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Discussion Paper

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**Cross Strait Multiple Interactions in an Era of No High-level
Contacts**

Jean-Pierre Cabestan

Department of Government and International Studies

Hong Kong Baptist University

Cross Strait Multiple Interactions in an Era of No High-level Contacts

Jean-Pierre Cabestan

Since Republic of China (ROC) President Tsai Ing-wen came to office in May 2016, the Peoples' Republic of China (PRC) has decided to suspend all high-level contacts with Taiwan. The reason is well-known: Tsai and her Party, the Democratic Progressive Party (DPP) have kept refusing and are unlikely to endorse the so-called "92 Consensus", according to which both sides of the Taiwan Strait accepted in Hong Kong in November 1992 that there is "one China", but its content remains undefined (China) or "each side keeps its own interpretation" (Kuomintang).

Nonetheless, cross-Strait interactions have carried on developing at various levels because both sides have had a vested interest to support them. On the one hand, these relations serve Beijing's plan to integrate Taiwan in the Chinese economy and society as well as its united front strategy. On the other hand, in spite of the Tsai Administration's willingness to reduce Taiwan's economic dependence upon the mainland, these relations are too dense and vital to be destabilized.

This paper's objective is three fold: 1) Present the major facets of these multiple interactions across the Taiwan Strait in the past year or so;¹ 2) Assess whether what I am tempted to call "the new normal across the Strait" has affected China's Taiwan policy and Taiwan's China policy; 3) Re-evaluate the US factor in the current circumstances, particularly after Donald Trump's election in November 2016.

My conclusion is that China perceives Taiwan' strong and unreduced economic dependence upon the mainland and diplomatic isolation as steps towards reunification and, as a result, has no reasons to soften its policy. On the contrary, after the 19th Chinese Communist Party (CCP) Congress, Beijing has intensified its military and political pressure on Taipei. It is also that Taiwan can live without high-level political contacts with the Chinese government and still feels that, protected by the United States, it can continue to guarantee its de facto independence and the long-term survival of the Republic of China (ROC).

¹ On the first few months of interactions after Tsai Ing-wen's inauguration, cf. my report, "Beijing's Policy Towards President Tsai Ing-wen and her Government and Europe's Responses in the post-Brexit Context", 12th EU Track II Dialogue on EU-China Relations and Cross-Strait Issues, Shanghai Institutes of International Studies, Shanghai, 10 October 2016.

Major Interactions Across the Taiwan Strait since May 2016

Since May 2016 normal interactions across the Taiwan Strait have carried on. Quasi-official contacts have been held at a lower-level; tourism and trade have remained dynamic; students' exchanges have been affected but not stopped; and interactions at the local or non-governmental levels have continued to develop because they serve both sides' political agenda.

ARATS - SEF Contacts

Since May 2016, in spite of the Mainland Affairs Council (MAC)'s efforts, high-level exchanges and visits between both sides of the Strait have remained suspended. However, contacts between Taiwan's Straits Exchange Foundation (SEF) and China's Association for Relations Across the Taiwan Straits (ARATS), the two semi-official organizations in charge of cross-Strait relations, have continued at a lower level.

It is true that contacts are limited to phone calls in the absence of any written communication. But such contacts can be held at a rather high-level. For instance, on 5 October 2017, Chairman Tien Hung-mao (田弘茂) told reporters at a press conference that SEF Deputy Secretary-General Luo Huai-jia (羅懷家) has had "amicable phone conversations with his counterpart in the ARATS."²

In any event, ARATS – SEF regular exchanges at the working level have allowed both sides to continue to solve and expedite many practical issues affecting both economies and societies.

Tourism

Since May 2016, under Beijing government's pressure, the number of Chinese tourists visiting Taiwan has kept dropping. From January to August 2017, this number amounted to 1.75 million against 3.5 million in 2016. This noticeable reduction has been caused by the ban the PRC government imposed on many organized tours. This reduction has not been offset by a slight increase of Chinese individual tourists nor Hong Kong and Macau tourists visiting the island-state; the number of Hong Kong and Macau tourists has actually remained steady: 1.14 million from January to August 2017 against 1.6 million in 2016.³

In order to encourage PRC "independent tourists" to visit Taiwan, the MAC decided in December 2016 to increase their daily quota from 5,000 to 6,000. Although the ratio of PRC visitors who have been denied a visa, for security reasons, has been on the rise (0.8 percent in 2014, rising to 1.48 percent in 2016 and 1.89 percent in the first eight months of 2017), this percentage has remained

² China Post, 6 October 2017, <https://chinapost.nownews.com/20171006-157196>.

³ http://admin.taiwan.net.tw/statistics/month_en.aspx?no=14.

very low and partly attributed to the holding of the 2017 Summer Universiade in August in Taipei.⁴ For instance, in August 2017, 249,999 Chinese came to Taiwan, compared with 248,538 in August 2016.

