



Cross-Strait Trilateral Conference: Focus on Taiwan's Seminal January 2016 Elections

By Stephen M. Young*
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I. Introduction

The NCAFP assembled an influential group of American, Chinese and Taiwanese officials and scholars in New York City on March 25th and 26th to discuss the state of cross-strait relations. The annual gathering over the last several years has fostered a good spirit of candor and mutual respect throughout the meetings.

The focus of the trilateral conference was understandably centered on Taiwan's January 2016 joint Legislative Yuan (LY) and presidential elections. This will be the first time both sets of elections will be held on the same day, and many conference participants anticipate a heavy voter turnout—particularly among the younger generation—given the activism reflected in last spring's Sunflower Movement.

Most speakers recognized that the prospect of Democratic Progressive Party (DPP) Chairwoman Tsai Ing-wen winning the presidential elections was quite high in the wake of the disastrous failure of the Kuomintang (KMT) in the November 29, 2014 local elections. With President Ma Ying-jeou's approval ratings hovering in the single digits, the chances of an unprecedented DPP majority in the LY cannot be ignored.

Much of the discussion centered on who the KMT would put forward as their presidential candidate. The consensus was that Greater Taipei City Mayor Eric Chu would be the best choice. But after the conference was concluded, Chu indicated that he will not be a candidate for President next year. It remains to be seen if this decision is final.

There was considerable discussion on Beijing's concern about a possible Tsai presidency that results from her history of championing Taiwan's independence and her skepticism towards the Mainland during previous presidential elections. Great attention was also paid to PRC President Xi Jinping's personal focus on the Taiwan issue, including what China expected from Taiwan's next president and what the consequences might be if Ma's successor did not meet these expectations.

*Several U.S. participants contributed to this report

The general view from conference participants was that Tsai would have to temper her past support for Taiwan's independence if amicable cross-Strait relations were to continue. Discussants debated whether this meant Tsai must embrace the "1992 Consensus," accept the "one-China principle" or suggest an alternative policy. A number of pro-DPP speakers believed Tsai was well aware of the need to find some accommodation to Chinese concerns, especially since the U.S. was also concerned with the future trajectory of cross-Strait relations under a potential DPP president.

II. Background

The landslide victory of the pan-Green camp in last November's local elections set the backdrop for a potentially difficult election for the pan-Blues. President Ma's credibility was almost completely lost when he was forced to step down as KMT Chairman following this unprecedented defeat. The KMT share of the 22 county and local offices fell from 14 to 6, with a pro-Green independent seizing the Taipei City Mayoral Office after 16 years in KMT hands.

The roles of the Sunflower Movement and the greater activism of young Taiwanese voters were also focuses of debate. Some felt that last fall's local elections were not necessarily a valid prediction of voting patterns for the January 2016 elections since many pro-Blue voters did not turn out to vote. But the prevailing view was that the KMT faced a high probability of losing the presidency and possibly even their majority in the LY for the first time ever.

While many domestic issues have shaped public opinion within Taiwan, the general sense was that the KMT was perceived in Taiwan as having been too willing to accede to PRC proposals on cross-Strait economic ties. Therefore, much of the discussion centered on what Tsai Ing-wen might do to adjust the recent pattern of greater trade and cooperation across the Strait if she became Taiwan's next president.

Several Mainland speakers, while emphasizing President Xi Jinping's strong personal focus on the Taiwan issue, suggested Tsai had to make some accommodation with the "1992 Consensus" which is often described as Taiwan's acceptance of "one country, different interpretations." Taiwanese speakers, including those with ties to the DPP, believed Tsai was focusing on this dilemma.

American participants discussed Tsai Ing-wen's plans to visit the United States later this year. Speakers recalled the negative reaction to her visit in the run-up to 2012's presidential elections when an unnamed U.S. official was cited in a *Financial Times* article expressing doubts that she could effectively deal with cross-Strait relations. The DPP understands that failure to secure U.S. neutrality in the coming elections could significantly diminish their party's chance of success next January. For its part, the U.S. generally prefers not to take sides in democratic elections, and in Taiwan's case, there has long been bipartisan support for the island's democratic institutions.

