

**CROSS-STRAIT RELATIONS IN 2017:
POLITICAL CONFRONTATION AND
SOCIAL ECONOMIC INTEGRATION**

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Executive Summary

1. Cross-strait political confrontation since Tsai Ing-wen took office as president in 2016 had continued in 2017. The governments of mainland China and Taiwan blamed each other for their deteriorating political relations.
2. The two sides' divergent positions on the 1992 Consensus and the one-China principle did not converge in 2017 and will most likely remain so in 2018, suggesting a cross-strait political stalemate for the foreseeable future.
3. Beijing has shown stronger determination in combating pro-independence activities by imposing pressures on the Tsai administration in the political, international, jurisdictional and military fields.
4. Chinese central and local governments have also improved policies to attract more Taiwanese capital and people to mainland China and cultivate a sense of belonging among Taiwanese in mainland China to achieve “integrated development of cross-strait economy and society”.
5. Meanwhile, the Tsai administration and Democratic Progressive Party legislators have revised policies to consolidate Taiwan's de facto independence and promote Taiwanese nationalism through gradually cutting off Taiwan's historical, cultural and symbolic ties with mainland China.
6. Tsai continued the New Southbound Policy to reduce Taiwan's economic dependence on mainland China and more strictly manage cross-strait economic and social exchange.
7. Cross-strait social and economic relations seem separated from political relations because political confrontation had no substantial impact on cross-strait social and economic integration.

8. Even economic and social policies for either integration or separation promoted by the two governments respectively had very limited effect on cross-strait investment and trade in 2017.