

Research Briefing

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# Taiwan: Relations with China



## Summary

- 1 History, international rivalry and key concepts in Taiwan–China relations
- 2 Taiwan’s China policy in the democratic era
- 3 China’s Taiwan policy
- 4 Informal cross-strait relations
- 5 Taiwan–China tensions and military build ups since 2020

Number

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## Summary

Taiwan, or the Republic of China, as its constitution officially names it, is [an island of 24 million people](#), with a democratic system of government. Its transition to democracy is fairly recent. Between 1949 and 1987 Taiwan was under martial law, and it held its first presidential election in 1996.

Taiwan is located in the South China Sea approximately 100 miles off the coast of mainland China.

The People's Republic of China, with a [population of 1.4 billion people](#), is a one-party state led by the Communist Party of China (CPC) on mainland China.

This briefing looks at Taiwan's relationship with China. Their shared history, respective policies, including the 'One China' principle, and recent military tensions.

## 'One China' principle

The People's Republic of China considers Taiwan a breakaway province that must return to the mainland's control. Taiwan does not officially recognise the People's Republic, and its constitution still asserts sovereignty over mainland China. This is due to a complex shared history between the two territories.

The '[One China](#)' principle is central to the People's Republic of China's approach to Taiwan. This policy maintains that mainland China and Taiwan are one and sovereignty cannot be divided.

Under Chiang Kai-shek, the military leader who led Taiwan for much of its martial law period, his Kuomintang (KMT) party was committed to its own One China policy, claiming to be the sole legitimate government of all China, and to retaking the mainland. Chiang and the KMT fled to Taiwan in 1949 after losing the Chinese Civil War against the Communists.

In 2000, Taiwan's leadership began to challenge the concept due to concerns about its detrimental impact on Taiwan's profile and position on the international stage.

## China and the use of force against Taiwan

Over the last few decades, social, economic and cultural ties have flourished between the Republic of China and the People's Republic.

However, 'cross-strait relations' (named after the Taiwan Strait separating the two territories), are still dominated by diplomatic competition and geopolitical and military tensions.

Taiwan's reunification with mainland China—or 'the Taiwan question'—remains a central objective of the CPC.

In 1979, China's leadership shifted its Taiwan policy away from 'armed liberation', proposing a new era of 'peaceful coexistence', and stepping back from regular military exercises in the Taiwan Strait. However, the People's Republic of China never renounced the use of force if necessary to achieve reunification.

These elements are formalised in China's [2005 Anti-Secession Law](#). The law commits Beijing to "do its utmost with maximum sincerity to achieve a peaceful unification" with Taiwan. It states, however, that in the case of Taiwan's "secession" from China, or if the People's Republic concludes that possibilities for peaceful unification have been exhausted, "the state shall employ non-peaceful means and other necessary measures to protect China's sovereignty and territorial integrity".

## Party politics in Taiwan and Taiwanese identity

There are two main political parties in Taiwan. The KMT is now committed to democratic politics. It has generally supported closer ties with the People's Republic in the last few decades, and firmly rejects any move for Taiwan to declare formal independence from China.

The Democratic Progressive Party (DPP) was formed in the 1980s and first took power in 2000 after Taiwan's second presidential election which resulted in its first peaceful democratic transfer of power to an opposition party. The DPP is the party of Taiwan's current government and President Tsai Ing-wen.

The DPP was founded as a movement that supported Taiwanese independence. However, under the leadership of Tsai, the DPP no longer calls for declaring formal independence, but rather states that Taiwan is already functionally independent. [In a 2020 interview with the BBC](#) she said: "We don't have a need to declare ourselves an independent state...We are an independent country already and we call ourselves the Republic of China (Taiwan)". Tsai rejects the PRC's 'One China' principle.

The DPP's political rise has gone hand in hand with an increasing sense of Taiwanese national identity on the island, with [the majority of the population identifying primarily as Taiwanese](#) (nearly 63% of people surveyed by the Election Study Centre at Taiwan's National Chengchi University in June 2023).

There is also [significant support for the status quo of Taiwan's relationship with China](#) (85% of people surveyed by Taiwan's Mainland Affairs Council in 2021). Far fewer people support making fresh moves for Taiwanese independence (around 7%), and even fewer support unification with the mainland (around 2%).

## Current tensions and military build-up

In October 2022 the People's Republic of China held its 20th Party Congress. China's President Xi Jinping stated in his [opening speech to the Congress](#) that "Reunification of the motherland must be achieved and will be achieved".

In line with the anti-secession law, Xi said: "we will continue to strive for peaceful reunification with the greatest sincerity and the utmost effort, but we will never promise to renounce the use of force, and we reserve the option of taking all measures necessary".

Since 2020 China has increased its military exercises around Taiwan, and since late 2020 has been sending, on a near daily basis, military aircraft across the "median line", an [unofficial marker between the two territories in the Taiwan Strait](#).

In August 2022, in response to the visit of the then US Speaker of the House of Representatives, Nancy Pelosi, to Taiwan, [China held a series of military drills](#) that eclipsed even the exercises that took place during the 1995–1996 Taiwan Strait Crisis.

Taiwan has been increasing spending on its military and in December 2022 announced it was [increasing the required period of compulsory military service from four months to one year for new recruits](#) in response to the greater threat posed by China.

## Further reading

For more on Taiwan see Library research briefings:

- [Taiwan: Relations with the United States](#)
- [Taiwan: History, politics and UK relations](#)

# 1 History, international rivalry and key concepts in Taiwan–China relations

## 1.1 Overview of China–Taiwan historic relations

The Republic of China, Taiwan’s official name, is a remnant of a political entity formed on the Chinese mainland in 1911. Led by the Kuomintang (KMT), or Nationalist party, the ROC fought a civil war against Communist Party of China (CPC) forces. Under the leadership of Chiang Kai-shek, the Republic of China government retreated, relocating to the island of Taiwan between 1948 and 1949.<sup>1</sup> With this CPC victory, on 1 October 1949 Mao Zedong, as Chairman of the Communist Party, formally declared the establishment of the People’s Republic of China. Contact and travel between people living on Taiwan and the mainland was barred by the Republic of China in 1949 also.<sup>2</sup>

After 1949 both the Republic of China and the People’s Republic of China claimed to be the sole legitimate government of China and its people, and Chiang “...maintain[ed] hope of ultimately returning to the mainland”.<sup>3</sup>

Consequently, military tensions continued with the first and second Taiwan Strait Crises in 1954-55 and in 1958.<sup>4</sup> Until 1979 the PRC continued intermittent shelling with a series of ballistic missile tests in the waters around Taiwan and its outer islands. The most recent, or third Taiwan Straits missile crisis was in 1995-1996, in the run up to Taiwan’s first direct presidential elections.<sup>5</sup>

On 1 January 1979, China’s leadership shifted its Taiwan policy away from ‘armed liberation’, proposing a new era of ‘peaceful coexistence’. Announced through a [Message to Compatriots in Taiwan](#), China’s leadership proposed “military confrontation should be ended through discussion between the Government of the People's Republic of China and the Taiwan authorities” and “Three Links and Four Exchanges” be established.<sup>6</sup> This was not however,

<sup>1</sup> [“Taiwan in Time: The great retreat”](#), Taipei Times, 4 December 2016.

<sup>2</sup> [“Taiwan Looks Back At Nationalist Defeat In 1949](#), CBS News”, 2 October 2009.

<sup>3</sup> Haruka Matsumoto, ‘[Chiang Kai-shek’s Vision for Returning to China in the 1950s](#)’, Institute of Developing Economies, Japan External Trade Organization, IDE Discussion Paper, No. 72, November 2018, p6.

<sup>4</sup> US State Department (state.gov) [Milestones: 1953–1960 - Office of the Historian](#); and [The Taiwan Strait Crises: 1954-55 and 1958, both accessed 3 August 2023](#).

<sup>5</sup> [“U.S. And China Nearly Came To Blows In ‘96”](#), The Washington Post, 21 June 1998.

<sup>6</sup> [Message to Compatriots in Taiwan](#), Taiwan Speeches and Documents, China.org, 1 January 1979. Three Links and Four Exchanges is in reference to direct postal, transport and trade across the Taiwan Straits (Three Links), and familial, tourism, academic, cultural and sports exchanges (Four exchanges).



followed by the withdrawal or renunciation of force—a position the PRC holds to this day.<sup>7</sup>

Taiwan's response, that same year, came in the form of its 'Three no's' policy of "no contact, no negotiation and no compromise".<sup>8</sup> Proposed by then President Chiang Ching-kuo, it aimed to prevent being drawn into talks and negotiations with the People's Republic before Taiwanese authorities were ready.

As discussed later in this briefing, formal relations across the Taiwan Strait remain dominated by political competition (section 2 and 3) and military tensions (section 5). In contrast, the impasse in formal relations has done little to hinder informal cross-strait contact and exchanges (section 4); which have flourished since the 1980s, and in particular since the travel ban to mainland China was lifted by the Republic of China in 1987. China's proposal for engagement across the Taiwan Strait represented a window of opportunity to initiate indirect and unofficial socio-economic, cultural and familial exchanges.

For more on Taiwan's history see the Library's research briefing [Taiwan: History, politics and UK relations](#).

## 1.2

### Taiwan–China international recognition and rivalry

At the end of the Second World War, the Republic of China had a well-established international and diplomatic profile. It represented China at the United Nations (UN), created in 1945, occupying the China seat on the UN Security Council, now held by the People's Republic of China.<sup>9</sup>

The Republic of China was also a founding and contributing member to the Bretton Woods multilateral institutions including the General Agreement on Tariffs and Trade (now the World Trade Organization)<sup>10</sup> and the World Bank and International Monetary Fund.<sup>11</sup> The People Republic of China's existence

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<sup>7</sup> Full text: The Taiwan Question and China's Reunification in the New Era, White Paper on the Taiwan Question, Taiwan Affairs Office of the State Council and the State Council Information Office of the People's Republic of China, 10 August 2022.

<sup>8</sup> Center for Strategic and International Studies, [International Security Program: Archives: Asia Division: Glossary](#), accessed 24 July 2023.

<sup>9</sup> "Taiwan's Tough History with the United Nations", Alexander Kozlov, Taiwan Sentinel, 6 September 2017.

<sup>10</sup> Eric Helleiner and Bessma Momani, [Chapter 2: The Hidden History of China and the IMF](#), in The Great Wall of Money, Eric Helleiner and Jonathan Kirshner (eds.) Cornell University Press, 2014, pp.45-70.

<sup>11</sup> The Republic of China was one of the original members of the IMF in 1945. This is according to Article II, Section 1) of the Articles of Agreement of December 31, 1945. [List of Members' Date of Entry](#), International Monetary Fund, accessed 3 August 2023.

from 1949, however, represented a direct challenge to the Republic of China's legitimacy and vice versa.

In the international diplomatic arena, the 'One China' policies (see section 1.3) pursued by the People's Republic of China and the Republic of China meant a zero-sum approach—whereby recognition of one by other countries automatically meant the loss of recognition for the other.

It is on this basis that the People's Republic of China, in 1971, became the sole representative of China at the United Nations (including its seat on the Security Council), and the Republic of China's representatives were expelled from the organisation.<sup>12</sup> The United States' subsequent switching of formal diplomatic relations from Taiwan to the People's Republic of China in 1972, was seen as a significant loss. For the People's Republic, a condition of establishing formal relations is the severing of formal ties with Taiwan.<sup>13</sup>

The People's Republic's rise in the international economic and political system has meant that its 'One China' principle, its view that there is only one China that represents and that Taiwan is a part of (see next section for more), has marginalised Taiwan on the international stage.<sup>14</sup> The People's Republic has blocked Taiwan's membership in international organisations and multilateral institutions (such as the UN and World Health Organization (WHO)).<sup>15</sup>

In the case of the WHO, Taiwan has been granted observer status. It has been required to join multilateral organisations like the World Trade Organization or Asian Development Bank, or compete at the Olympics, under the name 'Chinese Taipei'.<sup>16</sup>

The People's Republic's success in blocking Taiwan's participation on the international stage has resulted in Taiwan struggling to maintain formal diplomatic relations with other states.<sup>17</sup>

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<sup>12</sup> "Resolution 2758 was passed by the UN 50 years ago to admit the People's Republic of China to the United Nations. It explicitly recognizes the PRC as the only legitimate representative of China on the Security Council, in the General Assembly, and across the UN system". ["Back to Basics on Taiwan's Participation in International Organizations"](#), Walter Lohman, The Heritage Foundation, 5 October 2021.

<sup>13</sup> Chien-pin Li, [Taiwan 's Participation in Inter-Governmental Organizations: An Overview of Its Initiatives](#), Asian Survey, Vol. XLVI, No. 4, July/August 2006, p.597-614.

<sup>14</sup> In the 1960s, "Taiwan's participation in IGOs was higher than the world average of 34 as well as the Asian states' mean 26." Chien-pin Li, [Taiwan 's Participation in Inter-Governmental Organizations: An Overview of Its Initiatives](#), Asian Survey, Vol. XLVI, No. 4, July/August 2006, p.598

<sup>15</sup> Jacques deLisle, [Taiwan: Sovereignty and Participation in International Organizations](#), Foreign Policy Research Institute, 1 July 2011.

<sup>16</sup> ["Why Taiwan Matters to the United States"](#), John Bolton and Derik R. Zitelman, The Diplomat, 23 August 2021.

<sup>17</sup> ["Who are Taiwan's diplomatic allies?"](#), Al Jazeera, 10 December 2021; ["Why Diplomatic Allies Matter to Taiwan"](#), The Diplomat, 30 August 2018; [Ministry of Foreign Affairs, Republic of China \(Taiwan\)-Instances of China's Interference with Taiwan's International Presence](#), Ministry of Foreign Affairs, Taiwan.

Today, Taiwan has formal diplomatic relations with 13 nations,<sup>18</sup> but it maintains informal or economic relations with many more, with Taiwan's 110 representative offices said to make up the "31st largest diplomatic network in the world".<sup>19</sup>

For more information on Taiwan's membership of international organisations see section two of Library research briefing [Taiwan: History, politics and UK relations](#).

## 1.3

# Key concepts in Taiwan–China relations

## One China principle

The 'One China' principle is at the centre of relations between the Republic of China and the People's Republic of China. It is also the basis for a more than seven-decade long rivalry, and the absence of formal diplomatic relations across the Taiwan Straits. The People's Republic's 'One China' principle aims to "...defend state sovereignty and territorial integrity and to achieve national reunification and rejuvenation".<sup>20</sup> The People's Republic assert that mainland China and Taiwan are 'One China', whose sovereignty cannot be divided.

Under President Chiang Kai-shek, the Kuomintang (KMT) was committed to its own One China policy, claiming to be the sole legitimate government of all China, and to retaking the mainland.<sup>21</sup> It was not until 2000 that Taiwan's leadership began to challenge the concept,<sup>22</sup> as it was believed to have a detrimental impact on Taiwan's profile and position on the international stage.<sup>23</sup>

The People's Republic, however, has been unwavering in its commitment to its position, and the 'One China' Principle is a non-negotiable condition for its diplomatic relations. The acknowledgement that Taiwan and the mainland

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<sup>18</sup> These include island nations in the Caribbean and Pacific Islands, countries in Central and South America, Eswatini in Africa and the Vatican. [Ministry of Foreign Affairs, Republic of China \(Taiwan\)-Diplomatic Allies](#). Taiwan Ministry of Foreign Affairs.

<sup>19</sup> These are called Trade, Economic and Cultural Representative Offices, or TECRO. Gerrit van der Wees, '[Is Taiwan's International Space Expanding or Contracting?](#)' *The Diplomat*, 14 December 2021; [FOREIGN AFFAIRS](#). Government Portal of the Republic of China (Taiwan).

<sup>20</sup> Ministry of Foreign Affairs People's Republic of China, '[Statement by the Ministry of Foreign Affairs of the People's Republic of China](#)', 2 August 2022.

