



Online Series

2016. 1. 20. | CO 16-04

Cross-Strait Relations and Political Landscape in Northeast Asia after Taiwan's Presidential Election

Shin Jong-ho
(Director, Unification Policy Studies Division)

Tsai Ing-wen, presidential candidate of the Democratic Progressive Party (DPP), won the January 16 presidential election, grasping 56.1 percent of the votes to surpass the ruling party Kuomintang's (KMT) Eric Chu. It seems that modification in the current pro-China orientation — led by the Ma Ying-jeou government of the KMT — is inevitable given the fact that the reduction in the number of jobs and economic stagnation caused by the Taiwanese economy's overdependence on China have been the core issue surrounding the presidential election. Moreover, some hint at the possibility of a shift in cross-strait relations since the DPP has conventionally manifested pro-independence stance and stressed the democracy and sovereignty of Taiwan. The following Online Series analyzes the possibility of change in cross-strait relations, political ramifications in Northeast Asia, and the implications on the Korean Peninsula through the observations on the outcome of the presidential election in Taiwan.

Factors of Leadership Transition

The poor economic performances during the Ma administration's eight years accounted as the most crucial factor for the DPP and Tsai's victory. Inaugurated in 2008, President Ma Ying-jeou pledged to achieve Taiwan's economic resurgence with 6 percent growth per annum, and reduce the unemployment rate to 3 percent within four years. To this end, he emphasized the "cooperative" relations with China. However, the dire economic conditions have continued, total exports have contracted by more than 10 percent, and economic growth marked less than 1 percent in 2014. Contrarily, the Taiwanese economy's dependence on China has intensified, with 40 percent of exports and 60 percent of foreign direct investment of Taiwan heading across the Strait, and youth unemployment has surged to 13 percent. KMT's failure in economic policy stirred dissatisfaction among the Taiwanese public and the anti-incumbency campaign asserted by the Tsai-led DPP captured the constituents' support. Winning 60.1 percent of the seats in the Legislative Yuan in the legislative election which was held concurrently with the presidential election, the DPP has gained the momentum to tackle the grave economic situation and the widening wealth gap between the rich and the poor.

The identity as "Taiwanese" enhancing among the people also contributed to the birth of the first female president in Taiwan. According to the survey conducted by the Election Study Center of National Chengchi University, the people who identify themselves as "Taiwanese" skyrocketed from 17.6 percent in 1992 to 59 percent in 2015, and on the contrary, the number of Taiwanese referring themselves to "Chinese" plummeted from 25.5 percent to 3.3 percent in the same period.¹⁾ As such, under the circumstances where the Taiwanese identity distances further from the mainland, young people's anti-Chinese sentiments have intensified. Taiwan

1) Election Study Center, N.C.C.U., "Taiwanese / Chinese Identification Trend Distribution in Taiwan (1992/06~2015/06)" last modified July 7, 2015, <<http://esc.nccu.edu.tw/course/news.php?Sn=166#>> (date accessed: January 20, 2016)

university students carried out the “Sunflower” protest movement occupying the Legislative Yuan in March 2014 to oppose trade in services agreement with China and the “umbrella revolution” that swept across Hong Kong in September of the same year brought about stronger anti-Chinese sentiments among young Taiwanese people. The Taiwanese flag waving incident by a K-pop girl band member Chou Tzuyu immediately before the election ignited anti-Beijing sentiments among the Taiwanese, having an influence on Tsai’s triumph.

Preference of many Taiwanese towards “status quo” in cross-strait relations over “independence” or “unification” helped Tsai to be elected. Another poll conducted by National Chengchi University’s Election Study Center in 2015 indicates this tendency — of Taiwanese people favoring “status quo” in cross-strait relations over either “unification” or “independence.” That is, the option of “maintain status quo, decide at a later date” topped the survey with 34.6 percent support among the Taiwanese, followed by the “maintain status quo indefinitely” option with 24.9 percent. Conversely, 16.4 percent opted for the “maintain status quo, move toward independence” option and 7.4 percent championed the “maintain status quo, move toward unification” option. Only 1.7 percent of Taiwanese wanted “unification as soon as possible,” and mere 4.7 percent tilted towards “independence as soon as possible.”²⁾ Reflecting this inclination towards “status quo,” the DPP received support from some conservative and centrist voters by underlining transparency and “peace and stability” in cross-strait relations rather than instigating confrontation with China.

2) Election Study Center, N.C.C.U., “Taiwan Independence vs. Unification with the Mainland Trend Distribution in Taiwan (1992/06~2015/06)” last modified July 7, 2015, <<http://esc.nccu.edu.tw/course/news.php?Sn=167#>> (date accessed: January 20, 2016)

Cross-Strait Relations Outlook

Since the foundation of People's Republic of China in 1949, cross-strait relations have had political confrontations on one hand and enjoyed the gradual expansion of exchanges and cooperation in economics and social sector on the other. In particular, after KMT's Ma Ying-jeou coming to office in 2008, the "three links (*san tong*)" — opening direct channels in postal system (*tong you*), transportation (*tong hang*), and trade (*tong shang*) — have been officially established as Taipei began to pursue cooperation with Beijing in earnest and the Chinese and Taiwanese leaders signed the Economic Cooperation Framework Agreement (ECFA) in 2010. In the historic first cross-strait summit between Taiwan's President Ma Ying-jeou and his Chinese counterpart Xi Jinping in November 2015, both leaders reaffirmed the "one China" principle based on "1992 Consensus," but failed to reach an agreement on issues such as regularizing cross-strait summit and alleviating hostile cross-strait conditions.

