



Xi Jinping's "Integrated Development" Strategy across the Taiwan Strait, and the U.S. and Japan's Response

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It is important to discuss the possibility of a military invasion of Taiwan by China and prepare for a Taiwan contingency. At the same time, it is also essential to think about how to respond to its influence operations, which aim to change the political and economic relations across the Taiwan Strait, gradually, and not immediately apparent. We will have to wait and see how the crisis in Ukraine affects the likelihood of a Chinese military operation against Taiwan. However, before launching such an operation, the Chinese leadership will no doubt reaffirm the need to proceed with political and economic "integration" with Taiwan and create a situation in which it can influence Taiwanese society through various means. How is Xi Jinping trying to improve China's "integration" with Taiwan? What should Japan and the United States do in response?

It appears that a negative view of his predecessor Hu Jintao's policy toward Taiwan forms the backdrop of Xi's policy toward Taiwan. The mainstay of the former was to attract Taiwanese companies and individuals through economic exchange and nudge Taiwanese politics toward "unification" with China. However, contrary to that intention, the "Taiwanese identity" of the people has been growing.¹ In addition, increasing the number of China's agents through the economic exchange to influence Taiwan's electoral politics also faced problems; in the process of providing profits to Taiwanese society through various agents, actions of the agents could not be adequately monitored, and consequently, the effectiveness of the inducement of the benefits was reduced or biased.² Then, in 2014, the Sunflower Student Movement took place in Taiwan. In the 2016 presidential and legislative elections, Tsai Ing-wen and the Democratic Progressive Party won overwhelmingly. Under these circumstances, Xi was forced to abandon the traditional policy toward Taiwan that hoped to win over the Taiwanese authorities and

¹ Regarding the relationship between the Chinese Communist Party's policy and Taiwan's growing identity since the Hu Jintao administration, see my article "Shū Kinpei seiken to Honkon, Taiwan: 'Ishō isei' to aidentiti no semigiai" [The Xi Jinping administration and Taiwan/Hong Kong: The conflict between "using businesspeople to surround the government" and identity], in Chūgoku Kenkyūsho, ed., *Chūgoku nenkan 2017* [China yearbook 2017] (Akashi Shoten, 2017), pp. 43–48.

² Matsumoto Mitsutoyo, "Shū Kinpei seiken to 'keitai seisaku'" [The Xi Jinping administration and China's "preferential policies"], *Mondai to kenkyū* [Issues & Studies], 48(2), pp. 22–23.

people.³

Significantly since 2016, when the Tsai administration came to power in Taiwan, the Xi administration has stepped up its military activities around the Taiwan Strait and its assertion of the “One-China” principle in the international community. The administration has also not given up on its efforts to influence Taiwan in the area of political or economic integration. These efforts, as well as the use of military force and diplomatic offensives, are evolving into a means to make integration a reality regardless of any resistance or interference by the Taiwanese people or electoral politics.

What are the characteristics of Xi’s influence-seeking operations in Taiwan? First, he changed the main targets from the so-called “three middles” (small/medium-sized enterprises, low to middle class, and the southern/central Taiwan area) into “the younger generation and grassroots communities” in 2017. Whereas the traditional “three middles” were meant to bring in supporters of the Democratic Progressive Party, the 2017 switch meant attracting focused targets in a broader range. For the younger generation, the Xi administration has called for the Taiwanese younger generation to seize opportunities for entrepreneurship or career advancement and has prepared the platform for it in mainland China. For the grassroots, it has stepped up its direct outreach to representatives of Taiwanese community-level organizations to avoid the previous problems surrounding agents.⁴ For example, during the Taiwanese local elections held in November 2018, Taiwanese companies with operations in mainland China, monitored by the Chinese Communist Party, made political donations to grassroots representatives and invested in their electoral districts, which became an issue.

Another characteristic of the Xi administration policy is trying to further politically incorporate Taiwanese companies and people operating in mainland China. After 2016, Xi’s government suspended existing preferential policies toward Taiwan, including purchasing agricultural products. At the same time, the government announced a 31-point preferential policy in February 2018 and a 26-point policy in November 2019, giving Taiwanese companies and individuals operating in China the same qualifications as those from mainland China. In March 2020, the government announced an 11-point incentive package to help Taiwanese companies recover production and increase capital,

³ Xin Qiang, “Having Much in Common? Changes and Continuity in Beijing’s Taiwan Policy,” *The Pacific Review* (2020), DOI: 10.1080/09512748.2020.1773908.

