



SWP



**13th Annual Conference on
“The Taiwan Issue in China-Europe Relations”**

Shanghai, China

October 9 – 11, 2016

A workshop jointly organised by the German Institute for International and Security Affairs / Stiftung Wissenschaft und Politik (SWP), Berlin and the Shanghai Institutes for International Studies (SIIS), Shanghai. With friendly support of the Friedrich-Ebert-Stiftung (Shanghai Office).

Discussion Paper

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While in recent years the attention of China's national security policymakers has largely centered on the East and South China Seas, many observers fear that the Taiwan issue is now about to retake centrality. The historic victory of Tsai Ying-wen and the Democratic Progressive Party at the 2016 presidential and legislative elections has already prompted significant adjustments in China's Taiwan policy – adjustments in the sense of coercion. While the dispute currently crystallizes on the 92 consensus and the nature of the “political foundation” of peaceful cross-strait interactions, it clearly has deeper roots. The two sides maintain irreconcilable positions on Taiwan's status, national identity and have so far failed at finding a principled formula to maintain communication channels at the level they had reached under the Ma administration. Is a crisis possible in the Taiwan Strait? Many factors suggest that the current relative calm in cross-strait relations is not sustainable and that Beijing will increasingly resort to a variety of coercive policies of the sort employed against the Chen Shui-bian administration. China has already tightened its approach on Taiwan's international space, tourism, cross-strait economic exchanges and political interactions. An incremental tightening of the screws seems inevitable. As the two sides seem on a collision course, crisis management tools are of renewed interest for policymakers. They can help avoid a sharp increase of tensions and unpredictable spillovers and inject a degree of stability in the conduct of cross-strait relations. This paper briefly describes the coercive turn of China's Taiwan policy in 2016 before discussing some measures in the political/military/diplomatic spheres that could help maintain tensions at a manageable level for both sides. The paper looks at the bilateral dimension of cross-strait crisis management without touching upon the US-China dimension, and the course of the US's Taiwan policy under the incoming Donald Trump administration, which remains largely speculative at this stage.

1. The return of coercion in China's Taiwan policy

As Tsai Ying-wen has been in office for less than six months, while there has been no sudden escalation of tension in the Taiwan Strait, the strategy of Beijing increasingly appears to be slowly elevating pressure against the Tsai administration. Several measures have already been taken.

- SEF-ARATS exchanges have been suspended.¹

¹ Source: website of the Taiwan Affairs Office of the State Council, ‘ARATS, SEF talks to continue if 1992 Consensus confirmed’, 1 September 2016. http://www.gwytb.gov.cn/en/Headline/201609/t20160902_11557014.htm

- On the diplomatic front, China has established formal relations with the government of Gambia in March 2016. As a result of China's pressure, the arrangement under which Taiwan had been invited to attend the annual assembly of the International Civil Aviation Organization was not reconducted.² As many expected, these are signs that the diplomatic truce is no longer in place. China has not yet provoked new ruptures in the formal ties Taiwan still maintains with 22 states but information is again emerging that Taiwan's international space is being squeezed in many capitals and in international organizations.
- Media report a significant decrease of the number of Mainland tourists visiting Taiwan. Less than 5000 tourists per day had registered to obtain a permit to visit Taiwan in September 2016, a sharp decline in comparison with the 8000 figure of September 2015. The Mainland Affairs Council has released statistics showing a decrease of incoming tourists by 65,4% year-on-year.³
- China has intensified its new practice of arresting Taiwanese nationals involved in criminal activities in third countries. There have been cases in Cambodia (13 Taiwanese in September 2016), in Kenya (5 Taiwanese in August 2016 and 45 in April 2016).

