

Beijing's Policy Towards President Tsai Ying-wen and the Future of Cross-Strait Relations

by Jean-Pierre Cabestan

Since Ms. Tsai Ing-wen's election as President of the Republic of China (ROC), Taiwan on January 16, 2016 and even more since her inauguration on May 20, 2016, Beijing's policy towards the island-state has been both rigid and assertive. The People's Republic of China's (PRC) authorities have kept asking the new Taiwanese administration to endorse the so-called "92 consensus"—according to which there is "one China" but neither side tries to define it—that, contrary to the defeated Kuomintang (KMT), Ms. Tsai and her Party, the Democratic Progressive Party (DPP), which now controls a majority of seats in the Legislative Yuan, or Taiwan's Parliament, are not going to do. As a result, the Chinese Communist Party (CCP) has decided to stop all high-level contacts with the Taiwanese government and instead has intensified its united front policy aimed at reaching out the segments of the Taiwanese polity and the society that disagree with the new president and her team—the KMT and their elected national and local representatives as well as the Taiwanese business community. This divide-and-rule-strategy is served by a stronger—though more slowly growing—economy, a more assertive foreign policy, especially towards the United States, and a more robust and threatening military. Beijing's objectives are pretty clear and simple: contribute to Ms. Tsai's failure in weakening her position and delegitimizing her policy choices, both in the eyes of Taiwan's political, business elites and voters as well as, hopefully, the new American Administration; and, consequently, help the KMT and the "blue camp" as a whole to come back to power in 2020 in developing close relations with them and their business allies who have vested interests in or with China.

In this article, I will look at the recent developments in Cross-Strait relations through the lens of both asymmetry and (re-)balancing. Beijing-Taipei relations have become more and more asymmetrical. While this structural asymmetry has allowed the former to exert all sorts of pressures on the latter (economic, ideological and military), this very asymmetry has not prevented the latter from keeping some room of maneuver vis-à-vis the former.¹ Balancing against China and bandwagoning with the United States has, since 1950, been Taiwan's security and survival strategy even if after the U.S. de-recognition of the ROC in 1978, Taipei and Washington have not been linked by a formal alliance but a much more narrow and vague security arrangement, the Taiwan Relations Act (TRA). However, in this paper, I will argue that under the Tsai Administration,

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Taiwan's balancing strategy has remained rather "soft," because of the island's hard economic dependence upon China.² At the same time, Taiwan cannot ignore the U.S. Administration's "rebalancing" strategy in Asia and the consequences it has on U.S.-China relations and the region. Using this double approach, I will first present Beijing's new Taiwan policy. Then, I will explore its root-causes and main drivers. Finally, I will venture to speculate on the chances of success of China's strategy towards the Tsai Administration, particularly after the new U.S. President Donald Trump comes into office and in view of the telephone call that he accepted to have with Ms. Tsai in early December 2016.³ My tentative conclusion is that for many domestic and international reasons—the KMT's inability to reform, Taiwan's consolidated identity and the U.S.'s likely continuing, and perhaps stronger strategic support and overall "rebalancing" under Trump—Beijing will probably not reach its major objectives, at least in 2020. As a result, Taiwan will be able to continue to go its own way; the political gap between both sides will keep widening; and the relations across the Taiwan Strait will probably remain a mixture of political and perhaps military tensions as well as dense exchanges and inevitable interactions.

CHINA'S NEW TAIWAN POLICY

The qualification included in this title is problematic. In many ways, China's Taiwan policy has not changed: the so-called "92 consensus," according to which there is "one China" and neither side of the Taiwan Strait gets into its definition, has always been, for Beijing, a pre-condition to high-level contacts with the Taiwanese authorities. Presented by the KMT under the formula "one China, different interpretation" (*yi ge Zhongguo, gezi biaoshu*), the verbal understanding reached by both sides' negotiators in Hong Kong in November 1992 was, at best, a compromise. However, in 2000, shortly after DPP presidential candidate Chen Shui-bian's election, Su Chi, one of the KMT key diplomatic advisors, repackaged this understanding in a new envelope, the "92 consensus" (*jiu'er gongshi*), which Beijing immediately endorsed as the best defense of the sacrosanct "one China" principle. PRC President Hu Jintao, Xi Jinping's predecessor, even enshrined the "92 consensus" in its report to the 18th Chinese Communist Party (CCP) Congress in 2012, which makes any departure from it quasi-impossible for Beijing. Reiterated during Xi's meeting with then ROC President Ma Ying-jeou in Singapore in November 2015, partly as a warning to Taiwan's voters and the next administration, the "92 consensus" has remained China's bottom line since Ms. Tsai's election and inauguration.

