



## **Avoiding a Taiwan Crisis: Improving Signals and Reducing Mistrust**

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In the final months of 2020, the National Committee on American Foreign Policy (NCAFP) assembled a group of authoritative participants from Taiwan, Mainland China and the US to discuss cross-Taiwan Strait relations in a Track II setting. The group met in October and December 2020, just before and after the US presidential election, with the same participants.

The first meeting focused on ongoing tensions spurred by military activities in and around Taiwan and the dramatic deterioration in US-China relations. In the second meeting, participants remained resigned to a poor cross-Strait relationship and heightened US-China friction, but the conversation shifted to the search for mutual reassurance and practical steps for stabilizing cross-Strait relations, even as they are likely to remain difficult.

Taiwan and Mainland participants both assessed that cross-Strait relations are locked in the direction of a downward spiral, though the spin of that spiral seems to have slowed in the period between the US election and the inauguration of President-elect Biden. Still, much work remains to be done to create the necessary conditions to arrest the spiral, and existing pressures on both sides to play on tensions must be constrained if such progress is to be achieved.

Key takeaways and recommendations:

- The total cut-off of communication between Washington-Beijing and Beijing-Taipei led to substantial miscommunication, mistrust and miscalculation in the second half of 2020. That the security dilemma did not devolve into a crisis does not negate its seriousness or its potential to redevelop rapidly with catastrophic results.
- Beijing and Taipei are stuck in policy positions that make resumption of official cross-Strait dialogue impossible; Beijing insists that the Tsai administration accept the 92 Consensus or another One China formulation as a precondition for dialogue, while Taipei insists on holding such dialogues without preconditions. The lack of trust between the two sides makes neither amenable to moving first in overcoming this significant roadblock.
- The urgent task ahead is to find an authoritative cross-Strait signaling mechanism outside of military activities and in the absence of official dialogue. Leadership speeches and communiqués sometimes serve this purpose but are often not regular or detailed enough to withstand the crosswinds of current events.

- At the Track II level, participants from both sides of the Strait are receptive to continued dialogue on signaling mechanisms even as they are pessimistic about the pace and scope of cross-Strait people-to-people exchanges in the post-pandemic period.
- There is optimism that an incoming Biden administration will contribute to stabilizing the cross-Strait environment through consistent and clearly-communicated US policies, alongside recognition that returning to a status quo ante is unlikely.
- A new status quo has to guard avenues for positive-sum cooperation, despite and alongside the cross-Strait political deadlock and rising US-China strategic competition. COVID-19 recovery and the protection of people-to-people exchanges should be prioritized.

### ***October – Mutual Mistrust***

The group’s October meeting occurred at a time of heightened military activities across the Taiwan Strait, policy discussions in the US on the continued utility of strategic ambiguity, and just after Taiwan’s Legislative Yuan passed a bipartisan resolution urging Taipei to seek official relations with Washington. The US presidential race was in full swing, the COVID-19 pandemic worsening in many hotspots, and the US and China remained in the midst of tit-for-tat reciprocal measures to restrict each other’s diplomatic, academic and business activities. Taiwan had scrambled fighter jets several times to intercept PLAAF fighters that had crossed over the median line in the Strait, and the Chinese government clarified that it had never explicitly accepted the existence of such a line. In short, the security and political situation had rapidly deteriorated, and the immediate concern of the participants was to avoid accidents that could escalate into open conflict.

The discussion catalogued the many reasons for mistrust in cross-Strait and US-China relations. From the perspective of Taiwan, Tsai Ing-wen has followed through on commitments in her first inaugural speech to maintain the cross-Strait status quo and create the necessary conditions for dialogue with Beijing, but her efforts have not been reciprocated. Meanwhile, events in Hong Kong, new leadership in the KMT, and issues related to the COVID-19 pandemic—including Taiwan’s exclusion from the WHA—have all soured prospects for working with the Mainland. As one participant noted, Beijing’s heavy-handedness in dealing with cross-Strait and other issues had unified Taiwan. However, the participant did not agree with a Mainland participant’s assessment that the cross-Strait environment was “dangerous,” preferring to describe it as “dynamic and unstable.”

A Mainland participant saw two underlying factors for heightened tensions: Taiwan’s domestic political development and the breakdown of Sino-US relations. The Mainland believes Tsai Ing-wen is politicizing the Hong Kong and COVID-19 issues to maintain political power, while attempting to exploit worsening Sino-US relations to enlarge Taiwan’s international space and promote independence activities. Tsai changed the status quo when she refused to accept the 92 Consensus or any other One China formulation, and no dialogue is possible until a One China formula is restored. Taiwan has assumed strategic importance in Sino-US relations and the

Trump administration is upgrading unofficial relations by increasing the pace, scope and public profile of interactions, including military sales. To Beijing, the US is breaking its commitment to maintain an unofficial relationship with Taiwan, prompting reflection in the Mainland about abiding by its own commitments (presumably to peaceful reunification).

Beyond cross-Strait concerns, Mainland participants expressed serious anxieties that the Trump administration might provoke a conflict in East Asia in order to shore up President Trump's reelection prospects. Communication between the US and Chinese governments had been halted, senior US officials were making speeches attacking the legitimacy of the Chinese Communist Party, the US Ambassador in Beijing had announced his resignation, and US military activities in the South China Sea were picking up. Whether or not these actions were intended to send a signal, they were being received by some in China as precursors to military conflict.

