

TDI launched China Watch to help clients better understand the complex geopolitical and business landscapes in China, as well as PRC activities overseas. China Watch draws on the insights of TDI's China team and Chinese and English language open-source research. If you have questions or comments, please contact Ben Tsai at tsai@tdinternational.com.

CHINA: REACTION TO TAIWAN'S ELECTION RESULTS

Summary: Under Taiwan's president-elect William Lai Ching-te, cross-Strait tensions are likely to persist or even escalate, although Lai's win by itself is not a trigger for PRC military action against Taiwan. Beijing is likely somewhat relieved that 60 percent of voters did not vote for Lai and that his Democratic Progressive Party (DPP) lost its majority in the legislature. Beijing would likely continue to engage China-leaning political and business figures in Taiwan, while maintaining military and economic pressure on Taiwan and applying diplomatic pressure on the US and its allies to curb their support for Taiwan. Barring moves by Taipei or Washington to change the political status quo, a potential win by the China-leaning Kuomintang (KMT) in the 2028 presidential election in Taiwan remains Beijing's preferred policy option.

Beijing views Lai as even more pro-independence than current Taiwan President Tsai Ing-wen and will reject any contact with the Lai administration. Although Lai has repeatedly stated that he will not declare independence or change the political status quo, Beijing is concerned that Lai would seek to foreclose the possibility of future unification through closer security ties with the US and its allies, economic “decoupling” with China, and eventual attempts to amend Taiwan's constitution to remove references to a unified China.

- In the past, Lai has referred to himself as a “pragmatic worker for Taiwan independence.” He has avoided this phrase in recent years, but Beijing perceives this change as purely tactical because the US opposes Taiwan independence. During the campaign, Lai proposed no concrete plans to engage China and stressed military deterrence, supply chain independence from China, and an alliance with fellow democratic nations as key pillars of his China policy.
- In July 2023, Lai said that his political goal is that “one day Taiwan's president would be able to walk into the White House” just like leaders of other nations. The comment reportedly prompted Washington to seek clarification from Lai that he does not seek formal independence.
- During one of the presidential debates in December, Lai said the constitution of the Republic of China (ROC)—Taiwan's official name—was a “disaster.” Beijing likely interpreted Lai's comment as support for independence because the ROC constitution pays lip service to a theoretical unified China. Lai's critics in Taiwan commented that his position went beyond that of President Tsai, who has refrained from openly denigrating the ROC constitution.
- The opposition, China-leaning KMT has argued that the ROC constitution justified the party's acceptance of the so-called “1992 Consensus,” which posits that the PRC and ROC both belong to “one China,” but each side is free to interpret whether “China” refers to the PRC or the ROC. Beijing has insisted that any dialogue with Taiwan must be premised on this principle, which the DPP rejects as acquiescing to Beijing's territorial claims over Taiwan .



PRC leaders likely assess that opposition parties in Taiwan and Washington’s desire to stabilize relations with Beijing may constrain Lai’s pro-independence tendencies, suggesting that Lai’s win alone would not trigger military action against Taiwan. The PRC government issued a statement immediately after the election on 13 January, noting that election results showed “the DPP does not represent mainstream opinion in Taiwan.” This statement is a reference to the fact that Lai won the presidency with 40 percent of the vote, with 60 percent of voters choosing two opposition party candidates who advocated dialogue and closer ties with mainland China. In the last election in 2020, President Tsai of the DPP received 57 percent of the vote.

- In this election, the DPP lost its majority in the legislature, from 61 to 51 seats out of a total of 113. Although no party has a majority in the legislature, the KMT has a one-seat advantage over the DPP. If the KMT works with the TPP—which won eight seats—the two parties could block major legislations related to defense acquisition, China policy, or constitutional changes.
- The 13 January PRC government statement noted that Beijing will work with political parties, businesses, and civic groups that favor friendlier ties with the mainland to promote economic and cultural exchanges, indicating that Beijing will try sow division and isolate the DPP.
- Beijing is likely to press Washington to reduce arms sales and military assistance to Taiwan, stop high-level official US visits to Taiwan and vice versa, and prevent new laws in Congress that would declare Taiwan a “Major Non-NATO Ally” of the US. Beijing is especially sensitive to moves that would bind Taiwan closer to the US militarily, fearing that even an informal military-security alliance would embolden Taiwan to pursue independence.

Although there are no known indications that Beijing is preparing to take military action against Taiwan in the near term, PRC leaders likely assess that they need to demonstrate resolve early in Lai’s term to deter potential moves toward independence. The People’s Liberation Army (PLA) may conduct major military exercises to coincide with Lai’s inauguration in May 2024 in part to show that ongoing personnel purges in the PLA have not hurt its ability and will to fight a war.

- The PLA would continue or increase “grey zone” tactics such as inspecting ships in the Taiwan Strait, flying surveillance drones over Taiwan, or flying fighter jets ever closer to Taiwan’s sovereign airspace to test Lai. These tactics heighten the risk of miscalculation and accidental armed conflict.
- The PRC foreign ministry in June 2022 claimed that Beijing exercises sovereignty and jurisdiction over the Taiwan Strait, contradicting global consensus that the Strait is international waters. Beijing has at least on one occasion announced its intent to inspect ships sailing through the Strait. Such inspections would heighten regional tension and potentially disrupt global trade.

DEFINING THE STATUS QUO

All three major political parties in Taiwan support the status quo of Taiwan as a *de facto* self-ruling country that will not declare formal independence in the foreseeable future because of China's threats. Unification with the mainland is impossible as long as China remains authoritarian. The parties' support for the status quo reflects public opinion:

- 57 percent of respondents to a recent poll said they preferred the "status quo permanently," with 13 percent supporting "independence as soon as possible" and 13 percent supporting "status quo first, then move toward independence."
- Three percent preferred "unification as soon as possible," and eight percent preferred "status quo first, then move toward unification."

Rather than a debate between unification and independence, the three major parties offer different versions of the status quo:

- Lai and the DPP have said that they will not declare formal independence because Taiwan is already a sovereign nation that does not belong to the PRC. The party is open to dialogue with the mainland, based on the precondition that Beijing respects Taiwan's sovereignty, a position that is unacceptable to the PRC. The DPP rejects unification as a viable option for Taiwan.
- The KMT is open to the possibility of eventual unification with the PRC, if it is achieved peacefully and democratically. It rejects Beijing's "One Country, Two Systems" unification model as a sham because it robbed Hong Kong of its autonomy. The clearest difference between the KMT and the DPP is that the KMT is willing to pursue dialogue under Beijing's precondition of accepting the "1992 Consensus."
- The TPP is a "one-man" party centered on former Taipei mayor Ko Wen-je. During the campaign, Ko was ambiguous about his support for the "1992 Consensus." He favors greater economic integration and engagement with China and says that neither unification nor independence is feasible.

Beijing's willingness to engage the KMT even though it rejects unification on the PRC's terms suggests that the status quo may be acceptable to Beijing in the foreseeable future as long as eventual unification remains a possibility. This interpretation of Beijing's intentions would suggest that its preferred policy option in the next several years remains the election of a KMT government. The KMT currently heads 13 of the 22 municipal and county governments in Taiwan and is the largest party in the national legislature, suggesting that it remains a viable political force in Taiwan.