Statement before the

U.S.-China Economic and Security Review Commission

“U.S.-China Relations in 2019: A Year in Review”

A Testimony by:

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Co-chairs Commissioner Cleveland and Commissioner Fiedler, members of the commission, thank you for the opportunity to contribute to the Commission’s deliberations regarding trends in Taiwan and Hong Kong and their implications for the United States.

Recent Trends in Cross-Strait Relations

This year marks the fourth year of deteriorating relations between China and Taiwan, which began with the inauguration of Tsai Ing-wen as president of Taiwan in May 2016 and Beijing’s decision shortly thereafter to suspend official cross-Strait communication channels. China’s overarching goal over this period has been to pressure President Tsai to accept the 1992 Consensus, an understanding reached between the Chinese Communist Party (CCP) and the Chinese Nationalist Party (KMT) that both sides of the Taiwan Strait belong to “one China” that the Democratic Progressive Party (DPP) opposes.

More recently, Beijing has also sought to undermine Tsai Ing-wen’s re-election prospects. In the service of these goals, China has employed a range of diplomatic, economic and military tactics, including poaching several of Taiwan’s diplomatic partners, radically reducing the number of mainland tourists allowed to visit Taiwan, and ramping up military exercises and information operations designed to intimidate Taiwan.

In response to mounting pressure from China, Tsai Ing-wen has adopted tougher rhetoric against Beijing, while staunchly defending Taiwan’s democracy and attempting to secure greater support from the international community. At the same time, she continues to adhere to a policy of maintaining the cross-Strait status quo and remains open to talks with China, although she has recently insisted that Chinese leaders be willing to promote democracy and renounce the use of force against Taiwan as conditions for dialogue.¹

Below are key developments that have taken place so far in cross-Strait relations in 2019:

1. January 1, 2019: In a New Year’s Day speech, President Tsai Ing-wen proposed a foundation for improving relations between Taiwan and China which she termed the “Four Musts.” Tsai said the Chinese government must recognize the existence of the Republic of China (ROC), respect the commitment of Taiwan’s 23 million citizens to freedom and democracy, peacefully handle cross-Strait differences “on a basis of equality,” and engage in negotiations with the Taiwan government or government-authorized representatives.²

2. January 2, 2019: On the occasion of the 40th anniversary of the “Letter to Taiwan Compatriots,” Xi Jinping delivered his first speech focused exclusively on policy toward Taiwan. Xi reiterated that cross-Strait reunification is “the inevitable requirement of the


great rejuvenation of the Chinese nation in the new era,” a position that he first put forward at the 19th Party Congress in October 2017. For the first time since assuming the post of CCP General Secretary, Xi publicly reaffirmed China’s long-standing policy that employing force to achieve reunification is an option. He also called for both sides to “start in-depth democratic consultations for a cross-Strait relationship and the future of the Chinese nation,” as well as talks aimed at creating a version of “one country, two systems” for Taiwan.3 Tsai Ing-wen claimed that Xi Jinping’s speech proved that the “1992 Consensus” was tied to “one country, two systems,” which was unacceptable to the people of Taiwan.4

3. March 25, 2019: Kaohsiung Mayor Han Kuo-yu endorsed the “1992 Consensus” as “the anchor of cross-Strait relations,” when he met with the head of the State Council’s Taiwan Affairs Office, Liu Jieyi, in Shenzhen.5

4. March 31, 2019: For the first time in twenty years, two People’s Liberation Army Air Force (PLAAF) fighter jets deliberately crossed the median line of the Taiwan Strait, violating tacit rules of engagement between the two sides. The J-11 fighters reportedly flew 43 nautical miles into Taiwan’s airspace. Taiwan’s Ministry of Foreign Affairs called the action “intentional, reckless and provocative.” President Tsai ordered a “forceful expulsion” of PLA warplanes if China repeated the provocation.