<sup>21</sup> Takayuki Igarashi, '[When did the ROC abandon "Retaking the Mainland"? The transformation of military strategy in Taiwan](#)', *Journal of Contemporary East Asia Studies*, Volume 10, 2021 - Issue 1, 29 March 2021. Pp 136-155.

<sup>22</sup> As discussed in section 2, it has been under DPP governments that Taiwan's position on "One China" has wavered, though President Ma Ying-jeou of the KMT reaffirmed his government's commitment.

<sup>23</sup> Jessica Drun, '[One China, Multiple Interpretations](#)', CCP Watch, 28 December 2017; Speech by former President Ma Ying-Jeou, '[Views from a Former President: Taiwan Past, Present, Future](#)', Brookings Institute, 7 March 2017.

are part of one China is a precondition for all its partners. This has had significant consequences for Taiwan.

The language used to describe the ‘One China’ principle can be confusing. Firstly, some commentators will use the words principle and policy interchangeably when discussing the People’s Republic view. Secondly, other countries have their own interpretations of the People’s Republic ‘One China’ principle.<sup>24</sup> The United States has its own ‘One China’ policy, an acknowledgment but not endorsement of the People’s Republic’s statement that it is the sole legitimate representative of China that includes Taiwan. This policy is explained in detail in the [Commons Library research briefing on Taiwan-US relations](#) (section 1). Thirdly, Taiwan has its own ‘One China’ policy, as explained above. In this paper the ‘One China’ principle refers to the People’s Republic position, and policy is used when describing either Taiwan’s position or that of countries such as the US.

## One country, two systems

The ‘one country, two systems’ model of governance was originally devised in 1979 under People’s Republic of China leader Deng Xiaoping as part of the People’s Republic’s approach to “peaceful coexistence” with Taiwan.<sup>25</sup> Deng offered to allow Taiwan to “keep its economic and social systems, government, and even military in return for acknowledging that it was part of the People’s Republic”.<sup>26</sup>

The one party two systems model aimed to normalise the idea of reunification,<sup>27</sup> and was later used in Hong Kong when sovereignty transferred from the UK to the PRC. In the last several years, however, Hong Kong’s autonomy has been significantly eroded.<sup>28</sup>

## Nine-point plan

In 1981 Ye Jianying, Chairman of the Standing Committee of the National People’s Congress, the PRC’s legislative body, gave further details of how the one country two systems model might work, when he put forward a nine-point plan to achieve reunification with Taiwan.

The proposals included guarantees that Taiwan could become a special administrative zone after reunification, maintain its own army and retain a

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<sup>24</sup> Carnegie Endowment for International Peace, [‘The Many “One Chinas”: Multiple Approaches to Taiwan and China’](#), Chong Ja Ian, 9 February 2023.

<sup>25</sup> [“Deng Xiaoping on “one country, two systems” \(full text\)”](#). China Daily, 19 February 2004. Paramount Leader of the People’s Republic of China and the Communist Party of China, and Chairman of the Central Military Commission from 1978-1989. Deng was most known as the architect of the PRC’s Open Door Policy and economic success from 1978 onwards. For more information see Ezra Vogel, *Deng Xiaoping and the Transformation of China*, Belknap Press, 2013.

<sup>26</sup> Harvard Kennedy School: Ash Center for Democratic Governance and Innovation, William H Overholt, [“Hong Kong: The Rise and Fall of “One Country, Two Systems””](#)(PDF), December 2019.

<sup>27</sup> China.org.cn, [Message to Compatriots in Taiwan.](#), 1 January 1979, accessed 3 August 2023.

<sup>28</sup> Commons Library debate pack, [Anniversaries of the handover of Hong Kong and the implementation of the National Security Law](#), 27 June 2022.

high degree of autonomy. Ye proposed further that “the national government will not intervene in the local affairs of Taiwan” and that “Taiwan’s current social and economic systems will remain unchanged, its way of life will not change, and its economic and cultural ties with foreign countries will not change”.<sup>29</sup>

While the central objective of the model was reunification, it also placed cooperation with Taiwan at the centre of China’s modernisation efforts.<sup>30</sup>

It remained however, that Taiwan was expected to relinquish its sovereignty to a government with which KMT authorities were “still in a state of semi-hot war or hostile, closed-door competition”.<sup>31</sup>

## 1992 consensus

The ‘1992 consensus’ has helped manage both formal and informal cross-strait relations. The phrase originated from an agreement made in that year between semi-official envoys (see section 4.1 of this briefing) from Beijing and Taipei stating that while both sides adhered to the ‘One China’ principle, they each had their own interpretation of what that meant.<sup>32</sup>

For the KMT ‘One China’ was the Republic of China, with sovereignty over both Taiwan and the mainland. For the People’s Republic of China (PRC), it claims that “Taiwan is an inalienable part of China, with the PRC serving as the sole legitimate government of that China”.<sup>33</sup>

This ambiguity of accepting different interpretations was said to have allowed the CPC and KMT-led governments to “build economic and social exchanges while sidestepping the dispute over Taiwan sovereignty”.<sup>34</sup>

According to former Taiwanese president Ma Ying-jeou, in a speech at the Brookings Institute, “...the ‘92 Consensus is a fundamental political commitment for Taiwan and the mainland, accepted by the mainland. You

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<sup>29</sup> Full text of Ye’s speech: China.Org.Cn, [Ye Jianying on Taiwan's Return to Motherland and Peaceful Reunification](#), 30 September 1981, accessed 3 August 2023.

<sup>30</sup> The Four Modernisations, agriculture, industry, science and technology, and national defence, were identified by Deng Xiaoping as the four key pillars and foci for the modernisation of China’s economy in the late 1970s.

<sup>31</sup> Chien-min Chao, [One Country, Two Systems: A Theoretical Analysis](#), Asian Affairs: An American Review, Summer 1987, Vol.14, No.2, p.120.

<sup>32</sup> See Shiquan Xu, [The 1992 Consensus: A Review and Assessment of Consultations Between the Association for Relations Across the Taiwan Strait and the Straits Exchange Foundation](#), American Foreign Policy Interests, 23, 2001, p.121; and [“‘1992 consensus’ key to maintaining cross-strait status quo: Ma”](#), Focus Taiwan, 11 July 2018.

<sup>33</sup> [“The U.S. ‘One China Policy’ vs. the PRC ‘One China Principle’”](#), US-Taiwan Business Council, 1 January 2022.

<sup>34</sup> [“Taiwan’s KMT to drop Beijing-friendly policy to regain voter trust”](#), Financial Times, 6 March 2020.

know, this is actually what Taiwan asked for, it's not the mainland imposing that on Taiwan".<sup>35</sup>

## 1.4

# Democratisation and Taiwanisation

## Temporary provisions and martial law in Taiwan

The Republic of China adopted a new constitution, which came into effect in December 1947.<sup>36</sup> In April 1948, in response to the civil war and the “Chinese Communist threat”, the Republic of China’s National Assembly added a set of “temporary provisions” to the constitution, effective “during the period of Communist rebellion”.<sup>37</sup> These temporary provisions, initially implemented for two years and then extended, “superseded the Constitution” and enhanced the power of the Republic’s President (in May 1948 Chiang Kai-shek became the Republic’s first President under the new constitution).<sup>38</sup>

For example, the President was empowered during the period of Communist rebellion to “take emergency measures to avert imminent danger to the security of the nation or of the people”, establish “an organ for making major policy decisions concerned with national mobilization and suppression of the Communist rebellion”, and change the rules governing the elections for additional seats in the three parliamentary bodies. In addition, the temporary provisions allowed for the President and Vice President to be re-elected without being subject to the two-term restriction prescribed in the Constitution.<sup>39</sup>

In 1948, as the tide of the Civil War turned against the KMT, martial law was introduced in many parts of the Republic, but not Taiwan. In 19 May 1949, martial law was then declared in effect in Taiwan.<sup>40</sup> The temporary provisions were extended indefinitely by the government in 1954 and amended three more times in the 1950s to give further power to the President.<sup>41</sup>

The combination of the temporary provisions and martial law resulted in Chiang Kai-shek governing through a military dictatorship.

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<sup>35</sup> Speech by former President Ma Ying-jeou, [Views from a Former President: Taiwan Past, Present, Future](#), Brookings Institute, 7 March 2017.

<sup>36</sup> Office of the President of the Republic of China, [Constitution of the Republic of China \(Taiwan\): Introduction](#), accessed 3 August 2023.

<sup>37</sup> Office of the President of the Republic of China, [Constitution of the Republic of China \(Taiwan\): Introduction: Temporary Provisions](#), accessed 3 August 2023.

<sup>38</sup> As above.

<sup>39</sup> As above.

<sup>40</sup> OFTaiwan, [Martial Law](#), accessed 3 August 2023.

<sup>41</sup> [“Taiwan in Time: The ‘communist rebellion’ finally ends”](#), Taipei Times, 25 April 2021.

## The 'White Terror' period

In the early decades of authoritarian rule by the KMT, thousands of political dissidents were imprisoned.<sup>42</sup> In the early 1950s these were ostensibly to crackdown on Communist “spies”, however the arrests also targeted political opponents and others who might pose a threat to the KMT regime.<sup>43</sup>

Between 1948 and 1992 under the authoritarian rule of the KMT tens of thousands of people were arrested and at least 1,200 executed. This period in Taiwan is known as the “White Terror”.<sup>44</sup>

Chiang Kai-shek ruled unchallenged as an effective dictator, until his death in 1975. He oversaw a few decades of very high economic growth as Taiwan rapidly industrialised. The KMT justified this power by saying it was necessary because of the threat of invasion by Communist forces.

## Path to democracy

### Democratic reforms

From the later 1960s into the 1970s the KMT made limited democratic reforms. In 1969, for example, elections started to be held for Taiwan’s legislative bodies.<sup>45</sup> However, these elections were only for a small number of seats, and opposition parties were banned, so non-Kuomintang candidates could only stand as independents. Elected representatives were outnumbered by unelected life members.

Chiang Kai-shek’s son, Chiang Ching-kuo, took over the running of the Kuomintang, after his father’s death. Chiang Ching-kuo became Premier in 1972 and President in 1978. Although also effectively President-for-life, according to political scientist Dafydd Fell, the younger Chiang “did not try to construct a personality cult in the way that his father had done, and decision-making became more collective”.<sup>46</sup> During this period, however, the Kuomintang maintained its complete control of the state and mainstream media.<sup>47</sup>

Taiwan’s two-party system came with President Chiang Ching-kuo’s decision to lift the ban on opposition parties in December 1986.<sup>48</sup> This paved the way for the formal and legal establishment of the Democratic Progressive Party (DPP), today’s incumbent party.

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<sup>42</sup> Chen Chun-Hung & Chung Han-hui, [Unfinished democracy: transitional justice in Taiwan](#), *Studia z polityki publicznej*, 10/2016, Volume 12, Issue 4, Pp 24-27.

<sup>43</sup> As above, and see also Vladimir Stolojan, [Transitional Justice and Collective Memory in Taiwan: How Taiwanese Society is Coming to Terms with Its Authoritarian Past](#), *China Perspectives*, 2017/2, 2017, pp 27-35.

<sup>44</sup> “[Taiwan Kuomintang: Revisiting the White Terror years](#)”, BBC News, 13 March 2016.

<sup>45</sup> Dafydd Fell, [History \(Taiwan\)](#), in Europa World online. Retrieved 03 August 2023.

<sup>46</sup> As above.

<sup>47</sup> Dafydd Fell, [History \(Taiwan\)](#), in Europa World online. Retrieved 03 August 2023.

<sup>48</sup> “[Taiwan After Chiang Ching-kuo](#)”, Selig S Harrison, *Foreign Affairs*, Spring 1988.

In July 1987, Chiang Ching-kuo lifted martial law 38 years after it had been first imposed.

In April 1991, then President Lee Teng-hui repealed the 'temporary provisions' which had allowed martial law to be implemented. He declared, "We will no longer seek to unify China through force".<sup>49</sup>

The repeal of the provisions also resulted in a shift in the approach Taiwan took to the Chinese Communist Party; it would no longer be seen as a rebel group, with President Lee saying, "From now on, we will see the Chinese Communist Party as a political entity that controls the mainland region and we will call them the 'mainland authorities' or the 'Chinese Communist authorities'".<sup>50</sup>

## Taiwanisation

In 1945 there were around 6 million people living in Taiwan. In the late 1940s as the Civil War reignited between the Nationalists and the Communists, around 1 to 1.5 million refugee mainlanders arrived on the island.<sup>51</sup>

In the first few years of ROC-rule in Taiwan, tensions built between the Taiwanese people and the Nationalist-led ROC Government.

The local population were distrusted by the Nationalists, in part because of the fifty-year period of Japanese rule on the island. The Japanese had invaded mainland China, and the ROC had fought against them. While in Taiwan, improvements in infrastructure and the economy and some opportunities for self-governance during Japan's period in charge had given many Taiwanese more favourable views of the Japanese than the mainlanders.<sup>52</sup>

KMT soldiers were still welcomed when they arrived at the end of the Second World War, with most Taiwanese happy with the end of Japanese colonial rule. However, incidents of looting and vandalism by Republic of China soldiers based on the island made the locals angry, compounded by rising unemployment rates, inflation, and government corruption.<sup>53</sup>

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<sup>49</sup> As above.

<sup>50</sup> "[Taiwan in Time: The 'communist rebellion' finally ends](#)", Taipei Times, 25 April 2021.

<sup>51</sup> Sense Hofstede, [Taiwan's Democratic Journey and Stabilising National Identity](#), 9 Dash Line, 9 December 2020, accessed 9 August 2023. Some other studies put the number at two million, see for example: Ji-Ping Lin, [Migration Policy Institute, Tradition and Progress: Taiwan's Evolving Migration Reality](#), 24 January 2012.

<sup>52</sup> Dafydd Fell, Europa World Taiwan: [Recent History: Japanese Colonial Legacies and Return to Chinese Rule](#), accessed 3 August 2023.

<sup>53</sup> Dafydd Fell, Europa World Taiwan: [Recent History: Japanese Colonial Legacies and Return to Chinese Rule](#), accessed 3 August 2023; and OFTaiwan, [228 Massacre](#), accessed 3 August 2023.



## 228 incident

On 28 February 1947, protests in response to the assault of a local woman by ROC troops turned violent and then these grew, sparking an open rebellion that lasted for several weeks and resulted in thousands of deaths.<sup>54</sup>

On 7 March a committee that had been formed to investigate the original incident submitted 32 demands to the Nationalist Governor-General, including “addressing issues of democratizing Taiwan: having local Taiwanese in government office; providing basic freedoms like freedom of speech, press, organization; and guaranteeing the rights of aboriginals”.<sup>55</sup>

However, reinforcements of troops from the mainland arrived to violently suppress the protests. Estimates of those killed range between 18,000 and 28,000.<sup>56</sup> This has become known as the 228 Incident, named after the day on which the events began: 28 February.

## Chinese nationalism and indoctrination

Under KMT rule, discrimination against the Taiwanese language was institutionalised. “Mandarin became required for government jobs or education, though most Taiwanese only spoke southern Chinese languages (and Japanese)”.<sup>57</sup> The government “preferred politically reliable Mainlanders over the ‘Japanified’ locals in all kinds of matters”.<sup>58</sup>

The KMT attempted to impose Chinese nationalism on Taiwan’s population to reinforce the legitimacy of its rule. The key parts of this ideology were that the KMT regime was:

the Government of all China and Taiwan merely a province of China; the KMT’s sacred mission was to retake control of the mainland; the KMT Government was the protector and promoter of traditional Chinese culture; and the Taiwanese were Chinese.<sup>59</sup>

The regime imposed a Chinese identity on the Taiwanese and promoted Chinese culture. Education was used to indoctrinate the population in Chinese nationalism and identity, curriculums from school to university were “highly China-centric”, and Mandarin Chinese was heavily promoted. While

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<sup>54</sup> Thomas J. Shattuck, [Taiwan’s White Terror: Remembering the 228 incident](#), Foreign Policy Research Institute, 27 February 2017.

