

## Taiwan in 2020

### *Beyond the Pandemic*

#### ABSTRACT

Taiwan saw a series of crucial developments at home and abroad in 2020. Externally, the massive confrontations in Hong Kong were taken as justifying the ruling DPP's anti-China cross-strait policy. The impacts of the intense US–China trade war reshaped relations in the US–China–Taiwan triangle. Internally, the results of the 2020 general election strengthened the DPP's political dominance. Likewise, the successful fight against COVID-19 buttressed the government's popular support. Still, there are old and new socio-economic issues that will continue to challenge the governing capability of the DPP in 2021.

**KEYWORDS:** Taiwan, US-China-Taiwan relations, COVID-19, DPP, KMT

#### RALLY 'ROUND THE DPP'S FLAG

The year 2020 was critical for Taiwan as well as for the ruling Democratic Progressive Party, or DPP (Wang and Cheng, forthcoming). First, in the general election of 2020 the DPP successfully secured the executive and legislative branches. President Tsai Ing-wen regained a strong mandate, receiving more than eight million votes in the presidential election. Second, the DPP government has effectively kept Taiwan safe from the coronavirus (COVID-19) pandemic. The strategies of early border control and epidemic prevention have won public trust at home and admiration abroad. Third, the ongoing confrontations between citizens and government in Hong Kong since 2019 have strengthened the persuasiveness of the DPP's promise, in the general election campaign, to safeguard Taiwan's sovereignty. Later

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developments in Hong Kong further justified officials' determined rejection of Beijing's reiterated offer of "one country, two systems." Last but not least, the intensifying US–China trade war has brought a closer strategic relationship between Taiwan and the US. The Trump administration has treated Taiwan as one of the US's crucial partners in the US–China rivalry and continued to upgrade US–Taiwan relations.

These developments have significantly boosted popular support for the Tsai administration (Mendis and Yau 2020). Most Taiwanese believe that the DPP government under the leadership of Tsai has done a good job. In the survey of Taiwan's Election and Democratization Study, she enjoyed 73% popular approval in March 2020, in contrast to 21% in December 2018, when the DPP suffered a dramatic defeat in local elections.<sup>1</sup> Such a high rating is rare among democracies, and nearly unheard-of during the pandemic.

#### NEW EXTERNAL RELATIONS

In 2020, Taiwan's external relations played a more important role than domestic politics. Since 2018, the US–China trade war has expanded into a broad geopolitical competition in Asia with technological, financial, and military aspects. It has pulled Taiwan and the US even closer, during a time of chilly relations between Taiwan and China since 2016. Various friendly resolutions, laws, and official visits from the US Congress and the Trump administration have signaled improvements in US–Taiwanese relations. And new strategic relations seem to be taking shape in the US–China–Taiwan triangle (Dittmer 1981; Wu 2017). Moreover, the increasing US–China hostility and the better US–Taiwan relations have led to a discussion of revising the US's long-term policy of strategic ambiguity, which has been the core of its China policy (Haass and Sacks 2020). The DPP government, given its anti-China stance, has welcomed the US's new stance toward Taiwan.

Of course, Taiwan's taking the US side during the US–China trade war would certainly irritate Beijing. Repeated admonitions and deliberate acts of military provocation by Beijing close to Taiwan's coast have become a routine feature of cross-Strait relations. For Beijing, the DPP government is standing on the wrong side, as well as conspiring toward the ultimate independence of

1. Taiwan's Election and Democratization Study ([http://teds.nccu.edu.tw/teds\\_plan](http://teds.nccu.edu.tw/teds_plan)), accessed November 2, 2020.

Taiwan. We can expect that cross-Strait interactions, particularly at the official level, will continue to cool. Meanwhile, if the political belligerence continues, we can expect that more kinds of unofficial interaction between the two sides, including business, culture, education, and tourism, will become collateral damage.

### THE DPP'S DOMINANCE

Despite the DPP's terrible loss in the 2018 local elections, it came back strongly in the 2020 presidential and legislative elections. In the presidential election, the incumbent Tsai received more than eight million votes (57%). Han Kuo-yu, the challenger from the Kuomintang (Nationalist Party, KMT), looked like the party's superstar after he won the mayoral election in Kaohsiung City in 2018, but in the presidential election he received only 5.5 million votes (39%). It was a landslide victory and a strong popular mandate for President Tsai. Meanwhile, in the legislative elections, the DPP maintained its majority, winning 61 out of 113 seats, to the KMT's 38.

The comfortable re-election of the DPP also implies that its stance against China, or for Taiwanese sovereignty, has a greater popular mandate. According to the Election Study Center of National Chengchi University, in 2020 the proportion of Taiwanese who identify themselves as "Taiwanese" reached a record high of 67%, up from 59% in 2019 and 55% percent in 2018. Meanwhile, Taiwanese who maintained a dual self-identity of "both a Taiwanese and a Chinese" decreased from 38% in 2018 to 35% in 2019, and 28% in 2020. A stated preference for independence increased from 20% in 2018 to 27% in 2019, and 35% in 2020, while preference for unification with China decreased from 16% in 2018 to 8.9% in 2019, and 7.5% in 2020.<sup>2</sup> Both trends suggest a hardening of the Taiwanese desire to be formally distinct from China.