⁴ Matsumoto Mitsutoyo, *Ibid.*, pp. 26–28.



hit by the COVID-19 pandemic. Furthermore, in March 2021, the government launched a 22-point preferential agriculture and forestry policy, encouraging companies in that sector to expand into China. These measures allow operations under the same conditions as those applicable to companies and individuals from mainland China. Still, it also means being more strongly bound by China's legal framework.

The Xi administration's recent focus has been on "integrated development" across the Taiwan Strait. A plan to establish "demonstration zones" in Fujian Province, to form a joint market on both sides of the Taiwan Strait, was incorporated into China's 14th Five-Year Plan (2021-2025). Furthermore, it envisions deeper integration between communities across the Taiwan Strait, supporting "equal access to inclusive and convenient basic public services."⁵ In December 2021, Fujian Province announced that the city of Xiamen would become a "demonstration zone" and that the province would proceed with various measures for "integration," such as the construction of a bridge, financial cooperation and providing electricity to the Quemoy Islands on the opposite shore.⁶ From this envisioned "integration," we can surmise that the Chinese Communist Party is trying to form something akin to the "Greater Bay Area" in Guangdong Province, which integrates the Pearl River Delta with Hong Kong and Macao.

These influence-seeking operations of the Xi administration unfold within China, so it is difficult to gauge their influence during peaceful times and for Taiwanese and other foreign governments to get involved. However, we should consider how the areas, companies, and individuals subject to these influences can affect Taiwan's democratic politics in the event of a political conflict or crisis within Taiwan or the start of a military situation in the Taiwan Strait.

The COVID-19 turmoil in early 2020, the vaccine crisis in the early summer of 2021, the ouster of legislators and the referendum in the fall and winter of 2021, and other events have all heightened political conflicts in Taiwan on issues related to foreign policy and policy toward China, bringing the government and the ruling party to the brink of a

⁵ "Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and Vision 2035 of the People's Republic of China," The People's Government of Fujian Province (https://www.fujian.gov.cn/english/news/202108/t20210809_5665713.htm#C62).

⁶ "福建省委、省政府发文支持厦门建设高质量发展引领示范区" [Fujian Provincial Party Committee and Provincial Government issued a document to support Xiamen in building a high-quality development leading demonstration zone], 福建日报 [Fujian Daily], Dec. 21, 2021 (https://fjrb.fjsen.com/pc/con/202112/21/content_143397.html) .

crisis on many occasions. During the vaccine crisis, in particular, Taiwanese public opinion was powerfully swayed by offensive Chinese propaganda until the announcement that Japan and the U.S would provide vaccines. As seen by increasing criticism of the government, which could not secure adequate vaccines before the outbreak, a large amount of information including disinformation began confusing the public in Taiwan. The PRC government, taking advantage of Taiwanese society in confusion, shook the Tsai Ing-wen administration when Shanghai Fosun Pharmaceutical provided Taiwan with a vaccine from BioNTech of Germany, which has exclusive marketing rights in Greater China. The acquisition of the BioNTech vaccine became a major bone of contention in the controversy surrounding vaccines, reflecting people's differing political positions. Even after the U.S. and Japan offered to provide vaccines to Taiwan, false information questioning the safety of AstraZeneca's vaccines confused the public.

The question of how Japan and the U.S. should be involved in and support Taiwan's volatile public opinion and fragile democratic politics is an important issue when examining military crisis scenarios and responses to them. While the vaccine crisis response is a case that turned out well, the problem with the U.S. and Japan's relationship with Taiwan is that the latter has little confidence that assistance will be forthcoming due to the relationship's unofficial nature and weak legal backing. The difficulties surrounding the release of detailed aid information, due to the high possibility of protests and interference from the Chinese government, also contribute to the lack of trust among the general public.

Other than the issue of credibility, it is desirable to build a cooperative relationship with Taiwan, with an understanding of the emphasis on and methods of influence operations by China, that can provide alternatives to benefits provided by China. For example, on the economic front, Taiwan should be supported so that it is not isolated from regional multilateral economic frameworks such as the CPTPP, following which, industrial partnerships with Taiwan can be further promoted. It may also be possible to promote longer-term, more specialized exchanges, as well as those that do not require the participant to speak Japanese, targeting young people in Taiwan. Furthermore, Taiwan has rapidly developed a fact-checking system in recent years to deal with disinformation—in addition to sharing know-how and problems with such organizations, it is important for the representative offices of Japan and the U.S. in Taiwan to establish a method of disseminating appropriate information at the right time in the event of

changes in the political situation.

The political season in Taiwan will continue with local elections this November, followed by the dual election of the president and legislators in early 2024. Given the ups and downs of Taiwan's democratic politics and the complexity of its relationship with China, Japan and the U.S. will need to engage in discussions and cooperation regarding when and how to broadcast support for Taiwan and its people.