Finally, there was a belief among many participants that China needed to show greater flexibility in its approach to the DPP. A tough PRC policy towards Taiwan could also raise concern in Washington, Taiwan's ultimate security guarantor over the years. The bottom line was a general view that the PRC would remain very wary of a potential DPP return to power and that this would pose serious challenges for continued cross-Strait peace and stability.

III. Taiwan's Perspectives

The morning session's five Taiwanese speakers all shared views on the island's challenges going forward. The first speaker, a local DPP official, recognized his party's need to come to grips with the question of the "1992 Consensus" heading into next January's elections, as continued economic cooperation across the Strait would not otherwise be possible. If Tsai Ing-wen is elected president, he said, she will seek to be viewed by outside powers as a "responsible stakeholder."

A light-blue academic predicted a continued slowing of cross-Strait cooperation which would also hinder Taiwan's drive to play a greater role in regional economic organizations. Meanwhile, the Ma Administration suffers from widespread lack of trust in its policies. The Sunflower Movement's young activists are having trouble articulating an economic development strategy, and this poses management challenges for the DPP as it seeks these activists' continued support.

The next speaker, another light blue academic, began by highlighting China's rapid rise which poses challenges for everyone, including the U.S. Meanwhile, Taiwan's exclusion from bilateral Free Trade Agreements (FTA's)—as well as emerging economic groupings like RCEP, TPP and AIIB—is causing it to lose market share around the region. For example, South Korea was a direct competitor to Taiwan on semiconductors and other high-tech exports. Improving this situation will not be possible without good relations between Taipei and Beijing.

LY filibustering posed another drag on effective policymaking. Bureaucrats were intimidated by the LY, draining their enthusiasm for taking initiatives. But in the absence of a declaration of independence by Taiwan, he predicted there would not be a military confrontation across the Strait.

A blue academic acknowledged the huge setback to pan-Blue parties and the DPP's strong showing in last November's local elections. Echoing other speakers' praise for new Taipei Mayor Ko Wen-je, this speaker suggested the pan-Blues needed to find new faces like Mayor Ko. He noted the KMT was hampered by the lack of close cooperation between three of its leaders: President Ma, Speaker Wang Jin-ping and New Taipei City Mayor Eric Chu. He also decried recent declines in Taiwan's economic performance including difficulty attracting FDI. He drew attention to the Sunflower Movement's emergence in the country's domestic politics and also suggested this movement would be difficult for the DPP to control. The speaker believed the DPP would have trouble preserving cross-Strait economic

ties without embracing the “1992 Consensus.” But this would be bitter medicine for the pan-Green party.

The final speaker, representing the DPP, admitted that lack of confidence in the KMT would not necessarily translate into his party’s ability to take its place. The onus was on the new team of local DPP officials to show results. Crafting policies that took into account the emergence of “Taiwanese identity” was one key task. DPP presidential candidate Tsai Ing-wen’s upcoming visit to the U.S. would have to ease concerns about her cross-Strait views in Washington.

Xi Jinping’s recent comments on Taiwan emphasized adherence to the “one-China principle,” and this presented a challenge for Tsai and her party. The speaker felt Tsai needed to move in the direction of some kind of accommodation of the “1992 Consensus” if stable relations with the Mainland were to continue. He predicted Tsai, who is aware of lingering American concerns about her policy views, would focus on easing tensions during her upcoming U.S. visit. He also reported that Tsai wanted to work with China “without preconditions.”

During ensuing discussions, one mainland academic said that in light of Tsai’s past history of support for Taiwan independence, Beijing frankly didn’t trust Tsai. This was a common theme from PRC participants. Another Chinese scholar suggested Tsai was not certain to win the presidency since turnout in the local elections was lower than what would be the case in next January’s joint LY-presidential balloting.

An American speaker opined that China could unwittingly assist Tsai’s candidacy by continuing to thwart KMT efforts to negotiate FTA’s with Taiwan’s leading trade partners. A mainland scholar reflected lingering distrust of Tsai over her perceived connection to former President Lee Teng-hui’s 1999 “state-to-state” theory as well as her connection to Chen Shui-bian’s policies. Another PRC scholar questioned why Tsai was favored to win the presidency given Beijing’s clear preference for the KMT’s cross-Strait policies.