As a result, while the number of tourists visiting Taiwan in the first eight months of 2017 was 6.87 million, the Tsai Administration predicts that overall figure for 2017 will be higher than in the previous year (10.43 million).⁵

Trade

Trade relations across the Taiwan Strait have remained very robust, representing in 2016 26% of Taiwan's exports and around 40% if Hong Kong is included. According to Taiwan's MAC, in 2016 cross-Strait trade dropped by just 0.7% to US\$118 billion (Taiwan's exports: US\$74 billion and imports: US\$44 billion) while Taiwanese investment on the mainland fell to US\$9.67 billion, down 11.8% and Chinese investment in Taiwan rose 1.5% to US\$248 million.⁶ These trends, particularly as Taiwanese investments are concerned, have been partly caused by a falling demand for technology goods, which account for 44% of shipments to China.

At the same time, the Tsai Administration has tried to reduce Taiwan's economic dependence upon China in launching a New Southbound policy aimed at deepening economic and trade links with 18 South and Southeast Asia countries as well as Australia and New Zealand. This policy, which according to opinion polls is supported by 80% of the Taiwanese, has already born some fruits: trade with these nations rose 11.4% to \$112.8 billion in the 12 months to 30 June 2017, an amount that is nearly as important as cross-Strait trade for 2016; Taiwan banks' Southeast Asian holdings, mostly for investment, increased by \$3.3 billion; investments rose in all 18 markets; with the help of relaxed visa rules, tourist arrivals from these countries increased by 27.3%; and at the end of June 2017, 31,531 students from these 18 nations studying in Taiwan, a 9.7% increase from a year earlier.

China has tried to put pressure on some of these countries, as India, to refrain them from having official contacts with Taiwan. This has not prevented economic and people-to-peoples relations with Taiwan to develop. For example, Taiwan-India bilateral trade has increased from US\$1.2 billion in 2000 to US\$6 billion in 2016.⁷

⁴ Focus Taiwan News Channel, 6 October 2017, <http://focustaiwan.tw/new/acs/201710060020>.

⁵ Taipei Times, 5 October 2017, <http://www.taipetimes.com/News/taiwan/archives/2017/10/05/2003679757>

⁶ The China Post, March 20, 2017, <http://www.chinapost.com.tw/taiwan/national/national-news/2017/03/20/493891/Cross-strait-trade.htm>.

⁷ Alan Boyd, "New Southbound policy has been a success, Taiwan says", Asia Times, 23 August 2017, <http://www.atimes.com/article/new-southbound-policy-success-taiwan-says/>.

In her 2017 “Double Ten” speech, President Tsai indicated that “compared to the last year, our trade with New Southbound countries has grown almost 20%.”⁸ This may be a bit optimistic and, in any event, the Tsai Administration is not willing to nor can “decouple” Taiwan’s economy from the mainland’s. Nonetheless, this trend underscores the fact that while continuing to trade and cooperate with China, Taiwan is engaged in a process of diversification of its economic partnerships that is making the island-state less dependent upon the former.

Students’ Exchanges

Since Ms. Tsai’s election, China has discouraged PRC students from studying in Taiwan. In May 2017, Taiwan’s University Entrance Committee for Mainland Chinese Students indicated that mainland educational authorities had approved 1,000 students to study on the island this year, down from 2,136 last year.⁹ This has taken place in a context where, because of falling birth rates, more and more Taiwanese colleges and universities depend on overseas enrolment to balance their budget.¹⁰

On the island, some controversies have erupted around a few PRC students that had developed political activities on Taiwanese campus. Political disputes between Chinese and Taiwanese students have taken place, occasionally turning vocal or even violent. However, under the Tsai Administration, Taiwan’s policy has remained unchanged, welcoming Chinese students as a way of narrowing the gap between the youths of both sides of the Strait.¹¹ This goal was reaffirmed by President Tsai herself in her 2017 “Double Ten” speech in which she rather optimistically declared about Chinese and Taiwanese students: “They have started to develop mutual understanding, so that they can work together to build a more prosperous and peaceful world.”¹²

Most Chinese students are hard-working and happy to be in Taiwan. To the point that a Taiwanese university administrator was quoted as saying: “the mainland students find the experience (of studying in Taiwan) to be ‘like paradise’ because ‘our freedoms are very widespread’.”¹³ A comment which is pole apart

⁸ <http://english.president.gov.tw/News/5231>.

⁹ South China Morning Post (SCMP), 30 May 2017, <http://www.scmp.com/news/china/policies-politics/article/2096140/beijing-cuts-number-students-allowed-taiwan>.

¹⁰ Los Angeles Times, 26 March 2017, <http://beta.latimes.com/world/asia/la-fg-taiwan-china-students-2017-story.html>.

¹¹ Taipei Times, 1 September 2017, <http://www.taipetimes.com/News/taiwan/archives/2017/09/01/2003677570>.

¹² <http://english.president.gov.tw/News/5231>.

¹³ Los Angeles Times, op. cit.

with what PRC' specialized publications, mainly for propaganda and domestic purposes, write about the matter.¹⁴

However, China is also using student exchanges as a tool of its united front work and even for espionage (cf. *infra*).

Lower Level and Informal Exchanges

As official contacts between Beijing and the Tsai Administration have remained frozen, lower level and informal exchanges across the Taiwan Strait have taken the lead.

China has continued to cultivate contacts and exchanges with blue constituencies (municipalities and counties) and more generally with KMT and other blue politicians. Relations with Taipei City and Mayor Ke Wen-jo have also been maintained since Ke also endorsed the “92 Consensus”.

