



Why should Australia be concerned about...

rising tensions in the Taiwan Strait?

by Linda Jakobson

How often over the past decades have we been warned that the Taiwan Strait is a potentially explosive flashpoint? Often enough to numb the mind. So why should we pay attention this time? Because the pivotal reason that peace has endured for 70 years has disappeared. Unlike his predecessors, Xi Jinping, President of the People's Republic of China (PRC), is no longer prepared to leave unification of the mainland and Taiwan to future generations.

Xi has not only proclaimed that he wants to oversee movement toward unification during his lifetime, he has also repeated his predecessors' message that Beijing will not renounce the use of force to attain its goal. These threats are credible. Unification is central to the legitimacy of the Communist Party of China (CPC) and to Xi's vision of the 'China Dream'.¹

Observers often start their analysis with "Were the PRC to attack Taiwan . . .". However, this is an outdated assumption. Despite Beijing's threat to use force, a deadly war is not the most likely route Xi will choose to achieve unification. Outright military conflict cannot be ruled out but is highly unlikely. Australia needs to pay attention to rising tensions in the Strait and prepare for another, more probable scenario: a protracted and intensive campaign by Beijing, using 'all means short of war', to force the Taiwanese leadership to start negotiating.

The United States and others in the region, including Australia, would find it extremely difficult to counter these moves. No individual action by the PRC would warrant a military response, but collectively they could allow

Beijing to achieve its aim. This has been its approach in the South China Sea.

The changing *status quo*

The *status quo*, which is today under severe strain, is a fiction – agreed upon long ago and interpreted differently by each party – about what Taiwan is and what it should become. From Taiwan's viewpoint, the *status quo* means that it functions as an independent and separate society from the PRC. Taiwan has its own political system, military and currency, but it is internationally isolated. Nearly all nations recognise Beijing as the sole representative of China and – at Beijing's insistence – merely maintain economic and social ties with Taiwan.

Although economically the PRC and Taiwan are intertwined, the majority of Taiwanese today identify as Taiwanese in the first instance, not Chinese.² They would prefer to kick the can down the road and – albeit grudgingly – live with the *status quo*.³

From Beijing's viewpoint the *status quo* is a bleeding sore. PRC leaders view Taiwan as a province of the PRC. They are adamant that "one day" Taiwan will be united with the motherland, at which point the Chinese civil war will finally end and China will attain closure. Xi has redefined and brought forward that "one day".

Most Taiwanese will not voluntarily accept unification with the PRC of today. No amount of PRC economic incentives would convince the majority of Taiwanese that unification in the near term is in their interest. The authoritarian measures adopted by Xi since 2012, especially Beijing's actions in Hong





Kong, have hardened the views of many Taiwanese who were previously undecided about future unification.⁴

The PRC's preferred unification model, 'One Country, Two Systems', is obsolete. Nevertheless, in an ominous sign of political tone-deafness, Beijing in January issued the Plan to Build the Rule of Law in China (2020–2025), which calls for advancing the process of unification under the "One Country, Two Systems plan for Taiwan".⁵ It is well to remember that Beijing relied on legal measures – the passing of the Hong Kong National Security Law in June 2020 – to justify actions that, in essence, are now eroding Hong Kong's autonomy.

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From the viewpoint of the US, the *status quo* means that Washington acknowledges Beijing as the sole representative of China, but insists that any future unification takes place peacefully and with Taiwan's consent. The administration of Donald Trump took several unprecedented steps to deepen Taiwan–US ties and normalise Taiwan's international engagement. President Joe Biden is likely to continue these policies.

Many reasons for Australia to care

Were the PRC to take possession of Taiwan, East Asia's strategic dynamic would change dramatically. The People's Liberation Army (PLA) would no longer be confined to the 'first island chain': the PLA Navy (PLAN) would instead have the ability to project power further into the western Pacific.⁶ This would alter the US defence posture in the western Pacific and adversely affect Australia's strategic environment.