Spirited discussion of Eric Chu’s potential candidacy came down to most people believing he would eventually be the KMT’s candidate for president despite earlier pledges to serve out his term as Greater Taipei City Mayor. A pro-Blue Taiwan speaker evinced guarded optimism that Tsai might stumble in the campaign. He also evoked President Xi’s strong warnings on possible Taiwan backsliding on cross-Strait issues, citing the Chinese phrase “the earth will shake, the mountains will tumble.”

A mainland academic hoped Tsai would be pushed back to the negotiating table on the basis of the “1992 Consensus” given its viability over the past twenty years as a bridge between Taiwan and the Mainland. The DPP, he concluded, needed to study Xi Jinping’s “four unshakable principles on reunification:” 1) peaceful development, 2) a common political basis to work from, 3) beneficial for the people of Taiwan, and 4) national revitalization.

The DPP speaker who began this session responded that while Tsai would seek to work with the mainland on mutually beneficial ties, there were also other issues that would figure prominently in next January's elections. They included nuclear safety, pollution, social justice and local issues. He asked whether China would trust Tsai even if she moved to address their concerns. He invoked the unwillingness of the Mainland to give Chen Shui-bian a chance after he won the 2000 elections as a cautionary tale.

A pan-Blue academic countered with his prediction that cross-Strait relations would be the defining issue in the upcoming presidential elections. Another DPP speaker said Tsai would seek to preserve the good aspects of cross-Strait cooperation established by the Ma administration while also focusing heavily on economic issues of concern to the Taiwan electorate.

An American speaker questioned China's general hostility towards Taiwan pursuing trade agreements with its key partners, saying this was not a sovereignty issue since WTO members could undertake such bilateral deals. He also pointed to a recent Japanese agreement with Taiwan on fisheries as a possible template for other informal accords with the island.

IV. U.S. Luncheon Speaker

The American speaker highlighted the enduring strength of U.S.-Taiwan relations. He praised the island for its active international participation. For example, Taiwan provided leadership training to Pacific Island countries and provided shelter materials for refugees in Syria and Georgia. Taiwan was also liberalizing important economic sectors, like pharmaceuticals and medical devices.

With active U.S. support, Taiwan was maintaining its defensive capacities through arms purchases under the framework of the Taiwan Relations Act (TRA), its own indigenous weapons programs and its movement toward a volunteer military. Taiwan military doctrine was focused on deterrence and survivability, ensuring any attacker would pay a steep price. On the economic side, Taiwan was now America's 10th largest trade partner, having recently moved up two notches.

Unofficial bilateral exchanges with U.S. mid-ranking officials, as well as strong support from the U.S. Congress, were both strengths of the relationship. The U.S. sought the views of its Taiwan friends on security issues, including the South China Sea. As the originator of the "Nine-Dash Line," the ROC had a role to play in managing peace in the area.

Turning to Taiwan's upcoming elections, the speaker gave credit to DPP candidate Tsai Ing-wen for her economic expertise and varied experience in government over the past twenty years. He also noted the qualifications of Greater Taipei Mayor Eric Chu, who—though not presently a declared candidate—would make a formidable opponent to Tsai.

In closing, the speaker stated that recent public remarks by a former AIT Director questioning DPP policies in cross-strait relations were not sanctioned or coordinated by the USG. During ensuing discussion, the speaker turned aside one question by a Chinese academic by suggesting China tended to at times “overanalyze” and “misinterpret” USG actions on Taiwan.

A Chinese speaker voiced concern that Taiwan might at some point abandon the “Nine-Dash Line” in the South China Sea. The American speaker countered that regular PRC criticisms of Taiwan on a range of such issues has had the effect of alienating many Taiwanese citizens, who take great pride in their achievements.

One PRC participant asked the luncheon speaker if the topic of Taiwan was likely to come up during President Xi Jinping’s September visit to Washington. The speaker’s response was that China usually raised this issue, and in fact a good exchange had occurred during the Sunnyland Summit.

In summarizing the USG view of next January’s elections, the speaker underscored that Washington would remain neutral and would be prepared to work with whomever the Taiwan voters choose. As Taiwan attempts to foster practical ties with countries around the world, the speaker observed that PRC attempts to thwart these efforts have damaged the mainland’s reputation with the island’s citizens.