As a result, Taipei will be represented in the 18th iteration of the “Four Cities Forum” (四城論壇)—a Forum that Taipei, Shanghai, Hong Kong, and Shenzhen take turns hosting annually—which is due to be held December 2017 in Hong Kong. However, one of the invited speakers is Zhang Tie-zhi (張鐵志), one of the two secretary generals of the General Association of Chinese Culture (中華文化總會, GACC), a former KMT-led anti-communist organization that operates under the Ministry of Interior and has been usually chaired by the ROC president, today Tsai Ing-wen.¹⁵

The GACC therefore is now a green-controlled NGO as its two vice-chairmen are Chen Chien-jen (陳建仁), ROC Vice-President, and Antonio Chiang (江春男), former deputy secretary general of the National Security Council even if its secretary-general, Lin Chin-chang (林錦昌), who works with Ko Wen-jo, is more neutral; and its other deputy secretary general is Li Hou-ching (李厚慶) is a DPP high official in charge of the Party's Media and Creative Centre.

To be sure, this type of communication channel is both low-key and indirect, and may not have much impact on the Beijing authorities' relations with the Tsai Administration. However, it shows both the later's attempt to reach out through all possible channels the former and the discreet willingness of the former not to totally ostracize the latter.

In a similar vein, in October 2017, Beijing and Taipei discreetly signed an intergovernmental agreement to monitor the electromagnetic signals that can precede earthquakes. This project will be funded equally by the Chinese Academy

¹⁴ 尚红娟 (Shang Hongjuan), “台湾当局陆生政策执行，效果及原因分析” (Effect of Taiwan's Policy towards Chinese Mainland Students and its Causes), *台海研究* (Cross-Taiwan Strait Studies), No. 3, 2017, pp. 31-42.

¹⁵ Russell Hsiao “Four Cities Forum” Spotlights Role of GACC in Cross-Strait Relations”, *Global Taiwan Institute*, Vol. 2, No. 35, 6 September 2017, <http://globaltaiwan.org/2017/09/06-gtb-2-35/>.

of Sciences' Institute of Remote Sensing and Digital Earth in Beijing and the Graduate Institute of Space Science at National Central University in Taoyuan. It will give Taiwan partial access to data collected by an electromagnetic surveillance satellite that China will launch in 2018. The data collected by this satellite can be used for civilian purposes but can also have military applications, such as identifying the location of radar stations or missile launch facilities. However, as Pr. Liu Jann-yeng, the Taiwan side's lead project scientist, indicated when talking about military sensitive signals as radar beams: "to us these manmade signals are noise"... "they must be removed to reveal the signals produced by nature, which is what we are looking for". According to a SEF official, this agreement is more sensitive than the cross-Strait intergovernmental accords signed before on trade or disaster prevention and "would likely involve the military in Taiwan". Nevertheless, it is highly improbable that the Chinese side would allow the Taiwanese scientists to get access to classified, let alone military data.¹⁶

In any event, "the New Normal in the Taiwan Strait" is far from putting an end to interactions and even semi-official contacts and agreements.

Impact of the New Normal in the Strait on China's Taiwan Policy

The New Normal in the Strait has not changed very much China's Taiwan Policy. If anything, China's growing power and self-confidence will convince it to harden its attitude towards the Tsai Administration. As a result, it is likely that Beijing will not instill any fresh flexibility in its "one China policy". On the contrary, while intensifying its military intimidations around the island, it will probably strengthen its united front strategy and espionage activities there. The section on Taiwan of Xi Jinping's report to the 19th CCP Congress has confirmed this order of priorities.

The One China Policy

Since Ms Tsai came into office, there have been speculations, especially in Taiwan, about China's possible relaxation of its Taiwan policy. However, it has not materialized.

True, in November 2016, Zhou Zhihui (周志懷), 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

¹⁶ SCMP, November 13, 2017, p. 13.

speculations and hopes that Beijing was considering a change of policy towards Taiwan.¹⁷ However, nothing has materialized since then.

In his report to the 19th CCP Congress, Xi Jinping reiterated the need for Taiwan to endorse the “one China principle” as well as the “92 Consensus” and more clearly linked up Taiwan’s reunification to the “rejuvenation of the Chinese nation” as well as the “China Dream”. While he did not indicate any deadline and continued to privilege “peaceful reunification”, Xi has obviously intensified the time pressure on Taiwan. He showed a strong confidence to “defeat separatist attempts for ‘Taiwan independence’ in any form”. Moreover, he still thinks that the “one country, two systems” formula should be applied to Taiwan and intends to deepen economic, education and cultural exchanges across the Strait in order to reach out more segments of the Taiwanese society. To that end, Xi has confirmed Beijing’s intention to grant “national treatment” to the “Taiwanese compatriots”, for instance in delivering them a PRC identity card. Some Chinese experts have also argued that the “national rejuvenation” is a process rather than a goal; however, it is now understood in China that the Taiwan issue needs to be solved before China becomes around 2050 and the 100th anniversary of the foundation of the PRC a fully equipped economic, political and military world power.¹⁸ All these points have been confirmed and developed by Zhang Zhijun, the then Director of Taiwan Affairs Office, in a short commentary made public on the same day (18 October 2017).¹⁹

Consequently, after the 19th Party Congress, any relaxation of China’s Taiwan policy will remain highly unlikely. On the contrary, as Tiffany Ma wrote prior to the Congress:

“It would be in line with Xi’s ambitions to seek to surpass his predecessors’ efforts to induce or coerce Taiwan towards eventual unification. For Taiwan, the post-October period could bring greater unpredictability after Xi implements his strategic direction for the country and his priorities on cross-Strait relations.”²⁰

This view has been shared on the mainland by many officials in China. And pro-independence politician William Lai Ching-teh (賴清德)’s appointment as

¹⁷ Stacy Hsu, “MAC may replace ‘92 Consensus’”, Taipei Times, December 20, 2016, <http://www.taipeitimes.com/News/front/archives/2016/12/20/2003661560>.

