Not since the late 1990s has the situation in the Taiwan Strait been so fraught. Against the backdrop of Russia’s invasion of Ukraine, the perils of a possible military contingency in the Taiwan Strait are front and center in the calculations of countries throughout the region, and in much of the world. What are the stakes and what are the possible scenarios?

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Introduction

The Fourth Taiwan Strait Crisis is Here

By John Delury, Stephan Haggard & James Lee

AN AUTHORITARIAN great power threatens a much smaller democratic neighbor. The two sides share a significant history, including cultural heritage and ethnic identities; many in the smaller nation even speak the neighbor’s language. Yet by the close of the 20th century the two countries’ domestic trajectories had diverged, and a political chasm had emerged across their border.

The great power faces a complex set of policy options and constraints. It has sent ominous warnings by military exercises and war games, but many signals of support are actually responding to military action, or at least a high level of warning. The crisis around the Pelosi visit mark the peak of the tensions in the Taiwan Strait, or is the worst yet to come, as it was in Ukraine? And if there is a contingency in the strait, let alone a full-blown military clash over the island, how would the main players respond? What would the rest of the region do?

RUSSIA AND UKRAINE?

OR CHINA AND TAIWAN?

Facile comparisons breed bad policy: China is not Russia; Taiwan is not Ukraine. But with the visit to Taiwan of Nancy Pelosi, Speaker of the US House of Representatives, and the curious response from Beijing, we may have landed in a “Fourth Taiwan Strait Crisis.” The debate on this characterization is only beginning, but there is a consensus that tensions in the Taiwan Strait have not been this high since the Third Taiwan Strait Crisis in 1995-1996.1

What has transpired? In the wake of Pelosi’s Aug. 2 visit, China held live-fire exercises on an unprecedented scale in six zones surrounding Taiwan, and in close proximity to its territorial waters. People’s Liberation Army (PLA) drones entered Kinmen’s territorial airspace and as many as four missiles flew over the main island of Taiwan. Chinese aircraft not only repeatedly entered Taiwan’s Air Defense Identification Zone, but even crossed the Taiwan Strait median line in numbers never before seen. Nor were Chinese countermeasures limited to saber-rattling. Beijing canceled no fewer than eight series of important talks with the US and engaged in a wide-ranging media and social-media blitz.

Taiwan and the US adopted a low-key posture in the face of these moves, but the risk of a conflict is higher now than it has been for decades.2 It was not long ago that Russia massed forces near the border with Ukraine for its own “exercises,” with seasoned observers dismissing the prospect of an actual invasion. Does the crisis around the Pelosi visit mark the peak of the tensions in the Taiwan Strait, or is the worst yet to come, as it was in Ukraine? And if there is a contingency in the strait, let alone a full-blown military clash over the island, how would the main players respond? What would the rest of the region do?

It is important to start with the similarities that are meaningful. One is that the US and China each accuse the other of trying to upset a delicate status quo and being the revisionist power. Russia made similar claims about the US and NATO prior to the invasion of Ukraine. Another parallel is that militarized tensions pose the risk of generating spirals of escalation. If I believe that my adversary is not reading deterrent signals accurately, the appropriate response is to up the ante. As China sought to send strong signals to the US during and after Pelosi’s visit, so Pelosi sought to send the message that the US Congress has obligations to Taiwan, and that China ignores those at its peril.

On the other hand, the lessons of Ukraine

References


2 China Power Project, “Tracking the Fourth Taiwan Strait Crisis,” Center for Strategic and International Studies, Aug. 19, 2022, chinapower.csis.org/tracking-the-fourth-taiwan-strait-crisis
might be read through a very different lens: as an extraordinary strategic blunder on the part of Russia for which it will pay long into the future. This assessment would underscore the variety of risks associated with escalation, and, correspondingly, the forces pushing toward restraint. These include higher levels of economic interdependence among the protagonists and the myriad of domestic political risks that a war might pose. If these are the lessons of the Ukraine crisis, it is critical to think through the mutual assurances that will tamp down the risks of escalation.

This Global Asia cover package on contingency in the Taiwan Strait picks up from the one in the last issue of the journal on the implications of the war in Ukraine for Asia. We would like to express our gratitude to the Asia Research Fund for its generous support of this package, which emerged out of a collaboration between the University of California Institute on Global Conflict and Cooperation (IGCC) and the Sejong Institute.

**Core Issues**

Our package begins with a cluster of five papers that take up the positions of China, the US and Taipei, the core players involved if a crisis were to escalate into a confrontation. Zhang Tuosheng offers a straightforward defense of China’s position on the Taiwan issue. He notes the centrality of the One China Principle and the 1992 Consensus and makes the argument that it is Washington and Taipei—not Beijing—who are the revisionist powers. He underlines the commitment to peaceful unification and argues that China will need to use soft as well as hard power to address the widening gulf across the Strait. Moreover, Zhang Tuosheng outlines the US-China Joint Communiqués but also on unilateral statements of policy contained in the Taiwan Relations Act and the Six Assurances. Many analysts have portrayed Washington’s long-standing “strategic ambiguity” as a tepid alternative to strategic clarity. Lee, by contrast, argues that the existing policy allows the US to provide greater support for Taiwan than many realize. But not all aspects of the status quo policy are satisfactory, in Lee’s view. For complex legal and historical reasons, the Taiwan Relations Act does not define any policy toward the outlying islands that Taipei controls off the coast of China and in the South China Sea. This weakness in the One China policy would become all too apparent in the event of a contingency centered on these islands, which could trigger a humanitarian crisis involving tens of thousands of refugees or fundamentally change the status quo in the South China Sea.