However, Taiwan's government and its mainland policy have changed. This is due to the lack of adjustment of the part of Beijing, its decision not to take advantage of the moderate language adopted by Ms. Tsai during her campaign as in her inauguration speech, in other words, its stubbornness and detachment from the reality, that in my view make China's Taiwan policy a new one.

While unwilling and unable to endorse the KMT's crafted "92 consensus," much more than Chen Shui-bian, her indirect predecessor, Ms. Tsai has gone out of her way to propose a formula acceptable to Beijing. Among Ms. Tsai's most quoted

wordings uttered in her inaugural address, as well as several previous statements, are the “historical facts” of the “1992 talks between the two institutions representing each side across the Strait,” the “joint acknowledgement of setting aside differences to seek common ground” in the 1992 meeting, and the commitment to respect the “ROC constitutional order”—which includes a quiet reference to the one China principle—and to carry on cross-strait relations on the “existing political foundations” (especially the Act Governing Relations Between the People of the Taiwan Area and the Mainland Area of the ROC) and the “accumulated outcomes of previous cross-strait negotiations and interaction” in the past 24 years.⁴

However, Beijing refused to take up this olive branch. China’s growing power and assertiveness, particularly in East Asia and vis-à-vis the United States, partly explain this lack of flexibility. But the main reason of this rigidity may lay elsewhere and more precisely in Xi Jinping’s ambition to complete the “great rejuvenation of the Chinese nation” as well as the reunification of the country by 2049. In linking up both objectives, Xi has raised the stakes, establishing for the first time a more solid, although still distant, deadline, and confirming that he is more impatient than his predecessor to have Taiwan reunified.⁵ It should be also noted that 2049 is just two years after the end of the fifty-year period during which Hong Kong has been able to benefit from the “one country, two systems” arrangement and a high degree of autonomy. Whether Hong Kong’s status will change after 2047 remains to be seen, but this date will clearly indicate the end of its post-retrocession era and a firmer integration in the PRC.

A more reformist, open-minded, and enlightened CCP leadership would have been more likely to adapt to Taiwan’s new political environment and adjust its policy in spite of the high status of the so-called “92 consensus” in the CCP political norms. But Xi Jinping’s arch conservative and nationalist orientation as well as allergy towards democracy could not allow this adaptation.

The Root Causes of Xi’s New Taiwan Policy

Beyond Xi’s own political inclinations, three objective factors explain this rigidity and assertiveness.⁶ First, China’s increasing leverage over Taiwan’s economy and society has drawn the island into what Zhao Suisheng calls its “geopolitical orbit.” Second, China’s rise, having regained great power status and increasing domination of East Asia, has convinced the CCP leadership that it can “settle the Taiwan issue on its own terms.” Third, China’s foreign policy assertiveness has elevated its “core interests,” including reunification with Taiwan, to an “essentially non-negotiable” status. In other words, Cross-Strait relations’ growing asymmetry has led Beijing to move from a strategy mainly aimed at preventing Taiwan’s formal independence, or what Hu Jintao liked to call the “peaceful development of cross-Strait relations” to a strategy aimed at speeding up the unification process.⁷

Chinese leaders and experts probably continue to disagree about the means to reach this goal and confront Ms. Tsai. Chinese militaries, such as retired general Zhu Chenghu, have pushed for a military solution regarding the Taiwan issue,

arguing that its peaceful resolution is an illusion. Chinese academics, such as Jin Canrong, a professor at Renmin University, have laid out a four-stage-strategy of “observe, pressure, confront and conflict” to definitively solve the Taiwan question: observe Ms. Tsai for six months, then increase economic and diplomatic pressure; if Ms. Tsai does not change by 2019, confront Taiwan with “explicit military threats”; and she is reelected in 2020, wage a war in 2021, a year which coincides with the 100th anniversary of the foundation of the CCP.

Taking into consideration and instrumentalizing these nationalistic views, Xi and the CCP leadership have set a more distant date, 2049, thereby appearing as more reasonable and flexible. However, departing from Hu Jintao’s peaceful development of cross-strait relations strategy, Xi has clearly confirmed his willingness not to pass the “Taiwan issue” on to the next generation.”⁸ Whether China will eventually resort to military force as some public intellectuals are asking for remains to be seen. In any event, as it is shown below, it has not waited for exerting pressure on the Tsai Administration. And in postponing formal reunification for another thirty-three years, Xi Jinping can keep his options open and, without officially admitting it, pass on the Taiwan issue to the next generation of Chinese leaders.

