

Challenges and Opportunities for Restarting Taiwan-South Korea Relations

I-wei Jennifer Chang

Sino-American War of Words Heats Up Over Taiwan

J. Michael Cole

Signals on Taiwan Policy at the PRC's 2021 "Two Sessions"

John Dotson

Luring the Phoenix: China's Strategy to Recruit Taiwan Semiconductors' Talent

Christina Lin

Reflections on 25 Years Ago—Risks for a Fourth Taiwan Strait Crisis

Michael Mazza

Lithuania's Turn Away from China's 17+1 and towards Taiwan: A Signal of Policy Recalibration in Central and Eastern Europe

Katherine Schultz

Challenges and Opportunities for Restarting Taiwan-South Korea Relations

By: I-wei Jennifer Chang

I-wei Jennifer Chang is a research fellow at the Global Taiwan Institute.

[Global semiconductor manufacturing giants](#) Taiwan and South Korea have emerged as key players in a US-led endeavor on supply chain security. The Biden Administration, in addition to the governments of Germany and Japan, has enlisted [help](#) from [Taiwan Semiconductor Manufacturing Company](#) (TSMC, 台灣積體電路製造股份有限公司) to alleviate the global microchip shortage that has halted production at [several auto factories](#), while both TSMC and South Korea's [Samsung Electronics](#) are setting up [new chip factories](#) in the United States. A new [partnership](#) involving the United States, Taiwan, South Korea, and Japan focused on ensuring supply chain security could bring Taiwan and South Korea, two like-minded yet distant democracies, closer together within a US-led regional cooperative framework. It could also bolster South Korea's position within the US regional alliance structure and weaken [Beijing's persistent efforts](#) to pry Seoul away from Washington.

South Korea: A Weak Link in US Asian Alliances

As a major US ally in East Asia, [South Korea](#) is critical to the Biden Administration's strategy for developing a [multilateral approach](#) to countering the People's Republic of China (PRC). In its [Interim National Security Strategic Guidance](#), issued in March, the White House stated that it will "forge a common approach with like-minded countries" to support Taiwan and "stand up for democracy, human rights, and human dignity, including in Hong Kong, Xinjiang, and Tibet." However, Chinese Ambassador to South Korea [Xing Haiming](#) (邢海明) called on Seoul in February to "respect China's positions on the issues of Taiwan and Hong Kong." As a result, [South Korea](#) finds itself caught between its US ally and its largest economic partner China.

Beijing was quick to exploit South Korea's position as the [weakest link](#) in the US Asian alliance structure. Chinese President Xi Jinping (習近平) moved quickly to reach out to

The Global Taiwan Brief is a bi-weekly publication released every other Wednesday and provides insight into the latest news on Taiwan.

Editor-in-Chief

Russell Hsiao

Associate Editor

John Dotson

Staff Editor

Katherine Schultz

Copy Editor

Marshall Reid

The views and opinions expressed in these articles are those of the authors and do not necessarily reflect the official policy or position of the Global Taiwan Institute.

To view web sources cited in the published papers (underlined in printed text), visit <https://globaltaiwan.org/2021/03/vol-6-issue-6/>.

Global Taiwan Institute
1836 Jefferson Place NW,
Washington DC 20036
contact@globaltaiwan.org
To subscribe, visit
<http://globaltaiwan.org/subscribe/>

South Korean President Moon Jae-in's government in an effort to preempt the Biden Administration's first steps towards consolidating an anti-China coalition of democracies. The Chinese president held a phone conversation with Moon on [January 26 of this year](#), reiterating his support for [Moon's priorities](#), including talks between the United States and North Korea and an inter-Korean dialogue. Indeed, Beijing's critical role in bringing [Pyongyang](#) back to the negotiating table should not be understated. Xi's call occurred more than a week before President Biden placed his [first phone call](#) to Moon on February 3. The Biden Administration has expressed its desire to mend [South Korea-Japan tensions](#), particularly as the rift between the two US allies has created openings for Beijing to capitalize on and showcase its regional leadership. In their January phone conversation, Xi also informed Moon of his intent to push forward on reaching the second phase of the [China-South Korea free trade agreement](#) and the construction of the China-Japan-South Korea free trade area.

THAAD Fears

Seoul is still reeling from its experience under Chinese sanctions over the controversial deployment of the US Terminal High Altitude Area Defense (THAAD) anti-ballistic missile defense system in its country in 2016. Beijing imposed numerous sanctions and bans that sent shock waves throughout South Korea's [economy](#) and [entertainment industry](#). China banned [Chinese tour groups](#) to South Korea, closed several Lotte stores in China, and restricted imports of South Korean [automobiles](#), [cosmetics](#), and [K-pop](#), costing the country more than [USD \\$7.5 billion](#) in economic losses. The THAAD system remains deployed in South Korea, and President Moon was unsuccessful in lobbying the Chinese government to drop its stringent sanctions against Seoul during his four-day visit to Beijing in [December 2017](#).

The discomfiting experience over THAAD has left South Korean policymakers wary about invoking "[a second THAAD](#)." Such [fears](#) were reignited when the Trump Administration urged Seoul not to use [Huawei Technologies \(華為\) products](#) in 2019. A top adviser to President Moon, [Chung-in Moon](#), wrote in Korean media that South Korea should be cautious about joining regional security frameworks such as the Quadrilateral

Security Dialogue (the Quad), a "[diamond of democracies](#)" currently comprising the United States, Japan, Australia, and India. He argued that joining a multi-lateral alliance against China could potentially bring [conflict](#) to South Korea's maritime areas, portending aggressive Chinese military action in the Yellow Sea. Indeed, China's use of [coercive economic tools](#) against South Korea has become a form of psychological warfare, conditioning Seoul to avoid behaviors that might further antagonize Beijing.

Economic Competition and National Rivalry

Following a [bitter termination](#) of diplomatic relations in 1992, Taipei-Seoul relations have confronted another chilly front stemming from their longstanding economic competition and rivalry. In the 1970s and 1980s, Taiwan and South Korea were heralded as two members of the "[Four Asian Tigers](#)"—along with Singapore and Hong Kong—for their rapid economic industrialization and export-oriented growth. Taiwan once occupied an enviable position at the [head](#) of this pack, with South Korea trailing at the tail end. However, a reversal of economic fortunes has left Taiwan behind. Over the past two decades, South Korea's [economic competitiveness and export volume](#) have surpassed those of Taiwan, generating [anti-Korean sentiment](#) within Taiwanese society that has even extended into sports such as [Taekwondo and baseball](#). Adding to this antipathy, TSMC and Samsung are [industry rivals](#), though the South Korean tech firm's [market share and technology](#) still lag far behind that of TSMC.

Therefore, when South Korean newspaper [Chosun Ilbo](#) published a December 2020 article praising Taiwan for its successful management of COVID-19, Taiwanese [media](#) and [talk shows](#) reacted with surprise and pride that South Korea was finally paying attention to Taiwan—while also noting that the island was [beating](#) South Korea on pandemic control. Indeed, South Korea has experienced [more than 99,000](#) COVID-19 infection cases and [more than 1,600 deaths](#), compared to [a little over 1,000 infection cases](#) (mostly [imported cases](#)) and [only 10 deaths](#) in Taiwan. It was an acknowledgment that Taiwanese have long waited to hear from the South Koreans—partially to heal old wounds, but also because Taiwan President Tsai Ing-wen (蔡英文) has increasingly sought to [decouple](#) from the Chinese economy, whereas Moon has prioritized [economic en-](#)

[agement](#) with China. The *Chosun Ilbo* article warned that the Moon government's economic dependence on China could cause the [South Korean economy](#) to fall further behind that of Taiwan. As a result of its effective COVID-19 mitigation efforts, Taiwan's economy is expected to grow by [4.64 percent](#) this year, according to the island's statistics bureau. South Korea is also expected to make an economic comeback, but at a relatively slower rate of [3.1 percent](#), based on an assessment by the International Monetary Fund (IMF).

