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Discussion Paper

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**Beijing's Policy Towards President Tsai Ying-wen
and her Government
and Europe's Responses in the post-Brexit Context**

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Since Ms. Tsai Ing-wen's election as President of the Republic of China (ROC) on Taiwan on January 16, 2016 and even more since her inauguration on May 20, 2016, Beijing's policy towards the island-state has been very stubborn: the People's Republic of China (PRC)'s authorities have kept asking the new Taiwanese administration to endorse the so-called "1992 consensus" which neither Ms. Tsai nor her Party, the Democratic Progressive Party (DPP), which now controls a majority of seats in the Legislative Yuan, are going to do and, as a result, decided to stop all high level contacts with the Taiwanese government. Instead, the Chinese Communist Party (CCP) has decided to intensify, on the one hand, 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—and, on the other hand, its divide-and-rule strategy 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 and business elites as well as voters 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.

For the time being, the European Union (EU)'s reaction to Ms. Tsai and the DPP's victory as well as to China's new Taiwan policy has been too cautious and partly out of step with the reality on the ground. Absorbed by its own problems, the migration crisis and more recently the United Kingdom's decision to leave the Union, better known as "Brexit", and busy readjusting its China policy, Brussels has not given much attention to cross-Strait relations. The same can be said of its lack of interests—and concern—for the recent legislative election in Hong Kong and Beijing's heavy-handed reaction to the rise of localism in the former British colony. In any event, both China and the EU have other priorities and more urgent issues to deal with—as the PRC's requested access to market economy status in a context of overproduction and increasing protectionism. And for obvious reasons, this is even more the case of the EU than China, except perhaps for the South China Sea question.

In this short paper, I will first briefly present Beijing's new Taiwan policy. Then I will analyze the few EU reactions to this policy. I will also try to assess

Brexit's impact on the UK's China policy and Taiwan. Finally, I will venture to speculate on the chances of success of China's new Taiwan policy. Our tentative conclusion is that for many domestic and international reasons—the KMT's inability to reform, Taiwan's consolidated identity and the US strategic support—Beijing will probably not reach its major objectives, at least in 2020.

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 "1992 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 precondition to high level contacts with the Taiwanese authorities. Reiterated during PRC president Xi Jinping's meeting with then ROC President Ma Ying-jeou in Singapore in November 2015, partly as a warning to the Taiwanese voters and the next administration, it has remained China's bottom line since Ms. Tsai's election and inauguration.

However, Taiwan's government and its mainland policy have changed. And this is this 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.

As we all know, unwilling as unable to endorse KMT Su Chi's crafted in 2000 "1992 consensus" (九二共識 *jiu'er gongshi*), Ms. Tsai has gone out of her way to propose a formula that could have been accepted by Beijing: among Ms. Tsai's most quoted wordings uttered in her inaugural address 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, 臺灣地區與大陸地區人民關係條例) and the "accumulated outcomes of previous cross-strait negotiations and interaction" in the past 24 years.

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" (中華民族偉大復興 *Zhonghua minzu weida fuxing*) as well as the reunification of the country by 2049. In linking up both objectives, Xi has risen 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.¹

A more reformist and open-minded (and enlightened) CCP leadership would have been more likely to adapt to Taiwan's new political environment and adjust its policy. But Xi Jinping's arch-conservative and nationalist orientation as well as allergy towards democracy could not allow such an adaptation.

Beijing therefore has decided to consider Tsai's inauguration address as "an incomplete test answer", adding that "she did not explicitly recognize the 1992 consensus and its core implications". In the statement that it issued on May 20th 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".² Beyond the stiffness of this statement, one needs also to underscore its arrogance: it treats Ms. Tsai as a mediocre student that 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 could have on the Taiwanese society, only convincing more of its members to distant themselves from China and promote their own Taiwanese identity and nationhood.