The Main Features of Xi’s New Taiwan Policy

As soon as President Tsai Ing-wen completed her inaugural address on May 20, 2016, Beijing decided to consider this speech as “an incomplete test answer,” adding that “she did not explicitly recognize the 1992 Consensus and its core implications.”⁹ In the statement it issued on the same day the CCP and State Council’s Taiwan Affairs Office (TAO) also directly threatened to interrupt communication mechanisms between both sides if Taiwan does not affirm “the political foundations that embodies the one China principle.”¹⁰ Beyond the stiffness of this statement, one needs also to underscore its arrogance: it treats Ms. Tsai as a mediocre student who has failed to fully pass the exam that the central government (and the Emperor) submitted to her and the new Taiwanese political majority. It may not have occurred to the TAO and Beijing’s propagandists the negative impact that such a language can have on the Taiwanese society, only convincing more of its members to distance themselves from China and promote their own Taiwanese identity and nationhood. In June 2016, fifty-nine percent of ROC citizens saw themselves as only Taiwanese, thirty-four percent as both Taiwanese and Chinese and only three percent as Chinese (against forty-four percent, forty-five percent, and five percent respectively in 2007).¹¹

As a result, since May 20, 2016, Beijing has decided to suspend all high-level contacts with the Taiwanese authorities. Between January 16 and May 20, China sent a number of signals that, in spite of the degree of ambiguity that was kept on purpose in its language, were all heading in that direction. But it was on June 25, 2016, one month after May 20—having exhausted the time during which some in Beijing were unrealistically hoping to see Ms. Tsai change her mind—that

the TAO confirmed that communication mechanisms between the two sides had been “suspended” since Tsai assumed office.¹²

It is said that discreet envoys from both sides tried already long before January 16 and until late June 2016 to work out a compromise.¹³ However, they clearly did not succeed.

What are the consequences of this decision? Since the early 1990s, the main channel of communication between both sides has been Beijing’s Association for the Relations Across the Strait (ARATS) and Taipei’s Straits Exchange Foundation (SEF), two “white glove” organizations that since 1992 have allowed Chinese and Taiwanese government officials to meet without having to formally recognize each other’s state (the ROC and the PRC). However, under Ma (2008-2016), both sides upgraded their relationship and in parallel started to develop direct contacts between ministries, including since February 2014 Beijing’s TAO and Taipei’s Mainland Affairs Council (MAC), leading to a de-facto recognition of each government’s jurisdiction and legitimacy.

As expected, these high-level government contacts are now a non-starter for China. Regarding the ARATS-SEF exchanges, the situation is more complicated. Meetings at a policy level have been totally stopped. And it is unlikely that Dr. Tien Hung-mao’s appointment in early September 2016 as the new SEF Chairman would change the situation: actually, having been Chen Shui-bian’s first Foreign Minister and accused by the Chinese propaganda of being a staunch pro-independence monger, Tien has little chance to meet with ARATS Chairman Chen Deming any time soon.

Nonetheless, at a working level, the ARATS and the SEF have continued to interact. True, the faxes sent by the latter often remain unanswered by the former. But as Chen Deming himself admitted on August 1, 2016: “my fax machine is always on.”¹⁴ He made this comment because Beijing is not willing to antagonize the many Taiwanese business people (Taishang) established in, or going back and forth to, China and who need the technical and in particular, the legal services of both organizations on a daily basis.

And even among government agencies of both sides, as the Ministries of Economics, Education, or Culture, interactions at the working level have been maintained, even if Beijing has remained much more subdued than Taipei about them and their positive impact on keeping Cross-Strait relations stable.¹⁵

Besides, more discreet channels of communications have remained open between both sides, particularly, as far as Taiwan is concerned, at the National Security Council level and through DPP officials or academics. And as under Chen Shui-bian’s presidency (2000-2008), professional associations have started to be used, usually flanked by ARATS and SEF “advisers,” to sort out the functional issues that need to be tackled. For example, after a bus fire on a Taiwanese highway provoked by a depressed driver caused the death of 24 Chinese tourists from Liaoning in July 2016, the ARATS has had emergency contacts with the SEF through the Cross-Strait Tourism Exchange Association and the Taiwan Strait Tourism Association respectively, demanding Taipei to “identify the cause of the

accident and appropriately handle the aftermath of the accident.”¹⁶

This is to say that the sheer volume of economic and human exchanges forbid both sides of the Taiwan Strait from communicating and, to some extent, cooperating.

At the same time, Beijing has decided to intensify its overall pressure on the new Taiwanese authorities, particularly in freezing some of the agreements reached under Ma (as the one regarding the repatriation of Taiwanese suspected criminals to Taiwan),¹⁷ reducing the number of tourist groups allowed to travel to Taiwan, narrowing Taiwan’s international space, isolating the DPP and more generally, the green camp, as well as reaching out to the Taiwanese politicians that have endorsed the so-called “92 consensus.”

