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The End of the Obama Era in Asia

Edited by
Michelguglielmo Torri
and Nicola Mocci

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TAIWAN 2012-2016: FROM CONSOLIDATION TO THE COLLAPSE
OF CROSS-STRAIT RAPPROCHEMENT*

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From 2012 to 2016, the relation between Mainland China and Taiwan saw landmark achievements and underwent profound shockwaves. During the second term of President Ma Ying-jeou, China and Taiwan reached the zenith of a process of cross-strait rapprochement. This process began in 2008, as Ma and General Secretary of the Chinese Communist Party (CCP) and President of the People's Republic of China (PRC) Xi Jinping met in Singapore on 7 November 2015. This was the first meeting between the leaders of the two Chinas since 1949. The process itself was brought to an abrupt end by elections held in the Republic of China (ROC) on 16 January 2016. In this election, the presidential candidate of the Democratic Progressive Party (DPP), Tsai Ing-wen, became president and her party obtained for the first time a majority in the Legislative Yuan (LY). Tsai's refusal to accept the existing «1992 Consensus» between the CCP and the Kuomintang (KMT), which posits the existence of One China, including both the Mainland and Taiwan, led cross-strait relations towards a phase of renewed tensions, as the PRC froze relations with Taipei's new administration. On 2 December 2016, the phone conversation between President Tsai and US President-Elect Donald J. Trump certified the fracture between Beijing and Taipei.

In Taiwan, unsatisfactory economic performances, social discontent and intra-party fighting marred Ma's second term, facilitating the DPP's sweeping victory in the 2016 elections. Long-standing structural imbalances and the freezing of the relations with China, however, complicated Tsai's plans for reinvigorating Taiwan's economy during her first months in office.

In regional politics, Taiwan attempted to «punch above its weight» in the international sovereignty disputes occurring in the East China Sea and in the South China Sea, which involve areas claimed by the ROC. Although Ma's «Peace Initiatives» were effectively ignored by the international community, Taiwan was nevertheless able to sign a successful fishery agreement with Japan, which effectively shelved the dispute in the East China Sea. Nonetheless, tensions remained high in the South China Sea up to 2016, as President Tsai pursued a less accommodating and more assertive policy concerning sovereignty disputes.

* Key terms and expressions are reported in English followed by a transcription in Chinese characters. Traditional characters are used for terms and statements drawn from Taiwanese sources, while simplified characters are used for terms and statements drawn from PRC's sources. Given the lack of a standardised system for proper nouns in Taiwan, people's names and place names are transliterated either in Wade-Giles or in Gwoyeu Romatzyh, following their most common usage. Proper nouns from the PRC are transliterated in Hanyu Pinyin.

1. Introduction

This essay explores the developments which occurred in the ROC in the fields of cross-Strait relations, domestic and regional politics, and domestic economy within the broader context of the rapprochement process that characterised the relations between Taipei and Beijing in the first half of the 2010s. As such, it covers the period between 2012 to 2016, encompassing the second term of President Ma Ying-jeou and the first year in office of President Tsai Ing-wen. While throughout most of Ma's second term, between 2012 and 2015, cross-Strait relations underwent a process of consolidation, they faced a rapid collapse under President Tsai.

After an introductory section providing the necessary context for the process of cross-Strait rapprochement which occurred during Ma's first term, the second, third and fourth sections provide an in-depth analysis of cross-Strait relations in chronological order. Section two covers the developments between 2012 and 2014, section three covers 2015 and section four 2016. The fifth section gives an account of the developments which unfolded in Taiwanese domestic politics between 2012 and 2016. Against the backdrop of cross-Strait and domestic politics, the sixth section provides a bird's-eye view of the major trends in Taiwan's domestic economy and an analysis of the economic policies of the Ma and Tsai administrations in the same period. Finally, section seven covers the ROC's role in the sovereignty disputes over the East China Sea and the South China Sea which have affected the stability of Asia-Pacific in recent years.

1.2. The bedrock of cross-Strait rapprochement: the 1992 Consensus and the Economic Framework Comprehensive Agreement

Cross-Strait relations between 2012 and 2016 responded to a dynamic shaped by two key factors. The first is the polarisation of Taiwan's domestic politics along the axis of the so-called «1992 Consensus» (九二共识) existing between Taiwan's Kuomintang (KMT) and Mainland's Chinese Communist Party (CCP). The second is the economic and political impact caused by the signing of the Economic Comprehensive Framework Agreement (ECFA) between Beijing and Taipei in June 2010.

The «1992 Consensus» posits that «the Mainland and Taiwan both belong to One China» (大陆与台湾同属一个中国). While both the KMT and the CCP agree on this point, the KMT has maintained a distinctive understanding of the Consensus – defined as «One China, respective interpretations» (一中、各表) – in order to stress Taipei's claim as the legitimate government of China. Even though Chinese authorities do not endorse the KMT's formulation of the Consensus, they do not challenge

its use either.¹ Building upon this shared position, the two parties have enhanced cooperation, since 2005 at the party-level, and, later, during Ma Ying-jeou's two terms in office (20 May 2008 – 20 May 2016), at a cross-Strait level.² The two parties, however, maintained different understandings of the implications of the Consensus. Mainly because of weak popular support for unification among the Taiwanese, the KMT has generally understood it as an instrument to uphold the political status quo across the Strait while deepening economic ties with the Mainland to Taiwan's advantage. This approach is exemplified by Ma Ying-jeou's «three noes policy» (三不政策), proposed during the 2008 presidential election campaign: «no to unification (with the Mainland), no to independence, no to the use of military force» (不統、不獨、不武).³ Conversely, Beijing has grown to interpret the Consensus as a platform to enhance future negotiations for a peace treaty and political talks aimed at unifying China.⁴ In opposition to both the KMT and the CCP, Taiwan's DPP has consistently refused the «One China principle» (一个中原則) as it goes against the sovereignty-affirming tenets of the party.⁵

The opposing views of Taiwan's two major parties on the Consensus, in turn, shaped their respective approaches to economic integration with the Mainland. Following KMT's sweeping victory in the 2008 presidential election and the resuming of cross-Strait dialogues, Taipei and Beijing signed the ECFA in June 2010.⁶ The agreement outlined a framework

1. For a reconstruction of the early stages, evolution and definition of the 1992 Consensus see: Chi-hung Wei, 'China-Taiwan Relations and the 1992 Consensus, 2000-2008', *International Relations of the Asia-Pacific*, Vol. 16, Issue 1, 2016, pp. 77-84.

2. The Consensus is recognised as the basis for the cooperation between the two parties since the issue of the April 2005 joint communiqué. See 'A Virtuous Circle of Co-Operation', *South China Morning Post*, 30 April 2005.

3. Ralph Cossa, 'Looking Behind Ma's «Three Noes»', *Taipei Times*, 21 January 2008.

4. According to Chi-hung Wei, the Consensus reached in the mid-2000s was essentially a Chinese concession to KMT actors occurring within the context of the deadlock in cross-Strait relations during the presidency of Chen Shui-bian, who pursued a pro-independence and antagonistic agenda towards Beijing while in power. See Chi-hung Wei, 'China-Taiwan Relations and the 1992 Consensus, 2000-2008', pp. 80-82. As illustrated later on in this essay, Beijing eventually emphasised the centrality of the Consensus in its Taiwan policy during Ma Ying-jeou's two terms in office.

5. For a synopsis of DPP's position towards the 1992 Consensus and the One China Principle see: Mumin Chen, 'Embracing or Resisting the Giant Neighbour: Debates between KMT and DPP on the Mainland Policy', *China Report*, Vol. 49, Issue 4, 2013, pp. 407-09.

6. Cross-Strait talks, which had been suspended since 1999 following increasing tensions between the two sides, were resumed via Beijing's and Taipei's respective proxies, the Association for Relations Across the Taiwan Straits (ARATS) and the Straits Exchange Foundation (SEF). These organisations are «authorised NGOs» functioning as proxies for the PRC and the ROC authorities in order to avoid providing a state-to-state character to cross-Strait relations. See: Mumin Chen, 'Embracing or Resisting the Giant Neighbour', p. 402. On the 2008 presidential elections, see:

for promoting investments and liberalising market access for trade in goods and services across the strait. Moreover, it provided a roadmap and negotiating mechanisms to reach further major agreements on service trade, merchandise trade, trade dispute settlement and investment protection.⁷ Signed under the aegis of the 1992 Consensus and KMT-CCP cooperation, the ECFA inevitably charged the issue of cross-Strait economic integration with strong political overtones.

The DPP resolutely opposed the agreement, criticising the impact of liberalisations on Taiwan's small and medium enterprises (SMEs) in the short and medium-term, and especially the possible constraints to the political autonomy of the island in the long-term.⁸ However, because of the weak popular support for the DPP's campaign against the ECFA in the build-up to the 2012 presidential election, the DPP candidate Tsai Ing-wen shifted the focus of her campaign back to the 1992 Consensus and KMT's China policy. She proposed a new, broader and democratically approved framework to build a new relation with Beijing, dubbed the «Taiwan Consensus» (台灣共識).⁹ China's predictable refusal of the DPP's alternative framework signalled that the 2012 presidential election was a decisive crossroad for cross-Strait relations.

2. Cross-Strait Relations between 2012 and 2014: tense undercurrents beneath a process of consolidation

On 14 January 2012, incumbent President Ma defeated DPP candidate Tsai in the presidential election, even though his victory margin substantially shrank compared to the 2008 triumph.¹⁰ The DPP's failure to clearly articulate a model of effective cross-Strait relations as an alternative

Central Electoral Commission, *2008 Presidential and Vice Presidential Election*, 9 April 2013 (<http://www.cec.gov.tw/english/cms/pe/24833>).

7. Douglas B. Fuller, 'ECFA Empty Promise and Hollow Threat', in Jean-Pierre Cabestan & Jacques de Lisle (ed.), *Political Changes in Taiwan under Ma Ying-jeou: Partisan Conflict, Policy Choices, External Constraints and Security Challenges*, New York: Routledge, 2013, pp. 85-99. For an English translation of the ECFA document signed in June 2010 see: *Cross-Straits Economic Cooperation Framework Agreement* (<http://www.ecfa.org.tw/EcfaAttachment/ECFADoc/ECFA.pdf>). For a chronicle of SEF-ARATS negotiations on the ECFA, its signing, and the spill-over on Taiwan's domestic politics see: David G. Brown, 'China-Taiwan Relations: ECFA and Domestic Politics', *Comparative Connections*, Vol. 12, Issue 1, April 2010, pp. 65-74; David G. Brown, 'China-Taiwan Relations: Economic Comprehensive Framework Agreement Signed', *Comparative Connections*, Vol. 12, Issue 2, July 2010, pp. 77-86.

8. Mumin Chen, 'Embracing or Resisting the Giant Neighbour', pp. 407-08.

9. Chris Wang, 'Tsai Details DPP's Cross-Strait Policies', *Taipei Times*, 24 August 2011; 'Interview with Tsai Ing-wen', *The New York Times*, 5 January 2012.

10. Central Electoral Commission, *2012 Presidential and Vice Presidential Election*, 1 February 2016 (<http://www.cec.gov.tw/english/cms/pe/24834>).

to KMT's (founded on the 1992 Consensus) was a key factor in its electoral defeat. KMT's victory ensured the stability and consolidation of cross-Strait relations and, in the aftermath of Ma's success, both Beijing and Taipei pledged to prioritise the signing and implementation of the ECFA follow-up agreements. The Director of the PRC's Taiwan Affairs Office (TAO), Wang Yi, articulated China's post-election Taiwan agenda via a number of articles and statements disseminated on Chinese media outlets during 2012. In his New Year message to Taiwanese «compatriots» (同胞), Wang ensured Taiwanese SMEs, fishermen, farmers and grass-root people that economic integration with the Mainland would benefit them.¹¹ In April, at the 2012 Boao Forum for Asia, Wang coupled a pledge to conclude the ECFA follow-up agreements with a call to deepen «political mutual trust» (政治互信) across the strait.¹² In an article published the same month for the CCP political theory magazine *Qiushi*, the TAO Director argued that cross-Strait relations had entered a new stage of «consolidation and deepening» (巩固和深化).¹³ In this new context, Wang submitted two proposals. Firstly, both parties needed to establish a clearer «common understanding and a unanimous position» on the One China principle; secondly, both parties needed to conclude the ECFA follow-up agreements «as soon as possible» to provide tangible benefits to the Taiwanese people.¹⁴ Thus, they would eventually identify their «vital interests and career developments» with the progress of cross-Strait relations.¹⁵ Finally, in another article in *Qiushi*, published in October 2012, Wang framed the themes of his Taiwan agenda with a major emphasis on the issues of unification and of Taiwan's role within the Chinese project of national rejuvenation initiated under the new administration of Xi Jinping.¹⁶ A recurrent theme in Wang's 2012 statements was the fact that KMT's last two electoral victories in 2008 and in January 2012 created a historical «opportunity» (机遇) for the enhancement of cross-Strait relations. While carefully worded to avoid overt criticisms in Taiwan, Wang's statements showed Beijing's intentions to move beyond a relation

11. Wang Yi, '王毅新年寄语两岸关系: 继往开来 再谱新篇' (Wang Yi's New Year Message on Cross-Strait Relations: Let's Carry On Past Accomplishments and Forge a New Chapter for the Future), 新华 (*Xinhua*), 30 January 2012.

