



What Taiwan's 2024 Election Means for China, the US, and the Future of Taiwan

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Taiwan's election in January 2024 was the first to focus primarily on domestic policy rather than national identity or relations with China. The presidential candidates' platforms converged to support protecting Taiwan's sovereignty and rejecting China's formula for unification. Meanwhile, Taiwan's complex domestic problems, including unaffordable housing, stagnating wages, an aging population, energy insecurity, and unsustainable entitlements, were prominent election issues. The Democratic Progressive Party won an unprecedented third term for the presidency, but the legislature was split among three parties. Although Beijing will likely continue its economic coercion and military build-up, it will also need to develop different strategies to win hearts in Taiwan. Taiwanese are also increasingly skeptical of the US, which has been upgrading political relations with Taiwan but without enhancing Taiwan's international role or offering it tangible economic benefits. With no single political party securing a majority of seats in parliament, Taiwan will be unable to balance its interests between China and the US or expedite the implementation of reforms.

Since Taiwan's first democratic presidential election in 1996, national elections have focused on national identity and the island's future relations with China. In contrast, this year's election on January 13 was primarily focused on domestic policy. For the first time, all three candidates were born in Taiwan, with none of them having substantial experience in cross-Strait relations, foreign policy, or living abroad. Voters now largely identify as Taiwanese rather than as Chinese, prompting the presidential candidates' foreign policy platforms to converge to support protecting Taiwan's sovereignty and rejecting China's "one country, two systems" formula for unification. Meanwhile, voters encouraged the candidates to prioritize addressing the issues of Taiwan's "high-income trap," including unaffordable housing, stagnating wages, the aging population, low fertility, energy insecurity, and unsustainable entitlements.¹ With the new government split among three major parties, what challenges can we expect for the next four years and what implications will the results of this election have for Beijing and Washington?

Outcomes and Lessons

Approximately 14 million of Taiwan's 19.5 million voters cast ballots, resulting in a turnout of nearly 72 percent. The outcomes of Taiwan's eighth presidential and legislative elections this year reflect both new developments and long-term trends in Taiwan's maturing democracy. First, the Democratic Progressive Party (DPP) won an unprecedented third term in the executive branch, which sets Taiwan's foreign

¹ Syaru Shirley Lin, "How Taiwan's High-Income Trap Shapes its Options in the U.S.-China Competition," in *U.S.-China Competition for Global Influence*, ed. Ashley J. Tellis, Alison Szalwinski, and Michael Wills (Seattle: National Bureau of Asian Research, 2020): 133--160.

policy—including policy toward China. Current vice president Lai Ching-te won the presidency, with 40 percent of the vote; the Kuomintang (KMT) candidate, Hou Yu-lh, won 33 percent, and the Taiwan People’s Party (TPP) candidate, Ko Wen-je, who founded the TPP in 2019 as an alternative to the KMT and the DPP establishment parties, won 26 percent.² These results are largely consistent with polling projections prior to the election, which predicted a Lai victory by a plurality much smaller than the margin of victory for DPP President Tsai Ing-wen either in 2020 or 2016, when she won a majority.

Second, the election for members of the Legislative Yuan (LY), Taiwan’s lawmaking body that considers bills proposed by the executive branch, resulted in no party receiving a majority of seats. Of the 113 seats in the LY, 73 are directly elected and 34 are allocated proportionally from “party lists” according to voters’ party preferences. The remaining six seats represent the Indigenous Taiwanese groups that constitute over 2 percent of the population. This year, the DPP won 51 seats, the KMT won 52, the TPP 8, and pro-KMT independent candidates won 2. The DPP thus lost its eight-year majority in the LY, while no party won a majority of 57 seats that is needed to pass bills. Many voters were pleased to see the DPP lose its monopoly over policymaking, according to a post-election survey by the Taiwanese Public Opinion Foundation (TPOF), reflecting dissatisfaction with DPP governance since 2016.³ The Lai administration will have a weaker mandate to enact both its foreign and its domestic policies.⁴ Bills will inevitably take longer to pass, if the parties can reach a compromise at all.⁵

Third, compared with Taiwan’s previous elections, perceptions of China were not a major topic of debate in this year’s elections, partly because Taiwanese identity is already largely consolidated.⁶ Since 2009, a majority of people in Taiwan have identified as Taiwanese, with less than 5 percent of the population identifying as only Chinese.⁷ There is also a broad consensus for maintaining Taiwan’s status quo of

² Brian Hart, Scott Kennedy, Jude Blanchette, and Bonny Lin, "Taiwan’s 2024 Elections: Results and Implications," Center for Strategic and International Studies, January 19, 2024, <https://www.csis.org/analysis/taiwans-2024-elections-results-and-implications>.

³ 2024 年 1 月 “2024 台灣總統選民的抉擇及其影響,” 財團法人台灣民意基金會, 2024 年 1 月 23 日, <https://www.tpof.org/%E7%B2%BE%E9%81%B8%E6%96%87%E7%AB%A0/2024%E5%B9%B4%E6%9C%88%E3%80%8C2024%E5%8F%B0%E7%81%A3%E7%B8%BD%E7%B5%B1%E9%81%B8%E6%Bo%91%E7%9A%84%E6%8A%89%E6%93%87%E5%8F%8A%E5%85%B6%E5%BD%B1%E9%9F%BF%E3%80%8D/>.

⁴ Caroline Fried, "Political Compromise Key for Lai to Build Taiwan's Resilience," *Nikkei Asia*, January 24, 2024, <https://asia.nikkei.com/Opinion/Political-compromise-key-for-Lai-to-build-Taiwan-s-resilience>.

⁵ Nathan Batto, "The Election Results and What's Next," *Frozen Garlic*, January 14, 2024, <https://frozengarlic.wordpress.com/2024/01/14/the-election-results-and-whats-next/>.

