

TAIWAN POST ELECTIONS & CHINA RELATIONS

Implications of 2024 Taiwan Presidential Elections on its domestic politics, foreign policy, and relationship with China.

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Executive Summary

In the wake of the 2024 Taiwan presidential elections, the island's strategic approach to international relations, particularly its interactions with China and Southeast Asia, has taken on new dimensions. The victory of the Democratic Progressive Party's (DPP) pro-independence candidate, Lai Ching-te, has intensified China's aggressive posture towards Taiwan. In response, Taiwan has ramped up its diplomatic outreach to countries in Southeast Asia, including Malaysia, emphasizing its role as a key economic and trade partner. This initiative is part of a broader effort to garner support amidst increasing pressures from China, highlighting Taiwan's reliance on regional interdependence as a buffer against escalating tensions.

Central to Taiwan's foreign policy is the New Southbound Policy (NSP), a strategic framework aimed at enhancing engagement with 18 countries across ASEAN, South Asia, and Oceania. This policy marks a deliberate shift away from over-reliance on China, focusing instead on diversifying Taiwan's economy, fostering economic cooperation, talent exchange, and regional linkage. The NSP has successfully expanded Taiwan's trade and investment footprint in the region, reducing economic vulnerabilities and reinforcing its position within the global supply chain.

The policy brief also delves into domestic political dynamics, noting a significant shift towards a more pluralistic and competitive landscape. The rise of the Taiwan People's Party (TPP), capturing a notable share of votes, reflects a growing disillusionment with traditional political duopolies and a desire for more innovative and diverse political representation. This trend underscores the evolving priorities of Taiwan's electorate, especially among younger voters who are increasingly seeking alternatives to the established DPP and Kuomintang (KMT) narratives.

Amid these domestic shifts, Taiwan's geopolitical stance, particularly its relationship with China, remains a focal point. The DPP's continued leadership and the emergence of the TPP as a significant third force signal potential changes in Taiwan's cross-strait relations and its broader international positioning. This evolving political landscape, characterized by a fragmented electorate and the rise of new political forces, presents both challenges and opportunities for Taiwan's strategic engagement on the global stage.

The policy brief highlights the critical juncture at which Taiwan finds itself, both domestically and internationally. As traditional political parties like the DPP and KMT navigate these complex dynamics, their ability to adapt and resonate with a changing electorate will be paramount. The rise of third-party forces, such as the TPP, emphasizes the necessity for more nuanced and responsive political strategies, reflective of the broader trends towards policy innovation, economic reform, and social justice.

In conclusion, the 2024 Taiwan presidential elections have set the stage for significant shifts in Taiwan's political and geopolitical trajectory. The country's strategic outreach efforts, domestic political realignments, and evolving relationship with China are indicative of a broader regional trend towards re-evaluation of traditional political allegiances and the emergence of new political forces. As Taiwan continues to navigate these challenges, the implications for its domestic politics, foreign policy, and strategic positioning within the Asia-Pacific region remain of paramount importance.

INTRODUCTION

In recent months following the completion of the 2024 Taiwan presidential elections, the overseas office of the Taiwan government representatives in Malaysia has increased its efforts to reach out to the Malaysian government, political parties and the business community to highlight Taiwan's contribution and its strategic position as economic and trade partner to Malaysia. This comes as Taiwan faces increased pressure and aggressive posturing by China following the victory of pro-independence Democratic Progressive Party (DPP) candidate and the President in-waiting Lai Ching-te in 13 January elections.

Understandably, Taiwan needs more than ever the support of its friends in South East Asia, even if they were not ready to declare themselves as allies, in this resistance towards China's hardline stand on the "One China" policy. Taiwan's outreach to SEA countries is a last bastion of hope that the region's interdependence on trade and the inter-twined economies could in one way or another make it unfavourable if the Taiwan-China conflict is further escalated.