12. Taiwan Affairs Office of the State Council, PRC (TAO), '王毅在欢迎吴敦义一行招待酒会上的即席致辞' (Wang Yi Delivers an Impromptu Speech at the Cocktail Reception for Wu Den-yih and His Party), 2 April 2012 (http://www.gwytb.gov.cn/wyly/201204/t20120402_2418794.htm).

13. Wang Yi, '巩固深化两岸关系 开创和平发展新局面' (Consolidating and Deepening Cross-Strait Relations – Opening Up a New Prospect for Peaceful Development), 求实 (*Qiushi*), 16 April 2012.

14. *Ibid.*

15. *Ibid.*

16. Wang Yi, '王毅总结10年对台工作: 5个实践成就 6个理论创新' (Wang Yi Sums Up Ten Years of Work Related to Taiwan: 5 Practical Achievements – 6 Theoretical Innovations), *Xinhua*, 16 October 2012.

mainly driven by the ECFA-sanctioned process of economic integration and towards a more explicit political dimension.

President Ma Ying-jeou's post-election statements were, however, more cautious. After a widely criticised comment on the possibility of a peace agreement with the PRC in November 2011, in February Ma affirmed that peace across the strait could be institutionalised without a formal agreement.¹⁷ Months later, during the inauguration speech for his second term, delivered on 21 May 2012, Ma conditioned the signing and implementation of the ECFA follow-up agreements only on a pledge to pursue a broader economic agenda. This included further economic cooperation agreements with New Zealand and Singapore and the negotiations to access the Trans-Pacific Partnership (TPP).¹⁸

The contrast between Wang Yi's bold agenda and Ma Ying-jeou's cautious approach reflected the persistence of different views on the political implications of economic integration under the ECFA in Beijing and Taipei after the election. However, in Ma's case, the more muted tone also reflected the persistence of wariness for a deeper engagement with China among the Taiwanese public (on this, see below, section 6).

Cross-Strait pledges for enhancing economic integration during Ma's second term, in fact, failed to fully realise. In the period between 2012 and 2014, Beijing and Taipei reached and put into effect only one of the four major ECFA follow-up agreements: the Cross-Strait Investment Protection and Promotion Agreement (CSIPPA).¹⁹ After this minor success, the process of economic integration suffered a heavy blow following the failure to pass the Cross-Strait Service Trade Agreement (CSSTA) in the Legislative Yuan (LY), namely the unicameral Parliament of Taiwan. Signed by both parties in Shanghai in June 2013, the CSSTA aimed at opening 80 market segments in China and liberalising 64 industries in Taiwan in the SMEs-dominated core sector of the island's economy.²⁰ The signing of the CSSTA raised concerns on the possibly disruptive impact of the liberalisations upon the Taiwanese economy and on its questionable immediate benefits. For instance, a report by the Chung-Hua Institution for Economic Research issued in July 2013,

17. '马英九: 两岸和平制度化不一定要签和平协议' (Ma Ying-jeou: The Institutionalization of Peace across the Strait Does Not Necessarily Need a Peace Agreement), RFI 华语 (*Radio France Internationale Chinese*), 9 February 2012.

18. 'Full Text of President Ma's Inaugural Address', *The China Post*, 21 May 2012.

19. The CSIPPA was signed in August 2012 and put into effect in February 2013. Ministry of Economic Affairs, ROC, *Cross-Strait Bilateral Investment Protection and Promotion Agreement Takes Effect February 1*, 6 February 2013. Beijing and Taipei also signed an agreement on custom cooperation: Ministry of Finance, ROC, *Cross-Strait Bilateral Customs Cooperation Agreement* (www.mac.gov.tw/public/Data/28315204471.pdf).

20. JoAnn Fan, 'The Economics of the Cross-Strait Service Trade Agreement', *The Diplomat*, 18 April 2014.

credited the CSSTA for a very limited 0.02 - 0.03% boost to the island's GDP.²¹ At the same time, a number of polls conducted since the signing of the agreement showed consistent public opposition to it.²² Within this heated context, the alignment with the DPP by KMT LY Speaker Wang Jin-pyng, who had been locked into a feud with President Ma since September, played a key role in halting the CSSTA. Wang's decision to grant an article-by-article review of the agreement, together with the scheduling of 16 public hearings throughout the LY's second 2013 session and first 2014 session, delayed the CSSTA review process to be held in the Internal Administration Committee until March 2014.²³ Following further DPP obstructionist tactics in the committee, on 17 March 2014 KMT co-convenor Chang Ching-chung took the unilateral decision to pass the CSSTA to the LY plenary session without the committee actually deliberating on it.²⁴ Chang's decision ignited wide popular protests which coalesced into the «Sunflower Student Movement» (太陽花學運).

Taiwanese students occupied the LY from 18 March until 10 April, stormed the Executive Yuan (EY) building on 23 March, and organised mass protests in front of the Presidential Office Building on 30 March.²⁵ The Sunflower Movement rapidly shifted the focus of its protests from the hasty review process of the CSSTA to the broader issue of the LY's oversight powers on cross-Strait agreements. This shift reflected a widespread perception that, due to the «black box» (黑箱) nature of KMT-CCP relations, democratic accountability had been consistently side-lined in the previous negotiations with Beijing.²⁶ The fate of the agreement was decided in April 2014: the DPP obstructed new KMT attempts to resume the work of the Internal Administration Committee at the beginning of the month, and later it halted the committee hearings on a cross-Strait agreement oversight bill proposed by

21. Chung-Hua Institution for Economic Research, 兩岸服務貿易協議經濟影響評估報告 (*Evaluation Report on the Economic Impact of the Cross-Strait Service Trade Agreement*), July 2013, p. 6.

22. Ming Sho-ho, 'Occupy Congress in Taiwan: Political Opportunity, Threat and the Sunflower Movement', *Journal of East Asian Studies*, Vol. 15, Issue 1, April 2015, pp. 79-80.

23. David G. Brown, 'China-Taiwan Relations: A Breakthrough and a Deadlock', *Comparative Connections*, Vol. 16, Issue 1, May 2014, p. 78.

24. 'Trade Pact Review Meeting Cut Short', *Taipei Times*, 18 March 2014.

25. 'Students Siege Is Over', *Taipei Times*, 11 April 2014; 'More than 150 Injured as Police Evict Students from Taiwan Parliament', *South China Morning Post*, 24 March 2014; 'Taiwan's Protesters March on President Ma Ying-jeou's Office to Demand Halt to Trade Pact', *South China Morning Post*, 30 March 2014. The EY is the executive branch of the ROC government, headed by a premier appointed by the President.

26. '反黑箱服貿學生要求總統回應' (Students Opposing the Black-Box CSSTA Demand a Response from the President), 中央通訊社 (*Central News Agency, CNA*), 18 April 2014.

the EY in order to pander the protesters.²⁷ By summer 2014, it was clear that the CSSTA would remain a dead letter. Even though Beijing's reactions were far from being inflammatory, the TAO repeatedly addressed the delays in the CSSTA review process throughout 2013 and, crucially, refused to renegotiate the agreement in accordance with the requests of the DPP and the Sunflower Movement.²⁸ With the CSSTA stranded in the LY, the other ECFA follow-up agreements on trade and trade dispute suffered a similar fate.²⁹ Ultimately, the CSSTA reified and amplified the wariness of the Taiwanese public towards the entire process of engagement with the Mainland, envisioned by the KMT since its return to power in 2008. More broadly, the agreement became a conduit for the widespread popular discontent after the global financial crisis in 2008, which had disproportionately affected the youngest and poorest sections of Taiwanese society.

New tensions between Beijing and Taipei emerged once again as early as 2 September 2014, when President Ma expressed his support for universal suffrage in Hong Kong, after the decision by China's National People's Congress to screen candidates for the Legislative Council and for the position of Chief Executive and the emergence of the Umbrella Movement (雨傘運動) protests.³⁰ Against the backdrop of rising tensions in Hong Kong and of Ma's endorsement of universal suffrage in the former British colony, on 26 September Xi Jinping reaffirmed that the final aim of China's Taiwan policy remained unification under the «one country, two systems» (一国两制) framework applied in Hong Kong and Macao. Ma's spokesperson firmly rebutted Xi's statement and on 10 October the President himself expressed further support for the democratic protests in Hong Kong in his «Proud

27. 'DPP Legislators Block STA Review by Locking Committee Room Doors and Erecting Human Shields', *National Policy Foundation*, 3 April 2014; 'Public Hearing on Oversight Bill Aborted Due to DPP's Obstructionism', *National Policy Foundation*, 14 April 2014.

28. TAO, 陈德铭: 签署海峡两岸服务贸易协议势在必行 (*Chen Deming: The Cross-Strait Trade Service Agreement Must Pass*), 21 June 2013 (http://www.gwytb.gov.cn/lhjl/la2008/201307/t20130717_4462447.htm); Lan Xiaowei, '海協會長陳德銘專訪—台灣快通過服貿' (Interview to ARATS Chairman Chen Deming – Taiwan Must Quickly Pass the CSSTA), 中時電子報 (*China Times.com*), 21 October 2013; TAO, 国台办: 两岸协议没有重谈的先例 (*TAO: There Is No Precedent to Resume Talks on the Cross-Strait Service Trade Agreement*), 11 April 2014 (http://www.gwytb.gov.cn/wyly/201404/t20140411_6002693.htm).

29. Between August 2014 and November 2015, the SEF and the ARATS concluded twelve rounds of negotiations for the Cross-Strait Merchandise Trade Agreement without success. See 'Cross-Strait Negotiations on Merchandise Trade to Happen Soon', *Focus Taiwan*, 8 August 2014; 'New Round of Cross-Strait MTA Negotiations to Be Held on Nov. 21', *National Policy Foundation*, 17 November 2015 (<http://www.taiwan-npfnews.org.tw/english/page.aspx?type=article&mnum=112&anum=16924>).

30. Austin Ramzy, 'From Taiwan, Broad Support for Democracy in Hong Kong', *The New York Times*, 3 September 2014.

of Taiwan, Proud of Our Democracy» (以民主為傲、以台灣為榮) address.³¹ Ma's vocal support for the protesters in Hong Kong was no surprise, as Taiwanese public opinion had been sympathetic to the struggles of Hong Kong's people since the handover of the former British colony to China in 1997. In fact, Taiwanese public opinion had been seeing Hong Kong's fate as a cautionary tale on the implications of reunification with the Mainland. Moreover, Ma's predicament was further complicated by the strong public reaction to his administration's Mainland policy after the signing of the CSSTA a few months earlier.

Conversely, Xi's remarks on eventual reunification under the «one country, two systems» framework reflected Beijing's deep concern over the political implications of the March-April 2014 popular protests. Throughout the unfolding of the CSSTA debacle, Beijing appeared to equate any opposition to the agreement as support for Taiwan's independence. In doing so, it conflated the diverse aims and agendas of the Sunflower Movement and of the DPP into a single independence camp.³² Against the backdrop of the protests in Hong Kong, Xi's «reminder» signalled that China would not tolerate a linkage between the independence movements in Taiwan and the emerging ones in Hong Kong.

Even though the ECFA follow-up agreements stalled, Beijing and Taipei were nonetheless able to progressively intensify and upgrade their communication channels and cooperation and achieve remarkable results. With Beijing's consent, Taiwan (as «Chinese Taipei») was able to participate as «guest» to the 38th Assembly of the International Civil Aviation Organization (ICAO) – a UN specialised agency – held in Montreal on 24 September 2013.³³ Taiwan's participation in the ICAO Assembly was the signal of major developments in cross-strait relations occurring between the two ministerial-level agencies of the two sides, Taiwan's Mainland Affairs Council and China's TAO. In April 2013, one of the most senior KMT leaders, Vincent Siew (Siew Wan-chang), met Xi Jinping at the Boao Forum, where they both expressed Taiwan's and China's commitment to accelerate progress in the ECFA follow-up negotiations.³⁴ Later in October, on the side

31. 'Presidential Spokesperson: «One Country, Two Systems» Formulation Unacceptable', *All Taipei Newspapers*, 29 September 2014; 'Full Text of President's National Day Address', *Focus Taiwan*, 10 October 2014.