Like-Minded Democracies but Still Far Apart

The Republic of China (ROC) and Republic of Korea (ROK) are two like-minded democracies with [similar national trajectories](#) that have nevertheless failed to utilize their full potential in collaborating on regional issues. Although Taiwan and South Korea enjoy robust economic and trade relations—with two-way trade reaching [USD \\$35.7 billion](#) in 2020—and [strong pre-pandemic tourism flows](#), cooperation on political and security issues remains stagnant. Seoul has stopped short of building higher-level political and security collaboration with Taipei due to fears of upsetting Beijing. South Korea, for example, declined to advocate for Taipei's participation in the World Health Organization (WHO), even after the [US Congress](#) sent it a letter asking for its support in May 2020. Diplomatic insiders in South Korea have posited that Xi may have requested that Moon object to Taipei's bid to regain WHO observer status during a [phone conversation](#) on May 13, 2020.

Under current circumstances, Seoul is unlikely to become a vocal advocate for Taipei's security situation *vis-à-vis* China or contribute to its quest for greater international recognition. Currently, Seoul calculates that the costs of infuriating Beijing on a range of issues, including Taiwan, are too high for it to bear. While there is a legitimate reason to fear a THAAD redux, South Korean policymakers have also learned harsh lessons from the risks of depending too heavily on the [Chinese economy](#). There is a clear need for both Taipei and Seoul to diversify their foreign relationships.

There are several potential areas for Taipei-Seoul cooperation. First, Seoul may have overlooked [Taipei's contributions](#) to the international non-proliferation regime, in particular on the enforcement of United

Nations Security Council sanctions against North Korea. While Taiwan's government has vowed to play a [responsible role](#) on the issue of North Korean sanctions enforcement, [several Taiwanese individuals and entities](#) have been sanctioned by Washington for their involvement in illegally shipping petroleum to North Korea and illegally financing North Korean missile programs. Taipei could work closely with Seoul to share information and intelligence on illegal North Korean ship-to-ship transfers and other actions by its citizens that contravene UN sanctions. Second, both Taiwan and South Korea are seeking to direct more financial capital into Southeast Asia. Tsai's "[New Southbound Policy](#)" (NSP, 新南向政策) and Moon's "[New Southern Policy Plus](#)" strategy share similar goals on investing and shifting supply chain production to factories in Southeast Asia. Both sides could jump-start [cooperative ties on Southeast Asia](#) under the US Indo-Pacific Strategy, such as by working with Washington to [finance infrastructure projects](#) to counter the appeal of China's Belt and Road Initiative (BRI, formerly known as "One Belt, One Road," 一帶一路) in the region. Third, the Biden Administration's [supply chain security alliance](#) is a new regional mechanism that could potentially bring these two distant US partners closer together.

Ultimately, the South Korean government will need to assess how well its China policy has served its economic and national interests. Taiwan faces similar challenges under China's [multifaceted pressure campaign](#), but it has chosen a different path than South Korea. If Seoul chooses to hedge more definitively against the China threat, Taiwan could offer South Korea some lessons on economic decoupling from China and managing the onslaught of [Chinese influence operations](#) targeting society and the media. Perhaps then substantive progress could be made in boosting bilateral relations between these two like-minded partners, as well as buttressing the Biden Administration's multilateral approach to dealing with China.

The main point: Beijing is attempting to divide the United States' Asian alliances by targeting South Korea, the weakest link in the alliance structure. While there are many areas where Taiwan-South Korea relations could be strengthened, the China factor remains a major barrier to doing so.

(The author would like to thank GTI Spring 2021 Intern

Gavin Stark for his research assistance.)

Sino-American War of Words Heats Up Over Taiwan

By: J. Michael Cole

J. Michael Cole is a senior non-resident fellow at the Global Taiwan Institute.

Beijing has become increasingly frustrated with the Biden Administration over Taiwan as it realizes that Washington is unlikely to “overturn” what the Chinese government previously regarded as idiosyncratic practices of the Trump Administration. A recent summit between the two sides in Anchorage, Alaska, makes it clear that Taiwan and other issues of concern for the US will characterize bilateral ties for the months ahead.

Collision Course?

In a [stern warning](#) to the US on March 7, Chinese Foreign Minister Wang Yi (王毅) stated that the Biden Administration should stay away from the “insurmountable red line” in the Taiwan Strait, adding that the Chinese government had “no room for compromise.” Addressing the fourth session of the 14th National People’s Congress (全國人民代表大會) in Beijing, Wang added: “We urge the new US Administration to fully understand the high sensitivity of the Taiwan issue” and “completely change the previous administration’s dangerous practices of ‘crossing the line’ and ‘playing with fire.’”

Wang’s comments reflected mounting anger in Beijing, which appears to have been taken aback by the Biden Administration’s unwavering commitment to Taiwan and stability in the region. Part of Beijing’s frustration also conceivably stems from a misreading of the incoming administration, and increasingly negative perceptions of China within the US over the past several years. The Chinese leadership has tended to overly personalize US policymaking and, rhetorically at least, has primarily attributed the recent souring of relations to the unorthodox views of a handful of officials in the Trump Administration—among them Donald Trump himself, as well as former Secretary of State Mike Pompeo. Simultaneously, it has failed—whether

intentionally or unintentionally—to acknowledge that its behavior, whether in terms of unfair economic practices, gross human rights violations, or lack of transparency during the COVID-19 pandemic, has made it nearly impossible for governments to continue to turn a blind eye. As the latest Pew survey [shows](#):

“Roughly nine-in-ten US adults (89 percent) consider China a competitor or enemy, rather than a partner [...]. Many also support taking a firmer approach to the bilateral relationship, whether by promoting human rights in China, getting tougher on China economically or limiting Chinese students studying abroad in the United States.”

Consequently, no sooner than when Trump was defeated by Biden in the November elections last year, did Beijing begin calling for a [“reset” in bilateral relations](#). This desire was undoubtedly based on the belief that with President Trump out of the picture, US policy toward China would become more permissive and less willing to challenge what Beijing perceives as its “red lines”—among them Taiwan, the South China Sea, and China’s “internal affairs” in Hong Kong and Xinjiang. However, Beijing’s call for [“the better angels”](#) in Washington policymaking was not accompanied by any commensurate drawdown in its threatening activities in the region or towards Taiwan. Instead, China sustained its pressure, making it clear that the US alone was expected to make concessions. To make matters worse, Beijing also completely misread Biden’s desire for Chinese cooperation on combating global warming when it believed that Washington would engage in a [transaction for the sake of Chinese participation](#). Instead—as Biden’s climate envoy, John Kerry, [made clear](#)—the US will not trade Chinese collaboration on climate change (what the US terms a “critical standalone issue”) in return for US abandonment of the protection of human rights.

Thus, rather than cede space to China, Biden officials have signaled their intention to ensure continuity in US support for Taiwan. In statement after statement, President Biden, Secretary of State Antony Blinken, and press secretaries have underscored Taiwan’s importance and Washington’s intention to continue to support its democratic ally. [Responding](#) to Wang’s admonitions the day after, White House Press Secretary

Jen Psaki stated that the United States would retain its longstanding commitments to Taiwan, adding, “we will continue to assist Taiwan in maintaining a sufficient self-defense capability. So, our position remains the same.”

Over at the Pentagon, US support for Taiwan has also remained steadfast. Nine days after Biden’s inauguration, and following [aggressive intrusions](#) by People’s Liberation Army (PLA) aircraft into Taiwan’s Air Defense Identification Zone (ADIZ), Chinese defense ministry spokesman Wu Qian (吳謙) [defended](#) the behavior as “a solemn response to external interference and provocations by ‘Taiwan independence’ forces,” adding that “those who play with fire will burn themselves, and Taiwan independence means war.” [Responding](#) to those comments, John Kirby, the Pentagon’s press secretary, stated:

“We find that comment unfortunate and certainly not commensurate with our intentions to meet our obligations under the Taiwan Relations Act and to continue to, as Secretary Blinken at the State Department said yesterday, look for ways where we can cooperate with China, but we have obligations that we intend to meet.”

