

# Taiwan Thorn in Chinese Rejuvenation

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## Abstract

The ramifications of geopolitical tensions between China and Taiwan are wide-reaching, and the “Taiwan Question” ceases to be China’s domestic affair. Wanting to stop at nothing less than the complete absorption of Taiwan into China, Beijing has consistently put concerted efforts, including offering economic inducements, to isolate Taipei and make Taiwan a “pariah nation”. Despite this, Taiwan is the world’s largest semiconductor exporter and is an integral part of the global chain for the supply of electronics and machinery. Such economic, and military deterrence has kept China away from annexing Taiwan completely so far. Taiwan continues to stand as a sore thumb in achieving the Chinese dream by 2049. The focal point of this article is to expound the reasons for the rise in tensions specifically in the last three decades and the impact of Beijing-Taipei dynamics on other countries.

## Introduction

The year 2021 marked the centenary of the founding of the Chinese Communist Party. Since, then, the idea of realizing the Chinese Dream which is to rejuvenate the Chinese Nation, has gained strong momentum (Boran, 2021, pg 112). In this course, resolving the “Taiwan Question” becomes indispensable for the Chinese dispensation to achieve China’s rejuvenation (The Taiwan Affairs Office of the State Council and The State Council Information Office, PRC)<sup>1</sup>. China has consistently held that the Taiwan Question is China’s internal matter, firmly resisting any external forces trying to act upon it. Asserting that it arose out of the “weakness and chaos of the Chinese Nation”, PRC’s President Xi Jinping described the independence of Taiwan as “*the greatest obstacle to national reunification and a grave danger to national rejuvenation*”, at the 110th commemoration of the 1911-Chinese Revolution (The National Committee of the Chinese People’s Political Consultative Office). President Xi is of firm resolve to settle the Taiwan Question once and for all under his leadership. Fanning Chinese Nationalism, he has taken aggressive stances toward protecting the sovereignty of China, even ordering the Chinese military to increase its presence near the island (Mastro, 2021). The tensions in the Strait<sup>2</sup> are now palpable.

## Historical context

China and Taiwan have been officially separated since 1949 at the end of the Chinese Civil War (Mastro, 2021). The Chinese Civil War resulted in the defeat of the Nationalists on mainland China, and a complete overtake of mainland China by Communists, who formed the People’s Republic of China. The defeated Nationalist government, the Republic of China<sup>3</sup>, evacuated to Taiwan. Since then, the island has been perceived by the Nationalists<sup>4</sup> as only a temporary base until the mainland could be taken over (Tehyun,

<sup>1</sup> PRC refers to the People’s Republic of China

<sup>2</sup> Refers to Taiwan Strait

<sup>3</sup> “Republic of China” refers to Taiwan

<sup>4</sup> Nationalists in this article refers to leaders/citizens of Taiwan

2019). In the initial years following the 1949 events, the Republic of China (Taiwan) stood as the sole Chinese nation in the world. The United States of America had also recognized the Republic of China as the “sole legitimate government for all of China”, despite the Truman Administration quite abandoning the ROC by issuing statements on neutralizing the Taiwan Strait (Matsumoto, 2012). Things began to slowly change and in 1972, for the first time, PRC gained recognition at the UNO. In 1979, the situation for Taiwan further deteriorated as the United States of America severed official ties with Taiwan and officially recognized the PRC (A. McCord, 2017). Since 1949, China and Taiwan have had several skirmishes and confrontations.

### **Taiwan Strait Crisis**

Taiwan Strait is a meridional channel that connects the East China Sea with the South China Sea (Sen, Wang, Chern, & Chao, 2002). The area is marked by tensions between the PRC and the ROC, with several hostilities transpiring. The first confrontation between the PRC and the ROC was in 1954. PLA bombarded Quemoy, an island under the ROC's control which started the First Taiwan Strait Crisis. In 1955, at the Bandung Conference, as the crisis persisted, the Chinese Premier, Zhou Enlai called for a ceasefire in the Strait, ending the First Strait Crisis. As the situation de-escalated, ROC was clear on one thing - the United States could not be a trusted ally with its ever-changing policy stances. The USA's policy of dual deterrence meant a freezing of the status quo, practically a Two-China solution, which neither the PRC nor the ROC wanted (Matsumoto, 2012).