32. Alan D. Romberg, 'Sunshine Heats Up Taiwan's Policy, Affects PRC Tactics', *China Leadership Monitor*, Issue 44, July 2014, p. 7. See also: TAO, 国台办: 习近平总书记讲话表明了大陆对台工作的基本方针政策 (*TAO: General Secretary Xi Jinping's Speech Clearly Expresses the Fundamental Orientation and Policies of the Mainland's Taiwan Work*), 14 May 2014 (http://www.gwytb.gov.cn/wyly/201405/t20140514_6159895.htm).

33. 'Taiwan to Attend ICAO Assembly as «Invited Guest»', *The China Post*, 14 September 2013.

34. Siew attended the Boao Forum as «Honorary Chairman of the Taiwan's Cross-Strait Common Market Foundation». Mainland Affairs Council, Republic of China, *Chronology, 2012* (<http://www.mac.gov.tw/ct.asp?xItem=102565&ctNode=660>)

lines of the APEC 2013 meeting in Bali, Mainland Affairs Council (MAC) Chairman Wang Yu-chi met new TAO Director Zhang Zhijun, and the two addressed each other with their respective titles. A few days later, on 16 October, Wang stated that both sides agreed to conduct reciprocal visits.³⁵ He proceeded then to visit Zhang Zhijun in Nanjing on 11 February 2014, in the «first meeting between the heads of the competent authorities for cross-Strait affairs».³⁶

Whilst Wang's visit constituted an achievement for both Taipei and Beijing, limitations imposed by both sides on the content of the meeting significantly reduced its scope. Unconfirmed reports from Taipei hinted that the Ma administration consented to Beijing's requests to avoid a range of topics («politics, the Republic of China and anything related to human rights, democracy, rule of law and the use of the word 'president'») (不谈政治议题, 不能提中华民国; 不能提人权、民主、法治和总统).³⁷ A legislative resolution of the LY, in response, forbade Wang from signing documents or issuing joint statements that would hurt the ROC's sovereignty.³⁸ Under such a restricted agenda, the two ministers only reiterated the key role of the 1992 Consensus as the «common foundation» (共同基礎) of the development of cross-Strait relations, and discussed the possibility for SEF and ARATS to create reciprocal permanent missions in each other's territory.³⁹ Zhang Zhijun's own visit to Taiwan, originally planned for April 2014, was postponed to June in light of the public protests over the CSSTA, but it was still marred by local protests.⁴⁰ Moreover, while never publicly acknowledged by either side, the implications of the CSSTA debacle also affected the proposed SEF-ARATS plan to establish reciprocal permanent missions in their respective territories. In fact, China refused Taiwan's request to grant SEF representatives the right to visit jailed Taiwanese citizens in the Mainland.⁴¹ Retrospectively, even if the Zhang-Wang meetings did not unlock the stalled process of economic integration, they successfully projected the necessary inter-governmental dimension to the relations between Beijing and Taipei, laying the foundations for the Xi-Ma «leaders meeting» to be held in Singapore the following year.

5&mp=3); MAC, *Chronology, 2013* (<http://www.mac.gov.tw/fp.asp?fpage=cp&xItem=104884&ctNode=6605&mp=3>).

35. MAC, *Chronology, 2013*.

36. MAC, *Chronology, 2014* (<http://www.mac.gov.tw/ct.asp?xItem=108592&ctNode=6605&mp=3>).

37. Lai Jinhong, '王郁琦张志军会面3个不能说' (*Three Issues Will Not Be Discussed in the Wang-Zhang Meeting*), 联合报 (*United Daily News*), 27 January 2014.

38. Chris Wang and Stacy Hsu, 'Jiang Says No «Three Noes» Set for Wang-Zhang Talks', *Taipei Times*, 28 January 2014.

39. 'MAC Minister Wang in Historic Meeting', *Taipei Times*, 12 February 2014.

40. 'Top Mainland Chinese Official Zhang Zhijun Arrives in Taipei to Sound Out Public', *South China Morning Post*, 27 June 2014.

41. Alan D. Romberg, 'Sunshine Heats Up Taiwan Politics, Affects PRC Tactics', p.5.

3. 2015: the end of an era and the Xi-Ma meeting in Singapore

Within the context of cross-Strait relations, 2015 was a year marked both by historical achievements and by the progressive reckoning that the era of cross-Strait rapprochement was drawing to an end. President Ma's abysmal approval ratings and KMT's heavy defeat in the Taiwanese local elections held in November 2014 certified the weakness of the incumbent administration in Taipei and foreshadowed a DPP victory in the presidential election the following year.⁴² The new downbeat climate of cross-Strait relations was evident in TAO Director Zhang Zhijun's New Year message to the Taiwanese, issued on 20 January 2015. In it, Zhang auspicated a year of stability, development and benefits for the Taiwanese people, while acknowledging the difficulties encountered in 2014.⁴³ Zhang's message was in evident contrast with Wang Yi's lofty expectations for cross-Strait relations after Ma's victory in the 2012 presidential election: there was no mention of historical opportunities to grasp in order to develop the relations, and no mention of the ECFA follow-up agreements. In fact, Chinese calls for stability masked the concern for the future course of relations with Taiwan. This new predicament, in turn, triggered not-so-veiled threats by Mainland China to the Taiwanese opposition parties. During a session of the Chinese People's Political Consultative Conference held in early March, Xi Jinping reiterated that the 1992 Consensus and the One China principle were the «foundation» (基础) of the cross-Strait relations, ominously adding that «if the foundation is not firm, the earth will move and the mountains will shake» (基础不牢, 地动山摇).⁴⁴ The difficult moment in Mainland-Taiwan relations was confirmed by the first speech of the new MAC Chairman Andrew Hsia's (Hsia Li-yan) to the LY on 9 March. Asked to comment on a declaration by senior KMT figure Gao Yu-ren about the need to start political talks with the Mainland and go beyond the 1992 Consensus, Hsia admitted that no widely supported agreement had yet been reached in Taiwan on the 1992 Consensus. Moreover, Gao also admitted that there was not sufficient «reciprocal trust» (互信) between the two sides of the Strait to enhance the relations towards political talks.⁴⁵ Compared to Wang Yi's call to deepen

42. See section 5.

43. TAO, 张志军：大陆将努力为两岸农渔业合作创造有利条件 (*Zhang Zhijun: The Mainland Will Work Hard to Create Favourable Conditions for Cross-Strait Cooperation in the Agriculture and Fishing Industries*), 21 January 2015 (http://www.gwytb.gov.cn/wyly/201501/t20150121_8763810.htm).

44. Xi's addition was not present in the printed reported of Chinese state media but was discernible in a CCTV report on the Conference. See Alan D. Romberg, 'Squaring the Circle: Adhering the Principle, Embracing Ambiguity', *China Leadership Monitor*, Issue 47, July 2015, pp. 7-8, 19.

45. Su Yuanhe, '高育仁提超越九二共識 夏立言：時機不成熟' (Gao Yu-ren Proposes to Go Beyond the 1992 Consensus – Andrew Xia Replies: The Times Are Not Yet Ripe), *民報 (Taiwan People News)*, 9 March 2015.

mutual political trust in early 2012,⁴⁶ Hsia's comment was a measure of the disappointing trajectory of cross-Strait relations.

Between March and April 2015, another fiasco in cross-Strait relations rapidly unfolded, as Beijing rejected Taiwan's application to the new China-led Asian Infrastructure Investment Bank (AIIB), the multilateral institution that together with the «One Belt, One Road» project testified to China's new aspirations of regional and global leadership under Xi Jinping.⁴⁷ On 19 March 2015, the ROC Finance Minister Chang Sheng-ford stated that Taiwan was willing to join the AIIB.⁴⁸ Taiwan submitted a letter of intent to join the institution on the final day for applications, intending to apply under the moniker «Chinese Taipei».⁴⁹ However, Chinese authorities insisted that Taiwan follow the same application procedure of Hong Kong, and apply under the «appropriate» name, even though they never specified it. Later, in April 2016, ROC Finance Minister Chang admitted that the outgoing Ma administration considered Taiwan's application to the AIIB. Most likely, the PRC's rigid approach to Taiwan's AIIB application has to be framed within a «soft» retaliatory strategy that Beijing had begun pursuing since the CSSTA debacle, as in the case of the failed SEF-ARATS office exchange.

In April 2015, the race towards the 2016 presidential election began, with Tsai Ing-wen obtaining for the second time the DPP nomination. Emboldened by the November 2014 sweeping victory in the local elections and Ma's disastrous approval ratings, Tsai began the campaign as the clear frontrunner. Since her nomination, her main challenge was to elaborate a cross-Strait policy that would avoid alienating the more radical fringes of her party while convincing Beijing that she would not endanger the stability of cross-Strait relations by pursuing an independentist agenda – in other words, that she was not a new Chen Shui-bian.⁵⁰

Since her nomination in April, Tsai shaped her cross-Strait policy around three «foundations» (基礎): first, the ROC's «existing constitutional order» (現行執政提法), second, the «accumulated outcomes» (累計的成果) of the previous twenty years of cross-Strait relations, and third the «will of the people» (民意) of Taiwan. However, she stopped short from accepting the 1992 Consensus and the One China principle, which remained Beijing's

46. See note 12.

47. Giulio Pugliese & Aurelio Insisa, *Sino-Japanese Power Politics: Money, Might and Minds*, London: Palgrave Macmillan, 2017, pp. 83-85.

48. «Taiwan Interested in Joining the AIIB: Finance Chief», *Xinhua*, 19 March 2015.

49. While the application to the AIIB had been considered since November, Taiwan applied on the last day due to pressures from the United States, which had attempted to dissuade its allies from joining the AIIB. Lawrence Chung, «Taiwan Dithered Over Bid to Join the AIIB Because It Worried «How US Would React»», *South China Morning Post*, 27 April 2015.

50. Alan D. Romberg, «Squaring the Circle», pp. 1-3. On Chen Shui-bian's presidency, see note 4.

sine qua non for managing the relation.⁵¹ Tsai's strategy inevitably made the 1992 Consensus the focus of the campaign, and exposed her and the DPP to much of the same criticism characterising the 2012 presidential campaign – namely that she was proposing a vaguely defined, unrealistic Mainland policy in contrast with Beijing's precise requests. This time, however, Tsai could withstand this criticism by pointing out the failure of the ECFA follow-up agreements, the stalling trajectory in cross-Strait relations, and the unsatisfactory domestic economic performances which had characterised Ma's second term. Indeed, the poor performances of the Ma administration between 2012 and 2015 left the KMT little room for manoeuvring. On two separate occasions in April and May, outgoing President Ma attempted to defend the Mainland policy of his administration by emphasising the key role of the 1992 Consensus in ensuring «cross-Strait peace and prosperity».⁵² Nonetheless, it was new KMT Chairman Eric Chu's meeting in Beijing with Xi Jinping on 4 May that truly captured the spotlight. Chu publicly reaffirmed the One China principle and reiterated KMT's commitment to uphold the Consensus. On his part, Xi, echoing previous statements issued in March, remarked that the One China principle and the 1992 Consensus remained the foundation upon which the entirety of cross-Strait relations rested. While Chu's words outlined a vision for a reconstruction of cross-Strait relations in the future, Xi's statement clearly addressed the eventuality of a DPP victory, reminding about the negative consequences of a blatant refusal of the Consensus by Tsai.⁵³

The threat of a Chinese assertive response to a DPP victory, however, did not affect Tsai's prospects, and by September 2015 the DPP candidate already showed a solid lead in the polls over KMT presidential candidate Hung Hsiu-chu. On her part, after being nominated in July, Hung Hsiu-chu made the unusual decision to suspend her campaign activities after an ineffective start and numerous negative polls. On 17 October 2015, KMT Chairman and Taipei major Eric Chu substituted Hung as his party's candidate in the presidential race.⁵⁴ At this point, the KMT's disastrous electoral campaign foreshadowed Tsai's victory.

This being the situation, on 3 November, the TAO and the President spokesperson announced that Xi Jinping and Ma Ying-jeou would attend

51. *Ibid.*, pp. 2-3, 7.

52. MAC, *President Ma Addresses Mainland Affairs Council*, 29 April 2015 (<http://www.mac.gov.tw/ct.asp?xItem=112057&ctNode=5909&mp=3>); ‘马英九出席«两岸关系回顾与展望»国际研讨会谈«九二共识»’ (Ma Ying-jeou Attends the «Retrospect and Prospect on Cross-Strait Relations» International Conference and Discusses the «1992 Consensus»), 自由亚洲电台普通话 (*Radio Free Asia - Mandarin*), 14 May 2015.