Thus, rather than see the US government distance itself from Taiwan as Beijing had hoped, Washington has demonstrated that its commitments to Taiwan will remain robust and that it will retain many of the elements that characterized the Trump Administration’s approach to the dispute. In so doing, the Biden Administration has signaled that the policies that prompted Beijing’s ire are not, as China claims, mere aberrations. Rather, they represent the new normal in US policy *vis-à-vis* China and Taiwan. In fact, the case could be made that the desire to implement such policies predated the Trump presidency, and would have occurred whether Trump was in the White House or not. In other words, more robust support for Taiwan, as well as a greater willingness to test Beijing’s “red lines,” is now both bipartisan and institutional. Taiwan’s adept handling of the COVID-19 pandemic, its role as a partner in democracy promotion, as well as its growing importance as a global supplier of semiconductors and other advanced technologies—which will be key to the successful implementation of an alternative global supply chain that is less dependent on China—have all underscored the

need for the US (and like-minded allies, hopefully) to do more to preserve Taiwan’s independence and ability to function as a sovereign, democratic entity.

Arms sales to Taiwan will therefore continue, as will efforts to include Taiwan in multilateral fora and deepen its economic integration with a fledgling group of democracies. It is even possible that high-level visits to Taiwan and exchanges with Taiwanese officials—always a source of anger for Beijing—will continue to occur. As the summit in Anchorage made clear, the US is certainly not about to abandon its support for Taiwan. Beijing’s hopes to the contrary, therefore, will be dashed.

Uncertainty

The big question now is the manner in which Beijing will react to the reality of continued US support for Taiwan. It can either (a) reduce tensions so as to give Washington the incentive to reduce its commitments to Taiwan, or (b) ramp up the pressure. That decision, in turn, depends on a number of factors, such as whether policymaking in Beijing is driven by personal hubris or rational calculation, or perhaps by internal pressure on the regime to sustain an external crisis so as to deflect domestic criticism, potentially due to a major economic downturn or factional infighting within the Chinese Communist Party (CCP, 中國共產黨). The high level of uncertainty signifies that Taipei and Washington cannot simply assume rational decision-making in Beijing, as miscalculation could have disastrous implications for Taiwan’s security.

It is also possible that concessions by the United States—such as a reduction in arms sales to Taiwan or the overturning of recent policies on high-level engagement—could be interpreted by Beijing as signs of weakening US commitment to Taiwan, and therefore indicators that it can use force to resolve the Taiwan “question.” Such a scenario is all the more likely given the growing [realization within the CCP](#) that Taiwanese citizens almost universally reject the concept of “peaceful unification” (rhetoric to the contrary notwithstanding, which [blames](#) the impasse on a “very small number of Taiwan separatists”), especially in light of recent developments in Hong Kong. Even former president Ma Ying-jeou (馬英九) said recently that “one country, two systems” (一國兩制) is “[dead](#).”

Given that in almost every scenario, the end result is the use of force by China against Taiwan—potentially within the next six years, according to a [recent testimony](#) by Admiral Philip Davidson, commander of the US Indo-Pacific Command—it will become all the more imperative for Taiwan and its security partners to increase deterrence in all its aspects so as to reduce the likelihood that Beijing will make that one, ultimate decision. An overconfident Beijing must be convinced that the “net benefits” brought by war against Taiwan would not be worth their costs. Reported [plans](#) by the US to deploy a network of precision-strike missiles along the “first island chain” (which “passes through” Taiwan) as part of a USD \$27.4 billion program for the Indo-Pacific theater over the next six years would undoubtedly contribute to that deterrence. However, far more needs to be done.

The main point: Although Beijing may initially have hoped that the Biden Administration would make more concessions to China over its regional ambitions, growing evidence that Washington will remain committed to Taiwan has quickly led to an exchange of heated rhetoric. In this kind of environment, both Washington and Taipei must prepare for the worst and ensure that deterrence continues to prevent Chinese adventurism.

Signals on Taiwan Policy at the PRC’s 2021 “Two Sessions”

By: John Dotson

John Dotson is the deputy director of the Global Taiwan Institute and the associate editor of the Global Taiwan Brief.

In the first and second weeks of March, People’s Republic of China (PRC) officials [convened the “Two Sessions”](#) (兩會), the largest official event on the PRC’s annual political calendar. The “Two Sessions” consist of concurrent plenary meetings of the National People’s Congress (NPC, 全國人民代表大會) and the Chinese People’s Political Consultative Conference (CPPCC, 中國人民政治協商會議). The former body, China’s official national legislature, acts as a rubber stamp to codify Chinese Communist Party (CCP, 中國共產黨) policy decisions; while the latter, a key component of the CCP United Front bureaucracy, is a nominal advisory body

intended to provide a veneer of political pluralism to CCP one-party rule.

Both institutions also serve as carefully stage-managed propaganda fora, presenting narratives advocated by the CCP leadership—and often, signaling policy priorities for the year ahead. These annual meetings normally contain leadership speeches and press events that signal shifts in CCP policies towards peripheral regions either controlled by or claimed by the PRC, including Taiwan. The 2021 Two Sessions were no exception: in both the NPC session convened from March 5-11 and the parallel session of the CPPCC that met from March 4-10, speeches and official commentaries gave prominence to the need for continued “Hong Kong-Macao-Taiwan Work” (港澳臺工作), to be conducted under the PRC’s official framework of “one country, two systems” (一國兩制). There were also hints at a potential future national unification law, this time directed at Taiwan. However, no such legislation was on the official agenda for this year’s session of the NPC.

Leadership Statements on Taiwan Policy Presented at the NPC and CPPCC

One of the centerpiece events of each year’s NPC meeting is the presentation by the PRC premier of the “government work report” (政府工作報告), a speech that both extols the government’s successes over the preceding year and signals priorities for the year ahead. In regards to Taiwan policy, PRC Premier Li Keqiang (李克強)’s work report at the 2020 NPC garnered attention for its [omission of the word “peaceful”](#) (和平) from the standard phraseology of “peaceful reunification” (和平統一) with Taiwan. The significance of this omission was not clear, but may have reflected Beijing’s frustration with Taiwan President Tsai Ing-Wen’s (蔡英文) decisive re-election victory in January 2020, as well as the ongoing unrest in Hong Kong.

Of note, this year PRC state outlets appeared to provide [coverage of Li’s work report](#)—which was presented on the NPC’s opening day on March 5—in summary form rather than verbatim text. Most of the direct references to Taiwan in Li’s report came in reference to the need for continued and enhanced “Hong Kong-Macao-Taiwan Work.” In this section, Li reiterated the need to maintain the PRC’s “one country, two systems” model, as well as the “1992 Consensus” (九

二共識)—the tacit agreement made in 1992 between CCP and Kuomintang (KMT, 國民黨) officials that there was only one China, with each side interpreting that in its own way. Li also offered promises of a high degree of autonomy and local rule for all three regions, stating that “We must continue to comprehensively and precisely implement ‘one country two systems’ [while maintaining the] ‘Hong People Governing Hong Kong’ [and] ‘Macao People Governing Macao’ policy of a high degree of autonomy.” Such promises stood in stark contrast to one of the signature pieces of legislation in this year’s NPC, an [overhaul of Hong Kong’s electoral system](#) intended to ensure that only Beijing-approved “patriots” can hold office.

In regards to Taiwan more specifically, Li’s comments were relatively restrained, focused on promises of cooperation rather than overt threats—while still issuing warnings against “‘Taiwan independence’ secessionist activities” (臺獨“分裂活動”). The [official summary](#) of Li’s report stated that:

“[We must] persist in the fundamental policy of Taiwan work, maintaining the “One-China Policy” and the 1992 Consensus, promoting the peaceful development of cross-strait relations and unification of the motherland. [We must maintain] a high level of vigilance and resolutely contain “Taiwan independence” separatist activities. [We must] perfect and safeguard the welfare of Taiwan compatriots, and the system and policies of [their] enjoying equal treatment on the mainland; promoting cooperative exchanges across both sides of the Taiwan Straits, fusing development, [and] working together to create a glorious future for national rejuvenation.”