⁶ Te-Yu Wang, "The China Factor Seemingly Less Significant in Taiwan’s 2024 Presidential Election," *East Asia Forum*, January 7, 2024, <https://eastasiaforum.org/2024/01/07/the-china-factor-seemingly-less-significant-in-taiwans-2024-presidential-election/>.

⁷ “Taiwanese / Chinese Identity (1992/06~2023/06),” Election Studies Center, National Chengchi University, July 12, 2023, <https://esc.nccu.edu.tw/PageDoc/Detail?fid=7800&id=6961>.

neither unification with China nor independence, with approximately 87 percent of Taiwanese favoring autonomy.⁸

As cleavages over identity fade and voters increasingly agree on preserving Taiwan's status quo, all three parties became more centrist on China policy in this year's election.⁹ The KMT and TPP both advocated accommodating China to avoid war, but they also tried not to appear too friendly toward Beijing. In fact, days before the election, former KMT president Ma Ying-jeou said that the Taiwanese must trust Xi Jinping in cross-strait relations, resulting in the party immediately distancing itself from Ma.¹⁰ Voter preference for Taiwanese autonomy also might not have benefited the DPP campaign this year, as Lai tried to downplay his past pro-independence remarks. The aforementioned TPOF poll this January found that among respondents who preferred maintaining the status quo, only 23.5 percent voted for Lai.¹¹ In a similar poll four years ago, over 42 percent voted for Tsai Ing-wen.¹²

Fourth, a new third party gained support from voters seeking an alternative to the green DPP and the blue KMT camps. Whereas Lai and Hou secured votes from their base supporters, Ko won support from both blue- and green-leaning voters, and the TPP party list won enough seats in the legislature to prevent other small parties from winning seats.¹³

Third parties have often played a key role in Taiwan's elections. This year, the TPP gained support because many voters regard both the DPP and the KMT as establishment parties. The DPP is no longer seen as the reform party by the one million first-time voters who are too young to have witnessed the past anti-establishment protests—from the 1970s to the 2010s—that brought the DPP to

⁸ "Taiwan Independence vs. Unification with the Mainland (1994/12~2023/06)," Election Studies Center, National Chengchi University, July 12, 2023, <https://esc.nccu.edu.tw/PageDoc/Detail?fid=7801&id=6963>. Preference for autonomy in the poll, as referred to in this article, includes of the following options: "maintain status quo, decide at later date," "maintain status quo indefinitely," "maintain status quo, move toward independence," and "independence as soon as possible."

⁹ Chong Ja Ian, "Taiwan's Voters Have Spoken. Now What: Implications of Taiwan's 2024 Elections for Beijing and Beyond," Carnegie Endowment for International Peace, February 9, 2024, <https://carnegieendowment.org/2024/02/09/taiwan-s-voters-have-spoken.-now-what-implications-of-taiwan-s-2024-elections-for-beijing-and-beyond-pub-91594>.

¹⁰ Richard Walker, "Taiwan's ex-President Ma: 'You Can Never Win' War with China," *DW*, January 12, 2024, <https://www.dw.com/en/taiwans-ex-president-ma-you-can-never-win-war-with-china/video-67962324>; Shelley Shan, "Ma Not Invited to KMT Rally Following Remarks," *Taipei Times*, January 12, 2024, <https://www.taipetimes.com/News/front/archives/2024/01/12/2003811980>.

¹¹ "2024 台灣總統選民的抉擇及其影響。"

¹² "2020 台灣總統與立委大選," 財團法人台灣民意基金會, 2019 年 12 月 30 日, <https://www.tpof.org/wp-content/uploads/2015/10/12%E6%9C%88%E8%A8%98%E8%80%85%E6%9C%83%E6%9B%B8%E9%9D%A2%E8%B3%87V3.pdf>.

¹³ 王宏恩, "2024 總統大選: 走不出去的兩大黨、崛起但有隱憂的第三選擇," 報導者, 2024 年 1 月 14 日, <https://www.twreporter.org/a/2024-election-wang-austin-horng-en-view>.

prominence.¹⁴ Ko's campaign resonated with young voters on issues such as housing, taxation, and labor reforms—all domestic policies that have been a notable source of dissatisfaction during the last eight years of DPP leadership.¹⁵ Ko won many more votes than the TPP legislative candidates and party list, suggesting that the party still needs to build institutional influence beyond Ko himself.¹⁶

Finally, age and socioeconomic status played notable roles in this year's elections. Lai's support base was concentrated among older age groups, the military and public servants, low-wage earners, farmers, and people relying on public finance.¹⁷ This year, the TPP's Ko was the top choice among white-collar professionals, students, college graduates, and voters under 34 years old. By contrast, a majority of young and college-educated voters supported Tsai in the previous two presidential elections.¹⁸

In the post-election poll, the KMT's Hou Yu-Ih did not lead among any socioeconomic or demographic group, except for housewives. This reveals the continuing identity crisis among the KMT's national leadership. Hou tried to move the KMT's cross-Strait policy platform toward the center to include safeguarding Taiwan's autonomy, but on this issue he found it difficult to compete with the DPP's more convincing record.¹⁹ The KMT did win 14 more seats in the LY than it did in 2020, reflecting the public's dissatisfaction with the DPP and the KMT's strong patronage network in many localities.²⁰

These results, driven by both long-standing and emerging rifts in Taiwan society, indicate policymaking challenges ahead. For the next four years, two of the parties will have to work together to pass any bills, but thus far there are no signs that they will be able to collaborate successfully. When the newly elected parliament convened for the first time on February 1 to elect its speaker, all 51 DPP lawmakers and 54 KMT and pro-KMT lawmakers voted along party lines, whereas the eight TPP legislators abstained in the final runoff vote, effectively giving the role of speaker to the KMT's Han Kuo-Yu, former mayor of Kaohsiung, who ran for president against

¹⁴ These protests include the Tangwai movement in the 1970s, the Wild Lily student movement in 1990, and the Sunflower movement in 2014.