Australia should also care about Taiwan's fate because, with its 23 million people, Taiwan typifies the kind of vibrant, free and democratic society that Australia wants to see flourish across the Indo-Pacific. Forced annexation of Taiwan would be a setback for Australian values.

The havoc resulting from either a military confrontation or a comprehensive cross-Strait crisis would severely impact regional trade, and cause serious damage to Australia's trade-dependent economy. Moreover, Taiwan produces half of the world's semiconductor chips. Australia would suffer from a halt or substantial disruption in production.

Would the United States intervene?

In its official strategy, the US is committed in a conflict to denying the PRC sustained air and sea dominance inside the 'first island chain'; defending Japan and Taiwan; and dominating all domains outside the 'first island chain'.⁷ Given the vastly strengthened capabilities of the PLA and, in particular, its anti-access/area denial (A2/AD) weaponry, it is no longer certain that the US could prevail in a Taiwan conflict.⁸

The Biden Administration has expressed a "rock-solid" US commitment to Taiwan. However, no one knows with certainty if Washington would actually intervene militarily were Beijing to take military action against Taiwan. For over 40 years this strategic ambiguity has been a key to maintaining peace. Contrary to what media reports often state, the US is not legally bound by the 1979 Taiwan Relations Act to actually defend Taiwan militarily.

Today, some experts call for the US to change course and explicitly and categorically declare that it would respond to any use of force by the PRC against Taiwan. Biden is unlikely to do this. It would provoke Beijing; and it could also be used after 2024 by the next president of Taiwan – who could be more radical than the incumbent Tsai Ing-wen – to actively seek recognition of Taiwan's independence, thereby provoking Beijing further.

Can Taiwan be coerced to negotiate?

Beijing does not want to fight a war over Taiwan. A much more likely scenario entails step-by-step coercion of Taiwan – the use of 'all means short of war' – to destabilise Taiwanese society and force it to accept unification talks.

In an attempt to break the will of Taiwan, Beijing could adopt an aggressive mix of new technologies and conventional methods to apply pressure.



These range from economic pressure or an embargo, via intimidation, cyberattacks, and covert actions and subversion, to assassination and the limited use of military force (see scenario below). The aim would be to force Taiwan's leadership to agree to unification talks premised on Beijing's precondition that there is only 'one China'.⁹ Once these political talks start, Xi could declare success for having paved the way to unification. Talks could take years, but Xi would be lauded for bringing the nation closer to the 'China Dream' of which unification is a central tenet.

How resilient would the Taiwanese people be when faced with the risk of war and utter chaos? There are too many factors and unknown variables to answer this credibly.

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A key unknown is the role of those Taiwanese who already favour unification – approximately 1.9 million people, a small proportion of the population (8.1%).¹⁰ But their actions could be decisive if Taiwan were under siege, especially if they were to be joined by a portion of the Taiwanese who do not favour unification but do not want to risk catastrophic loss of human life in the event of a war. A movement could emerge to accept the negotiation of a compromise solution in order to avoid an escalation of violence. After all, Beijing will not initially demand more than a commitment from Taiwan's government to negotiate. Some could argue that the Taiwanese side would in principle still have room for manoeuvre.