Mention of Taiwan—again, in the broader context of “Hong Kong-Macao-Taiwan Work”—was also made in the [standing committee work report](#) presented by CPPCC Chairman Wang Yang (汪洋) before that body on March 4. Wang commented that “[We must] steadfastly uphold the principle of ‘patriots governing Hong Kong,’ [and] strengthen friendship ties with Hong Kong and Macao compatriots, Taiwan compatriots, and overseas Chinese.” To this end, Wang offered the vague statement that “[We must] promote cross-strait economic and cultural exchange cooperation [and other such means] to explore dialogue.” Wang also extolled the

value of the [Twelfth Taiwan Strait Forum](#) (第十二屆海峽論壇) and the [Third Cross-Strait Grassroots Governance Forum](#) (第三屆兩岸基層治理論壇)—both united front events hosted by the PRC in September 2020—as positive models for building cross-strait ties.

Commentaries by Lower-Level PRC Officials and the State Media

While senior leadership statements at the NPC and CPPCC were relatively restrained, harder-edged comments were made by more junior officials. At an [NPC press conference](#) on March 7, PRC foreign minister Wang Yi (王毅) warned the Biden Administration against “crossing the line” and “playing with fire” in regards to Taiwan. Wang asserted that “Taiwan is an inalienable part of the Chinese territory [and] the two sides of the Taiwan Strait must be and will surely be reunified. [...] [Our] resolve to safeguard national sovereignty and territorial integrity is rock-firm. We have the capability to thwart separatist attempts for ‘Taiwan independence’ in whatever form. [...] On the Taiwan question, there is no room for compromise or concession from the Chinese government.”

Some of the most assertive statements about Taiwan at the Two Sessions were offered by spokespersons for the People’s Liberation Army (PLA). Per [comments made by Wu Qian](#) (吳謙), a spokesperson for the PLA delegation to the NPC, “We will show maximum sincerity and do our very utmost to promote peaceful reunification [sic] of China [...] but we will never tolerate any ‘Taiwan independence’ separatist forces attempting to split China.” Wu further asserted that “We do not renounce the use of force and reserve the option of taking all necessary measures [...] [to] guard against external interference and a tiny number of separatists [...] [which] in no way target[s] our compatriots in Taiwan.”

The CPPCC also saw standard appearances by figures from the CCP United Front Work Department (UFWD, 中共中央統一戰線工作部)’s Taiwan-oriented front organizations. Of these, the most prominent is the Taiwan Democratic Self-Governance League (TDSGL, 臺灣民主自治同盟), which operates as one of the eight “democratic parties” allowed to officially operate in the PRC political system as stage-managed adjuncts of the CCP. At this year’s CPPCC session, [TDSGL representative Wu Guohua](#) (吳國華) spoke on the need

to engage in further “propaganda and education” to instill “national feeling” (國情) among Taiwan’s youth. Additionally, [TDSGL Secretary General Pan Xinyang](#) (潘新洋) delivered a speech praising both the role of Taiwan natives residing in the PRC and of dialogues promoted by his organization in bringing closer eventual unification between the PRC and Taiwan.

[The nationalist *Global Times* newspaper commented](#) that “The latest official remarks during the two sessions have shown that the mainland is fully aware of the rising risks and seriousness of Taiwan secessionism [...] the mainland has the confidence and determination to realize the reunification eventually whether by force or peaceful means, with or without the efforts within the island.”

Hints of a Future National Unification Law?

In relation to Taiwan, one of the most intriguing developments to emerge from this year’s Two Sessions were the hints at a potential future PRC law on national unification, which might update or amend aspects of the PRC’s 2005 [Anti-Secession Law](#). For example, PRC state media [approvingly cited Ling Yu-Shih](#) (凌友詩), an appointed “Taiwan delegate” to the CPPCC, as calling for national reunification legislation that would strengthen or supersede existing PRC law. [Further media commentary](#) opined that, in regard to Taiwan, “The year 2020 is regarded as a key year for the transition from anti-secessionism to pro-reunification.”

The clearest hint that such a measure may be under consideration came on March 8, when Li Zhanshu (栗戰書), chairman of the Standing Committee of the NPC, delivered his committee’s official work report to that body. In a section of Li’s report addressing “constitution implementation work” (憲法實施工作) and legal reform measures, these two sentences were added at the end:

“[We must] maintain and perfect the system of “one country, two systems,” uphold the constitution and the Basic Law to settle the constitutional order for Special Administrative Regions, [and] ensure the stability in practice of “one country, two systems.” [We must] employ legal measures to defend the “One-China Principle,” oppose “Taiwan independence,” [and] enhance common knowledge of the One China framework; and

on the basis of law and norms uphold relations among people on both sides of the Strait, advancing cross-Strait exchange and cooperation, [and] advancing the peaceful reunification of the motherland.”

This language is vague, but seems to dovetail with other hints regarding a potential national unification law that might further codify Beijing’s interpretation of “one China” into PRC law—and provide a legal rationale for stronger coercive measures against Taiwan. It has often been CCP practice to signal such legislation ahead of time, just as the [Hong Kong National Security Law was unveiled](#) prior to its enactment in June 2020. It is also possible that these hints were offered as a trial balloon, to gauge international reaction. Alternatively, they may have been presented as a sort of legalistic saber-rattling, intended to intimidate audiences in Taiwan. However, this remains speculative, and no such legislation appeared to be on the official agenda for the 2021 NPC meeting.

Conclusions

In this year’s meetings of the NPC and CPPCC, the CCP’s campaign to subvert electoral processes and suppress the democratic opposition in Hong Kong took center stage—with concerns over Taiwan taking a secondary position amid the broader paradigm of “Hong Kong-Macao-Taiwan Work.” The CCP leadership clearly views Hong Kong as the more immediate and pressing problem. However, Taiwan policy continues to hold a significant place in Beijing’s propaganda narratives, and messaging from the Two Sessions maintained an insistence on “reunification” with Taiwan under Beijing’s official “one country, two systems” framework. However, such narratives are likely to ring increasingly hollow, as “one country, two systems” has long been [rejected in Taiwan](#) by both political leaders and the general public. Furthermore, Beijing’s slogans on Hong Kong autonomy clash with its increasingly heavy-handed dominance over the territory, including reports that [PRC officials are excluding Hong Kong loyalists](#) from deliberations and policy decisions regarding the city’s future.

The speeches from the CCP’s most senior officials—particularly, Politburo Standing Committee members Li Keqiang, Wang Yang, and Li Zhanshu—were relatively

restrained in relation to Taiwan, focused primarily on vague promises of mutually beneficial cooperation rather than overt threats. Somewhat more provocative language was offered by lower-level officials and state media, but even this was well within the traditional norms of CCP nationalist discourse. It is significant that official messaging consistently referenced a desire for engagement with “Taiwan compatriots” (臺灣同胞), while ignoring any mention of potential dialogue with Taiwan’s duly-elected government. Clearly, Beijing intends to continue its policy of ignoring the administration of Taiwan President Tsai Ing-Wen, while seeking to further build up business and United Front ties with private Taiwan citizens, as well as its own network of stage-managed Taiwan front organizations.

Messaging from the Two Sessions suggests that the CCP leadership has likely made a decision to place Taiwan policy on the back burner for the time being while it focuses attention on bringing Hong Kong to heel. However, the PRC’s insistence on achieving unification with Taiwan—on Beijing’s own terms—remains unchanged, even if competing priorities have temporarily taken center stage. As Hong Kong is brought under tighter central control, the coming years could well see renewed CCP attention to Taiwan policy, including potential legislation to be unveiled at a future meeting of the NPC.

The main point: The annual spring meetings of the PRC’s “Two Sessions” maintained CCP policies and narratives in relation to Taiwan, although these discussions took a back seat to the focus on entrenching Beijing’s dominance over Hong Kong. Hints were offered about a potential future “national unification law” directed at Taiwan, although no such legislation was on this year’s official agenda.