¹⁸ The English translation of Xi Jinping’s work report to the 19th Party Congress can be found here: http://www.xinhuanet.com/english/download/Xi_Jinping's_report_at_19th_CPC_National_Congress.pdf; the section on Taiwan appears pp. 50-51.

¹⁹ 张志军 (Zhang Zhijun): 党的十九大报告为对台工作指明了方向 (The Great Work Report to the 19th Party Congress Indicates the Direction), October 18, 2017, www.gwytb.gov.cn/wyly/201710/t20171018_11854049.htm.

²⁰ <http://globaltaiwan.org/2017/10/04-gtb-02-37/#TiffanyMa100417>.

Taiwan's Premier one week before the Congress did not help, contributing in their eyes, to deteriorating cross-Straits relations.²¹

Although traditionally the Taiwanese Premier does not play any major role in this area and Lai has pledged to stick to President Tsai's mainland policy, his appointment also highlights a change within the DPP that will give more influence to the Party's darker green factions and consequently, feed the perception in China that Taiwan is going its own way. Hence, Beijing's intention to strengthen its united front activities on the island.

United Front Work

Since as early as 2008 and Ma Ying-jeou's election, the CCP leadership has decided to give priority to united front work in Taiwan. Its major targets have been the KMT, and more generally the blue politicians, the Taiwanese business community, particularly its segment which had developed economic and trade activities on the mainland, the educational and intellectual elites, and the youth.

While under the Tsai Administration, China's united front activities have faced more hurdles and resistance than under the previous government, these activities have deepened and strengthened. Among the prime targets are Taiwan's students and more generally Taiwan's youth.

For instance, in the past year, PRC local authorities have invited many Taiwanese grass-roots leaders and students to visit the mainland for a variety of activities, including cultural and education events, interschool contests, research on community service and elderly health care, internships and seminars on job creation and business start-ups—anything that could appeal to ordinary Taiwanese, and especially younger islanders.

Likewise, during the summer vacation, more than a dozen Taiwanese groups, including some from primary and high schools, have been invited to visit the mainland. Efforts have been made to attract Taiwanese teenagers with summer camps and lower the minimum test score standards for Taiwanese high school students applying for places at mainland universities.

China is also trying to attract young Taiwanese business people. For instance, the Shanghai government has recently offered prize money equivalent to NT\$12 million (US\$397,000) in a business start-up contest for Taiwanese youths, with the winner to be given a cash prize of NT\$1 million plus a start-up subsidy of NT\$2.5 million. The mainland authorities have also opened 53 youth start-up bases and showcase locations for young Taiwanese.²²

²¹ Cf. for example, Wang Zaixi's comments; Wang is a former deputy director of the Taiwan Affairs Office, SCMP, 10 October 2017, <http://www.scmp.com/news/china/policies-politics/article/2114552/taiwan-warned-choice-pro-independence-premier-will-see>.

²² SCMP, 6 September 2017, <http://www.scmp.com/news/china/policies-politics/article/2105208/beijing-reaches-out-young-taiwanese-summertime>.

But, Chinese local authorities have developed all sorts of contacts with Taiwan's civil society. For instance, in August 2017, Chen Yao-tzung, a former head of the Civil Servants Association of Taiwan Provincial Government, led 33 neighbourhood leaders from Taichung city on a six-day visit to Guiyang, Guizhou. While it gave the occasion to these local Taiwanese politicians to “exchange views on community administration experiences”, it was an illustration of China's strategy aimed at reaching out all sectors of the Taiwanese society, particularly its blue segments.²³

China's united front work in Taiwan has also provoked controversies and resistance. It has for example led a number of universities trying hard to attract Chinese students or develop cooperation with the PRC to self-censorship, including in the subjects taught to them. When establishing exchange programs with mainland universities, some of the Taiwanese universities have for instance accepted to pledge to “one China”, a constant request of the PRC party in the negotiation.²⁴ But at the same time, these universities' behavior has rapidly become public, feeding negative reactions from the public and resistance from other universities.

A very unusual story illustrating the power of China's united front work has recently hit the headlines in Taiwan. It is the case of Ms. Lu Li'an (盧麗安), a Taiwanese academic born in Kaohsiung, who had been elected as one of the Shanghai delegates to the 19th Communist Party Congress.²⁵ Contrary to previous “Taiwan Province” delegates to CCP congresses, Lu, 49, was born in Taiwan. She studied English literature at National Chengchi University in Taipei before moving to the United Kingdom in 1990 and later earning a doctorate in English literature at the University of Glasgow. While in the UK, she met her husband—who was born in the mainland but is of Taiwanese descent—and the pair moved to Shanghai in 1997 and have been teaching at Fudan University since then. Lu currently holds the position of deputy dean of Fudan University's College of Foreign Languages and Literature. She is also politically active and has been working on multiple political positions in Shanghai. And on the mainland, Ms. Lu has been promoted as a living example and success story of the CCP united front work.