Deepen Taiwan’s Difficulties in Limiting the Number of Tourists

Beijing’s objective seems to be to “impoverish Taiwan” (qiong Tai) as many people say on the island, particularly the segments of the economy that have benefited from all the agreements signed under Ma Ying-jeou, including the Economic Cooperation Framework Agreement (ECFA) and, more generally, a closer relationship with China.¹⁸

Rumors about Beijing’s decision to cut the number of Chinese tourists visiting Taiwan go back to January 2016. However, since Ms. Tsai’s inauguration in May, the decline has been more obvious. Figures are conflicting but the trends suggest a deliberate government policy to discourage organized tours to travel to Taiwan. For instance, according to Taiwan’s MAC, group tourism dropped thirty percent in May and June 2016 from the previous year, while independent tourism has risen by ten percent and twenty percent, respectively.¹⁹ And on the whole, the number of Chinese tourists dropped 6.3 percent between April and June 2016, while the number of total foreign arrivals rose 2.2 percent during the same period.²⁰ But from January to July 2016, the total number of Chinese tourists coming to Taiwan actually increased by 0.4 percent year-on-year.²¹ In any event, there has been a sharp decline in the number of PRC tourist groups visiting Taiwan, and this led—for the first time on September 12—to a 10,000 tourist industry workers’ protest in Taipei. They fear that the number of Chinese tourists in organized tours will drop by half, from two million in 2015 to one million in 2016.²² Eventually, in 2016 the number of Chinese tourists dropped by 16 percent or 670,000 visitors (from 4.2 million to 3.1 million), a reduction compensated by the sharp increase of visitors from other Asian countries, leading the number of tourists in Taiwan to 10.69 million, up 2.4 percent in 2015.²³

While this protest is exactly the outcome that Beijing has been hoping for, its impact on the Tsai Administration policy has been negligible. The rapid increase of Chinese tourist groups visiting the island has been a subject of irritation and concern among a growing number of Taiwanese. And on the whole, according to an opinion poll released on August 29, 2016 by the Taiwan Public Opinion Foundation, seventy percent of the Taiwanese public supports Tsai’s policy of

distancing her government from the “92 consensus.”²⁴

What is also worth highlighting here is Taiwan’s growing attraction for mainland Chinese (as well as Hong Kong) people, particularly the middle class who prefer to come as individual tourists, and, as a result, are less subject to the PRC government’s restrictions than organized tours.

Narrow Taiwan’s International Space

Since Ms. Tsai’s election, there has been growing speculations about Beijing’s intentions regarding Taiwan’s international space: as for many outside observers, my view is that the PRC authorities would give a harder time to the DPP Administration, taking advantage of every occasion to narrow this space and add pressure to force it to endorse the “one China principle.”

Beijing’s normalization with Banjul in March 2016 was a kind of warning shot: although the Gambian’s President, Yahya Jammeh, had already severed diplomatic links with the ROC three years earlier, the PRC had respected Ma’s proposed unwritten “diplomatic truce” (*waijiao xiubin*), at least until Ms. Tsai’s victory. Then, in December 2016, the PRC established diplomatic relations with Sao Tome and Principe, a small African state that had official links with Taiwan since 1997, reducing the number of ROC diplomatic allies to twenty-one. The next prey in line may very well be the Vatican, as both Pope Francis and Xi Jinping are willing to move forward and seem to be close to reaching a deal regarding the appointment of bishops. In any event, the Holy See has always abided by the one China policy and just has to move its Nunciature from Taipei to Beijing and keep an office and a representative in the first capital (provided that the PRC buys the idea). Panama which tried to switch from Taiwan to China in 2009 and was then convinced by Beijing not to move for the sake of preserving good Cross-Strait relations may very well be another easy target.²⁵

Regarding Taiwan’s participation in existing international organizations, things have, on the whole, become more difficult as well. It is true that the newly appointed DPP Health Minister, as an observer, was able to attend in late May 2016 the annual meeting of the World Health Assembly and briefly meet with his PRC counterpart, taking advantage of an invitation sent, although lately, to his predecessor. But, he had to accept the “Chinese Taipei” moniker and there is no guarantee that this arrangement will hold since China has declared that any Taiwanese participation should take place under the one China principle.²⁶