China has not formally declared an end to the era of "peaceful development" and gradual institutionalization of cross-strait interactions. The coercive measures listed above are framed as being linked to the goal of obtaining from the Tsai administration a formal recognition of the 92 consensus. But some Chinese public academics have indicated that more coercion was about to come. For example, Jin Canrong has supported publicly a four-stage policy of 'observation, pressure, confrontation and conflict' (观察、施压、对抗、衝突) to respond to the non-recognition by the Tsai administration of the 92 consensus, which is "non-negotiable" for Beijing (没有商量余地).⁴

2. Crisis management in cross-strait relations: some lessons learned

There are differences of degree between the lack of a mutually acceptable formula to continue the further institutionalization of cross-strait relations, the freeze of some interactions and a relationship of open hostility that include military pressure

² MAC Issues Solemn Statement: Mainland China's Political Interference Prevents Taiwan from Participating in this Year's ICAO Assembly, Government Expresses Strong Dissatisfaction and Regret, 23 September 2016. <http://www.mac.gov.tw/ct.asp?xItem=115571&ctNode=6337&mp=3>

³ '社評：一個台灣 兩個世界', *Zhongguo pinglun*, 3 October 2016.

⁴ '金灿荣：陆对台 4 阶段 最快 2021 年解决台湾问题', *China Times*, 1 June 2016. Also quoted in Zhao Suisheng, 'Are China and Taiwan Heading Towards Conflict?', *The National Interest*, 28 September 2016.

and active measures to suppress Taiwan's international space and hurt the Taiwanese economy. Some characterize the current period of cross-strait relations as "cold peace" (冷和平). While this phase includes a downgrade of exchanges, overall intense interactions are still occurring across the Taiwan Strait on a daily basis. How to avoid a major rupture that would return cross-strait relations to their state of play under the second Chen Shui-bian administration (2004-2008) will first and foremost require an intention to avoid such an outcome in Beijing, which is not certain. However, a number of factors can contribute to maintaining tensions as a manageable level so to avoid unpredictable disruptions in cross-strait relations.

2.1 Avoiding a pattern of 'reactive assertiveness'.

Since the beginning of Taiwan's democratization, tensions in cross-strait relations have followed a pattern of "reactive assertiveness", whereby China responded with a package of coercive measures, including military pressures, to political developments in Taiwan that appeared to further weaken the idea of "One China". This was the case of the 1996 presidential election, the 1999 two-state theory, the 2001 'one country on each side' and the 2004 referendum and reelection of Chen Shui-bian on a clear pro-independence platform. The concept of 'reactive assertiveness' was raised by the International Crisis Group to describe Chinese maritime policies in the East and South China Sea but it also captures well China's approach to territorial disputes in recent years. It can easily be anticipated that any Taiwanese move susceptible of being understood in Beijing as a unilateral change of the status quo with regards to Taiwan's status will be met by retaliatory measures in the name of reestablishing a new status quo.

Tsai Ying-wen's Mainland policy precisely seems to be premised on avoiding saying anything that could trigger such a chain of events. Her Mainland policy statements are purposely vague and short and mention the government's efforts to 'maintain cross-strait peace, stability, and positive development'.⁵ This approach is extremely constraining, it requires concessions on issues of great importance to the DPP. Tsai has frozen the pro-independence project of the Party, remains low-key and rather passive on the question of Taiwan's national identity, and her South China Sea policy goes against the stance of many in the Party who think that Taiwan has more to gain in siding with Japan and the US, including regarding UNCLOS and the arbitration, than in supporting the historical claims of the Republic of China.

⁵ Source: Mainland Affairs Council website. President Tsai meets delegation from US-China Economic and Security Review Commission (excerpt: cross-strait relations). <http://www.mac.gov.tw/ct.asp?xItem=115011&ctNode=7909&mp=3>

2.2 The key question of reestablishing a timetable for reunification

Under Hu Jintao, a policy debate took place in China's Taiwan policy circles on the strategic usefulness of setting a timetable for cross-strait reunification. Eventually, the timetable was dropped, giving China more flexibility to deal with the Taiwan issue. But it now appears that the debate has already restarted in the context of China's grand strategy and the two one-hundred anniversaries of the foundation of the CPP in 2021 and of the PRC in 2049. DPP officials themselves recognize that year 2021 will be highly dangerous if the DPP is in power, as they expect great pressure from China.⁶

Establishing a timetable would lock the two sides in a relationship of permanent tension and outright hostility, and would significantly affect the domestic political landscape in Taiwan, making it even more divided. The effect on the US's and Japan's stance regarding relations with Taiwan would also possibly be enormous – everyone would have to take clear sides. Rejecting a timetable was a difficult decision that took courageous leadership and reversing that decision risks being counterproductive in creating a chain reaction of events leading up to outright confrontation without much space left for de-escalation.