Asked about this case, the MAC confirmed that Ms. Lu was now a PRC national but was not sure whether she had abandoned her ROC citizenship. Since

²³ SCMP, 6 September 2017, <http://www.scmp.com/news/china/policies-politics/article/2105208/beijing-reaches-out-young-taiwanese-summertime>.

²⁴ Pei-yu Wei, “China Vs. Taiwan's Academic Freedom”, *The Diplomat*, 11 March 2017, <https://thediplomat.com/2017/03/china-vs-taiwans-academic-freedom/>

²⁵ <https://thediplomat.com/2017/10/can-a-taiwanese-be-the-delegate-of-chinas-19th-party-congress/>

in principle she cannot hold both passports, the MAC gently advised her to use her PRC travel document if she wishes to come back to Taiwan without being fined.²⁶

This story not only highlights the growing interactions between the mainland and the Taiwanese societies, but also the increasing security risks stemming from this asymmetrical integration. An in any event, it is unlikely to convince many Taiwanese who have moved to China for business reasons or educational purposes to become PRC nationals, let alone to join the CCP.

Espionage

China is expanding its espionage campaign against Taiwan in a number of ways. In the past, Beijing concentrated its action on recruiting retired or, when possible, active military officers, trying to extract classified information from them. Today, its espionage activities have diversified, recruiting also students and targeting both students from China studying in Taiwan and students from Taiwan studying in China.²⁷

One case has recently attracted a lot of attention in Taiwan. Arrested in Taipei in March 2017, Zhou Hongxu (周泓旭), a Chinese student from Liaoning, was formally indicted in July 2007 for spying and violating the National Security Act (國家安全法). He was accused by the prosecutor of having offered a Ministry of Foreign Affairs official US\$10,000 to pass on classified government materials. He was also suspected of attempting to develop a spy network on the orders of the Chinese government. Zhou came to Taiwan for the first time as an exchange student at Tamkang University in 2009. He came back to Taiwan in September 2012 to enroll in a master of business administration program at National Chengchi University and graduated in July 2016.²⁸ It was during this time, in July 2014, that Zhou was approached in Shanghai by PRC security official who asked him to recruit “Taiwanese government personnel and other people of influence”. In September 2017, he was given a prison sentence of one year and two months (instead of a maximum of five years) because it attempt to recruit spies had been unsuccessful.²⁹

This may have been a minor case, but rather representative of China’s growing espionage activities and the new methods that it has privileged. As Taiwan’s National Security Bureau director-general Peng Sheng-chu (彭勝竹) told the

²⁶ Charlotte Gao, “Can a Taiwanese Be The Delegate of China’s 19th Party Congress?”, *The Diplomat*, 6 October 2017, <https://thediplomat.com/2017/10/can-a-taiwanese-be-the-delegate-of-chinas-19th-party-congress/>.

²⁷ Aaron Jensen, “China Expands Its Spying Against Taiwan”, *The Diplomat*, 21 March 2017, <https://thediplomat.com/2017/03/china-expands-its-spying-against-taiwan/>.

²⁸ *Taipei Times*, 7 July 2017, <http://www.taipeitimes.com/News/taiwan/archives/2017/07/07/2003674062>.

²⁹ <https://www.hongkongfp.com/2017/09/15/taiwan-jails-chinese-grad-student-zhou-hongxu-recruiting-spies/>.

Legislative Yuan in March, Chinese espionage on the island is “more serious than before”. Local media reports claim that up to 5,000 people may be spying for China on the island.³⁰

Diplomatic isolation

Taiwan’s diplomatic isolation has remained a key feature of China’s policy. Since Ms. Tsai came to office, two new Taiwanese diplomatic allies have normalized with Beijing, Sao Tome and Principe in December 2016 and Panama in June 2017, reducing the number of ROC diplomatic allies to 20.

The timing of both Chinese decisions seems to coincide with and be reactions to Taiwanese international initiatives. In the first case, normalization took place a few days after Donald Trump accepted to talk to Ms. Tsai on the phone and should be understood as retaliation.³¹

Regarding Panama, Beijing decision is more part of a strategy to narrow Taiwan’s international space as the Tsai Administration has continued to vehemently oppose the so-called “92 Consensus”. For example, in May 2017, Taiwan was unable to attend the meeting of the World Health Assembly. But the timing is not less important, eventually meeting a Panama request which goes back to 2009 but could not then be fulfilled because of Beijing’s intention to preserve good relations with the Ma Administration.³²

As in previous years, Taiwan was able to participate in the Asia-Pacific Economic Cooperation (APEC) meeting that took place in Lima, Peru in November 2016 and Danang, Vietnam, in November 2017 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 has again tried to show goodwill towards the PRC authorities. In 2016, Soong and Xi Jinping, who know each other and, according to reports, have a “friendly” relationship, 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.³³ And the following year, both men had a “natural and friendly”

³⁰ <https://www.hongkongfp.com/2017/09/15/taiwan-jails-chinese-grad-student-zhou-hongxu-recruiting-spies/>.