53. Alan D. Romberg, ‘Squaring the Circle’, p. 6.

54. ‘Taiwan Opposition Leading Presidential Race: Opinion Polls’, *Channel News Asia*, 22 September 2015.

the first «leaders meeting» since 1949, four days later in Singapore.⁵⁵ During the meeting, which was held on 7 November, Xi and Ma reiterated the absolutely central role of the 1992 Consensus and the One China principle for the stability and the development of cross-Strait relations. In addition, Ma explicitly restated Taiwan's own interpretation of the 1992 Consensus. He also carefully worded the auspice for the broadening of Taiwan's participation to world politics and the halting of Chinese military exercises directed towards the island.⁵⁶ The abrupt announcement, hasty preparation and overall timing of the meeting suggested that it aimed at strengthening KMT's electoral chances. However, the meeting did not produce any breakthrough either at the diplomatic or at the electoral level. By November 2015 it was already clear that KMT's hopes for a reversal of fortunes were extremely low: post-meeting polls immediately confirmed that Tsai was still leading over Chu.⁵⁷

The historical significance of the meeting was probably that of offering Ma, after a deeply unpopular presidency, the occasion to build a political legacy and possibly to lay the foundation for a major post-office role in the KMT. Most likely, the meeting constituted both a benchmark against which to assess the developments of future cross-Strait relations under a Tsai presidency, and a base upon which to rebuild the cross-Strait relations under a future KMT administration. As a matter of fact, after the Xi-Ma meeting, Tsai refined her position regarding the 1992 Consensus. In fact, during the 27 December presidential debate, Tsai, without proffering the term, recognised as a «historical fact» (歷史的事實) that the KMT and the CCP, during the 1992 Hong Kong meeting had agreed to enhance cross-Strait relations on the basis of a «mutual understanding» (互相諒解) and in the spirit of «seeking common grounds while reserving differences» (求同存異).⁵⁸ By recognising the «historicity» of the Consensus and, thus, its key role in the cross-Strait rapprochement, Tsai got as close as possible for a DPP presidential candidate to ease Beijing's concern.

4. Cross-Strait relations in 2016: from Tsai Ing-wen's victory in the presidential elections to the «Trump Call»

The victory of the DPP candidate Tsai-Ing-wen in the 2016 ROC presidential elections upset the delicate balance upon which the cross-Strait

55. Jane Perlez & Austin Ramzy, 'China, Taiwan and a Meeting after 66 Years', *The New York Times*, 3 November 2015.

56. 'MAC Releases Ma-Xi Meeting Transcript', *Taipei Times*, 10 November 2015.

57. 'Taiwan's Opposition Leader Remains Election Frontrunner after Xi-Ma Summit: Polls', *Reuters*, 9 November 2015.

58. '蔡英文: 1992年是有香港會談 應求同存異' (Tsai Ing-wen: There Were Talks in Hong Kong in 1992 – It Is Necessary To Seek Common Ground While Reserving Differences), *China Times.com*, 27 December 2015.

rapprochement was construed. After an apparent period of *détente* between Taipei and Beijing following Tsai's electoral victory and the power transition in Taiwan, and a phase of mounting PRC pressure on the new administration to recognise the 1992 Consensus, the unexpected phone call between Tsai and the US President-Elect Donald J. Trump on 2 December deepened the disruption of cross-Strait relations and amplified it on a global stage.

4.1. *The apparent cross-Strait détente and its swift collapse*

Tsai Ing-wen obtained a landslide victory in the presidential election against KMT candidate Eric Chu on 16 January 2016, gaining almost 6.9 million votes (56.1% of the votes), whilst Chu obtained just over 3.8 million votes (31%).⁵⁹ For the first time, moreover, the DPP obtained a majority in the LY, winning 68 of the available 113 seats.⁶⁰ Tsai's victory speech was particularly sober and restrained. The President-Elect repeated her pre-election commitments to establish «consistent, predictable and sustainable» (一致性可預測且可持續) cross-Strait relations. These were to be founded upon «the Republic of China constitutional order, the results of cross-strait negotiations interactions and exchanges, democratic principles and the will of the Taiwanese people» (中華民國現行執政體制, 兩岸協商交流互動的成果, 以及民主原則與普通民意).⁶¹

Tsai attempted to defuse the existing tensions with Beijing without accepting the latter's required formulation related to the foundation of cross-Strait relations. The PRC's response, delivered through a TAO statement and a number of commentaries in the media, was equally restrained. Indeed, in the immediate aftermath of Tsai's victory speech, there was a tendency by both the Mainland commentators and DPP figures in Taiwan to downplay the importance of cross-Strait relations in determining the

59. Central Election Commission, *2016 Presidential and Vice Presidential Election*, 1 February 2015 (<http://www.cec.gov.tw/english/cms/pe/24835>).

60. Alex Chuan-hsien Chang, 'The 2016 Presidential and Legislative Elections', *Electoral Studies*, Issue 43, 2016, p. 177.

61. Minzhu jinbu dang (DPP), 總統當選人蔡英文國際記者會致詞中英譯全文 (*Chinese to English Translation of President-Elect Tsai Ing-wen Full Victory Speech at the International Press Conference*), 16 January 2016 (http://www.dpp.org.tw/news_content.php?sn=8770). The speech repeats *verbatim* passages from Tsai's own June 2015 speech at the CSIS: DPP, 蔡英文於CSIS演說: 台灣迎向挑戰—打造亞洲新價值的典範 (*Tsai Ing-wen's Speech at the CSIS: Taiwan Meeting the Challenges Crafting a Model of New Asian Values*), 4 June 2016 (http://www.dpp.org.tw/news_content.php?sn=7911). Throughout the electoral campaign and her first months in office, Tsai did not expand on the meaning of the expression «the will of the Taiwanese people» and its possible implications, intentionally leaving the meaning of the term ambiguous. Alan D. Romberg, 'The «1992 Consensus» – Adapting to the Future?', *China Leadership Monitor*, Issue 49, March 2016, p. 14.

election result.⁶² At this particular juncture, both sides had indeed interest in emphasising the role of domestic politics in the vote, and thus ignoring the wide popular opposition throughout 2014 against the CSSTA and the process of economic integration with the Mainland. Retrospectively, this probably indicated that for a brief window of time Beijing pondered whether Tsai would change her approach on the 1992 Consensus. Similarly, DPP's restrained attitude possibly implies that its leadership assumed that there was the possibility to establish a constructive relationship with Beijing. The tipping point of this trend was a post-election interview that Tsai gave to the Taiwanese newspaper *Liberty Times* on 21 January. She reinstated and expanded her position on the 1992 Consensus by incorporating the «SEF-ARATS discussions of 1992» and their achievements as an integral part of her approach to cross-Strait policy.⁶³

Once again, China's reactions to the interview appeared relatively positive.⁶⁴ However, this apparent cross-Strait *détente* rapidly showed its first signs of collapse in the following weeks.

By March 2015, a number of signals already hinted at the deterioration of cross-Strait relations. On 5 March, President Xi Jinping spoke about cross-Strait relation to a Shanghai delegation at the National People's Congress, reinstating that «accepting» (承认) the historical fact of the 1992 Consensus and its political implications was the only way to ensure a common political foundation between the two sides and maintain positive interactions.⁶⁵

Then, on 17 March, PRC and Gambia jointly announced the resuming of diplomatic relations.⁶⁶ Tellingly, it was the first time that a country switched diplomatic recognition from Taipei to Beijing since Malawi did so in the final months of the Chen Shui-bian administration in January 2008.⁶⁷ In addition, breaking with the practice established during the Ma years, Beijing did not invite Taiwanese «quasi-official» figures who would be involved in the Tsai administration at its annual Boao Forum.⁶⁸ Beijing

62. Alan D. Romberg, 'The «1992 Consensus» – Adapting to the Future?', pp. 7-8.

63. *Ibid.*, pp. 8-9.

64. *Ibid.*, pp. 10-11

65. '习近平参加上海代表团审议' (Xi Jinping Joins a Group Deliberation of NPC Deputies from Shanghai), *Xinhua*, 5 March 2016.

66. Ministry of Foreign Affairs of the People's Republic of China, 'Joint Communiqué Between the People's Republic of China and the Islamic Republic of the Gambia on Resumption of Diplomatic Relations', 17 March 2015 (http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1348575.shtml). Gambia had severed diplomatic relations with Taipei in 2013, but Beijing had refused to resume relations with the African state until March 2016.

67. Malawi Severs Links with Taiwan', *BBC News*, 14 January 2008.

68. 'None of Taiwan's Boao Delegation Will Be New Cabinet Members', *Focus Taiwan*, 20 March 2016; Shuhei Yamada, 'China Leaves Taiwan Officials Off the Boao Forum Guest List', *Nikkei Asian Review*, 31 March 2016.

sent further ominous signals in April, as media reported multiple cases of forced repatriation and prosecution of Taiwanese citizens allegedly involved in criminal activities from Kenya and Malaysia to the Mainland.⁶⁹ Finally, on 12 April, Taiwan's Tourism Bureau reported a significant decrease of both individual and group travelling applications from the Mainland between the end of March and the beginning of April.⁷⁰ With Tsai's inaugural address due for 20 May, it was clear that Beijing was employing a wide array of pressure tactics to push the President to publicly acknowledge the 1992 Consensus.

No surprises, however, came from Tsai's inaugural address on 20 May 2016. The President reiterated her acknowledgment and respect for the «historical fact» that «the two institutions representing each side of Strait» met in 1992 and for the «accumulated outcomes» produced by these meetings. Tsai then reaffirmed once more the four foundations of her cross-Strait policy: the 1992 meetings, the ROC's existing constitutional order, the negotiation and outcomes of the previous twenty years of cross-Strait relations, and the prevalent will of Taiwanese people.⁷¹ The President neither mentioned nor accepted the 1992 Consensus, but she pointed out that her administration would conduct cross-Strait relations according to both the ROC's Constitution (中華民國憲法) and the Act Governing the Relations Between the People of the Taiwan Area and the People of the Mainland Area (臺灣地區與大陸地區人民關係條例). Both documents implied, to a certain extent, an acknowledgement of the One China principle.⁷² Therefore, once again since her nomination in April, Tsai had slightly and progressively adjusted her cross-Strait rhetoric aiming at convincing Beijing that, short of a public acceptance of the 1992 Consensus and the One China principle, her administration had no intention to alter the status quo and was willing to continue along the path of cross-Strait rapprochement.

TAO's official statement on Tsai's inaugural address showed a relative appreciation of her acknowledgments of the 1992 SEF-ARATS meetings,

69. 'China to Prosecute Taiwanese in Fraud Case despite Acquittals in Kenya', *The New York Times*, 13 April 2016; 'Taiwan Objects as Malaysia Departs Taiwanese Citizens to China', *CNN*, 2 May 2016.

70. 'Chinese Tourist Applications down 15-30%: Tourism Bureau', *Focus Taiwan*, 12 April 2016.

71. 'Full Text of President Tsai Inaugural Address', *Focus Taiwan*, 20 May 2016. For the original inaugural address in Chinese: '台灣新任女總統蔡英文就職演說全文' (Full Text of the Inaugural Address of Taiwan's New Female President Tsai Ing-wen), *The New York Times*, 20 May 2016.

72. The direct mention of the ROC Constitution hinted at the refusal of Taiwanese independence. Moreover, Article 1 of the General Provisions of the Act Governing the Relations mentions «national unification» three times. See: MAC, *Act Governing the Relations between the People of the Taiwan Area and the People of the Mainland Area* (<http://www.mac.gov.tw/ct.asp?xItem=90541&ctNode=5914&mp=3>).

but criticised the fact that she did not «explicitly recognise» (明确承认) the 1992 Consensus and did not «acknowledge» (认同) its «core implications» (核心意涵). Thus, the address was «an incomplete test answer» (一份没有完成的答卷). The TAO, however, coupled this relatively mild response with the warning that the continuation of the institutionalised channels of communication between the Mainland and Taiwan was subject to the recognition of the One China principle.⁷³ A few days later, during a press conference on 26 May, TAO Spokesperson Ma Xiaoguang criticised Tsai with harsher tones, this time threatening Taiwan's access to the Regional Comprehensive Economic Partnership (RCEP).⁷⁴ Then, on 25 June 2016, TAO spokesperson An Fengshan confirmed that cross-Strait communication had been halted since 20 May.⁷⁵ Throughout the summer, cross-Strait relations were then characterised by three trends: the stop of the existing institutionalised channels at high-levels (although work-level communication continued); the continuing pressure from the Chinese authorities in regards to the acceptance of the 1992 Consensus and the One China principle via a plethora of official statements; and, as a counterbalance, a focus on domestic affairs and a downplaying of the state of cross-Strait relations by President Tsai and her administration.⁷⁶

4.2. *Building up pressure on Tsai's administration*

On 23 July 2016, *United Daily News* reported that former MAC vice-Chairman Lin Chong-pin had received relevant information from two separate sources in Beijing on China's strategy towards Tsai. According to Lin, Chinese top policy-making circles had come to the conclusion that Tsai would not have changed her position on the Consensus, and, as a consequence, had decided to pursue a long-term «impoverish Taiwan» (

73. Cha Wenye, '中共中央台办、国务院台办负责人就当前两岸关系发表谈话' (Leading Official of the Taiwan Work Office of the Central Committee of the Communist Party of China and the Taiwan Affairs Office of the State Council Issues a Statement on the Current State of Cross-Strait Relations), *Xinhua*, 20 May 2015.

