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## **Power Shift in Taiwan and Its Implications on Cross-Strait Relations**

### **Abstract**

*Tsai Ing-wen of the DPP won the presidential elections on 16<sup>th</sup> January 2016 and was sworn in as Taiwan's President on 20 May 2016. The discussions about the future of cross-strait relations started with reference to the previous DPP administration's policy of 2000–2008. The tense cross-strait relations of the DPP era were replaced with more harmonious ones with Ma Ying-jeou of KMT from 2008 to 2016. KMT acted on the basis of the 1992 consensus. The change of power with the election of Tsai Ing-wen raised questions about the basis and continuation of the cross-strait dialogue. Tsai-Ing-wen in her inauguration speech pledged to maintain the existing mechanisms for dialogue and communication across the Taiwan Strait. She also emphasized that Taiwan would conduct cross-strait affairs in accordance with the Republic of China Constitution, the Act Governing Relations between the People of Taiwan Area and the Mainland Area, and other relevant legislation. The important question with regards to cross-strait relations is: how does China evaluate Tsai Ing-wen's intentions about cross-strait relations and conduct its policies?*

*In this paper the cross-strait policy of the new administration in Taiwan will be analyzed through DPP's foreign policy. Since cross-strait relations cannot be analyzed just as a relation between Taiwan and China due to Taiwan's ties with the US, the paper will also evaluate the new US administrations' Taiwan policy. The cross-strait relations and the US regional role also have international implications due to the South and East China Sea dispute, which creates major security concerns.*

**Keywords:** *Taiwan, China, US, Tsai-Ing wen, Democratic Progressive Party, Cross-Strait*

## 1. Introduction

A power shift happened in Taiwan through presidential and legislative elections on January 16, 2016, when the Democratic Progressive Party (DPP) won both elections. The DPP candidate Tsai Ing-wen won presidential elections with 56.1 percent of the vote and was sworn in as Taiwan's President on May 20, 2016. DPP's victory put a question mark on the future of the cross-strait dialogue and discussions started about the future of cross-strait relations. These discussions considered the previous DPP administration's policy of 2000–2008. After Kuomintang (KMT) lost power, it is being discussed whether the new DPP administration will complicate relations between Taiwan and China, and Taiwan and the US.

In this paper the cross-strait policy of the new administration in Taiwan will be analyzed through DPP's foreign policy. Since other regional states are also interested in cross-strait relations, it has also become a regional issue and the US position towards cross-strait relations is particularly important due to the US-Taiwan ties. Cross-strait relations are also important since they have implications on the South and East China Sea dispute, which has become a major security concern of the region.

Taiwan's President Tsai Ing-wen indicated her view about cross-strait relations and Taiwan's foreign policy in general in her inauguration speech. To analyze it and to look at Taiwan-China relations since Tsai Ing-wen was sworn in on May 20, 2016, will provide some clues about the future of cross-strait relations. She stated that:

The new government will conduct cross-Strait affairs in accordance with the Republic of China Constitution, the Act Governing Relations between the People of Taiwan Area and the Mainland Area, and other relevant legislation. The two governing parties across the Strait must set aside the baggage of history, and engage in positive dialogue, for the benefit of the people on both sides. (Focus Taiwan News Channel 2016).

As well as the Taiwanese President's view about cross-strait relations and DPP's foreign policy towards them, the conditions that put DPP in power and the new US administration's policy towards Taiwan will determine the future of cross-strait relations.

