenda.

May 24, 2017: Association of Taiwan Invested Enterprises holds 10th anniversary meeting in Beijing.

June 2, 2017: Acting Deputy Assistant Secretary (DAS) of State Laura Stone makes unpublicized visit to Taiwan.

June 12, 2017: Taiwan legislators form group to support democracy in Hong Kong.

June 13, 2017: Panama and Beijing sign communiqué establishing diplomatic relations.

June 17, 2017: Ninth Cross-Strait Forum opens in Fujian.

June 29, 2017: State Department notifies Congress of \$1.4 billion arms sales for Taiwan.

July 1, 2017: Taipei Mayor Ko Wen-je attends Twin City Forum in Shanghai.

July 1, 2017: President Xi Jinping presides at Hong Kong reversion anniversary.

July 11, 2017: Paraguayan President Horatio Cartes arrives in Taipei for state visit.

July 23, 2017: PLA H-6 bombers circumnavigate Taiwan.

July 25, 2017: Former PRC State Councilor Dai Bingguo issues warning about US-Taiwan military ties.

July 26, 2017: Informal US-Taiwan trade talks convene in Taipei.

Aug 7, 2017: In meeting with Dick Cheney, President Tsai urges enhanced US-Taiwan security partnership.

Aug. 8, 2017: President Tsai speaks to Prospect Foundation Asian security conference.

Aug. 10, 2017: President Tsai presents Chinese Taipei Olympic flag to Taiwan Universiade team.

Aug. 11, 2017: Annual Monterey talks conclude in Hawaii.

Aug. 11, 2017: PLA H-6 bombers and Y-8 reconnaissance aircraft circumnavigate Taiwan.

Aug. 14, 2017: Taipei announces plans to abolish Mongolian and Tibetan Affairs Commission.

Aug. 17, 2017: Three Hong Kong umbrella movement leaders given jail sentences.

Aug. 19, 2017: Opening Ceremony for 2017 Universiade (World University Games) is held in Taipei.

Aug. 20, 2017: TAO Exchange Department head Huang Wentao accompanies PRC athletes arriving for Universiade.

Aug. 20, 2017: KMT Congress appoints new chairman Wu Den-yih and adopts platform.

Aug. 23, 2017: Defense Minister Feng Shih-kuan departs for trip to Central American allies.