³¹ John Pomfret, “America’s overreaction to Trump’s Taiwan call is dangerous.” *The Washington Post*, December 5, 2016. https://www.washingtonpost.com/news/global-opinions/wp/2016/12/05/americas-overreaction-to-trumps-taiwan-call-is-dangerous/?utm_term=.b5669130c460.

³² This was revealed by Wikileaks in 2012. Accessed December 7, 2016, https://wikileaks.org/gifiles/docs/29/2957616_-os-panama-china-taiwan-wikileaks-china-rejects-panama-s.html.

³³ Lin Liang-sheng and Jonathan Chin, “APEC Summit: Soong engages China’s Xi at APEC summit in Lima,” *Taipei Times*, November 21, 2016, <http://www.taipetimes.com/News/front/archives/2016/11/21/2003659687>.

meeting. It is doubtful nonetheless that this short and polite encounter had any positive impact on Cross-Strait relations. As Soong declared after his second meeting with Xi at the APEC, “this is not the occasion for cross-Strait political talks”.³⁴

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 continue 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, as the Vatican or Paraguay after Ms Tsai takes another unwelcomed initiative.

Intensified Military Threat

Since Ms. Tsai came to office, the People’s Liberation Army (PLA) has intensified its military intimidations around Taiwan.

An increasing number of PLA fighters have flowed around the island, crossing more often the Bashi Strait. More PLA navy ships have also navigated close to or circled around Taiwan. Both types of operations have been aimed at demonstrating the PLA’s growing capabilities to threaten and even blockade Taiwan as well as its ambition to decouple Taiwan’s security from the US’s key strategic interests in the Western Pacific Ocean.

As one Chinese military commentator indicated, “the PLA’s long-term strategy is to prevent Taiwan from becoming a chess piece of the US to contain mainland China. If Tsai attempts to seek support from the US for its Taiwan independence plan, Beijing will definitely take military action.”³⁵

China’s intention is not to get ready to an invasion of Taiwan. As recent studies have shown, PLA war plans are scenarios have remained complicated to work out.³⁶ It is nonetheless to intensify psychological pressure on the Taiwanese military and society at large.

All in all, there has been a lot of continuity in China’s Taiwan Policy since Tsai Ing-wen’s inauguration in May 2016. Beijing is not willing to deal with her administration and is just waiting until the KMT’s return to power to adopt a more flexible policy. But how flexible? Probably less than in 2008-2016.

³⁴ Taipei Times, November 13, 2017, <http://www.taipeitimes.com/News/front/archives/2017/11/13/2003682159>.

³⁵ Song Zhongping, a military commentator with Hong Kong-based Phenix Television, quoted by the SCMP, December 8, 2016, p. A3.

³⁶ Ian Easton, *The Chinese Invasion Threat. Taiwan’s Defense and American Strategy in Asia*, Arlington, Virginia Project 2049 Institute, 2017; as well as Peter Mattis’ review, *Taiwan Sentinel*, 7 October 2017, <https://sentinel.tw/optimism-for-taiwans-defense/>.

Impact of the “New Normal” in the Strait on Taiwan’s China Policy

In the past year, Taiwan’s China policy has not changed much either. The Tsai Administration thinks that it can live with this “New Normal” and, in spite of the setbacks mentioned above, basically preserve the status quo and manage the practical issues that may come up every day.

Preserving the Status Quo

In the past year, President Tsai has stuck to what Richard Bush calls “her policy of patience, forbearance, and non-confrontation”.

In her “Double Ten” 2017 Speech, she confirmed Taiwan’s willingness to show “goodwill” toward China and keep cross-Strait relations stable, asking the other side to be both “pragmatic and realistic” in its interactions with and expectations from Taiwan.

I personally think that her speech’s tone was very moderate, confirming Taiwan’s hope that after the 19th Party Congress, Xi may make a political opening. For example, she referred to “the 30th anniversary of cross-Strait exchanges”, or the opening of (then indirect) exchanges between Taiwanese and Chinese societies and economies; she also mentioned that “peaceful development” had replaced “hostilities” between both sides, echoing Hu Jintao’s core policy launched in 2007 that put “peaceful development” ahead of “peaceful reunification”; she finally welcomed the expansion of interactions and exchanges across the Strait.³⁷

However, I doubt that Xi will fulfil her hopes.

Manage Practical Issues

Since it came into office, the Tsai Administration has had to deal with quite a number of practical issues. One of them has been China’s refusal to return to Taiwan the Taiwanese suspected criminals, particularly Internet criminals, caught overseas, and then taken to and imprisoned in China. It does not seem that any progress has been made on this front in spite of Taipei’s insistence.

A more troubling affair that has had widespread repercussions on Taiwan and in the West has been the arrest and prosecution on the mainland of Lee Ming-che (李明哲), 42, a Taiwanese human right activists and a former DPP staffer involved in promoting Taiwan’s democracy on the mainland. In late November 2017, Lee was sentenced to five years in prison on charge of subverting state power by promoting Western-style democracy in using online messaging groups. His Chinese co-defendant, political activist Peng Yuhua (彭宇華) who was accused of using Facebook (a social networking site banned in the PRC) to plan protests in China, was sentenced to seven years imprisonment.

³⁷ <http://english.president.gov.tw/News/5231>.