## 2. How DPP Came to Power? The DPP's View on Cross Strait Relations

Taiwan's presidential and legislative elections on January 16, 2016, resulted in the victory of DPP and a power shift happened from KMT to DPP. The DPP candidate Tsai Ing-wen received 56.1 percent of the popular vote. KMT candidate Eric Chu received 31 percent. In the legislative elections DPP won 68 seats out of 113, while KMT won just 35 seats. KMT's President Ma's economic performance caused dissatisfaction among young voters. The public were also concerned by KMT's engagement with Mainland China. President Ma liberalized cross-strait trade and investment. Business persons in some sectors, who had strong ties with Mainland China, benefited from the new engagement with China. However, young people were particularly worried about losing their jobs due to the Cross-Strait Agreement on Service Trade. KMT's promised great economic benefits from cross-strait dialogue also were not seen in Taiwan. Young people's resentment on cross-strait agreement resulted in the formation of the Sunflower Movement in 2014. They considered President Ma's cross-strait policy detrimental not just for Taiwan's economy, but also Taiwan's security, sovereignty and democracy. Sunflower Movement showed dissatisfaction with the Cross-Strait Trade Agreement on Service Trade with an occupation of parliament. The New Power Party, which won five seats in 2016 legislative elections, emerged from the Sunflower Movement. The DPP won presidential and legislative elections due to dissatisfaction with KMT's foreign and domestic policies. There is also an argument that the growing strength of Taiwanese identity and weakening of Chinese identity changed the political landscape favorably to DPP (Bush 2016, pp. 6–9).

The DPP and Tsai Ing-wen came to power after KMT's new cross-strait dialogue policy, which changed the character of mainland China-Taiwan relations. KMT's President Ma followed "No Unification, No Independence and No Use of Force" strategy, which reassured China regarding independence. Intensive cross-strait dialogue increased trade volume between Taiwan and Mainland China, which was 179.6 billion US Dollars in 2016. Taiwan's exports to Mainland China were worth 139.2 billion US dollars and imports from China 40.4 billion US dollars in 2016. There are a total of 98,815 Taiwan-invested projects in China and Taiwan's capital in China hit 64.7 billion US dollars. Taiwan became

China's seventh largest trade partner and sixth biggest source of imports (Xinhuanet 2017). 3.335 million Tourists from China visited Taiwan in 2015, despite a fall of about 30 percent in 2016, tourism has continued its importance since the first independent tourists' arrival from mainland China to Taiwan (Jennings April 29, 2017).

Tsai Ing-wen came to power in this atmosphere, and the legacy of DPP rule in 2000–2008 regarding cross-strait relations raised questions about the future of the cross-strait dialogue which was started during the previous KMT administration. The DPP administration in 2000–2008 questioned the "One China" principle. Deputy Secretary General of the Presidential Office of Taiwan during Chen's Presidency, Joseph Wu argued that independence is the real status quo. He stated that Taiwan's independence is a reality that China cannot change (Wu 2004). Tsai Ing-wen's inauguration speech and DPP's foreign policy statements became an important indicator of how the power shift in Taiwan will affect cross-strait relations. She described existing political foundations in cross strait relations with four elements. The first element is the fact of the 1992 talks between the two institutions representing each side across the Strait (the Strait Exchange Foundation-SEF- & the Association for Relations Across the Taiwan Strait-ARATS-). The second element is the existing Republic of China constitutional order. The third element pertains to the outcomes of over twenty years of negotiations and interactions across the Strait. She also mentioned the democratic principle and prevalent will of the people of Taiwan as the fourth element in the cross-straits relations (Focus Taiwan News Channel 2016). The new President of Taiwan put the maintaining of the status quo across the Taiwan Strait as the fundamental principle and foreign policy goal of DPP. Although Tsa Ing-wen also emphasized the 1992 talks and consensus and did not reject it, she does not keen to embrace the 1992 consensus, which is understood differently on both sides of the Strait (Wei 2017). For Taiwan, the 1992 consensus ensures One China, different interpretations. For Mainland China, One China is the main aim of the 1992 consensus. DPP and Tsa Ing-wen knew the fact that the Taiwanese people have been unsatisfied with KMT President Ma's mainland policy and overemphasis on the 1992 consensus. According to Joseph Wu, "Rather than agreeing with the 1992 Consensus as defined by KMT and Beijing, she advocates a return of the original spirit of setting aside differences to seek common ground that formed the basis of the 1992 cross-strait meetings" (Tiezzi 2016).