Lin walks the reader down the long, winding road that brought the US to its current Taiwan policy. Once skeptical of the risks posed by the ruling Democratic Progressive Party (DPP), the US gradually accommodated itself to President Tsai Ing-wen and to shifting public opinion in Taiwan in the wake of events in Hong Kong. Those changes have overlapped with a significant shift in opinion about China in the US. The dominant narrative is that China’s behavior across the Taiwan Strait is redolent of its salami tactics elsewhere: undertaking small actions designed to gradually shift the status quo to a new normal. But Lin notes that Beijing may not respond incrementally to perceived shifts in US policy, as in 1995-96, it may seek to shift the game entirely. The strong response to the Pelosi visit, echoing how a visit by then-president Lee Teng-hui to Cornell University triggered the third strait crisis, makes the point. Needless to say, the escalation dynamics in the two worlds—one in which China makes incremental moves, another in which it escalates sharply—are dramatically different. Lin mirrors Zhang in arguing that the US and China need to find their feet on the issue and seek a path back to the status quo ante.

Jaw-Ling Joanne Chang, then Hsin-Hsin Pan, Wen-Chin Wu and Chien-Huei Wu take up Taipei’s perspective. Chang gives an analysis of the Tsai Ing-wen administration’s strategy toward cross-strait relations, including Taiwan’s efforts to improve its international standing. She winds the clock back to 2016, when the new Tsai administration declined to accept the 1992 Consensus but affirmed its support for the status quo. After Beijing rejected this olive branch and embarked on a campaign of pressure and isolation, Taipei went on the defensive. It expanded economic and political partnerships with like-minded democracies, especially the US, and actively resisted Beijing’s attempts to marginalize Taiwan on the world stage. Taipei’s strategy of enhancing its autonomy through international engagement and pursuing defense modernization continues to this day, but Chang concludes with a call for dialogue as the basis for peace in the Taiwan Strait.

Pan, Wu and Wu present data on public opinion that capture how the Taiwanese public views Beijing and Washington. They show that China...
lacks credibility in Taiwan, particularly since the crackdown in Hong Kong. Even major policy concessions from Beijing are not likely to significantly change the willingness of voters in Taiwan to support unification. They also show that respondents are polarized on the credibility of the US. The vast majority of those who believe the US is credible believe Washington will intervene to defend Taiwan, even if it is Taipei that unilaterally changes the status quo. Meanwhile, among those who do not believe the US is credible, half do not think the US will intervene even if it is Beijing that unilaterally changes the status quo. These divergent beliefs about US credibility have not previously received significant attention, but it is an important factor shaping how the electorate might respond to renewed Taiwan Strait tensions.

REGIONAL DYNAMICS
A second cluster of papers zooms out to survey the broader regional response. Just as the dynamics of the Ukraine war have been fundamentally shaped by the response of the EU and NATO as well as the US, so the outcome of a Taiwan contingency will depend in no small measure on how the other actors both inside and outside the region respond. As the Ukrainian war is also showing, those responses are the outcome of geopolitical factors, strategic calculations, economic considerations and ultimately domestic politics. What risks are governments willing to take? And what costs are publics willing to bear?

Noboru Yamaguchi tracks not only the course of Japanese declaratory policy on Taiwan, but also the fundamental shift in military doctrine and force deployment that occurred during the Shinzo Abe era. How far Japan would actually go in the case of a shooting war across the Taiwan Strait remains unclear. But geography dictates that Japan think hard about bolstering its capability to defend its own territory in the maritime southwest. These calculations of necessity put additional military forces into the equation around the Strait and demonstrate how easily the scope of a crisis could expand geographically.

Jungsup Kim and Kwang-Jin Kim reveal the contradictory pressures on neighboring countries by focusing on the South Korean case. They begin with the basics, showing how Seoul is likely to pursue its national interests, which include three sometimes competing objectives: maintaining the US alliance; taking advantage of its robust economic relationship with China; and deterring North Korea (sometimes through a stress on a deterrent force posture, other times through negotiation). These cross-cutting interests don’t always argue for a straightforward defense of US interests with respect to Taiwan. They outline circumstances in which concerns about China and the stability of the Korean Peninsula could well undermine robust support for US intervention.

Iain D. Henry and Evelyn Goh begin by dissecting US assumptions about how the region would respond to a Taiwan contingency, and they find those assumptions wanting. A consideration of one of Washington’s staunchest allies, Australia, reaches conclusions that are closely aligned with the analysis of Kim and Kim on South Korea: that support for the US in a Taiwan contingency may be less robust than thought. They show that this is even truer in Southeast Asia, where countries have an overriding interest in geo-economic stability and maintaining the status quo.

Zsuzsa Anna Ferenczy rounds out this group of articles by underlining how Europe is seeking to define a coherent strategy toward Asia, including not only China but Taiwan as well. Strategically, the Asia-Pacific may seem far from Brussels. But growing economic dependence on China, deterioration in political relations with Beijing and now China’s alignment with Russia have all accelerated a fundamental rethink. Sentiment is growing that Europe — institutionalized through both the EU and NATO — needs to find a common posture on the Indo-Pacific and that Taiwan is an unavoidable component of that equation.

Two final articles address enduring functional issues: the changing nature of the military balance and the constraints and opportunities provided to the parties by the dense economic interdependence across the Taiwan Strait and in the Asia-Pacific more broadly.

Robert Thomas provides a military lens and argues that China is currently in a position — now — to take Taiwan. The only question is whether it wants to absorb not only the military costs but also the political and economic fallout. That said, Thomas outlines a strategy for the US and Taiwan to increase the costs for China to make such a move. An interesting irony of Thomas’ article is that it takes a page out of the “anti-access/area denial” strategy that China has developed vis-à-vis the US in the theater, arguing that Taiwan needs to develop its own A2/AD approach.

Finally, T.J. Pempel pulls us back to the economic context in which the conflicts in Ukraine and the Taiwan Strait have unfolded. Vladimir Putin miscalculated, at least so far, that European dependence on Russian gas and oil would act as a deep constraint. Pempel is more sanguine and contends that liberal arguments about the restraining effects of interdependence are likely to kick in as a force for restraint across the Strait. But he notes that restraint on the military front does not necessarily spell the end of trouble across the Strait. In contrast to Russia vis-à-vis Ukraine, China has the power to use its significant interdependence with Taiwan to seek a more pliant Taiwan.

