

Beijing's Charm Offensive with Taiwan: Change in Tack, Not in Policy

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Chinese Spy Balloon Fall-Out Underscores Need of Reassurances for Taiwan

Dean P. Chen

China's Balloons over Taiwan Part of a Broader Military Reconnaissance Program

John Dotson

International Legal Frameworks for Statehood and Their Relevance to Taiwan's Defense

Anais Fang

In the Wake of Chip Shortages, TSMC Considers Investing in Germany

Marshall Reid

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By: Russell Hsiao

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Beijing is engaged in a [charm offensive](#) around the world. Since the 20th Chinese Communist Party (CCP) Congress last October, China's cadre-diplomats have been [courting the international community](#) with summities and boastful declarations of how "China is back" and "open for business." Despite Beijing's ongoing military exercises around Taiwan—which have seen significant increases over recent years, pushing cross-strait tensions to a level not seen since the last Taiwan Strait Crisis in the mid-1990s—Taiwan has not been an exception to this campaign of flattery. In meetings with a visiting delegation of senior politicians from Taiwan's main opposition party, the Kuomintang (KMT), senior Chinese officials have reportedly softened their rhetoric and expressed a willingness to resume dialogue with Taiwan. Observers have been quick to point to this broader change as a shift in Beijing's fundamental policy—and a reversal from the "wolf-warrior diplomacy" that has characterized Chinese foreign policy over the last decade. Yet, the appearance of Beijing's softening stance should not be mistaken for a change in its policy, but rather understood as a momentary shift in tack—especially as it concerns Taiwan.

KMT Vice Chairman Returns to China

This charm offensive was on full display earlier this month during the February 8 trip by KMT Vice Chairman Andrew Hsia (夏立言)—his second visit to China in the last six months—for a nine-day trip to China that included meetings with senior Chinese officials in Beijing.

In August 2022—despite protests from some members within his own party—Hsia made a late-announced trip to Beijing immediately after then-US House Speaker Nancy Pelosi traveled to Taiwan, and while China was conducting unprecedented, large-scale military exercises around the island. On his previous trip, Hsia was only able to meet with relatively lower-ranking officials such as Zhang Zhijun (張志軍) and Chen Yuanfeng (陳元豐). The backdrop for the current round of meetings is different, and it showed in who Hsia met. Most notably, the KMT vice chairman [attended meetings](#) with the new CCP senior lead-

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ers in charge of Taiwan policy: Wang Huning (王滬寧) and Song Tao (宋濤).

Wang—the ideology and propaganda czar to Xi Jinping (習近平)—is the Politburo Standing Committee (PBSC, 中央政治局常委會) member who is slated to take over as chairman of the Chinese People’s Political Consultative Conference (CPPCC, 中國人民政治協商會議), and who currently serves as deputy director of the Taiwan Affairs Leading Small Group (TALSG, 中央對台工作領導小組). An article in *Nikkei* from January 2023, citing an unnamed source, indicated that Wang has been tasked to create an alternative to the “one country, two systems” (一國兩制) framework first advanced under the PRC’s late supreme leader Deng Xiaoping (鄧小平). As head of the State Council and the CCP’s Taiwan Affairs Office (TAO, 國務院台灣事務辦公室), Song Tao is in charge of CCP policy implementation. Although not a member of the CCP’s Central Committee (國務院)—which is a break from past practice—Song will likely [be appointed](#) to serve as one of the vice chairmen of the CPPCC at the upcoming *Lianghui* (“Two Sessions,” 兩會) of the National People’s Congress and CPPCC, expected to be held in March.

The KMT delegation’s visit was billed as an effort to get a better sense of the [current economic situation](#) and the needs of Taiwanese businessmen in mainland China. In addition to Beijing, Hsia led his delegation to Shanghai, [Nanjing](#), Wuhan, [Chongqing](#), and Chengdu. Accompanying Hsia on the delegation were Kao Su-po (高思博), a member of the KMT’s Central Committee; Lin Chu-chia (林祖嘉), director of the KMT’s Department of Mainland Affairs; and Zhao Chunshan (趙春山), a seasoned and respected China expert and a consultant with the [Asia-Pacific Peace Research Foundation](#) (亞太和平研究基金會), a China-focused think tank associated with Taiwan’s national security apparatus.