It is a fact that Taiwanese people in general are in favor of maintaining the status quo in cross-strait relations. Taiwan wants political talks to continue without pre-commitment to unification and to protect its sovereignty. On the other hand, however, China wants to continue political talks to advance unification and avoid Taiwan's de jure independence. Tsai Ing-wen emphasized the will of the Taiwanese people as the basis for relations with Mainland China. She argued that both sides of the Taiwanese Strait have a responsibility to find mutually acceptable means of interaction that are based on dignity and reciprocity and said "we must ensure that no provocations or accidents take place. Any forms of suppression will harm the stability of cross-strait relations" (Focus Taiwan News Channel 2016).

Since the inauguration of Tsai Ing-wen it is obvious that Taiwan has followed a different policy to KMT regarding cross-strait relations. However, the tone and implementation of this policy have not been similar to the policy of the DPP administration in 2000–2008. Tsai Ing-wen is aware of previous DPP President Chen Shui-bian's policies' complications in foreign relations including relations with its close partner the US (Singh 2016). Tsai Ing-wen's view of maintaining the status quo across the Taiwan Strait and to establish consistent, predictable and sustainable cross-strait policy will meet the expectations of the Taiwanese people (Tung 2016, p. 2).

### **3. China's View on the Power Shift in Taiwan**

#### *3.1. Short History of Cross-Strait Relations before Tsai Ing-Wen's presidency*

In 1949 the nationalist forces led by Chiang Kai-shek lost the Civil War and the government of the Republic of China (ROC) relocated to Taiwan. The Nationalists, together with soldiers, moved from the mainland to Taiwan. Chiang Kai-shek aimed to return to mainland China to restore his authority there, but died in 1975. The People's Republic of China (PRC) under the rule of the Chinese Communist Party was founded in 1949. While ROC claims to represent the whole of China, PRC considers Taiwan as its own province. Despite the disagreements and physical separation, contacts continued between Taiwan and Mainland China defined

as cross-strait relations, which also have an institutional basis. At the official level, the Mainland Affairs Council operates in Taiwan and Taiwan Affairs Office operates in China. SEF and ARATS also functioned at “private” level. SEF and ARATS played an important role in the relations between Taiwan and Mainland China. Taiwanese President Lee Teng-huei initiated negotiations through the heads of these organizations, who met in Singapore. The meeting produced a document called the 1992 Consensus, which was a milestone in cross-strait relations (Romberg 2016). They agreed that there is only one Chinese nation comprising all of mainland China, Taiwan, Penghu and the offshore islands. While both sides agreed that Taiwan belonged to China, they continue to disagree on which China. Both sides accepted the other side’s existence (Denlinger 2014). However, Taiwan and China interpreted the 1992 consensus quite differently. For mainland China the 1992 consensus is a way towards Taiwan’s integration with China, while Taiwan considered the 1992 consensus as mainland China’s acceptance of one China with different interpretations.

Taiwan first held direct presidential elections in 1996 and just after the elections China conducted military exercises in the Taiwan Strait and sent missiles towards Taiwan. Negotiations conducted between SEF and ARATS were suspended from time to time. After resuming the talks in 1998, they were suspended again by China in 1999 when President of Taiwan Lee Teng-hui argued that cross-strait relations are state to state relations. One important change occurred in cross-strait relations in 2000 when DPP candidate Chen Shui-bian won presidential elections. The first time KMT had lost power. Since the perception of DPP in mainland China was the party which supports the independence of Taiwan, a crisis in cross-strait relations was inevitable. Despite the fact that Chen Shui-bian took some measures such as relaxing restrictions on imports from mainland China, allowing journalists from mainland China to visit Taiwan, and suggesting resuming cross-strait dialogue, China was suspicious of his moves. In fact, China rejected resuming cross-strait dialogue until Taiwan affirmed that Taiwan and mainland China are part of one China and they must be united. Chen Shui-bian was elected for a second term in 2004 and cross-strait relations worsened (Executive Yuan 2016).