Taken in sum, the articles here serve as a reminder of how volatile the Taiwan Strait has become. We are led to the conclusion that the guns of August did indeed mark a Fourth Taiwan Strait Crisis, one by no means resolved. The events that unfolded in the wake of the Pelosi visit reflect not only short-term calculations but also longer-term trends — particularly in Taiwan itself — that pose profound dilemmas for the Chinese leadership.

A second conclusion is that uncertainty is higher than appreciated with respect to how parties in the region will respond to further escalation, let alone conflict. Despite forward-leaning statements from the leaders of the US, Japan and other democracies, the international coalition in support of Taiwan is by no means assured.

Yet a final conclusion is that, as in Ukraine, much will depend on which side is perceived as the revisionist power; the dispute is about perceptions and narratives as much as hard power. If China continues to chip away at Taiwan’s freedoms to maneuver, it may prove difficult to mobilize a coalition in its support. Pelosi’s visit was an effort to send a stronger signal precisely for that reason. On the other hand, China could easily err in the direction of overreach. While escalation in the Taiwan Strait crises of the 1950s and 1990s was ultimately bounded, it is far too soon to console ourselves with thoughts of how the current crisis will be resolved. It is plausible that we are entering a new era of chronic us opposed to episodic tension.

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What the Taiwan Relations Act Really Means for US Policy
By James Lee

Received wisdom has it that Washington practices ‘strategic ambiguity’ on Taiwan, meaning it isn’t clear whether a move by Beijing to unify the island with the PRC would trigger US intervention. Supposedly, this is categorically different from strategic clarity, as in the US’ commitments to its treaty allies.

In reality, writes James Lee, the Taiwan Relations Act differs in ambiguity from the North Atlantic Treaty by degree, not by kind — and it contains far greater scope for US action than widely recognized.

IN RECENT YEARS, strategic ambiguity has been the most controversial aspect of Washington’s One China policy. It means the United States does not say whether, or under what conditions, it would intervene in the defense of Taiwan. The alternative is strategic clarity, under which the US would make a clear commitment to Taiwan as it does to its treaty allies. This distinction exaggerates the differences between these alternatives, and analysts on both sides of this debate rarely acknowledge that the Taiwan Relations Act (TRA) is more expansive than an alliance treaty. It may not commit the US to defend Taiwan in the event of a military contingency, but it does define an extraordinarily wide range of conditions under which Washington could intervene — wider, in fact, than those specified in the North Atlantic Treaty. And while the TRA uses ambiguous language about how exactly the US would react, that kind of ambiguity is also present in the North Atlantic Treaty, only to a lesser degree. The TRA’s language shows it is closer to an alliance treaty than many realize.

This does not mean that all aspects of the existing policy are adequate, however. The TRA only defines Taiwan as including the main island of Taiwan and the Penghu Islands. It is silent on Taiwan’s outlying islands: Kinmen and Matsu (Jinmen/Quemoy and Mazu) off the coast of China; and Pratas and Itu Aba (Dongsha and Taiping) in the South China Sea. These could be targeted by Beijing, as shown by recent incursions by Chinese drones and the territorial airspace of Kinmen County (Taiwan’s military shot down on Sept. 1), and there is evidence that Beijing has previously debated seizing Pratas. Taipei would suffer a severe blow from the loss of Kinmen and Matsu, which would also trigger a humanitarian crisis as tens of thousands of people would need to be evacuated to the main island of Taiwan. If Beijing seized control of Pratas and Itu Aba, it would set an alarming precedent not only in the dispute over Taiwan, but also in the disputes over the South China Sea. The US would have to decide how to respond, but the TRA does not define a policy on any of the outlying islands.

Comparing the Taiwan Relations Act and the North Atlantic Treaty
The TRA is a cornerstone of Washington’s One China policy, under which the US maintains unofficial relations with Taiwan and opposes unilateral changes to the status quo. It may not be an alliance treaty signed and ratified among multiple states, but that does not mean that it defines a uniformly weaker US role in Taiwan’s security compared to an alliance treaty. In contrast with the North Atlantic Treaty, the TRA is broad and shallow, while the North Atlantic Treaty is narrow and deep. Some exemplary language from the TRA makes the point:

It is the policy of the United States … to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people of Taiwan. (TRA 2(2)(f))

The President is directed to inform the Congress promptly of any threat to the security or the social or economic system of the people on Taiwan. (TRA 2(2)(f))

This language lays out an expansive set of conditions that might trigger a US response, such as a blockade, a boycott, a cyberattack, subversion, a limited military campaign or a full-scale invasion — essentially any scenario that could be interpreted as an attempt by Beijing to unilaterally change the status quo. That is why it is broad.

It is also shallow, however, because it does not say what the US would actually do in a contingency. Subsection 2(2)(f) says the US will “maintain the capacity” to intervene, but it does not commit the US to exercise that capacity, and Subsection 3(3) only says that the president and the congress “shall determine … appropriate action.” A Senate report during the drafting of the TRA noted that “it may be the judgment of the United States that the most effective action, from the standpoint of the United States or the people on Taiwan or both, is no action.” Compared to the relevant subsections of the North Atlantic Treaty, Article 5 of the North Atlantic Treaty defines a limited set of conditions under which the US could intervene to support its NATO allies, but it states that the US would do so:

The Parties agree that an armed attack against one or more of them in Europe or North America shall be considered an armed attack against them all and in such event, the Parties, individually and in concert with the other Parties, will assist the party or parties so attacked. (Emphasis added.)

The condition under which the US would intervene is specifically defined as an armed attack, and it does not explicitly include non-military threats like boycotts, embargoes or subversion. That is why the North Atlantic Treaty is narrow. It is also deep because it says that if that condition is fulfilled, the US (and all other NATO members) will assist the party or parties under attack. It also defines the response by the end state it is meant to achieve, namely “to restore and maintain the security of the North Atlantic area.” In contrast, the TRA does not say that the US will assist Taiwan in the event of a contingency, nor that the US will define appropriate action in reference to restoring and maintaining security in the Taiwan Strait or the Western Pacific.