Conclusions and recommendations

- Despite the improbability of war, Australian decision makers need to make every effort to understand the complexities of the standoff over the unresolved political status of Taiwan. It is the one issue over which a military conflict could arise between the PRC and the US. Washington would take for granted Australia's participation in any war effort. Determining what role Australia wants to take – if Canberra decides to join the US – is vital.
- Most importantly, Australian decision makers need to prepare for a scenario in which Beijing resorts to 'all means short of war' to force the Taiwanese leadership to start political talks. There are countless possible thorny situations that would require a rapid policy response. What should Canberra do if Beijing shuts down the power and communication networks in Taiwan? Would Australia ban exports of iron ore to the PRC? Canberra must decide how important Taiwan is as an independent entity. Is Canberra willing to suffer retaliatory measures far greater than the current ones being meted out by the PRC?
- The strong possibility of a PRC campaign using 'all means short of war' requires fresh thinking in Australia about cooperation within the ANZUS alliance. Specific scenarios and counter measures need to be discussed with other US allies too.
- While Australia-PRC political ties remain frozen, Canberra should encourage others to apply quiet diplomacy to prevent the type of scenario described in this brief. Beijing needs to be persuaded to accept Taiwan's long-standing offer to enter into cross-Strait political talks without preconditions from Beijing, something it has refused to do.
- Outsiders should not pass judgement on a negotiated settlement in advance, as long as Taiwan is not coerced. Although inconceivable today under Xi, one cannot rule out that a loose, largely symbolic, 'Greater Chinese Union' could be acceptable to both sides in the future.¹¹
- Some dismiss persuading Beijing to change tack as impossible. Persuasion and pressure – for example, a warning that recognition of 'one China' is in danger – are only possible if there is solidarity, ideally among European, North American and most Indo-Pacific nations. That is a tall order. Australia should consult with others about ways to jointly push back against Beijing if it intensifies pressure on Taiwan. First of all, the term 'use of force' must be redefined to include 'all means short of war'. What a collective effort would entail must be agreed upon. Whatever is decided needs to be communicated to Beijing by those nations who have a better chance of being listened to than Canberra.

Scenario: 'All means short of war'

In this scenario, the PRC would not invade Taiwan.¹² Rather, Beijing would strive to create utter chaos in Taiwan and compel the government to accede to the PRC's demands. Initially, it would be impossible to credibly pinpoint who is behind many of the provocative actions. Few shots would be fired other than for possible political assassinations. Taiwan's armed forces would struggle to counter Beijing's actions. Barring strong condemnation of Beijing and imposing economic sanctions on the PRC, the US and others, including Australia, would find it difficult to assist Taiwan.

This scenario could start with PRC officials gathering major Taiwanese investors in the PRC and insisting that they sign a letter to Taiwan's government calling for cross-strait political talks.¹³ Refusal to sign would result in business difficulties. Xi Jinping would also urge Taiwan's "leader" to immediately agree to consultations to collaboratively seek unification.¹⁴ Next, Beijing would suddenly cut Taiwan's air routes into PRC cities, stating that foreign airlines needed those routes. International airlines would be told to choose between flying to the PRC or to Taiwan. PRC combat aircraft would conduct incursions not only across the median line of the Taiwan Strait, as they do today, but over Taiwan itself. Would Taiwan's Air Force be directed to shoot down such intruders and risk all-out war?

Taiwan's stock market would presumably plunge. In this situation, the Democratic Progressive Party, the current ruling party that leans toward independence, would encourage legislators to insist on "no preconditions for political talks". PRC-backed media outlets in Taiwan would run scare campaigns. Protesters would take to the streets. Some groups would demand a declaration of independence; others would demand that the government open political talks with Beijing. Street gangs would attack independence supporters. Confrontations between opposing political groups could become violent.

The campaign's most intense phase would include the PRC ramping up disinformation efforts and launching a barrage of sophisticated cyberattacks with the aim of first disrupting Taiwan's electricity and telecommunications and then shutting them down. At the same time, the PLA would initiate extensive military exercises. PLAN ships would sail close to Taiwan's coast. During live-fire exercises, missiles would be fired in the direction of Taiwan. One of the missiles would "stray" off course and cause civilian casualties in Taiwan. Meanwhile, tens of thousands of unarmed PRC fishermen would make their way across the Strait on a "Mission of Friendship", trusting that Taiwan's armed forces would not open fire on unarmed people. Some of the fishermen – many of them paramilitary in disguise – would be "invited" ashore by Taiwanese who support Beijing.

Rumours of the PRC's intentions would run rampant through Taiwan's darkened cities cut-off from communications. The PLAN would start operations to impose a partial blockade of Taiwan's western harbours. Beijing would request governments to shut down their representative offices in Taipei. An editorial in the *People's Daily* would encourage Chinese compatriots in Taiwan to make the right decision, warning that the clock is ticking.

The risk of miscalculation by either the PRC or the US would grow with every passing week and could lead to unintended armed conflict. The potential for war would loom large.



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