KMT candidate Ma Ying-jeou won presidential elections in 2008. He declared improving cross-strait relations as one of the main aims of his foreign policy. President Ma formulated his cross-strait policy with three no’s: no unification, no independence and no use of force. President Ma era Taiwan concentrated on improving cross-strait economic relations and

people to people contacts. The Economic Cooperation Framework Agreement was signed by the representatives of ARATS and SEF. This agreement eliminated tariffs on 539 goods from Taiwan to mainland China and 267 goods from China to Taiwan (see Lin 2013, p. 37; Harrison 2012). He won his second term in 2012. In February 2014, Mainland Affairs Council Minister of Taiwan Wang Yu-chi met with director of Taiwan Affairs Office Zhang Zhijun in mainland China. President Ma met with President Xi Jinping of China in Singapore on November 7, 2015 (Executive Yuan 2016). This meeting was an historic event between the leaders of the two sides of the Strait. However, increasing contacts with mainland China, particularly the Cross Strait Trade Agreement on Service Trade caused resentment among the young population in Taiwan. They feared losing their jobs and that increasing dependency on mainland China would put democracy in Taiwan at risk (Kasım and Eren Kasım 2017, pp. 558–559).

Taiwan's Presidential and Legislative elections on January 16, 2016 opened a new era in cross-strait relations. DPP rule with its approach towards cross-strait relations raised questions about mainland China's reactions to the election results.

### *3.2. How China Evaluated Cross-Strait Relations in the DPP Era in Taiwan*

The electoral victory of Tsai Ing-wen and DPP received a cautious response from China. The Taiwan Affairs Office of China emphasized the 1992 consensus and its opposition to "any form of secessionist activities seeking Taiwan independence." China also stressed the determination to protect its territory and sovereignty. China's President Xi considered Taiwan's independence as the greatest threat to cross-strait stability (Glaser 2016). China started to implement policies that indicated changes to cross-strait relations after the inauguration of Tsai Ing-wen in May 2016. China unilaterally suspended major official/semi-official communication mechanisms. As a result, the Taiwan Affairs Office cut its ties with the Mainland Affairs Council in Taiwan. Mainland China's ARATS also cut its ties with Taiwan's SEF. China also targeted trade relations and tourism in cross-strait relations. Mainland China's policy caused a 30% drop in the number of tourist visits to Taiwan from mainland China in 2016. Trade volume between mainland China and Taiwan was also affected and dropped by 9.8% in the first six months of 2016 (Zeng 2016).

China conducted diplomatic efforts towards the countries which recognized Taiwan to persuade them to change their diplomatic recognition of Taiwan. China restored diplomatic relations with Gambia in March 2016. Gambia shifted its recognition from Taiwan to China in 1971. Gambia switched back its recognition to Taiwan in 1995. Gambia cut its ties with Taiwan again in 2013. The reason was the result of Taiwan's refusal to increase its foreign aid to Gambia. At that time mainland China did not resume relations with Gambia, since cross-strait relations were improving then with President Ma in Taiwan. Mainland China's restoration of its relations with Gambia was a message to DPP (Ramzy 2016). São Tomé and Príncipe reestablished diplomatic ties with Mainland China on December 26, 2016. Taiwan's authorities expressed strong disappointment and in an official statement Taiwan argued that "the government of São Tomé and Príncipe has been lured by the dollar diplomacy campaign of mainland China and ignored the years of major contributions the Republic of China (Taiwan) has made to the improvement of the health and welfare of the people of São Tomé and Príncipe" (Foreign Press Liaison Office, Ministry of Foreign Affairs, Republic of China, 2016). Taiwan ended all bilateral projects with São Tomé and Príncipe. In June 2017 Panama also cut its ties with Taiwan and switched its diplomatic relations from Taiwan to mainland China (Jennings June 13, 2017).