5. May 10, 2019: In a speech in Beijing at the fourth annual gathering of media organizations from China and Taiwan, Wang Yang, a member of the Politburo Standing Committee and Chairman of the Chinese People’s Political Consultative Conference, declared that both time and momentum are on mainland China’s side. He also rebuked the DPP for “placing their bets” on the United States and expressed doubts that the U.S. would go to war on Taiwan’s behalf or be able to defeat China.6

6. June 13, 2019: Tsai Ing-wen delivered a statement about the Hong Kong protests, siding with the people of Hong Kong whom she said have the right to pursue their own democracy and freedom, as well as their own political system. She emphasized that “one country, systems” is not viable in Taiwan and warned that anyone who tries to undermine Taiwan’s sovereignty and democracy, or use them as political bargaining chips, will fail.7

7. July 31, 2019: The PRC’s Ministry of Culture and Tourism announced it would stop issuing permits for individuals to travel to Taiwan from 47 mainland Chinese cities because of worsening ties between Taiwan and China. It remains unclear whether the travel restriction is a temporary measure in the run-up to the January 2020 presidential and Legislative Yuan elections in Taiwan.

**Chinese Media Influence in Taiwan**

As Taiwan’s January 11, 2020 election nears, China is unlikely to undertake significant or unusual overt political, military or economic actions against Taiwan. With the polls only four months away, such steps could backfire, helping Tsai Ing-wen get re-elected and the DPP retain its majority in the Legislative Yuan. Instead, Beijing is more likely to emphasize the benefits that Taiwan will enjoy if voters remove the DPP from power and elect a president who favors closer ties with the mainland and accepts the core element of the “1992 Consensus” that Taiwan is part of a broader Chinese nation.

However, it is also unlikely that China will take a completely hands-off approach. Military pressure will probably continue in the form of air and naval drills around Taiwan. Measures to constrain Taipei’s participation in the international community, including in relatively benign and unofficial arenas such as culture, sports and the private sector can also be expected. Some restraint is likely in both these areas to avoid giving the DPP ammunition that it can use to tip the momentum of the election campaign in its favor.

There is growing evidence of Chinese interference in Taiwan’s democratic politics, and it can be expected that the CCP will use various means to influence the outcome of the election. Such interference could take several forms: disinformation campaigns in social media aimed at discrediting Tsai and her party; media manipulation to promote support for Beijing’s preferred candidates; local level efforts through temples and agricultural associations to boost supporters and turnout for backers of the “1992 Consensus” and pro-unification candidates; mobilization of Taiwan business people and their families living in mainland China to return to vote and to encourage extended family members and friends to cast China-friendly votes; and financial support by the CCP through indirect means to the campaigns of specific candidates opposing Tsai Ing-wen and DPP legislators.

As former Los Angeles Times correspondent and adjunct instructor of journalism at American University Maggie Farley explained at a panel discussion hosted by George Washington University’s Sigur Center for Asian Studies, “Taiwan’s social media community is fertile ground for China’s disinformation campaigns.” This susceptibility to Chinese influence stems from four factors: 1) the very high use of social media by Taiwan’s citizens; 2) the polarized debate over identity and cross-Strait relations in Taiwan, and limited options available to the government due to laws that protect free speech; 3) the common practice of Taiwan journalists violating ethics principles of the media, including being motivated by their story’s spread on social media rather than accuracy; and 4) China’s massive “50-cent Army” – state-backed internet commentators
who are hired to manipulate online opinion to the benefit of the CPP – which reportedly launches at least 2500 attacks per day against websites in Taiwan.\(^8\)

Prior to the January 2016 presidential election, Tsai Ing-wen’s Facebook page was attacked by Chinese netizens, while the KMT candidate Eric Chu’s social media page was largely unaffected. Use of simplified characters and echoing of Chinese government slogans provided evidence that the attacks were launched by mainlanders, although it was impossible to trace whether the attackers were nationalistic citizens or paid trolls.\(^9\)

China’s spread of disinformation on social media to discredit Tsai Ing-wen and her party has occurred periodically since the DPP took power. One such example was widely shared posts that falsely charged Tsai of refusing to disembark from an armored military vehicle while visiting Tainan flood victims, portraying her as unsympathetic.\(^10\) The goal was obviously to discredit Tsai’s administration and sow doubts about her ability to govern.