Luring the Phoenix: China’s Strategy to Recruit Taiwan Semiconductors’ Talent

By: Christina Lin

Christina Lin is an adjunct fellow at the Global Taiwan Institute.

A recent investigation into China’s illegal [poaching of local Taiwan chip talent](#) has revived concerns that Bei-

jing is targeting the island nation’s top engineers in its attempt to build an indigenous, world-class semiconductor industry to compete with the United States. On March 9, Taiwanese authorities raided the offices of two recruitment companies—[WiseCore Technology \(智鈿科技\)](#) and [IC Link \(芯道互聯\)](#)—that are suspected of illegally recruiting hundreds of chip engineers over the past three years through a joint venture with Beijing-based chipmaker Bitmain Technologies Ltd. (比特大陸). Bitmain’s actions allegedly breached the Act Governing Relations Between the People of the Taiwan Area and the Mainland Area (臺灣地區與大陸地區人民關係條例), [a Taiwanese law](#) designed to govern relations between the two sides, including those relating to its high-tech industry. According to Chang Jui-chuan (張瑞娟), a spokeswoman for the New Taipei District Prosecutors Office, this law stipulates that for-profit Chinese firms cannot set up operations in Taiwan or conduct business activities without [approval](#) from Taiwanese authorities.

Indeed, Taiwan has been battling a [brain drain](#) for years and initiatives such as the People’s Republic of China (PRC)’s unveiling of its “[31 measures](#)” back in 2018 can exacerbate such trends. The initiative was intended to woo young talents via tax breaks, subsidies for high-tech companies, and research grants for academics, in conjunction with its longstanding program to [lure chip talent](#) to the PRC via lucrative salaries and perks. Industry watchers [have stated that](#) Taiwan’s chip design houses and foundries have been hit the hardest by the outflow of engineers, especially Taiwan Semiconductor Manufacturing Corporation (TSMC, 臺灣積體電路製造股份有限公司). In 2020, China poached over [100 TSMC engineers](#), as well as another [3,000 chip engineers](#) from Taiwan the previous year, as part of its “[Made in China 2025](#)” plan to comprehensively upgrade its high-tech industries. [Carol Lin \(林志潔\)](#), a law professor at the Hsinchu-based National Yang Ming Chiao Tung University, also warned that “China’s poaching of Taiwanese engineers undermines Taiwan’s semiconductor industry,” especially if trade secrets that could result in “unfair competition and even endanger national security” are shared with Chinese rivals.

In fact, China’s national foundry [Semiconductor Manufacturing International Corporation \(SMIC, 中芯國際\)](#)

集成電路製造有限公司) was established by Taiwan's [Richard Chang](#) (張汝京), who brought several hundred employees with him to China in 1999 after his chip company was acquired by TSMC. TSMC's former chief operating officer, Chiang Shang-yi (蔣尚義), as well as research and development executive Liang Mong-song (梁孟松), have also taken [high-ranking roles](#) at SMIC. Subsequently, [Charles Kao](#) (高啟全), known as the "godfather" of Taiwan's DRAM (Dynamic Random-Access Memory) industry, joined China's Tsinghua Uni-group (紫光集團)—a company which competes with Taiwan's [Nanya Technology](#) (南亞科) in DRAM technology—in 2015.

However, Taiwan is not the only place in the crosshairs of the PRC's efforts. China is also targeting the [US](#), [South Korea](#), [Japan](#) and [other](#) industrialized countries in its search for technology and talent. Nonetheless, the case of TSMC and Taiwan chip talent recruitment does shine a light on China's overall strategy to acquire technology from abroad, in what is described by Chinese official sources as "[building nests to attract phoenixes](#)" (築巢引鳳). [1]

China Building Nests to Attract Phoenixes

According to an August 2020 [report](#) entitled "Hunting the Phoenix—the Chinese Communist Party's Global Search for Technology and Talent," China has used talent recruitment stations to gain access to technology through covert and non-transparent means. The report, released by the Australian Strategic Policy Institute (ASPI) and partly funded by the US Department of State, found that China has at least [600 stations](#) around the world that identify and recruit scientists and technologists who would be valuable to China's quest for technological dominance.

In the past, desired technology transfers generally occurred via mergers and acquisitions at the company level; however, the Chinese government now increasingly conducts these transfers via mergers and acquisitions at the employee level through talent recruitment. According to the report's author Alex Joske, China drew in almost [60,000 overseas professionals](#) from 2008 to 2016, and the recruitment stations—often contracted to local professional, community, student, and business organizations—are often supervised by [United Front Work Department](#) (UFWD, 中共中央統一戰線

工作部) groups.

The Chinese government has been promoting talent-recruitment work since the 1980s, so this is not a new phenomenon. However, it has placed more focus on the efforts over the past two decades. For example, in 2003, it established central bodies to oversee talent development, including the Central Coordinating Group on Talent Work (中央人才工作協調小組), which is administered by the Central Committee's Organization Department. Then, in 2008, Beijing established the national Overseas High-level Talent Recruitment Work Group (海外高層次人才引進工作小組) to oversee the [Thousand Talents Plan](#). [2]

These talent recruitment programs involve creating favorable conditions for overseas scientists to work in China, including paying salaries [three to five times](#) those of China's competitors, [heavily subsidizing apartments](#), providing free trips home, and "building attractive nests to lure phoenixes." According to Taiwan Business Weekly reports, Chinese firms are recruiting "not only top executives, but [entire production teams](#) on the ground."

Overseas companies can attempt to counter this trend by raising pay levels, but they are often unable to compete as they lack many of the benefits enjoyed by Chinese companies, to include large-scale industrial subsidies and protections against market competition. Taiwan has taken actions in response—such as strengthening its [Trade Secrets Act](#) (營業秘密法) to impose severe penalties and fines of up to NTD \$50 million, and up to a 10 year prison sentence, for those who transfer sensitive technologies abroad. Despite this, it still faces a [brain drain in its semiconductor sector](#) as talent and know-how transfer to the PRC.

This has prompted [Abhijnan Rej](#), Security & Defense editor at *The Diplomat*, to ask: why are so many scientists drawn to China?

Countermeasure: Build Better Nests to Retain Phoenixes

In a recent [article](#), Rej notes that while China's attempts to find creative ways to acquire technological intellectual property have been heavily publicized in recent years, there is [nothing inherently new](#) to the challenge. In response, Rej argues that while the Unit-

ed States, Taiwan, and other powers should continue to contemplate means to maintain their scientific and technological edge and stem Chinese intellectual malpractice, they should also strive to be proactive rather than reactive. To this end, he argues that they should start “asking [why](#) so many scientists are increasingly drawn to China.”

As a chip industry executive observed, “[A]ll these Asian governments, including the Taiwanese government, need to think up good ways to [retain talent](#), since China can use its great capital market, government subsidies, and lucrative packages to attract workers. You can’t expect your employees to be loyal forever if you did not offer enough incentives and opportunities.” So far, it seems that Taiwan is heeding this advice and taking steps to reverse the brain drain. Already, Taipei is bringing whole companies and production lines back from China thanks to a combination of government incentives and the US-China trade war. In August 2019, Taiwan surpassed its goal of seeing [returning Taiwanese companies](#) invest a total of NTD \$500 billion four months ahead of schedule. In 2021, TSMC announced that it is implementing a [20 percent pay increase](#) for its staff, as well as offering [lucrative compensation packages](#) to attract new talent for its USD \$12 billion Arizona plant.