<sup>55</sup> Thomas J. Shattuck, [Taiwan’s White Terror: Remembering the 228 incident](#), Foreign Policy Research Institute, 27 February 2017.

<sup>56</sup> Thomas J. Shattuck, [Taiwan’s White Terror: Remembering the 228 incident](#), Foreign Policy Research Institute, 27 February 2017.

<sup>57</sup> Sense Hofstede, [Taiwan’s Democratic Journey and Stabilising National Identity](#), 9 Dash Line, 9 December 2020, accessed 9 August 2023.

<sup>58</sup> Sense Hofstede, [Taiwan’s Democratic Journey and Stabilising National Identity](#), 9 Dash Line, 9 December 2020, accessed 9 August 2023.

<sup>59</sup> Dafydd Fell, Europa World Taiwan: [Recent History: KMT Indoctrination and Nation-building](#), accessed 3 August 2023.

“compulsory military service was another key channel for KMT and Chinese nationalist indoctrination”.<sup>60</sup>

### Taiwanisation begins

It was under President Chiang Ching-kuo that the process of Taiwanisation – the inclusion of ethnically Taiwanese citizens in political institutions, bodies and policy-making positions – began. This came through various channels including supplementary elections for representative institutions throughout the 1960s and 1970s.

Most significant was the appointment of Lee Teng-hui in 1988 as president. Lee was ethnically Taiwanese and became Taiwan’s first directly elected president in 1996.

The KMT also transformed its membership and its top decision-making body, the Central Standing Committee. It underwent extensive reform with the election of Taiwanese entrepreneurs and elites to the committee in 1994.<sup>61</sup>

### Taiwanisation and Taiwan-China relations

Today, more people identify as Taiwanese than Chinese at 63.7% to 2.4%, and 30.4% identify as both Taiwanese and Chinese.<sup>62</sup> This growing sense of a distinct Taiwan identity versus a shared Chinese identity has been instrumental in shaping Taiwan–China relations and in increasing support for Taiwan maintaining its de facto separate status that exists today.<sup>63</sup>

A 2021 poll completed by Taiwan’s Mainland Affairs Council showed the vast majority of those surveyed, 84.9%, remained in support of maintaining the current status quo between Taiwan and China.<sup>64</sup> Support for obtaining Taiwanese independence as soon as possible stood at 6.8%, and unification with the mainland at 1.6%.<sup>65</sup>

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<sup>60</sup> As above.

<sup>61</sup> Steven J. Hood, Political Change in Taiwan: The Rise of Kuomintang Factions, *Asian Survey*, Vol. 36, No. 5, May 1996, pp468-482.

<sup>62</sup> This poll was completed in June 2022 by the Election Study Center of National Chengchi University in Taiwan. It is the premier centre for doing opinion polls and data collection on Taiwan and Cross-strait relations. [Election Study Center, NCCU-Taiwanese / Chinese Identity](#).

<sup>63</sup> Jessica Drun, [A Green Wave? Taiwan’s Domestic Politics and the Future of Cross-Strait Relations](#), Center for Strategic and International Studies, November 2022.

<sup>64</sup> For Taiwan, status quo between China and Taiwan, or across the Taiwan Straits, is referring to “Taiwan Strait Status Quo of “No Unification, No Independence and No Use of Force”. [News Release](#), Mainland Affairs Council, 14 September 2016; Speech by former President Ma Ying-Jeou, [Views from a Former President: Taiwan Past, Present, Future](#), Brookings Institute, 7 March 2017.

<sup>65</sup> [“Majority support ‘status quo,’ poll shows”](#), Taipei Times, 21 November 2021.

## 1.5

## Taiwan's institutions for China policy

In 1991 Taiwan established the Mainland Affairs Council (MAC)—a Cabinet level body responsible for overall planning, coordination, and evaluation and implementation of Taiwan's China policy.<sup>66</sup> It also deals with all aspects of cross-strait relations including economic, education and cultural affairs, information and liaison, as well as legal affairs.

The MAC, along with a law passed in 1992: the Act Governing Relations Between the People of the Taiwan Area and the Mainland Area, often known as the Cross-Strait Act,<sup>67</sup> provide the overarching framework of regulations and laws for governing cross-strait engagement, including informal relations.<sup>68</sup>

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<sup>66</sup> Website: [mac.gov.tw](http://mac.gov.tw) (English Language website). It is also responsible for regulations and policy for the areas of Hong Kong and Macau. In 2017 the Mongolia and Tibet Affairs Commission was absorbed into MAC.

<sup>67</sup> [Act Governing Relations between the People of the Taiwan Area and the Mainland Area - Article Content - Laws & Regulations Database of The Republic of China \(Taiwan\)](#). Ministry of Justice, Government of Taiwan, 8 June 2022, accessed 3 August 2023.

<sup>68</sup> This framework also included the National Unification Council and Guidelines for National Reunification, both established in 1990 and abolished in 2006. The former was a “multiparty presidential advisory board responsible for reaching a consensus on the reunification of China”. Centre for Strategic and International Studies, '[Glossary: Cross-Strait Literature](#)'. The latter was a framework which sets out three different phases for gradual engagement and monitored exchanges strictly set by Taiwan's leadership: “The council was set up in 1990 by then President Lee Teng-hui as Taiwan's top policymaking body on unification with China...The guidelines were approved by the Cabinet on Feb. 23, 1991, with the goal of establishing a ‘democratic, free and equitably prosperous China.’ No timetable was set for unification. The guidelines' principles included: 1) Unification should be achieved in gradual phases under the principles of reason, peace, parity and reciprocity; 2) Both China and Taiwan are parts of Chinese territory.” Han Cheung, '[Taiwan in Time: The ‘communist rebellion’ finally ends](#)', Taipei Times, 25 April 2021; Mainland Affairs Council, [Guidelines for National Unification](#).

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## 2 Taiwan's China policy in the democratic era

### 2.1 Overview and two-party system

From the 1990s onward, direct national elections have impacted Taiwan's China Policy.

While Taiwan's formal China policy has remained unchanged, the state of formal cross-strait relations has been dependent upon the ruling party, with both formal and informal relations oscillating between caution under the DPP and liberalisation under the KMT.

But regardless of which party has been in charge, Taiwan's relations with the PRC are characterised by two key issues:

- National security: mistrusting the PRC and anticipating the threat of military attack
- Management and protectionism of its economy, and cultural and national identity.

Unofficial cross-strait relations have also become a central policy issue for Taiwan's major elections, as well as within party politics. Since the late 1980s Taiwan's leadership has had to balance the rise of people-to-people exchanges with political and security considerations (see section 4 for more on informal relations).

#### Two-party system

Taiwan's two-party system came with President Chiang Ching-kuo's decision to lift the ban on opposition parties in December 1986.<sup>69</sup> This paved the way for the formal and legal establishment of the Democratic Progressive Party (DPP), today's incumbent party.

The key political axis in Taiwan is that of pro-independence versus pro-China—or pan-green (the party colour of the DPP) versus pan-Blue (the KMT's party colour) labels.

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<sup>69</sup> Selig S Harrison, [Taiwan After Chiang Ching-kuo](#), Foreign Affairs, Spring 1988.

## Democratic Progressive Party (DPP)

Formally established in 1986, the Democratic Progressive Party (DPP) is known as the pro-independence party. Before its formal establishment, the DPP comprised a multitude of different factions which together were called Tang-wai (or outside the party). Under martial law political opposition was deemed illegal.

The DPP is the party of Taiwan's current government and President Tsai Ing-wen.

In 1991 the party charter and constitution were amended to incorporate a 'Taiwan independence clause', as well as a declaration for a Republic of Taiwan through a referendum. Leading to fractures within the party, with more moderate members and factions exiting, by 1999 the party leadership took a different tack, passing a new 'Resolution on Taiwan's Future' which included the following statements on relations with the People's Republic:

1. Taiwan is a sovereign and independent country. Any change in the independent status quo must be decided by all the residence of Taiwan by means of plebiscite.
2. Taiwan is not a part of the People's Republic of China. China's unilateral advocacy of the "One China Principle" and "One Country Two Systems" is fundamentally inappropriate for Taiwan.
3. Taiwan should expand its role in the international community, seek international recognition, and pursue the goal of entry into the United Nations and other international organizations.
4. Taiwan should renounce the "One China" position to avoid international confusion and to prevent the position's use by China as a pretext for annexation by force...<sup>70</sup>

In October 2001 the DPP's congress decided that this new resolution would be its guiding line on relations with the mainland.<sup>71</sup>

The party has prioritised the promotion and establishment of Taiwan's international profile and been a driving force behind the island's "Taiwanisation".

## Kuomintang (KMT)

The Kuomintang (KMT) was the political party governing the Republic of China when it was established in 1911. It governed the island under an authoritarian system, curtailing civil liberties and managing Taiwanese culture and society as a part of 'One China'.

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<sup>70</sup> New Taiwan, [DPP Party Convention: DPP Resolution on Taiwan's Future](#), 8 May 1999, accessed 3 August 2023.

<sup>71</sup> Mikael Mattlin, "[Same Content, Different Wrapping: Cross-Strait Policy Under DPP Rule](#)", China Perspectives, Vol 56, November-December 2004.

The KMT ruled the island with the intention of reunifying with the mainland and representing the people and territory of China on the international stage.

When the United States shifted away from the ROC towards the PRC in 1972, the KMT's leadership also had to contend with domestic unrest, including calls for representation of the ethnic Taiwanese majority in Taiwan's political institutions, and a more inclusive approach to governance or Taiwanisation.<sup>72</sup>

Since the first presidential election in 1996, the KMT's dominance has begun to decline. It became the opposition party between 2000 and 2008, as it is currently. The KMT's reputation has struggled to recover following its period of authoritarian rule,<sup>73</sup> as well as accusations of corruption,<sup>74</sup> and being seen as soft on China.

More recently, the KMT has attempted to move towards a less accommodating approach to China. It remains however, opposed to Taiwan's independence, Chinese unification under the "one country, two systems" framework, and any non-peaceful means to resolve the disputes across the Taiwan Straits.<sup>75</sup>

At its 2020 Party Congress, the KMT reaffirmed its commitment and support for the 1992 consensus (see section 1.3).<sup>76</sup> As former President Ma Ying-jeou has said, "without '92 Consensus there could be no status quo".<sup>77</sup>

### Third parties

While Taiwan's politics is still dominated by the two main parties there is some growing competition from 'third force' parties, such as the Taiwan People's Party (TPP) which achieved 11.22% of the party vote in the 2020 legislative elections, despite being only founded in 2019.<sup>78</sup>

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<sup>72</sup> Alan M. Wachman, *Why Taiwan? Geostrategic Rationales for China's Territorial Integrity* Stanford, Stanford University Press, 2007; Alan M. Wachman, *Taiwan: National Identity and Democratization* National Identity and Democratization, Routledge, 1994; Bi-yu Chang, [From Taiwanisation to De-sinicification](#), *China Perspectives*, November-December 2004, Issue 56; J. Bruce Jacobs, *Taiwanisation in Taiwan's Politics*, in *Culture, Ethnic, and Political Nationalism in Contemporary Taiwan* (John Makeham and A-Chin Hsiao eds.) Palgrave MacMillan, 2005, pp.17-54.

<sup>73</sup> See '[KMT owes Taiwan an apology for Martial Law](#)', Kuan-fu Chen, Taipei Times, 21 July 2022 and in particular issues relating to the "White Terror" and February 28 Incident during this period. The White Terror period is sometimes said to have started with the "[228 massacre](#)", in February 1947, and continued until martial law was ended in 1987. Though there was a particularly concentrated period of arrests of dissidents in the 1950's. For more see "[Taiwan Kuomintang: Revisiting the White Terror years](#)", BBC News, 13 March 2016.

<sup>74</sup> "[Corruption stains the KMT's history](#)", Taipei Times, 21 April 2009.

<sup>75</sup> "[Why China-Taiwan Relations Are So Tense](#)", Lindsey Maizland, Council on Foreign Relations, 3 August 2022;

<sup>76</sup> "[KMT congress backs '1992 consensus'](#)", Taipei Times, 7 September 2020.

<sup>77</sup> Speech by former President Ma Ying-jeou, [Views from a Former President: Taiwan Past, Present, Future](#), Brookings Institute, 7 March 2017.

<sup>78</sup> "[2020 Elections: Taiwan People's Party tops among 'third force' parties](#)", Taipei Times, 12 January 2020.

The TPP has argued it should not be categorised by Taiwan’s blue-green divide, saying cross-strait politics are a lower priority, and the party focuses on issues like better governance.<sup>79</sup> But some commentators suggest that the party leans-towards the blue side of the spectrum (where the KMT sits), pointing to the fact that the party’s founder and chair Ko Wen-je, pioneered city-to-city cross-strait exchanges with Chinese municipalities when he was mayor of Taipei, and his comments that there are “one people” on both sides of the Strait sharing “one destiny”.<sup>80</sup>

## 2.2

### 1996–2000 Lee Teng-hui’s “two state theory”

Lee-Teng-hui, appointed as President under Taiwan’s autocratic system, stood as the KMT’s candidate in Taiwan’s first competitive presidential elections in 1996, and won in a landslide. He moved Taiwan towards greater autonomy from China and built a greater sense of a separate Taiwanese identity distinct from being Chinese.<sup>81</sup>

#### “Go South” and the “no haste, be patient” policies

Concerned by growing economic ties between Taiwan and mainland China, President Lee and his government attempted to firstly, in 1994, persuade Taiwanese companies to seek other investment opportunities, particularly in Southeast Asia, in what was called a ‘Go South’ policy.<sup>82</sup>

In 1996, to try and stem Taiwanese investment into China, particularly the movement of high-tech firms, Lee launched a ‘no haste, be patient’ policy, trying to encourage firms to invest in the domestic economy instead.

The government implemented requirements for case-by-case approvals for Taiwan investments in high-technology and infrastructure projects in China, and limits on certain investments by Taiwanese companies.<sup>83</sup> Neither scheme was particularly successful.<sup>84</sup>

<sup>79</sup> See: “[The Taiwan Election’s Other Big Winner: Ko Wen-je’s Taiwan People’s Party](#)”, The Diplomat, 16 January 2020; “[For Taiwan’s DPP, an Unprecedented ‘3-peat’ Depends on a Third Party](#)”, The Diplomat, 8 June 2023.

<sup>80</sup> “[The Taiwan People’s Party Should Not Be Mistaken for Anything But A Conservative, Pan-Blue Party](#)”, New Bloom, 23 December 2019.

<sup>81</sup> “[Taiwan’s ‘Mr Democracy’ Lee Teng-hui championed island, defied China](#)”, Reuters, 30 July 2020.

<sup>82</sup> Murray Scot Tanner, [Chinese Economic Coercion Against Taiwan: A Tricky Weapon to Use](#) (PDF), RAND Corporation, 2007, pp45-6

<sup>83</sup> Murray Scot Tanner, [Chinese Economic Coercion Against Taiwan: A Tricky Weapon to Use](#) (PDF), RAND Corporation, 2007, pp47-8.

<sup>84</sup> As above.

While businesses and the general population were broadly supportive of greater economic links with China, and disagreed with these policies, there was still support for maintaining Taiwan's de facto independence.<sup>85</sup>

In June 1997, ahead of the handover of Hong Kong from the UK to the PRC, Chinese President Jiang Zemin suggested that the "return of Hong Kong to the motherland" was a great historical event that indicated Taiwan's eventual reunification with mainland China. In response, a 'say no to China' rally in Taiwan attracted around 70,000 supporters.<sup>86</sup>

## 1995–1996 Taiwan Strait missile crisis

Between July 1995 and March 1996, a significant military escalation by China occurred called the Taiwan Strait missile crisis (it's sometimes also known as the third Taiwan Strait crisis, the other two occurred in 1954–5 and in 1958).<sup>87</sup>

This crisis started with a decision by the US to reverse previous policy and grant President Lee a visa to make a speech at Cornell University, where he had studied for his PhD.