74. TAO, 国台办新闻发布会辑录 (2016-05-26) (*Minutes of the May 26, 2016 TAO Press Conference*), 26 May 2016 (http://www.gwytb.gov.cn/xwfbh/201605/t20160525_11466675.htm). The RCEP is a proposed regional FTA between the ASEAN countries and their dialogue partners.

75. TAO, *Suspension of Cross-Strait Mechanism Affects Cross-Strait Relations*, 25 June 2016 (http://www.gwytb.gov.cn/en/Headline/201609/t20160927_11579805.htm).

76. David G. Brown, 'China Taiwan Relations: Better than Expected', *Comparative Connections*, Vol. 18, No. 2, pp. 72-74. TAO communicated the freezing of cross-Strait talks on 29 June. See: TAO, 国台办：导致两岸联系沟通机制停摆的责任完全在台湾一方 (*TAO: The Responsibility for the Suspension of Cross-Strait Communication Mechanisms Falls Completely on the Taiwan Side*), 29 June 2016, (http://www.gwytb.gov.cn/wyly/201606/t20160629_11495074.htm).

窮台) strategy.⁷⁷ Two days before the publication of the *United Daily News*' reportage, President Tsai, during an interview with the *Washington Post*, had answered a question regarding the existence of a possible Chinese deadline for accepting the 1992 Consensus. She had stated that: «It isn't likely that the government of Taiwan will accept a deadline for conditions that are against the will of the people».⁷⁸

Confirming Lin's theory of an «impoverish Taiwan» strategy, the number of Mainland tourists to the island decreased by 32.4% in the period between May and October 2016.⁷⁹ This decrease was in line with Beijing's preferred use of economic means to reach political objectives, a policy which is generally characterised by the adoption of «informal or indirect measures».⁸⁰ Indeed, in the second half of 2016, the PRC pursued an extremely diversified retaliatory tactic towards the Tsai administration. Beijing denied Taiwan's participation in the 39th ICAO Assembly after having allowed Taiwanese representatives to join the previous one in 2013;⁸¹ it continued the controversial operations of forced repatriations of Taiwanese citizens to the Mainland;⁸² and on 24 November 2016, in the port of Hong Kong it seized nine Singaporean Armed Forces Terrex infant carrier vehicles directed to Taiwan as part of the long-established, unofficial military ties between the city-state and the ROC.⁸³ Finally, the competent PRC's authorities continued to foster an intricate web of contacts with KMT local administrators, Taiwanese business circles with interests in the Mainland, and even sympathetic youth organisations on the island, in a concerted effort to shift general popular perceptions of the 1992 Consensus

77. Cheng Jiawen, '林中斌：北京對台政策…窮台' (Lin Chong-pin: Beijing's Policy towards Taiwan ... Impoverish Taiwan), 聯合新聞網 (*United Daily News*), 23 July 2016.

78. Lally Weymouth, 'Taiwanese President Tsai Ing-wen: Beijing Must Respect Our Democratic Will', *The Washington Post*, 21 July 2016.

79. The number of tourists from Mainland China decreased from the 327,524 registered in May to 215,390 in October. ROC Tourism Bureau, *Visitor Statistics for May 2016*, 11 July 2016 (http://admin.taiwan.net.tw/statistics/release_d_en.aspx?no=7&d=6486); ROC Tourism Bureau, *Visitor Statistics for October 2016*, 13 December 2016 (http://admin.taiwan.net.tw/statistics/release_d_en.aspx?no=7&d=6772).

80. James Reilly, 'China's Economic Statecraft: Turning Wealth into Power', Lowy Institute for International Policy Analysis, November 2013, p. 8.

81. David Sutton, 'International Civil Aviation Organization Shuts Out Taiwan', *The Diplomat*, 27 September 2016.

82. 'Taiwan Protests after Kenya Deports Its Citizens to China', *Reuters*, 8 August 2016; 'Taiwan Lodges Protest as Armenia Deports Fraud Suspects to China', *Reuters*, 8 September 2016; 'Cambodia Deports 13 Taiwanese Telecom Frauds Suspects to China', *Reuters*, 20 September 2016.

83. Minnie Chan, 'How Singapore's Military Vehicles Became Beijing's Diplomatic Weapon', *South China Morning Post*, 3 December 2016.

and Tsai's opposition to it.⁸⁴ Beijing's reliance on the KMT for this aim was particularly evident in the party leader's meeting held on 1 November 2016 in Beijing between Xi Jinping and the new KMT Chairman (and failed presidential candidate) Hung Hsiu-chu. The latter, since her nomination as Chairwoman in March, had pushed for a more marked alignment with Beijing even against the scepticism of certain party circles.⁸⁵

4.3. The «Trump call» and the collapse of the PRC-ROC process of rapprochement

The existing situation was unexpectedly and radically changed by the eventful phone call between US President-Elect Donald J. Trump and Tsai Ing-wen (2 December 2016). The relevance of the «Trump call» has to be assessed within the post-inaugural address deadlock in cross-Straits relations. It is beyond the scope of this essay to analyse the broader political implications of the phone call in the context of the US-PRC relations and East Asian regional politics. Here, instead, the «Trump call» must be assessed in relation to both Taiwanese domestic politics and cross-Straits relations. According to a statement from the President-Elect office, successively deleted, Tsai called Trump, congratulated him on the electoral victory, and shared her views on «the close economic, political and security ties» between Washington and Taipei in a ten-minute conversation. The statement issued by President Tsai's office also mentioned that the two discussed Taiwan's economic development and national defence, and that the Taiwanese leader expressed to Trump her hope for the enhancement of «bilateral interactions and liaisons» (雙邊的互動與聯系).⁸⁶ The conversation was the first publicly acknowledged communication between a ROC President and a US President or President-Elect since the severing of diplomatic relations in 1979. Trump's tweets about China on 4 December, however, led to a shift in the perception of the phone call with Tsai. Whilst initial concerns had focused on the Trump administration's recognition of Taiwan independence and/or the abandonment of the US's

84. David Gitter & Elsa Kania, 'How Beijing Uses People-to-People Ties as Leverage over Taiwan', *The Diplomat*, 1 October 2016.

85. 'Xi and KMT Chief Draw Hard Line under Need for Landmark 1992 Deal', *South China Morning Post*, 1 November 2016. On the changes in KMT's cross-Straits policy see section 5.

86. Mark Landler & David E. Sanger, 'Trump Speaks with Taiwan's Leader, an Affront to China', *The New York Times*, 2 December 2016; Office of the President of the Republic of China (Taiwan), 蔡總統與美國總統當選人唐納川普 (Donald J. Trump) 先生越洋電話談話 (*President Tsai and US President-Elect Donald J. Trump Engage in an International Phone Call*), 3 December 2016 (<http://www.president.gov.tw/Default.aspx?tabid=131&itemid=38402&rmid=514>).

One China policy once in power, the successive tweets of the President-Elect left the impression that Washington's position on Taiwan would ultimately depend on Beijing's stances on the sovereignty of the South China Sea and monetary policy.⁸⁷

Within the narrower perspective of cross-Strait relations, the phone call confirmed the complete collapse of the process of rapprochement between the PRC and the ROC, which had started in 2008. China's Foreign Ministry and former TAO Director Wang Yi immediately defined the episode as a Taiwanese ineffective «petty move» (小动作) that could not change international recognition of and support for the One China policy.⁸⁸ On 14 December, the TAO spokesperson blamed the Tsai administration for having emboldened the «splittist» political forces on the island and reminded that Taiwan independence was a «dead end» (死路).⁸⁹ Beijing tones were further exacerbated by the following announcement that Tsai would conduct a diplomatic tour in Central American and Paraguay with the usual stop-overs in the US. At the same time, Beijing raised the volume of its intimidating and retaliatory tactics: the People's Liberation Army (PLA) enacted a series of air-sea military drills extremely close to Taiwanese identification zones throughout December;⁹⁰ finally, on 26 December it announced to have resumed diplomatic relations with one of the three African countries still recognising the ROC, São Tomé and Príncipe.⁹¹ At the end of the day, the most immediate effect of the Tsai-Trump call seems to have been a further hardening of Beijing's posture

87. Donald J. Trump (realDonaldTrump), 'Did China ask us if it was OK to devalue their currency (making it hard for our companies to compete), heavily tax our products going into...', 4 December 2016, Tweet; Donald J. Trump (realDonaldTrump), 'their country (the U.S. doesn't tax them) or to build a massive military complex in the middle of the South China Sea? I don't think so!', 4 December 2016, Tweet. See also: Richard C. Bush, 'An Open Letter to Donald Trump on the One-China Policy', *Brookings*, 13 December 2016.

88. '王毅就特朗普同蔡英文通电话回答记者提问' (Wang Yi Answers to Questions on the Trump-Tsai Phone Call Raised in the Press Conference), *Xinhua*, 3 December 2016.

89. Arranged questions from Chinese media during the two press conferences held by the TAO spokesperson after the Tsai-Trump call hint that Beijing could be open to reach a new «consensus» with Tsai based on the 1992 Consensus and the One China principle. The new consensus would state that «both sides of the Strait belong to One Chinese nation» (两岸同属一个中国民族). TAO, 国台办新闻发布会辑录 (2016-12-14) (*Minutes of the TAO Press Conference on December 14, 2016*), 15 December 2016 (http://www.gwytb.gov.cn/xwfbh/201612/t20161214_11653363.htm); TAO, 国台办新闻发布会辑录 (2016-12-28) (*Minutes of the TAO Press Conference on December 28, 2016*), 28 December 2016 (http://www.gwytb.gov.cn/xwfbh/201612/t20161228_11665568.htm).

90. Ralph Jennings, 'Taiwan Watchful as Chinese Ships, Planes Edge near Territorial Space', *VOA News.com*, 28 December 2016.

91. Ministry of the Foreign Affairs of the People's Republic of China, *China and Sao Tome and Principe Resume Diplomatic Relations*, 26 December 2016.

vis-à-vis Taipei and the prospect of a durable deadlock of cross-Strait relations.

Such outcome leads to the question of why the Tsai administration took the decision to call Trump. The answer seems to be that this decision resulted from two converging forces: the Tsai administration's conviction, likely emerged between late May and late July, that there was no room left for cooperation with Beijing; and an autonomous initiative taken by certain influential Republican figures near Trump.

More specifically, Tsai and her administration reached the conclusion that there was no room left for cooperation with Beijing only a few months after the electoral victory. This predicament pushed Tsai to gambit on a Trump presidency in order to break the deadlock in cross-Strait relations. This was coupled with the fact that, according to a number of reports, the DPP administration and several Republican figures close to Trump had been working on the phone call at least since October 2015. Foremost among them was Edwin Feulner, the founder of the American conservative think-tank Heritage Foundation, later indicated by Taiwanese media as the key figure in planning the phone call. He led a delegation to Taiwan in the very month of October and met President Tsai. In addition to Feulner, Tsai and the DPP could count on the pre-existing solid relations with figures within or close to the Trump transition team.⁹²

Once this has been said, it is necessary to point out that, beyond the immediate euphoria for having put Taiwan back in the spotlight of world politics and obtaining a renewed international relevance, the results achieved with this move remain questionable. The phone call damaged Tsai's credibility as a reliable partner in the eyes of Beijing, whilst there is no evidence that the coming Trump administration will change the fundamental tenets of the US's Taiwan policy. In fact, in light of Trump's tweets on 4 December, and, more broadly, of the «transactional» logic that seems to inform his conception of diplomacy, Tsai's gambit may have even exposed Taiwan to the risk of being turned into a bargaining chip in a dangerous game between the US and China.⁹³

The Tsai administration's firm refusal to accept the 1992 Consensus and the One China principle remains the most immediate reason for the

92. Office of the ROC President, 總統接見「美國傳統基金會」創辦人佛訥一行 (*The President Receives the Founder of the «American Heritage Foundation» Edwin Feulner*), 13 October 2016 (<http://www.president.gov.tw/Default.aspx?tabid=131&itemid=38165&rmid=514>); 蔡總統與川普通話 佛訥是關鍵人物 (Edwin Feulner Was a Key Figure in the Conversation between President Tsai and Trump), *CNA*, 3 December 2016; Anne Gearan, Philipp Rucker & Simon Denyer, 'Trump's Taiwan Phone Call Was Long Planned, Say People Who Were Involved', *The Washington Post*, 4 December 2016; Julie Hirschfield Davies & Eric Lipton, 'Bob Dole Worked behind the Scenes on Trump-Taiwan Call', *The New York Times*, 6 December 2016.