V. U.S. Perspectives

The first American speaker began by highlighting practical cooperation between China and Taiwan. She gave the example of a recently announced PRC civil air route that approached the midline of the Taiwan Strait, which China adjusted after Taiwan raised safety concerns. She also felt it was good that the Taiwan issue was currently not dominating U.S.-China dialogue, though acknowledging that could change. She wryly noted that Beijing complains about U.S. actions vis-à-vis Taiwan but then urges Washington to curb Taiwan when it suits them.

Commenting on President Xi’s recent comments on Taiwan, in which he laid down a marker on separatism and urged Taiwan voters to cast their ballots carefully, the speaker suggested it might be useful for China to talk more about what an acceptable formulation might look like. She reiterated that the U.S. supported free and fair elections and the preservation of cross-strait tranquility. Noting public U.S. expressions of concern over Tsai’s policies back in 2012’s presidential elections, she hoped this would not be repeated in the upcoming elections.

The second American speaker noted Taiwan politics have changed, referring to the Sunflower Movement as presenting a “Third Force” on the island. The U.S. always faces a dilemma in democratic elections, between supporting the process while expressing views on specific issues. He echoed other speakers’ uncertainty as to just how central cross-strait issues would be in the upcoming election. He stated his view that the U.S. would not prejudge any of the candidates, as it respects the right of the people of Taiwan to decide.

He reviewed the history of USG statements and actions aimed at sending clear political signals. For example, there had been approval of a major arms sale in the run-up to 2012's voting, a signal of support for incumbent Ma Ying-jeou. There was also the *Financial Times* article in the run-up to that election, which questioned aspects of Tsai Ing-wen's policy. But America's abiding respect for Taiwan's dynamic democracy should not be neglected. Washington would also pay close attention to the LY elections, while maintaining flexibility in the signals we might choose to send.

The third speaker confirmed that when U.S. vital interests were involved, Washington would speak out as it had through the *Financial Times* piece prior to the 2012 elections. The U.S. was also watchful of any provocative moves by the Mainland. He felt Tsai was currently trying to address concerns on the part of both Washington and Beijing.

His sense was that Washington would prefer to work quietly and not repeat the public signals of the FT article in the upcoming elections. The U.S. would also respond to actions by China viewed as coercive or worse. His hope was that anything Beijing did would be subtle.

The fourth speaker reviewed the history of U.S.-Taiwan relations, highlighting Taiwan's democratization process as solidifying U.S. ties with the island following the shock to Taiwan of de-recognition in 1978. He commented on recent trends in both Taiwan and Hong Kong, specifically the Sunflower and Umbrella Movements, as posing challenges to Beijing's authoritarian political system.

He elaborated that with millions of PRC visitors to these ethnically, linguistically and culturally similar Chinese polities, Chinese citizens were being exposed to more open social and political systems that could pique their interest in potential change back home. This may pose a political challenge to the one-party system championed by the CCP, but it is of a piece with trends that have dominated East Asian political development over recent decades.

As the session turned to open discussion, one pro-Green Taiwan participant expressed concern over a possible destabilizing transition, noting that there would be over four months following January elections before the new president took office. A Mainland scholar wondered if the next Taiwan leader would continue the diplomatic truce Ma Ying-jeou had honored over the past eight years.

An American scholar regretted that there had not been more discussion of China's approach to the existing "diplomatic truce" after next year's elections. Another mainland scholar raised Tsai Ing-wen's upcoming visit to Washington, wondering if she could demonstrate greater pragmatism than during her 2012 campaign. A DPP supporter noted the decision of his party in 2013 to open an office in DC, providing a more formal channel for direct contact with American officials and scholars.

Another U.S. speaker stressed that the USG does not, as a general matter, send signals through academics. The message was that Chinese observers should assume that these scholars were speaking for themselves and not for the Obama administration. He saw Xi Jinping as a wild card, wondering who he listened to on the Taiwan question. A Chinese participant later responded that Xi is his own teacher on the Taiwan issue, drawing heavily on his experiences as Fujian Party Chief. He also urged Beijing to engage in some contingency planning so it wouldn't be forced to make ad hoc policy decisions after next January's elections. Another speaker emphasized the importance of Beijing treating Taiwan with dignity in its communications.