However, more needs to be done, especially at the level of universities and research institutes, where funding shortages often compel scientists to seek [external funding from China](#). These funds are often provided by Chinese initiatives such as the [Thousand Talents Plan](#) (千人計劃), which is backed by the Thousand Talents Plan [Venture Capital Center](#) (千人計劃創投中心) that runs competitions to pair participants with start-up funding. To counter this lack of funds, Taiwan, the United States, and other allies can bolster their domestic talent base through something akin to the [US National Defense Education Act](#) (NDEA), which was one of the recommendations provided by the new National Security Commission on Artificial Intelligence [report](#). The NDEA was developed following the launch of the satellite Sputnik by the Soviet Union in 1957 and was driven by US fears of Soviet educational superiority. As such, the act injected funding into US educational institutions at all levels to improve their science curricula. A similar initiative could perhaps be applied to Taiwan

and other allied countries, providing support to cash-starved universities in order to build better nests to retain their own “phoenixes.”

Others, such as [Wang Che-jen](#) (汪哲仁), an assistant research fellow at the government-funded Institute for National Defense and Security Research (INDSR), have proposed that the United States and its allies form a global semiconductor supply chain alliance to protect their technological advantage and ensure national security. This view is shared by a former Taiwan National Security Council advisory member, [Huang Tien-lin](#) (黃天麟), who pointed out that Taiwan has become a “silicon shield,” which controls [19.9 percent](#) of the global semiconductor market. Combined with the US ([42.9 percent](#)), the partnership represents 63.8 percent of the world’s semiconductor output. Indeed, in February, representatives from the Taiwanese Ministry of Economic Affairs (經濟部), US semiconductor firms Qualcomm and Corning, and Taiwanese companies United Microelectronics and TSMC met virtually to discuss [cooperation in the chip sector](#). However, it remains unclear whether a chip alliance or stronger legal infrastructure to deter talent and technology poaching would truly remedy the issue. Ultimately, the phoenixes themselves will likely be the ones to decide which nests are more attractive for them to roost in.

The main point: China’s recruitment of Taiwanese semiconductor engineers over the years has highlighted its broad strategy of talent recruitment as a new form of technology transfer.

[1] ‘致公黨江蘇省委首屆“引鳳工程”成果豐碩’ [Zhigong Party Jiangsu Committee’s first ‘Attracting Phoenixes Project’ has bountiful results], Jiangsu Committee of the Zhigong Party, 2 January 2011; Tang Jingli [唐景莉], ‘築巢引鳳聚才智 國際協同謀創新’ [Building nests to attract phoenixes and gather talents and knowledge, international collaboration for innovation], Ministry of Education, 5 April 2012, [online](#); “築巢引鳳”聚人才 浙江舉行“人才強企”推介會’ [Building nests to attract phoenixes and gather talents, Zhejiang holds the ‘strong talent enterprises’ promotional event], *Zhejiang Online*, 18 July 2019, [online](#).

[2] The Overseas High-Level Talent Recruitment Work Group includes the [following members](#): the Ministry of Human Resources and Social Security, the Ministry

of Education, the Ministry of Science and Technology, the People's Bank of China, the State-owned Assets Supervision and Administration Commission, the Chinese Academy of Sciences, the United Front Work Department (UFWD) of the Central Committee of the CCP, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Public Security, the Ministry of Finance, the Overseas Chinese Affairs Office (now part of UFWD), the Chinese Academy of Engineering, the National Natural Science Foundation, the State Administration of Foreign Experts Affairs, the Communist Youth League of China, and the China Association for Science and Technology.

Reflections on 25 Years Ago - Risks for a Fourth Taiwan Strait Crisis

By: Michael Mazza

Michael Mazza is a senior non-resident fellow at the Global Taiwan Institute, a visiting fellow with the American Enterprise Institute, and a non-resident fellow at the German Marshall Fund of the United States.

This month marks the 25th anniversary of the 1996 Taiwan Strait Crisis, sometimes called the 1995-1996 Taiwan Strait Crisis or Third Taiwan Strait Crisis. At the time the lowest point in US-China relations since the Tiananmen Square Massacre, the events of 1996 seemed less likely to lead to a fundamental break than did the Tiananmen atrocities. Paradoxically, however, the 1996 Crisis represented a greater risk of armed hostilities than did the events of 1989. With the United States and China now in the early stages of what will likely be a long-term strategic rivalry and with cross-Strait relations at their lowest point in years, it is worth looking back to March 1996, when a year-long row culminated in Chinese and American shows of force near Taiwan.

Brief Overview

In May 1995, President Bill Clinton granted Lee Teng-hui (李登輝), president of the Republic of China (Taiwan), a visa to visit the United States so that he could attend a reunion at Cornell University. Beijing was livid. The Clinton Administration had previously assured Bei-

jing that no visa would be forthcoming, but congressional pressure led the president to reverse course. A year earlier, the Clinton Administration had revised its Taiwan engagement protocols to allow for higher-level meetings; and in 1992, the Bush Administration had agreed to sell 150 new F-16 fighter jets to Taiwan. Beijing saw a pattern, and worried the United States was moving away from the "One-China Policy" that had guided it since normalization in 1979—and that Washington was, in turn, encouraging Taiwan to pursue formal independence. American policy decisions were also viewed in the context of shifts taking place in Taiwan, which was democratizing under the leadership of a native-born Taiwanese president. China responded by recalling its ambassador to the United States for consultation, canceling a defense minister meeting, and test-firing six missiles into waters about 100 miles from Taiwan. (Robert S. Ross has a good overview of events [here](#), though his framing of Taiwan's policy choices is problematic.)

Tensions continued throughout 1995. Lee Teng-hui remained intent on pursuing participation in the United Nations, Taiwan tested its own missiles and held exercises aimed at fending off an invasion, and Lee sought an invitation to the Asia-Pacific Economic Cooperation (APEC) summit in Japan. Beijing, for its part, futilely pressed Washington for new commitments *vis-à-vis* Taiwan and held even larger military exercises ahead of Taiwan's December legislative elections. As December turned to January, China's relations with Taiwan and the United States only grew colder. Campaigning ahead of Taiwan's first popular presidential election (scheduled for March 23) saw some candidates, including Lee, adopt tough-on-China rhetoric. In response, the People's Liberation Army (PLA) mobilized 100,000 troops in Fujian Province, leading Washington to repeatedly warn Beijing against engaging in military intimidation.

Beijing ignored the warnings. It carried out military exercises throughout the month of March, which included firing missiles into waters just 20 miles from Taiwan's coast. It was later [revealed](#) that one of the missiles passed over Taipei. In the months leading up to Taiwan's presidential election, Beijing resorted to [nuclear signaling](#) as well.

The United States responded with its own significant

show of force. On March 10, the Clinton Administration decided to order two aircraft carriers to East Asian waters: the USS Independence proceeded from Japan to Taiwan-adjacent waters, while the USS Nimitz departed the Persian Gulf and sailed for the Philippine Sea. China conducted a fourth and final missile test on March 13 and a joint ground, air, and naval exercise a few days later. Taiwan's election went forward as planned, Lee Teng-hui became Taiwan's first popularly elected president, and the crisis came to a close.

25 Years Later: What Hasn't Changed

Today, some of the conditions that led to the 1996 crisis persist. First, fundamental Chinese, American, and Taiwanese interests have not significantly changed during the past 25 years. Beijing remains intent on eventual unification with Taiwan and, as a result, seeks to restrain supposedly "pro-independence" Taiwanese inclinations and to encourage the United States to stick to a strict interpretation of the "One-China Policy." It also prefers to achieve its goals without resorting to armed conflict.

As in 1996, the United States wants to maintain a regional security order centered on its bilateral alliance relationships and other security partnerships, to ensure Taiwan's continued de facto independence as long as that status accords with the wishes of Taiwan's people, and to avoid hostilities. Taiwan also wishes to avoid conflict while securing its independent existence, maintaining a robust relationship with the United States, and deepening its international engagement.

Much as in 1996, Beijing continues to worry about Taiwan drifting away from the supposed motherland, and with good reason. Since the Election Study Center at National Chengchi University began public polling on the [question](#) in 1994, support for unification has shrunk, support for independence has grown, and there has been consistent, widespread support for maintaining the status quo over the long haul. Polling on [identity](#), moreover, has shown a long-term trend since 1992 of increasing identification as "Taiwanese" and decreasing identification as "Chinese" or as "both Taiwanese and Chinese." Those changes have occurred as Taiwan consolidated its democracy, making it one of the world's [freest](#) countries (as measured by Freedom House). Put another way, it has become far harder for

Beijing to believe—or credibly claim—that Taiwan is not a polity that is separate and fundamentally different from the PRC. The concerns Beijing had in 1996 have only grown more acute in the years since.