In a widely publicized [meeting](#), the TAO’s Song purportedly told the visiting delegation that as long as the Taiwan authorities accepted the “1992 Consensus” (九二共識) in accordance with the “one-China principle” (一個中國原則), then cross-strait negotiations could resume. This suggests that the CCP is re-opening the door to dialogue with the DPP—provided they accept those political preconditions. He further [added at a separate event](#) with Taiwanese businesses in the PRC that the CCP will:

“[F]ully implement the spirit of the 20th CCP Congress and the ‘overall strategy for resolving the Taiwan issue in the new era’ (新時代黨解決台灣問題的總體方略), adhere to the policy of ‘peaceful reunification [sic], one country, two systems’ (和平統一、一國兩制), and up-

hold the concept of ‘one family on both sides of the strait’ (兩岸一家親).”

In the meeting with [Wang Huning](#), the PBSC member doubled down on the message of dialogue and impressed on the delegation that:

“[T]he KMT and the CCP should further consolidate their common political positions of adhering to the ‘1992 Consensus’ and opposing ‘Taiwan independence’, deepen political mutual trust, maintain interactions, strengthen exchanges and cooperation, and resolutely oppose Taiwan independence and interference by external forces (堅決反對“台獨”分裂和外部勢力干涉), jointly maintain peace and stability across the Taiwan Strait, promote cross-strait exchanges and cooperation, benefit compatriots on both sides of the Strait, and work together for national rejuvenation.”

These messages from Chinese officials differ greatly in tone from those delivered during Hsia’s previous trip last August. Hsia [told reporters](#) that during the last visit, when the KMT called on Beijing to “resume imports of Taiwan’s agricultural and aquatic products to the PRC and increase cross-strait shipping points,” their entreaties were met with a terse reply that the Chinese side would simply “go back and discuss.” However, after raising the question again this time, Wang reportedly told Song at least three times during the meeting to “implement their request,” and how “[e]ven if you can’t do it, you must explain it to them carefully.”

Further amplifying the call for dialogue, the official think tanks of the KMT and the PRC State Council held a [joint symposium](#) on “Cross-strait Relations and Exchanges and Cooperation in the Post-epidemic Era.” Co-hosted by the KMT’s National Policy Foundation (NPF, 國民黨國政研究基金會) and the PRC’s Cross-strait Relations Research Center (CSRRC, 海峽兩岸關係研究中心) in Beijing, the meeting featured speakers arguing that the two sides should normalize cross-strait exchanges as soon as possible, especially as the COVID-19 pandemic subsides.

Conspicuously, [Zhao](#)—the seasoned China hand—said that he felt a “warm spring” (春暖) coming in cross-strait relations, but cautioned that whether it will “blossom” will depend in part on Taipei’s response and the joint efforts of both sides of the Strait. Zhao further [observed](#) that the Chinese officials he met showed a new and positive attitude. In particular, he noted that the PRC scholars at the think tank symposium refrained from using any threatening tone or employ terms such as “reunification by force” (武統). Instead, the participants called for the resump-

tion of cross-strait exchanges and dialogue.

In response to the PRC's softening rhetoric and apparent willingness to re-engage in dialogue, Democratic Progressive Party (DPP, 民進黨) Legislator [Lo Chi-cheng](#) (羅致政) commented that the DPP does not oppose any exchange and dialogue between the two sides of the strait, but maintained that there should be no restrictions or political preconditions. Lo added that the PRC's actions toward Hong Kong, as evidenced by the National Security Law (國家安全法), inevitably makes people concerned. "The ball [to resume dialogue] is on the other side, not in Taiwan," Lo concluded.

Prepping the Info Space: Pelosi Redux?

It should be noted, however, that the readouts from the meetings between Taiwan's opposition leaders and Chinese officials, while significant for the fact that they occurred, offered no new policy direction. Instead, the primary objective appears to be shaping the optics. This applies to both the KMT and the CCP.

Amid the ongoing fallout from the [spy balloon controversy](#), Beijing's charm offensive should not be viewed as an isolated act. With US Speaker Kevin McCarthy [widely expected](#) to make a visit to Taiwan later this year, it is worth recalling the effectiveness of the PRC's propaganda in the lead-up to—and aftermath of—Speaker Nancy Pelosi's visit to Taiwan. While the blistering rhetoric and calls to prevent the speaker's plane from landing in Taipei did not deter Speaker Pelosi from going to Taiwan, this does not mean the PRC's campaign was not successful in other dimensions.

Perhaps the most striking aspect of the propaganda campaign in the lead-up to Pelosi's visit was Beijing's effort to essentially redirect the narrative over its increasingly dangerous behaviors at sea and in air, framing the trip as the cause for its behavior. The PRC's campaign was not only directed at intimidating Taiwan and deterring the United States, but was more notably aimed at rattling US allies and partners. Specifically, the campaign worked to present the United States and so-called "Taiwan secessionist forces" (clearly intended to mean the DPP) as the ones provoking Beijing and disregarding regional concerns.