Li was detained in March 2017 by the PRC Public Security in Zhuhai, after crossing the border from Macau. After having disappeared from five and a half months and unable to inform his wife and family about his whereabouts, Li was eventually tried for “subversion” in September 2017 and sentenced, two months later, just after the 19th CCP Congress.

According to *Xinhua*, during Lee’s open trial, prosecutors accused Peng Yuhua, 37, a suspect from the Chinese mainland facing the same charge, “of roping in dozens of people, including Lee, to establish an organization aimed at subverting state power and overturning the country’s fundamental political system, which is enshrined in the Constitution, through instant messaging services.”

As in previous politically sensitive cases, probably expecting a more lenient sentence, Lee confessed his “crime”, expressed contrition, and blamed his errors “on foreign hostile forces” which, however, he did not specify.

Lee Ching-yu (李淨瑜), Li’s wife, attended the trial and later said that her husband had been forced to make false confessions. Shortly after, Premier William Lai called on the Chinese authorities to quickly release Lee and ordered agencies to prioritize work to facilitate his return to Taiwan, adding that “Lee works at a non-profit organization as a human rights advocate. There is no way he could subvert the Chinese government.”³⁸ After the sentence was made public, Taiwan’s Presidential Office called the verdict “unacceptable” and “regrettable” and urged Beijing to release Lee, adding that “spreading pro-democracy ideas is not a crime”.³⁹ However, this very cautious and guarded reaction also underscores Ms. Tsai’s intention not to divert from its moderate policy towards the mainland.

This sad and shocking case of injustice highlights the growing ideological distance between both sides of the Taiwan Strait and can only convince the Taiwanese to go their own way rather than working on finding a common understanding with the mainland China authorities. The fact that Lee was also deprived from his “political rights” for two years by the Yueyang Court in Hunan highlights the PRC authorities’ clear willingness to impose a full “national treatment” to all Taiwanese be they collaborators or detractors of the one-Party state.

This has been far from being the only cross-Strait issue that the Tsai Administration had to manage in the past year. But it has symbolically occupied a large space in Taiwan, much larger, I suspect, than the Beijing authorities would have liked. Or has the Chinese government decided on purpose to “kill the chicken to frighten the monkey” (殺雞儆猴)? Is Taiwan’s democracy threatening China’s one party system?

³⁸ China Digital Times, 12 September 2017, <https://chinadigitaltimes.net/2017/09/taiwanese-activist-lee-ming-che-stands-trial-stage-drama/>.

³⁹ Focus Taiwan, November 28, 2017, <http://focustaiwan.tw/news/acs/201711280008.aspx>.

Reaching out other partners

The Tsai Administration has tried to reach out other partners. Apart from its traditional quasi-ally, the United States, Taiwan had also managed to enhance and upgrade its relations with Japan, a move that has, as expected, triggered some criticism in the PRC.

In December 2016, Tokyo announced that it would upgrade the name of its representation in Taiwan. Originally called “Association of East Asian Relations”, the Japan’s de facto embassy in Taipei was renamed in March 2017 “Association of Taiwan-Japan Relations” (日本台灣交流協會, and 日本台湾交流協会, *Nihon Taiwan Kōryū Kyōkai* in Japanese) In the same month, the Abe Administration decided, for the first time since 1972, to send to Taiwan a junior member of its cabinet, the vice-minister for internal affairs and communications, Jiro Akama, to attend a tourism promotion event.

Nonetheless, while non-official relations with other partners, as European Union countries, have remained stable and positive, they have not moved closer. For example, the joint motion adopted by the EU Parliament in early July 2017 calling for the release of both Liu Xiaobo and Lee Ming-che has not really modified the overall picture and situation of Taiwan-EU relations.⁴⁰

The Role of the US and the Trump Administration

Finally, the “New Normal” in the Taiwan Strait cannot ignore the US factor. After provoking moments of anxiety in Beijing, Donald Trump’s election has not changed very much the equation in the Taiwan Strait. His administration has decided to somewhat upgrade its relation with Taiwan and enhance its support for the island’s security. But its main achievement may have been to delink, at least for the time being, the Taiwan issue from the North Korea nuclear crisis, a linkage that many in Taiwan fear that it might narrow the US options as far as their future is concerned.

Just after his election, on 2 December 2016, Donald Trump accepted to talk on the telephone with President Tsai who wished to congratulate him for his recent victory.⁴¹ Probably engineered by Joseph Wu Jaushieh (吳釗燮), then Secretary-General of Taiwan’s National Security Council, this telephone call and conversation stirred up a lot of excitement in Taiwan.

⁴⁰ <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+MOTION+P8-RC-2017-0459+0+DOC+XML+V0//EN>.

⁴¹ Jennifer Jacobs and Nick Wadhams, “Trump Speaks to Taiwan Leader in Move Likely to Offend China,” *Bloomberg*, December 3, 2016, <http://www.bloomberg.com/politics/articles/2016-12-02/trump-speaks-with-taiwan-leader-in-move-likely-to-offend-china>.

A few days later, Trump went a step further and tweeted his doubts about the US' one China policy, writing: "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".⁴² This raised concerns everywhere, including in the US and Taiwan, about Trump's intention to use the island-state merely as a bargaining chip.