But even the North Atlantic Treaty is ambiguous about what each party would do. It commits each party to take “such action as it deems necessary, including the use of armed force.” The reference to armed force is more pointed than the language of the TRA, but it is only listed as a possibility.

Article 5 does not express an ex ante commitment to use force. As Michael Glennon has explained, one of the reasons why US alliance treaties don’t provide absolute clarity is the fact that that kind of guarantee would be questionable under...
The Taiwan Relations Act provides the US with an extraordinarily broad mandate to intervene in the Taiwan Strait… It comes closer to an alliance treaty than many realize, given that alliance treaties also contain ambiguous language about how the parties would respond to a particular contingency.

Trouble in the Outlying Islands?
Yet some aspects of the status quo policy—or rather the lack of a policy—give cause for concern. In Subsection 15(2), the TRA defines Taiwan as including Taiwan and the Penghu islands (also known as the Pescadores). But Taipei does not only control Taiwan and Penghu. It also governs two sets of so-called outlying islands: Kinmen, Matsu, and Itu Aba, which are the last foothold of the Republic of China in the South China Sea. During the drafting of the TRA, members of Congress decided not to include these outlying islands in the definition of Taiwan because of fears of entrapment. But that was a reaction to the crises of the 1950s, when constitutional law, which invests Congress with the power to declare war. Because they are rooted in US domestic politics, these legal issues affect any kind of US military intervention abroad, so it is not surprising that there is ambiguity in both the North Atlantic Treaty and the TRA. In fact, the strategic ambiguity in the TRA did not originate in dual deterrence or any kind of international strategy, but in the desire on the part of Congress to ensure that the TRA would not provide greater authority for the president to deploy US forces abroad than what already existed under the War Powers Resolution, which also governs alliance treaties. There is a difference between the TRA and the North Atlantic Treaty, to be sure; but it is not the difference between night and day.

In summary, the TRA provides the US with an extraordinarily broad mandate to intervene in the Taiwan Strait. It is not an alliance treaty, but it comes closer to an alliance treaty than many realize, given that alliance treaties also contain ambiguous language about how the parties would respond to a particular contingency, and nearly the TRA more than compensates for its lack of depth through the breadth of US support for Taiwan’s security. This breadth is well suited to the multidimensional nature of the threat that Beijing poses to Taiwan. It shows that the US is prepared to respond to the full spectrum of economic, kinetic and grey-zone threats to “the security, or the social or economic system” of Taiwan.

Kinmen and Matsu were heavily militarized and used to launch raids against the mainland. Today, different issues surround the outlying islands, and the US needs a contingency plan.

The loss of these islands to the People’s Republic of China would set an alarming and dangerous precedent for the security of the Taiwan Strait and the South China Sea. With more than 150,000 Republic of China citizens living in Kinmen County and Lienchiang County (Matsu), a military contingency would also set off a humanitarian crisis. Many would have to be evacuated or resettled in Taiwan or Penghu — a formidable challenge in any event, and especially challenging in a military crisis in which PLA and Taiwanese forces would be engaged in the vicinity. Taipei would likely ask Washington for assistance to protect the humanitarian corridors to evacuate residents of Quemoy and Matsu. A historical parallel may be found in the First Taiwan Straits Crisis, when the US Navy provided ships for Taipei to evacuate 28,000 people from the Tachen islands, the last foothold of the Republic of China in the South China Sea. As well as complicating US efforts to evacuate residents, they need to convince those countries that they are upholding the status quo and that Beijing is the revisionist power. That means deepening the US’ support to Taiwan.

For Pratas and Itu Aba, PLA annexation would mark a new phase in the South China Sea disputes, as China would go beyond building and militarizing artificial islands and making expansive maritime claims to seizing territory from another claimant. How the US would respond, and what changes this might require to US policy in the South China Sea, remains an open question. Would the US be prepared to use force to expel the PLA from Pratas and Itu Aba to deter Beijing from annexing other features in the sea? If so, how would the US manage the risk of escalation? Tiny though Taiwan’s outlying islands are, they raise a number of strategic, political and economic questions for the US.

Conclusion
I have argued in this essay that the Taiwan Relations Act provides greater scope for the US to support Taiwan in a military contingency than many realize. The debate on strategic ambiguity creates the impression that it is a weaker policy of support for Taiwan than a policy of strategic clarity would be. But if one examines the actual text of the TRA, the statement of US policy is not objectively “better” or “worse” than Washington’s commitment to its NATO allies. Compared to the North Atlantic Treaty, the TRA has greater breadth but less depth in terms of defining when the US could and would intervene. Given that Beijing has confronted Taiwan with a range of threats that go far beyond “armed attack,” the TRA is suited to addressing a range of actions in the Taiwan Strait. And even though it has less depth than the North Atlantic Treaty, the contrast is not as stark as recent policy debates have suggested. Even in the North Atlantic Treaty, there is an element of ambiguity.

Strategic clarity would strengthen US support for Taiwan, but only at the margins, and it could come with wider risks. As well as complicating US efforts at deterrence, it could raise serious concerns—not only in Beijing, but also in Tokyo, Seoul, Canberra and Brussels—that Washington was changing the status quo in the Taiwan Strait. There is an emerging international coalition of democracies that have voiced support for Taiwan in recent years, but that coalition is still fragile. If the US and Taiwan want to be supported by like-minded countries, they need to convince those countries that they are upholding the status quo and that Beijing is the revisionist power. That means deepening co-operation within the scope of the One China policy, of which the TRA is an essential part.

But not all aspects of the existing policy are satisfactory, and the TRA only helps to maintain peace and security where it applies. The omission of the outlying islands in the definition of Taiwan means that the US is not fully prepared, at a political and strategic level, for responding to a contingency. A full-scale PLA invasion of Taiwan may not be likely in the near term, but Beijing could still try to annex territory by launching an attack on Kinmen, Matsu, Pratas or Itu Aba. It is unlikely that Taipei could maintain control of these islands, even with Washington’s assistance, but defining a policy would enable the US to plan effectively for this kind of contingency.
The Defense of Taiwan: Confusion, Ambiguity or Clarity?
By Robert Thomas

One clear consequence of Russia’s invasion of Ukraine is to have focused minds on the woeful capacity of Taiwan to defend itself should Beijing ever decide to take the island by force. Odds are that China would prevail over the democratically ruled island if it acted now.