On the domestic front, it appears that the KMT intended to show that it is the only party capable of engaging in dialogue with China. Since Hsia's August visit, the KMT leadership has been at pains to demonstrate that they have some deliverables to show from these politically sensitive interactions. During his post-visit [press conference](#), Hsia repeatedly [emphasized](#) how the visit was intended to convey the concerns of Taiwanese

farmers, fishermen, and small- and medium-sized enterprises affected by the [PRC's economic sanctions](#) imposed in recent years—particularly after Speaker Pelosi's visit. Meanwhile [Zhao noted](#) that the Chinese leadership had made available all the senior local officials at all their stops. This charm offensive could strengthen the hand of [pro-unification forces](#) within the KMT to push for a more conciliatory posture *vis-à-vis* China.

Beijing's softening rhetoric is notable, but it is likely only a façade. Despite speculation that *Zhongnanhai* is considering a different approach, there are no indications of a significant policy change. Instead, this change in tack is consistent with the PRC's dual approach of combining "soft-hard" measures in its dealings with Taiwan. While the "soft" measures may appear softer, the ["hard" measures](#) have also grown harder in recent years. Indeed, the CCP is engaged in a comprehensive united front propaganda campaign intended to shape the information space. These efforts are designed to prevent the KMT from moving away from its cross-strait policy while also shaping international narratives. Should Speaker McCarthy travel to Taiwan to show support for the democracy of Taiwan as it readies for the 2024 elections, this campaign could play a role in influencing the domestic and international responses.

The main point: While KMT Vice Chairman Andrew Hsia's recent meetings with Chinese figures ostensibly suggest a softening PRC approach to Taiwan, this shift is likely only rhetorical. In reality, this change in tack is primarily intended to shape narratives and sow division.

Chinese Spy Balloon Fall-Out Underscores Need of Reassurances for Taiwan

By: Dean P. Chen

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Earlier this month, the United States and the People's Republic of China (PRC) clashed in a ["new flashpoint"](#) over a Chinese high-altitude spy balloon that boldly traversed the continental United States for a week before it was shot down by a US F-22 fighter jet off the coast of South Carolina on February 4. [1] In the wake of these events, American intelligence officials [confirmed](#) that the balloon was part of a global surveillance campaign designed to collect information on sensitive military sites and radar system capabilities of countries around the world—including Taiwan. Based on these assessments, balloons

can better evade detection and collect clearer images than advanced satellites that orbit the earth. This incident suggests that the PRC is not only becoming more belligerent, but also more erratic—and underscores the need for the Biden Administration to be more vigilantly prepared to counter the PRC and its ambitions over Taiwan.

Recent Moves by the Biden Administration in US-China Relations

The balloon incident not only [scuttled a planned visit](#) to Beijing by US Secretary of State Antony Blinken—who would have been the highest-ranking American official to visit China since 2018—but also further convinced Washington of Beijing’s duplicity, capriciousness, and ambition to promote its sophisticated espionage missions worldwide. Although countries, especially great powers, do run extensive spy programs targeting each other, aerial surveillance is usually conducted far enough offshore to avoid direct and explicit intrusions into national airspace. To date, Beijing has not offered any credible explanations for its activities—and even pointed fingers at Washington for overreacting and sending its own high-altitude balloons into China’s airspace, a claim the Biden Administration has [strongly refuted](#).

In the midst of this crisis, however, President Biden’s State of the Union Address—given on February 7—sounded incredibly calm and lighthearted on foreign policy, particularly in reference to the PRC’s infringement of American airspace and territorial sovereignty. He [repeated](#) the consistent themes of “competing with China” while arguing that “autocracies have grown weaker, not stronger.” At one point during his remarks, Biden even [shouted](#) out: “[N]ame me a world leader who would change places with Xi Jinping (習近平), name me one!”

Nonetheless, the president also stressed that he wanted “no conflict,” stating that he was “committed to work with China where it can advance American interests and benefit the world.” Instead of explicitly mentioning the balloon incursion or the US military response, Biden vaguely [said](#), “[Make] no mistake: as we made clear last week, if China’s threatens our sovereignty, we will act to protect our country. And we did.” On a separate occasion, Biden [replied](#) to reporters that taking down the PRC spy vehicle would not “[weaken](#)” US-Chinese relations. “We’ve made it clear to China what we’re going to do. They understand our position. We’re not going to back off. We did the right thing. And there’s not a question of weakening or strengthening; it’s just the reality.”