However, after coming into office, in February 2017, talking to Xi Jinping on the telephone, he reasserted the US's "one China policy" at the Chinese president's "request". It is said that Xi put this reassurance as a condition to start talking to the new US president. It is also said that the words chosen by Trump—he had "agreed at the request of President Xi to honour our 'One China' policy"—did not go down well in Beijing and may have left a scar in Xi's relation with Trump, in spite of the positive chemistry both men later ostensibly established in Mar-a-lago in April 2017 and later in Beijing and Danang in November 2017.

Yet, having decided also in February to post Marines at the American Institute in Taiwan, the US unofficial representation on the island, Trump is likely to strengthen the US's non-official relationship with Taiwan. He has already decided to enhance the US's support for Taiwan's security and sell more weapons to the DPP Administration at a moment Ms. Tsai is trying hard to boost Taiwan's defence budget and launch an ambitious indigenous diesel submarine construction program. In June 2017, the Trump Administration released a US\$1.4 billion weapon package to Taiwan, dispelling apprehension that had appeared after the Xi-Trump summit in Mar-a-lago in April 2017.⁴³

Although the US State Department is far from being well-equipped in personnel to invest more time in the US's relations with Taiwan, Trump's first official visit to China in November 2017 has not whatsoever weakened the US strong commitment to Taiwan's security and survival, even if Taiwan was not high on the agenda of items discussed with Xi. And the nomination in October 2017 of Randall Schriver, a close friend of Taiwan and Project 2049 Institute President, as US Assistant Secretary of Defence for Asian and Pacific Affairs clearly demonstrates of the part of the Trump Administration a willingness to reassure Taiwan. The nomination has been openly welcomed by Taiwan's Ministry of Foreign Affairs.⁴⁴

On the whole, Taiwan-US relations have remained steady and solid. The importance of the US commitment to Taiwan's security was reaffirmed by Secretary of Defence Jim Mattis at the Shangri-La Dialogue in Singapore in June

⁴² <http://www.reuters.com/article/us-usa-trump-china/trump-says-u-s-not-necessarily-bound-by-one-china-policy-idUSKBN1400TY>.

⁴³ <http://www.us.taiwan.org/pressrelease/2017june29congressionalnotificationarmssalestotaiwan.pdf>.

⁴⁴ Taipei Times, October 29, 2017, <http://www.taipetimes.com/News/taiwan/archives/2017/10/29/2003681260>.

2017.⁴⁵ As Richard Bush, from Brookings, wrote in early 2017: “Based on current circumstances, a cross-strait downturn is more likely to disrupt US-China relations than US-Taiwan relations.”⁴⁶

Conclusion

A year and a half after Ms Tsai came into office, the title of this paper—multiple interactions in an era of no high-level contacts—still well encapsulates the current state of cross-Strait relations. These interactions are not all positive. Some have underscored a certain level of tension and, more importantly, a growing distance between China and Taiwan. But every day’s life and interactions in the Strait have gone on, not much affected by the lack of public communication between both governments.

China is clearly in a stronger position. It has continued to ignore the Tsai Administration and isolate Taiwan on the international stage. It also wants everyone and particularly the Chinese society, to believe that the reunification process has already started and is in full swing. As the *Global Times* (环球时报) indicated in its editorial, commenting on Tsai’s Double Ten Speech on 10 October 2017, “from a historical point of view, the process of Taiwan’s unification is already taking place” (从大历史的角度看，统一台湾的过程已在进行中).⁴⁷

Nevertheless, Taiwan can carry on without high-level contacts with China. Of course, the KMT and the blue camp in general are taking advantage of Beijing’s ostracism to demonstrate that they are the only political forces able to mend and put back on track normal relations across the Strait. But when in 2020 the next presidential and legislative elections take place on the island, will the Taiwanese voters buy their policy? What can be said is that, although with Wu Den-yih (吳敦義)’s election as Party Chairman in May 2017 the KMT’s healing process has started, it is far from certain that this party will be able to come back to power in two-and-a-half year time, even if Ms. Tsai’s popularity continues to drop. Moreover, it remains to be seen whether, as many rumors tend to predict, Taipei Mayor Ko Wen-che will be able to take advantage of Ms. Tsai unpopularity to become the next ROC president in 2020.

Will Beijing be patient enough to wait until another president is elected in 2020 or even 2024 to resume normal relations with Taiwan? Or can it soften its own Taiwan policy? The former option is more likely as since the 19th CCP Congress,

⁴⁵ <https://www.brookings.edu/opinions/the-u-s-taiwan-security-relationship-in-a-time-of-transition/#footnote-2>.

⁴⁶ Richard C. Bush, “U.S.-Taiwan Relations in the Trump Administration: No Big Fixes Needed”, Roundtable Assessing U.S.-Asia Relations in a Time of Transition, *Asia Policy*, No. 23, January 2017, p. 29.

⁴⁷ <http://opinion.huanqiu.com/editorial/2017-10/11319405.html?referer=huanqiu>.

Xi has been strong enough to avoid any change of strategy towards one of the last pieces of the Chinese Empire that he does not rule. But at the same time, China is likely to be busy with other issues in the coming years, all the way from North Korea to the economic slowdown and the growing debt of state-owned enterprises at home, and keep the status quo in the Taiwan Strait while intensifying its pressure on the Tsai Administration.