However, since then, China has hardened its position. The most recent illustration of Beijing’s new stance has been the conditions that it set for allowing Taiwan to be invited, as “special guest,” to the 39th session of the International Civil Aviation Organization (ICAO), which took place in Montreal from September 27 to October 7, 2016. While in 2013, Taiwan received an invitation two weeks in advance, this year it did not receive any invitation. And on September 14 TAO Spokesman Ma Xiaoguang said that “any arrangements for Taiwan’s participation in international organization must be based on the one-China principle,” forcing

the Tsai Administration to make a difficult choice: either accept such a compromise on a case-by-case basis or refuse to bend and, as a result, to participate. Narrowing a little bit more Taiwan's space, Ma added, "only by recognizing the political basis of one China (e.g. the 92 consensus), can the two sides continue their institutional exchanges and have discussions about Taiwan's participation in international organizations."²⁷

As in previous years, Taiwan was able to participate at the Asia-Pacific Economic Cooperation (APEC) meeting that took place in Lima, Peru in November 2016 since APEC is a community of economies, not nation-states. In choosing James Soong Chu-yu, People's First Party Chairman and a politician known for his dark-blue inclinations, to represent Taiwan, the Tsai Administration tried again to show goodwill towards the PRC authorities. Soong and Xi Jinping, who know each other and have a "friendly" relationship, according to reports, had a ten-minute talk in which Soong indicated his hope to see Cross-Strait economic exchanges resume, particularly to the benefit of Taiwan's small and medium-sized enterprises.²⁸ It is doubtful nonetheless that this short and polite encounter would have any positive impact on Cross-Strait relations.

More generally, the door to negotiating Taiwan's international space and, in particular, its accession to emerging regimes, such as Beijing-sponsored Regional Comprehensive Economic Partnership (RCEP) or Asian Infrastructure Investment Bank (AIIB), seems now closed and is likely to remain closed until the KMT, or the "blue camp," comes back to power. If anything, Taiwan's space is likely to narrow as Beijing may decide to both freeze Taiwan's participation in more international organizations and normalize with the ROC's most meaningful diplomatic allies. And U.S. President-elect Donald Trump's telephone conversation with Ms. Tsai in early December and, more generally, intention to use Taiwan as a bargaining chip (Trump's late December tweet) may accelerate rather than slow down China's desire to move in that direction.²⁹

Divide and Rule

Divide and rule or taking advantage of and utilizing the "blue-green" polarization as leverage has been Beijing's long-standing strategy towards Taiwan. Actually, this is part of the CCP united front policy aimed at reaching out to "blue" and possibly "light green" Taiwanese politicians in order to isolate and weaken the Tsai Administration and its "darker green" supporters. Since May 2016, meeting exclusively Taiwanese politicians who have already endorsed the so-called "92 consensus," this strategy has clearly been aimed at putting additional pressure on Ms. Tsai and the DPP.

Very quickly after Ms. Tsai's inauguration, Beijing decided to put a restriction on the visit of DPP officials or scholars to China or even Hong Kong. For instance, in August 2016, it forbade three Taiwanese scholars from attending a forum organized by the CS Culture Foundation in Hong Kong, a dark blue organization founded by Susie Chiang Shu-hui, including former KMT spokesperson and labor activist Yang

Wei-chung who was expelled from the KMT in July because of his reformist ideas.³⁰ The Forum organizers said that they had received notifications from the China Liaison Office in Hong Kong that the visas for the three speakers were denied at the last minute. Critical of the KMT's "Leninist" modus operandi, Yang commented, "The Chinese Communist Party chose to stand firmly with the KMT on the party assets issue."³¹ The two other banned Taiwanese participants were Fan Shih-ping, a green-leaning academic, and DPP lawmaker Kuo Jen-liang. Ms. Chiang actually indicated that the TAO has decided to ban all DPP members who hold public or party position from travelling to Hong Kong, let alone to the mainland. Earlier, the Hong Kong government had stated on August 19 that it "does not welcome activists to pursue the notion of Taiwan independence to come to Hong Kong to campaign for Hong Kong political organizations."³² As a result, a number of Taiwanese activists were prevented from observing the September 4 Hong Kong Legislative Council election. In March 2017, Beijing went further in detaining in Zhuhai, at the border with Macau, Li Ming-che—a Taiwanese human right activists and a former DPP staffer—apparently for promoting Taiwan's democracy on the mainland. Under Ma, DPP politicians were allowed to go to Hong Kong or the mainland.

Another illustration of Beijing's new strategy has been the authorized visit to Taipei in September 2016 of Shanghai municipality CCP United Front Department Director Sha Hailin on the occasion of the Taipei-Shanghai Forum. Sha then met with Taipei mayor Ko Wen-je, insisting that exchanges between Taipei and Shanghai are conducted under the "one China" principle, which he said was supported by Taipei Mayor Ko who had also endorsed the "92 consensus." However, because of the current state of Cross-Strait relations, Beijing did not authorize Shanghai to send its mayor or even its vice-mayor, but a Party official whose role was clearly to woo as many friendly or neutral Taiwanese as possible around the PRC's rigid position. The political signal could not be stronger and underlines how much united front work—ahead of military intimidations—has become a priority for the current Chinese leadership.