A longtime American student of Taiwan noted the utility of the four-month transition period, particularly if there was to be a change of parties in charge. He also expressed some concern over the more nationalistic streak emerging under President Xi's rule, since fanning passions at home could make it more difficult later to craft conciliatory policies on either Taiwan or territorial disputes without triggering a domestic backlash.

VI. Chinese Perspectives

The first Chinese speaker made it clear the lack of trust Mainland interlocutors had towards Tsai Ing-wen. He added that if Tsai was having difficulty hammering out a consensus among her colleagues within the DPP, how would she be able to do so with the KMT and the Mainland? A victory by the KMT's candidate, potentially Eric Chu, would alleviate this concern, since Beijing had developed some confidence in dealing with his party. The question of an acceptance of the "1992 Consensus" would not arise under those circumstances.

The Mainland had its differences with the KMT on issues such as political talks and arms sales. But there were no differences in principle there. That was not the case with the DPP or its putative candidate. The speaker claimed Tsai was "capricious and fake," and he stressed the personal distrust she inspired among mainlanders. That said, Beijing hoped that political stability could be sustained through next year's elections and during the transition to a new Taiwan government.

The second Chinese scholar thought last year's Sunflower Movement suggested cross-Strait improvements had not sufficiently boosted the Taiwanese economy, making it harder to convince Taiwan's compatriots of the utility of better cross-Strait ties. China's rapid rise has also made Taiwan's citizens nervous about ties with Beijing. He worried that the Sunflower Movement could trigger a return of the divisive cross-Strait relations of the Lee Teng-hui and Chen Shui-bian eras. President Ma had been unable to change Taiwan's young people's suspicions toward the Mainland.

President Xi has made several speeches recently on the Taiwan question, said the Chinese scholar. In the speeches, he stressed that peaceful development of ties must precede peaceful reunification. The implication was that reunification was not a pressing goal. China's renewal, the PRC scholar continued, has in Xi's opinion made some in Taiwan worried about relations with a stronger China. For Xi, the "1992 Consensus" plays an irreplaceable role in the development of cross-strait ties. If this were abandoned, "the earth will shake, [and] the mountains will tumble" was Xi's notable characterization. While still seeking a "win-win" result, China still had many ways to prevent Taiwan independence, the speaker ominously concluded.

The third speaker, while highlighting the many agreements achieved with the Ma Administration, admitted contradictions remained in the relationship. President Xi paid close attention to grassroots opinion in Taiwan. But now the relationship faced new difficulties. Beijing and the KMT were being questioned by the DPP and its leader, Tsai Ing-wen.

The Sunflower Movement hastened the "lame duck" status of Ma's administration. Economic tensions, including wealth inequality, were concerns in Taiwan. While holding the "1992 Consensus" as the key to forward progress on cross-strait relations, the Mainland needs to understand recent developments better and strive to win over Taiwan's youth in favor of the Mainland perspective.

The fourth speaker, an influential academic adviser to the government, provided an overview of the current state of U.S.-China relations, focusing on President Xi's planned September visit to Washington. China faces many internal challenges, he said, including a slower growth rate. These domestic challenges will continue to be China's priority, he continued. As a result, Taiwan is not now a top priority in Beijing. China is not in a hurry and believes that time is on its side to resolve the cross-strait question. The speaker also noted that "Chinese leaders pay attention to Taiwan opinion polls," the implication being that they were aware of the lack of enthusiasm for reunification among the great majority of Taiwan voters.

The speaker then turned to the U.S. role in Taiwan. The Chinese people have a negative view of the U.S. position on Taiwan, he said, but they also see that the U.S. has less influence on Taiwan than it did before. Basically, he continued, the mainland has a much better understanding of Taiwan and the U.S. than it had during the Chen Shui-bian era. This increased understanding gives Beijing greater confidence in dealing with the Taiwan situation.

In the discussion which followed, a Chinese scholar noted that Beijing well understood that the PRC and Taipei had different interpretations of the "one China" concept with Taiwan calling it the ROC and not the PRC. The Chinese scholar related this understanding to the PRC decision at the 17th Party Congress to focus on peaceful development and stability in the Taiwan Strait rather than to push for reunification.

