

A Brief Conversation with Bonnie Glaser on U.S.-Taiwan-China Relations in Lai Ching-te's Presidency

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Bonnie S. Glaser is the managing director of GMF's Indo-Pacific program. She has worked at the intersection of Asia-Pacific geopolitics and U.S. policy for more than three decades. She is also a co-author of U.S.-Taiwan Relations: Will China's Challenge Lead to a Crisis? (Brookings Press, April 2023). This interview is greatly supported by the Taiwan Studies Program at the University of Washington, featuring Bonnie Glaser's book talk, U.S.-Taiwan Relations: Will China's Challenges Lead to a Crisis? This interview has been edited for clarity.¹

Jackson School Journal: After January 13, 2024, the Taiwan presidential election, many people are discussing about U.S. and Taiwan relations. So, we really appreciate this opportunity to chat with you about this topic post the election date. Our first opening question is: What does the victory of Lai Ching-te mean for US-Taiwan relations?

Bonnie Glaser: Well, I think that the United States, first of all, would have wanted to continue to have very strong relations with Taiwan, regardless of who was elected president in Taiwan.

Although many people believe that the United States had a preference in this election, I think that is absolutely wrong. The United States was actually quite careful and prudent in the way that it engaged with and treated each of the candidates. The most important thing for the United States was that the election be free, fair, considered legitimate by the people of Taiwan, and that it produced an outcome that would contribute to the further strengthening of US-Taiwan relations.

U.S. officials engaged many times with each of the candidates in the runup to the election. When Lai Ching-te was running for president, he emphasized that his goal would be to preserve the cross-strait status quo. He stated that he would continue to prioritize strengthening Taiwan's defense. These are two issue areas that are very important to the United States. Lai Ching-te also said that he would inherit and build on President Tsai Ing-wen's policies in those two areas. So, I think that we should expect a great deal of continuity in Lai Ching-te's policies. The United States dispatched a delegation to Taiwan immediately following the election to talk with president-elect Lai. We don't yet know who will occupy the key positions in his government. That's something I think that the United States hopes to learn more about in the coming months--perhaps that was even discussed during the visit of this delegation. And, of course, for the next four months, President Tsai Ing-wen is

still president. And I think that Washington will continue to work closely with her.

Jackson School Journal: On the other hand, we take it that China had a preference, in so far, that its relationship with the DPP (Democratic Progressive Party) has been unfriendly. But now that the party has won its third consecutive term. Are there any indications that Beijing is pursuing a more constructive relationship with the DPP? In other words, is there a way for China to live with its success?

Bonnie Glaser: That's a very difficult question to answer. First, I would say that I think there are different views in China, about the policy toward Taiwan. There are people who think that Beijing should reengage with the DPP, at least with DPP-affiliated scholars. Others even support the resumption of some semi-official dialogue with the incoming government. But that is not the majority view in China, and it is not likely to be the position of the government in China.

I don't think that there will be an assessment in Beijing that China's approach to Taiwan has completely failed. They will take note that 60% of Taiwan's voters did not vote for Lai and the DPP lost its majority in the Legislative Yuan. China's policy toward Taiwan is always composed of carrots and sticks. The mix of carrots and sticks can change from one president to another, or one period to another, but I expect that they will continue to rely on carrots and sticks. Under Tsai Ing-wen's presidency, we have seen the pressure that Beijing has applied grow: it has increased in military, economic, and diplomatic ways. China's toolkit to apply pressure on Taiwan has expanded over the last eight years, and I expect we will see more pressure from Beijing over time.

The first action that Beijing took after Lai Ching-te was elected was to poach yet another of Taiwan's diplomatic allies. I recall I was in Beijing in 2016 visiting the Taiwan

Affairs Office, when it was announced that the Gambia was going to establish diplomatic relations with Beijing. Gambia had broken diplomatic ties with Taiwan in 2013, during the Ma Ying-jeou era (2008-2016). At that time there was a diplomatic truce across the strait, so Beijing wanted to keep a distance and not establish diplomatic relations with Gambia. But soon after Tsai Ing-wen they established diplomatic relations with Gambia. Now, Beijing has persuaded Nauru to flip. Taiwan is now left with 12 diplomatic allies.