Another and even more striking example has been the visit of eight KMT and independent counties magistrates and city mayors to China in September 2016. The delegation included six KMT officials—Hsinchu County Commissioner Chiu Ching-chun, Miaoli County Commissioner Hsu Yao-chang, Nantou County Commissioner Lin Ming-chen, Lienchiang County Commissioner Liu Tseng-ying, New Taipei City Deputy Mayor Yeh Hui-ching and Taitung County Deputy Commissioner Chen Chin-hu—and two independents—Hualien County Commissioner Fu Kun-chi and Kinmen County Deputy Commissioner Wu Cheng-tien. These officials perfectly represent the only remaining political strongholds of the blue camp in Taiwan, including rather marginal, if not meaningless, outer island as Matsu (or Lienchiang County) and Quemoy (Kinmen County) which, because of their location off the Fujian coast, have for a long time been attracted by and, to some extent, put in the orbit of the PRC.

On September 18, 2016, the delegation was received in the Great Hall of the People in Beijing by Yu Zhengsheng, the number four of the CCP regime, the

Chairman of China People's Political Consultative Conference (CPPCC) and the only vice-chairman (behind Xi Jinping who is Chair) of the CCP Taiwan Affairs Leading Small Group. Xinhua indicated that "Yu praised the delegation's efforts to adhere to the political foundation of the 1992 Consensus, promote cross-Strait exchanges at county and city level, and maintain the peaceful development of cross-Strait relations, 'even against the backdrop of big changes in the situation.'"³³ In this meeting, obviously targeting the Tsai Administration, Yu also said: "We will never tolerate secessionist activities in any form, neither radical Taiwan independence nor *independence in a gradual or soft way*." (Emphasis added) More importantly perhaps, after this meeting, Ma Xiaoguang, the TAO spokesperson, indicated that the "mainland will adopt eight measures to promote exchanges with the eight counties making up the delegation." These eight measures are the following:

- welcome and support the counties to hold farm produce fairs on the mainland;
- encourage mainland enterprises to visit the counties to discuss the purchase of agri-products;
- support the counties promoting tour products to mainlanders;
- promote cooperation on green industries, high-tech sectors, smart cities and other fields;
- promote cross-Strait cultural and people-to-people exchanges;
- promote youth exchange;
- expand trade and personnel exchanges between coastal regions of Fujian Province, Kinmen and Matsu counties, and;
- support mainland departments in their contacts with Taiwanese counties and expand cooperation with regard to immediate concerns of the public.

In other words, to the city-to-city strategy proposed by some DPP officials in order to go around the "92 consensus" barrier,³⁴ the CCP has put into place its own locality-to-locality strategy aimed at favoring the like-minded counties and municipalities (as well as officials) and punishing the other ones. This "carrot and stick" policy is far from new. Nonetheless, the fresh priority it has received and its micro-management dimension are unprecedented and will force the Tsai Administration to become much more vigilant vis-à-vis Beijing's united front strategy.

Both the Taiwanese delegation and the TAO have been cautious enough not to formally reach any agreement. The Act Governing Relations Between the People of the Taiwan Area and the Mainland Area forbids reaching any agreements with China that are not authorized by the MAC, and any person involved in an unauthorized agreement would be held accountable upon returning to Taiwan. However, in issuing these eight measures, the TAO which, according to the Taiwanese media, "orchestrated" the visit well in advance, clearly accommodated most of the requests made by the delegation.³⁵

Taiwan's MAC obviously agreed to allow the delegation to travel since the same Act requires local government heads to apply for a travel permit to China

one week in advance, and the delegates submitted their applications together, which implied also that the meeting had been well planned in advance. Conversely, implementing a three-year ban on any official that had access to classified information, Ms. Tsai denied her predecessor, Ma Ying-jeou, the right to visit Hong Kong in June 2016, just after he had stepped down.³⁶

Would it have been better to prevent them to go? Probably not, even if this trip triggered a lot of criticism in Taiwan, not only among “green” voters. Premier Lin Chuan said that he was glad to see any friendly interaction between Taiwan and China, but he added that no political preconditions should be set on cross-strait dialogue, and that Taiwanese participants must guard national sovereignty and dignity against any harm that could arise during exchanges with Beijing.³⁷

Beijing’s current posture and strategy toward Taiwan under Tsai will probably not only remain unchanged but also harden.