China also tried to constrain Taiwan's participation in the World Health Assembly (WHA) and International Civil Aviation Organization. Taiwan has been participating in WHA as "Chinese Taipei" since 2009. Mainland China objected to Taiwan's participation at the 70<sup>th</sup> WHA in 2017. The General Committee of the WHA stated that a proposal on inviting Taiwan to participate in the WHA as an observer will not be included on the conference's provisional agenda due to China's strong opposition (Tang and E, K 2017). Taiwan stated that:

Taiwan's participation in the WHA from 2009 to 2016 was the result of Taiwan's urgent need for involvement, the support extended by the international community, as well as mutual expressions of goodwill by the two sides of the Taiwan Strait. Mainland China's claim that Taiwan's participation was based on the "one China principle" constitutes a unilateral claim that is completely at odds with the facts." (Foreign Press Liaison Office, Ministry of Foreign Affairs, Republic of China 2017)

As a result of Mainland China's policy to isolate Taiwan, in 2016 Taiwan was also rejected by the International Civil Aviation Organization to participate in its annual meeting, despite the fact that Taiwan participated

as a guest in the International Civil Aviation Organization's meeting in 2013 (Jennings 2016).

It was obvious that the Xi Jinping administration of mainland China put pressure on the DPP government and President Tsai Ing-wen. Xi Jinping did not want to be seen as soft on Taiwan. In fact, the election victory of the DPP provided negative perceptions of Xi Jinping's cross-strait policy. In this strategy China has been using all available tools to make life difficult for the DPP administration in Taiwan. However, the parameters of cross-strait relations have changed since 2008. Therefore, China's excessive pressure on Taiwan may cause complications in mainland China and China's position in the world. As will be discussed below regarding the US role in cross-strait relations and South and East China Sea disputes, cross-strait relations cannot be defined just as relations between mainland China and Taiwan.

#### 4. The US Role in Cross-Strait Relations

The US policy towards the region has changed the character of cross-strait relations throughout history. Taiwan's international position and its policy towards mainland China were affected and even shaped especially during the Cold War era by the US strategy. The US rapprochement process with mainland China started with ping pong diplomacy and resulted in the US recognition of PRC in 1979. The US did not recognize PRC's claim over Taiwan and US relations with Taiwan are based on the Taiwan Relations Act of 1979 and Public Law 96-8 (see Griffin 2014). The Taiwan Relations Act stated that:

to consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States." The US also stated that with this act the US will "provide Taiwan with arms of a defensive character" and the US will "maintain the capacity of the US to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan (American Institute in Taiwan 1979).

The US also gave Six Assurances to Taiwan in 1982 in which the US would not agree to set a date for termination of arms sales to Taiwan. The US would not alter the terms of the Taiwan Relations Act. The US would not consult with China in advance before making decisions about

US arms sales to Taiwan. The US would not mediate between Taiwan and China. The US would not alter its position about the sovereignty of Taiwan, that the question was one to be decided peacefully by the Chinese themselves, and would not put pressure on Taiwan to enter into negotiations with China. The United States would not formally recognize Chinese sovereignty over Taiwan (Lofther 2012). The US was against any changes in cross-strait relations with force and supported the dispute's being solved by negotiations.

US policy continued to support the existence of Taiwan after the Cold War era. US interest in cross-strait relations increased during the time of active US policy towards Asia-Pacific. The US policy focused on Asia-Pacific during the Obama era as Barack Obama declared the US policy a "strategic pivot" or "rebalancing." Obama's strategy had economic, political and military dimensions. Obama aimed to strengthen the US ties with regional allies, he supported the Trans-Pacific Partnership (TPP) as an economic dimension of the strategy. The US also signed military agreements with its allies to strengthen its military presence. This policy was difficult to implement while continuing engagement with China. Obama's policy of emphasizing Asia-Pacific was also criticized by the US's European allies as neglecting Europe (Campbell and Andrews 2013, p. 2; Kasim 2015, pp. 90–91. See Kasim 2017, pp. 180–181). Regarding cross-strait relations, the Obama era was the time of developing relations between mainland China and Taiwan at least until the elections in Taiwan in 2016.