2.3 Self-restraint in the military sphere if CBMs are not an option

Research on confidence-building measures during the Chen Shui-bian administration has showed that Beijing is unwilling to conclude such agreements without political preconditions.⁷ Negotiations have always been conditioned to the acceptance of the one-China principle. Cross-strait CBMs were only established at the end of the Ma Ying-jeou's second term, after the Singapore summit between Ma Ying-jeou and Xi Jinping, when the cross-strait relationship reached a historical breakthrough – a hotline became operational at the end of December 2015.⁸ This development confirms the extreme politicization of China's approach to CBMs in cases of territorial issues (which also applies to disputes in the East and South China Sea). CBMs are perceived less as an instrument to manage security risks and isolate them from politics than as a barometer (or a reward) indicating the status of the political relationship seen from Beijing. In this context, CBMs are unlikely to be adopted between the two sides of the Taiwan Strait.

At the same time, actions and reactions in the military sphere are in themselves a determinant of the larger political relationship. At the minimum, there is a risk of misperception of the balance of power in Beijing as being so favorable to the PLA that it opens options for the use of force. There is also the risk of China

⁶ Author's interview, Taipei, September 2015.

⁷ For example Bonnie Glaser, 'PRC perspectives on Cross-strait confidence building measures', Center for Strategic and International Studies, 23 August 2004.

⁸ 'China, Taiwan open first hotline in tension reducing measure', *Reuters*, 29 December 2015.

overreacting to Taiwan's defense policy decisions – Taiwan's domestic submarine program in particular is the most susceptible to alter the cross-strait military balance. Among the most sensitive elements that could result in an eruption of tensions and should be avoided, one can think of patrols by the Chinese military (or the Coast Guards) beyond the median line of the Taiwan Strait to assert sovereignty like in the East and South China Sea. This would be highly escalatory. In Taiwan, it should be noted that the media reporting of PLA activities has significantly decreased under Ma Ying-jeou. There are only very few reports of Chinese missile deployment compared to the Chen Shui-bian era, when the issue was also used politically. The Taiwanese military also no longer communicates on Air Force scrambles to protect the median line. This contributes to the current low-level of tensions in the military sphere.

2.4 The importance of a reliable diplomatic back channel

In the absence of political exchanges of the level the two sides were conducting during the Ma Ying-jeou era, diplomatic back channels will again have a role to play. On the Taiwanese side, “presidential diplomacy” through the National Security Council has traditionally be the preferred channel. Such contacts are extremely important to avoid miscommunication, misperceptions and misunderstanding. In their absence, political signals may be misinterpreted and create overreaction as a result. Such channels are particularly useful to achieve strategic reassurance. The risk of misinterpretation is particularly high in Beijing, where decisions taken by the Tsai administration may too easily lead to the conclusion that she is pursuing a pro-independence agenda. Despite China's numerous options to analyze political developments in Taiwan, the tendency to rely on the blue camp for access to information and political interpretation could become more problematic now that the DPP is in power.

3. Concluding remarks

Tensions are building up in the Taiwan Strait. China has already returned to a policy of coercion, applying some of the recipes that had contributed to the return of the Kuomintang to power in 2008. So far, the two sides have managed to avoid entering a cycle of action/retaliation. The Tsai's administration decision to refrain from openly challenging Beijing's red lines has secured some room for maneuver to focus on the domestic agenda and avoid being too absorbed by cross-strait tensions. But this balance is fragile and does not depend only of the self-restraint of the DPP government. In this context, it is already time to ponder what a crisis management approach can bring to the conduct of cross-strait relations.