93. See Steven Goldstein, 'Trump Risks War by Turning the One China Question into a Bargaining Chip', *The Washington Post*, 12 December 2016.

collapse of cross-Strait relations after an eight-year phase of enhancement and consolidation which had produced landmark results. This is, indeed, the PRC's position on the issue, and Beijing has repeatedly pointed out that the solution to the current deadlock is exclusively in the hands of President Tsai.

In fact, this is a rather self-serving claim, because Beijing, as the stronger partner in the PRC-ROC relationship, has been defining the framework of the relations since 2008. Accordingly, the ultimate cause for the current deadlock is its lack of flexibility in responding and adapting to the political developments of Taiwan's democracy. The PRC remained inactive between 2013 and 2014, refusing to renegotiate the CSSTA even though it was clear that the agreement had not been well received by the Taiwanese public. Furthermore, KMT's intra-party feuds exposed its passage in the LY to the effective obstructionist tactics of the DPP – even though the CSSTA was a key component in the strategy of national unification via economic integration. In addition, Beijing continued to assume a rigid posture towards Tsai throughout 2015, when it was increasingly clear that KMT was proceeding towards an electoral catastrophe in January 2016. Moreover, for more than a year, namely in the period between Tsai's nomination as DPP presidential candidate in April 2015 and her inaugural address in May 2016, Beijing refused to acknowledge both her slow but progressive adjustments in regards to the 1992 Consensus and the One China principle, and the numerous reassurances she was sending on the issue of Taiwan independence. Instead, PRC's authorities decided to implement subtle but easily noticeable pressure tactics to force Tsai to an unrealistic about-face on cross-Strait policy. Within this context, the Tsai-Trump call was the unpredictable outcome of Beijing's risky strategy to corner Tsai.

Ultimately, the PRC's policy towards Taiwan between 2012 and 2016 was in line with the assertive posture that the former country pursued in East Asia during the same period. In regards to Taiwan, the PRC's assertiveness hints at a deep-seated conviction among Beijing's top policy-making circles that there was no more reason to «hide strength and bide time» (韬光养晦) and that the country must «strive for achievements» (奋发有为) in order to fulfil the «China Dream of a Chinese national rejuvenation» (中华民族伟大复兴的中国梦), an enterprise to which national unification with Taiwan is of supreme importance.⁹⁴ In other words, Beijing believes that national unification can be reached more rapidly through a direct confrontation with a DPP administration – even at the price of a temporary freezing of the bilateral relations – rather than by tolerating a protraction of the existing status quo across the Strait during the Tsai presidency.

94. On the assertive shift of China's grand strategy, see: Giulio Pugliese & Aurelio Insisa, *Sino-Japanese Power Politics*, pp. 28-29.

5. *Taiwanese politics in 2012-2016: KMT's woes, DPP's identity-affirming policies and a newcomer in the LY*

The key developments regarding Taiwanese domestic politics in the context of cross-Strait relations between 2012 and 2016 have been explored in the previous sections of this essay. Consequently, this section mostly focuses on the intra-party developments of the major political forces on the island. KMT suffered heavy and repeated blows to its political credibility among the Taiwanese public during this period. The woes characterising Ma's second term originated in the unsolved contradictions between KMT's «Mainlander» (外省人) elites on the one hand, and the party's, Taiwanese «nativist» (本省人) grass-root faction on the other.⁹⁵ Historically, the party's factional tensions had repeatedly surfaced at critical junctures, taking the shape of leadership crises. The most recent of these crises contraposed the «Mainlander» Party Chairman and ROC President Ma Ying-jeou against the «nativist» former LY Speaker Wang Jin-pyng between the mid-2000s and the mid-2010s.⁹⁶ Tensions between Ma and Wang threatened to split the KMT during the nomination of the 2008 presidential candidate, and remained high during Ma's two terms in office, as Wang used his speakership and the considerable power base he built throughout the 2000s to undermine the agenda of the President and his government. The tension between Ma and Wang erupted in September 2013, when the Ma faction attempted to expel the LY Speaker from the party and revoke his speakership following an influence peddling investigation.⁹⁷ As Wang regained the party membership and the role of Speaker after a court injunction, he played a key role in the sinking of the CSSTA in the LY and in the negotiations with the Sunflower Student Movement. As explored in the following section of this essay, the weakness, divisions and scarce party discipline showed by the KMT majority in the LY between 2012 and 2015 became a major factor in hindering the economic policy initiatives of the Ma administration.

The consequences of this negative political performance, however, extended beyond the national theatre and rippled into local politics. In fact, the KMT encountered the worst electoral result of its history in the local elections of November 2014, when it lost four of the six municipalities to the DPP, and Taipei to a DPP-backed independent candidate.⁹⁸ The convergence of the 2014 electoral defeat, Ma's retirement from politics under a shadow and Wang's own marginalisation in the party after the September 2013 events, convinced the remaining major figures in the party,

95. Shelley Rigger, 'Kuomintang Agonistes: Party Politics in the Wake of Taiwan's 2016 Elections', *Orbis*, Vol. 60, Issue 4, October, 2016, p. 491.

96. *Ibid.*, pp. 491-96.

97. *Ibid.*, pp. 496-97.

98. Frank Muyard, 'Voting Shift in the November 2014 Local Elections in Taiwan', *China Perspectives*, 2015, No.1, pp. 59-60.

such as the new Chairman Eric Chu, to avoid seeking the nomination for an election considered lost before its start. From this stalemate emerged an unlikely fringe candidate such as Hung Hsiu-chu, known for her extreme pro-Beijing leanings. Hung's own ineffective candidature, marked by political gaffes and ill-received comments on national unification, however, lasted only from July until October, when she was supplanted by Chu.

KMT's grotesquely mismanaged electoral campaign ended up in Tsai Ing-wen's victory and the DPP's first ever majority in the LY in January 2016;⁹⁹ but the shockwaves in the party continued to be felt in the leadership contest held in March, in which Hung made an unlikely comeback, becoming KMT's first Chairwoman.¹⁰⁰ Amidst widespread internal oppositions within the left-wing of the KMT, the former presidential candidate pushed for a new, radical «peace platform» (和平政綱). The new platform brought the party's position on the 1992 Consensus dangerously close to the one sustained by Beijing, by virtually dropping all the traditional references to the «respective interpretations».¹⁰¹ On 1 November 2016, the Chairwoman reiterated her own «minimal» interpretation of the Consensus by referring exclusively to the One China principle, as agreed in her 1 November 2016 Beijing meeting with Xi Jinping.¹⁰² In light of the recent electoral results and President Tsai's resilient approval ratings, the KMT's *annus horribilis* ended with the concrete risk of being marginalised in Taiwanese national politics, because of its pursuit of the radical pro-unification China policy sponsored by Hung Hsiu-chu.

KMT's woes highlighted, in turn, the DPP's successes in recent years. The DPP found itself in an unprecedented position of power – holding the presidency, the LY majority, four of the six municipalities (while also endorsing Taipei independent mayor Ko Wen-je) and a majority of lower-level local administrations. From this position of strength, the DPP sought to produce lasting changes in Taiwanese society and especially on the perceptions of the island's recent history among its inhabitants. On 25 July, the DPP-controlled LY passed the «Act Governing the Handling of Ill-gotten Properties by Political Parties and Their Affiliate Organizations», specifically designed to target KMT's properties, obtained during its authoritarian rule on the island. The Act froze the KMT's bank accounts in September, and sequestered its two holding companies later in November, plunging

99. See section 4.

100. On the reasons for Hung's victory in the leadership election, see: Nelson Chou, 'Leadership and Crisis in Taiwan's Oldest Party', *Brown Political Review*, 5 April 2016.

101. Stacy Hsu, 'KMT Peace Platform Supported', *Taipei Times*, 31 October 2016; Stephanie Chao, 'Hung Urged to Affirm «Separate Interpretations» in Meet', *The China Post*, 19 October 2016.

102. '習近平回應國民黨: 可進一步談「和平協議」' (Xi Jinping Replies to the Kuomintang: It Is Possible to Further Discuss the «Peace Agreement»), *上報 (Up Media.com)*, 1 November 2016.

Hung Hsiu-chu's party into a dramatic and unexpected liquidity crisis.¹⁰³ Constrained by the DPP majority in the LY and widespread popular support for the Act, KMT's fortunes probably depended on the appeal verdict that is supposed to be passed in 2017. In addition to the Ill-gotten Act, President Tsai also pushed since her inaugural address for the institution of a Truth and Reconciliation Commission for transitional justice about the 1947 «228 Incident» and the following White Terror period (1947-1987) under the KMT's authoritarian rule.¹⁰⁴ Moreover, in August, she officially apologised to the Taiwanese aboriginal communities for the «racial discrimination, use of native land and forced cultural assimilation» perpetuated by the Chinese on the island.¹⁰⁵ While these measures reflected the DPP's commitment to foster a distinct Taiwanese identity on the island, they also signalled Tsai and the DPP's will to change the balance of power among the major political parties of the island while the KMT was in the doldrums.

2016 also saw the meteoric rise of a new political force in Taiwan, the New Power Party (時代力量, NPP) which emerged from the experiences in civic mobilisations of the 2014 Sunflower Student Movement. The NPP obtained five seats in the new LY, and became the third party in the country. In tune with similar movements emerging in Hong Kong – where new parties such as Younginspiration and Demosistō appeared in the aftermath of the Umbrella Movement – the NPP effectively channelled the demands and aspirations of the younger generations of Taiwanese voters who «came of age» during the 2014 popular protests against Ma Ying-jeou and the CSSTA. The new Taiwanese party campaigned on a platform on the left of the DPP, focusing on social justice, constitutional reform, localist identity and political independence.¹⁰⁶ During the electoral campaign, the NPP benefited from Tsai's endorsement, establishing a «cooperative but competitive relation» with the DPP.¹⁰⁷ Indeed, following the election, mild

103. EIU, 'Taiwan Politics: From Riches to Rags', 17 December 2016.

104. Hudson Lockett, 'Taiwan's New President Creates Truth and Reconciliation Commission', *Financial Times*, 20 May 2016. The term «228 Incident» describes the 1947 anti-government revolts which started on 28 February of that year in Taipei. The term «White Terror» indicates the period during which the KMT systematically repressed political dissent in Taiwan from the end of the revolts until 1987. For an account of KMT repressions during the 228 Incident: Steven E. Phillips, 'Between Assimilation and Independence: Taiwanese Political Aspirations under Nationalist Chinese Rule, 1945-1948', in Murray A. Rubinstein (ed.), *Taiwan: A New History (Expanded Edition)*, New York: M. E. Sharp, 2007, pp. 292-300.

105. Ralph Jennings, 'Taiwan's President Expresses «Deepest Apologies» for Government's Decades of Abuse Against Indigenous People', *Los Angeles Times*, 1 August 2016. On the aboriginal constituencies in Taiwan and their historical ties to the KMT: Kharis Templeman, 'The Aborigine Constituencies in the Taiwanese Legislature', *CDDRL Working Papers*, August 2015, pp. 14-16.

106. 'The New Power Party's Platform', *Thinking Taiwan*, 8 March 2015.

107. Graeme Read, 'New Power, New Era – New Politics?', *The China Post*, 27 February 2016.

frictions with the DPP emerged as the NPP pressured the Tsai administration on her stance on independence.¹⁰⁸ By exploiting both the DPP's necessary shift to more cautious positions on independence since coming into power and KMT's chronic inability to attract young voters, the NPP appeared to have built in 2016 a sustainable basis for political survival as the standard-bearer of the anti-PRC, anti-establishment sentiment in the island.