China responded by suspending cross-strait dialogue with Taiwan, downgrading its diplomatic contacts with the US, and sought to pressure the US "to reaffirm its one-China policy and set limits on future visits by Taiwan leaders".<sup>88</sup> Along with diplomatic pressure, China also conducted six ballistic missile launches in July and live-fire exercises in August 1995 to try and influence US policy toward Taiwan.<sup>89</sup>

A second phase of military exercises were conducted in October and November 1995 "focused on influencing Taiwan's December 1995 legislative elections".<sup>90</sup> A third phase involved a second set of ballistic missile launches and a major amphibious exercise before the March 1996 presidential election. The US responded by sending two aircraft carriers to waters near Taiwan.<sup>91</sup>

## "New Taiwanese" identity

PRC efforts on the international stage to isolate Taiwan gave rise to concerns of growing divisions between the mainlander and Taiwanese population. This led President Lee to promote a "new Taiwanese" common identity to try and

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<sup>85</sup> As above.

<sup>86</sup> Dafydd Fell, [Taiwan: Contemporary Political History](#), in Europa World online. Retrieved 3 August 2023; and Britannica, [Handover of Hong Kong](#), Last Updated: Jun 24, 2023, accessed 3 August 2023.

<sup>87</sup> US Department of State: Office of the Historian: Milestones: [The Taiwan Straits Crises: 1954–55 and 1958](#), accessed 3 August 2023.

<sup>88</sup> Kristen Gunness and Phillip C. Saunders, [Averting Escalation and Avoiding War: Lessons from the 1995–1996 Taiwan Strait Crisis](#), [Institute for National Strategic Studies](#), China Strategic Perspectives 17, 22 December 2022.

<sup>89</sup> Kristen Gunness and Phillip C. Saunders, [Averting Escalation and Avoiding War: Lessons from the 1995–1996 Taiwan Strait Crisis](#), [Institute for National Strategic Studies](#), China Strategic Perspectives 17, 22 December 2022.

<sup>90</sup> As above.

<sup>91</sup> As above.



“bridge the divide between those born in mainland China who fled to the island in 1949 with the Nationalists and those native to Taiwan”.<sup>92</sup> His new Taiwanese identity was one where “islanders, no matter their backgrounds, were forging a common identity based on a democratic political system and growing prosperity”.<sup>93</sup>

This was a significant shift away from the KMT’s tradition of Chinese nationalism.

## Two-state theory

In 1999, in an interview with the German broadcaster Deutsche Welle, President Lee made comments that became known as the ‘two-state theory’, which were a significant development in Taiwan-China relations and a challenge to both the People’s Republic’s ‘One China’ principle and the Republic of China’s established ‘One China’ policy.<sup>94</sup>

In the interview, Lee openly defined the relations between mainland China and Taiwan as “between two countries, at least special relations between two countries” abandoning Taiwan’s previous position of China and Taiwan being “two equal political entities”. He also noted that there was no need for Taiwan to declare independence again since the Republic of China had been an independent country since 1912. China was infuriated and responded by suspended talks between the territories semi-official envoys.<sup>95</sup>

## 2.3

## 2000–2008: Peaceful transition of power to the DPP

Taiwan’s second presidential election in 2000 resulted in its first peaceful democratic transfer of power to an opposition party, with the success of DPP candidate President Chen Shui-bian and Vice President Annette Liu.

Obtaining 39.3% of the vote, with a voter turnout of 82.69%,<sup>96</sup> President Chen and the DPP’s success ended over fifty years of KMT rule and began a new era of Taiwan’s domestic politics.

In his inauguration address. President Chen set out what become known as his “four noes, one without” policy or “five noes”. He declared that “as long as

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<sup>92</sup> [“Lee Teng-hui, Taiwan’s ‘father of democracy’, dies aged 97](#), The Guardian”, 30 July 2020.

<sup>93</sup> [“Lee Teng-hui, 97, Who Led Taiwan’s Turn to Democracy, Dies”](#), New York Times. 30 July 2020.

<sup>94</sup> Prior to becoming president in 2016, Tsai Ing-wen was MAC Chairwoman. A known proponent of Taiwanese independence, she was also an author of this concept. [“Two-state’ theory considered Lee Teng-hui’s main policy legacy’](#), Taipei Representative Office, Bratislava, 31 July 2020.

<sup>95</sup> [‘Lee Teng-hui and the “Two-States” Theory \(Chapter 3\) - China and Taiwan’](#), Cambridge University Press, 21 October 2015

<sup>96</sup> E Niou and P Paolino, [The rise of the opposition party in Taiwan: explaining Chen Shui-bian’s victory in the 2000 Presidential election](#), Electoral Studies, Vol 22, Issue 4, December 2003, pp721-740.

the CCP regime has no intention to use military force against Taiwan” then he would pledge the following during his term in office:

I will not declare independence, I will not change the national title, I will not push forth the inclusion of the so-called "state-to-state" description in the Constitution, and I will not promote a referendum to change the status quo in regard to the question of independence or unification. Furthermore, there is no question of abolishing the Guidelines for National Unification and the National Unification Council.<sup>97</sup>

Chen’s Taiwan policy was characterised by two strands. Firstly, he ran for president on a platform of liberalising the KMT’s highly restrictive China policy. Chen proposed allowing informal cross-strait engagement with China through his ‘Aggressive Opening, Effective Management’ policy.<sup>98</sup> He also favoured the establishment of direct air and shipping links between Taiwan and China, challenging Taiwan’s longstanding ‘Three Noes’ policy (no contact, no negotiation and no compromise, see section 1.1).

Secondly Chen’s government promoted Taiwanese social and political identity and international profile. This included adding “Taiwan” to the ROC passport in 2002 and holding a referendum on UN membership in 2008. Chen also refused to accept the ‘One China’ principle and proposed that the Taiwan Straits were characterised by ‘One Side, One Country’.<sup>99</sup> For China, this was a U-turn of Chen’s 2000 ‘Four Noes and One Without’ declaration.<sup>100</sup>

As a consequence, formal relations were characterised by increased political and military tensions between Taiwan and the PRC. Chen’s calls to resume negotiations were rebuffed by Chinese authorities.<sup>101</sup>

For the PRC, these actions were clear evidence of Taiwan’s ‘creeping’ independence and prompted the PRC to adopt its 2005 Anti-Secession law (discussed in section 3.1).

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<sup>97</sup> USC US-China Institute, [Chen Shui-Bian, Taiwan Stands Up: Presidential Inauguration Address, May 20, 2000](#), accessed 3 August 2023.

<sup>98</sup> This policy ended the ban on direct trade and investment with mainland China, and “eased restrictions on Taiwanese firms, most notably a rule barring Taiwanese firms from investing more than \$50 million in any single project in China.” [“Taiwan Relaxes Trade Policy”](#), The Washington Post, Clay Chandler, 8 November 2001.

<sup>99</sup> Chen first used this phrase at a conference of the World Federation of Taiwanese Associations in Tokyo, on August 3, 2002. [President Chen: “One country on each side” Our own Taiwanese road](#), Taiwan Communique, International Committee for Human Rights in Taiwan, September 2002, p1.

<sup>100</sup> “So long as Beijing has no intention of using military force against Taiwan, [President Chen] would “not declare Taiwan Independence, change our national title, push for the inclusion of the “state-to-state” formulation in our Constitution, or promote a referendum on the question of independence or unification.” He also said that the abolition of the National Unification Council or the National Unification Guidelines would not be an issue”. [‘President Chen reiterates “four noes, one without policy”](#)”, Taipei Economic and Cultural Representative Office in the United States, 11 July 2003. Chen also abolished the GNU and NUC in 2006. [“Chen says the NUC will ‘cease”](#)”, Ko Shu-ling and Charles Snyder, Taipei Times, 28 February 2006.

<sup>101</sup> [“China: Taiwanese President Urges Beijing To Talk With Him”](#), Radio Free Europe, 1 May 2005.

## 2.4

## 2008–2016: Improving relations under President Ma Ying-jeou

Taiwan's second peaceful transition of power took place after the 2008 presidential elections, when Ma Ying-jeou of the KMT brought his party renewed electoral success achieving 58% of the vote. Serving two consecutive terms from 2008 to 2016, Ma's China policy placed the 1992 consensus at the foundation of formal cross-strait relations.

He formulated his own 'Three Noes' policy of no unification; no independence; and no use of force to resolve the Taiwan issue, (the first no specifically a commitment to no unification negotiations during his presidential term/s).<sup>102</sup> In a marked departure from former president Lee's 'Two State' theory, Ma stated that "the relationship between Taiwan and China is not one between two countries".<sup>103</sup>

This wasn't however a mere return to the status quo of relations, but a new approach to the KMT's China policy. Promising to "maintain peace and stability across the Taiwan Strait", Ma's term as president was characterised by smoother relations with the PRC.<sup>104</sup> In contrast to the KMT's 1996 'No Haste, Be Patient' policy, which was the primary framework governing Taiwan's cross-strait economic and trade relations, Ma moved for the liberalisation of informal cross-strait engagement and regulations.<sup>105</sup> This included:

a series of unilateral measures to facilitate economic relations with China. It has extended access to the direct mini-links (through the Kinmen and Matsu islands), authorized exchange of Chinese people's currency, the renminbi, in Taiwan, raised the maximum limit of Taiwanese investments in China, authorized Taiwan's Mayors and counties' Chiefs to travel in China, slackened restrictions on Taiwanese investments in foreign funds with Chinese assets, simplified the process of hosting Chinese professional experts in Taiwan, and relaxed rules for initial public offering of foreign companies and investment of Chinese funds in the Taiwanese Stock Exchange.<sup>106</sup>

Ma oversaw a significant improvement in ties between the two sides with the resumption of semi-official talks. As direct government-to-government discussions remained taboo, the renewal of talks between the Straits Exchange Foundation (SEF) and Association for Relations Across the Taiwan Straits (ARATS) which are semi-official envoys for each side, began in 2008

<sup>102</sup> "[Looking behind Ma's 'three noes'](#)", Taipei Times, 21 January 2008.

<sup>103</sup> "['State to state' theory is dead, Ma says](#)", Ko Shui-ling, Taipei Times, 4 September 2008.

<sup>104</sup> "Ma Ying-jeou wins Taiwan election", Financial Times, 14 January 2012

<sup>105</sup> The purpose of the "No Haste, Be Patient" policy was to provide "a measure of economic control designed for national security and normal economic exchanges". "[No haste, be patient' policy works](#)", Taipei Times, November 13, 1999. It required investors to apply for permission to invest on the mainland, restricting which industries and the type of technology and industry.

<sup>106</sup> [Taiwan-China Relations, Ma Ying-jeou's new Chinese policy](#). GIS ASIE: French Academic Network on Asian Studies,

(see section 4.1). This provided a foundation for the deepening of bilaterally negotiated cross-strait agreements, such as direct flights across the Straits in 2008.<sup>107</sup>

The KMT's return to power led to the deepening of formal ties on multiple levels. The Republic of China's government website states that 23 formal agreements had been made by 2015:

By August 2015, 11 rounds of negotiations had been held alternately on either side of the Taiwan Strait, producing 23 formal agreements, of which 21 have come into effect, and two consensuses. Most significant among the accords is the Cross-Straits Economic Cooperation Framework Agreement (ECFA) concluded in June 2010, which aims to institutionalize trade and economic relations between Taiwan and China.<sup>108</sup>

ECFA was, and remains, the most significant agreement between the two sides since the establishment of the PRC in 1949.<sup>109</sup> An investment protection deal, which set up formal channels to settle disputes, was also signed in 2012.<sup>110</sup>

Domestically, the improvement in relations with the mainland adopted under Ma's presidency was seen as highly contentious by the citizens of Taiwan.

High profile protests objecting to the 2013 Cross-Strait Services Trade Agreement<sup>111</sup> which "allow[ed] the two sides to invest much more freely in one another's services market" took place.<sup>112</sup> This was never ratified by Taiwan's Legislative Yuan (its Parliament). Protests involving approximately half a million people objected to the content, nature and speed through which the agreement's negotiations took place.<sup>113</sup>

In February 2014, China and Taiwan held their first government to government talks since 1949.<sup>114</sup>

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<sup>107</sup> "[China resumes direct flights to Taiwan after 60 years](#)", The Guardian, 5 July 2008

<sup>108</sup> CROSS-STRAIT RELATIONS, [Government Portal of the Republic of China](#), Taiwan.gov.tw, accessed 3 August 2023.

<sup>109</sup> "[Taiwan and China sign trade pact](#)", Reuters, 29 June 2010.

<sup>110</sup> "[China and Taiwan sign key investment protection pact](#)", BBC News, 10 August 2012.

<sup>111</sup> Mainland Affairs Council, [The Cross Strait Agreement on Trade Services](#) (PDF) [In English], accessed 3 August 2023; and JoAnn Fan, [The Economics of the Cross-Strait Services Agreement](#), Brookings Institute, 18 April 2014

<sup>112</sup> Cindy Sui, '[Taiwan's services agreement with China triggers concerns](#)', BBC News, 28 October 2013.

<sup>113</sup> The most high-profile was a group of several hundred students who occupied Taiwan's Legislature, called the Sunflower Movement. It "...helped encourage public scrutiny of closer economic integration with China, hamstringing the trade proposal, and stymie subsequent efforts to liberalize trade with Beijing". Ming-sho Ho, [The Activist Legacy of Taiwan's Sunflower Movement](#), Carnegie Endowment for International Peace, 2 August 2018.

<sup>114</sup> [China and Taiwan in first government talks](#)". BBC News, 11 February 2014.

## 2.5

## 2016 to today: Tensions rise under President Tsai Ing-wen

Under the 1992 consensus representatives from both Taiwan and China agreed that there is only one China, but also accepted they held different views on who the legitimate representative of that one China was.

President Tsai Ing-wen of the DPP was elected in 2016 and re-elected in 2020, with 56.1% and 57.1% of the vote respectively.<sup>115</sup> Under her government, the DPP no longer calls for declaring formal independence, but rather states that Taiwan is already functionally independent.

Since the 2016 election Taiwan's China policy has transformed. Upon taking office, President Tsai was said to have three main areas where her foreign policy would diverge from her predecessor Ma Ying-jeou:

First, Tsai would place Taiwan's foreign relations above cross-strait relations. Second, Tsai would replace Ma's flexible diplomacy for soft independent diplomacy. Third, Tsai would reverse Ma's policy of going to the world via the mainland and move closer to the US and Japan.<sup>116</sup>

In her [first inauguration speech](#) in May 2016, President Tsai said that her Government would “work to maintain the existing mechanisms for dialogue and communication across the Taiwan Strait”.<sup>117</sup>

However, on the ‘1992 consensus’ Tsai said that while she “respected the historical fact” that it had occurred and was done in a “spirit of mutual understand and [...] seeking common ground”, this was built on “existing realities and political foundations”. She explained that in her view, these political foundations included not just the 1992 consensus, but also the Republic of China's “constitutional order” and the “democratic principle and prevalent will of the people of Taiwan”.<sup>118</sup>

China's Taiwan Affairs Office again suspended communications with its Taiwanese counterpart, the Mainland Affairs Council, soon after Tsai's inauguration.<sup>119</sup>

After the inauguration speech, China's Taiwan Affairs Office issued a statement describing it as an “incomplete test answer”. It said that on the question of the 1992 consensus and the ‘One China’ principle, she should give an “explicit answer with concrete actions”, rather than being “ambiguous”.<sup>120</sup>

President Tsai appeared to go further when, during an interview with the Washington Post in July 2016, she stated that “it isn't likely that the government of Taiwan will accept a deadline [about the 1992 consensus] for

<sup>115</sup> Central Election Commission Taiwan, [Election Results: Presidential Elections](#), accessed 3 August 2023.

<sup>116</sup> Suisheng Zhao, [President Tsai and Beijing clash](#), East Asia Forum, 4 October 2016.

<sup>117</sup> Office of the President of the Republic of China (Taiwan), [Inaugural address of ROC 14th-term President Tsai Ing-wen](#), 20 May 2016.

<sup>118</sup> As above.

<sup>119</sup> Suisheng Zhao, [President Tsai and Beijing clash](#), East Asia Forum, 4 October 2016.