This needn’t be the case. Robert Thomas, former commander of the US Seventh Fleet, lays out what it would take to fend off such an effort by China.

OVER THE PAST two decades, significant improvements in the military capability of the People’s Republic of China (PRC) have changed the balance of power in Asia. It is time for the policy conversation to catch up with this reality. China can bring Taiwan to unification by force today, at significant cost, but with probable success. The expansion of the People’s Liberation Army (PLA) in all of its incarnations (Army, Navy, Air Force, Rocket Forces, Cyber Force, Space and Intelligence Forces, and Special Operations Forces) since the late 1990s has been impressive. China continues to accumulate advantages over its neighbors, and gone are the days when the US Seventh Fleet could be dispatched to contain bad behavior in the Taiwan Strait. The United States does not have the force posture in the region to defend Taiwan in a meaningful way if China decides to come across the Taiwan Strait today.

Additionally, the Ukraine conflict and recent comments by the US administration have added intensity to the Taiwan security spotlight. Strategic ambiguity has seemingly been replaced by strategic confusion, which may leave the defense of Taiwan more uncertain and more dangerous. The dilemma for the US and its allies in Asia: if the US becomes directly involved, the conflict becomes a US-China fight and not an effort to “defend” a specific partner. A similar calculation by the US and its NATO allies has been made in the Russia-Ukraine conflict. Coming to the aid of Taiwan without direct military action, like NATO’s support for Ukraine, may mean just “losing slower.” The US and its allies can support the defense of Taiwan if a change in policy is clarified, but this will hinge as much on
A Taiwanese soldier observes artillery shelling during combat exercises in Pingtung county, Taiwan, on Sept. 6. President Tsai Ing-wen has said that Taiwan’s armed forces are growing more capable of countering China’s military pressure. Photo: EPA/Ritchie B. Tongo

political will as established military capability. If the US and probably Japan are not fully committed to supporting Taiwan in a major contingency, then perhaps strategic ambiguity should be maintained. With that rather pessimistic assessment in hand, how might the US and its allies better assist in the defense of Taiwan?

A Decision for China?
A major tenet in military planning is “the enemy gets a vote.” The most likely decision for China with respect to the unification of Taiwan is to maintain the status quo for the foreseeable future. China’s incrementalism has its Asian neighbors on the back foot and time may be on Beijing’s side as it continually changes what is accepted as the “status quo.” However, given that China is learning from the conflict in Eastern Europe, the fight in Ukraine may change Beijing’s military calculus in one of two ways. It may delay any planned attempt to seize Taiwan until it has fully assessed the Russia/Ukraine War and made necessary changes to its technology, doctrine and training. Or it may accelerate an attempt to seize Taiwan, sensing a window of opportunity that is closing based on Taiwanese preparations. Again, if the US moves away from strategic ambiguity and potentially increases efforts to improve Taiwan’s military readiness, this may have a direct effect on China’s decision.

How Might This Conflict Unfold?
Applying initial Ukraine lessons to a plausible scenario has to be discounted due to geography and the strength of China compared to Taiwan across a wide range of power instruments. NATO was quick to take false positives from the Ukrainian defense of its homeland, and now the pundits are realizing that the grinding war of attrition conducted by Russian forces is perhaps what they had in mind all along. A major combat operation initiated by China across the Taiwan Strait may present itself in a couple of different ways.

The first option is a sudden, combined-arms conventional attack, enabled by a large number of Missile Forces and Special Operations Forces (SOF) that aims to present a fait accompli before either the West or Taiwan can organize meaningful military, economic and political responses. The key factor here is speed. The masking of force concentrations under the rubric of a large military exercise may be the key indicator of this type of approach.

A second option is an extended coercion/hybrid campaign, with a conventional attack only as a last resort and coup de grace. In 1999, two PLA colonels wrote a critique entitled “Unrestricted Warfare.” It is a blueprint for a whole-of-society approach to conflict. China will not provide a symmetrical set of targets for the defenders of Taiwan. The invasion would be an exercise in hybrid warfare with few off-rams once it begins. The difficulty will be in determining when it begins. Does China already have agents located in Taiwan conducting assessments of how to negate Taiwan’s defenses? All domains will be involved (air, land, sea, cyber, space). China will take down Taiwanese communications networks and electrical grids and attack Taiwanese business infrastructure via a relentless network offensive over weeks and months if necessary. What will appear as an inconvenience at first will ramp up to a serious degradation in Taiwan’s way of life. This may be enough to send the Taiwanese to the negotiating table with unification under communist party rules.

Enhancing Taiwanese Defensive Capability and Capacity Now
Given the possible scenarios, what should the US and other partner nations do today to help Taiwan impose costs on potential aggressors in an effort to preserve its democratic political system, market economy and socio-cultural heritage? The US should help Taiwan’s military focus on short-range defense. Be the toughest target you can be. The first and most essential element in that defense is the improvement and expansion of military personnel. Taiwan must improve the reserve capability and quickly move to a national service model that looks more like South Korea or Israel. When the pressure is on, units tend to default to their basic level of training so the higher you move that bar, the more likely is an effective defense. For planning purposes, assume no immediate re-supply. As previously mentioned, count on the US and its partners to hesitate due to fear of escalation. Additionally, re-emphasize the use of widely distributed hardened sites.

Certain technologies need to be available in large numbers now, with the appropriate training such that the Taiwan military (active and reserve components) and some civilian portions of the population can operate the equipment. For example, portable/mobile anti-ship weapons...
systems like ROGUE (missiles that can be moved by trucks) can make a seaborne approach much more costly for the adversary.