For that reason, the DPP-led government in Taiwan has renewed its commitment to outgoing President Tsai Ing-wen's New Southbound Policy (NSP) that aims to redefine and enhance Taiwan's engagement with 18 countries across ASEAN, South Asia and Oceania. This policy is crucial for Taiwan's future development and survival, emphasizing strategic partnerships to foster regional development and prosperity. It encapsulates a multifaceted approach focusing on economic cooperation, talent exchange, resource sharing, and regional linkage.

The New Southbound Policy (NSP)

Over nearly eight years, the NSP has been instrumental in diversifying Taiwan's economy and reducing its over-reliance on China, marking a significant shift from the previous administration's policies. By establishing trade offices and enhancing unofficial exchanges with the NSP countries, Taiwan has successfully entered new markets, thereby mitigating risks previously concentrated in the Chinese market.

The NSP has notably increased Taiwan's investment in the region, with a reported shift in Taiwanese businesses investing more in Southeast Asia and India than in China as of 2022, reflecting a strategic diversification of investment destinations. This trend demonstrates Taiwan's role in the global supply chain's restructuring, reducing dependency on a single market and mitigating economic coercion risks from China.

Additionally, the NSP focuses on deepening regional integration and restructuring international supply chains, enhancing Taiwan's position in the Asia-Pacific region. Updated investment protection agreements with countries like the Philippines, India, and

Vietnam have significantly helped Taiwanese businesses diversify risks and strengthen international layouts. The trade war between the U.S. and China, along with the COVID-19 pandemic, has prompted many companies to seek production bases in Southeast Asia, further accelerating the supply chain shift.

Education and talent exchange programs under the NSP have also been deepened, with Taiwanese universities offering scholarships and courses to students from NSP countries. The policy aims to promote cross-border educational cooperation and cultural exchanges, enhancing Taiwan's international student diversity and fostering positive bilateral interactions.

Strategically, the NSP serves as a geopolitical response to China's growing influence, strengthening Taiwan's connections with other Asian countries to balance China's regional impact. It positions Taiwan as an indispensable part of regional security and establishes its significant role in international affairs, aligning with the strategic interests of democratic allies.

The NSP also presents opportunities for digital transformation and industrial upgrading for Taiwanese businesses moving out of China, aligning with global trends towards supply chain restructuring and digital and green transformations. The policy not only aids in economic diversification and reduces dependence on China but also opens up opportunities for cultural exchanges, underscoring its importance for Taiwan's future development and survival.

Vice President Lai Ching-te's policy blueprint for the 2024 elections builds on the NSP, emphasizing economic security, partnerships with democratic countries, and trust in key industries such as semiconductors and AI. This strategy aims to transform Taiwan from "Formosa" to "Taiwan to the world," leveraging the NSP as a foundation for broader international cooperation and engagement.

Shifting Trends in Taiwan's Domestic Politics

While Taiwan endeavours to build robust and strong ties with its trading partners, it also has a daunting task to manage its own backyard with shifting trends in its domestic politics, increasing voter discontent and the jittery over how the in-coming administration would handle the tension with China.

If there is one key takeaway from the January elections it would be the fact that a relatively young party, the Taiwan People's Party (TPP), was able to capture a significant 26.46% and 22.07% of vote share in the Presidential election and the election of legislators to the Legislative Yuan respectively. Underlining this is a trend seen in most countries that have held general elections and including the Presidential election in the United States where voters especially younger ones are beginning to shun political duopoly and parties that uses the traditional playbook to address the modern-world issues.

In Taiwan's case, the contest has always been between DPP's pro-independence and hawkish stance against China's claim over Taiwan versus Kuomintang (KMT)'s preference to be more diplomatic and accommodating towards China. However, the emergence of the TPP under its founder and President Ko Wen-je in the last two elections have taken away a huge chunk of voters from both DPP and KMT, despite not winning enough majority to unseat the incumbents.