<sup>120</sup> As above.

conditions that are against the will of the people”. Asked about economic ties with China and if China was a competitor, she responded “they are more and more our competitors”.<sup>121</sup>

## Tsai explicitly rejects the 1992 consensus

In 2019, President Tsai rejected the 1992 consensus in the most explicit terms so far in her presidency:

As president of the Republic of China, I must solemnly emphasize that we have never accepted the “1992 Consensus.” The fundamental reason is because the Beijing authorities’ definition of the “1992 Consensus” is “one China” and “one country, two systems.” The speech delivered by China’s leader today has confirmed our misgivings. Here, I want to reiterate that Taiwan absolutely will not accept “one country, two systems.” The vast majority of public opinion in Taiwan is also resolutely opposed to “one country, two systems,” and this opposition is also a “Taiwan consensus”.<sup>122</sup>

In an interview with the BBC, Tsai went further to state: “We don’t have a need to declare ourselves an independent state...We are an independent country already and we call ourselves the Republic of China (Taiwan)”.<sup>123</sup>

Each of these steps has contributed directly to a significant deterioration in relations with the PRC. In 2020 there was the highest number of Chinese incursions into Taiwan’s air defence identification zone since 1996.<sup>124</sup> Tsai however has taken a far more hard-line position than previous governments, saying that “you cannot exclude the possibility of war at any time” and that she is planning for all eventualities.<sup>125</sup>

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<sup>121</sup> [“Taiwanese President Tsai Ing-wen: Beijing must respect our democratic will”](#), Washington Post, 21 July 2016.

<sup>122</sup> [“Was It Wise for Tsai Ing-wen to Reject the ‘1992 Consensus’ Publicly?”](#), The Diplomat, 4 January 2019.

<sup>123</sup> [“China needs to show Taiwan respect, says president”](#), BBC News, 14, January 2020.

<sup>124</sup> [“Chinese incursions highest since 1996”](#), Taipei Times, 4 January 2021.

<sup>125</sup> [“China needs to show Taiwan respect, says president”](#), BBC News, 14 January 2020.

## 3 China's Taiwan policy

### 3.1 Overview: 'Sticks and carrots'

The People's Republic of China's policy towards Taiwan is often characterised as consisting of a combination of sticks and carrots.<sup>126</sup>

#### Sticks: Chinese pressure on Taiwan

Examples of pressure used by China on Taiwan include its refusal to renounce the use of force and other forms of military intimidation (see below), consistent efforts to isolate Taiwan on the international stage (section 1.3), an unyielding commitment to reunification, and not accepting anything beyond its 'One China' principle and the 1992 consensus.

For the PRC, Taiwan's reunification with mainland China – or the Taiwan Question – is a central objective of the Communist Party of China (CPC). China argues that “there is but one China in the world, Taiwan is an inalienable part of China's territory, and the Government of the People's Republic of China is the sole legal government representing the whole of China”. Its Ministry of Foreign Affairs has said: “this has been clearly recognized by United Nations General Assembly Resolution 2758 of 1971”.<sup>127</sup>

As China's leader Xi Jinping described it in 2014, “although the two sides of the Taiwan Straits have not reunified, the fact that mainland and Taiwan belong to one China has never changed, and cannot be changed”. He added “The reunification of the two sides is ending political rivalry, not reconstructing territories and sovereignty”.<sup>128</sup>

#### Carrots: China's overtures to Taiwan

The PRC's 'carrots' all aim to enhance relations across the Taiwan Strait, to improve cross-strait socio-economic engagement, and draw Taiwan and its population closer. As discussed in section 1, China's proposal for “peaceful co-existence” was followed up with two further strategies of the “Three Links

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<sup>126</sup> See, for example, Austin Horng-En Wang, “[The Waning Effect of China's Carrot and Stick Policies on Taiwanese People: Clamping Down on Growing National Identity?](#)”, *Asian Survey*, 2017, 57 (3), pp 475–503.

<sup>127</sup> Ministry of Foreign Affairs People's Republic of China, ‘[Statement by the Ministry of Foreign Affairs of the People's Republic of China](#)’, 2 August 2022.

<sup>128</sup> Yihu Li, ‘[The “one country, two systems” solution to Taiwan: two comparative analyses](#)’, *China International Strategy Review*, 2020, 2, p.276.

and Four Exchanges”<sup>129</sup> and “one country, two systems” (see section 3.3 below).

China’s Taiwan Policy is managed by the State Council’s Taiwan Affairs Office (TAO) and, as discussed in section 4.1, its semi-official organisation is the Association for Relations Across the Taiwan Strait (ARATS).

While Taiwanese authorities were calling upon its business community to maintain loyalties and keep their “Taiwanese roots,” China has welcomed Taiwanese investors, firms and workers, and students. The PRC offered “Taiwanese compatriots” incentives and opportunities, including preferential terms of business and industry access, scholarships and tuition fees at the domestic rate, tax cuts, training bursaries, and even rights similar to local citizens, to encourage engagement.<sup>130</sup>

The PRC leadership has viewed unofficial socio-economic engagement as a way to win the heart and minds of the Taiwanese population.<sup>131</sup>

## 3.2 Reunification and the use of force

The People’s Republic of China’s shift away from ‘armed liberation’ in its Taiwan policy approach did not signify the renunciation of force. The People’s Republic leader Deng Xiaoping stated in a 1984 speech, with regards to Taiwan that, “if the problem cannot be solved by peaceful means, then it must be solved by force... Reunification of the motherland is the aspiration of the whole nation. If it cannot be accomplished in 100 years, it will be in 1,000 years”.<sup>132</sup>

The statement added that “‘Taiwan independence’ remains the biggest menace to peace across the Taiwan Straits and the peaceful growth of cross-strait relations”. And that “we will resolutely forestall any separatist moves and plots to pursue “Taiwan independence” in any form”.<sup>133</sup>

China’s commitment to the use of force is found in its 2005 Anti-Secession Law. Passed under former leader Hu Jintao, it underscores “China’s

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<sup>129</sup> The PRC’s “Three Links-Four Exchanges” proposed entering into agreement on direct postal, trade and transportation links, and engagement in cultural, sports, technological and academic exchanges across the Taiwan Straits.

<sup>130</sup> Xinhua, [Preferential policies for Taiwan residents](#), Shanghai Daily, 17 July, 2018; China Daily, [Shanghai releases preferential policies for Taiwan compatriots](#), 8 June, 2018; China Daily, [Preferential policies targeting Taiwan-funded enterprises and Taiwan compatriots](#), 23 May, 2019; People’s Daily, [Mainland to introduce more preferential policies for Taiwan compatriots](#), 27 March, 2019; China Daily, [Guangzhou widens benefits for Taiwan compatriots](#), 10 February 2023.

<sup>131</sup> Ralph N. Clough, [Reaching Across the Taiwan Strait: People to People Diplomacy](#), 1993, Westview Press.

<sup>132</sup> “[Deng Xiaoping on “one country, two systems” \(full text\)](#)”, China Daily, 22-23 July 1984.

<sup>133</sup> “[Mainland to resolutely forestall separatist moves: Statement](#)”, China Daily, 20 May 2016.



determination to use "non-peaceful means" as a last resort to prevent Taiwan from establishing formal independence".<sup>134</sup> The law commits Beijing to "do its utmost with maximum sincerity to achieve a peaceful unification" with Taiwan. It states, however, that in the case of Taiwan's "secession" from China, or if the PRC concludes that possibilities for peaceful unification have been exhausted, "the state shall employ non-peaceful means and other necessary measures to protect China's sovereignty and territorial integrity".<sup>135</sup>

In 2022, as part of the CPC's 20<sup>th</sup> party congress, He Weidong was appointed as Vice Chairman of the Central Military Commission (CMC) – the PRC's highest national defence organisation. An experienced General of the People's Liberation Army (PLA), he was commander of the Eastern Theatre Command from 2019-2020.

The Eastern Theatre Command is the key command responsible for Fujian, the province directly opposite Taiwan and the Taiwan Strait. It was this command that also responded to the 2022 Nancy Pelosi visit to Taiwan (see section 5.3) with joint ground, air and naval exercises, as well as live missile launches over Taiwan.<sup>136</sup>

### 3.3 Xi talks of "one country, two systems"

In his second term, China's President Xi Jinping appeared to harden China's stance on Taiwan and suggested growing impatience with Taiwan's leanings towards independence under President Tsai.

In a [January 2019 speech](#), President Xi said that while China is "willing to create broad space for peaceful reunification" it would "leave no room for any form of separatist activities".<sup>137</sup> President Xi said he reserved the right to use force against Taiwan stating: "we make no promise to renounce the use of force and reserve the option of taking all necessary means". Xi also described reunification as "an irresistible trend".

One part of this speech that has been focus of attention is the reference to the 'One China' principle from the 1992 consensus alongside the "one country, two systems" arrangement that governs China's relationship with Hong Kong and Macau.<sup>138</sup> Commentators have said that Xi's suggestion that the one country, two systems approach was a principle behind China's and Taiwan's relations has made the idea of unification a harder sell in Taiwan. This is in

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<sup>134</sup> ["China Sends Warning to Taiwan With Anti-Secession Law"](#), The Washington Post, 8 March 2005.

<sup>135</sup> Ministry of National Defense People's Republic of China, '[Anti-Secession Law](#)', Order of the President of the People's Republic of China No.34, 14 March 2005.

<sup>136</sup> ["China to launch 'targeted military operations' due to Pelosi visit"](#), Reuters, 2 August 2022; and ["Taiwan braces as China drills follow Pelosi visit"](#), BBC News, 4 August 2022.

<sup>137</sup> ["Highlights of Xi's speech at Taiwan message anniversary event"](#), China Daily, 2 January 2019.

<sup>138</sup> ["Is the '1992 Consensus' Fading Away in the Taiwan Strait?"](#), RAND Blog, 3 June 2020

part because China has been seen to be clamping down on freedom of speech and democracy in Hong Kong.<sup>139</sup>

Steve Tsang, director of the China Institute at SOAS University of London, said China's handling of Hong Kong shows "all promises of autonomy and respect for local conditions will be violated," and that "It becomes very difficult even for advocates for greater engagement with the mainland in Taiwan itself to be able to sustain that argument".<sup>140</sup>

Charlotte Gao, writing in the Diplomat magazine, suggested that the impetus for Xi's speech came from the "multiple challenges" China was facing, including a slowing economy, its deteriorating relationship with the US, and internal class conflict. Gao suggested that raising tensions with Taiwan was a useful tool for Beijing to divert attention away from these issues and rally the people behind a nationalist cause.<sup>141</sup>

However, Professor Jie Dalei of Peking University, claimed that the speech had "substantial continuity with China's past policies", and that while President Xi expressed a new sense of urgency saying that unification shouldn't be "passed from generation to generation", he didn't set a clear timetable for when it had to be achieved.<sup>142</sup>

Professor Jie added that although Xi stressed that all options are on the table, unless "Taipei makes radical moves to establish Taiwan independence or Washington rattles the "one China" policy in a major way", Beijing will "probably pursue its peaceful unification game plan for the foreseeable future".<sup>143</sup>

## 20<sup>th</sup> Party Congress

From 16 to 22 October 2022 the PRC held its 20th Party Congress. During Xi's opening speech he said: "Reunification of the motherland must be achieved and will be achieved".<sup>144</sup>

Xi further detailed China's opposition to any move for Taiwan to achieve independence and said that if peaceful reunification cannot be achieved then China reserves the right to use force:

In response to separatist activities aimed at "Taiwan independence" and gross provocations of external interference in Taiwan affairs, we have resolutely fought against separatism and countered interference, demonstrating our resolve and ability to safeguard China's sovereignty and territorial integrity and to oppose "Taiwan independence." We have strengthened our strategic

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<sup>139</sup> "[Where Does China's 'One Country, Two Systems' Stand in 2020?](#)", RAND Blog, 13 February 2020.

<sup>140</sup> "[Xi's suppression of Hong Kong democracy pushes Taiwan further from China](#)", Japan Times, 4 July 2022.

<sup>141</sup> "[Was It Wise for Tsai Ing-wen to Reject the '1992 Consensus' Publicly?](#)", The Diplomat, 4 January 2019.

<sup>142</sup> "[Three big takeaways from Xi Jinping's Taiwan speech](#)", Washington Post, 10 January 2019.

<sup>143</sup> As above.

<sup>144</sup> "[It's Xi's party at China's historic 20th Congress](#)", France 24, 16 October 2022.

initiative for China's complete reunification and consolidated commitment to the one-China principle within the international community.

[...] We will continue to strive for peaceful reunification with the greatest sincerity and the utmost effort, but we will never promise to renounce the use of force, and we reserve the option of taking all measures necessary. This is directed solely at interference by outside forces and the few separatists seeking "Taiwan independence" and their separatist activities; it is by no means targeted at our Taiwan compatriots. The 'wheels of history are rolling on toward China's reunification and the rejuvenation of the Chinese nation. Complete reunification of our country must be realized, and it can, without doubt, be realized!<sup>145</sup>

These comments are not new policy. They reiterate Beijing's existing One China principle, with the second paragraph's language in particular drawn almost directly from China's 2005 Anti-Secession Law.<sup>146</sup>

They underline the centrality of Taiwan to China's foreign and domestic policy, and Xi's personal commitment to reunification, even if this is unlikely to be achieved practically in the short term.

The International Crisis Group (ICG), an independent think tank, states that the speech, along with the draft [report of the 20<sup>th</sup> Party Congress](#) which lays out China's policy direction as decided by the Congress, "exhibit Beijing's continued resolve to reunify with Taiwan, while at the same time showing no immediate urgency to do so".<sup>147</sup>

In what the ICG calls a "pointed message for the US, as well as other Western governments that have increased their engagement with Taipei", the draft report asserts that "solving the Taiwan issue is the Chinese people's own business, and it is up to the Chinese to decide".<sup>148</sup> The report also "took care to draw a distinction between the Taiwanese people and authorities in Taipei, and to suggest the existence of a deep bond between Taiwan and the mainland".

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<sup>145</sup> ["Characteristics and Strive in Unity to Build a Modern Socialist Country in All Respects. Report to the 20th National Congress of the Communist Party of China"](#), Politico, October 16, 2022.

<sup>146</sup> See page 6 of the Library research briefing (CB9254) [Taiwan: History, politics and UK relations](#).

<sup>147</sup> ["The Foreign Policy Implications of China's Twentieth Party Congress"](#), ICG, 21 October 2022.

<sup>148</sup> As above.

## 4

## Informal cross-strait relations

Taiwan's 'Three Noes' policy (no contact, no negotiation and no compromise) and its prohibition on direct postal, travel and trade with China, did not stem the flow of both economic and socio-cultural activities across the Taiwan Strait. While accurate numbers are difficult to obtain, in 2019 Taiwan's government estimated 400,000 Taiwanese live and work on the mainland.<sup>149</sup>

This is a result of decades of informal socio-economic engagement and association. Following four decades of restrictions ending in 1987, the Taiwanese were attracted by opportunities to travel to the mainland, similarities in culture, language and tradition, the close geographic proximity of China, as well as its vast domestic market and rising domestic production costs.

Today, China is Taiwan's largest export market for goods, and socio-cultural relations are a significant feature of cross-strait relations. In 2019, before the Covid-19 pandemic, there were more than 25,000 Chinese students studying in Taiwan on short term and degree courses,<sup>150</sup> and more than 12,000 Taiwanese students on the mainland.<sup>151</sup>

Cross-Strait marriages are another example of informal engagement. According to Singapore-based Channel News Asia, over "...400,000 women from China have migrated to Taiwan through marriage, accounting for more than 68 per cent of all foreign brides on the island".<sup>152</sup> Meanwhile the People's Republic of China authorities reported 378,000 registered cross-strait unions in China in 2018.<sup>153</sup>

<sup>149</sup> These numbers do not include those that are not working, including students, immigrants that move for marriage, retired individuals etc. [Executive Yuan Statistics for 2019, Statistics of Citizens who work abroad](#), Directorate General of Budgets, Accounting and Statistics, Republic of China, 2019, p3.