In 1958, the bombing of the Quemoy and Matsu islands commenced the Second Strait Crisis. Upon the orders of Mao Zedong, the PLA tried to capture the island through naval means as well. This is the only documented instance of naval and amphibious landing by the PRC over the ROC. This time around, Taipei was successful in receiving swift assistance from the USA. Washington aided Taipei with military and logistical support (S0, 2019). A few Diplomats including Allan Veitch, a British Counsel opined that this crisis resulted in a shining victory for the ROC as the PRC failed to blockade Quemoy and the ROC lost no territories. To justify its interference in the Strait Crisis, the USA stressed that the Communists could take over the Nationalists militarily. Thus, the USA needs to be involved in safeguarding the offshore islands for the ROC (Halperin, 1975).

In 1996, tensions rose steeply as China deployed troops near Taiwan and conducted three military exercises, which signaled the breakout of a war for Taiwan. This unfolded the Third Strait Crisis. The USA sent aircraft carrier battle groups to monitor the situation in the region. However, China stopped its military exercises after the Taiwanese Presidential Election, ultimately de-escalating the situation. It must be noted that the PRC was seen to be highly suspicious of the ROC President Lee Teng-hui of the ROC and his leaning towards the USA. In 1995, he was granted a visa by the USA to visit his alma mater, which raised eyebrows in the PRC (Lijun, 2015). PRC's behavior when conflated with this showcases the Third Strait Crisis to be representative of China's suspicions over and close monitoring of Taiwan.

During the Strait Crisis, several treaties and resolutions were signed between the ROC and USA which have not been mentioned here. The Three Strait Crisis in the Taiwan Strait amply exhibits that the tensions between China and Taiwan cannot be viewed in isolation.

### **Cross-Strait relations**

The Cross-Strait relationship between PRC and ROC has seen many ups and downs. Economic retaliation for political actions has been common. The relationship thawed a little under Deng Xiaoping, President of

the PRC, when in 1979 he proposed a model of incorporation of Taiwan into China in such a manner that would award a significant degree of autonomy to Taiwan (Qimao, 1996). The linguistic assertion from “liberation of Taiwan” changed to “peaceful unification” (Cheng & Zhang, 2011). This model of relative autonomy for Taiwan is referred to as the “One Country, Two Systems” model (Qimao, 1996).

Every succeeding election in Taiwan has the Red Dragon watching closely. ROC’s stance on cross-strait relations is conditional to the President it elects. The President elected in the 2024 elections is a man whom China deems to be a separatist.

### **Drivers and Consequences - Globally**

The Taiwan Question answers the question of who will control the security and economic order in the region, in the future. The maritime order in the Strait and beyond, including the whole of the South China Sea is being challenged by China, standing as a matter of concern over trade and security to other nations. Other countries are thus required to be non-ambiguous in the role they are willing to play in preserving the rules-based order based on the USA alliance system (Lee & Shreer, 2016).

While some argue that Taiwan gaining independence would be favorable to the West, considering the political system, others argue that the Finlandization of Taiwan would be in the best interest of the West, specifically the United States. The policy of the USA towards the Taiwan Strait has thus changed from being one of maintaining the balance of power and restricting the Dragon’s provocations to now a mere reduction in militarization of the conflict and non-interference in the Finlandization of Taiwan (Gilley, 2010). A nuanced ambiguity persists however with American President Biden consistently reiterating that the USA would get militarily involved if Taiwan were to be invaded (The White House Statements and Releases, 2024).

Moreover, Taiwan is a critical geostrategic location. Beijing’s political discourse entwined with its geostrategic thought, bays for the chain of islands right from the Japanese Archipelago to the Philippines, including Taiwan. This means that for lasting regional stability (for the PRC), it needs to drive its naval activism on these seas (Yoshihara, 2012).