6. *Taiwan's economy 2012-2016: structural malaises and ineffective remedies*

The state of Taiwan's economy at the beginning of Ma Ying-jeou's second term in office was particularly discomfoting, still affected by the consequences of the 2008 global financial crisis whilst grappling with severe structural issues. The economy had been exposed to external factors since the global crisis, as foreign monetary stimulus packages severely hurt the island's exports, causing, in turn, weak GDP growth. A response via expansive monetary policies, however, was not a viable choice for Taiwanese authorities because of the low average wages and its consequent high exposure to inflation for the local population.¹⁰⁹ In this scenario of weak growth, low tax revenues, increasing cost of state subsidies in electricity and fuel, and the combination of a rapidly ageing population and an ineffective pension system further affected the ROC's finances.¹¹⁰ Moreover, Mainland China's on-going shift from being a source of cheap labour for Taiwanese firms to a competitor in the island's key industrial sectors, together with a situation of market saturation in two of the strongholds of the manufacturing sector – computers and digital displays – demanded an overhaul of the structure of the Taiwanese economy itself.¹¹¹ Facing these challenges, the Ma administration and the new government led by the Premier Sean Chen (Chen Chu) gave absolute priority to a transformation of the national economy since the beginning of 2012.¹¹² The government's efforts focused on four main areas: a tax reform, a reform of the pension system, the reduction of the fiscal deficit,

108. 'Time to Relate to China Like Any Other Country, Chairman Says', *Nikkei Asian Review*, 3 February 2016.

109. The Economist Intelligence Unit (EIU), 'Taiwan Economy: Light at the End of the Tunnel for Exports', 20 December 2012; EIU, 'Taiwan Economy: Quick View – Inflation Climbs to a Four Year High', 5 September 2012.

110. EIU, 'Taiwan Economy: Christina's Taxing Problem', 10 April 2012; EIU, 'Taiwan Economy: Quick View – Planned Electricity Price Rise to Be Postponed', 18 September 2012; EIU, 'Taiwan Economy: An Embattled President Takes on a Tougher Task', 27 November 2012.

111. 'China/Taiwan: Straitened Circumstances', *The Economist*, 14 November 2015.

112. 'New Premier Vows Economic Transformation', *Taiwan News*, 7 February 2012.

and the attraction of Foreign Direct Investments (FDIs) through Free Trade Agreements (FTAs) and liberalisations in the service sector.

The issue of tax reforms was at the centre of the economic agenda since March 2012, when the government appointed a special task force unit headed by Finance Minister Christina Liu (Liu Yih-ju). The task unit's initial plans for a universal capital-gains tax, however, were progressively set aside by a number of amendments, which were introduced following strong popular opposition to the tax. Approved only in June 2013 and implemented since April 2015, the amended capital-gains tax concerned only around 10,000 investors, with very limited returns estimated between NT\$ 6bn and NT\$ 11bn.¹¹³ Further tax raises for high-earners and financial service firms aimed to raise an estimated NT\$ 65bn were instead approved in the LY in May 2014.¹¹⁴ Pensions had historically been a thorny issue for KMT administrations, as the national retirement programme traditionally favoured the party's main electoral constituencies: civil servants, teachers, and the military. The government envisioned an aggressive plan aiming at decreasing the income replacement rates of public pensions by 15% while pursuing similar but less drastic measures for the private sector.¹¹⁵ This was a manoeuvre aiming at outflanking the DPP's proposal for a «national conference on pensions».¹¹⁶ Nevertheless, the KMT's bold reform plan did not survive its main constituencies' threat to boycott the party in the coming elections in case the reform passed.

Thus, by the end of 2015, KMT lawmakers in the LY were actually blocking the opposition's amendments to the reform plan in order to protect the interests of their core constituencies, in contradiction with the original spirit of the reform.¹¹⁷ The government also attempted to enhance the country's fiscal position by reforming poorly performing State-owned enterprises (SOEs) and curbing subsidies on electricity and fuel prices.¹¹⁸ While the planned SOEs reform failed to realise, the cut of subsidies was partially implemented, but at a

113. EIU, 'Taiwan Economy: Quick View – Parliament Approves the Revision of Capital Gains Tax', 26 June 2013.

114. EIU, 'Taiwan Economy: Quick View – Legislature Passes Tax Reforms', 19 May 2014.

115. The income replacement rate is the ratio between income before retirement and pension. James H. Schulz, *The Economics of Aging - Seventh Edition*, London: Greenwood, 2001, p. 103.

116. EIU, 'Taiwan Economy: Quick View – The Government Grasps the Nettle of Pension Reform', 1 February 2013; 'DPP plans to mobilize 100,000 to call for national conference', *Taiwan News*, 26 December 2012.

117. 'DPP Chastises Ma over KMT-blocked Pension Reforms', *Taipei Times*, 25 January 2015.

118. EIU, 'Taiwan Economy: SOE Reform Back on the Agenda', 14 March 2014; EIU, 'Taiwan Economy: Quick View – Planned Electricity Price Rise to Be Postponed', 18 September 2012.

heavy price in terms of political support.¹¹⁹ These setbacks caused government revenues to increase only marginally, up 1.2%, between 2012 and 2015. The administration, however, was relatively more successful in its effort to address the ROC's growing fiscal deficit, shifting the budget balance from -2.4% to +0.1% by reducing government expenditure by 12.6% in the same period.¹²⁰

Broader long-term efforts to transform the structure of the ROC's economy and enhancing the service sector met a similar fate. In October 2013, Taipei announced the creation of seven Free Economic Pilot Zones (FEPZs), enjoying customs, tax and immigration breaks, and focusing on educational innovation, financial services, value added agriculture, international healthcare and smart logistics, with the aim of stimulating a nation-wide programme of liberalisations in the long term. But the FEPZ's initiative never passed in the LY due to a combination of internal oppositions within the government, firm DPP opposition, and a widespread perception that the beneficiaries of the plan would mainly be Chinese investors.¹²¹ Even though the FEPZ's plan failed to materialise, Taipei appeared to have made substantial progress in its efforts to attract FDIs not only by signing the keystone CSSTA in June, but also by reaching the ASTEP and ANZTEC FTAs with Singapore and New Zealand in May.¹²² In addition, following the lift in July 2012 of a ban on beef imports from the US imposed in 2007, Taipei and Washington resumed their Trade and Investment Framework Agreement (TIFA) negotiations in March 2013.¹²³ However, the beaching of the CSSTA in the LY in 2014 and the freezing of cross-Strait relations following Tsai Ing-wen's electoral victory in 2016 – with the consequent Chinese opposition to Taiwan's FTAs in the WTO – severely compromised Taiwanese prospects in this area. Similarly, the Trade and Investment Framework Agreement (TIFA) talks with the US, which continued under the Tsai presidency, did not produce tangible results in 2016.¹²⁴ Indeed, notwithstanding Ma's FTA push, inward direct investments in Taiwan shrunk from US\$ 3.2bn to US\$

119. EIU, 'Taiwan Economy – Turning on the Lights', 30 August 2013.

120. EIU, 'Country Forecast: Taiwan', December 2016, p. 11.

121. National Development Council, *Taiwan's Free Economic Pilot Zones*, April 2014 (http://www.fepz.org.tw/Upload/Hide_FILE/Taiwan%20Free%20Economic%20Pilot%20Zones.pdf).

122. ROC Ministry of Economic Affairs, *Explanatory Materials for the Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership («ASTEP»)* (https://www.moea.gov.tw/Mns/otn_e/content/submenu.aspx?menu_id=9927); ROC Ministry of Economic Affairs, *Explanatory Materials for the Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership («ANZTEC»)*, 10 July 2013 (https://www.moea.gov.tw/Mns/otn_e/content/submenu.aspx?menu_id=8534).

123. Helen Ku, 'Taiwan and US Wrap Up Trade Talks', *Taipei Times*, 11 March 2013. On the reasons for the ban on American beef, see: 'Thousands of Taiwan Farmers Rally to Protest US Beef Import', *Taiwan News*, 8 March 2012.

124. Office of the United States Trade Representative, *United States and Taiwan Hold Dialogue on Trade and Investment Priorities*, October 2016 (<https://ustr>).

2.4bn between 2012 and 2015.¹²⁵ Moreover, the signing of the Seoul-Beijing FTA in December 2015, which included liberalisations in the same sectors of the CSSTA, further complicated Taiwan's position.¹²⁶

By November 2014, following KMT's heavy electoral defeat in the local elections, the government's economic policy lost any residual élan. The only noticeable initiative was a modest economic stimulus package of NT\$ 3.5bn (US\$ 110m) in the manufacturing and service sectors, dubbed «Productivity 4.0», which was approved in August 2015.¹²⁷ Ultimately, major economic indicators between 2012 and 2015 were not kind to Taiwan's economy. Real GDP growth registered an average 2.2% and domestic demand growth averaged 1.9%.¹²⁸ The current-account balance stood at 11.3% of GDP; average consumer-prices inflation was at 0.9%, while employment grew by 1.1%.¹²⁹

Taiwan's economy woes increased in 2016, as the economic implications of frozen cross-Strait relations worsened an already suffering economy. Indeed, the challenges faced by the Tsai administration since May were daunting. Against the backdrop of a sharp decrease in the number of Chinese tourists from the Mainland,¹³⁰ the new administration had to shape its economic policies addressing both the long-standing structural challenges of the economy and the expectations raised by an electoral campaign that had heavily capitalised on the social discontent caused by inequality, salary levels and job prospects. The DPP's flagship project for the first months in power was the «New Southbound Policy» (新南向政策, NSP) directed towards the countries of the Indian subcontinent, the ASEAN countries, Australia and New Zealand, presented on 12 May. Previous ROC administrations had already devised economic policies aiming at reducing Taiwan's dependency from Mainland China and enhancing Taiwan's presence especially in South-East Asia by supporting local firms abroad.¹³¹ The NSP, however, appeared to be characterised by a new and ambitious

gov/about-us/policy-offices/press-office/press-releases/2016/october/united-states-and-taiwan-hold).

125. National Development Council, *Taiwan Statistical Data Book 2016*, 9 November 2016 (http://www.ndc.gov.tw/en/News_Content.aspx?n=607ED34345641980&sms=B8A915763E3684AC&s=3CE82CC912356116), p. 209.

126. On the implications of the Korea-China FTA for Taiwan, see: EIU, 'Taiwan Economy: The Economic Ties That Do Not Quite Bind', 28 October 2014. For a profile of the FTA: Jeffrey J. Schott, Euijin Jung & Cathleen Cimino-Isaac, 'An Assessment of the Korea-China Free Trade Agreement', *Peterson Institute for International Economics Policy Brief*, December 2015 (<https://piie.com/publications/pb/pb15-24.pdf>).

127. 'Taiwan To Invest NT\$ 36 billion in Productivity 4.0 Project', *Focus Taiwan*, 14 August 2015.

128. National Development Council, *Taiwan Statistical Data Book 2016*, p. 4.

129. EIU, 'Country Forecast: Taiwan', December 2016, pp. 11-13.

130. See section 4.1, note 69.

131. 'Will Tsai's Focus on Asia Prove Effective?', *The China Post*, 19 May 2016.

focus on projecting and exerting Taiwanese soft power by fostering people-to-people relations, and by providing visa schemes and fellowships to attract tourists, businesspeople, students and academics to the island.¹³² The new policy was ambitious and addresses major issues – dependency on the Mainland, immigration, limited international presence, the need to attract foreign investments. However, it caused major concerns regarding the meagre budgets available to the firms, its short-term impact on the economy, and above all the capacity to withstand the possible (and consistent with the actions pursued in 2016) PRC's pressure on the target countries.¹³³

The second keystone of the Tsai administration's economic policy was the revival of the national defence industry, after years of decreased spending under Ma.¹³⁴ The plan, driven by shipbuilding and modernisation programmes commissioned by the ROC Navy within a 2017-2040 timeline, aimed at producing spill-overs in the other industrial sectors, obviously together with the need to ensure national defence in the shifting context of East Asian regional politics. However, as in the case of the NSP, the contrast between the plan's ambitious aims on the one hand, and the ROC's limited budget resources and international isolation on the other, raised serious concerns on the viability of the project.¹³⁵ In October it approved the new «Electricity Act», devising a two-phase plan to liberalise the energy sector and stimulate the renewable-energy sector along a nine-to-ten year timeline.¹³⁶ In line with its campaign platform, in September the DPP government also announced a 5% rise of the monthly minimum wage and a 10.8% increase in the hourly minimum wage.¹³⁷ Finally, notwithstanding wide protests among public sector workers, the Tsai administration also continued its work towards a comprehensive reform of the pension system.¹³⁸ The overall situation of Taiwan's economy, however, remained problematic. Real GDP growth registered an average 0.2% in the first two quarters of 2016

132. Office of the President. Republic of China, *President Tsai Convenes Meeting on International Economic and Trade Strategy, Adopts Guidelines for «New Southbound Policy»*, 16 August 2016 (<http://english.president.gov.tw/Default.aspx?tabid=491&itemid=37868&rmid=2355>).

133. EIU, 'Taiwan Economy: Southbound, for the Fourth Time', 30 September 2016.

134. For an overview of the Tsai administration's proposed national defence policy in comparison with the previous Ma administration, see: Oriana Skylar Mastro, 'Taiwan's Defense Policy Under Tsai', *China Brief*, Vol. 16, Issue 15, 4 October 2016.