The term “red media” has been coined to highlight CCP penetration of Taiwan’s media organizations, which has resulted in pro-China coverage, self-censorship, and promotion of candidates preferred by Beijing. Evidence abounds of direct and indirect CCP and Chinese government intrusion into leading media outlets, including regular payments to Taiwan media groups for positive reporting about China in various publications and on television. Editorial managers at Want Want-owned media outlets China Times and CTiTV take daily instructions directly from China’s Taiwan Affairs Office (TAO) in return for remuneration, an arrangement that may have begun as long as a decade ago.\(^11\) The TAO is known to have commissioned feature stories about China’s policies to provide incentives to Taiwan business people to invest in mainland China.\(^12\)

One study of the China factor in Taiwan’s media concluded that the integration of Taiwan media companies in Chinese capital, advertising, and circulation markets enabled Chinese authorities “to co-opt them with various economic incentives and threats, leading to self-censorship and biased news in favor of China.” According to the study, by the mid-2000s over 90 percent of Taiwan media companies were doing business in China.\(^13\)

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10 Ibid.

11 Kathrin Hille, “Taiwan primaries highlight fears over China’s political influence,” Financial Times, July 16, 2019, [https://www.ft.com/content/036b609a-a768-11e9-984c-fac8325aaa04](https://www.ft.com/content/036b609a-a768-11e9-984c-fac8325aaa04).


A recent spat between Taipei Mayor Ko Wen-je (independent) and chairman of the Want Want media conglomerate Tsai Eng-meng provides an example of links between pro-Beijing media in Taiwan and the island’s politics. According to Mayor Ko, the Want Want China conglomerate shifted its support from him to Mayor Han because he refused to sign on to the ten-point pro-China manifesto proposed by Tsai Eng-meng prior to the November 2018 local elections. The manifesto, titled “colorless awakening,” includes acknowledging that “Taiwanese are Chinese;” helping the people of Taiwan understand the CCP and the people of the Mainland to understand the needs of the people of Taiwan; discussing a unification process and model that both sides of the Taiwan Strait can accept; supporting Chinese direct investment in Taiwan; and supporting the death penalty. Tsai Eng-meng has since asserted that any political candidate pledging allegiance to this manifesto will have the backing of his media conglomerate.

Taiwan media was manipulated during the local elections in 2018, notably in the mayoral race in Kaohsiung, although it has not been proven that CCP interference was pivotal in Han Kuo-yu’s victory. Confirming an assessment reached by a review committee of independent experts, Taiwan’s National Communications Commission (NCC) found that CTiTV carried a disproportionate number of stories about Han Kuo-yu in its news coverage. It is widely believed that lop-sided media coverage helped create the “Han Wave” that transformed a former KMT legislator who was famously unemployed for 12 years into a superstar. There is also some evidence that a professional cyber group originating in China actively drove Han’s campaign and popularity.

Beijing makes no secret of the fact that it pins hopes on Taiwan’s media to spread the CCP’s message in Taiwan and promote unification. The theme of this year’s Cross-Strait Media Summit in Beijing was the media’s responsibility in cross-Strait exchanges. The official Xinhua report on the meeting stated that the “media on both sides must jointly play the role of communication to the people on both sides of the Strait by promoting Chinese culture, deepening the integration of emotions, and continuing to promote the process of peaceful unification of the motherland and strive to realize the China Dream.” CCTV video of the event, which was later removed from official mainland media websites, quoted Wang Yang saying that to achieve peaceful unification and carry out “one country, two systems,” the Party depends on its friends in the media. Acknowledging that promoting unification within Taiwan was a difficult task, he stressed to Taiwan media representatives that their efforts would be remembered by history once unification occurs.