¹⁵ Amy Chang Chien and Chris Buckley, "The Wild Card in Taiwan's Election: Frustrated Young Voters," *The New York Times*, December 4, 2023, <https://www.nytimes.com/2023/12/04/world/asia/taiwan-election-youth-vote-china.html>.

¹⁶ 王宏恩, "2024 總統大選."

¹⁷ "2024 台灣總統選民的抉擇及其影響."

¹⁸ "2020 台灣總統與立委大選."

¹⁹ David Sacks, "Taiwan's 2024 Presidential Election: Analyzing Hou Yu-ih's Foreign Policy Positions," Council on Foreign Relations, December 26, 2023, <https://www.cfr.org/blog/taiwans-2024-presidential-election-analyzing-hou-yu-ih-s-foreign-policy-positions>.

²⁰ Gerrit van der Wees, "Taiwan's Mid-term Elections: Most Politics Is Local, the KMT Remains a Force To Be Reckoned With, and the DPP Needs to Regroup," *Taiwan Insight*, November 30, 2022, <https://taiwaninsight.org/2022/11/30/taiwans-mid-term-elections-most-politics-is-local-the-kmt-remains-a-force-to-be-reckoned-with-and-the-dpp-needs-to-regroup/>.

Tsai Ing-wen in 2020.²¹ On February 29, the LY Standing Committee will elect its two convenors who decide which bills to review. Both the KMT and DPP will likely vote only for their own legislators, thereby excluding the TPP from agenda-setting in the LY.²² Thus, for the next four years, identifying, designing, and funding policy priorities will be a major challenge.

Priority Policy Areas for Taiwan's New Government

The domestic issues at the forefront of this year's election are related to the major structural challenges due to Taiwan's high-income trap.²³ The three candidates broadly agreed in their campaigns that supplying affordable housing, addressing the shrinking birth rate, providing support for the aging population, reaching a sustainable energy mix, and improving the health of the population are policy priorities.²⁴ Housing, long-term care, and healthcare reforms are a few areas where we might see consensus building in the new government, although each party will propose different solutions. Indeed, enacting a policy that satisfies everyone—even within a single party—will be nearly impossible, but balancing the interests of diverse stakeholders, including voters of different age groups, will be imperative for effective policymaking.²⁵ For more contentious policy issues, including energy sustainability, government fiscal discipline, and LY reform, the executive and legislative branches are yet to find common ground. Without the DPP monopoly, deadlocks may ensue that will limit Taiwan's socioeconomic and political resilience.

All three candidates have emphasized the need for affordable housing, long-term care infrastructure, and healthcare reform, but they proposed different policies in their campaigns. Taipei is one of the world's most expensive cities for housing, with a house price-to-income ratio of 15.7, surpassing that of both New York (7.1) and London (8.7).²⁶ The rental market is similarly unaffordable and at times predatory, with an impact on young people. Lai campaigned on a plan to build and rent out public housing units and to offer rental subsidies, all funded by the government's general budget. Meanwhile, Hou and Ko's proposed housing policies called for

²¹ “韓國瑜第二輪投票獲 54 票 當選立法院長,” CNA, February 1, 2024, <https://www.cna.com.tw/news/aip/202402015004.aspx>.

²² 王承中、葉素萍, “立法院召委選舉 藍綠擬各提人選不禮讓民眾黨,” 中央通訊社, 2024 年 2 月 18 日, <https://www.cna.com.tw/news/aip/202402180180.aspx>.

²³ Syaru Shirley Lin, "Population, Power Generation, Political Polarization, and Parochialism Are Also Threats to Taiwan," *China Leadership Monitor*, issue 68, June 2, 2021, <https://www.prcleader.org/post/population-power-generation-political-polarization-and-parochialism-are-also-threats-to-taiwan>.

²⁴ 嚴文廷, “總統政見 20 問柯賴侯三人如何面對國政難題?” 報導者, 2024 年 1 月 10 日, <https://www.twreporter.org/a/2024-election-presidential-candidates-policies-introduction>.

²⁵ "Consensus amidst Diversity: Taiwanese Legislators' Role in Policymaking," Center for Asia-Pacific Resilience and Innovation, September 1, 2023, <https://caprifoundation.org/consensus-amidst-diversity-taiwanese-legislators-role-in-policy-making/>.

²⁶ “112 年第 3 季房價負擔能力指標統計成果, 中華民國內政部不動產資訊平台,” 2024 年 1 月 15 日, <https://pip.moi.gov.tw/v3/e/scre0105.aspx>; “Demographia International Housing Affordability, 2023 Edition,” Urban Reform Institute and Frontier Centre for Public Policy, March 2023, <http://www.demographia.com/dhi.pdf>.

funding from tax reforms and involvement of the private sector.²⁷ Similarly, all presidential candidates proposed plans to address the challenges of an aging society, as 20 percent of Taiwan's population will be 65 years or older by 2025. Their proposals include addressing insufficiencies in long-term care that put strains on the working-age population who are caring for older family members. However, the parties will need to agree on how to secure the necessary financial and labor resources. Lai's proposed "Long-term Care 3.0" policy would be funded from public budgets, which will require support from the opposition in order to pass in the legislature.²⁸

The candidates also placed a priority on the challenges of Taiwan's health system, as both Lai and Ko are trained physicians. Healthcare in Taiwan centers on the National Health Insurance (NHI) system, which is renowned globally for its high-quality acute-care services as well as its high coverage, affordability, and efficiency. Yet, as the population ages, the NHI system risks facing bankruptcy.²⁹ All three candidates have promised, in response to voter pressure, to increase government spending on health and to improve pay and working conditions for healthcare workers. However, few policy proposals outline the systemwide reforms that are urgently needed across health governance, workforce, and financing.³⁰ Overall, these challenges of housing, long-term care, and healthcare reform are complex, structural, and difficult to address through single policies. Unless strong political will and innovative policies emerge, with agreement on how to fund them, such challenges will persist for the next four years and leave voters disappointed.