In any event, as a result of this decision, since May 20, 2016, Beijing has decided to suspend all high level contacts with the Taiwanese authorities. Between January 16th and May 20th, 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 20th—having exhausted the time during which some in Beijing were unrealistically hoping to see Ms. Tsai changing her mind—that the TAO confirmed that communication mechanisms between the two sides had been "suspended" since Tsai assumed office.³

It is likely that discreet envoys from both sides tried already way before January 16th and until late June 2016 to work out a compromise, although I am not aware of the details of this negotiation. However, it 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-

¹ Willy Lam, "Is 2049 Beijing's "deadline" for Taking Over Taiwan?", Global Taiwan Brief, Vol. 1, No. 1, September 21, 2016, <http://globaltaiwan.org/2016/09/21-gtb-1-1/#WillyLam092116>

² http://news.xinhuanet.com/english/2016-05/20/c_135375684.htm

³ <http://www.chinatimes.com/realtimenews/20160625001559-260401>

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 I predicted last year (in case of Ms. Tsai's victory), 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 (田弘茂)'s appointment in early September 2016 as the new SEF Chairman would change the situation: actually, since then Tien has been accused by the Chinese propaganda of being a staunch pro-independence monger and, in these circumstances, any meeting with ARATS Chairman Chen Deming (陳德銘) seems highly improbable.

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".⁴ He made this comment because Beijing is not willing to antagonize the many Taiwanese business people (台商 *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 keep cross-Strait relations stable.

Besides, more discreet channels of communications have remained opened 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 are likely to be used, possibly flanked by ARATS and SEF "advisers" to sort out the functional issues that need to be tackled. The sheer volume of economic and human exchanges just forbid both sides of the Taiwan Strait to stop 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)⁵, reducing the number of tourist groups allowed to travel to Taiwan, in

⁴ Kuomintang Official Website, August 2, 2016, <http://www1.kmt.org.tw/english/page.aspx?type=article&mnum=112&anum=18065>

⁵ Signed on April 26, 2009, the "Agreement on Joint Cross-strait Crime-fighting and Mutual Judicial Assistance" is the first formal agreement on law enforcement cooperation between the governments of Taiwan and China. Max Hirsch, "Strait and Narrow, China and Taiwan's Criminal Crackdown", *Jane's Intelligence Review*, October 2009, pp. 2-4. Since January 2016, more than two hundred Taiwanese suspected criminals have been repatriated by the

narrowing Taiwan's international space and in isolating the DPP and more generally the green camp in reaching out the Taiwanese politicians that have endorsed the so-called "1992 consensus".

Deepen Taiwan's Difficulties in Limiting the Number of Tourists

Beijing's objective seems to be to "impoverish Taiwan" (窮台 *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.

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 30% in May and June 2016 from the previous year, while independent tourism has risen by 10% and 20%, respectively.⁶ And on the whole, the number of Chinese tourists dropped 6.3% between April and June 2016, while the number of foreign arrivals rose 2.2% during the same period.⁷ But from January to July 2016, the total number of Chinese tourists coming to Taiwan actually increased by 0.4% year-on-year.⁸ In any event, there has been a sharp decline of 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 2 million in 2015 to 1 million in 2016.⁹

While this protest is exactly the outcome that Beijing has been hoping, its impact on the Tsai Administration policy has been marginal. 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, 70% of the Taiwanese public supports Tsai's policy of distancing her government from the "1992 consensus."¹⁰

What is also worth highlighting here is Taiwan's growing attraction for mainland Chinese (as well as Hong Kong) people, particularly the middle class

country where they were arrested (Kenya, Malaysia, Cambodia, the Philippines, etc.) to China instead of Taiwan. Both the Ma and the Tsai Administrations have protested but to no avail.

⁶ <https://cpianalysis.org/2016/07/25/the-end-of-china-taiwan-rapprochement-tourism/>

⁷ *TAIWAN INSIDER*, Vol. 3 No. 33, Week of Aug. 20-26, 2016.

⁸ <http://www.taipeitimes.com/News/editorials/archives/2016/09/12/2003654962/1>

⁹ <http://www.taipeitimes.com/News/editorials/archives/2016/09/13/2003655033>

¹⁰ <http://www.taipeitimes.com/News/editorials/archives/2016/09/12/2003654962/2>

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 endorse the "one China principle".

Beijing's normalization with Banjul in March 2016 was a kind of warning shot: although the Gambian president, Yahya Jammeh, had already severed diplomatic links with the ROC three years earlier, the PRC had respected Ma's proposed unwritten "diplomatic truce", at least until Ms. Tsai's victory. 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).

