

KMT retains presidency in Taiwanese elections

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Taiwan's ruling Kuomintang (KMT) kept power in Saturday's presidential contest, as incumbent President Ma Ying-jeou defeated his main rival, Tsai Ing-wen of the Democratic Progressive Party (DPP), by a significant margin of nearly 800,000 votes.

The election was closely followed by Beijing and Washington, amid rising tensions between mainland China and the United States and fears that Tsai's election could provoke an explosive diplomatic crisis between China and Taiwan that would then involve the US. Officials in Beijing and Washington cautiously indicated their approval of the election outcome.

Ma won 51.6 percent of the vote, compared to 45.6 percent for Tsai, and only 2.8 percent for the third candidate, James Soong of the People's First Party. Ma's support was significantly lower than in 2008—when, with 58 percent of the vote, he first won the presidency after the eight-year presidential term of the DPP's Chen Shui-bian.

In simultaneously-held legislative elections, the KMT won only 64 of the 113 seats in the parliament. This represents a significant decline from its previous two-thirds majority.

Ma was able to win, despite the DPP's populist criticisms of growing social inequality and outsourcing of jobs to China, largely because millions of people in Taiwan were concerned that the return of the DPP would undermine relations with Beijing—possibly leading to war.

The DPP's program calls for Taiwan to be independent from China. Beijing considers the island to be a renegade province, and has threatened to go to war to prevent Taiwan from formally declaring independence from

China.

The very low vote for Soong, a former KMT power-broker who also advocates close ties with China, indicated that large sections of his supporters heeded KMT leaders' appeals to "abandon Soong to keep Ma."

Since the 1949 Chinese Revolution, when the KMT was overthrown on the mainland and fled to Taiwan, the KMT kept the title of "Republic of China." During the Cold War, the US backed the KMT regime as the legitimate government of all China.

In 1972, however, Washington reached a rapprochement with Beijing, recognising its sovereignty over "one China" including Taiwan. At the same time, the US continued to arm Taipei against Beijing, even after it established full diplomatic relations with the Chinese Communist Party (CCP) government in 1979.

Outlawed by the KMT until the 1980s, the DPP emerged as Taiwan's main opposition party after the lifting of the martial law rule in 1987. It speaks for sections of the Taiwanese business elite who seek full independence and international recognition in order to normalise the island's economic and diplomatic relations.

Relations with mainland China were at the centre of the current elections. Tsai campaigned on the basis of challenging the "92 Consensus," reached between the CCP and KMT governments in 1992, when they both accepted a so-called "one China" principle.

With this peculiar agreement, the Taiwanese and CCP regimes agreed to maintain that Taiwan is part of China, though each regime continued to maintain their respective claim to be the legitimate government of all China. Tsai's

position threatened to derail the close economic relations cultivated by the KMT with the mainland over the past four years, or even to plunge the island into a confrontation with Beijing.

Ma's policy of "no unification, no independence, and no use of force" aims to deepen economic ties with China, Taiwan's largest trading partner, while preserving Taipei's political autonomy. In 2008, Ma opened up direct transport links with China, which had been closed for six decades, and in 2010 signed an Economic Cooperation Framework Agreement (ECFA) to accelerate already fast-growing trade and investment ties.

Ma enjoys the support from big business groups, especially those heavily dependent on China as a cheap labour platform. Terry Gou, the chairman of Foxconn, the world's largest contract electronics manufacturer, openly backed Ma. Employing one million workers in the mainland, his business empire depends on Beijing's support.

Gou provided a week of leave and free flights for tens of thousands of his Taiwanese employees to return to Taiwan and vote for the KMT. Approximately 200,000 Taiwanese businessmen and their employees in the mainland returned to vote.

Farmers and sections of small business that had previously been a key source of DPP support shifted towards the KMT, as Ma's ECFA has slashed the mainland's tariffs on 800 items, boosting Taiwan's exports, including farm products, by 35 percent from 2009.

Taiwan recorded a trade surplus of \$78.8 billion with China (including Hong Kong) last year. It is estimated that without its China trade, Taiwan would have recorded a total trade deficit of \$10.5 billion. The growth of tourism in Taiwan by mainland Chinese also injected an estimated \$3 billion into Taiwan's economy.

Another major factor behind Ma's victory is that the Obama administration declined to back Tsai. Though Washington has conducted an aggressive diplomatic campaign throughout the Asia-Pacific region to undermine China's influence over the past two years, including approving major arms sales to Taiwan, it did not press for an immediate confrontation with Beijing

over Taiwan.

Beijing regards Taiwan as a "core national interest." With 1,200 short-range ballistic missiles aimed at Taiwan and hundreds of warplanes ready to carry out a massive bombing campaign, China is militarily prepared for war with Taiwan. A major dispute between Beijing and Washington over Taiwan would therefore rapidly raise the possibility of global war.

Last September the DPP's Tsai visited Washington, where she met with administration officials. At the time, an unnamed senior US official told *Financial Times*: "She left us with distinct doubts about whether she is both willing and able to continue the stability in cross-strait relations the region has enjoyed in recent years."

On the eve of the presidential elections, the 2002-2006 de facto US ambassador to Taiwan, Douglas H. Paal, told a Taiwanese TV station that if Tsai was elected, the US would have to "massively and quickly engage to try to help her come to a formula that would preserve peace and stability." He added that both Washington and Beijing would breathe a "huge sigh of relief" if Ma were re-elected.

Hours later, however, international election observer Frank Murkowski, a former Republican senator from Alaska, convened a news conference to criticise Paal's "careless" and "irresponsible" remarks. He attacked Paal for giving voters in Taiwan the impression that the US government backed Ma's re-election.

Both Washington and Beijing issued statements cautiously welcoming Ma's victory. The official Xinhua news agency noted, however, that the "situation in the island is still complicated," and that "there are still some long-term disputes and divergences existing between the two sides." A key factor in the situation will be whether Washington will use Taiwan to pressure Beijing.



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