A rough road lies ahead for Taiwan in the most contentious areas of domestic policy. First, the Lai administration will face obstacles in pursuing safe and sustainable energy, as the parties disagree regarding the use of nuclear power. Lai is committed to advancing the Tsai administration's policy of phasing out nuclear energy by closing Taiwan's last operational nuclear power plant by 2025. However, given the increasing demand for electricity in the advanced manufacturing industry, the security threat of over-reliance on imported energy, and the environmental threat from continuing to rely on fossil fuels, the KMT and TPP both insist on extending the lifespans of Taiwan's nuclear reactors to achieve a sustainable energy mix with lower socioeconomic costs.³¹ The DPP government has made limited progress in sustainable energy development since 2016, when the government set a target of 20

²⁷ 孔德廉、林雨佑、李易安、嚴文廷, "總統政見 20 問之 2," 從能源轉型到社宅興辦, 柯賴侯各有亮點與盲點, 報導者, <https://www.twreporter.org/a/2024-election-presidential-candidates-policies-energy-housing-justice-taxation>.

²⁸ 李琦璋, 學者, "穩定財源將成長照 3.0 最大隱憂," Yahoo! 新聞, 2023 年 11 月 28 日, <https://ynews.page.link/Ddfha>.

²⁹ 陳潔、林慧貞、楊惠君, "青貧族繳保費、銀髮族去看病: 青年可能扛不起的健保未來, 如何解?," 報導者, 2020 年 9 月 28 日, <https://www.twreporter.org/a/health-insurance-system-generation-problems>.

³⁰ Feng-Jen Jean Tsai, Bradley Chen, Hsiu-Wen Ula Yang, and Siwei Huang, "Sustainability and Resilience in the Taiwanese Health System," *Partnership for Health System Sustainability and Resilience* (forthcoming).

³¹ 江睿智, "總統大選政見 PK / 能源規畫 聚焦核能攻防," 聯合新聞網, 2023 年 12 月 26 日, <https://udn.com/news/story/123307/7665192>.

percent renewable energy by 2025. As of 2022, renewables accounted for only 8 percent of Taiwan's electricity supply. The government has since revised its goal downward to 15 percent renewable energy by 2025, which is still ambitious and perhaps unachievable.³² Unless Lai and the DPP soften their stance on nuclear energy—which would alienate the influential anti-nuclear advocacy groups that form a core DPP support base—the LY is unlikely to build consensus with the Lai government on meeting the increasing energy demands in a sustainable manner, which will be essential for Taiwan's security, economy, and climate resilience.

Second, the general budget is arguably the most important bill to pass in every legislative year, and tradeoffs among different policy priorities will be inevitable.³³ If the opposition blocks the budget, the previous year's budget will remain in place, but new policy initiatives will need special budgets approved by the LY. Compromise will be necessary on crucial issues, and deadlock over budgets will be common. Specifically, the DPP and KMT have long disagreed on Taiwan's defense budget and various arms purchase initiatives. During Chen Shui-bian's presidency (2000–2008), the pan-blue KMT and the People First Party together formed a majority in the LY, blocking passage of the special budget for three major arms packages from the US sixty-nine times because they questioned the feasibility and costs of submarine purchases in the packages.³⁴ Since 2016, the DPP majority government has passed NT\$2.4 trillion (US\$76.7 billion) in special budgets for environmental sustainability programs, infrastructure construction, national defense, and pandemic aid.³⁵ Although the Tsai government has argued that such investments are necessary to stimulate the economy, to meet national defense needs, and to support the people's livelihoods in the long run, the opposition parties have accused the DPP of abusing the Budget Act by using its LY majority to acquire a “blank authorization” for unrestrained spending outside the general budget.³⁶ This year, both the KMT and the TPP are pushing for amendments to the Budget Act to limit the power of the government to utilize special budgets and to strengthen financial discipline.

³² Sha Hua, "Taiwan Has a Big National-Security Risk: It Imports 97% of Its Energy," *The Wall Street Journal*, July 7, 2023, <https://www.wsj.com/articles/taiwan-has-a-big-national-security-risk-it-imports-97-of-its-energy-fifaced>.

³³ "Difficult Choices: Building Taiwan's Resilience for an Uncertain Future, a Public Forum with Richard Bush," Center for Asia-Pacific Resilience and Innovation, March 22, 2023, <https://caprifoundation.org/difficult-choices-building-taiwans-resilience-for-an-uncertain-future/>.

³⁴ “綠營執政國民黨杯葛軍購案 69 次 國造潛艦順利下水關鍵原因曝光,” 民視新聞網, 2023 年 10 月 5 日, <https://www.ftvnews.com.tw/news/detail/2023A05W0324>; “賴清德稱 2004 年所提的軍購特別預算, 在立法院遭到在野黨反對而無法通過, 否則 8 艘潛艦早已完成?,” 台灣事實核查中心, 2023 年 12 月 4 日, <https://tfc-taiwan.org.tw/articles/9961>.

³⁵ “特別預算,” 中華民國 (台灣) 行政院主計處, https://www.dgbas.gov.tw/News_SP_Budget.aspx?n=3797&sms=11507.

葉瑜娟, “什麼是特別預算? 前瞻條例的 8 千 8 百億元從哪裡來?” 報導者, 2017 年 6 月 13 日, <https://www.twreporter.org/a/foresight-infrastructure-plan-1>.

³⁶ Kuo Chien-shen, Wen Kuei-hsiang, and Matthew Mazzetta, "TPP Pledges to Curb Use of Special Budgets, Raise Local Gov't Funding," *Focus Taiwan*, December 20, 2023, <https://focustaiwan.tw/politics/202312200016>.

Regardless of whether the Budget Act will be amended, the Lai government will require consensus with the KMT or the TPP to initiate projects with special budgets.