25 Years Later: What Has Changed

Much has changed over the past 25 years, of course, but three shifts are worth highlighting in particular as we reflect on the last Taiwan Strait crisis. First, China is not economically dependent on the United States to the extent that it was in 1996. At that time, Beijing's accession to the World Trade Organization was still five years away and [American support](#) would be crucial to ensure that eventual outcome. Today, China is a central node in the global economy. And although it still needs access to the American market, investment, and technology, it is no longer dependent on Washington to facilitate its linkages with international trade and financial networks. To be sure, Washington has significant economic leverage it could operationalize in a crisis, but the rest of the world's dependency on China may mitigate that leverage's effectiveness.

Second, the cross-Strait military balance of power has shifted in China's favor over the intervening two decades. Indeed, it was the 1995-1996 Taiwan Strait Crisis that [spurred](#) a period of near-annual double-digit percentage [increases](#) in China's defense budget. In 2000, the Brookings Institution's Michael O'Hanlon convincingly [argued](#) that "China cannot invade Taiwan, even under very favorable assumptions about how a conflict would unfold." By contrast, China now has a modern, well-armed Navy, Air Force, and Rocket Force that allow it to pose a multifaceted threat to Taiwan. The ability to carry out a successful amphibious invasion is within reach. Speaking before the Senate Armed Services Committee earlier this month, Admiral Phil Davidson, commander of Indo-Pacific Command, [noted](#): "Taiwan is clearly one of their ambitions before [2050]. And I think the threat is manifest during this decade, in fact in the next six years."

Importantly, China is pairing that ability to threaten Taiwan with the ability to [complicate](#) any American effort to [intervene](#) in a conflict. In 1996, the US Navy could park an aircraft carrier 100 miles off Taiwan's coast without having to worry much about the ship's safety. Today, that carrier would sit [well within range](#) of

China's expanding air, missile, and naval forces.

Third, in 1996, both China and the United States were [eager to return](#) to something resembling the *status quo ante* in the bilateral relationship. That might not be true following a major crisis in the Taiwan Strait involving all three parties today. Unlike in 1996, the United States and China are now strategic rivals engaged in a competition that may last decades. US Secretary of State Antony Blinken put it [this way](#): “our relationship with China will be competitive when it should be, collaborative when it can be, and adversarial when it must be.” There is a desire—presumably on both sides—to avoid armed confrontation, but the desire for productive ties is weaker than it once was because both Beijing and Washington see less potential for mutually beneficial outcomes.

Conclusion

Because fundamental Chinese interests on the one hand, and Taiwanese and American interests on the other, are largely as they were in the mid-1990s—in other words, not mutually compatible—the risk remains for a Fourth Taiwan Strait Crisis. But it is the things that have changed in the intervening 25 years that make that prospect so concerning. Setting aside for now the question of how such a crisis might come about, there is reason to worry that hostilities would be harder to avoid given a more confident China, a relatively weaker United States, and a bilateral relationship whose best days are far behind it. And even if violence were avoided, a dangerous crisis in the Taiwan Strait could lead to a fundamental break in US-China ties or to significant shifts in each country's cross-Strait approach. Taiwan, meanwhile, would find itself living in increasingly turbulent waters.

The main point: This month marks the 25th anniversary of the 1996 Taiwan Strait Crisis. Because Chinese, Taiwanese, and American interests are largely as they were in the mid-1990s, the risk remains for a fourth—and far more dangerous—Taiwan Strait crisis.

Lithuania's Turn Away from China's 17+1 and towards Taiwan: A Signal of Policy Recalibration in Central and Eastern Europe

By: Katherine Schultz

Katherine Schultz is a research associate at the Global Taiwan Institute and staff editor of the Global Taiwan Brief.

On March 2, news reports revealed that Lithuania plans to leave the [17+1 Initiative](#)—an economic cooperation framework spearheaded by the People's Republic of China (PRC), which involves 17 Central and Eastern European (CEE) countries (12 EU members and 5 Western Balkan states). Justifying the decision, Lithuanian officials [cited](#) a lack of results and benefits reached through the initiative since its inception nearly 10 years ago. Media outlets have since [updated](#) this information—clarifying that the Baltic nation is not officially withdrawing from the group, but intends instead to minimize its participation. It has also been revealed that Lithuania plans to set up a [trade office](#) in Taiwan this year, and that a group of prominent Lithuanians established the “[Lithuania-Taiwan Forum](#)” on March 16. This, along with the sparse attendance at February's 17+1 virtual meeting, indicates a growing frustration with the China-led framework among CEE nations—and potentially provides an opening for deepening ties with alternative, democratic economic partners such as Taiwan.

Lithuania's Near-Break Up with 17+1

The question of scaling down Lithuania's participation in 17+1 was [reportedly](#) discussed in February 2021 in connection to debates on [reconsidering](#) the country's approach to China. Initially, media outlets indicated that Lithuania's parliamentary Committee on Foreign Affairs had decided on “[leaving](#)” the 17+1 format, preferring instead to work with “[democratic partners in the region](#).” Subsequent reports [clarified](#) that Lithuania was not formally leaving the group; but that from now on, it would prefer “direct or European Union (EU)-led economic ties to participating in a China-led ‘17+1’ grouping with Central European countries.” The spokesperson for the Lithuanian Foreign Ministry [explained](#) the decision:

“In our opinion, the economic initiative did not

bring the expected result to Lithuania, so we plan to concentrate on developing our economic relationship with China bilaterally, and within the framework of EU and China cooperation.”

The lack of economic benefits, however, has turned out to be only one of several reasons for this decision. “The 17+1 format [...] is not useful for Europe, it is dividing Europe, because some countries have a different opinion on China than others,” Lithuanian Foreign Minister Gabrielius Landsbergis [said](#) in the days following the announcement—thereby indicating that aside from economic considerations, there was a significant political dimension to the decision. The question of the EU’s cohesion and the [impact](#) of the 17+1 format on EU policies toward China has been cited as a growing [concern](#).

Furthermore, Lithuania’s decision to turn its back on China appears to be connected with the controversial [China-EU Comprehensive Agreement on Investment \(CAI\)](#), concluded on December 30, 2020, just days before the end of [Germany’s presidency](#) of the Council of the EU. In February—at roughly the same time that this policy shift was being debated in the Lithuanian parliament—media [reports](#) described growing discontent in Lithuania’s political circles regarding the fairness of the largest EU countries, Germany and France, speaking on behalf of the entire Union. This provides an interesting insight into the significance of the hotly discussed CAI as well, showing that the agreement—although considered a [victory](#) for China—by no means represents the wishes of all EU member states.

Perhaps most notably, the chairman of Lithuania’s parliamentary Committee on Foreign Affairs, Žygimantas Pavilionis, has indicated in an interview that Lithuania is not the only 17+1 member with such concerns, [stating](#) that Estonia, Latvia, and several other Eastern European countries are considering a similar move. If true, this would indicate that the concerns outlined above are perhaps shared by a significant part of Central and Eastern Europe, thus signaling a larger trend rather than an issue limited to a single country.

2020: A Year of Strengthening Ties with Taiwan

On March 3, just one day after Lithuania announced its intention to redirect its focus away from the 17+1, the Baltic nation [publicized its plan](#) to bolster its ties

with Taiwan by establishing a trade office in Taipei. The move is meant to “[boost economic diplomacy in Asia](#),” while keeping in line with the aforementioned statements by Lithuanian officials pledging to work with more democratic partners. Up until now, Riga—Latvia’s capital—has been the only Baltic city to host [Taiwan’s representative office](#), which has served to promote relations with all three Baltic countries: Estonia, Latvia, and Lithuania.