Biden’s seemingly soft handling of China’s spy offensive might have been a calibrated approach intended to avoid pushing an

opaque and mercurial autocratic regime into a corner, at least until further information could be ascertained about what really led the PRC government to dispatch the spy balloon to the United States. Indeed, reports have documented Xi’s mounting [domestic challenges](#), as well as his [alleged unawareness](#) of the decision to launch the balloon. The incident was particularly poorly timed for the Chinese leader, as it undermined his efforts to rehabilitate China’s global image following years of pursuing a “[wolf warrior](#)” [diplomatic stance](#) abroad, and a highly repressive and draconian [zero-COVID strategy](#) at home. Other observers, however, simply argued that Xi was making an adventurous move to [test the resolve](#) of Washington, betting he could get away with it without repercussions.

The PRC’s Continuing Hardline Against Taiwan

All these developments again underscore the PRC’s genuine and unrelenting threats towards Taiwan. The self-governing democracy has been subject to persistent PRC harassment and coercive “gray-zone” operations—frequently including [spy balloons](#)—utilized by Beijing in preparation for an eventual invasion of the island. Even though US officials have recently discounted the imminence of a major Chinese military attack against Taiwan—[at least not by the end of this decade](#)—the recalcitrant responses by the Chinese government in the balloon incident suggested the arrogance of an autocracy that has become blinded by its own concentrated power, propaganda, and self-fulfilling narratives.

Even as the balloon incident was still simmering, the [soon-to-be-designated](#) Chinese Communist Party’s (CCP) Central Leading Group for Taiwan Affairs (中央對台工作領導小組) Deputy Leader Wang Huning (王滬寧) received a delegation in Beijing led by Taiwan’s opposition party, the [Kuomintang](#) (KMT, 國民黨). The CCP asked the KMT to abide by the “1992 Consensus” (九二共識) supposedly reached between the two parties: a political formulation in which both parties agreed that both Taiwan and China belong to “one China” (although the KMT has argued that “one China” should be the Republic of China, Taiwan’s official name). However, Beijing has never [accepted that definition](#), and has even [equated the “1992 Consensus” with the PRC’s “One Country, Two Systems” \(一國兩制\)](#)—an arrangement that the Taiwanese people overwhelmingly oppose, particularly in the light of China’s harsh crackdown on Hong Kong’s freedom and human rights in recent years.

The Need for Stronger US Support

To be sure, the Biden Administration has not retreated from its support of Taiwan, even though the island democracy was

not mentioned in Biden's State of the Union speech. Taiwan is central to Washington's efforts to secure cutting edge technology and the integrity of semiconductor supply chains. Building on the [CHIPS Act](#) passed last August to promote US-based semiconductor production, free from Chinese interference, President Biden [asserted](#) that "We're going to make sure the supply chain for America begins in America." Going further, he [stated](#) that "I will make no apologies that we are investing to make America strong. Investing in American innovation, in industries that will define the future, and that China's government is intent on dominating." Indeed, Taiwan Semiconductor Manufacturing Company (TSMC, 台灣積體電路製造股份有限公司) has come to Arizona and pledged to increase its investment in a large semiconductor plant there. Nevertheless, observers in Taiwan were likely worried to hear Secretary of Commerce Gina Raimondo's assertion that the United States would need to [lessen its dependence on Taiwan's semiconductor capacity](#) by strengthening its cooperation with other Indo-Pacific allies and partners like India.

The ongoing spy balloon incident underscores the need for the Biden Administration to further bolster Taiwan as Beijing acts more brazenly in challenging the island nation's security and democracy, as well as the rules-based international order. In order to avoid Beijing's miscalculations and misperceptions, the United States must more unambiguously reassure Taiwan that it will support it diplomatically, and defend it if necessary. In 2021 and 2022, Biden, on four occasions, reiterated that Washington will defend Taiwan if the PRC engages in military aggression against the island democracy. Over the past several months, however, the president has become more reserved on this issue in the apparent interest of stabilizing ties with Beijing, even in the wake of the spy balloon controversy. In light of this reticence from the White House, US House Speaker Kevin McCarthy's [potential trip to Taiwan](#) may be even more necessary. For the sake of both Taiwan's future and of peace in the region, the White House should be more unambiguous in condemning China's behavior and supporting Taiwan.

The main point: While the Biden Administration has been vocal in its support for Taiwan in the past, it has been overly cautious in its approach to China in the wake of the spy balloon controversy. Instead, the White House should be more unambiguous in condemning China's behavior and supporting Taiwan.