Finally, a priority area of reform for both the KMT and the TPP is the empowerment of the LY to hold the executive branch accountable. In Taiwan's government, a minority party lacks an effective means to check a majority party that always backs the decisions of the executive branch. During Ma Ying-jeou's first administration (2012–2016), the DPP minority pushed for reform that would grant the LY power to hold hearings. The KMT blocked the initiative over 800 times.³⁷ This year, the KMT and TPP are pursuing reform to grant the LY power to investigate government officials and to hold confirmation hearings on important government appointments. In essence, the KMT and TPP are committing to holding the Lai administration accountable in both its personnel appointments and policy execution. It is possible that this process will devolve into partisanship that freezes policymaking for the next four years, running the risk that no bill proposed by the DPP will pass in the legislature.³⁸

The January election reveals emerging cleavages along generational and class lines and on issues of domestic reform rather than national identity or foreign policy. The new government was voted in on expectations for change, as was the case in the last two national elections when the DPP won control of both the executive and legislative branches on expectations that the party would not only safeguard Taiwan's autonomy but also make Taiwan a more prosperous, just, and healthy society. Young voters who supported Ko and the TPP in 2024 are directly affected by Taiwan's toughest policy challenges and they expect their party to get things done. Sustainability, housing policy, and upward mobility are important issues for these voters, but they are also features of Taiwan's high-income trap that will be difficult to solve without strong political will or partisan cooperation. If the divided government cannot deliver over the next four years, Taiwanese democracy might become more polarized and ineffective, which Beijing would be glad to see.

Implications of the Election for Beijing and Washington

After thirty years of democratic governance in Taiwan, the gap between Taipei and Beijing has never been wider. With over eleven years in office and an unprecedented third term in power, Xi Jinping has established personal dominance over China's politics, economy, and society.³⁹ Beijing's third white paper on Taiwan, published in August 2022, emphasizes that "one country, two systems" is the formula for unification and specifies that Taiwan will enjoy a high degree of autonomy only when China's national security interests are protected.⁴⁰ This narrative follows the logic

³⁷ 鄭閔聲, "國民黨擋了 800 次、民進黨也不給過 藍白合作下聽證調查權真的要來了?" *CommonWealth* 天下雜誌, 2017 年 2 月 5 日, <https://www.cw.com.tw/article/5129242>.

³⁸ Clement Tan, "Taiwan's New President Will Face a Divided Parliament. Here's Why It Matters." CNBC, January 14, 2024, <https://www.cnbc.com/2024/01/15/taiwan-election-new-president-lai-ching-te-to-face-divided-parliament.html>.

³⁹ Minxin Pei, "Xi Jinping's Political Agenda and Leadership: What Do We Know From his Decade in Power," *China Leadership Monitor*, issue 73 (2022), <https://www.prcleader.org/post/xi-jinping-s-political-agenda-and-leadership-what-do-we-know-from-his-decade-in-power>.

⁴⁰ "台湾问题与新时代中国统一事业," 新华社, 2022 年 8 月 10 日, http://www.gwytb.gov.cn/zt/zylszl/baipishu/202208/t20220810_12459866.htm; Bonny Lin, Brian

Beijing used to justify its repression in Hong Kong, which vividly illustrates for the Taiwanese what rule by Xi Jinping might look like for them.⁴¹

Against the backdrop of Taiwan's declining support for unification, Xi is urging the Communist Party to form a "united front" to win the hearts of the Taiwanese people.⁴² Beijing's record in terms of Taiwan policy during the past eight years has helped little in this regard, however. It closed official communication channels with Taipei when Tsai Ing-wen took office and it has further isolated Taiwan in international society; ten countries have switched diplomatic relations from Taiwan to China since 2016, with Nauru switching merely two days after the 2024 election. Beijing has also recently stepped up gray-zone warfare. Expanded operations by the People's Liberation Army around Taiwan have been aimed at changing the status quo and wearing down Taiwan's defense capability.⁴³ Beijing sent over 1,700 military planes into Taiwan's air defense identification zone (ADIZ) in both 2022 and 2023, with Chinese military activities around Taiwan peaking in August 2022, after House Speaker Nancy Pelosi visited Taiwan, and in April 2023, when Tsai Ing-wen met House Speaker Kevin McCarthy while transiting through the US.⁴⁴

In dealing with Taiwanese businesses in China, Beijing has adopted more sticks than carrots. In 2021, Beijing issued fines totaling RMB 474 million (US\$74.4 million) to the Taiwanese conglomerate Far Eastern Group, which regularly donates to both the KMT and the DPP, warning that it will punish businesses and political donors with links to individuals allegedly supporting Taiwan independence.⁴⁵ In 2023, China launched a trade probe against Taiwan and suspended tariff relief on twelve Taiwanese petrochemical products covered in the cross-strait Economic Cooperation Framework Agreement (ECFA).⁴⁶ Ahead of the election, the Chinese Ministry of Commerce warned that Beijing might revoke more tariff provisions on Taiwanese

Hart, Matthew P. Funaiole, Samantha Lu, Hannah Price, and Nicholas Kaufman, "Tracking the Fourth Taiwan Strait Crisis," *China Power*, August 5, 2022, updated November 8, 2023, <https://chinapower.csis.org/tracking-the-fourth-taiwan-strait-crisis/>.

⁴¹ Lindsay Maizland, "Hong Kong's Freedoms: What China Promised and How It's Cracking Down," Council on Foreign Relations, January 31, 2024, <https://www.cfr.org/background/hong-kong-freedoms-democracy-protests-china-crackdown>.

⁴² 习近平, "完整、准确、全面贯彻落实关于做好新时代党的统一战线工作的重要思想," 求是, 2024年1月15日, http://www.qstheory.cn/dukan/qs/2024-01/15/c_1130059591.htm.

⁴³ Kathrin Hill and Demetri Sevastopulo, "How China's Military Is Slowly Squeezing Taiwan," *Financial Times*, July 24, 2023, <https://www.ft.com/content/f7922fdb-01bf-4ffd-9c5c-79f15468aa71>.