In hindsight, these developments may be viewed as a natural progression in the growing Lithuanian support for Taiwan, and intensifying ties between the two democracies. In April 2020, over 200 Lithuanian politicians and public figures issued an [open letter](#) to Lithuanian President Gitanas Nausėda calling on him to support Taiwan in its efforts to join the World Health Organization (WHO). Subsequently, the nation’s then-foreign minister [called the WHO](#), asking that Taiwan be invited as an observer. In October 2020, [60 Lithuanian parliamentarians](#) joined fellow [European lawmakers](#) in supporting Taiwan’s inclusion in the World Health Assembly (WHA). Building on this, Lithuanian Taiwan supporters also [celebrated](#) Taiwan’s National Day in Vilnius for the first time on October 8. Following the October 2020 elections, the newly formed Lithuanian government [pledged](#) to carry out a “values-based foreign policy,” oppose human rights violations, and “defend those fighting for freedom around the world, from Belarus to Taiwan.” To this end, the [Provisional Parliamentary Group for Relations with the Republic of China \(Taiwan\)](#), consisting of 32 parliamentarians, was formed at the end of 2020.

Most recently, over 50 Lithuanian politicians and professors established the “[Lithuania-Taiwan Forum](#)” on [March 16, 2021](#) in Vilnius, paving the way for deepening Lithuania-Taiwan cooperation and exchanges, as well as supporting “[Taiwan’s aspirations related to democracy, human rights, and self-determination](#).” (According to [earlier reports](#), the founding act of the forum had already been signed by its members in October 2020.) The forum includes many prominent Lithuanian figures, such as the current Minister of the Economy and Innovation Aušrinė Armonaitė, Vice Foreign Affairs Minister Mantas Adomėnas, the Mayor of Lithuania’s capital Vilnius Remigijus Šimašius, Lithuanian Member of the European Parliament Aušra Maldeik-

ienė, as well as a number of legislators and university professors. The group will be led by former Minister of Education and Science [Gintaras Steponavičius](#), who [said](#) that the forum would further promote Lithuania's "value-based" foreign policy and help develop relations with Taiwan in "various fields."

In the area of research and scientific cooperation, Taiwan has also been active in the Baltics. For instance, the [Baltic States Research Center on Physics](#), inaugurated in March 2020, will further promote bilateral exchanges between the scientific communities in Taiwan and the Baltics.

Interestingly, the idea of switching formal relations from the PRC to Taiwan was [brought up](#) last year by one Lithuanian politician, who [pointed out](#) the fact that China has little to no leverage in the Baltic nation. Still, the Lithuanian government as a whole has shown [no clear intention](#) to either change its policy of recognizing only one "China," or to or pursue formal ties with the island democracy.

Growing Frustrations with the 17+1 among CEE Countries

The news about Lithuania's rethinking of its relationship with the PRC and Taiwan came shortly after the much-delayed [February 9 virtual meeting](#) of the 17+1 grouping. Chinese Communist Party General Secretary Xi Jinping (習近平) himself chaired this year's meeting—instead of Prime Minister Li Keqiang (李克強), who would usually host such a meeting—and [pledged](#) to import goods worth over USD \$170 billion from the region over the next five years. Despite this, many CEE nations chose to downgrade their participation in the online meeting. Of the seventeen CEE member nations, [six countries chose not to send their leaders](#), with ministers participating on their behalf. Notably, the top leaders of [all three Baltic states](#) chose to skip the meeting, along with those of Bulgaria, Romania, and Slovenia.

The 17+1 Initiative has long been [criticized](#) due to its asymmetrical, horizontal structure, which allows the PRC to foster bilateral ties with individual members of the group—as opposed to a standard horizontal organization, would allow and encourage multilateral engagement between all members. In other words, the framework allows the 17 European nations to have

one-on-one dealings with China (which tend to be [competitive](#) in nature), but it does not enable them to pursue a joint strategy *vis-à-vis* Beijing. The format is also known for its lack of [mutuality](#), with China setting the timing and agenda of the meetings. Additionally, many have [pointed out](#) that the 17+1 (and CEE, for that matter) is a very diverse group of nations—both in terms of the size of their economies as well as "[political identities](#)"—resulting in [unbalanced trade relations](#) and [differences in the degrees of participation](#) within the framework. The 17+1 has been perceived as a tool of the PRC, serving to increase its influence in Eastern Europe and acting as a virtual [extension](#) of China's Belt and Road Initiative (BRI, also known as One Belt, One Road [一帶一路]).

After nearly a decade of [unkept promises](#) of investment and infrastructure (often complemented with a [carrot-and-sticks approach](#) in the region), it is no wonder that the members of the group have become disillusioned with the initiative and suspicious of its true motives. [Frank Juris](#) of the International Center for Defense and Security was recently quoted explaining that the increasingly realistic approach toward China and 17+1 is present throughout the wider region, not only the Baltics. Indeed, a growing number of national intelligence services are sounding alarms about the national security risks that China poses to Europe: including those of [Lithuania](#), [Estonia](#), [the Czech Republic](#), and many [more](#). Some members—and especially Baltic nations—also feel that there is a political cost to participation in the grouping, as it could potentially harm relations with the United States, which is considered a "[security guarantor](#)" in the region.

Implications for CEE-Taiwan Ties

The news of Lithuania's shift away from the 17+1 and toward Taiwan marks the first time that a CEE country publicly expressed its frustration with the China-led initiative while almost simultaneously announcing measures that strengthen its ties with Taiwan. The two decisions appear to reflect two coinciding, and often connected trends: first, a frustration and growing skepticism towards China's ([mostly unfulfilled](#)) investment promises and the 17+1 framework; and second, an increasing willingness among some European countries to forge "value-based" partnerships with like-minded democratic nations, including Taiwan. It also shows

that many European nations—particularly those with a history of being bullied by authoritarian regimes like Russia, and which are, as a result, keener on upholding values such as freedom, democracy and human rights, and more inclined to feel sympathy for Taiwan—are increasingly aware of the risks posed by China’s influence in Europe and its ambitions to create divisions between the United States and Europe, as well as within the EU.

It is yet to be seen whether this growing distrust in the promises of 17+1 is strictly limited to the six nations whose leaders skipped the meeting this year, or whether this is indicative of the approaching dissolution of the 17+1 altogether. But given how outspoken politicians in Lithuania have become on this issue, it would be worthwhile to look out for similar signs and rhetoric in other member states. This is particularly true for Taiwan, for which these signs can represent an opening and opportunity for cooperation.

Furthermore, if there truly is a considerable number of CEE nations sharing Lithuania’s sentiment, this may create a possibility for a more coordinated approach to China, as well as to Taiwan. While many European states will likely remain open to Chinese investment and its attendant influence, increased coordination among CEE countries could greatly increase their leverage. A united approach by a group of CEE countries may well be able to fend off retaliation from China and render its threats unconvincing, thus creating a more equitable environment in dealings with China. For similar reasons, this shift may be an important development for the prospects of EU-wide and transatlantic cooperation on China-related issues. If Europe is becoming more united on China, this may increase the feasibility of a more coordinated transatlantic approach on issues such as Taiwan.

There is one more important implication for those observing the developments in Europe from the outside: as a growing number of CEE nations become skeptical of Chinese trade and investment opportunities, Taiwan and the United States (as the PRC’s systemic rival and a nation that is trying to encourage other countries’ ties with Taiwan, as per the [TAIPEI Act](#)) should pay attention and offer alternatives to those countries seeking to diversify their trade and investment portfolios. Only with alternatives to choose from will CEE nations that

are seeking to bolster cooperation with like-minded democracies be able to do so.

The main point: Lithuania’s decision to scale down its participation in the 17+1 group and set up a trade office in Taiwan are signs of growing skepticism with the China-led initiative, as well as a turn to a more “value-based” foreign policy. The waning interest among 17+1 members in the meetings and insiders’ insights indicate that more Central and East European states may follow suit, providing an opening for Taiwan.