In any event, the most recent illustration of Beijing's new strategy has been the conditions that it set for allowing Taiwan to be invited to the coming 39th session of the International Civil Aviation Organization (ICAO) due to take place in Montreal from September 27 to October 7. While in 2013, Taiwan received an invitation two weeks in advance, this year, it did not receive any invitation. And on September 14th, TAO Spokesman Ma Xiaoguang (馬曉光) 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 1992 consensus), can the two sides continue their institutional exchanges and *have discussions* about Taiwan's participation in international organizations".¹¹

As in the previous years, Taiwan should be able to participate at the next APEC meeting due to take place in Peru in November 2016 since APEC is a community of economies, not nation-states. Although, according to some Taiwanese newspapers, Ms. Tsai's chosen representative, James Soong Chu-yu (宋楚瑜), People's First Party Chairman, had been vetoed by Beijing in early September, these reports were unfounded. In choosing a politician known for his dark-blue inclinations to represent Taiwan, the Tsai Administration has again tried to show

¹¹ *China Daily*, Hong Kong edition, September 19, 2016, p. 4.

goodwill towards the PRC authorities. But it is doubtful that it will have any positive impact on cross-Strait relations.

More generally, the door to negotiating any improvement of Taiwan's international space is 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 Taipei's participation in more multilateral organizations and normalize with the ROC's most meaningful diplomatic allies.

Divide and Rule

Divide and rule or taking advantage of and utilizing the "blue-green" polarization has been Beijing's long-standing strategy towards Taiwan. Actually, this is part of the CCP united front policy aimed at reaching out the "blue" and possibly the "light green" Taiwanese politicians in order to isolate and weaken the Tsai Administration and its "darker green" supporters. Since May 2012, in meeting exclusively Taiwanese politicians who have already endorsed the so-called "1992 consensus", this strategy has clearly been aimed at putting additional pressure on the Tsai Administration.

Very quickly Beijing decided to put restriction to 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 (楊偉中) who was expelled from the KMT in July because of his reformist ideas.¹² The Forum Organisers 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' "Leninist" modus operandi, Yang commented: "The Chinese Communist Party chose to stand firmly with the KMT on the party assets issue."¹³ The two other banned Taiwanese participants were Fan Shih-ping (范世平), a green-leaning academic and DPP lawmaker Kuo Jen-liang (郭正亮). Ms. Chiang actually indicated that the TAO has decided to ban all DPP members who hold public or party position to travel to Hong Kong. Let alone to the mainland... Earlier, on August 19th the Hong Kong government had stated 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".¹⁴ As a result a number of Taiwanese activists were prevented to observe the September

¹² <https://newbloommag.net/2016/07/02/yang-wei-chung-kmt-reform/>

¹³ <https://www.hongkongfp.com/2016/08/24/china-liaison-office-bars-taiwanese-political-figures-attending-forum-hong-kong/>

¹⁴ Ibid.

4th Legislative Council election. 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 of Shanghai municipality CCP United Front Department Director Sha Hailin (沙海林) to Taipei on the occasion of the Taipei-Shanghai Forum and meeting with its mayor Ko Wen-je (柯文哲) in September 2016. Sha insisted 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 "1992 consensus". However, because of the current state of cross-Strait relations, Beijing did not authorize Shanghai to send its mayor or even vice-mayor but a Party official whose role is 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 (邱鏡淳), Miaoli County Commissioner Hsu Yao-chang (徐耀昌), Nantou County Commissioner Lin Ming-chen (林明溱), Lienchiang County Commissioner Liu Tseng-ying (劉增應), New Taipei City Deputy Mayor Yeh Hui-ching (葉惠青) and Taitung County Deputy Commissioner Chen Chin-hu (陳金虎)—and two independents—Hualien County Commissioner Fu Kun-chi (傅崑萁) and Kinmen County Deputy Commissioner Wu Cheng-tien (吳成典). These officials perfectly represent the only remaining strongholds of the blue camp in Taiwan, including rather marginal if not meaningless outer island as Matsu (馬祖 or 連江縣 Lienchiang County) and Quemoy (金門縣 Kinmen County) which, because of their location off the Fujian coast, have for a long time been attracted by and put in the orbit of the PRC.