An American participant raised the question of the connection between Hong Kong and Taiwan. Both societies had recently experienced youthful protests against their own governments, as well as the overbearing Chinese perspective on their societies. He wondered what impact mainland visitors' exposure to more open societies and democracy in these two polities might have on internal PRC politics.

Another Chinese speaker admitted that some exaggerate how well things are going with cross-Strait ties. Beijing had long stated that "with One China, all things are possible." Unfortunately, this speaker claimed, "not all things are possible."

An American speaker suggested the elephant in the room was the possibility of a DPP victory next January. He hoped that the DPP might seek some accommodation with the Mainland, as one of its leaders, Frank Hsieh, has already suggested, by taking de jure independence off the table. Many in the DPP recognize that it is not realistic to push independence and the DPP's own 1999 party resolution has supplanted the "independence" clause in the party's 1991 constitution. So such a step should be possible.

A Chinese speaker responded that the situations in Hong Kong and Taiwan were quite different. He claimed the Hong Kong protests centered less on dissatisfaction with the Mainland than with such local concerns as jobs and economic disparities. He also indicated that Tsai Ing-wen had a long way to go to win Beijing's trust. This was the case for Tsai with the U.S. as well, he claimed. If Tsai wins, she will face many economic problems that the Mainland could help with. She may look to the U.S. for help. The speaker suggested the U.S. cannot wash its hands of culpability for Taiwan in that case. Meanwhile, the speaker somewhat ominously concluded China has many more tools to influence events in Taiwan today than it did when Lee Teng-hui was in office.

Another Chinese scholar suggested many improvements in cross-Strait relations, such as direct flights, could not be easily reversed. He also thought it was too early to predict a DPP victory in next year's presidential elections. He wondered what a KMT victory would produce in the way of cross-Strait ties. Another Chinese academic thought even a DPP victory would not be such a big problem. The mainland's policy of peace and development will still have much to offer.

An American scholar worried that—in the event of a DPP victory next year—the Mainland's incentives to Taiwan were too weak and its threats too strong. Intimidation and threats would only increase the Taiwan people's resentment of the Mainland, which would not be in Beijing's interest.

A pro-DPP Taiwan speaker thought things were not going to be so bad if his party won the elections next year. Since the DPP believes that Taiwan was already sovereign, nothing had to change in the short-term. Any change of status had to involve all parties. The DPP in power would focus on maintaining peace and stability in the Taiwan Strait. Taiwan independence was still a long way off.

A Chinese scholar thought cross-Strait economic relations would be relatively easy to maintain even with a DPP victory. Political questions would be more difficult. Another Chinese scholar thought Beijing has learned from its experience with Chen Shui-bian back in 2000.

A Chinese speaker suggested the Mainland was prepared to be flexible with Taiwan through the upcoming elections. He understood some Taiwan people did not like the PRC government. There were also people in China who did not like their government. If the DPP came back into power, some exchanges related to the government might be terminated. Perhaps there would be fewer mainland visitors. As to Taiwan participation in international organizations, this could only be resolved through political talks. Otherwise it would be more complicated.

VII. Taiwan Luncheon Speaker

The featured Taiwan speaker, who had earlier worked in the Ma Administration, began by listing three successes and three failures of President Ma Ying-jeou's cross-Strait policy since 2008. The three successes were restoring cross-Strait peace and security, promoting "government-to-government" links between Taiwan and PRC provinces across the Strait, and enhancing "people-to-people" ties with China.

On the negative side, Ma's government had been unable to lock in rapprochement with China, develop unity within the KMT ranks (Ma's inability to work with Speaker Wang Jin-ping was noted) or do more to secure the island's diplomatic space. The public split in Taiwan society on some of these issues made greater success elusive.

This lack of cohesion within the pan-Blue camp was going to damage the KMT's chances of succeeding in next January's parliamentary and presidential elections. The speaker believed KMT weakness reduced pressure on the DPP to revise its policy toward Beijing. He predicted the fact that LY elections would occur simultaneously with the presidential balloting will lead the DPP to take a relatively tough line on cross-Strait relations. This was necessary in order to help the party's LY candidates in the southern part of Taiwan, who tended to be more "deep Green."