Advanced sea and land mines are available from many sources today. Numbers count here, and the planning to make large areas of the Taiwan Strait inaccessible needs to be well thought out. This is an anti-access/area denial strategy on a small scale, which is of course ironic given the potential enemy:

Portable/mobile anti-air weapons that are particularly good against helicopters and cargo aircraft should be acquired. Again, the training needs to go along with the purchase. Additionally, there are many capable unmanned aerial vehicles (UAVs) that need little or no runway, like the Valkyrie system. We are seeing these types of systems used to effect by Ukrainian forces today.

The electronic warfare domain will be crucial to the defense of Taiwan. Portable/mobile electronic warfare capability and widespread access to commercial communications systems like Starlink will be important to complicate adversaries targeting Taiwan’s communications in both military and commercial applications. Again, lessons learned from Ukraine are germane. Although controversial, a large inventory of small arms to support a broad mobilization of the civilian population would make Taiwan an even tougher target.

Some other steps that can be taken in the short- to mid-term would be to 1) help develop a much larger, more capable Taiwanese Special Operations Forces capability; to include preparing for operations inside China; 2) as mentioned, adopt the Israeli Defense Force model for mandatory service training and mobilization; 3) establish and exercise robust mechanisms for two-way intelligence sharing with the US and other potential partners in the region; 4) prepare sites on the east coast for expeditionary re-supply and improve the ability to rapidly repair cross-island routes; and 5) stockpile food, water, fuel and medical supplies, again in widely distributed, hardened sites. Take a page out of North Korea’s playbook, use geography and a shovel to advantage.

Considerations in the Longer Term
Start an open discussion on the joint use of forward bases in Taiwan by US and allied forces on a rotational basis (the Australia and Philippine models). The diplomatic steps to establish this rotational arrangement would be a serious commitment by Taiwanese partners. One line of effort may work toward a permanent US presence in Taiwan. Given the absence of a NATO in Asia, providing a tripwire force on the ground would be analogous to the South Korea-US and Japan-US models of common defense. This leads to a probable discussion of a Mutual Defense Treaty, along the Japan-US and South Korea-US lines. This is, of course, a heavy lift diplomatically.

Regardless, exercises that emphasize meaningful war-fighting training conducted with the US and the militaries of other nations are essential. As part of these exercises, partners must assist Taiwan with a long-term hardening campaign. This includes leveraging a whole-of-society approach to national defense and getting serious about making commercial and governmental infrastructure more resilient. The large-scale national-level exercises held between South Korea and the US may provide a blueprint.

Conduct joint planning with partners to examine the feasibility of battlefield expansion should a major combat operation occur. This involves a willingness to impose costs across a wide range of domains and geography. Again, this is an escalatory concept and the planning effort can help governments prepare for that type of decision making. Ultimately, this type of “war-gaming” can help answer tough questions on risk and opportunities. Which of the adversary’s interests are you willing to hold at risk? How much tolerance/resilience do you have when the adversary responds? These are just two questions among many that can be exposed through a government-to-government planning process, and do not forget the commercial interests in the room.

The discussion thus far has focused on defensive capabilities and capacity. This means fighting with one hand. During the planning process governments should examine possible outcomes where offensive capabilities are brought to the area of operations. Ruling out strikes across the strait by or on behalf of Taiwan may be self-defeating. It will take political courage to tease out these issues in a meaningful way. Fear of provocation and/or escalation is rational but can be debilitating in the planning process.

Whither Taiwan’s defense? “PRC leaders are closing in on being able to use military means to compel Taiwan to accept unification.” That statement by Richard Bush in his book Difficult Choices; Taiwan’s Quest for Security and the Good Life identifies the central issue. Some would argue that China is already there. Depending on the cost China is willing to suffer, it could start across the Taiwan Strait tomorrow with a reasonable chance of success. Others will argue that growing Chinese military capability does not imply intent. However, in this case it is clear that intentions, capabilities and capacity all lead to a unity of effort by China with respect to unification by force if necessary. It is a poor planner who uses wishful thinking or hope as a course of action.

Ambiguity, confusion or clarity? The confusing statements by the current administration and the recent fallout from the Russia-Ukraine war have highlighted the difficulties for Taiwan and potential partners in defending against a determined, armed aggressor. The case of Taiwan stands in brilliant relief for decision makers. Japanese Prime Minister Fumio Kishida noted at the recent Shangri-La Dialogue that “Ukraine today may be East Asia tomorrow.” The diplomatic, economic and military interests of democracies in Asia make the case for external actors to come to the defense of Taiwan. It may be too late, but action verbs are now required if external contributions are to be effective in deterring China from using the “unification by force” option. No alternatives are good, some may be less bad, and all will be challenging.

Ready, begin.

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The Economic Costs of a Taiwan-China Face-Off
By T.J. Pempel

Amid growing concerns that rising tensions in the Taiwan Strait could lead to military conflict, one factor above all acts as a constraint on that happening: the sheer cost involved for all parties.

While this likely makes an attack on Taiwan the least preferred option for Beijing, Taiwan itself also faces towering challenges should it seek to decouple itself economically from China to escape coercion. T.J. Pempel lays out the economics of the situation.

ANXIETY ABOUT a potential Chinese invasion of Taiwan is overwrought. Without question, the current leadership of the People’s Republic of China has been laser focused on gaining political control of Taiwan. Yet ... any Chinese plans involving a military invasion must be recognized as only one contingent component in a long-term multi-dimensional strategy that braids together economic, diplomatic and informational components as well. Under present circumstances, despite China’s bombastic “wolf warrior” rhetoric, an invasion of Taiwan almost certainly remains near the bottom of the policy options for China’s leaders when they calculate the best path for absorbing Taiwan. This is because of the predictably high costs of an invasion compared to the much cheaper successes being achieved by other means, including, most obviously, economic ones.

CONQUEST WOULD BE COSTLY
A full-scale Chinese invasion of Taiwan would incur massive costs for China, Taiwan and any of its involved supporters, as well as for regional and global economies. Consider first the costs to China. Recent Chinese military expansions succeeded at little cost. The PLA Navy (PLAN) successfully carried out the buildup and militarization of several islets in the South China Sea with minimal pushback. Much the same was true of expansions into Philippine territorial waters. Similarly, China violated its 1997 promises to respect the status of Hong Kong, imposing a hard-line CCP crackdown on the island, again triggering little more than pearl-clutching dismay. Then, this August, China conducted several days of live-fire military exercises that disrupted commercial shipping and air activities and created a pseudo-blockade of Taiwan, again with no visible pushback.