It is likely that the Chinese leadership is not entirely united on the strategy to adopt vis-à-vis the Tsai Administration. Some officials, particularly in the ARATS, have interpreted Ms. Tsai’s “incomplete test result” as a formulation that indicated that her response was close to what would be acceptable to Beijing, pushing for a soft reaction to the DPP electoral victory.³⁸ Other bureaucracies, particularly within the CCP and probably at the top of the Taiwan Affairs Leading Small Group (Yu Zhengsheng) lean towards a harder attitude, limiting to a strict minimum any contact with the Tsai Administration and increasing pressure on it wherever it is possible. Depending on the circumstances, Xi can choose one option or the other. But to date, he has clearly favored the latter, expressing his concerns sixteen times about Taiwan between the 18th Party Congress in November 2012 and November 2016.³⁹ In early November, he went even further, telling visiting KMT Chairwoman Hung Hsiu-chu in Beijing that “China’s Communist Party would be overthrown by the people if it failed to properly deal with Taiwanese pro-independence,” adding that the PRC’s “opposition to Taiwanese independence was based on the prospect of the great rejuvenation of the China nation.”⁴⁰

As Chen Deming has himself admitted in September, he is not “blindly optimistic” that Tsai will recognize and take a clear-cut stance on the “92 consensus” or the “one China” principle. He has also accused Ms. Tsai that while paying lip service to maintaining the cross-Straits status quo being responsible of the present deadlock, adding: “if you do not want to maintain the status quo, I cannot allow cross-Straits contacts to continue.”⁴¹

Actually, the reality is just the opposite: in stopping contacts with the new Taiwanese administration, Beijing has challenged and jeopardized the status quo and restored a “cold peace” atmosphere in the Taiwan Strait.⁴²

In November 2016, Zhou Zihuai, the director of the Institute of Taiwan Affairs under the Chinese Academy of Social Sciences, declared that the “92 Consensus” could be replaced by a “creative alternative,” triggering both speculations and hopes that Beijing was considering a change of policy towards Taiwan.⁴³ However, nothing has happened since then. Although it is likely, according to mainland sources, that the 19th CCP Congress in the fall of 2017

proposes another formulation, it will remain entirely constrained by the “one China principle,” leaving little space for Ms. Tsai to react positively to the new wording. More probably, this Chinese buzz has been aimed at claiming flexibility while at the same time remaining totally rigid and putting the blame on the Taiwanese side for the lack of contacts and exchanges.

Towards More Military Pressure?

United front work has clearly taken the lead. However, at the same time, since the summer of 2016, the Chinese People’s Liberation Army has started to more frequently demonstrate its ability to project forces around Taiwan and intrude in Taiwan’s airspace. These demonstrations of force have increased after Ms. Tsai’s telephone call with President-elect Donald Trump. For instance, in September, the PLA air force spokesman announced that its aircraft would make regular flights beyond the “first island chain,” particularly through the Bashi Channel just south of Taiwan.⁴⁴ Around the same time, PLA Sukhoi SU-30 fight jet briefly trespassed into Taiwan’s air defense identification zone during drills.

As one Chinese military commentator indicated, “the PLA’s long-term strategy is to prevent Taiwan from becoming a chess piece of the U.S. to contain mainland China. If Tsai attempts to seek support from the U.S. for its Taiwan independence plan, Beijing will definitely take military action.”⁴⁵

President-elect Trump’s stronger support for Taiwan has already increased military drills around it. It is also part of Xi Jinping’s strategy aimed at pushing the U.S. away from the Chinese shore and the maritime domains that Beijing claims in the East and the South China Sea and increasing the risks taken by the U.S. military forward deployment to protect its allies and friends in the region, primarily Taiwan. Consequently, China is likely to also intensify its military pressure on Taiwan as long as Ms. Tsai and the DPP are in power.

Conclusions: China’s Chances of Success and the U.S. Factor

What are China’s new Taiwan strategy’s chances of success? Many forces favor a positive outcome for Beijing. The Tsai Administration will have difficulties improving the economic situation, only in developing closer relations with South East and South Asia—its so-called “New South Bound Policy” (*xin xiangnan zhengce*)—and Taiwan’s economic dependence upon China, while being less profitable (Taiwan’s trade surplus has fallen to the level of 2006 in 2015), cannot be significantly reduced in the foreseeable future. According to Taiwan’s MAC, in 2016 Cross-Strait trade dropped by just 0.7 percent to \$118 billion (Taiwan’s exports: \$74 billion and imports: \$44 billion) while Taiwanese investment on the mainland fell to \$9.67 billion, down 11.8 percent and Chinese investment in Taiwan rose 1.5 percent to \$248 million.⁴⁶ As a result, China’s economic slowdown is directly affecting Taiwan and will continue to do so. The Taiwanese political opposition, especially the KMT, will try to take advantage of Ms. Tsai’s growing unpopularity

to regain some support and rebuild its organizations. And Beijing will continue to show the Taiwanese voters the “right way” forward in rewarding its friends and punishing its foes on the island.