#### *4.1. How the US Views the Power Shift in Taiwan and Trump's Policy towards Cross-Strait Relations*

The initial response of the US was to congratulate Tsai Ing-wen and the DPP on their victory. The statement emphasized a shared interest with the people of Taiwan in the continuation of cross-strait peace and stability. The US stated that Taiwan was "once again demonstrating the strength of their robust democratic system, which will now undergo another peaceful transition of power" (Taiwan Today 2016). Just after the elections in Taiwan, Bill Burns, former Deputy Secretary of State, visited Taiwan together with Raymond Burghard, Chairman of the American Institute in Taiwan. US Deputy Secretary of State Antony Blinken visited China on January 21, 2016, and he met with the mainland's Taiwan Affairs Office Minister, Zhang Zhijun. Blinken stated an abiding interest in

continuing cross-strait peace and stability (Glaser 2016; The China Post 2016). After the major change in Taiwan, the US also changed President, and Republican candidate Donald Trump won the presidential election. The change in the US administration has raised questions about the US commitment to the rebalancing policy. The rebalancing policy has military, political and economic aspects and requires US commitment for each stages of the strategy. The rebalancing has been considered very important for the US regional allies. The rebalancing policy is viewed by Taiwan as an important tool vis-à-vis its relations with mainland China. However, President Trump's view, expressed during his election campaign about regional security, created suspicion about the US commitment to regional allies, since Trump argued that regional countries should take responsibility on security issues. Besides, Trump's strong opposition to TPP indicated a major change in US regional policy (Kasım and Eren Kasım 2017, p. 560).

Despite Trump's position during the election campaign regarding regional issues, he had a telephone conversation with Tsai Ing-wen. Trump's team stated that Tsai Ing-wen had congratulated Trump on his electoral victory. They noted the close economic, political and security ties between the US and Taiwan, and Trump also congratulated Tsai Ing-wen for her electoral victory. This was the first phone conversation since 1979. This might have caused a crisis in US–China relations. However, China chose to play down the importance of the phone call considering the event as just a small trick by Taiwan (The Guardian 2016). Trump's adviser Peter Navarro in his article, written together with Alexander Gray, argued that the Obama Administration's treatment of Taiwan has been egregious and commented that:

This beacon of democracy in Asia is perhaps the most militarily vulnerable U.S. partner anywhere in the world.....the balance of power in the skies above the Taiwan Strait was shifting toward Beijing. Yet Taiwan has been repeatedly denied the type of comprehensive arms deal it needs to deter China's covetous gaze, despite the fact that such assistance is guaranteed by the legally binding Taiwan Relations Act. (Gray and Navarro 2016)

There are questions and uncertainty about the continuity of Trump's policy on Asia-Pacific. However, at least Obama's policy parameters have not been continued in Trump's era. Trump's statements about the economy might be considered quite protectionist. As he promised to bring back manufacturing jobs to the US, and China, in Trump's view, is the main

country to “steal” US jobs. This may indicate a kind of economic war between the US and China. However, Trump’s opinion that allies in the region should provide their own security and claim he will withdraw the US troops from Japan and South Korea would open space to China to increase its regional influence. At least the US lack of commitment to its allies would make the US allies rethink their position regarding China’s action in the South and East China Sea disputes. For Taiwan, strong security ties with the US are important to protect its position against China. The US lack of military commitment and Trump’s lack of interest to intervene in order to protect democracies will be against Taiwan. This means that Taiwan should strengthen its ties with other regional countries for its security. In any circumstances, the reliance on one country would not be the best option for Taiwan to protect its interest in cross-strait relations (Hioe 2016).