### ADMIRABLE ECONOMIC PERFORMANCE UNDER COVID-19

Taiwan's economy experienced a quick decline and then a surge in 2020 due to the COVID-19 pandemic. As in most countries, the initial impact of COVID-19 profoundly slowed the economy. The official report indicates

2. Election Study Center of National Chengchi University, "Trends of Core Political Attitudes" (<https://esc.nccu.edu.tw/eng/PageDoc?fid=7424>), accessed November 27, 2020.

a dramatic plunge in economic growth from 2.5% (annualized) in the first quarter to 0.35% (annualized) in the second. Fortunately, in the second half of 2020 this had already turned around. The projections for the third and fourth quarters are 3.9% and 3.3%, respectively, and for annual growth, 2.5%.<sup>3</sup> No other country in the Asia-Pacific has bucked 2020's trend of economic contraction to such a degree, except for China and Vietnam (International Monetary Fund 2020: 56).

This is a double accomplishment, in which Taiwan has successfully curbed the expansion of the pandemic and maintained relatively stable economic growth. Much of the credit for these achievements belongs to effective government policies (Summer et al. 2020). But also contributing to Taiwan's economic performance is the US–China trade war, which has brought some Taiwanese capital back to Taiwan—perhaps as much as US\$ 38 billion (Horton and Wu 2020). Some of this capital is being used to build more companies and thus create more job opportunities in Taiwan.

#### CHALLENGING SOCIAL ISSUES AHEAD

Aside from its relatively stable economic growth, Taiwan faced new and old socio-economic issues in 2020. Among the most urgent are imports of American pork, the continued impact of COVID-19, and problems of an increasingly older population along with a low-waged younger generation, all of which require quick attention. In late August, President Tsai announced that Taiwan would loosen regulations on imported US pork. This decision can be seen as a friendly response to the US's support of Taiwan in cross-strait relations, as well as in the context of a possible US–Taiwan trade agreement, which the Tsai administration has been longing for since 2016. The announcement backfired, however, mainly due to the DPP's earlier stance on US meat imports during the Kuomintang administrations of Ma Ying-jeou (2008–2016). At that time, the opposition DPP maintained a firm stand of “zero tolerance” for the ractopamine feed additive in US beef and pork, and charged Ma with disregard for people's health. Now the Tsai administration is trying to convince the Taiwanese that the ractopamine in pork imports from the US will be confined to a safe level. This will be challenging,

3. Executive Yuan (<https://www.stat.gov.tw/ct.asp?xItem=46566&ctNode=497&mp=4>), accessed December 19, 2020.

because most Taiwanese have demanded complete food safety. If this issue is not solved satisfactorily, popular support for the Tsai administration, as well as the ruling DPP, will be undermined.

The World Health Organization reports that globally, as of December 14, 2020, there have been over 72 million confirmed cases of COVID-19, and over 1.6 million deaths.<sup>4</sup> Thanks to the government's timely efforts and people's cooperation, Taiwan has successfully fended off the pandemic.<sup>5</sup> Yet, like many others, Taiwan's economy has been buffeted, particularly those sectors related to traditional manpower such as transportation, commerce, tourism, and industry. Up to US\$ 7 billion in relief packages have been applied to subsidize these sectors and stimulate economic recovery (Executive Yuan 2020). But the effect of these remedies has yet to be seen, as companies continue to downsize or fold. And the pandemic is not over. In fact, the evidence points to continued resurgence. The DPP government will have to continue the border quarantine, and more importantly, boost the island's economy effectively.

The issue of an increasingly elderly society continues to be significant (Yu 2020). It was one of the key elements of the social safety net mentioned when Tsai won the presidential election in 2016. The outbreak of COVID-19 increases the urgency of the need for a well-functioning system of care. Likewise, the issue of low wages has not improved under the DPP government. Even though the general income gap in Taiwan has been moderate, the minimum wage of Taiwanese employees has been lower than in countries with similar GDP per capita. The problem is particularly acute among young people. The Ministry of Labor recently increased the minimum wage to US\$ 816 per month, but labor groups say it should be higher (Ngerng 2020). There will be widespread social disappointment, undermining the credibility of the Tsai administration, if no feasible solutions are proffered.

## CONCLUSION

The electoral results of 2020 imply a new party realignment in which the DPP enjoys a great advantage. However, we should be cautious, and

4. World Health Organization, "WHO Coronavirus Disease (COVID-19) Dashboard" (<https://covid19.who.int/>), accessed December 19, 2020.

5. According to the Taiwan Centers for Disease Control (<https://www.cdc.gov.tw/En>), there were 623 confirmed cases and seven deaths as of November 26, 2020.

recognize that President Tsai's high popularity and the DPP's political dominance do not stem only from the government's nimble response to the COVID-19 pandemic but also from the impacts of the US–China trade war, the poor performance of the KMT, and the deteriorating situation in Hong Kong. Among these factors, we can expect US–China–Taiwan relations to evolve in 2021. There are existing socio-economic issues, and there are new challenges generated by COVID-19. In particular, the emerging issues of US pork imports, acquisition of a coronavirus vaccine, and revitalization of the domestic economy are critical tests for the Tsai administration.

Understandably, the opposition KMT was stuck in a difficult situation in 2020. The increasing antagonism between Taiwan and China has undercut the party's more-engaged China policy. The newly developed US–China trade war also demands a reexamination of the party's relations with the US. It will take comprehensive readjustments, including personnel replacements, organizational restructuring, and reconsideration of policy, for the party to rise again.

Recently, the members of ASEAN excluded Taiwan from the Regional Comprehensive Economic Partnership, which will bring extra tariffs for some sectors in Taiwan, including agricultural products, textiles, petrochemicals, and machine tools (Common Wealth 2020). The issue of US pork imports has prompted popular protests. And President Tsai's approval rating in the third quarter of 2020 was 55%, a sharp decline from 73% in the first quarter.<sup>6</sup> Any of these signals might be the canary in the coal mine, warning the DPP government that 2021 will be not be easy.

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6. Taiwan's Election and Democratization Study.

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