Hitherto, China and Taiwan have mutually agreed on the "1992 Consensus" that states, "there is one China with each side having its own interpretation of what that means" in 1992 and have had relatively stable bilateral relations based on it, albeit limited. Nonetheless, President-elect Tsai Ing-wen has not mentioned a single word on the so-called "1992 Consensus" during the election campaign and even after being elected. Beijing has expressed firm objection against DPP's any attempts for independence, via the Taiwan Affairs Office of the State Council, Foreign Ministry statement, and the state-run media, etc. signaling troubled prospects for cross-strait relations unlike the past.

Thus, while the Tsai administration, which officially takes office on May 20, will sustain the existing bilateral cooperation and exchanges for stable cross-strait relations, it may seek changes to curtail the economy's overdependence on China. The shift in cross-strait relations driven by Tsai's DPP will commence by shedding

light on the difference between Taiwan and China, laying emphasis on Taiwan's democracy and identity. Tsai's determination that "our democratic system, national identity, and international space must be respected" in the post-election press conference also proves this point. As the "Tzuyu flag row" that happened a day prior to the elections has suggested, the instability in cross-strait relations will heighten with time in case the young people's anti-Chinese sentiments link with the issue of national identity.

Still, it is realistically difficult for Taiwan to perpetuate cross-strait relations to strain for a long term given China's stance and influence as the world's second largest economy. Currently, Chinese tourists make up 40 percent of foreigners visiting Taiwan and some 1.5 million Taiwanese companies have invested in the mainland. Under this reality, while Tsai condemned Ma administration's pro-China orientation during her election campaign, she underlined the predictable and peaceful exchanges and cooperation across the Taiwan Strait. This mirrors the reality difficult to defy the recent trend of cross-strait exchanges and cooperation, while avoiding tensions that Taiwan had experienced during DPP's Chen Shui-bian administration that came to office in 2000 due to radical pursuit for "Taiwan independence." The Taiwanese economy is highly likely to suffer a fatal blow if tensions escalate between Beijing and Taipei.

Hence, cross-strait relations will transform to cooperative nature after undergoing the tense and confrontational phase for some time after Tsai Ing-wen is sworn in as the President of Taiwan. Various variables lie ahead in this process such as China's economic slowdown, Taiwanese economy's deepening reliance on China, the worsening wealth gap between the rich and the poor and unemployment rate domestically, Taiwan's strengthening relations with the U.S. and Japan, and US.-China relations in East Asia.

Outlook of Political Landscape in Northeast Asia and Implications on the Korean Peninsula

In her presidential campaign, Tsai emphasized the strengthening of cooperation with Washington and Tokyo including military cooperation with the U.S. and proclaimed the participation in the U.S.-led Trans-Pacific Partnership (TPP). Until now, Washington has recognized the Taiwan issue as one that is directly associated with its strategic and economic interests in East Asia based on “strategic ambiguity” between China and Taiwan. In contrast, Beijing has expressed objection to the U.S. bolstering ties with Taiwan including arms sales, and made strenuous efforts recently to reduce space for the U.S. to meddle with the Taiwan issue based on its rising international clout and increasing influence. When former U.S. Deputy Secretary of State William Burns visited Taiwan as Washington's special envoy soon after the elections to discuss cross-strait relations and measures for cooperation between Taiwan and the U.S., China showed strong displeasure along with concern, regarding this act as an interference in its domestic affairs. As such, if the Tsai administration strives to strengthen bilateral ties with the U.S., the Taiwan issue will have greater importance in U.S.-China relations, resulting in negative repercussions in the Northeast Asian political stage.

Tsai highlighted the policies that reinforce partnership with Japan and expand exchanges with countries in Southeast Asia and India. Considering the competitive nature of China-Japan relations, Japan is also partial to the DPP, which has edgy relations with China, rather than the pro-China KMT. Echoing this reality, the Japanese foreign minister congratulated Tsai for her victory and emphasized that Taiwan is a friend that shares common values with Japan and the Japanese government underlined the robust relations with Taiwan, showing interest in mediating Taiwan's membership into the TPP.

Bolstering relations with the U.S. and Japan and expanding relations with Southeast Asian countries and India may lessen Taiwan's economic dependence on China and widen its room for participation in international affairs. Nevertheless, if Tsai Ing-wen government excessively leans towards cooperation with the U.S., this might incite confrontation between China and the U.S., thus, leading to negative impacts on Northeast Asian politics.

Eventually, the Taiwanese presidential election has given various implications on the divided Korean Peninsula, bearing in mind the fact that the elections evinced how wearisome and intricate the efforts for unification and integration of China are, despite the long-accumulated experiences of exchanges and cooperation between the two sides. First, the point that the hasty attempt for economic integration has fueled Taiwan's deepening economic dependence on China and reduction in employment demonstrates the necessity for the two Koreas to create an exchange and cooperation framework that mutually benefits both sides, rather than one-sided assistance or benefit. Second, the fact that cross-strait relations have had continuing cooperation and exchanges in non-political sectors in spite of long-lasting political strife, both Koreas should also establish a paradigm of a virtuous cycle, maintaining exchanges in the field of economics, society, culture, etc. while gradually seeking to untangle the political/military issues. Third, realizing that Taiwanese young population's distrust on China and the consolidation of their identity as "Taiwanese" constitute as a critical force hindering Chinese unification, it is necessary to discover integrative values that are acceptable to both North and South Koreans in order to overcome the potential identity crisis in the process of Korean unification/integration. Fourth, unification education that convinces the young people — the future generation of unification — with positive effects that bring benefits to individuals rather than the negative perception of unification ought to be enhanced.

©KINU 2016

※ The views expressed in this paper are entirely those of the author and are not to be construed as representing those of the Korea Institute for National Unification (KINU).