The American participants in the meeting argued strongly against the logic that a US-China military conflict would help President Trump win reelection or otherwise be a politically beneficial "October surprise." American participants acknowledged strong bipartisan support for Taiwan in Washington but felt the actions taken by the administration did not cross the threshold of upgrading relations, as none broke with past precedent. While there had been debates about the value of cross-Strait strategic ambiguity in the policy community, there were no indications that the Trump administration was considering changes to its One China policy.

Taiwan participants noted that recent public polling revealed a strong majority of the Taiwan people want a peaceful and stable cross-Strait status quo. Joseph Wu, Taiwan's Foreign Minister, had publicly stated after the passage of the LY bill that Taiwan would not seek official relations with the US. Still, the same polling also indicated that a majority were distrustful of the Chinese Communist Party; and one Taiwan participant acknowledged that the KMT's support of the bill urging official relations with the US, whatever the party's reasoning, could signal to Beijing that future prospects for reunification are moving out of reach. The question was whether Beijing still felt that time was still on its side.

The Mainland participants were clear that peaceful unification remained the guiding policy of Beijing on the Taiwan question, as long as Taiwan independence was off the table. However, scholars noted increasing nationalism on the Taiwan issue, more public debate on the use of force, and increasing pessimism in the public intellectual community that the issue could eventually be peacefully resolved.

The key recommendations from this meeting were that all sides should exercise restraint, be mindful of the signals they were intentionally or unintentionally sending, and work toward developing some confidence-building measures that could stabilize the cross-Strait environment.

## ***December – Pragmatic Pessimism***

By the time the group reassembled in December, the results of the US election were clear and President-elect Biden was beginning to name key national security and political posts. The US and China had conducted military-to-military crisis communication talks in late October and no participant raised the prospect of an intentional military provocation to distract the US electorate, as had been raised at the October meeting. COVID-19 vaccines were proving efficacious and attention was shifting to the coming period of pandemic recovery and the restoration of predictable American diplomacy and policy planning.

None of these developments had shifted the fundamental cross-Strait impasse, but all provided some basis for pragmatic discussion on how to work toward an effective signaling mechanism for cross-Strait policy developments and how to take advantage of opportunities for cooperation on areas of mutual interest.

American participants made clear that US-Taiwan relations under a Biden administration would continue to include practices that the Mainland finds objectionable—arms sales, potential visits by ranking US officials, and Congressional support expressed in resolutions and other vehicles. However, American participants were expecting a more constructive relationship with Beijing in which these decisions would be directly addressed. Mainland participants remained concerned with the development of US-Taiwan relations in an era of US-China strategic competition and recognized the challenging path ahead on these issues.

Both sides of the Strait engaged in discussion on how to build a template for evaluating cross-Strait policy and locking in a new status quo. Could each side provide to the other a list of what it could do to show goodwill and freeze the downward spiral, and of its expectations for the other side? This exchange could serve as a confidence-building mechanism to stabilize the cross-Strait security environment. It would shift the movement in cross-Strait relations from military and political action back to dialogue and exchanges. And it could signal that neither side is seeking to rush a resolution of the cross-Strait issue at this time.

Both sides of the Strait provided some reassurances to the other on security issues. A Taiwan participant discussed the Taiwan authorities' denials of US military overflights, and noted that the Ministry of National Defense also downplayed prospects for further US arms sales in 2021. A Mainland participant pointed out the scant attention given to the Taiwan issue in the 14<sup>th</sup> Five-Year Plan, in which the focus of the Taiwan paragraph emphasized peaceful development and not reunification. This participant felt Beijing's red lines on *de facto* and *de jure* independence were clear and that it was up to Taiwan to maintain the status quo.

Participants discussed the opportunities and challenges for cross-Strait cooperation on the COVID-19 vaccine and eventual recovery of normal travel and economic business. Taiwan participants suggested that the existing cross-Strait health services agreement already serves as a basis for vaccine development, as it promotes cooperation toward the mutual recognition of clinical trial results. The key for Taiwan is data transparency. Participants on both sides were pessimistic that Taiwan would be included in the 2021 WHA. Taiwan participants felt this would

continue to engender bad feeling toward the Mainland on Taiwan and inhibit cross-Strait engagement on COVID-19. Mainland participants suggested that both sides start with more positive (or at least not negative) media coverage toward the other side's COVID-19 response.

The participants identified people-to-people exchanges as another area for further discussion. The arrest of Taiwan professors—some favorable to closer cross-Strait ties—on the Mainland has raised anxiety in Taiwan about pursuing Track II or academic exchanges. And Taiwan's anti-subversion law has also made Taiwan scholars uncomfortable with exchanges. Participants suggested that the Mainland release the detainees, and also that Taiwan clarify the parameters of the anti-subversion law, to create space for meaningful cross-Strait exchanges at a time when travel is possible.

The group agreed to meet again in the beginning of 2021, to continue discussion on confidence-building measures and to brainstorm areas of positive-sum cooperation within the existing political deadlock.

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