<sup>150</sup> [Statistics on Mainland Students Researching and Studying for Degrees in Taiwan](#), Mainland Affairs Council.

<sup>151</sup> Yu Jing, [Taiwan youths increasingly come to study in Chinese mainland](#), CGNT, 3 January 2020.

<sup>152</sup> These numbers only represent those Chinese spouses/unions that have registered with the Taiwanese authorities. It doesn't represent the full total of cross-strait marriages, where a significant number of marital unions and spouses reside on the mainland. Victoria Jen and Darrelle Ng, [China brides in Taiwan feel the heat over cross-strait tensions](#), Channelnewsasia.com, 26 October 2022.

<sup>153</sup> Han Peng, [378,000 cross-strait marriages registered in China](#), CGTN, 18 January 2018.

## 4.1

## Institutionalisation, semi-official organisations, and regulation

As unofficial exchanges across the Taiwan Strait deepened and expanded since the late 1980s, both the Republic of China and the People's Republic of China governments established institutional authorities to govern the pace, nature and governance of socio-economic association.

The absence of direct and formal communications between the two governments, however, meant that Taiwan's Mainland Affairs Council and the PRC's Taiwan Affairs Office have relied upon semi-official organisations for the administration and regulation of informal cross-strait exchanges.

Taiwan's Straits Exchange Foundation (SEF) manages day to day operations and problems arising from informal socio-economic cross-strait relations. Its counterpart is the PRC's Association for Relations Across the Taiwan Strait (ARATS). Both were established in 1991.

SEF and ARATS activities include resolving instances of crime, health emergencies, visa processing, and providing citizens access to information and government policy (travel advisories, health care, providing points of contact).

As they are not official government organisations, the SEF and ARATS are not inhibited by political or constitutional power, offering greater flexibility for their leaders Koo Chen-fu and Wang Daohan respectively. During an initial meeting in Hong Kong in 1992, the SEF and ARATS agreed the establishment of the '1992 consensus,' as discussed in section 1.3. A further meeting in Singapore in 1993, known as the Koo-Wang Talks,<sup>154</sup> "institutionalized routine consultation and political dialogue mechanisms across the Straits, and solved some practical problems in the exchanges between the two sides".<sup>155</sup>

As semi-official bodies, they enabled communication and negotiation, without violating official government policy such as Taiwan's 'Three Noes,'. They also prevented providing the Republic of China's authorities equality of status which was a key concern of the People's Republic.

Follow up consultations and talks at various levels took place throughout the 1990s, with the next Koo-Wang talks breaking "...through the taboo set by the Taiwan authorities on cross-Straits high-level political contact and started de facto political dialogue", with Koo visiting the PRC in 1998 and Wang visiting

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<sup>154</sup> Or the Wang-Koo talks in the PRC.

<sup>155</sup> Four agreements were reached including: the Joint Agreement of the Wang-Koo Talks, the Agreement on the Mechanisms of ARATS-SEF Contacts and Talks, the Agreement on the Use and Verification of Notary Certificates Across the Straits, and the Agreement on Inquiry of/and Compensation for Registered Mail Across the Straits. Peng Weixue, [Wang-Koo Talks Still Strengthen Cross-Straits Relations](#), China.org.cn, 7 May 2003.

Taiwan in 1999.<sup>156</sup> Further talks and efforts have been dependent upon the state of official relations and political tensions between Taiwan and the PRC.

These meetings and talks however, have been vulnerable to developments in the formal political arena. The People's Republic of China suspended communications and negotiations in 1999 after President Li Teng-hui's 'two state theory' remarks (see section 2.2), they didn't resume until 2008.<sup>157</sup> In June 2016, a month after President Tsai Ing-Wen took office, the People's Republic again suspended talks because she "did not recognise the 1992 Consensus, the political basis for the One China principle".<sup>158</sup>

Political tensions have not hindered the more practical side of SEF and ARATS activities, however. In 2013 the SEF established an office on mainland China.

Further semi-official organisations have been created to support informal cross-strait engagement. For instance, the PRC's Association for Tourism Exchange Across the Taiwan Straits opened an office in Taipei in 2010, and Taiwan's Taiwan Strait Tourism Association open an office in Beijing and Shanghai in 2010 and 2012 respectively.

In 2012 Beijing established a nation-wide body specialising in cross-strait families, the Cross-Strait Marriage Family Association, to support the growing number of marital unions, as well as setting up Cross-Strait Marriage Family Service Centres.<sup>159</sup>

## 4.2 Taiwan–China trade and investment relations

While China offered incentives to encourage and smooth the entry of Taiwanese investors, Taiwan's KMT government prohibited all direct economic engagement with China until 1991.<sup>160</sup> It was motivated by concerns of Taiwan's "...vulnerability and sensitivity to the Mainland's economic warfare," and the potential "...loss of Taiwan's industrial competitiveness to Mainland China".<sup>161</sup> As a result, the vast majority of initial trade and investment flowing into China was via a third location (for example Hong Kong, Singapore, and British Virgin Islands).

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<sup>156</sup> Peng Weixue, [Wang-Koo Talks Still Strengthen Cross-Straits Relations](#), China.org.cn, 7 May 2003.

<sup>157</sup> "[Ma hails cross-strait talks and urges more dialogue](#)", South China Morning Post, 15 June 2008.

<sup>158</sup> "[China Suspends Diplomatic Contact With Taiwan](#)", New York Times, 25 June 2016.

<sup>159</sup> The purpose of these centres is "facilitating an exchange of information on cross-strait families, offering legal advice and aid, providing information, improving the quality of cross-strait marriages and family life, and developing a forum on policies related to cross-strait families". See: Lara Momesso, [Chinese Marriage Migrants in Beijing's Cross-Strait Diplomacy](#). European Journal of East Asian Studies, 19 (1), 2020, pp.166-167.

<sup>160</sup> Syaru Shirley Lin, [Taiwan's China Dilemma: Contested Identities and Multiple Interests in Taiwan's Cross-Strait Economic Policy](#), Stanford University Press, 2016, p.2. .

<sup>161</sup> Tse-kang Leng, [Securing Economic Relations across the Taiwan Straits: New Challenges and Opportunities](#), Journal of Contemporary China, Vol.11, No.31, 2002, p.262.

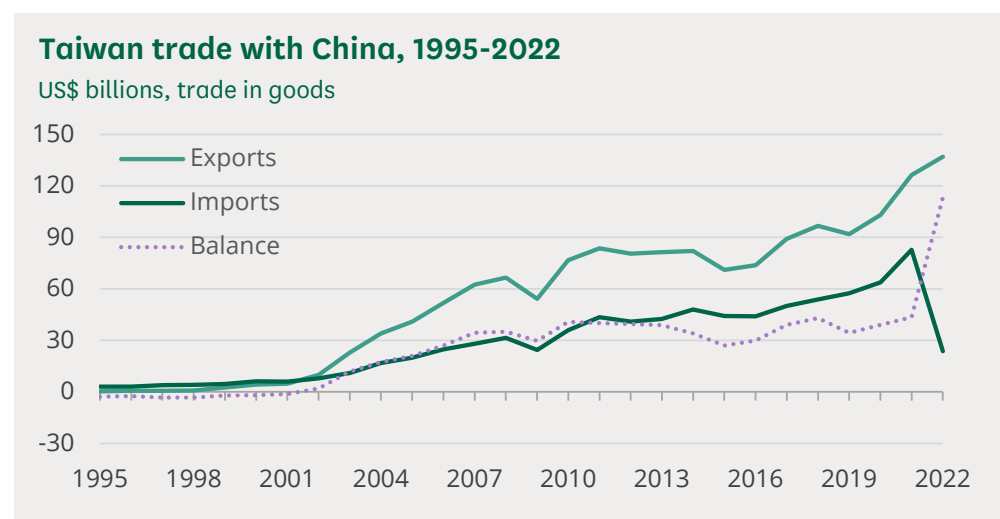
Due to restrictions on direct cross-strait engagement and flows, historical data on cross-strait economic relations before 1991 is difficult to obtain, but the first Taiwanese factory in China was set up as early as 1983.<sup>162</sup>

## Recent trends in Taiwan's trade with China

Taiwan has now recorded a trade surplus in goods with China every year since 2002, as shown in the chart below. In cash terms, Taiwan's trade surplus with China peaked at \$113 billion in 2022, up from \$44 billion in 2021, an increase of 160% in cash terms.

This was due to a sharp fall in the value of Taiwan's goods imports from China between 2021 and 2022, falling from \$83 billion to \$24 billion, a fall of 71% in cash terms.

This fall was particularly pronounced in imports of electrical machinery and appliances, which fell from \$33 billion to \$9 billion, as well as imports of office and data processing machines, which fell from \$11 billion to \$3 billion and imports of telecom equipment, which fell from \$6 billion to \$2 billion. This reflected a wider trend - total Chinese exports of electrical machinery and appliances generally fell by 21% between 2021 and 2022, from \$524 billion to \$414 billion, amid a fall in world demand for Chinese made electronic goods.<sup>163</sup>



Source: [UNCTAD](#)

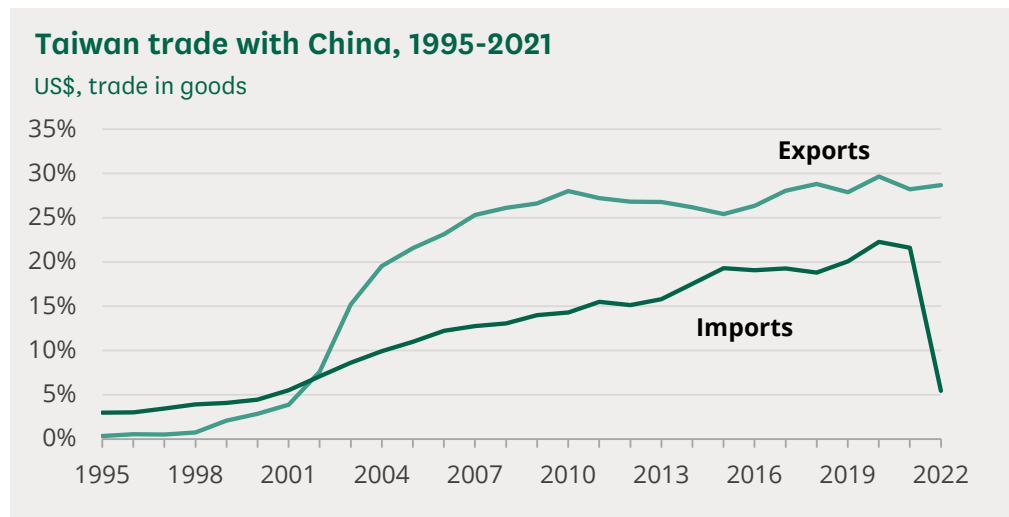
Taiwan's trade with China has increased rapidly since the 1990s, both in cash terms and as a percentage of Taiwan's total trade.

<sup>162</sup> Tak-wing Ngo, [Business Encirclement of Politics: Government Business Relations across the Taiwan Strait](#), China Information, Vo.X, No.2, Autumn 1995, p3.

<sup>163</sup> Cheng Leng and William Langley, [China exports fall as demand slows and lockdowns hit manufacturing](#), Financial Times, 7 September 2022

In cash terms, the value of Taiwan's goods exports to China have increased from \$0.4 billion in 1995 to \$137 billion in 2022, while Taiwan's goods imports from China have increased from \$3 billion in 1995 to \$83 billion in 2021, before falling sharply to \$24 billion in 2022.

As shown in the chart below, China accounted for less than 1% of Taiwan's goods exports in 1995, increasing to just under 30% in 2022. China accounted for 3% of Taiwan's goods imports before falling sharply to just over 5% in 2022.



Source: [UNCTAD](#)

China has been Taiwan's largest export market for goods every year since 2004 and was Taiwan's largest source of imported goods between 2014 and 2021, before falling to third in 2022.

Taiwan's trade in goods is dominated by trade in electrical and electronic goods.

## Taiwanese investment in China

In 2022, total Taiwanese investment abroad was worth \$15.0 billion, and of this total \$5.0 billion (34%) was invested in China.<sup>164</sup>

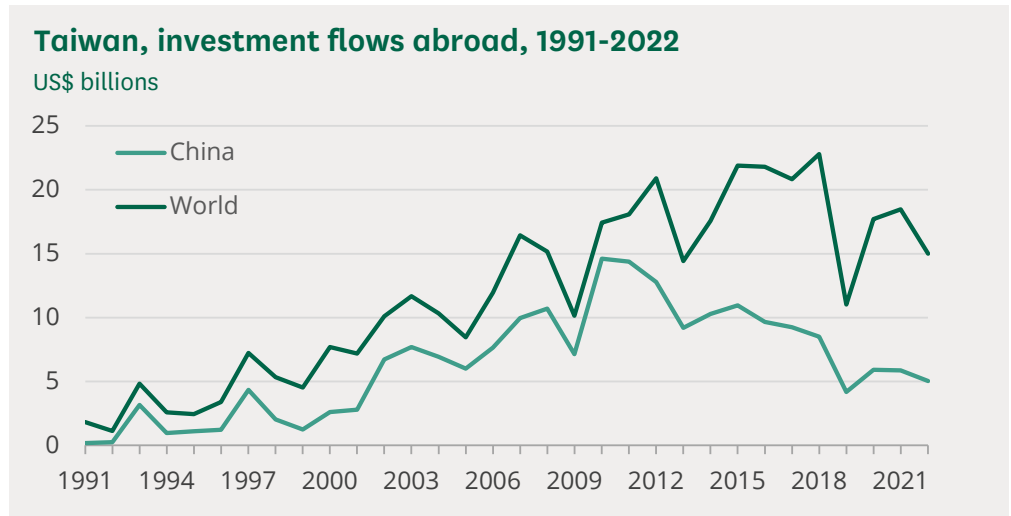
Taiwan's investment in China increased rapidly in the 1990s and early 2000s, both in cash terms and as a percentage of Taiwan's total investment abroad, though this has slowed over the last decade.

In cash terms, Taiwan's investment in China increased from \$0.2 billion in 1991 to a peak of \$15 billion in 2010, though levels of investment have slowed since 2010, falling to \$4 billion in 2019, its lowest level since 2002.

<sup>164</sup> Data in this section are taken from the [Taiwan Ministry of Economic Affairs \(MOEA\)](#). All data are in US\$.



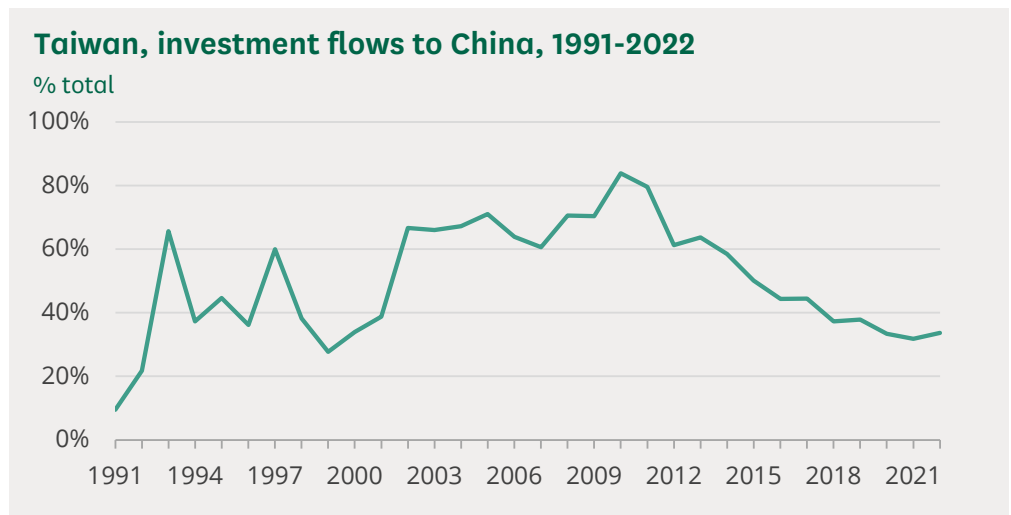
The total value of Taiwan’s investments abroad peaked at \$23 billion in 2018, before falling sharply to \$11 billion in 2019. Investment levels abroad increased in both 2020 and 2022, but remained below 2018 levels, as shown below.