The Assistant Secretary of Defense Ely Ratner said in congressional testimony, “*Taiwan is located at a critical node within the first island chain, anchoring a network of U.S. allies and partners—stretching from the Japanese archipelago down to the Philippines and into the South China Sea—that is critical to the region’s security and critical to the defense of vital U.S. interests in the Indo-Pacific*” (Dr. Ely Ratner’s testimony before the 117th Congress Committee on Foreign Relations).

### **Economic Considerations**

Many in Taiwan today, especially the supporters of the Democratic Progressive Party fear that forging closer ties with the mainland will land them in an economic hot soup which they may not get out of. They view commercial and economic entanglement as a cursor pointing towards political reunification under the PRC (The Strait Times). This apprehension was one of the main drivers behind voting the Democratic Progressive Party to power in 2016.

If a hypothetical Chinese blockade of Taiwan could be imagined, it would prove to have severe economic repercussions. Projected to have twice the impact of the 2008 global financial crisis, with global GDP potentially falling by 2.8 percent within a year, it could destabilize economies globally. The Chinese economy might even shrink by about seven percent, while Taiwan’s economy could decline by nearly 40 percent. Additionally, industries dependent on advanced electronics would face major disruptions due to

Taiwan's dominance in producing over 90 percent of the world's advanced logic semiconductors (Global Peace Index, 2023). During the semiconductor shortage in 2021, production of the average European passenger vehicle fell by around 13%, with German production tumbling by nearly 20% and Italian production by over 25%. While this shortage was severe, the impacts of a full-blown blockade of Taiwan would be far greater (Vest, Kratz, Goujon, 2022).

The Institute for Economics and Peace gives a conservative estimate of a drop in global economic output by USD 2.7 trillion in one year if China hypothetically quarantines Taiwan. Trade in Computers and Electronics would suffer the most, for, China and Taiwan put together dominate the world market in both, Computers and Electronics, at 31 percent and 23 percent respectively. Taiwan leads the world in semiconductor manufacturing, holding a 20 percent share of global production capacity. It accounts for 37 percent of the global demand for logic semiconductors and 92 percent of the capacity for advanced logic semiconductors. (GPI, Economic Focus, 2023).

In a Taiwan conflict scenario, foreign investors are anticipated to dump their holdings of Chinese securities. Chinese outbound investment and lending activities in countries like Pakistan and Sri Lanka would hit back at these smaller countries, putting them into more debt. Direct investment to and from Taiwan is currently, to the tune of USD 127 billion, which will turn risky in case of war. A war would lead to the suffrage of shortages of critical goods ranging from agriculture and mining equipment to medical and telecommunication devices, across the world.

Over two trillion USD worth of trade will be at risk in the hypothetical case of a full-scale war between China and Taiwan. Global trade and business confidence will be shaken in various ways as the Taiwan Strait is one of the busiest shipping routes in the world with nearly half of the global container fleet and 88 percent of the largest ships transited through it in 2022 (Hsiao, 2022). First, it would complicate logistics for all nations relying on trade with Asia. Secondly, there would probably be a significant drop in trade financing and marine trade insurance. Moreover, such a situation would likely lead to extensive international sanctions and boycotts, further disrupting global trade with China.

### **Plausibility of a foreseeable war**

In 2021, Admiral Phil Davidson, who leads the US Indo-Pacific Command testified in the Senate that China's aggression in the region is a prelude to an imminent issue over Taiwan, "*Taiwan is clearly one of their (China) ambitions before then (ambitions to supplant the United States and our leadership role in the rules-based international order, which they've long said that they want to do that by 2050). And I think the threat is manifest during this decade, in fact in the next six years*". An indirect iteration of that could be the USA under the Biden administration increasing its arms sales, worth billions, with Taiwan (Hu & Meng, 2023). For an awakened Washington, the Russo-Ukraine war further provided a hotpot to internationalize the Taiwan Question and monitor changes in the region. A few American policymakers have also been alarmingly claiming a repetition of the Russo-Ukraine situation with Sino-Taiwan dynamics (Hu & Meng, 2023).