While military strategists differ on the likely outcome of any Chinese military effort to sweep Taiwan under CCP control, few suggest that it would be quick and cheap. Despite the best planning by the PLA to prepare for engagement against Taiwanese forces and any potential supporters, it is difficult to imagine a full-scale invasion that would not trigger fulsome resistance.

Taiwan has expended considerable resources to bolster its asymmetric defenses, and recent military budgets have jumped exponentially to support transformation of the island into a sharp- quilted porcupine — painfully difficult to grab.

The United States, meanwhile, has strong legal and moral commitments to provide defensive assistance to a threatened Taiwan. Beyond any legal or moral incentive, Taiwan is a key link in the “first island chain” that if brought under Chinese military control would exert a profound shift in security across the Indo-Pacific. Meanwhile, an array of economic incentives would also spur the US, along with Japan and Australia, to defend Taiwan, most notably the deep dependence of all three on trade, investment and supply chain links with Taiwanese firms, most especially the sophisticated computer chips manufactured by Taiwanese firms such as Taiwan Semiconductor Manufacturing Company (TSMC) and ASE Technology, which dominate global production. Even among analysts who give the PLA the long-term edge in a military conflict over Taiwan, there is little question that invading Chinese forces would be met with massive military firepower and that any conflict would be bloody and costly for all involved.

The standard calculus is that an invader needs three combatants to overcome a single defender. That argues that China would need to transport as many as two million troops, along with thousands of tanks, artillery, guns, armored personnel carriers and rocket launchers across the 110 miles of the heavily mined Taiwan Strait, waters that are anyway amenable to such an invasion for only two or three months of the year.¹ The invaders and their ships would be sitting ducks for Taiwan’s mass-produced land-based anti-ship missiles. Landing after any crossing would...
present additional logistical challenges. The island’s mountainous east coast is all but devoid of potential landing spots, and only 14 of Taiwan’s west coast beaches are plausible sites, and most of these beaches are ringed by marshlands and mountains. Finally, and not least, 24 million Taiwanese, most of them heavily biased against absorption by China are likely to be able to mobilize for guerilla resistance that would add additional suppression costs following any invasion.

Beyond all the costs of an invasion, any post-victory parade through Taipei would have to be followed by massive cash infusions by China to rebuild Taiwan’s shredded infrastructure. And while hard infrastructure such as roads, bridges, railways and factories could be replaced by suitably substantial sums, the human resources lost through death and flight among Taiwan’s most talented people would present even greater replacement difficulties.

Beyond direct costs, China would face ancillary economic expenses in the form of disrupted supply chains and compromised sea lanes for energy, food and other key necessities including sophisticated technology components and many vital metals. An all-out military conflict would also incentivize many foreign companies now doing business in China and in Taiwan to move their facilities to less dangerous locations. China’s and Taiwan’s roles in the global supply chain would likely suffer medium- to long-term disruption. In addition, multiple Belt and Road Initiative investments across the world would likely be shelved as capital for military expenditures receives top priority. And despite China’s formidable economy, some trade and investment collaborators would be forced to delay or cancel ongoing or potential projects, if only in their own economic self-interest.

At a tertiary level, given China’s centrality in global and regional supply chains, an invasion would be disruptive and costly across numerous non-combatant countries, particularly in other parts of Northeast and Southeast Asia but also in Europe and North America. For instance, since 90 percent of the world’s top-end microchips are made in Taiwan, current chip shortages would seem trivial by comparison to what would follow an almost certain disruption of Taiwanese production. Finally, overseas Chinese companies would bear a considerable share of those costs. The longer the combat, the more far-reaching and devastating its costs.

It is clear that even if China were to apply the maximum force at its disposal to annex Taiwan, any victory would extract an extremely high and bloody price, most immediately on China and other combatants but with rippling damage far beyond. It is hard to imagine that China would risk any such costly action unless it was confident of victory and/or that its leaders had concluded that an attack was the only way to prevent continual erosion of its leverage in bringing Taiwan under its control.

Today’s anxieties about a forthcoming military confrontation must avoid downplaying or ignoring consideration of its high costs and consequent unlikelihood. This is especially problematic given China’s undeniable successes with the much lower cost facets of its long-term strategy to prevent de jure independence and eventually to absorb Taiwan. The more resources and attention devoted to highly unlikely military risks such as all-out invasion, the greater the risk of underplaying other aspects of China’s Taiwan absorption policy that are demonstrating much more effectiveness at much lower cost.

**WHY BUY A COW WHEN MILK IS SO CHEAP?**

As noted above, while China has not deviated from its enduring commitment to bring Taiwan under its control, Beijing’s strategy is long-term, multi-pronged and predicated on strategic patience. Examining Beijing’s overflowing toolbox of tactics makes it clear that a frontal military invasion by the PLA on Taiwan is among the least likely tools to be put in play.

Most prominent in China’s strategy are economic blandishments and blackmail. Central to this strategy is a reliance on the magnetic attraction of a robust and technologically sophisticated Chinese economy that will prove irresistible to various groups of Taiwanese from business leaders to students to farmers. Beijing offers a host of economic incentives to Taiwanese businesses including favorable trade arrangements and encouragement of Taiwanese investment in the mainland; it funds various cross-strait exchange programs and advances Chinese tourism to Taiwan; and it has invested in Taiwanese media companies designed to win over Taiwanese hearts and minds. These groups then become potential advocates for accommodation to Chinese political demands and against greater Taiwanese autonomy.

Simultaneously, China has systematically used its economic and diplomatic powers with various governments around the globe to draw them closer to China’s views and further from Taiwan’s. This includes leveraging China’s influence in a wide array of global institutions to spread pro-China norms and prevent Taiwan from gaining significant international recognition or organizational representation. The goal is a continual constriction of Taiwan’s diplomatic space.