[1] While the US Navy, Coast Guard, and the FBI have yet to recover all of the debris from the downed balloon, three more instances of unidentified aerial objects have been [discovered and taken down by US fighters in North America](#): over Alaska on

February 10, Canada on February 11, and Lake Huron on February 12. However, it remains unclear as of this writing whether these latest incursions were also launched by America's adversaries, or by innocuous actors motivated for corporate or research purposes.

China's Balloons over Taiwan Part of a Broad-er Military Reconnaissance Program

By: John Dotson

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

Talk of balloons has been in the air, so to speak, ever since the [initial public reports](#) at the beginning of February regarding a People's Republic of China (PRC)-operated, high-altitude reconnaissance balloon floating over Montana. Following the shoot-down of this initial balloon off the coast of South Carolina on February 4, at least [three additional detections—and shoot-downs—of mysterious airborne objects](#) followed. (Although details remain sketchy, US government officials have since indicated that the latter three objects were likely not reconnaissance balloons.) [1] Despite confusion surrounding the latter objects, ample indications exist that the first balloon shot down over North American airspace this month was part of a [PRC state-run reconnaissance program](#), and the tip of a much larger iceberg. While news stories of mystery flying objects in North American skies have seemingly received the lion's share of attention (at least in the United States) over the past three weeks, many other countries have also reported overflights of such balloons. This includes Taiwan—the state most directly menaced by PRC military aggression—which has seen multiple cases of suspected PRC reconnaissance balloon overflights in recent years.

The PRC's Reconnaissance Balloon Program—and Recent Sightings in Other Countries

Setting aside more outlandish explanations (such as [speculation that the objects are of extraterrestrial origin](#)), the [reported recovery of electronic sensor equipment](#) from the balloon shot down along the South Carolina coastline points towards the existence of a PRC state-run reconnaissance program. Specifically, this operation has employed balloons (and possibly other unconventional aircraft) for imagery and signals collection, operating at speeds and altitudes that may have allowed them to exploit a ["domain awareness gap"](#) in US and Canadian air defenses. The revelation of the balloon overflight has had signifi-

cant geopolitical implications—in the form both of a [cancelled trip to China](#) by US Secretary of State Antony Blinken, as well as placing a further chill on already frosty US-China relations. For its part, the PRC government has continued to maintain that the vehicle shot down off the South Carolina coast was an off-track weather balloon, and has [made counter-accusations](#) that US balloons have entered PRC airspace 10 times over the past year.



Image: A still image from amateur video of a high-altitude balloon—unidentified, but matching the characteristics of PRC surveillance balloons sighted in other locations—flying over northern Taiwan in September 2021. (Image source: [Central News Agency](#))

The revelation of the Chinese “spy balloon” traversing the United States in early February was paralleled by reports of another such balloon that was reportedly spotted [flying over Costa Rica, Colombia, and Venezuela](#) between February 2-3. In the wake of these incidents, even more reports began to emerge about other suspected reconnaissance balloons: for example, on February 14, authorities in [Moldova and Romania reported an aerial object](#) with “characteristics similar to a weather balloon,” causing Moldova to temporarily close its airspace and Romania to scramble fighter aircraft to investigate.

However, while such incidents have occurred worldwide, the most persistent reports of these mystery balloon sightings have occurred in Asia-Pacific countries on China’s periphery. Prominent examples from recent years include:

- An unidentified white balloon was reported hovering [in the skies over India’s Port Blair](#), in the Nicobar and Andaman Islands, around the time of an Indian multi-service military exercise in early January 2022
- On February 18, 2022, US Air Force fighters responded to reports of an “unmanned balloon without observable identification markings” [flying over the Hawaiian island of Kauai](#), the site of the [Pacific Missile Range Facility Barking Sands](#), an important site for US military weapons testing.
- An unidentified balloon, with a reported cross-shaped undercarriage, was reported [flying over the Japanese city of](#)

[Sendai](#) (northern Honshu) in mid-June 2020. On February 14, 2023, Japan’s Defense Ministry [issued a statement](#) indicating that PRC surveillance balloons had entered Japanese airspace on at least three occasions in 2019, 2020, and 2021, but did not provide specific details. The following day, Chief Cabinet Secretary Hirokazu Matsuno [told media representatives](#) that “As a result of further investigation of specific balloon-shaped flying objects that were confirmed in Japan’s airspace in the past, it is strongly suspected that they were unmanned surveillance balloons from China.”