On September 18, 2016, the delegation was received by Yu Zhengsheng (俞正聲), the number four of the CCP regime, the Chairman of China People's Political Consultative Conference (CPPCC) and the only vice-chairman (under Xi Jinping who is Chair) of the CCP Taiwan Affairs Leading Small Group in the Great Hall of the People in Beijing. *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'".¹⁵ 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*." (Italics added)

¹⁵ http://news.xinhuanet.com/english/2016-09/18/c_135695334.htm

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, as an answer to the city-to-city strategy proposed by some DPP officials in order to go around the “1992 consensus” barrier, 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 being new. Nonetheless, the fresh priority it has been given and its micro-management dimension are new 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 ROC 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.¹⁶

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 planned for a considerable time. Conversely, we remember that implementing a three year ban to any official that

¹⁶ <http://www.taipeitimes.com/News/front/archives/2016/09/21/2003655548>

had access to classified information, Ms. Tsai denied to her predecessor Ma Ying-jeou the right to visit Hong Kong in June 2016, just after he had stepped down.¹⁷

Would it have been better to prevent them to go? Probably not, even if this trip triggered a lot of criticism in Taiwan and not only among “green” voters (see cartoon below). Premier Lin Chuan (林全) 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.¹⁸



Published in the *Taipei Times*, on September 21, 2016,
<http://www.taipetimes.com/News/editorials/photo/2016/09/21/2008138474>

Beijing’s current posture and strategy toward Taiwan under Tsai is likely to remain unchanged.

It is likely that among the Chinese leadership, there are differences of view. Some officials, particularly in the ARATS, have interpreted Ms. Tsai’s “uncomplete test result” as an answer that was close to what would be acceptable to Beijing, pushing for a soft reaction to the DPP electoral victory. 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,

¹⁷ <http://www.scmp.com/news/china/policies-politics/article/1973653/taipei-rejects-former-taiwanese-president-ma-ying-jeous>

¹⁸ <http://www.taipetimes.com/News/front/archives/2016/09/21/2003655548>

limiting to a strict minimum any contact with the Tsai Administration and increasing pressure on it wherever it is possible. Depending of the circumstances, Xi can choose one option or the other. But to date, he has clearly favored the latter.

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 “1992 consensus” or the “one China” principle. He has also accused Ms. Tsai, and this is more concerning, that while paying lip service to maintaining the cross-Strait status quo, she is responsible of the present deadlock adding: “if you do not want to maintain the status quo, I cannot allow cross-Strait contacts to continue”.¹⁹

Actually, the reality is just the opposite: in stopping contacts with the new Taiwanese administration, Beijing has challenged and jeopardized the status quo.

The EU’s Reaction in the post-Brexit Context

What has been the EU’s reaction to Ms. Tsai’s election and to the deterioration of cross-Strait relations since she came into office?

As Gudrun Wacker notices in her paper, the EU has not given a great deal of attention to Taiwan’s elections and Ms. Tsai’s victory. Of course, Brussels has applauded the consolidation of Taiwan’s democracy and the election for the first time of a woman as ROC president. But it just hoped for the best, in other words, peace and stability in the Strait, curtain!

As Maaïke Okano-Heijmans indicates in her paper, after Ms. Tsai’s inauguration EU-Taiwan trade negotiations have continued even if an agreement on investment is far from being concluded. More generally, EU-Taiwan economic relations have been “de-politicized” and can contribute to some extent to stabilizing cross-strait relations.

Nevertheless, the impact of EU’s China and Taiwan policy on Beijing’s Taiwan’s strategy will probably remain marginal.

On June 22, 2016, the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy issued a new important statement on the EU’s China policy which on Taiwan states:

“The EU confirms its commitment to continuing to develop its relations with Taiwan and to supporting *the shared values* underpinning its system of governance. The EU should continue to *support the constructive development of cross-Strait relations as part of keeping the Asia-Pacific region at peace*. Accordingly, the EU will *use every available channel to encourage initiatives aimed at promoting dialogue, co-operation and confidence-building between the two sides of the Taiwan Strait*. The EU should *promote practical solutions regarding Taiwan’s participation in international*

¹⁹ 聯合早報, September 21, 2016, quoted by KMT Official Website, <http://www1.kmt.org.tw/english/page.aspx?type=article&mnum=112&anum=18256>

frameworks, wherever this is consistent with the EU's "One China" policy and the EU's policy objectives."²⁰ (Italics added)

This is a well-thought statement which clearly states the EU policy towards Taiwan and the relations across the Strait. The obvious problem is that it directly clashes with Beijing's new strategy of isolating the Tsai Administration, ostracizing its local supporters and narrowing Taiwan's international space.