Source: [Taiwan Ministry of Economic Affairs](#)

In 1991 China accounted for 10% of Taiwan’s investment abroad, before climbing over the following 20 years and reaching a peak of 84% in 2010.

Investment in China as a percentage of Taiwan’s total investment abroad has slowed since 2010, falling to 32% in 2021, the lowest level since 1992, increasing very slightly in 2022.



Source: [Taiwan Ministry of Economic Affairs](#)

Reliance on Taiwan's semiconductor industry Taiwan's economy is home to the world's leading semiconductor industry.<sup>165</sup> Global shortages of microchips caused by in part by China's zero-Covid policy, which slowed production,<sup>166</sup> highlighted the world's reliance on Taiwan's chip production facilities.<sup>167</sup> Taiwan's close economic ties with China have also raised concerns of whether China might block exports of certain goods to Taiwan, and the serious issues it would cause on the island if so.<sup>168</sup>

Taiwanese president Tsai Ing-wen has long stressed concerns with cross-strait economic relations and called for the diversification, or decoupling, of Taiwan's trading relationships and investment destinations.<sup>169</sup>

Her 'New Go South' policy of 2016 encouraged Taiwanese firms and investors to engage, cooperate and exchange with the 18 countries of the Association for South East Asian Nations, Australia and South Asia.<sup>170</sup> In 2022 Taiwan and the US launched the US Taiwan Initiative on 21<sup>st</sup> Century Trade, "a bilateral economic and trade initiative that seeks to counter the "non-market practices of state-owned and state-controlled enterprises" in a move that appears aimed at Beijing".<sup>171</sup>

As China's market share in the global semiconductor industry reached 9% in 2020, President Biden proposed the Chip 4 alliance<sup>172</sup> between major semiconductor powerhouses Taiwan, the US, Japan, and South Korea, which aims to move away from Chinese supply chains, and "frustrate the ability of Chinese producers to upgrade their capacity".<sup>173</sup>

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<sup>165</sup> ["Taiwan's continued success requires economic diversification of products and markets"](#), Brookings, 15 March 2021.

<sup>166</sup> ["Zero-Covid policy is costing China its role as the world's workshop"](#), The Guardian, 3 December 2022.

<sup>167</sup> ["Drought hits Taiwan chip supply as Biden asks for more"](#), BBC News, 25 February 2021.

<sup>168</sup> ["The uncomfortable economic truth behind Xi Jinping's Taiwan threats"](#), Atlantic Council, 11 August 2022.

<sup>169</sup> ["China-Taiwan trade, and everything you need to know"](#), South China Morning Post, 7 August 2022.

<sup>170</sup> ["Taiwan's New South Bound Policy 2.0: Fine-Tuning in 2022"](#), Raian Hossain, Taiwan Insight, University of Nottingham, 7 February 2022.

<sup>171</sup> ["China-US relations: Washington, Taipei launch joint trade initiative"](#), South China Morning Post, 1 June 2022.

<sup>172</sup> Arjun Kharpal, ["Semiconductor alliances between U.S. and Asia could hold back China"](#), CNBC, 22 September 2022.

<sup>173</sup> Robyn Klinger-Vidra and Yu-Ching Kuo, ["Asia tech 'godfathers' to decide US chips fate"](#), Asia Times, 29 September 2022.

## 4.3

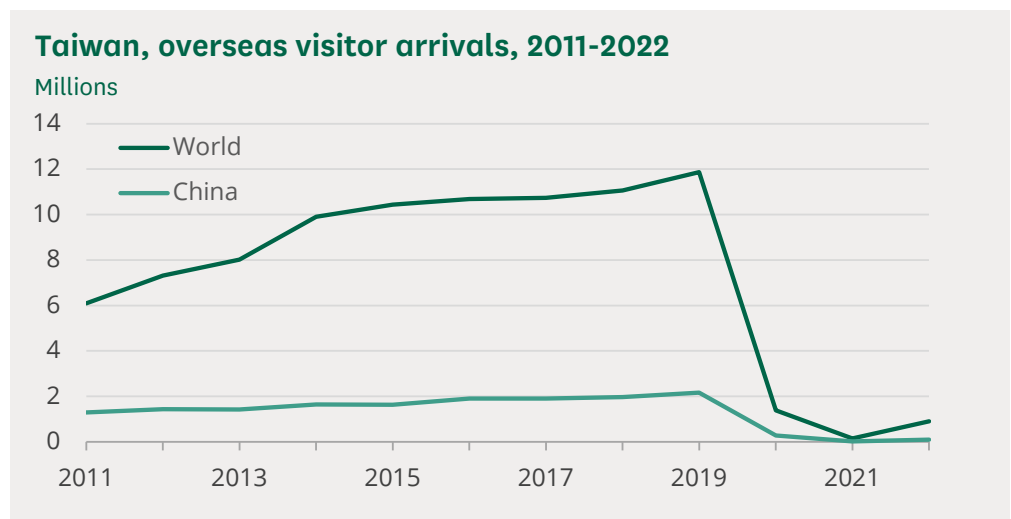
## Cross-strait tourism

A relaxation of Taiwan's 'Three Noes' policy (no contact, no negotiation and no compromise) came in 1985 with the sanctioning of limited visitation programmes between groups such as students and athletes.<sup>174</sup>

By 1987 Taiwanese authorities removed its ban on indirect travel to the mainland.<sup>175</sup>

Data from the Taiwan Tourism Bureau indicates that the number of overseas visitor arrivals to Taiwan has fallen sharply since 2019, owing to restrictions on international travel because of the coronavirus pandemic.<sup>176</sup>

Looking at pre-pandemic figures in 2019 (shown in the chart below), there were 11.9 million overseas visitor arrivals to Taiwan, of which 2.7 million arrived from China (note these figures will include foreign nationals resident in China). In 2021, there were 0.1 million overseas visitor arrivals in Taiwan, around 12,000 of which were from China.



Source: [Taiwan Ministry of Transport and Communications](#)

The chart below shows the overseas visitor arrivals to Taiwan from China between 2011 and 2022 as a percentage of all overseas visitor arrivals. Arrivals from China as a percentage of all overseas visitor arrivals peaked at just over 40% in 2014, but have generally fallen since, falling to just under 3% in 2022.

<sup>174</sup> Lee Aekyung, [Taiwan's Mainland Policies: Causes of Changes](#), *The Journal of East Asian Affairs*, Vol.10, Issue 2, Fall/Summer 1996, p337.

<sup>175</sup> ["Taiwan To End 38-Year Ban On Travel To Mainland China"](#), *Washington Post*, 20 September 1987.

<sup>176</sup> Data in this section are taken from the Taiwan [Ministry of Transport and Communications](#).



Source: [Taiwan Ministry of Transport and Communications](#)

In times of rising political tensions, socio-economic relations have made a real contribution to balancing relations across the Taiwan Straits and maintaining the status quo.

## 5 Taiwan–China tensions and military build ups since 2020

As of August 2023, China’s People’s Liberation Army has been regularly sending aircraft and ships towards Taiwan and Taiwan has been increasing its defence capability.<sup>177</sup> This section looks at why there has been a recent rise in tensions and how China, Taiwan and the United States have reacted.

### 5.1 Military build ups in Taiwan and the People’s Republic of China

Both the Russian invasion of Ukraine in 2022 and the spike in China–Taiwan tensions since late 2020 have led to questions as to whether Taiwan’s military has the resources and means to deter China and resist a potential Chinese invasion. Taiwan has responded by extending its compulsory military service and increasing its defence budget.

Taiwan has approximately 169,000 active military personnel and 1.66 million in its reserve service.<sup>178</sup> In comparison, the People’s Republic of China has 2.035 million and 510,000 respectively.<sup>179</sup> In 2022 the People’s Republic of China’s national defence budget was \$242 billion.<sup>180</sup> However, this official budget figure does not account for all of China’s military spending.<sup>181</sup> Taiwan’s defence budget in 2022 is \$16.2 billion.<sup>182</sup>

According to a 2022 US Department of Defense report for Congress, in 2022 China had a total ground force of just over 1 million, of which 416,000 are in the Taiwan Strait area, while Taiwan has 89,000.<sup>183</sup>

The same report stated that the People’s Liberation Army Navy (PLAN) “has the largest force of principal combatants, submarines and amphibious warships in Asia”. Its eastern and southern theatre navies have 33 attack submarines, to Taiwan’s two. China’s eastern and southern theatre air forces

<sup>177</sup> [“China sends ships and fighter jets toward Taiwan in new show of force”](#), ABC News, 10 August 2023.

<sup>178</sup> The Military Balance, Volume 123, Issue 1 (2023), Chapter Six: Asia: Taiwan, p291.

<sup>179</sup> The Military Balance, Volume 123, Issue 1 (2023), Chapter Six: Asia: China, People’s Republic of, p237.

<sup>180</sup> As above.

<sup>181</sup> [“A New Estimate of China’s Military Expenditure”](#), Stockholm International Peace Research Institute, Dr Nan Tian and Fei Su, January 2021.

<sup>182</sup> The Military Balance, Volume 123, Issue 1 (2023), Chapter Six: Asia: Taiwan, p291.

<sup>183</sup> US Department of Defense, [Military and Security Developments Involving the People’s Republic of China](#) (PDF), 2022, p165.

have 700 fighter jets and 250 bomber/attack aircraft, to Taiwan's 300 fighter jets.<sup>184</sup>

There have been calls for Taiwan to reform its military, upgrade its capabilities and to take the possibility of a Chinese invasion more seriously. In August 2021, John Bolton former US Ambassador to the UN under President George W Bush and US National Security Advisor under President Trump, wrote that Taiwan "remains ill-prepared to defend the island...due to the fact that conscription ended in 2012 and recruitment has lagged since".<sup>185</sup> He went on to accuse Taiwan of lacking determination citing "...Tsai Ing-wen government's failure to meet enlistment goals, its reticence to expand conscription, and several recent high-profile military accidents", which "all reveal a lackadaisical attitude toward China and/or a presumption of a US security guarantee".<sup>186</sup>

In July 2022 Lee His-min, a retired admiral and former chief of general staff of Taiwan's armed forces, told Nikkei Asia newspaper in an interview that "Taiwan doesn't have a sufficient sense of urgency to prepare for a Chinese attack".<sup>187</sup>

## Taiwan military reforms and US support

Taiwan has responded to concerns it is ill-prepared for a potential invasion. In April 2022, Defence Minister Chiu Kuo-cheng's stated that he would "put forward a plan by the end of the year to bolster Taiwan's defences, which could include extending national service".<sup>188</sup> In December 2022 Taiwan extended the requirement of compulsory military service from four months to one year.<sup>189</sup>

Taking effect from 2023, not only has basic training been extended from five to eight weeks, but monthly salaries have been increased "from about NT\$6,500 (US\$211) to NT\$26,307 (US\$856), almost in line with the minimum wage".<sup>190</sup>

In addition to being tasked to guard key infrastructure, conscripts will undergo more intense training, including shooting exercises and combat instruction used by US forces.<sup>191</sup> These US-designed training modules will include instruction for weapons such as Stinger or Javelin missiles.<sup>192</sup> This has

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<sup>184</sup> As above pp165-167.

<sup>185</sup> "[Why Taiwan Matters to the United States](#)", John Bolton and Derik R. Zitelman, The Diplomat, 23 August 2021.

<sup>186</sup> As above.

<sup>187</sup> "[Taiwan's ex-defense chief calls for sweeping military reforms](#)", Nikkei Asia [Via Nexis News], 28 July 2022

<sup>188</sup> "[Taiwan Mulls Lengthening Military Service](#)", VOA News, 11 April 2022.

<sup>189</sup> "[Taiwan extends compulsory military service amid mounting tensions with China](#)", The Guardian, 27 December 2022.

<sup>190</sup> As above.

<sup>191</sup> As above.

<sup>192</sup> "Taiwan counts on military conscription reform to deter China invasion", Financial Times, 2 January 2023.

come with the US announcement that it will quadruple (to 200) the deployment of troops to Taiwan.<sup>193</sup> Taiwan has also said that “around 500 soldiers would go to the United States for training” in 2023.<sup>194</sup>

This is a shift from the previous policy, which attempted to move from a conscription-based system for recruiting its armed forces to an all-volunteer professional force. This approach, which was adopted in 2013, maintained a national service requirement for Taiwanese men over the age of 18, of four months of military service (this had been reduced from two years since the 1990s<sup>195</sup>).<sup>196</sup>

Though recent debates have raised the opportunity for women to perform military service, Article 1 of the Military Service Act says: “In accordance with the Law, male citizens of the Republic of China are obligated to take military service,” making it clear that Taiwan’s mandatory military service applies only to men”.<sup>197</sup>

Even with the recent reforms, Taiwan has one of the shortest requirements for conscription, compared to South Korea (18-21 months), Singapore (24 months) and Israel (24-30 months).<sup>198</sup> China’s requirement is two years, and conscripts make up around 35% of its military personnel.<sup>199</sup>

However, there are sensitivities in Taiwanese society about military service and the role of the military, due to the four decades of martial law that were in place in the island until 1987.<sup>200</sup>

There are also potential challenges to extending military service. Lo Chih-cheng, a legislator from the Democratic People’s Party who sits on the Foreign Affairs and National Defence Committee, told VOA News before the announcement that a return to full year of service was “unlikely due to the economic impact”. He explained “Taiwan has a declining population and removing young men from the workforce could have a far larger impact than in decades past when Taiwan had a higher birth rate”.<sup>201</sup>

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<sup>193</sup> [“US to quadruple troops deployed to Taiwan for secretive ‘training programme’”](#). The Independent, 24 February 2023.

<sup>194</sup> [“U.S. looks to expand Taiwan military training -sources”](#) Reuters, 24 February 2023.

<sup>195</sup> According to the University of Nottingham: “In 1954, the duty of the standing army was 2 years and 3 years in the navy and air force. In 1996, the army, navy and air force were changed to 22 months. In 2004, it was changed to 20 months; in 2006, it was changed to 18 months. In 2008, change to only 12 months. Although the Taiwan Strait Crisis broke out in 1996, due to internal political factors, the political parties regard reducing the length of service as their main political thinking”. University of Nottingham: Taiwan Insight: [Bad Timing or an Opportunity: Taiwan’s Military Service System Reform After the Ukrainian War](#), 20 June 2022.

<sup>196</sup> [“Taiwan Mulls Lengthening Military Service”](#), VOA News, 11 April 2022.

<sup>197</sup> [“Include women in military service”](#). Taipei Times, 27 September 2022.

<sup>198</sup> [“Taiwan ex-conscripts say they feel unprepared for potential China conflict”](#), CNN, 20 January 2023.

<sup>199</sup> [“China revises military conscription laws in space warfare push”](#), 2 May 2023, The Guardian.

<sup>200</sup> [“Taiwan Mulls Lengthening Military Service”](#), VOA News, 11 April 2022

<sup>201</sup> As above.

## Defence budget increases and focus on equipment

President Tsai-Ing Wen has made increasing the military budget and the quality of Taiwan's armed forces a policy focus since she took office in 2016 (military spending has increased year on year since 2017, for example).<sup>202</sup> Taiwan increased its 2023 military defence budget to a record \$19 billion, which represents a 12.9% increase from 2022.<sup>203</sup>

There have, however, been questions as to whether Taiwan's military has been buying the right equipment, and whether it needs to rethink how to fight Chinese military forces which have undergone significant efforts to modernise its armed forces and weaponry.<sup>204</sup>

Former chief of the general staff of Taiwan's armed forces, Lee His-min, has called for Taiwan to prioritise asymmetric weapons to combat Beijing's much greater firepower. Instead of conventional weapons such as fighter jets, tanks and warships, Lee said "Taiwan should prioritize weapons that are cost-effective and harder for Beijing to destroy, and set up civilian units, mirroring Ukraine's Territorial Defense Force".<sup>205</sup>

Taiwan's armed forces are mostly equipped with weapons either made domestically or by the United States.<sup>206</sup> This has raised concerns over the recurring costs of procuring expensive foreign technologies and capabilities. Therefore, Taiwan has adopted an approach which combines imported conventional capabilities and platforms of low quantity and high-quality, and long-term investment in indigenous capacities.<sup>207</sup> These include its indigenous diesel submarine programme and anti-drone defences.