The speaker commended President Xi Jinping for his knowledge of Taiwan, much of it coming when he had served as Fujian party chief. He saw Xi as taking a leading role in setting Taiwan policy. But he concluded that future prospects for cross-Strait relations were not good. First, there would be two strong leaders in Presidents Xi and Tsai Ing-wen. Second, nationalism was rising on both sides of the strait. Finally, the speaker worried there would not be an effective buffer in Taiwan's politics on the assumption the KMT emerges significantly weaker after next year's elections.

During the discussion, one Chinese speaker suggested we should not underestimate Xi Jinping's focus on reunification. He observed that upcoming centennial anniversaries of the founding of the CCP in 2021 and the founding of the PRC in 1949 would both fuel stronger Chinese ambitions to resolve the longstanding Taiwan question by achieving reunification. In particular, this speaker said he could not envision Taiwan remaining separate from the mainland by the latter date of 2049.

Another Chinese speaker claimed there was a lessened concern on the mainland over Taiwan independence, even given the possibility of a DPP regime coming into power. A second Chinese speaker felt the peak of sentiment for Taiwan independence was now behind, following the Chen Shui-bian years. At the same time, this mainland scholar harbored concern over slowing Chinese economic development in the years ahead, a factor that could turn the nation's leaders' attention inward. He also reminded the group of Mao and Deng's sense that reunification was a long-term goal, with no specific timeline.

A number of Chinese speakers put some faith in Tsai Ing-wen's good grasp of PRC policies, should she become the island's next leader. But one PRC speaker wondered how she would get along with the new batch of county and city magistrates, who might narrow her freedom of action on key issues. Addressing this point, a Taiwan speaker believed Tsai had changed her style, was consulting more broadly with other DPP figures, for example Kaohsiung Mayor Chen Chu. An American participant highlighted longstanding USG support for Taiwan's democratization process, suggesting Washington would work effectively with whoever wins next January's Presidential contest.

VIII. Policy Recommendations

- 1) DPP Presidential candidate Tsai Ing-wen needs to fashion an approach to cross-Strait relations that will not trigger a serious backlash from either Beijing or Washington. At the same time she cannot through this process alienate the Green voter base at home that she depends on to win in January. She should focus on this dilemma earlier rather than later.
- 2) More specifically, Tsai needs to have an approach to cross-Strait issues that will satisfy Washington when she visits later this year.
- 3) China needs to continue to study Taiwan domestic politics so that it does not set the bar so high for Tsai that she cannot meet it without forfeiting her chance to remain competitive in the presidential elections.
- 4) Depending on how the election plays out, Washington may need to remind China that any attempt to threaten Taiwan with a military response could trigger U.S. obligations under the Taiwan Relations Act.
- 5) Both President Xi and President Obama should quietly focus discussion of the Taiwan question during Xi's September State Visit to Washington in a manner that

effectively preserves the peace, while taking into account the democratic process in Taiwan.

- 6) Ongoing mil-to-mil dialogue between the PLA and the U.S. Defense Department should include discussion of ways to avoid any danger of incidents between our two militaries, particularly in the run-up to next January's Taiwan elections. Hot lines and other effective means of emergency communication should be part of this process.

IX. Conclusion

The open spirit of engagement and exchange that has characterized these meetings in the past continued during the March gathering. Chinese, Taiwan and American participants were able to discuss sensitive topics in a collegial and respectful manner.

It is clear that the growth of democracy in Taiwan, which the United States strongly supports, has posed some sensitive questions involving cross-Strait peace and security. While the Chinese still have some significant concerns about DPP Presidential candidate Tsai Ing-wen, they got a better sense from Taiwan colleagues that the DPP is working on a means of reassuring Beijing that their candidate can find an acceptable way to preserve the peace across the strait if elected in January.

America is a very interested observer in this process, and will use its influence both with Taipei and Beijing to minimize any chance of miscalculation or conflict during the next 12 months and beyond.

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THE NATIONAL COMMITTEE ON AMERICAN FOREIGN POLICY
PRESENTS

CROSS-STRAIT RELATIONS TRILATERAL CONFERENCE

MARCH 25 & 26, 2015

PARTICIPANTS
(in alphabetical order)

Mr. Kevin BACKUS

Director of Cash Equities and Trading
BGC Partners, Inc.