And busy with much more burning issues with China, including its request to be granted a market economy status, its dumping practices, its power assertiveness and disregard for the UN Convention of the Law of the Sea, particularly in the South China Sea, the EU has not yet demonstrated any willingness to invest more political capital and resources in turning its good intentions towards Taiwan into a reality.

It can be easily argued that for good reasons the EU has given priority to strongly supporting The Hague Arbitration Tribunal's decision on the claimants' maritime rights in the South China Sea made public on July 12th 2016, much to the PRC's chagrin which has furiously questioned the legitimacy of this decision. Ms. Tsai's government has also criticized this decision but mainly because, on the one hand, Itu Aba (Taiping) island, which is controlled Taiwan, has been "downgraded" to the status of rock, and as a result is no more entitled to claim a 200 nautical mile Economic Exclusive Zone (EEZ), and, on the other hand, the ROC, which could not be officially considered as a nation-state and therefore a claimant, was not able to defend its case before the Tribunal. But in any events, Taipei's reaction has not helped the Tsai Administration to be better treated by Beijing and it remains to be seen whether it will try harder than its predecessors to exert effective control of the EEZ that it claims around "Taiping rock". The answer is certainly negative.

Brexit has also complicated the EU's China policy. On the whole and not only in China's eyes, it has weakened the EU as well as the credibility of its policies and discourse. This has a direct impact on the weight of the recommendations included in the statement quoted above or any other policy document related to Taiwan.

Moreover, it is unlikely that the UK will opt for a more forceful policy towards Taiwan. If anything, Brexit has made this country even more dependent upon China as Prime Minister Theresa May's final decision in September 2016 on the Hinckley Point nuclear plant project has demonstrated.²¹ In other words, under Theresa May, as under her predecessor, mainly for financial and economic

²⁰ JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL, *Elements for a new EU strategy on China*, September 22, 2016, p. 4, http://eeas.europa.eu/china/docs/joint_communication_to_the_european_parliament_and_the_council_-_elements_for_a_new_eu_strategy_on_china.pdf

²¹ http://www.ecfr.eu/page/-/CA_MES_2016.pdf

reasons, London will probably continue to cultivate a more “special relationship” with Beijing.

Beyond Brexit, the 27 remaining EU member-states are too divided and for some of them too dependent upon China’s largesse to take any risk and venture any meaningful policy towards Taiwan that would compel Beijing to review its own strategy. The success of Xi Jinping’s “One Road One Belt” initiative among many Eastern, Central and Southern European countries as well as the inclination of the latter to move human right issues and democracy to the back burner, including on their own land do not bode well for the future of the European Union. Finally, the founding members of the Union do not have a stronger appetite to antagonize Beijing, particularly on Taiwan. The urge with which most Western European nations have joined China’s Asia Infrastructure Investment Bank in 2015 shows how much now China matters, Taiwan does not and the United States less so. And as much as the EU as a whole, these countries have remained surprisingly silent when the CY Leung Administration in Hong Kong, under the central government’s instructions, decided to ban six pro-independence candidates from running in the September 4th legislative election: although this obvious assault against freedom of opinion and candidacy took place in the middle of the summer, when most European officials were on holidays, it should have been denounced if the EU wanted to abide by its own political values.

In other words, going through an unprecedented “existential crisis”, to quote the President of the European commission Jean-Claude Juncker, the EU is ill-positioned to play a constructive and stabilizing role in the Taiwan Strait. And to be fully realistic, in the future, this role will remain exerted by the US, a lesser extent Japan, and indirectly the ASEAN.

Conclusions: China’s Chances of Success

What are China’s new Taiwan’s strategy’s chances of success? Many forces favor a positive outcome for Beijing. The Tsai Administration will have strong difficulties improving the economic situation, only in developing closer relations with South East and South Asia 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. 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 growing unpopularity to regain some support and rebuilt 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, I have 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 Taiwanese identity is continuing to consolidate. If anything, Taiwan is becoming a force of attraction for more Hong Kong and even mainland China people than the other way round. Most Taiwanese do not contemplate any reunification in the future and Beijing’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 as it did already backfire in the post-2014 period. While Taiwan’s situation shares some similarities with Hong Kong, particularly in view of the outcome of the recent legislative election there, 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-fledge 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.