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The challenge is daunting, but Taiwan’s government and society are taking measures to crack down on fake news, illegal funding of political candidates, and illicit arrangements between Taiwan media organizations and the CCP.¹⁷ Last year, just before Taiwan’s local elections, the Ministry of Justice’s Investigation Bureau revealed that it was investigating 33 cases of alleged Chinese funding to candidate campaigns opposing the DPP. Many of those cases allegedly involved donations made through Taiwan businesses operating in China. Four of the cases under investigation are being treated as vote buying. Taiwan’s laws, including the Political Donations Act and the Act Governing Relations Between the People of the Taiwan Area and the Mainland Area prohibit political donations by mainland Chinese individuals or entities.¹⁸

Taiwan has also stepped up fact-checking and efforts are being made to promote news literacy among the public. In mid-2018, Taiwan Media Watch and the Association for Quality Journalism, two non-profit organizations, joined hands to establish the Taiwan Fact Checking Center. Users who register on the website can submit reports of fake news and include evidence to disprove false news stories.¹⁹ Government regulatory agencies are increasing monitoring and enforcement. Individuals and organizations who deliberately spread false information are being fined. The Ministry of Justice Investigation Bureau has set up several task forces to cope with potential foreign influence via disinformation and illicit funding in the run-up to the 2020 election.²⁰ Facebook, Line, Yahoo-Kimo, and Google, have also committed to crack down on fake accounts and combat misinformation in Taiwan.²¹

The Impact of Hong Kong on Taiwan

The protests in Hong Kong have had a major impact on Taiwan and, depending on how the differences between the protesters and the Hong Kong government play out, may be a factor in Taiwan’s election next January. Signs that Beijing is backing away from its pledge to preserve the former British colony’s autonomy has stirred fears among people in Taiwan about their own future. Anxiety about the potential application of “one country, two systems” to Taiwan has increased as Hong Kong’s pro-Beijing government ignores the demands of protesters. Even KMT supporters who favor better relations with mainland China value the broad freedoms they have in Taiwan’s democratic system and are not willing to give them up.

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President Tsai expressed sympathy with the protesters early on and has benefited politically from taking a strong pro-democracy stance. On June 9, the first day that hundreds of thousands of Hong Kong citizens filled the streets to protest a bill that would allow extraditions to mainland China and other governments that Hong Kong does not currently have an extradition treaty with, President Tsai tweeted:

*We stand with all freedom-loving people of #HongKong. In their faces, we see the longing for freedom, & are reminded that #Taiwan’s hard-earned democracy must be guarded & renewed by every generation. As long as I’m President, “one country, two systems” will never be an option.*

Kaohsiung Mayor Han Kuo-yu, who later became the KMT’s presidential candidate, initially referred to the Hong Kong protests as a parade and said he knew nothing about them. Realizing that he had blundered and ran the risk of losing supporters, Han stated at a rally that “one country, two systems” could only be implemented in Taiwan “over my dead body.” The perception that Han is close to China has spooked some people in Taiwan who worry that if Han were elected president, he might be beholden to Beijing in ways similar to Carrie Lam, Hong Kong’s Chief Executive.

Demonstrations in Taiwan have been held to show solidarity with the Hong Kong protesters. A rally on June 16 in Taipei that drew an estimated 10,000 participants was followed a week later by a much larger gathering of hundreds of thousands of citizens protesting the “Red Media” in Taiwan. There have also been joint events held in Taipei where youth from Hong Kong and Taiwan shared stories and strengthened their bonds.  

If the Hong Kong protests peter out in the coming months and there is a negotiated solution between the demonstrators and the Hong Kong government, the impact on Taiwan’s election will probably be marginal. However, if the protests continue, anxiety in Taiwan will persist, and that could play to the advantage of Tsai Ing-wen and the DPP. In the event that Beijing decides it must send in paramilitary forces or even worse, the People’s Liberation Army (PLA), to suppress the protests, the impact on Taiwan’s politics would likely be deep and enduring, including the adoption of a more cautious posture toward China by the KMT.