In 2021, the Defence Minister of ROC, Chiu Kuo-cheng, warned the Taiwanese Legislature that Taiwan will have the power to mount a full-scale invasion of Taiwan by 2025 (Wuthnow, Grossman, Saunders, Scobell, & Yang, 2022).

In Policy and Defence circles, the PRC's invasion of Taiwan is seen to be imminent. A war over Taiwan will warrant the interference of the USA making it USA vs PRC, which needless to say would be disastrous

globally. With China and Taiwan being economic and tech giants, the global supply chain will be disrupted in case of war, causing destabilization worldwide (von Sydow, 2024).

China has been scaling up its arms and military forces. PRC has the largest Navy in the world with over 370 battleships and submarines (USA Department of Defence Report, 2023).

China has numerous sets of options to suffocate Taiwan, ranging from violations of Taiwan's declared Air Defense Identification Zone to a full-scale invasion (Martin, Gunness, DeLuca, & Shostak, 2022). In an indirect form of forced reunification, Beijing can resort to blockade. This would not only stop from making China look like a military aggressor but also psychologically play with Taiwan. If not completely cutting off trade, at least a partial curtailing of trade (allowing trade only in pharma and medical sectors, barring rest, for example) for a prolonged period will eventually bring Taiwan to the negotiating table set up by China (Lin, Hart, Funairole, Lu, & Tinsley, 2024). Experts however prefer using the term quarantine to blockade as China continues to assert that Taiwan is an integral part of the PRC making blockade not the most appropriate of terms in this context (Martin et al., 2022).

A blockade is a more probable scenario as compared to others such as a full-blown invasion (O'Hanlon, 2022). If a decade hence strategy is assumed, the prevailing technological trends will make a blockade more attractive to China, in opposition to a full-scale war (Biddle & Oelrich, 2016, pg 18-19). This is also attested by Patrick Porter and Michael Mazarr (2021). In case of a coercive quarantine, the USA and Taiwan might be forced to use military force (Martin et al., 2022). However, a few others opine that breaking such a blockade will be conditional to the USA's anticipated preparedness (D. Henley, 2023).

China might also consider using cyber-attacks and sabotage to undermine Taiwan's infrastructure and military capabilities. By targeting Taiwan's power grids, communication networks, or defense systems, China could significantly impair Taiwan's ability to defend itself. These methods could be particularly appealing to China because they could inflict considerable damage on Taiwan's infrastructure and economy while avoiding the direct risks associated with military engagement (GPI, Economic Focus, 2023).

Any conflict between Taiwan and China would likely draw in other major powers such as the United States and its Asian and European allies, potentially escalating into a larger regional or even global conflict. The economic repercussions as aforementioned in the case of war is a huge deterrent to China from attacking and annexing Taiwan. However, the threat of China is imminent. Best summed up in the Secretary of State Anthony Blinken's address on China Policy, "*China is the only country with both, the intent to reshape the international order and, increasingly, the economic, diplomatic, military, and technological power to do it*" (Wu, 2023).

## Conclusion

China and Taiwan, both lay a historical claim over each other. This is reflected in both, the Chinese Dream of the PRC and the Project Guoguang (Project National Glory) of the ROC. Both of them squabble for a reunified China, under their political system, albeit this being a greatly lesser case of North-South Korea syndrome.

An imminent war has been simmered by economic deterrence. President Xi is not known to take cases of great gambling. It is shrewd ruthlessness and strategic positioning that has given him and as an extension, China, careful positioning in the global arena. It is unlikely for this to crumble in a rush to rain heavily on Taiwan.



Nevertheless, to brace for what is to come next, here's an excerpt from Wang Yi, the Foreign Minister of the PRC answering a question in Cairo on the status of Taiwan, "*Taiwan independence*" has never been possible, not in the past, and even less so in the future! Anyone who wants to engage in "Taiwan independence" on the island of Taiwan is splitting up the Chinese territory and will be severely punished by history and law. Anyone who violates the one-China principle in the international community is interfering in China's internal affairs and infringing on China's sovereignty, and will be jointly opposed by all Chinese people and even the international community".

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