

## Taiwan: 2024 elections

On 13 January 2024, voters in Taiwan will go to the polls to cast their votes for a successor to Tsai Ing-wen, the current independence-leaning Democratic Progressive Party (DPP) president, who is term-limited, and for 113 members of the Legislative Yuan. Alongside the future of cross-strait relations and regional peace and stability amid growing US-China strategic competition, Taiwan's economic vulnerabilities, its reliance on energy imports, high youth unemployment, stagnant wages and high housing costs have taken centre stage in the campaign.

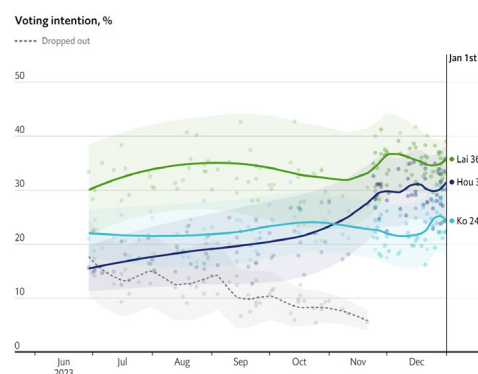
### A tight presidential race and a likely shift in the majority in the Legislative Yuan

Three presidential candidates are on the ballot paper: Lai Ching-te from the DPP, Hou Yu-ih from the mainland China-friendly Kuomintang (KMT), and Ko Wen-je from the Taiwan People's Party (TPP), a more recent [third force](#) in the traditionally two-party political landscape. The [collapse](#) in November 2023 of a planned joint KMT/TPP ticket to unseat the DPP has turned the presidential contest into a three-way race, as Terry Gou – founder of Taiwanese electronics contract manufacturer Foxconn – [dropped](#) out of the race. A third DPP win in a row would mark a break with Taiwan's recent history. Since Taiwan [transitioned](#) to a multi-party democracy under KMT President [Lee Teng-hui](#) (1988-2000), [no political party](#) has won three consecutive presidential terms. DPP and KMT presidents have alternated every 8 years.

After two terms at the helm of the democratic island, the DPP faces an uphill battle to remain in charge, following a [crushing defeat](#) in the 2022 local elections and against the backdrop of voter fatigue, notably among [disappointed](#) young voters who have been the mainstay of the DPP's strength. [Lai Ching-te](#), the DPP's outgoing vice-president, who [led](#) the [polls](#) as of 1 January 2024 (Figure 1), has backtracked from his 2017 [claim](#) to be a '[pragmatic worker for Taiwan independence](#)', pledging to [continue](#) Tsai's non-confrontational approach to mainland China and arguing that Taiwan already enjoys de facto independence. He frames the elections as a [choice](#) between '[democracy and autocracy](#)'. His [four-pillar plan for peace](#) is based on deterrence, economic security, partnerships with democracies, and 'steady and principled cross-strait leadership', i.e. a pro [status quo](#) position. His running mate is the former Taiwanese representative to the US, [Hsiao Bi-khim](#), who [embraces](#) Taiwan's '[cat-warrior](#)' – as opposed to China's '[wolf warrior](#)' – diplomacy.

Lai's KMT challenger [Hou Yu-ih](#), a former police chief and the current New Taipei City mayor, who in November 2023 rose to second place in the polls, has [criticised](#) Tsai for nine countries having severed [diplomatic ties](#) with Taiwan; for Taiwan's exclusion from participation in the [World Health Assembly](#) and the [International Civil Aviation Organization](#), which it had been allowed to take part in during the previous KMT government; and for the total absence of cross-strait communication. He backs a version of the '[1992 consensus](#)' (a tacit understanding between the KMT and mainland China that there is but one China, although both sides define China differently) that is [consistent](#) with Taiwan's constitution. He [opposes](#) both Taiwanese independence and its unification with mainland China under the '[one country, two systems](#)' formula, thus seeking to maintain '[a delicate equilibrium](#)', in line with the [preferences](#) of most Taiwanese people. He deems it vital to re-engage the mainland through [low-level](#) exchanges as a first step to preserving peace. His [defence policy](#) is based on 'deterrence, dialogue and de-escalation'. Hou picked former lawmaker [Jaw Shau-kong](#) as his running mate, who portrays the election as a choice between '[war and peace](#)'. Jaw has warned against [provoking](#) the mainland by extending the military draft to 12 months, as [announced](#) by Tsai and [endorsed](#) by Hou, pointing to KMT [divisions](#) on defence.

Figure 1 – Taiwanese voting intentions



Source: [The Economist](#), as of 1 January 2024.