Despite Trump’s unpredictability and the perception of his objection to the US military commitment in regional disputes, the US administration at least showed its decisiveness to protect the US and its allies’ interests in the South and East China Sea disputes. The US commitment to Taiwan is important to keep the status quo in cross-strait relations. Tsai Ing-wen and the DPP administration may find the desired US support in cross-strait relations as long as Taiwan’s policies regarding the South and East China Sea disputes are compatible with the US. However, in the case of the South and East China Sea problems, Taiwan and mainland China have similar claims, and disagreements between Taiwan and the US allies in the region have weakened the US position in the disputes.

Dispute in the China Seas takes place over the Spratly (Nansha) and Paracel (Shisha) islands as well as the Pratas (Tungsha), Natuna and Scarborough Shoal. These areas are the subjects of overlapping claims by regional countries. Mainland China and Taiwan’s argument is based on a dash line map, published in 1947 by the KMT government of China. First, it consisted of the eleven-dash line. After Chinese Communists took power of the mainland, they cancelled the two intermittent lines and mainland China started to use the nine-dash line to support its sovereignty claims. China’s building of artificial islands and drilling operations creates tensions especially between China and the Philippines, and China and Vietnam. Conflicts occurred between China and Vietnam and more than 70 Vietnamese soldiers were killed in 1974. 60 Vietnamese soldiers died in 1988 (Chubb 2014). Although China and Taiwan have similar

arguments regarding the disputes, Taiwan does not support territorial sovereignty through the man-made islands and promotes cooperation among regional countries to solve the dispute and does not support unilateral extraction of sand from the seabed or the reclamation of land from underwater reefs (for Taiwan's view: Ministry of Foreign Affairs, Republic of China 2015).

Taiwan and mainland China did not recognize the decision of the Permanent Court of Arbitration, which decided that the Philippines has exclusive sovereign rights over the West Philippine Sea in the South China Sea, and that China's nine-dash line is invalid (Santos 2016). Taiwan argued that the Philippines did not extend an invitation to Taiwan to participate in its arbitration with mainland China, since the arbitral tribunal did not solicit Taiwan's views. Therefore, Taiwan refuses to recognize the arbitration or any agreements since it will not affect Taiwan (Tiezzi 2015).

The DPP administration of Taiwan stepped up military activities in the South China Sea. Taiwan's Defense Minister Feng Shih-kuan stated that "the navy will use its increased, regular South China Sea patrols to do humanitarian rescue drills and protect Taiwanese boats trawling for fish or ferrying supplies. A 1,000-ton coast guard frigate has already been sent to the sea to protect Taiwanese fishing boats" (Jennings March 6, 2017). China's response to the increasing military activities of Taiwan will create a risk of instability in the cross-strait relations. Taiwan holds the biggest island in the South China Sea, Taiping (Itu Aba). However the Philippines argued that Taiping is not an island because of its lack of water supply and fertile soil making it inconvenient for inhabitants. Taiwan stated that Taiping Island is the only island in the Spratly (Nansha) Islands to have its own sources of potable water and Taiping Island can sustain human habitation and economic life of its own (Song 2016; Kasim 2017, p. 186). Taiwan has no interest in recognizing the decision of the Permanent Court of Arbitration, just like mainland China. However, Taiwan needs to protect its own interest against claims of other regional states and also against mainland China (Brosnan 2016). The problem is that in the case of tension in cross-strait relations, Taiwan needs the support of the US. This requires some kind of compromise with other US allies in the region. In fact, Taiwan has an advantageous position with its strong economy in the region.

China tried to put pressure on the DPP administration of Taiwan and this changed the parameters of cross-strait relations. Tsai Ing-wen increased Taiwan's security to strengthen its hand against China in cross-