⁴⁴ Bonny Lin, Brian Hart, Samantha Lu, Hannah Price, and Matthew Slade, "Analyzing China's Escalation after Taiwan President Tsai Ing-wen's 2023 U.S. Transit," *China Power*, April 26, 2023, updated January 23, 2024, <https://chinapower.csis.org/analyzing-chinas-response-to-taiwan-president-tsai-ing-wen-transit/>.

⁴⁵ "Taiwan Tycoon Says He Does Not Support Independence After China Fine," Reuters, November 30, 2021, <https://www.reuters.com/markets/commodities/taiwan-tycoon-says-he-does-not-support-independence-after-china-fine-2021-11-30/>.

⁴⁶ "China Extends Taiwan Trade Probe, Taipei Cries Election Interference," Reuters, October 9, 2023, <https://www.reuters.com/world/asia-pacific/china-extends-taiwan-trade-probe-taipei-cries-election-interference-2023-10-09/>.

imports under the ECFA, including agricultural products and machinery, in response to the election results.⁴⁷

Yet Beijing's immediate reaction to the election has been more muted than expected. In his 2024 New Year's address, Xi claimed that unification is Taiwan's historical destiny. In response to the election results, Beijing's Taiwan Affairs Office repeated its 2020 warning against Taiwan independence.⁴⁸ Short of provocative military operations following the election, Beijing continued gray-zone tactics in January by unilaterally adjusting a civilian flight path near the Taiwan Strait median line, which it first announced in 2015 without consulting Taipei.⁴⁹ The new route is now closer to Taiwan's ADIZ, further squeezing Taiwan's air defense capacity. Beijing's disinformation campaigns against Taiwan during the election intensified, aimed at increasing anxiety in society and undermining voter confidence in democratic governance through messages discrediting the DPP government.⁵⁰ Despite this, 69 percent of Taiwanese surveyed in February 2024 said they did not believe Beijing's election interference was high.⁵¹ Beijing's attitude did not seem to weigh heavily on voters' decisions.

Beijing's muted response might also indicate that it recognizes the limits of coercive measures to win favor with the Taiwanese. While it will likely continue economic coercion, gray-zone warfare, disinformation campaigns, and military build-up, Beijing will need to adjust its strategy to influence Taiwanese public opinion more effectively. During the past eight years, Beijing has kept official communication channels with Taipei closed, significantly limiting Taiwan's options to respond to unilateral moves by China, particularly when crisis management is needed. From the ECFA dispute to the flight path alteration, the opposition parties accuse the DPP government of being unable to communicate with Beijing. The KMT claims to be the party that can effectively manage cross-Strait relations and maintain peace, as

⁴⁷ "Chinese Mainland Mulls Halting Tariff Cuts on More Taiwan Imports," Xinhua, January 9, 2024, <https://english.news.cn/20240109/26f11e3e6786483b867e5fe92fb0c02e/c.html>.

⁴⁸ Brian Hart, Scott Kennedy, Jude Blanchette, and Bonny Lin, "Taiwan's 2024 Elections: Results and Implications," Center for Strategic and International Studies, January 19, 2024, <https://www.csis.org/analysis/taiwans-2024-elections-results-and-implications>. “国家主席习近平发表二〇二四年新年贺词,” 新华社, 2023年12月31日, https://www.gov.cn/yaowen/liebiao/202312/content_6923673.htm; “国务院台办发言人评论台湾地区选举结果,” 新华社, 2024年1月13日, <http://www.news.cn/tw/20240113/de4b608e529742d6bb428d5993c66c41/c.html>.

⁴⁹ Lawrence Chung, "Beijing's Changes to Civil Flight Path Near Taiwan Strait Median Line Likely to 'Squeeze' Island's Air Defence Capacity," *South China Morning Post*, January 31, 2024, <https://www.scmp.com/news/china/politics/article/3250431/beijings-changes-civil-flight-path-near-taiwan-strait-median-line-likely-squeeze-islands-air-defence>.

⁵⁰ Anne An, "Cyberattack on Democracy: Escalating Cyber Threats Immediately Ahead of Taiwan's 2024 Presidential Election," *Trellix*, February 13, 2024, <https://www.trellix.com/blogs/research/cyberattack-on-democracy-escalating-cyber-threats-immediately-ahead-of-taiwan-2024-presidential-election/>; Rishi Iyengar, "How China Exploited Taiwan's Election—and What It Could Do Next," *Foreign Policy*, January 23, 2024, <https://foreignpolicy.com/2024/01/23/taiwan-election-china-disinformation-influence-interference/>.

⁵¹ “2024 台灣總統選民的抉擇及其影響。”

Beijing answers only its call.⁵² Beijing may continue to deny communication with the DPP government, while maintaining interactions with KMT and TPP leaders to influence how they shape Taiwan's political agenda and divide Taiwanese society.⁵³ Whether such interactions can be effective for Beijing remains to be seen, as neither opposition party wants to be perceived as doing China's bidding. The skills of both Beijing and Taipei in managing cross-Strait relations will be further tested.

One such test for the new DPP government will be managing the cross-Strait economic relationship. The Tsai administration worked to diversify the economy away from China, especially in investment flows. The New Southbound Policy and programs to attract Taiwanese businesspeople to reinvest in Taiwan contributed to a decrease in China's share of Taiwan's annual outward investment, from 44 percent in 2016 to 11 percent in 2023. However, China still accounts for 50 percent of Taiwan's accumulated overseas investments and remains Taiwan's largest trading partner, receiving over 20 percent of Taiwan's exports.⁵⁴