I think the next action that Beijing may take, will be to reimpose tariffs on more of the products that are included in the cross-strait Economic Cooperation Framework Agreement (ECFA) that was signed between the two sides of the strait in 2010. I think it was about six or eight weeks ago, that China imposed tariffs on 12 of those products. And we are likely to see more going forward. Of course, we will see more military pressure as well. However, I do not think we will see anything on the scale of the big display that the PLA (People's Liberation Army) engaged in after then-speaker Nancy Pelosi visited Taiwan in August of 2022. But I do think that we will see more military activity around Taiwan. My hope is that China will rethink its approach to Taiwan, and that maybe there will be some readjustment going forward. It's interesting that Secretary of State Tony Blinken said, I think it was yesterday when he was in Davos, that China's approach to Taiwan has been counterproductive. I agree with that assessment, and I certainly hope that more people in China recognize that as well.

Jackson School Journal: Thank you very much for your comments. We know that Taiwan has strong economic ties with a lot of other countries. We want to know more specifically, how do economic ties between China and Taiwan, influence or limit Beijing and Taipei's management of cross-strait relations?

Bonnie Glaser: I think both Taiwan and China have a stake in their economic relationship. It would be harmful to both sides if trade stopped, which is highly unlikely. China has a high degree of dependence on Taiwan for ICT (Information and communications technology) products. A large percentage of its semiconductor chips come from Taiwan. Taiwan's investment has historically been extremely important to China. That has begun to diminish in the last couple of years, which is consistent with the decline of overall investment from other countries into China.

Taiwan has recognized that its excessive reliance on mainland China is a vulnerability for Taiwan. Nearly 45% of Taiwan's exports went to China and Hong Kong in 2020. That's very high. Last year, that dropped to 35%. That was

partly due to China's economic slowdown, but also a result of President Tsai Ing-wen's policies that seek diversification of Taiwan's markets. The New Southbound Policy is one part of that. And I think there has been some success. I also think that during the COVID period, the economic relationship was affected between the two sides of the strait. I support Tsai Ing-wen's goal of diversifying. I think Taiwanese companies, many of them also want to diversify, which is similar to companies all around the world that don't want to put all of their eggs in one basket. Apple Computer is a very good example. They're now shifting some of their manufacturing to India.

At the same time, neither side of the strait wants to completely cut off their economic engagements. Taiwan and China are so geographically close, it makes sense for them to have a significant volume of trade. But from the perspective of Taiwan's security, it just needs to be done in a careful way. And there should not be over-dependence on any single market, and certainly not a market in a country that poses a security threat.

Jackson School Journal: When it comes to diversification, I want to focus on the United States, as an economic partner for Taiwan. So last month, the House Select Committee suggested that the United States establish a bilateral trade agreement with Taiwan. In your view, is the domestic political support in Taiwan conducive to such a step? And how might China respond?

Bonnie Glaser: I have been advocating a free trade agreement between the United States and Taiwan for a long time. And I participated in a hearing in 2022 on the issue of the future of US-Taiwan trade. It took place right after Pelosi's visit to Taiwan. The hearing was held by the Ways and Means Committee to consider the prospect of a trade agreement between the United States and Taiwan. This has been an issue that has been discussed for decades, both in the United States and Taiwan. The fact that it has not been realized, is in part due to the lack of political support in the United States for free trade agreements in general. I think it is unlikely that we will realize negotiations on a US-Taiwan free trade agreement in the near term. That said, I think the US-Taiwan Initiative on 21st Century Trade mirrors the IPEF negotiations (Indo-Pacific Economic Framework) that the United States is having with other trading partners. We've already signed an initial agreement with Taiwan that covers five areas in our bilateral trading relationship, including anti-corruption, small- and medium-sized enterprises, and trade facilitation. Both Taiwan and the United States have the ambition to close the deal by the end of the Biden administration. I certainly hope that that is achieved. Of course, the easy things were done first, and

some of the more difficult challenges will be addressed in the second part of the negotiations. These include agriculture, labor, and the environment.

If we can complete that agreement, that essentially brings the United States and Taiwan very close to what we could call a free-trade agreement. But it will not have market access provisions. Unfortunately, I think that that has reduced the support for this in Taiwan, because Taiwan very much wants to have expanded market access in the United States. The other possible agreement that is being negotiated is the double taxation agreement. This agreement would prevent companies from being taxed twice, whether they're American companies investing in Taiwan or Taiwanese companies investing in the United States. And I think that that would benefit both sides as well.