Chinese efforts to foster closer cross-strait economic links received a substantial boost when Taiwan liberalized its rules governing external investment and trade with the mainland. Taking advantage of these altered rules, Taiwanese businesses invested massive amounts in main-
land factories, attracted by the abundance of cheap labor and financial windfalls from local Chinese officials to build in their locales. A KMT government receptive to closer ties signed both the 2010 Economic Co-operation Framework Agreement and the 2014 cross-strait Service Trade Agreement, a combination that further boosted economic interdependence even as it triggered the opposing Sunflower Movement within Taiwan. In conjunction, China facilitated waves of group tours to Taiwan, providing a boon to the Taiwanese tourism and service industries. However, such cross-strait interdependence was highly asymmetrical, leaving Beijing capable of exerting geo-economic leverage for political purposes.

China's end goal in such efforts was the peaceful absorption of Taiwan through ever-deepening and ever-more-asymmetric economic interdependence. The expectation was that interdependence would eventually blossom into economic fusion, allowing Beijing to gain a massive enhancement of its economic sophistication. Control of Taiwan would allow it to absorb advanced manufacturing operations including a huge supply of the world’s most complicated computer chips, as well as gaining access to a wealth of engineering, technological and managerial talent, and most significantly, relatively pain-free reunification.

Those expectations have faded to some extent with the big electoral wins by the anti-integration Democratic Progressive Party (DPP) and pervasive Taiwanese dismay at China’s increased military actions in the seas around Taiwan, the crackdown on Uighur religion and culture in Xinjiang and, most importantly, the brutal abrogation of China’s commitments to “one country, two systems” in Hong Kong. Taiwan was not alone in its concerns about the island’s heavy dependence on China’s economy as the US, Japan, Australia and others took steps at limited economic decoupling from China. Such decoupling has sought to move away from “just in time” globalization and its resultant vulnerability to economic blackmail in favor of more expensive but potentially more secure supply chains — what is now known as a “just in case” strategy that prioritizes doing business with countries your government deems friendly. To this end, Taiwan’s electronics assemblers cut their assets in China from 50 percent of their assembly facilities to 35 percent since 2017 as clients such as Apple demand diversification.

Nevertheless, Taiwan remains highly dependent on the mainland economically, and Beijing retains considerable leverage. Taiwan continues to be one of the biggest investors in China with investment stock totaling US$193.51 billion. Trade shows a similar reliance. In 2020, the value of cross-strait trade was US$166 billion. The mainland continues to take 28.2 percent of Taiwan’s exports while Hong Kong takes another 14.1 percent; this compares with only 14.7 percent to the US and 6.5 percent to Japan. Thus, China and Hong Kong take three times more Taiwanese exports than does the US. Despite multiple Taiwanese efforts to reduce such dependence, it remains stubbornly high. Equally problematic for Taiwan is the fact that Chinese firms continue to attract top engineers and technicians from Taiwanese firms with superior salaries and responsibilities. In short, China retains extensive economic leverage over Taiwan.

Beijing regularly exploits its influence with stop-and-start restrictions on Chinese citizens’ travel to Taiwan or selective boycotts of Taiwanese exports such as pineapple or grouper that expose the vulnerability of small- and medium-sized Taiwanese businesses to Chinese reactions to the perceived hostility or friendliness demonstrated by Taipei’s leaders. Significantly, China’s targets have usually been rural or service sector workers who are disproportionately DPP supporters. In contrast to such anti-DPP sticks, seductive carrots are held out for big business leaders who are closer to the KMT.

Focusing on such relatively low-cost tactics is not to ignore the military component of China’s long-term strategy. Chinese military forces similarly raise or lower tensions with gray-zone probes and provocations calculated to avoid triggering any kinetic responses by the Taiwanese or US military. These were escalated to include the live-fire exercises that followed the visit to Taipei in August by Nancy Pelosi, Speaker of the US House of Representatives. All are calibrated to raise defense anxieties, and to intimidate Taiwanese business and political leaders, along with the general citizenry. In short, Chinese military and economic actions aim to demoralize Taiwan’s society and undermine popular support for the government in Taipei while making it clear that such demoralization could cease if only Taiwan was to be “friendlier” to China. Even under DPP administrations, China’s economic strategy is accomplishing far more, at far less cost, than would a bloody and costly invasion.

WHAT IS TAIWAN TO DO?

A logical answer for Taiwanese policymakers and the governments that support them would be to further decouple Taiwan from its current interdependence with China and to expand its ties to friendlier countries. Doing so would not be easy, however, as statistics on investment and trade dependence make clear. Taiwanese firms operating in China that try to reshore would face huge increases in labor costs and a shortage of skilled operators. Nor would it be easy for Taiwanese firms to move their productive facilities to other parts of the region, such as Southeast Asia. In addition to language and cultural complications, most countries in Southeast Asia lack the large numbers of skilled engineers and technicians that would be needed to meet the demands of potential Taiwanese investors. And countries worried about the wrath of China would be loath to facilitate such Taiwanese moves.

Far better but also not easy would be a strategy aimed at moving more quickly up the technological gradient and away from the low-margin, low-profit goods so prominent for today’s Taiwanese businesses. Taiwan would benefit from diversifying the industries in which it does well, particularly when doing so would reduce its dependence on China-centric supply chains. But doing so would require not only huge investments in selective industries, but also attracting back many of the highly talented Taiwanese nationals now working in China and being paid far more than their Taiwanese counterparts. None of this will be easy for Taiwan. Nevertheless, given the centrality of Taiwan to the security considerations of the US, Japan and others in the region, they have every incentive to facilitate such efforts with at least the same fervor they devote to attempting to respond to a hypothetical military invasion. Of unquestionable benefit to Taiwan would be allowing its participation in both bilateral and multilateral free trade agreements such as the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP). Yet such moves would require strategic courage by countries such as the US and Japan while at the same time raising anxieties in Beijing that Taiwan was enhancing its de facto independence and that reunification was slipping away. In short, Taiwan’s options remain limited and dangerous, even if a full-blown invasion remains improbable.

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