The election's outcome, with Democratic Progressive Party (DPP) candidate Lai Ching-te clinching the presidency with 40.05% of the vote, revealed a deeply fragmented electorate. This was notably the first instance since the 2000 election where a winning candidate secured less than half of the total votes, underscoring a shift away from the binary dominance of the DPP and the Kuomintang (KMT). Despite a slight decrease in voter turnout to 71.86%, the election's significance was undiminished, marking the continuation of DPP leadership beyond two consecutive terms for the first time since Taiwan began direct presidential elections in 1996.

The election results, aligning closely with pre-election public opinion polls, signalled a nuanced political landscape. Lai's victory, though decisive, fell short of the overwhelming majority his predecessor Tsai Ing-wen enjoyed in her electoral wins, highlighting a broader search for alternatives among the electorate. This sentiment was vividly captured by the strong showing of Taiwan People's Party (TPP) candidate Ko Wen-je, who garnered over 26% of the vote. The Legislative Yuan saw a significant reshuffling, with no party achieving an outright majority, thereby elevating the TPP to a potentially kingmaking role in the formation of a future legislative coalition.

To many Taiwanese and younger voters, TPP is a formidable third force, challenging the established political order and advocating for a diversified, pluralistic political environment. The party's strategic use of online campaigning to amplify its message played a crucial role in engaging younger voters and those disillusioned with traditional party politics. Ko's tenure as Taipei Mayor laid the groundwork for his popularity, particularly among younger demographics, who admired his pragmatic and transparent approach to governance. The TPP's digital campaign strategy effectively leveraged social media and other online platforms to reach a wider audience, offering a fresh perspective on governance and policy-making that resonated with the younger electorate.

The election's broader implications reflect Taiwan's complex geopolitical position, particularly regarding its relationship with China and the international community. Lai Ching-te's stance on Beijing, emphasizing deterrence over engagement, alongside the TPP's rise, signals potential shifts in Taiwan's cross-strait relations and its positioning on the global stage. The DPP's continued leadership, coupled with the TPP's emergence as a significant third force, highlights an evolving political landscape in Taiwan, characterized by a desire for greater political diversity and innovation in governance.

The TPP's focus on issues such as economic innovation, cross-strait relations, and social policies, amplified through its robust online presence, distinguished the party from its older counterparts. This strategic differentiation, along with Ko Wen-je's popularity and the party's digital savviness, captivated a segment of the electorate yearning for change. The 2024 election thus underscored a transformative phase in Taiwan's political journey, with

the TPP's ascendancy reflecting a broader appetite among the populace for change, innovation, and a more inclusive representation in the political arena.

Taiwan's demographics have also changed over the past 10 years. Between 2013 and 2023, the population of people between ages 15 to 29 decreased by 18.98% (or 912,866) while the older generation (65 and above) increased by 60.48% (1,602,579) of the population.¹ The dwindling population of Taiwan presents a separate issue that the government needs to address. Besides having a smaller pool of young people to join its defence forces, Taiwan is also aggressively marketing its education overseas to attract foreign students to fill up vacancies in high schools and universities all over Taiwan.

Challenging the Norms, Ending Political Duopoly

Change is never easy, especially for new and young political party to convince enough electorates that they are capable of taking responsibility and able to steer the economy better than traditional parties.

The TPP was founded in 2019 as a centrist alternative to Taiwan's dominant parties, the Democratic Progressive Party (DPP) and the Kuomintang (KMT). It aims to transcend the entrenched blue-green political divide with a focus on governance and policy over ideology. The party appeals to voters weary of ongoing political wrangling between the DPP and KMT, advocating for a focus on improving livelihoods and offering professional, non-partisan solutions to Taiwan's challenges. Its emergence resonates with those seeking an alternative path amidst the geopolitical rivalry between the United States and China. The TPP has shown notable success, particularly in attracting young Taiwanese who are supportive of a different political colour, indicating a desire for change from the traditional two-party system.

Yet, the journey for TPP has not been easy and it had to establish itself as credible alternative to well-entrenched political parties. They had to navigate the complexities of Taiwan's political landscape, where the traditional parties have deep-rooted support bases

¹ Department of Household Registration, Ministry of the Interior, ROC (Taiwan)

and extensive grassroots network. At best, newer parties like the TPP could only be a kingmaker in deciding the stability of the ruling party or whoever form government and its future lies with how effective it could form its own grassroots base throughout the country.

