

# Washington's Return to Asia and its Impact on Taiwan's

## Elections

By Shih-chung Liu

The (just completed) annual leaders' summit of the Asia-Pacific Economic Cooperation (APEC) forum (in Hawaii) was meant as a stage for U.S. President Barack Obama to showcase his diplomatic and economic achievements. But what the outside world saw was verbal sparring over the renminbi exchange rate and the U.S. trade deficit between Obama and Chinese President Hu Jintao in face-to-face talks on the sidelines of the summit. On top of that Washington employed diplomatic means to broaden the Trans Pacific Strategic Economic Partnership Agreement (TPP) in a bid to contain the rise of the China-led "ASEAN Plus N" regional trade block. Actually the change in U.S. foreign strategy from a focus on the war zones in the Middle East to a focus on Asia can be traced back to an earlier date. It manifested itself already over the past two years in Washington's positions on the Korean Peninsula, the South China Sea, and the renminbi exchange rate. With regard to Beijing the Asia policy of the United States builds on "balanced engagement" between Washington and China, a two-handed strategic balancing act.

After sounding out and exploring bilateral relations early into his presidency, Obama began to adjust his China policy from 2010 by adopting a two-pronged "smart power" strategy that combines hard and soft power. While Obama continued to emphasize constructive engagement with China and the need for a systematic high-level dialogue mechanism, he also actively rallied Washington's allies in the Asia-Pacific region, took a tougher stance than before on a number of issues including the South China Sea, and participated in political maneuvering at the East Asia Summit. After the APEC summit in Hawaii, Obama immediately traveled on to Australia to underline the importance of this U.S. ally on the occasion of the 60<sup>th</sup> anniversary of the U.S.-Australia security alliance. Right afterwards he attended the "East Asia Summit" on Bali, maintaining the high profile of a U.S. president. From Obama's remarks on TPP at APEC to the strengthening of the U.S.-Australia security alliance and his attendance at the East Asia Summit, the Obama administration did not only make clear that the U.S. "has returned to Asia," but also displays strong ambition to "lead the political and economic order in Asia."

From the perspective of domestic politics and electioneering, Obama faces intense pressure at home with his reelection bid. He seized the opportunity of his trip – the TPP announcement, followed by the strengthening of the "U.S.-Australia

security alliance” and his attendance at the East Asia Summit – hoping to sell himself to audiences at home and to shift the focus of public attention away from soaring unemployment and a looming second economic recession. Obama’s splendid and powerful diplomatic grandstanding was not only meant to salvage his election campaign and domestic support rates. It was also consistent with the policy shift to a tougher intervention strategy in Asia, carried out by the Obama administration after its attempts at friendly engagement with Beijing in the first year of the presidency yielded no results.

Taiwan for its part lost focus at this APEC meeting. The government of President Ma Ying-jeou expressed, of course, support for the TPP. But well aware that the TPP has a long way to go and that its future is unknown, Taiwan Economics Minister Shih Yen-shiang suggested in a preemptive move a three step process (for Taiwan’s participation) of first understanding the content of the TPP, then going through internal coordination and communication, before finally negotiating with TPP members. And then he packaged the proposal nicely by adding Ma’s “Golden Decade” as deadline. Since the TPP is designed to achieve an extremely high level of trade liberalization and opening, the crux of the problem is that relevant industries in Taiwan will be forced to open their markets when the time comes. It is only natural that the Ma government does not dare to state more than clearly at this time that it wants to secure TPP membership.

Another factor that makes the Ma government adopt such an ambivalent attitude is, of course, Beijing. Hu views Obama’s forceful promotion of the TPP as a diplomatic balancing act to contain China to a certain degree in its efforts to become a regional hegemon through “ASEAN Plus N.” If Taiwan sides too much with Washington, it will very easily cause resentment in Beijing. No wonder that Wang Yi, the director of the Chinese cabinet’s Taiwan Affairs Office, responded quite sarcastically when he was asked about Taiwan’s TPP entry: “Does Taiwan really want to join?”

(Former Vice President and current honorary chairman of the ruling Kuomintang) Lien Chan has represented Ma at the APEC summit four times. But this year the media focused almost entirely on whether Lien would raise the “peace treaty” (proposed by Ma) in his bilateral meeting with Hu. After the talks Lien kept denying over and over again that he had raised the issue. This highlights that Lien either did not receive orders from Ma to placate Hu, telling him that Beijing shouldn’t react angrily over his recent spin on the “peace treaty” because this was mere election strategy. Or that Lien, still miffed that Ma added “ten guarantees” such as a referendum to the consensus reached in the Lien-Hu meeting in 2005, took advantage of the “Lien-Hu meeting” on the sidelines of APEC to restate the “five

point joint vision” statement of 2005, thus reclaiming the right to speak for the ruling Kuomintang (KMT). Anyhow, what really matters is whether Lien clearly declared “on whose side” Taiwan stands when he, puffed with pride, had a brief chat with Obama during the traditional photo opportunity.

The Democratic Progressive Party (DPP) should also take precautions before it is too late and clearly propose an approach that suits Taiwan’s interests given the strategic shift in the Asia-Pacific region described above. In its previously proposed “Ten Year Platform” the DPP most sets itself apart from the Ma government’s excessive focus on “China centered policies” by advocating that Taiwan “connect with the world, then go to China” and develop a global and regional balancing strategy. Yet it has not yet made public any concrete ways of doing that. Should the DPP indeed return to power next year, will it adopt a strategy of concurrently seeking membership in “ASEAN Plus N” and the TPP? If the latter is the priority policy objective, will the DPP then still focus on signing bilateral free trade agreements with major industrialized nations? And will it be able to withstand electoral pressure from different industries and accept the TPP’s rules of complete trade liberalization? How will it handle cross-strait relations in a balanced way at the same time? These are major diplomatic challenges that will present themselves in the future.

Now that the election prospects of (DPP presidential candidate) Tsai Ing-wen have greatly increased, the DPP will also very likely face a replay of the second financial crisis after returning to power. A new DPP government would also feel U.S. pressure given that Obama finds himself in a very tight race for reelection next year. Taiwan is wedged between the U.S. and China as the two powers fight for hegemony in Asia and happens to have presidential and legislative elections on the horizon. In the upcoming presidential debates KMT candidate Ma and the DPP’s Tsai need to express frankly and responsibly Taiwan’s stance on the above mentioned shifts in regional strategy and U.S.-China relations.