Lai's TPP challenger and former Taipei mayor Ko Wen-je dropped from second to third place in the polls after the opposition's joint ticket disarray. He advocates a pragmatic [middle-of-the-road approach](#) to cross-strait relations, i.e. a pro status quo position, but a lighter approach to ideology. For his engagement with China, he seeks to leverage his experience with [city diplomacy](#). He [emphasises](#) overlap with the DPP on foreign and defence policy issues, including the [commitment](#) to consolidating Taiwan's asymmetric defence capabilities through an increase in [defence spending](#). More [focused](#) on domestic issues, he trades on an [anti-establishment](#) brand and hopes to [capitalise](#) on voters' dissatisfaction over what he refers to as Taiwan's '[five shortages](#)' – of workers, jobs for highly qualified workers, land, power and water – most of which are being amplified by expanding [semiconductor production](#). Unlike Lai, he appears to be [open](#) to reviving the 2014 cross-strait services trade agreement that the former KMT government signed, but [shelved](#) after the [student sunflower movement](#). Ko has chosen lawmaker Wu Hsin-ying as his running mate. Wu has [called](#) for a new narrative on cross-strait relations to replace the old and ambiguous 1992 consensus. Observers [argue](#) that, given Taiwan's [first-past-the-post electoral system](#), it is likely that the legitimacy of Taiwan's future president will be based on just one third of the voting population and that his power will depend on the distribution of seats in the [Legislative Yuan](#). Experts [believe](#) that the DPP is likely to lose its current absolute majority of [63 seats](#) in the 113-seat unicameral Legislative Yuan. This may lead to a [hung legislature](#), with the TPP playing the role of kingmaker, or to an outright KMT majority. A hung parliament or a government that lacks a majority in the Legislative Yuan may result in political paralysis.

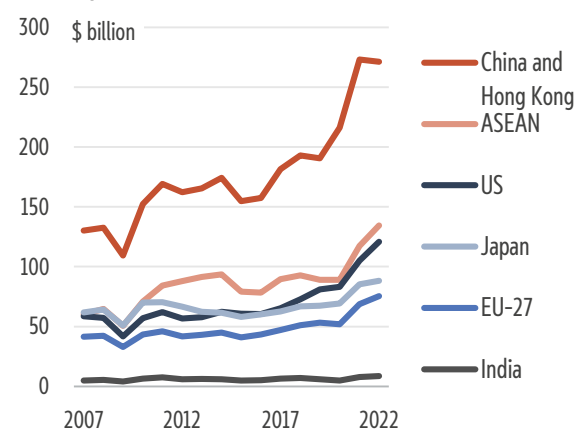
### Selected domestic issues

Taiwan's [sluggish](#) export-driven economy and [growing](#) income inequality are of particular concern to voters faced with [youth](#) unemployment, high inflation, stagnant wages and lack of affordable housing. A related concern is the growing [gap](#) between the thriving semiconductor industry – '[silicon shield](#)' – and the rest of the economy. The country's [energy security](#) is a long-standing source of controversy too. The three parties [embrace](#) different priorities: reliance on [nuclear energy](#) (KMT, TPP) contrasts with the [phasing out](#) of nuclear power by 2025 (DPP).

### Selected issues in Taiwan's external relations

Taiwan has pursued a trade diversification strategy under its 'new southbound policy' – designed, inter alia, to bolster [economic integration](#) with 18 countries in its region. The strategy has yielded some [success](#) in the areas of [investment](#) and trade (Figure 2). However, there is huge growth potential with partners such as [India](#), at a time when Taiwanese companies such as [Foxconn](#) are looking for expansion [outside](#) the mainland, and India's relations with China have [deteriorated](#). In 2023, Taiwan strengthened its trade ties with the US, the biggest [supporter](#) of its military self-defence capabilities, by signing a [trade agreement](#) that [includes](#) provisions on trade facilitation, good regulatory practices, and the elimination of services trade barriers.

Figure 2 – Taiwan's trade in goods with main partners, in US\$ billion



Data source: [Taiwan Customs Administration](#).

### The 'China factor' in the elections

China has used carrots and sticks to [shape](#) a [pro-reunification](#) outcome for the elections in Taiwan. The most recent [economic inducements](#) include a [plan](#) to turn China's Fujian province into a zone for integrated development with Taiwan. Sticks include Chinese fighter jets regularly [crossing](#) the Taiwan Strait's median line, [psychological warfare](#), [disinformation](#), [cyber-attacks](#), [economic coercion](#) and [diplomatic isolation](#).

The European Parliament adopted its most recent [resolution](#) on Taiwan on 13 December 2023. The resolution calls, inter alia, for a resilient supply chain agreement, a bilateral investment agreement, and cooperation on critical infrastructure protection, economic coercion, economic security, and digital trade.