strait relations. When the US deployed the Terminal High-Altitude Area Defense (THAAD) system in South Korea, it is argued that Taiwan may get THAAD from the US. China warned Taiwan about the consequences of the deployment of the THAAD system. Taiwan's annual defense budget is usually around 10.1 billion USD and each THAAD system costs about 800 million USD. It would be an expensive system and some questioned the necessity of it for Taiwan (Yeh 2017). A US troop relocation from Okinawa to Taiwan has also been mentioned by John Bolton, former US ambassador to the United Nations and adviser of President Trump. He suggested an increase in military sales to Taiwan and redeployment of part of the US military personnel from Okinawa/Japan to Taiwan (The China Post 2017). This suggestion from Trump's adviser came in the same month that President Trump said in an interview with *The Wall Street Journal* "he would not honor the US commitment that Taiwan was not to be recognized diplomatically, unless he saw what he considered progress from Beijing in its currency and trade practices. "Everything is under negotiation, including 'one China'" (Zhen 2017). However, this type of statement from President Trump did not reflect the policy of the US. The US continues to follow a One China policy and continues to support negotiations between China and Taiwan. The current US policy may not desire to see cross-strait relations reach dangerous levels for stability, like during the DPP era of 2000–2008.

## 5. Conclusion

Tsai Ing-wen's DPP administration represents a major power shift in Taiwan. However, Tsai Ing-wen will not follow the same line as the first DPP rule in 2000–2008. She considers the 1992 consensus a vehicle to set aside differences to seek common ground. Conditions and stages of relations between the two sides of the Strait have had major changes since 2012. Whatever Taiwan does, China's commitment to unification will not change and Beijing will not renounce the right to use force to realize unification. China will continue to exert pressure on Taiwan, the degree of which depends on the policies of the DPP administrations and perceptions of this policy in China. The situation in cross-strait relations is rather tense since the presidency of Tsai Ing-wen in Taiwan. China is implementing economic measures to pressure Taiwan and this will result in the continuation of the drop in the number of tourist visits to Taiwan. The development of eco-

conomic relations in 2008–2016 may also change, and further obstacles for Taiwanese business in China may reduce trade volume.

Cross-strait relations and contacts between China and Taiwan are important for both sides. Therefore, China will also use soft power elements besides using the threat of use of force. For China, keeping in touch with the Taiwanese population will also help its strategy of integration. The question is whether China will shift its policy and offer different carrots to win the hearts and minds of the people of Taiwan, or China will continue a reliance on sticks in cross-strait relations as it has done during tense cross-strait relations in history.

The cross-strait relations have been affected by the US policy and relations among other regional states. The South and East China Sea disputes are also factors to evaluate in the future of cross-strait relations. The status quo of cross-strait relations also requires a continuation of Taiwan–US ties. However, after the Obama administration, questions have been raised about the US policy in the region. The Trump administration has given contradictory signals regarding the US commitment in the region. The lack of a US security guarantee and its leaving security issues to the regional countries will strengthen the hand of China. However, the US economic competition with China will force it to continue military commitment particularly regarding the South and East China Sea disputes. However, Taiwan and China put forward similar claims and their positions regarding the International Court of Arbitration’s decision about the Philippines’ application are the same. This makes the US job difficult since there are differences of approach among the regional states regarding the South and East China Sea dispute. Tsai Ing-wen’s “New Southwards Policy” aimed at cementing political and economic ties with Southeast Asian countries to reduce Taiwan’s economic dependence on China may force Taiwan to have a new approach regarding the China Sea disputes. The US wants Taiwan to follow a harmonious policy with other regional states which have close ties with the US regarding the China Sea dispute. However, this does not mean that the US wants tense cross-strait relations and an escalation of tension between Taiwan and China. The power shift in Taiwan is expected to cause tension with China, but this should not change the path of cross-strait relations, which have reached a certain level through official/semiofficial mechanisms. Basically, the US and other regional countries may not desire escalation of tension in cross-strait relations in a way to threaten the regional stability. Counter claims in the China Sea dispute require multi-party negotiations and diplomatic efforts to prevent conflict.

The power shift in Taiwan impacted on cross-strait relations and the initial response from China was not very promising regarding continuation of negotiations. However, at least both sides accept the 1992 consensus, although interpretation of it are quite different on the two sides of the Strait. In fact both sides' interests require contacts to be continued, and tourism and investments have changed the character of cross-strait relations. A reversal of the stages in relations would be detrimental for both sides.

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