However, we may express some doubts about the success of this strategy. To put it simply: one does not buy hearts with money. If Beijing wishes to win over the “hearts and minds” of the Taiwanese, as it often claims, it should depart from its knee-jerk psychological rigidity and explore new, more flexible and more creative avenues to reach out the islanders’ expectations. Two years after the Sunflower Movement, the largest protest in Taiwan against Ma Ying-jeou’s rapprochement policy towards China, the Taiwanese identity is continuing to consolidate. The KMT is still weak, divided, and dominated by mainlanders (as opposed to local Taiwanese) often detached from the island political reality and mindset. If anything, Taiwan is becoming a force of attraction for more Hong Kong and even mainland people than the other way around. Most Taiwanese do not contemplate any reunification in the future and Xi’s new strategy towards the Tsai Administration can only contribute to convincing them to stay as far as possible from the PRC. In other words, Beijing’s heavy-handed policy is likely to backfire. While Taiwan’s situation shares some similarities with the outcome of the September 4, 2016 Hong Kong legislative election—the rise of the localists which received nineteen percent of the votes, the island’s de-facto independence is a given for most Taiwanese and even more so its youth, and any threat coming from Beijing, short of a full-fledged armed invasion, will be unable to change their mindset.

We live in a globalized world where the local matters more and more. We witness similar localist trends in Asia and in Europe. At the end of the day, the most important thing that governments should do is not to ignore these trends but to address them peacefully, democratically, and with an open mind. If not, more tensions and additional difficulties and violence would emerge, difficulties and violence that no one wishes to contemplate.

Finally, how is Donald Trump’s election is going to affect Cross-Strait relations? It is clear that Trump’s over-reported telephone conversation with “the president of Taiwan” (Ms. Tsai) has contributed, if not strengthened, Taipei’s position vis-à-vis Beijing at least to reduce the asymmetry between the two capitals and enlarge the former’s room for maneuver. Trump’s tweet (“I don’t know why we have to be bound by a one-China policy unless we make a deal with China having to do with other things, including trade”) raised some concerns about his intention to use Taiwan merely as a bargaining chip. However, after coming into office, in February 2017, talking to Xi Jinping on the telephone, he reasserted the U.S.’s “one China policy” at the Chinese president’s “request.” Yet, having decided also in February to post Marines at the American Institute in Taiwan, the U.S. unofficial representation on the island, Trump is likely to enhance the U.S.’s support for Taiwan’s security and sell more weapons to the DPP Administration at a moment Ms. Tsai is trying hard to boost the defense budget and launching an ambitious indigenous diesel submarine construction program. At the same time, Ms. Tsai will probably also pay a diplomatic and, perhaps, an economic price for having managed to reach out

to the new U.S. President-elect and more generally consolidated its relationship with Washington. Beijing is also likely to make her feel that it is unhappy about the closer relations between Taipei and Tokyo, which upgraded the name of its representation there, and decided, for the first time since 1972 to send to Taiwan in March 2017 a junior member of its cabinet, the vice-minister for internal affairs and communications, Jiro Akama, to attend a tourism promotion event.

On the whole, in view of the asymmetry of the Cross-Strait relations, Taipei will probably stick to its soft-balancing strategy vis-à-vis Beijing. But, it will also more directly be integrated in Donald Trump's rebalancing and, perhaps, "super-rebalancing" strategy vis-à-vis China. It does not mean, as we have seen, that the U.S. will move away from its forty-four year-old "one China policy" and that Trump's all move will concur with Taiwan's interests. But it may indicate that, in spite of its lack of interest for human rights' protection, the Trump Administration will show more determination to protect democratic Taiwan against authoritarian China and, more importantly, to convince China that its isolation strategy of the DPP government is counterproductive. Whether Trump will be more successful than his predecessor remains to be seen. But his intention to put the U.S., as well as its allies and friends in Asia, in a stronger bargaining position vis-à-vis China is getting more and more obvious.

As a result, protected by the U.S., it is likely that Taiwan will be able to continue to go its own way and that the political gap between both sides will keep widening. In other words, we need to brace to relations across the Taiwan Strait that will probably remain a mixture of political and perhaps military tensions as well as dense exchanges and inevitable interactions.

NOTES

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