**Longer-term Prognosis for Cross-Strait Relations**

Cross-Strait relations are not, in my view, heading inexorably toward a crisis. If Tsai Ing-wen wins re-election, she is not likely to take radical pro-independence measures that could back Xi Jinping into a corner and provoke a military response. China may adopt tougher measures against Taiwan but will not likely abandon its policy of pursuing “peaceful development” across the Strait. Chinese confidence will be bolstered if the KMT wins a majority in the Legislative Yuan, resulting in political gridlock. Even if the DPP retains control of the legislature, however,

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the cost/benefit calculus of an anaconda strategy is more favorable to China than going to war. US policy could be a factor enhancing cross-Straits stability or could add a layer of volatility.

A victory by Mayor Han Kuo-yu would likely be followed by an improvement in cross-Straits relations for at least several years, especially if the KMT wrests control of the legislature away from the DPP. However, worries among the majority of Taiwan’s citizens about getting too close to Beijing would likely constrain Han from launching cross-Straits political talks or taking other measures that could provoke domestic controversy and weaken him politically.

A “tipping point” might come in 5-10 years if Xi Jinping loses patience, perhaps under growing domestic pressure to achieve concrete progress toward reunification of the motherland. The shift in the cross-Straits military balance in China’s favor and an assessment that the PLA could prevail against the US in a Taiwan conflict could lead Xi to believe that there was a window of opportunity to resolve the Taiwan problem.

Policy Recommendations for the US Congress

1. **Assist Taiwan in its efforts to counter Chinese interference in its elections, and more broadly in Taiwan’s politics and society.** US officials have stated that the Trump administration is helping Taipei to counter Chinese meddling. Congress should hold hearings and call US officials to testify and provide details about US efforts in this regard. Congress should encourage the US to share information with Taiwan and provide techniques to identify and counter Chinese cyber threats, and to trace illicit funding from the PRC to Taiwan’s political candidates.

2. **Regulate social media companies to notify users when they are interacting with social media accounts that are suspected to be foreign state actors.** Social media companies should also be encouraged to create easy ways for users to report suspected fake news and to more proactively remove false information from their platforms.

3. **Urge the Trump administration to bolster US economic ties with Taiwan.** Taiwan’s economic prosperity is an inextricable component of its national security. The US should launch negotiations aimed at signing a bilateral investment agreement and a free trade agreement. It should also encourage its allies to negotiate economic agreements with Taiwan.

4. **Expand the mission of the US Department of State’s Global Engagement Center (GEC) to include working with governments and civil society organizations from like-minded countries to counter CCP influence operations.** The GEC was created under Section 1287 of the FY17 NDAA (amended by the FY19 NDAA) “to direct, lead, synchronize, integrate, and coordinate efforts of the Federal Government to recognize, understand, expose, and counter foreign state and foreign non-state propaganda and disinformation efforts aimed at undermining or influencing the policies, security, or

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23 This policy recommendation has been put forward by Russell Hsiao, executive director of the Global Taiwan Institute. See his testimony to the USCC, [https://www.uscc.gov/sites/default/files/Hsiao%20Written%20Statement.pdf](https://www.uscc.gov/sites/default/files/Hsiao%20Written%20Statement.pdf).
stability of the United States and its allies and partner nations.”24 Taiwan would be a natural partner in this mission, alongside US allies and other like-minded countries.

5. **Pass the bipartisan bill, *Countering the Chinese Government and Communist Party’s Political Influence Operations Act*,** which was reintroduced by US Senators Marco Rubio (R-FL) and Catherine Cortez Masto (D-NV) in February. The legislation seeks to counter China’s political influence worldwide. The bill calls for the US Secretary of State and the Director of National Intelligence (DNI) to create a taskforce to report on “China’s disinformation, press manipulation, economic coercion and influence operations in the United States and certain allies and partners who are impacted by China’s influence operations.” Taiwan should be included as one of the United States’ partners.

6. **Pass the Taiwan Assurance Act of 2019, which reaffirms US commitments to Taiwan, including the implementation of the Taiwan Relations Act.** The US House of Representatives passed the resolution in May by a voice vote of 414 in favor, zero against, and 17 abstentions.

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