Jackson School Journal: Not a question, but it is important to note that the Taiwanese economic Minister, Wang Meihua, when she visited Seattle last year, really touted the double taxation agreement.

In addition to that, we would like to know what is your opinion on the US Trade Representative's comments about the economic neglect of Taiwan when they visited Tokyo for the IPEF (Indo-Pacific Economic Framework) meeting?

Bonnie Glaser: I think the only thing that I can say is that the United States' approach to the Indo-Pacific region has lacked a very strong economic pillar. There has been a strong emphasis on US military presence, and secondarily on diplomatic engagement. Countries throughout the Indo-Pacific have urged the United States for years, both under the Trump administration and the Biden administration, to strengthen our economic relationships with the region. When President Trump withdrew from CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership), which Hillary Clinton would have done anyway if she had been elected, the United States really had no concrete plans to strengthen our economic relationships with countries in the region. At the same time, China was continuing to expand its economic ties with its neighbors. Last year, China put in a bid to join the CPTPP.

So, I give the Biden administration a lot of credit for coming up with a plan to bolster our economic presence in the region. That is what IPEF is, and they attached a lot of importance to getting as many countries as possible to join it on the ground floor. Several of those countries--I speculate here--likely privately indicated that they might not join if Taiwan was a member. And that presented the Biden administration with a conundrum, what should it do? The choice was made to prioritize the inclusion of as

many countries as possible in IPEF; and at the same time to separately launch the trade negotiations with Taiwan, on virtually the same set of issues. Perhaps our agreement with Taiwan will get across the finish line before the United States finishes negotiating IPEF—and if that happens, that will be a good outcome. So, it was a second-best solution, and it was unfortunate that the United States decided to exclude Taiwan. But I understand the circumstances and the drivers of that decision.

Jackson School Journal: Final question, we recognize that this is a difficult situation for the Taiwanese people to be contending with, both the fears of invasion and the risks of other kinds of non-kinetic escalations. So, we would like to know what do you think Taiwanese leaders and their public expect from the United States? What kind of reassurance do they seek from us?

Bonnie Glaser: I think there are different views on that in Taiwan. There are some people that want the United States to change what has been a long-standing position of what's referred to as "strategic ambiguity" and instead adopt a policy of "strategic clarity": give Taiwan an ironclad commitment to its defense, that regardless of the circumstances, the US would defend Taiwan if it were attacked. There are many people in Taiwan's military who think that a clear US commitment would be very beneficial, because then they would know what missions the US military would be responsible for and what missions Taiwan should focus on. So, the United States' position on defending Taiwan is one area where there are many people in Taiwan who would like greater assurance.

Of course, reassurance comes in many different forms. The fact that our AIT (American Institute in Taiwan) chair and two former senior US officials were in Taiwan right after the election, was intended to signal reassurance. The dilemma that the United States faces is that we do a lot with Taiwan that cannot or should not, be made public. And that probably will not change going forward. Sometimes some of the things we are doing with Taiwan in the defense realm are leaked and become known by the public. This happened several times during the Trump administration. In my view, that does not serve Taiwan's interests. I think there are many aspects of our relationship with Taiwan that they should be kept secret. But there are plenty of other things that the United States and Taiwan do that I think signal to their public that we have a very, very strong relationship.

The GCTF, the Global Cooperation Training Framework, is one example. The many delegations that go to Taiwan from our Congress, the trade relationship, and bilateral

cooperation on a host of issues such as human rights, women's empowerment, anti-corruption, it's a long list. But regardless of what we do, people in Taiwan will probably always have some anxiety about their relationship with the United States. There's a lot of discussion about the "yimei lun" (疑美论 or the American Skepticism Theory) in Taiwan. And that's unfortunate, I think we have to think about ways that we can reduce the suspicions that people have in Taiwan toward the United States. Beijing is using many different means to try and undermine the confidence that the people of Taiwan have, both in their government and the United States. Ultimately, that undermines deterrence, and it puts Taiwan's security, prosperity, and autonomy in jeopardy. So, I think that's an area that requires greater attention.

Jackson School Journal: Thank you so much!

Endnotes

1 For a full lecture recording of the book talk, please visit, <https://youtu.be/UjDVXrstw2U>.