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## Japan-Taiwan Relations in the New DPP Era

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Tsai Ing-wen, the presidential candidate from Taiwan's largest opposition party, the pro-independence Democratic Progressive Party (DPP), won a landslide victory in the presidential election held on January 16, 2016. She won almost 6.9 million votes, while the anti-independence Kuomintang (KMT) candidate Eric Chu received only 3.8 million, and People's First Party candidate James Soong received 1.5 million. The DPP also won 68 out of 113 seats in the Legislative Yuan (LY), securing an absolute majority, enabling the DPP to pass legislation and annual budgets favoring its own policy agenda. The DPP's victory also has implications for Japan's relations with both Taipei and with Beijing.

Taiwan, under the Ma Ying-jeou administration for seven years and eight months, experienced unprecedented improvement in its relations with Mainland China. Beijing and Taipei have signed twenty-three agreements, including the Economic Cooperation Framework Agreement (ECFA), to dramatically boost cross-strait cooperation and exchanges. A summit meeting in Singapore was held between President Xi Jinping and President Ma Ying-jeou in November 2015. Cross-strait relations have been stable and far from crisis. The business environment has been well institutionalized. Some Japanese firms began to establish corporate alliances with Taiwanese companies, and jointly invested in China. In terms of stability and economic interests, the Ma administration's policies were not bad at all for Japan.

The Ma administration, however, partially shares the notion of "one China." Its pace and speed of tilting toward China was extremely fast, thus contributing to the regional power balance becoming more favorable to China. For example, some moves of the Ma administration during the Senkaku/Diaoyu crisis and some political topics related to historical issues gave Japanese the impression that it took a position much closer to China compared to the previous two administrations. Japanese who were more concerned with the regional power balance, rather than economic interests, have been worried about Ma's Mainland policy, which connected Taiwan and the Mainland more closely than before.

Madam Tsai Ing-wen and the DPP's victory means that Taiwan's tilt toward Beijing is likely to slow down or even reverse, as the party has been extremely cautious regarding Mainland China. Because China strongly opposes the DPP's pro-independence political stance, Beijing may even take economic measures as leverage to pressure Taipei. The new DPP administration could trigger uncertain negative reactions from Beijing after Tsai Ing-wen's inauguration on May 20th, 2016. The direct implications of such a possible development for Japan remain unknown, but that uncertainty could cause hesitation among some Japanese investors.

Japan's official position on its relationship with Taiwan is "unofficial working-level relations based on economic and cultural exchanges." Japan would not support the independence of Taiwan. However, China has doubted Japan's motivation to improve their bilateral relations, sometimes with the criticism of "secretly supporting the

**Yasuhiro Matsuda, Professor at the Institute for Advanced Studies on Asia, University of Tokyo, explains that "It is quite natural for Tokyo and Taipei to strengthen their relations after Tsai Ing-wen's inauguration. However, Beijing is watching their relations closely and cautiously."**

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independence of Taiwan.” In these circumstances, Japan’s positions and choices in dealing with the new DPP administration are important.

First, Japan should appeal to both Beijing and Taipei to sustain peace and stability in the region. Beijing wants Tsai Ing-wen to recognize the 1992 Consensus that refers to “one China,” but that is virtually impossible. Tsai relies on the support of pro-independence voters, so recognizing the consensus would be political suicide. Beijing will probably seek unofficial talks with the DPP until Taiwan’s new president is sworn into office in May. They may try to find wording ambiguous enough for both sides to interpret in their own way, perhaps by indirectly and conditionally expressing respect for the 1992 Consensus. It would serve Japan and the rest of the world’s best interests in terms of stability and economic development if both Beijing and Taipei can find the “right wording” through mutual concessions. But if the behind-the-scenes talks fail, cross-Strait relations may chill, and Japan may be caught between Beijing and Taipei, just as it was caught between the two until the end of the Chen Shui-bian administration in 2008.

The Japanese and Taiwanese publics enjoy one of the friendliest relationships between two societies. Opinion polls in Taiwan show that the Taiwanese’ best-loved country is Japan, while Japanese also have strong affinity toward Taiwan, especially after their strong support for Japan during and after the huge earthquake in 2011. The DPP and its supporters are famous for their pro-Japanese stance, while Shinzo Abe is one of the most pro-Taiwanese prime ministers since his grandfather Shinsuke Kishi. It is quite natural for Tokyo and Taipei to strengthen their relations after Tsai Ing-wen’s inauguration. However, Beijing is watching their relations closely and cautiously.

Therefore, Japan should seek to strengthen economic ties with Taiwan, since focusing on trade can avoid destabilizing political relations with Beijing at the same time. A concrete policy option is to sign a free trade agreement (FTA) with Taipei. Taiwan has already sought stronger economic ties with Asia-Pacific nations through joining the Trans-Pacific Partnership (TPP), and both Washington and Tokyo have already endorsed Taipei’s participation. However, a multilateral negotiation such as joining the TPP may take years. Moreover, Beijing may be looking to drive a wedge between the US-Japan coalition and some of the other TPP member nations, since Beijing has repeatedly “harassed” Taipei when it has wanted to join multilateral and bilateral economic frameworks in the past.

Japan is Taiwan’s second largest trade partner, just behind Mainland China, while Taiwan is Japan’s fifth largest trade partner. Japan cannot secure its economic interests if it only waits to see the results of the behind-the-scenes cross-Strait talks. Japan needs to integrate Taiwan into Asia-Pacific regional FTAs, while it should further promote the Regional Comprehensive Economic Partnership (RCEP) and the Japan-China-Republic of Korea Free Trade Agreement, which both include China.

If the DPP’s talks with Beijing fail to come to mutually agreeable terms, in turn destabilizing cross-Strait relations, we may see some changes in policies. Taiwan could seek even stronger ties with the United States and Japan. Japan will thus need to perform a balancing act, building relations with Taiwan, but also maintaining stable ties with Beijing. However, China’s relations with its neighbors are strained because of issues in the South China Sea. With the DPP back in power, Beijing could find itself struggling even more with regional diplomacy. With the US presidential election coming up in November 2016, both Beijing and Taipei will exercise self-restraint to ensure that they will not be seen as the “troublemaker” by the successor to President Obama. As there is no likely crisis on the horizon, Japan has the opportunity to take a proactive approach toward integrating Taiwan into its FTA network, which will have positive ramifications in the region.

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