Dr. Richard C. BUSH, III

Senior Fellow
Director, Center for East Asia Policy Studies
Chen-Fu and Cecilia Yen Koo Chair in Taiwan Studies
The Brookings Institution

Professor CHU Yun-han *(Wednesday Only)*

President
Chiang Ching-kuo Foundation for International
Scholarly Exchange

Mr. Ralph COSSA

President
Pacific Forum CSIS

Ms. Bonnie GLASER *(Wednesday Only)*

Senior Advisor for Asia
Center for Strategic and International Studies

Brigadier General Blaine HOLT

Director of Logistics, U.S. European Command
United States Air Force

Dr. Kwei-bo HUANG

Secretary General
Association of Foreign Relations
Associate Professor of Diplomacy
Executive Director of Vincent Siew International Exchange
Program
National Chengchi University

Ambassador Raymond BURGHARDT

Chairman of the Board
American Institute in Taiwan

Dr. CHU Shulong

Deputy Director, Institute of International Strategic and
Development Studies
Tsinghua University

John V. CONNORTON, Esq.

Trustee
National Committee on American Foreign Policy
Partner
Hawkins Delafield & Wood LLP

Mr. Michael FONTE

Director
DPP Headquarters, Washington DC

Dr. HO Szu-Yin

Professor, Graduate Institute of International Affairs &
Strategic Studies
Tamkang University

Mr. HU Lingwei

Deputy Director
Shanghai Institute of East Asia Studies

Ms. Helena KOLENDA *(Wednesday Only)*

Program Director for Asia
Henry Luce Foundation

Dr. Andrew F. KREPINEVICH (*Thursday Only*)
President
Center for Strategic and Budgetary Assessments

Mr. Shih-chung LIU
Deputy Secretary General
Tainan City Government

Rear Admiral Michael McDEVITT (Ret.)
Senior Fellow
Center for Naval Analyses

Mr. Alan ROMBERG
Director of East Asia Program & Distinguished Fellow
Stimson Center

Mr. Christopher M. SMITH
Deputy Director, Taiwan Coordination Office (EAP/TC)
U.S. Department of State

Dr. SUN Zhe
Shanghai Shuguang Scholar & Professor, Center for U.S.-China Relations
Tsinghua University

Dr. WANG Jianwei
Professor & Head of the Department of Government and Public Administration
University of Macau

Ms. Grace Kennan WARNECKE
Chair of the Board & Acting President
National Committee on American Foreign Policy

Ambassador Stephen M. YOUNG
Former U.S. State Department Official
U.S. Department of State

Professor Donald S. ZAGORIA
Senior Vice President
National Committee on American Foreign Policy

Professor ZHUANG Jianzhong
Deputy Director
China Energy Fund Committee International Center

Prof. LI Peng
Professor & Associate Director, Taiwan Studies Institute
Xiamen University

The Honorable Winston LORD
Chairman Emeritus
International Rescue Committee

Donald S. RICE, Esq.
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Chinese Academy of Social Sciences

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Peking University

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Chairman, Center for U.S.-China Relations
Tsinghua University

Dr. ZHU Feng
Executive Director, Collaborative Innovation Center for South China Seas Studies
Nanjing University

OBSERVERS

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Graduate Student
New York University

Ms. Rorry DANIELS

Associate Project Director, Forum on Asia-Pacific Security
Deputy Director
National Committee on American Foreign Policy

Ms. Juliet LEE

Project Assistant, Forum on Asia-Pacific Security
National Committee on American Foreign Policy

Professor SHI Yuehua

Deputy Director
Shanghai Fenghua New Energy Research Center

Ms. Wenjun ZENG

Intern
National Committee on American Foreign Policy

Mr. DENG Zhenghui

Representative in New York
China Energy Fund Committee

Mr. Armando FRANCO

CEO
International Investment Risk Advisors

Dr. LV Xiaopeng

Assistant Professor, Center for Northeast Asian Studies
Dalian University of Foreign Languages

Dr. XUE Xiaopeng

Associate Professor & Deputy Director, Center for Northeast Asian Studies
Dalian University of Foreign Languages