On 15 March 2023 Taiwan unveiled nine domestically developed surveillance and attack drones "including a loitering munition, or 'suicide drone'".<sup>208</sup> It has a target to produce 3,000 of these single-use drones in 2024.<sup>209</sup>

The KMT has warned of over-reliance on American arms for Taiwan's defence, calling it "dangerous for Taiwan's defence and sovereignty". Its defence position also calls for more autonomy from Washington in Taipei's force planning.<sup>210</sup>

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<sup>202</sup> Reuters, [Taiwan aims for big rise in defence spending amid escalating China tension](#), 25 August 2022.

<sup>203</sup> "[Taiwan's planned record defence budget signals to China that use of force could be costly: Expert](#)", Channel News Asia, 25 August 2022.

<sup>204</sup> See "Taiwan's military struggles to adapt as China threat grows", Financial Times, 6 September 2022, and "[Taiwan's Defense Plans Are Going Off the Rails](#)", War on the Rocks, 18 November 2021.

<sup>205</sup> "[Taiwan's ex-defense chief calls for sweeping military reforms](#)" Nikkei Asia [Via Nexis News], 28 July 2022.

<sup>206</sup> "[Germany will not arm Taiwan, senior lawmaker says](#)", Reuters, 11 January 2023.

<sup>207</sup> "[Taiwan's Overall Defense Concept, Explained](#)", The Diplomat, 3 November 2020.

<sup>208</sup> "[Military unveils Taiwan-made drones](#)", Taipei Times, 15 March 2023.

<sup>209</sup> "[Military unveils Taiwan-made drones](#)", Taipei Times, 15 March 2023; and "[Taiwan unveils portable attack drone as tensions with China rise](#)", The Straits Times, 15 March 2023.

<sup>210</sup> "[The KMT's Defense Policy: Toward a Symmetric Posture](#)", The Diplomat, 1 April 2022.



For more on US military support to Taiwan see the Library's research briefing [Taiwan: Relations with the United States](#).

## 5.2 China ramps up the military pressure

Incursions by China's military into Taiwan's airspace and territorial waters ramped up in the late 2020 to levels not seen since the [1995-1996 Taiwan Strait missile crisis](#). In October 2020 Chinese air sorties increased to the highest frequency all year. Its military sent planes towards Taiwan on 25 of the 31 days of the month.<sup>211</sup>

The escalation came on the heels of an interview President Tsai gave to the BBC following her re-election in January 2020, in which she said: "We don't have a need to declare ourselves an independent state [...] We are an independent country already and we call ourselves the Republic of China (Taiwan)".<sup>212</sup>

Asked about the 'One China' policy she said, "the situation has changed", and "the ambiguity can no longer serve the purposes it was intended to serve".<sup>213</sup>

President Tsai explained that in saying the situation has changed, she meant China's behaviour "because [for more than] three years we're seeing China has been intensifying its threat [...] they have their military vessels and aircraft cruising around the island".<sup>214</sup>

In response, the Financial Times reported that "Chinese military has said its campaign has "destroyed" the median line, previously an unofficial buffer that its fighter aircraft now cross daily, and that it intended to conduct regular patrols closer to Taiwan".<sup>215</sup>

China's public statements about the military exercises in the Strait and incursions into Taiwan's airspace, say they are both to deter "separatism" in Taiwan but also "external forces", a reference to the United States.<sup>216</sup>

Due to the Taiwan Relations Act (as discussed below), China must consider the US as a factor in its Taiwan plans. But recent events have given rise to

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<sup>211</sup> "[Chinese flyovers towards Taiwan peaked in October amid rising tensions](#)", The Guardian, 2 November 2020.

<sup>212</sup> "[China needs to show Taiwan respect, says president](#)", BBC News, 14 January 2020.

<sup>213</sup> As above.

<sup>214</sup> As above.

<sup>215</sup> "China pressure deepens Taiwan's desire for big US weapon systems", Financial Times, 19 August 2022.

<sup>216</sup> "[US holds its second high-profile visit to Taiwan in two months as Beijing escalates military pressure](#)", CNN, 18 September 2020.

interest in the Indo-Pacific by the United Kingdom,<sup>217</sup> Australia, Canada,<sup>218</sup> Japan and South Korea, as well as German<sup>219</sup> and French<sup>220</sup> naval forces in East Asia.

## Incursions continue in 2021

On 26 March 2021, Taiwan's Defence Ministry reported the largest incursion since the ministry began disclosing the almost daily flights over its airspace and territorial waters the previous year. Taiwan said the number of aircraft involved in the incursion was "unusual", in that it was made up of four nuclear-capable H-6K bombers and 10 J-16 fighter jets, among others.<sup>221</sup>

On 12 April, an even larger incursion occurred, with 25 Chinese military jets breaching Taiwan's defence zone. This sortie came the day after US Secretary of State, Antony Blinken, warned China not to attempt to change the status quo around Taiwan, saying to do so would be a "serious mistake".<sup>222</sup>

A senior Taiwanese diplomat also told the Economist magazine that the military build-up may be a test of the new Biden administration, or a "bid to create a "new normal" in which Chinese forces are routinely present in a zone formerly controlled by Taiwan".<sup>223</sup>

The Taiwan-based Institute for National Defense and Security Research, suggested there could be several reasons behind the incursions and China's military exercises in the Taiwan Strait:

- "to increase its presence in an attempt to expand China's sphere of influence";
- "to intimidate the Taiwanese military and exert pressure on its defences on the Pratas Islands (Dongsha Islands) in the South China Sea";
- "to use marine patrol aircraft to collect underwater and other related information in the area, which is the main passageway for vessels and submarines entering the western Pacific"; and
- "to deter Taiwanese and US submarine activity in the region (China is using".<sup>224</sup>

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<sup>217</sup> Commons Library research briefing, CBP9217, [Integrated Review 2021: The Defence tilt to the Indo-Pacific](#), 11 October 2021.

<sup>218</sup> "Canada to send more warships through Taiwan Strait in signal to China", Financial Times, 5 December 2022.

<sup>219</sup> "[Germany to send naval frigate to Japan with eye on China](#)", Nikkei Asia, 25 January 2021.

<sup>220</sup> "[France wades into South China Sea against China](#)", Asia Times, 12 February 2021.

<sup>221</sup> "[Taiwan reports largest incursion yet by Chinese military aircraft](#)", The Guardian, 26 March 2021.

<sup>222</sup> "[Largest Chinese breach of Taiwan air zone in a year after US warning](#)", The Guardian, 12 April 2021.

<sup>223</sup> "[China's growing military confidence puts Taiwan at risk](#)", The Economist, 1 May 2021.

<sup>224</sup> "[Chinese incursions highest since 1996](#)", Taipei Times, 4 January 2021.

The Institute also said that “in the long-term, the intrusions could offer Taiwan certain advantages, such as increasing the legitimacy of US sales of offensive weapons to Taiwan”.<sup>225</sup>

## 2022 to 2023

From late 2020 to the time of writing (August 2023), People’s Liberation Army (PLA) aircraft have flown sorties into Taiwan’s self-declared Air Defence Identification Zone (ADIZ) “on a near daily basis”.<sup>226</sup>

According to the Council for Foreign Relations (CFR), a US think tank, 2022 was a “milestone in ADIZ violations with 1,737 PLA aircraft tracked, more than 2019, 2020, and 2021 combined”.<sup>227</sup>

After the visit of the then US House Speaker Nancy Pelosi (see next section) in August 2022, the CFR stated that China used it to “permanently change [...] the status quo in the Taiwan Strait by erasing the median line, the unofficial boundary between the China and Taiwan in the Taiwan strait”.<sup>228</sup>

## 5.3

## US military assistance and US-China tensions

Between the 1950s and 1970s the US stationed thousands of troops in Taiwan. While US-China rapprochement in 1972 led to their withdrawal, in 1979 the US signed the Taiwan Relations Act, committing it to “make available to Taiwan such defence articles and defence services to allow it to defend itself from attack”, which Washington has implemented through large weapons sales.<sup>229</sup> It is also committed to “maintain the capacity of the United States to resist any resort to force or other forms of coercion that will jeopardize the security, or the social or economic system, of the people on Taiwan”.<sup>230</sup>

Some analysts believe that “much of the threat assessment by the US military may actually be more of a reflection of a shift in US perceptions about China amid their deteriorating relationship”.<sup>231</sup>

America’s partnerships in the region also make Taiwan strategically important. The US’s formal allies Japan and Australia, are also deeply

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<sup>225</sup> “[Chinese incursions highest since 1996](#)”, Taipei Times, 4 January 2021.

<sup>226</sup> “[China’s Recent ADIZ Violations Have Changed the Status Quo in the Taiwan Strait](#)”, CFR, 10 February 2023.

<sup>227</sup> As above.

<sup>228</sup> “[China’s Recent ADIZ Violations Have Changed the Status Quo in the Taiwan Strait](#)”, CFR, 10 February 2023.

<sup>229</sup> “[US Nearly Doubled Military Personnel Stationed in Taiwan This Year](#)”, VOA News, 2 December 2021.

<sup>230</sup> “[The U.S. One China Policy: A Primer for Professional Military Education Faculty](#)”, Joint Forces Staff College, Academic Journals, 11 May 2022.

<sup>231</sup> “[Is China really about to invade Taiwan?](#)”, Al Jazeera, 14 April 2021.

concerned “over any PRC aggressive intent, both militarily and commercially, towards Taiwan because of its strategic location”.<sup>232</sup>

According to former US Ambassador to the UN John Bolton, “To the US, Taiwan is a critical link, if replaceable, in the First Island Chain, while to the PRC the island acts as a “cork in the bottle” of China’s ability to project power in the East China Sea”.<sup>233</sup> The First Island Chain is a military concept that sees a chain of islands encompassing Japan, Taiwan, portions of the Philippines, and Indonesia in the South China Sea as forming a barrier to Chinese deployment of naval and other forces, and purportedly that China sees as part of a strategic encirclement by the United States and its regional allies.<sup>234</sup>

The US position regarding ‘One China’, therefore, is key for the PRC and Sino-US relations. During the Xi–Biden meeting at the G20 in November 2022, their first face to face meeting as presidents, Xi stated “the Taiwan question is at the very core of China’s core interests, the bedrock of the political foundation of China-US relations, and the first red line that must not be crossed in China-US relations”.<sup>235</sup>

For more information on Taiwan–US relations, including defence ties and military arms sales see the Library’s research briefing [Taiwan: Relations with the United States](#).

## Events since 2021

On 2 August 2022, as US House Speaker, Nancy Pelosi’s embarked on a trip to Taiwan, becoming the most senior US politician to visit the island in decades (and the first sitting Speaker in 25 years).<sup>236</sup>

The move was strongly condemned by China, with Chinese Foreign Minister Wang Yi stating that it proved “the United States has become the ‘biggest destroyer’ of peace across the Taiwan Strait and for regional stability”.<sup>237</sup>

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<sup>232</sup> [“Taiwan features in Japan-Australia 2+2 statement”](#), Nikkei Asia, 10 June 2021; [“‘Inconceivable’ Canberra would not join US to defend Taiwan, Australian defense chief says”](#), 12 November 2021; and [“After Being Silent for Decades, Japan Now Speaks Up About Taiwan – And Angers China”](#), NPR, 2 August 2021.

<sup>233</sup> [“Why Taiwan Matters to the United States”](#), John Bolton and Derik R. Zitelman, *The Diplomat*, 23 August 2021.

<sup>234</sup> See, for example, [“Why China’s Military Wants to Control These 2 Waterways in East Asia”](#), *The Diplomat*, 15 September 2019; and [“Geostrategic competition and overseas basing in East Asia and the First Island Chain”](#), Andrew Yeo and Michael O’Hanlon, Brookings, February 2023. However, some academics say there are important differences between the US and China on how they view these island chains, see Andrew S. Erickson and Joel Wuthnow, [“Barriers, Springboards and Benchmarks: China Conceptualizes the Pacific ‘Island Chains’”](#), *The China Quarterly* 225 (2016): 1-22.

<sup>235</sup> [“Taiwan question bedrock of political foundation of China-U.S. relations, Xi says”](#), *Xinhua News*, 14 November 2022.

<sup>236</sup> [“Explained: What happened when a US House Speaker visited Taiwan in 1997?”](#), *FirstPost*, 3 August 2022; and [“The Strategic Logic of Nancy Pelosi’s Visit to Taiwan”](#), *The Diplomat*, 5 August 2022.

<sup>237</sup> [“As China Punishes Taiwan for Pelosi’s Visit, What Comes Next?”](#), *Council on Foreign Relations*, 4 August 2022.

The spokesperson for China's Ministry of Foreign Affairs warned: "China will definitely take all necessary measures to resolutely safeguard its sovereignty and territorial integrity in response to the US Speaker's visit. All the consequences arising therefrom must be borne by the US side and the 'Taiwan independence' separatist forces".<sup>238</sup>

The visit led China to retaliate with a significant series of military drills, that eclipsed even the exercises that took place during the 1995–1996 Taiwan Strait Crisis. These included live-fire exercises in the seas to the east of Taiwan.<sup>239</sup>

Data published by Taiwan's Ministry of Defence states that China's People's Liberation Army aircraft flew into the Taiwanese air defence identification zone 444 times in August 2022; more than double the previous highest monthly number.<sup>240</sup>

According to the Diplomat Magazine the reaction in Taiwan to the exercises was one of "relative calm", that was "despite fears that the PLA [People's Liberation Army] drills could be a pretext for a blockade of Taiwan".<sup>241</sup>

In terms of the effect on domestic politics, the Diplomat reports that "past precedents suggest Chinese threats have more often led the Taiwanese public to rally behind the DPP during elections, rather than to discourage it from voting for the historically pro-independence party".<sup>242</sup>

The military exercises also renewed the focus on the KMT's recent attempts to rebrand itself as a pro-US party and change its pro-China image. In June 2022 KMT Chairman Eric Chu travelled to the US for an 11-day trip, to try and rebuild ties with Washington, and emphasise the party's historical relationship with the country, and its history of challenging Communist ideology.<sup>243</sup> Chu also announced during the trip that he would reopen the KMT's representative office in the US, 14 years after it was closed.<sup>244</sup>

However, in contrast to these efforts the KMT Vice Chair Andrew Hsia "surprised many by announcing a trip to China shortly after Pelosi's visit".<sup>245</sup> The trip drew criticism from DPP politicians, including President Tsai, but also from some in the KMT.<sup>246</sup> Hsia defended the trip, saying its primary purpose was to look after the needs of Taiwanese in China, and said he had

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<sup>238</sup> "[As China Punishes Taiwan for Pelosi's Visit, What Comes Next?](#)", Council on Foreign Relations, 4 August 2022.

<sup>239</sup> As above.

<sup>240</sup> As above.

<sup>241</sup> "[Following China's Military Drills, Taiwan Settles Into New Normal](#)", The Diplomat, 16 August 2022.

<sup>242</sup> As above.

<sup>243</sup> "[KMT chairman touts party's close ties with the US](#)", Taipei Times, 7 June 2022.

<sup>244</sup> As above.

<sup>245</sup> "[Following China's Military Drills, Taiwan Settles Into New Normal](#)", The Diplomat, 16 August 2022.

<sup>246</sup> "[KMT vice chair's China trip draws fire](#)", Taipei Times, 11 August 2022.

no plans to meet with Chinese officials in Beijing. It was reported that there were such plans in the trip's original itinerary, however.<sup>247</sup>

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<sup>247</sup> As above.

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