135. EIU, 'Taiwan Economy: The Defence Industry as Industrial Policy', 23 August 2016.

136. Christine Chou, 'Electricity Act Revisions Pass Preliminary Review, Approval Expected in Jan.', *The China Post*, 16 December 2016.

137. Christine Chou, 'Minimum Wage to Be Raised 5%: MOL', *The China Post*, 9 September 2016.

138. 'Pension Reform Goes On', *The China Post*, 5 September 2016.

– although preliminary estimates suggested a 2.3% growth in the third.¹³⁹ Real domestic demand growth is estimated at 1.7%, close to the same levels of 2015; the current-account balance is estimated to have contracted by 0.1%, standing at 14.4% of the GDP; average consumer-prices inflation is estimated at 1.3%, and the estimated growth in labour employment was 0.4%.¹⁴⁰

To conclude, Taiwan's economy between 2012 and 2016 suffered the conflation of mounting structural problems, cross-Strait tensions and dysfunctional domestic politics. During his second term in office, President Ma could rely on the most stable relation with Beijing ever enjoyed by Taipei. However, with an already weakened popular mandate in the aftermath of the 2012 electoral victory, Ma and his administration were not able to withstand the combined impact of the vested interests of his party's constituencies and the continuous infightings in the KMT. This situation made particularly effective the DPP's strenuous opposition in the LY. Bold attempts to address Taiwan's structural economic malaises such as the tax reform and the reform of the pension system were consequently shelved or amended in the LY until they became irrelevant, while precious energies and political capital were spent in ill-conceived plans without popular support. Moreover, the concerted effort to provide a new international dimension to the island's economy via the multiple FTAs negotiations pursued throughout 2013 was rendered vain by the CSSTA debacle in early 2014, a result of the internal struggle between President Ma and Speaker Wang within the KMT. Regarding the Tsai administration, the first eight months in power saw no critical signs of collapse in the DPP's solid LY majority, but the political choices of the President hurt an already suffering economy. Moreover, the first major economic policy initiatives of the administration showed a worrying tendency to propose ambitious but generally underfunded plans. On a positive note, Tsai was able to rapidly and proactively address social problems such as low salaries and ageing demographics, maintaining the necessary momentum to face the crucial battle-to-be for the reform of the pension system in 2017.

7. Taiwan in the Asia-Pacific: between sovereignty disputes and Sino-American growing rivalry

The PRC began to send the first signals of a growing assertiveness in Asia-Pacific between 2009 and 2010, during a period in which cross-Strait relations were rapidly improving and progressing towards the signing of the

139. National Statistics, Republic of China (Taiwan) (<https://eng.stat.gov.tw/point.asp?index=1>). EIU forecasts estimates 1% growth for 2016: EIU, 'Country Forecast: Taiwan', December 2016, p. 1.

140. EIU, 'Country Forecast: Taiwan', December 2016, pp. 11-13.

ECFA. The confirmation of this shift in Beijing's regional policy arrived with the eruption of the Senkaku/Diaoyu Islands dispute with Japan in the East China Sea in 2012, and later, in 2014, with the massive land-reclamation programme conducted in the South China Sea.¹⁴¹ As the PRC's sovereignty claims in the region are virtually identical to the ROC's own claims, Taiwan became by *force majeure* involved in a rapidly shifting regional context.

The Senkaku/Diaoyu dispute in the East China Sea, the first major regional crisis, emerged between late August 2011 and 11 September 2012, as the Japanese Noda Cabinet announced the decision to nationalise three islets of the archipelago claimed by both Taipei and Beijing.¹⁴² In the earlier stages of the dispute, the Ma administration pursued a double-edged strategy. On the one hand, it responded to the expectations of embattled Taiwanese fishermen and nationalist circles: Taipei issued defiant statements rebutting the Japanese nationalisation, and its coast guard even engaged in a water-cannon confrontation with the Japanese counterpart as it escorted a flotilla of fishermen to the islands' territorial waters.¹⁴³ On the other hand, the Ma administration had already officially announced four days before Japanese nationalisation, an «East China Sea Peace Initiative» (ECSPI) focussed on «mutually reciprocal recognitions» and the «joint explorations and development of resources».¹⁴⁴ Indeed, after the water-cannon battle, Taipei progressively defused tensions with Tokyo. On 10 April 2013, the two sides reached an important fishery agreement modelled on the blueprint of the ECSPI, which effectively shelved the dispute. The agreement institutionalised a joint committee to enhance communications between the two sides, and allowed Taiwanese and Japanese fishermen to freely operate within the disputed area, while maintaining their respective sovereignty claims and excluding Taiwanese ships from the territorial waters of the islets.¹⁴⁵ This move, in turn, highlighted the unexpected tensions on the issue

141. Giulio Pugliese & Aurelio Insisa, *Sino-Japanese Power Politics*, pp. 22, 74.

142. *Ibid.*, pp. 48-49. An assessment of the legitimacy of the ROC's claim is beyond the scope of this essay. Taiwanese documents, press reviews and official statements supporting the claim can be found in: *The Diaoyutai Islands: Sovereign Territory of the Republic of China* (<http://taiwandiaoyutaiislands.tw/EN/Events.aspx>). Both the PRC and Japan have similar websites supporting their own respective claims on the islands.

143. Alan D. Romberg, 'Shaping the Future – Part II: Cross-Strait Relations', *China Leadership Monitor*, Issue 39, October 2012, pp. 15-16.

144. Ministry of Foreign Affairs, Republic of China (Taiwan), *East China Sea Peace Initiative Implementation Guidelines*, 7 September 2012 (<http://www.mofa.gov.tw/en/cp.aspx?n=678FD6BB7AB0BB1E>).

145. Tetsuo Kotani, 'The Japan-Taiwan Fishery Agreement: Strategic Success, Tactical Failure?', Centre for Strategic and International Studies – Asia Maritime Transparency Initiative, 20 October 2015. Renewed Taiwanese-Japanese tensions on fishery emerged however in July 2016, in the remote Okinotori atoll. Tokyo claims an Exclusive Economic Zone on Okinotori. EIU, 'Taiwan/Japan Politics: Fishing Dispute in Okinotori Could Be Discussed', 25 July 2016. However, on 30 May an EY spokes-

that emerged, rather counter-intuitively, with Beijing. Since the early stages of the disputes, the Ma administration had ignored repeated TAO appeals to the «common responsibility» (共同责任) to uphold together «Chinese» sovereignty over the islets against Japan.¹⁴⁶ Furthermore, in duelling with Japan, Beijing had implicitly but nonetheless clearly dismissed Taipei's sovereignty on several occasions. For instance, in November 2012 Beijing issued new passports containing pages portraying not only the Senkaku/Diaoyu Islands and the disputed islets of the South China Sea as Chinese territory, but also Taiwan, thus provoking an angry reaction in Taipei.¹⁴⁷ In November 2013, China's decision to establish an Air Defence Identification Zone (ADIZ) over the East China Sea – including Taiwan's airspace as well as the Senkaku/Diaoyu Islands – raised an even greater concern on the island.¹⁴⁸ From a cross-Strait perspective, Beijing saw the dispute as a means to further bring Taipei inside its sphere of influence and to give more substantial content to the One China principle for the benefit of both domestic and international public opinions. However, the independent agenda pursued by the Ma administration through the ECSPI defied this expectation. In fact, the fishery agreement reached by Taipei with Tokyo implicitly but clearly highlighted the assertive nature of Beijing's posture in the dispute.

Taiwan's role in the Senkaku/Diaoyu crisis also contributed to tamper mounting concerns on the state of US-ROC relations. Since the signing of the ECFA in 2010, a number of US scholars, commentators and former policy-makers argued for «abandoning Taiwan» in order to accommodate a rising PRC as the US was in a phase of relative decline.¹⁴⁹ By progressively moving the cross-Strait relations towards unification, the Ma administration was transcending the strategic ambiguity at the core of America's *own* One China policy, which aimed at «fostering China's political and economic liberalization and creating a peaceful and consensual resolution of the cross-

person announced that Taiwan will respect any ruling by the UN Commission on the Limits of the Continental Shelf following Japanese submission, even though the country is not a signatory of the United Nation Convention on the Law of the Sea.

146. '国台办：两岸同胞对日本《购岛》闹剧同表愤慨' (TAO: Compatriots from Both Sides of the Strait Show Together Their Indignation for Japan's «Island Acquisition» Farce), 中国新闻网 (*China News*), 26 September 2012; '王毅维护钓鱼岛主权是两岸同胞的共同责任' (Wang Yi: Protecting Chinese Sovereignty over the Diaoyu Islands Is the Common Responsibility of Compatriots from Both Sides of the Strait), *China News*, 6 March 2013.

147. Max Fisher, 'Here's the Chinese Passport Map That's Infuriating Much of Asia', *The Washington Post*, 26 November 2012.

148. Giulio Pugliese & Aurelio Insisa, *Sino-Japanese Power Politics*, p. 59.

149. For a synopsis of the «abandon Taiwan» current that emerged in this period, see Dean P. Chen, 'Sustaining the Triangular Balance: The Taiwan Strait Policy of Barack Obama, Xi Jinping, and Ma Ying-jeou', *Maryland Series in Contemporary Asian Studies*, Vol. 2013, No. 1, Article 1, 2013, p. 35, note 143 (<http://digitalcommons.law.umaryland.edu/mscas/vol2013/iss1/1>). See also EIU, 'Taiwan Politics: Will the US Abandon Taiwan?', 29 January 2013.

Strait impasse». ¹⁵⁰ Countertrend Taiwanese reactions to the escalation of the dispute demonstrated however that the Ma administration was not willing to blindly follow Beijing on its path of «common responsibility to protect sovereignty». A statement of the American Institute in Taiwan appreciating the «constructive response» to Beijing's declaration of the East China Sea ADIZ proved that US-Taiwan relations were back on track right when the process of economic integration between Taiwan and the Mainland was beginning to derail because of the CSSTA. ¹⁵¹ While US attitudes towards Ma remained relatively frosty in the period leading to the Xi-Ma meeting in November 2015, the Obama administration's unlocking in December 2015 of a 2014 Congress-approved arms sale package to Taipei – the first since 2011 – was clearly signalling that Washington was willing to fully support the new expected president Tsai Ing-wen. ¹⁵²

Taiwan's pragmatic position in the East China Sea dispute, however, stood partially in contrast with its more assertive posture in the broader South China Sea dispute, involving the PRC, the ROC, the Philippines, Vietnam, Brunei and Malaysia, which has unfolded since 2014. This was the natural enough consequence of the fact that Taipei retains or reclaims numerous territories in that maritime area. As reports surfaced about massive Chinese land-reclamation endeavours in the South China Sea, tensions between the two Chinas rapidly emerged. The Ma administration clearly stated that it would not give up Taiwan's territories in the disputed areas, but proposed, on 26 May 2015, a South China Sea Peace Initiative along the lines of the ECSPI. ¹⁵³ However, the ROC's position was greatly weakened by the 12 July judgement of the Permanent Court of Arbitration (PCA) on the Philippines' submission against China. In fact, the PCA unexpectedly did not recognise the Taiping/Itu Aba territory, claimed by Taipei, as an «island», but only as a «rock», thus granting no Exclusive Economic Zone to Taiwan. In response to the verdict, President Tsai decided to send a ROC Navy frigate to Taiping. ¹⁵⁴

150. Dean P. Chen, 'US-China Rivalry and the Weakening of the KMT's «1992 Consensus» Policy', *Asian Survey*, Vol. 56 No. 4, July/August 2016, pp. 759-60.

151. EIU, 'Taiwan Politics: Quick View – Speculation Surrounds US-Taiwan Relations', 16 December 2013.

152. EIU, 'China/Taiwan Politics: Quick View – US Administration Authorises Sales of Arms to Taiwan', 17 December 2015.

153. Ministry of Foreign Affairs, Republic of China (Taiwan), *The Republic of China's Sovereignty Claims over the Diaoyutai Islands and the East China Sea Peace Initiative* (<http://www.mofa.gov.tw/en/cp.aspx?n=38CD1D3C91067AEC>). See also: Republic of China (Taiwan), *Position Paper on ROC South China Sea Policy*, 21 March 2016 (http://multilingual.mofa.gov.tw/web/web_UTF-8/South/Position%20Paper%20on%20ROC%20South%20China%20Sea%20Policy.pdf).

154. Austin Ramzy, 'Taiwan, After Rejecting South China Sea Decision, Sends Patrol Ship', *The New York Times*, 13 July 2016. According to sources in Taipei, President Tsai's decision provoked considerable dissent within the DPP. Conversation with senior Taiwanese academic in Hong Kong, July 2016.