While it cannot be conclusively determined that all such incidents are linked to a PRC reconnaissance balloon program, they do fit the pattern of what recent [Washington Post reporting](#), citing unnamed US intelligence officials, has called a “vast aerial surveillance program” operated by the People’s Liberation Army (PLA) from the southern Chinese island of Hainan, which has dispatched balloons over a host of countries, including India, Vietnam, Japan, Taiwan, and the Philippines.

PRC Reconnaissance Balloons Over Taiwan

Taiwan, as the state most directly in the crosshairs of PRC military planning, has also been the apparent target of the suspected PLA balloon reconnaissance program—and at a level of frequency and persistence that likely exceeds that directed towards other states in the region. On February 4, Taiwan’s Central Weather Service Director Zheng Ming-tian (鄭明典) [issued comments and social media posts](#) indicating that balloons similar to the one tracked over the United States had been detected in the airspace over northern Taiwan on at least two occasions, in September 2021 and March 2022. Zheng also posted photos of another such [balloon spotted on December 31, 2021](#), which was observed flying over the He-huan Shan (合歡山) area of Nantou County in central Taiwan, and which traversed in a southeasterly direction at an elevation of 2,750 meters (approximately 9,000 feet).

For its part, the Republic of China (ROC) Ministry of National Defense (MND, 中華民國國防部) issued [subsequent statements](#) in mid-February indicating that the ROC Air Force had tracked four balloons in Taiwan airspace in February and March 2022. Other government officials [cited by the Financial Times](#) indicated that PRC military reconnaissance balloons had flown over Taiwan “very frequently”—as often as “once a month”—at elevations of approximately 20,000 feet, and that their construction and payloads did not match that of conventional weather balloons. The same article cited unnamed intelligence officials from three Asian countries to indicate that the reconnaissance

balloons had been developed under the cognizance of the Equipment Development Department of the Chinese Communist Party Central Military Commission (中國共產黨中央軍事委員會裝備發展部), and that the balloons were operated by both the PLA Air Force and the PLA Rocket Force, in part to obtain atmospheric sampling data intended to improve the accuracy of radar and missile systems.

In the wake of February's increased public attention to the balloon controversy, Taiwan's MND has attempted to [reassure the public](#) with an assertive stance, stating that Taiwan's military forces were on guard against aerial incursions, and that any suspect aerial objects from the PRC flying over Taiwan would be shot down. Adding to the ongoing controversy, on February 16 the MND reported the discovery of a [Chinese weather balloon that had landed on Tungyin Township](#) (東引鄉) in the Matsu Island group (馬祖列島), although it is unclear as to whether or not this balloon is associated with the reconnaissance program.



Image: PRC reconnaissance balloon flights over Taiwan are not new: here, Taiwan Ministry of National Defense spokesman Shih Shun-wen (史順文) speaks at a press conference in February 2022, addressing PRC balloon flights over Taiwan. (Image source: [Central News Agency](#))

So, Why All the Balloons?

Early February's intense public interest in the United States and other countries regarding Chinese balloons (whether real, or cases of misidentification) seems likely to drift away as other stories float in to center stage in the political and media environment. However, the balloon incidents should be kept in mind for what they reveal about PRC interests and ambitions in the Asia-Pacific region. While there is much about the PRC balloon program that remains murky, two facts appear to be clear: first, that it is a PLA reconnaissance program intended to gather in-

formation on potential targets and sites of military interest, as well as for gathering atmospheric data to improve the functionality of surveillance and weapons systems; and second, that Taiwan remains the most intense focus of the PLA's intelligence collection.

The reported balloon overflight incidents should not be viewed in isolation, but rather as one component of a much broader PLA aerial reconnaissance program. This includes elements such as the [PLA aircraft flights near the Taiwan-administered Pratas Islands](#) (Dongsha Islands, 東沙群島) in the South China Sea, as well as the multiple incidents of PRC-operated unmanned aerial vehicles (UAVs) operating [around and over Taiwan's outlying Kinmen Island](#) (金門). In addition to providing collection of tactical military data, such provocative aerial reconnaissance activity also serves a political purpose: as [noted by analyst Lin Bai-chou](#) (林柏州) of the Institute for National Defense and Security Research (INDSR, 財團法人國防安全研究院), such actions are also intended as "gray zone" (灰色地帶) harassment intended to intimidate Taiwan's population, and to wear down the will of Taiwan's defenders in the military and government. The PLA's propaganda likes to [project an image](#) of its aviation assets operating over Taiwan with impunity, whether true or not. In the case of balloons, they provide an asset that can both collect data and be visible to the public, while also allowing for deniability and a low risk of escalation.