Because Taiwan cannot decouple completely from the Chinese economy, the ECFA remains the key framework regulating cross-Strait trade, especially for the petrochemical, machine tool, and steel sectors on the "early harvest" list of tariff concessions. Moreover, despite strong DPP opposition, both the KMT and TPP are in favor of renegotiating the ECFA to protect the interests of Taiwanese businesses in China, increase Taiwan's economic gains, and mitigate the risks of China weaponizing the agreement to coerce Taiwan economically. For the KMT and TPP, this renegotiation should include the controversial Cross-Strait Service Trade Agreement, progress toward which was stopped by the Sunflower Movement in 2014.⁵⁵ Beijing could offer pro-China businesses and social groups in Taiwan preferential treatment and more market access in exchange for political concessions.⁵⁶ The Lai government could also be pressured by the LY to refocus on the Chinese market, both in bilateral and multilateral trade. Whereas the DPP is in favor of membership in the Western-led Comprehensive and Progressive Agreement on Trans-Pacific Partnership (CPTPP), both the KMT and TPP favor the Regional Comprehensive Economic Partnership (RCEP), which includes China. During his campaign, Ko insisted that the RCEP be prioritized over the CPTPP because RCEP

⁵² David Sacks, "Taiwan's 2024 Presidential Election: Analyzing Hou Yu-ih's Foreign Policy Positions," Council on Foreign Relations, December 26, 2023, <https://www.cfr.org/blog/taiwans-2024-presidential-election-analyzing-hou-yu-ihs-foreign-policy-positions>.

⁵³ See Chong Ja Ian, "Taiwan's Voters Have Spoken: Now What," Carnegie Endowment for International Peace, February 9, 2024, <https://carnegieendowment.org/2024/02/09/taiwan-s-voters-have-spoken.-now-what-implications-of-taiwan-s-2024-elections-for-beijing-and-beyond-pub-91594>

⁵⁴ Syaru Shirley Lin, "Taiwan: Walking the Tightrope between the United States and China," in *Reshaping Economic Interdependence in the Indo-Pacific*, ed. Ashley J. Tellis, Alison Szalwinski, and Michael Wills (Seattle: National Bureau of Asian Research, 2023): 129-163.

⁵⁵ Yu-Jie Liao, "Taiwan's Cross-Strait Service Trade Agreement: Accept or Forgo?" Center for Strategic and International Studies, December 22, 2023, <https://www.csis.org/blogs/new-perspectives-asia/taiwans-cross-strait-service-trade-agreement-accept-or-forgo>.

⁵⁶ David Sacks, "China Responds to Taiwan's Presidential Election: Is Beijing Biding Its Time?," Council on Foreign Relations, January 17, 2024, <https://www.cfr.org/blog/china-responds-taiwans-presidential-election-beijing-biding-its-time>.

countries together account for nearly 60 percent of Taiwan's trade, whereas the CPTPP countries account for less than 30 percent.⁵⁷

Growing distrust of China surrounding this election does not necessarily mean that the Taiwanese embrace closer relations with the other global superpower, the US. Amid rising tensions with China, the US has dedicated considerable political capital to its relationship with Taiwan through increased arms sales, defense packages, and official visits. Bills such as the Taiwan Travel Act and the TAIPEI Act signal closer ties with the island and enable more high-level visits by current and former US officials, with thirty-two US lawmakers visiting Taiwan on five occasions in 2023 and a delegation of former US officials arriving in Taiwan just two days after January's election.⁵⁸ These symbolic visits have been coupled with increasing arms sales and defense packages for Taiwan since 2016. Under President Trump, arms sales notifications to Congress surpassed \$18 billion by the end of 2020, with a notable \$8 billion sale of F-16 fighter aircraft to Taiwan in 2019.⁵⁹ The Biden administration has continued this trend, announcing a \$345 million weapons package for Taiwan in July 2023 as part of a broader \$1 billion allocation.⁶⁰

In economic relations, however, US support still falls short of Taiwan's expectations. An initial bilateral trade agreement was signed in June 2023 under the United States–Taiwan Initiative on 21st-Century Trade. While the agreement's areas of cooperation include small and medium-sized enterprises, agriculture, anticorruption, labor, and environmental standards, it does not cover tariffs, a key component in increasing market access. This has drawn criticism that the agreement is largely symbolic for the US rather than providing a breakthrough in market access or other tangible benefits for Taiwan.⁶¹ Nor has Washington been able to support Taipei's aspirations to join more regional economic frameworks. The US is not part of the CPTPP, and the US-led Indo-Pacific Economic Framework for Prosperity (IPEF)—a precursor for negotiations on high trade standards but not currently a free trade

⁵⁷ 郭建伸, "柯文哲拋 5 大產業政見 稱台灣應勇敢爭取加入 RCEP," 中央通訊社, 2023 年 11 月 8 日, <https://www.cna.com.tw/news/aip/202311080180.aspx>.

⁵⁸ Billy Stampfl, "The US Congress and Taiwan: Measuring American Support Quantitatively and Qualitatively," Global Taiwan Institute, November 29, 2023, <https://globaltaiwan.org/2023/11/the-us-congress-and-taiwan-measuring-american-support-quantitatively-and-qualitatively/>; Cindy Wang, "US Delegation Arrives in Taiwan to Meet Tsai, Other Officials," Bloomberg, January 15, 2024, <https://www.bloomberg.com/news/articles/2024-01-15/us-delegation-arrives-in-taiwan-to-meet-tsai-other-officials>.

⁵⁹ "U.S. Arms Sales to Taiwan," Forum on the Arms Trade, updated December 15, 2023, <https://www.forumarmstrade.org/ustaiwan.html>.

⁶⁰ Lara Seligman, "U.S. Announces \$345M Weapons Package for Taiwan," *POLITICO*, July 28, 2023, <https://www.politico.com/news/2023/07/28/u-s-300million-weapons-taiwan-00108811>.