Drawing the same parallels in Malaysia, the Malaysian United Democratic Alliance (MUDA) party founded by Syed Saddiq Abdul Rahman in 2020 to capture the imagination of a growing voter population who are below the age of 40 and to challenge the political hegemony of traditional parties in Malaysia had a good start with thousands of young Malaysians joining the party for a common cause. Driven by the ideals of democracy, good governance and the conviction that young people should be given more opportunities to decide on policies, it managed to send a warning to existing parties that the rules of the game is changing.

Alas, the critical majority needed to upset the Barisan Nasional, Pakatan Harapan and Perikatan Nasional coalition parties did not materialise and MUDA only won one Parliament seat and one state seat in Johor. Despite a strong message and political conviction, MUDA was not able to bring over the support of young voters who were divided among the three established coalitions.

Like MUDA, the TPP's immediate challenge is to create its own support base beyond urban constituencies, instil a sense of purpose and working relationship with local electorates not only driven by ideology but also the conventional service-based politics that has helped other parties build trusts and credibility. Even with the advent of social media and online political marketing, TPP and MUDA's experience have proven that the majority of electorates still require their election candidates to be hands-on, on the ground and have frequent interaction with locals.

The Future of DPP and KMT

The 2024 elections underscored a critical evolution in Taiwan's political scene, highlighting the urgency for both the Democratic Progressive Party (DPP) and the Kuomintang (KMT) to revisit their engagement strategies, particularly with the island's younger population. This period marks a significant turning point as both parties grapple with the challenges of

addressing the interests of a demographic increasingly disillusioned with traditional political narratives. The pressing need for renewal and adaptation is evident as Taiwan's political landscape becomes more pluralistic and competitive, especially with the emergence of new parties like the Taiwan People's Party (TPP) that appeal to younger voters with progressive agendas.

Despite the lack of formal cooperation between the DPP and KMT, the evolving political dynamics suggest a potentially shifting alliance and rivalry pattern, influenced by the necessity to address internal and external pressures. Taiwan's geopolitical challenges, especially its relations with China, further complicate the political environment. The fragmented nature of the Legislative Yuan post-election may be perceived as a vulnerability, potentially impacting Taiwan's stance against Beijing's assertive policies. In this context, the DPP and KMT must navigate a delicate balance of upholding their core values while seeking innovative ways to engage and reassure a populace concerned with national sovereignty and international positioning.

As Taiwan moves forward, the capacity of the DPP and KMT to adapt to the changing political landscape will be paramount. The emergence of third parties and the shifting priorities of the electorate demands a nuanced approach to governance and policy-making. The future of these traditional parties, and indeed Taiwan's political stability and strategic positioning, will hinge on their ability to resonate with and mobilize the diverse aspirations of Taiwan's citizens. In navigating these complexities, the DPP and KMT face the challenge of reinventing themselves to remain relevant and effective stewards of Taiwan's democratic values and strategic interests in a rapidly changing world.

The 2024 presidential and legislative elections presented DPP and KMT an early warning of what is to come. If these parties do not begin to relook at its old playbook and learn to capture the support and address the growing disconnect with younger voters, the DPP and KMT could one day end up working together to form unity government in order to have sufficient majority.

In spite of this, the primary threat following the election revolves around Taiwan's geopolitical positioning, especially concerning its relations with China. A fragmented Legislative Yuan could be perceived as a weakness, potentially emboldening Beijing's assertive policies towards Taiwan. Additionally, internal divisions and a lack of clear policy direction could hinder Taiwan's ability to navigate international relations and economic challenges effectively.

In conclusion, the KMT and DPP face the dual challenge of adapting to a more pluralistic political environment and addressing the evolving priorities of Taiwan's electorate. How these parties respond to the rise of third forces and the shifting political landscape will likely shape Taiwan's political future and its strategic positioning in the region.

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