Much of February's excitement in America and elsewhere over real or suspected Chinese "spy balloons"—with some media and political commentary verging on hysteria—will, in all likelihood, be retroactively seen as overblown. However, these incidents serve as a worthwhile reminder of the pervasive intelligence collection efforts of the PLA, and other PRC state entities, as they seek to further the CCP's geopolitical ambitions. The reconnaissance balloons drifting over Taipei are yet another reminder that Taiwan remains squarely in the crosshairs of Beijing's irredentist plans for the island and its people.

The main point: The suspected PRC reconnaissance balloons recently detected over the United States and other countries have been used even more extensively for flights over Taiwan, where they serve a dual purpose of both intelligence collection and "gray zone" intimidation.

[1] The latter three incidents involved: an unidentified aerial object off northern Alaska on February 10; a cylindrical aerial object over Canada's western Yukon Territory on the 11th; and a final object (described as octagonal in shape, with hanging strings or wires) over Lake Huron on the 12th. Although Pentagon and

Biden Administration officials have been understandably reserved in commenting on the objects while efforts were reportedly underway to recover the wreckage (in the latter three cases, in remote and/or difficult environments), [statements from senior US officials](#) briefed on the incidents have indicated that these three aerial objects were likely balloons of various types. On February 14, [administration officials indicated](#) that the latter three balloons (e.g., the ones shot down over Alaska, the Yukon Territory, and Lake Huron) were likely of private and/or commercial origin, but did not provide further details.

International Legal Frameworks for Statehood and Their Relevance to Taiwan's Defense

By: Anais Fang

Anais Fang was a Fall 2022 intern at the Global Taiwan Institute.

Following Chiang Kai-shek's (蔣介石) withdrawal from the United Nations (UN) in 1971 as a result of [UN Resolution 2758](#), international recognition of Republic of China (Taiwan) statehood has declined significantly. The contested status of Taiwanese statehood has further complicated efforts to defend the island under international law. As a nation without formal membership in the United Nations and few official diplomatic allies, Taiwan exists in a gray zone where the laws governing interstate relations become difficult to apply. However, following Russia's invasion of Ukraine and the significant ramping up of the [People's Liberation Army's \(PLA\) military incursions](#) in the Taiwan Strait, it has become critical to assess the legality of defending Taiwan in the event of a Chinese invasion. Currently, the most widely accepted interpretation of statehood—outlined in the 1933 [Montevideo Convention](#)—is rather narrow, and is invoked by the People's Republic of China (PRC) to keep Taiwan isolated from international military aid. (*See further discussion below.*) However, despite the PRC's attempts to dictate the legal status of Taiwan, Taipei and its supporters could put forward alternative interpretations of statehood that could elevate Taiwan's international status and legitimize the island's defense.

The Shortcomings of Current International Law

Historically, the [United Nations Charter](#) has served as an instrument of international law that member states are required to uphold. Since international law largely depends on an agreement between parties, institutions like the UN lack a competent

means of law [enforcement](#). Therefore, it is critical to recognize international law as a primarily theoretical framework under which states operate.

When it comes to displays of force and matters of defense, however, the [UN Charter](#) fails to provide adequate parameters, particularly in the context of contested states. There are two articles that have defined the debate surrounding rights to defense: Article 2(4) and Article 51. Article 2(4) of the UN Charter prohibits “the threat or use of force against the territorial integrity or political independence of any state.” Meanwhile, Article 51 guarantees the “inherent right of individual or collective self-[defense] if an armed attack occurs against a Member of the United Nations.” In the case of Taiwan, both articles rely on the question of whether Taiwan possesses the characteristics of a “state” as such.

In addition to the uncertainty surrounding Taiwanese statehood, there are also a variety of avenues through which the PRC legalizes and justifies the use of force. The PRC has long advocated for an “all-or-nothing” interpretation of international law, relying mainly on a Westphalian understanding of international relations—which maintains that states have absolute power over happenings within their borders, and that international law can only be applied to [relations between states](#). Since the PRC regards Taiwan as an integral part of its territory, Beijing would almost certainly frame any potential military clash as either an internal insurrection or a [civil war](#). Thus, the PRC would portray any international intervention as a violation of its [territorial integrity](#). Under a literal reading of the articles in question, use of force against Taiwan would not be prohibited, as the island lacks official standing as a sovereign state. Specifically, “[since Taiwan is not unquestionably a state, international law on the use of force does not apply.](#)”