⁶¹ "Comments Regarding U.S.-Taiwan Initiative on 21st-Century Trade," US-Taiwan Business Council, July 8, 2022, <https://www.us-taiwan.org/wp-content/uploads/2022/07/2022.07.08-US-Taiwan-Business-Council-Comment-on-USTR-2022-0005.pdf>; Natasha Li, "Taiwan-US Trade Agreement: 'It's Not About Economics Anymore, It's Politics,'" *France 24*, June 2, 2023, <https://www.france24.com/en/asia-pacific/20230602-taiwan-us-trade-agreement-it-s-not-about-economics-anymore-it-s-politics>.

agreement—includes thirteen Asia-Pacific partners but not Taiwan.⁶² Through both the Trump and Biden administrations, the US sees little support in Congress for free trade agreements, which voters perceive as jeopardizing American jobs.⁶³ Indeed, Washington has confirmed that it is not currently pursuing free trade agreements with any partner, including Taiwan.⁶⁴

Most of the world's advanced chips are manufactured by Taiwanese companies, such as Taiwan Semiconductor Manufacturing Company (TSMC). US policies to slow China's economic and technological progress, especially in semiconductors, continue to negatively impact Taiwan, where economic growth is highly reliant on the ICT sector. Targeted export controls and policies, such as the US\$53 billion CHIPS Act in 2022, aim to bolster American semiconductor production and supply chains, while also preventing advanced US technologies, like chip designs manufactured by Taiwanese companies, from reaching China.⁶⁵ Consequently, Taiwan's semiconductor companies feel squeezed, and there seems to be little room for Taiwan's government or the private sector to push back or to provide input on US policy.⁶⁶

Washington's increased political attention to Taiwan, combined with its economic policy that hurts Taiwan's interests in the region, signals to the Taiwanese that their interests are not fully aligned with those of the Americans. Since the APEC summit in November, there have been signs that the US–China relationship is improving, which some Taiwanese believe will mean a pause in the upgrading of the US-Taiwan relationship.⁶⁷ Some perceive the US to be an unreliable security partner—pointing to its track record in Afghanistan, Ukraine, and now the Middle East—intent on squeezing Taiwan economically to constrain China.⁶⁸ As a result, the credibility of the US has declined among the Taiwanese public during the past three years.⁶⁹ This

⁶² Demetri Sevastopulo and Kana Inagaki, "Joe Biden Waters Down Indo-Pacific Economic Framework to Win More Support," *Financial Times*, May 20, 2022, <https://www.ft.com/content/91207c37-c9bd-4737-abf5-afc71200f8a1>.

⁶³ Ana Swanson, "Biden's Reluctant Approach to Free Trade Draws Backlash," *The New York Times*, April 3, 2023, <https://www.nytimes.com/2023/04/03/us/politics/biden-free-trade.html>.

⁶⁴ Khushboo Razdan, "Top US Trade Envoy Says Taiwan Won't Get a Free Trade Deal with New Market Access or Reduced Tariffs," *South China Morning Post*, December 8, 2023, <https://www.scmp.com/news/china/article/3244295/top-us-trade-envoy-says-taiwan-wont-get-free-trade-deal-new-market-access-or-reduced-tariffs>.

⁶⁵ Yuka Hayashi and Asa Fitch, "U.S. Aims to Chart New Course for Chip Industry," *The Wall Street Journal*, February 28, 2023, <https://www.wsj.com/articles/chips-act-is-bounty-for-semiconductor-companies-with-many-strings-attached-6e72fd67>.

⁶⁶ Lin, "Taiwan: Walking the Tightrope."

⁶⁷ Julian Borger, "Joe Biden Hails Progress After Xi Jinping Talks But Taiwan Still the Sticking Point," *The Guardian*, November 16, 2023, <https://www.theguardian.com/us-news/2023/nov/16/joe-biden-xi-jinping-talks-meeting-apec-conference>.

⁶⁸ Damien Cave and Amy Chang Chien, "Taiwan's Doubts About America Are Growing. That Could Be Dangerous," *The New York Times*, January 22, 2024, <https://www.nytimes.com/2024/01/20/world/asia/taiwan-united-states-views.html>.

⁶⁹ "2023 Survey Results of the 'American Portrait'—Press Release," *American Portrait*, August 11, 2023, <https://www.american-portrait.tw/l/2023-survey-results-of-the-american-portrait-press-release/>.

skepticism will dampen Lai's ability to pass bills to continue working closely with the US, including future arms sales, defense policy, and cooperation with US economic strategy in Asia. If skepticism toward the US continues to grow, Taiwanese may increasingly feel that accommodating China and continuing to lean toward the Chinese economy will be helpful to find effective solutions to its high-income trap.

Prospects for the Next Four Years

The Taiwanese will soon begin to focus on the 2026 local elections for all twenty-two mayorships. Despite Tsai's strong support at the national level during the last eight years, historically the DPP has performed poorly in local elections. The KMT won fifteen mayorships in 2018 and fourteen in 2022. In 2026, the TPP will likely try to expand its reach by nominating several candidates across Taiwan. By 2028, Lai hopes to have enough support within his party to seek renomination for the presidency, as do the next generation of leaders in the KMT and the TPP.

In short, the next four years will see Taiwan become a testing ground for whether a democracy can remain resilient in the face of geopolitical competition, climate crises, dwindling socioeconomic prospects, and an aging society while being led by a divided government. Although the KMT has claimed that voting for the DPP will provoke war, and the DPP has argued that the KMT will sell out Taiwan to Beijing, the voters, especially the younger voters, do not appear to be swayed by either argument. The Taiwanese population increasingly wishes to preserve the status quo, but the foundation of Taiwan's status quo is changing as Beijing becomes more assertive, the US and China engage in strategic competition to protect their own interests in the region, and Taiwanese identity is consolidated. Lai's victory shows that the Taiwanese continue to identify with the world's liberal democratic institutions, but they would like to see tangible outcomes from partnering with like-minded allies. In addition, voters wish to hold the government accountable for its governance record, consequently no party attained a majority in the LY. But the irony of this election is that by having a hung parliament, Taiwan will neither be able to balance its interests between China and the US nor will it be able to promote reforms expediently. Under these circumstances, can Taiwan be resilient as a liberal society and demonstrate self-reliance to solve its policy challenges? The stakes are high for Beijing and the US, but ultimately, they are the highest for the Taiwanese themselves.

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