How the PRC Manipulates the Current Definition of Statehood

The most widely accepted definition of statehood was provided by the 1933 [Montevideo Convention on the Rights and Duties of States](#), which the United States ratified in 1934. According to the convention, a state must fulfill the following four criteria to qualify for statehood: a permanent population, a defined territory, a government, and the capacity to enter into international [relations](#). With a population of around [23.1 million](#), clear and stable boundaries, a government under the constitutional framework of the Republic of China (ROC), and [14 official diplomatic allies](#), Taiwan seemingly meets all four criteria. However, Taiwan's contested status reveals the constraints and shortcomings of such international legal frameworks. Therefore, it is crit-

ical to recognize that while these four factors lay out a broad framework for defining statehood, they are merely “[necessary and not sufficient on their own for statehood](#).”

This situation has influenced extensive scholarly discussions, through which two competing theories of statehood emerged: constitutive and declaratory theory. According to a definition provided by the [Tsinghua China Law Review](#), “constitutive theory holds that an entity has to be ‘legitimized’ as such by other states in order to be a state, while declaratory theory considers the existence of a state as a question of fact and not of law.” [1] However, the constitutive definition of statehood lends itself to easy manipulation by the PRC. Considering Taiwan’s lack of international recognition, the PRC can advocate for interpretations of statehood that further marginalize Taiwan in the international community.

In addition to the PRC’s support of constitutive theory, Liu Yulin of the [Tsinghua China Law Review](#) [contends](#) that “the practice of admission to the UN virtually discards the declaratory theory of statehood.” Article 4 of the [UN Charter](#) requires that “the admission of any such state to membership in the UN will be effected by a decision of the General Assembly upon the recommendation of the Security Council.” In addition to the PRC’s support of constitutive theory, Liu Yulin of the [Tsinghua China](#)

[Law Review](#) [contends](#) that “the practice of admission to the UN virtually discards the declaratory theory of statehood.” Article 4 of the [UN Charter](#) requires that “the admission of any such state to membership in the UN will be effected by a decision of the General Assembly upon the recommendation of the Security Council.” As a result, the PRC’s seat on the UN Security Council has created yet another legal barrier to the defense of Taiwan. As a member of the Security Council, the PRC has the ability to veto any motion calling for Taiwan’s admission into the UN. This further precludes Taiwan from enjoying the benefits and protections that would accompany UN membership.

Legal Ambiguities in US Policy on Taiwan’s Defense

Currently, the defining US policies supporting the defense of Taiwan are outlined in the [Taiwan Relations Act](#) and President Ronald Reagan’s “[Six Assurances](#).” The [Taiwan Relations Act](#), which serves as the cornerstone of US policy towards Taiwan, stipulates that the “United States shall provide Taiwan with arms of a defensive character and shall maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or social or economic system, of the people of Taiwan.” However, the ambiguous wording surrounding the “capacity of the United States to resist any resort to force” makes it an insufficient legal commitment to Taiwan’s defense. Consistent with the [Taiwan Relations Act](#), the “Six Assurances” serve as another premise for coming to Taiwan’s defense. However, they also include a statement that the US has “not agreed to take any position regarding sovereignty over Taiwan.” Therefore, while there are existing legal agreements that touch on the defense of Taiwan, they do not constitute an explicit guarantee. To avoid violating existing international legal frameworks, the US has maintained a relatively noncommittal stance on Taiwan’s defense. However, so long as the US relies on such ambiguous statements and precedents, the PRC will continue to be able to manipulate discussions of Taiwan’s legal status on the international stage.

Adopting a New Definition of Statehood

While altering the text of the UN Charter to be more inclusive is highly unlikely, the issue of defending Taiwan remains salient. Therefore, it is up to international actors such as the United States to formulate a coherent response. This would not necessarily involve the establishment of official diplomatic ties, but could instead focus on framing a new and broader definition of what constitutes statehood.

While Taiwan lacks official international recognition in the form of diplomatic relations, it possesses other [major attributes of](#)



Image: George H.W. Bush (center-right, facing away), then the US Ambassador to the United Nations, confers with ROC Foreign Minister Chow Shu-kai (center) and ROC Ambassador to the United Nations Liu Chieh (left) on October 18, 1971, at the outset of the proceedings that ultimately transferred the “China” UN seat from the ROC to the PRC. Taiwan has had no UN representation since that time, which the PRC has leveraged to deny Taiwan’s legitimacy as a state. (Image source: [United Nations](#))

[statehood](#): a territory, a robust civil society, a vibrant democracy, a military, and diplomatic relationships (whether formal or otherwise) with other states. Additionally, although the United States does not formally recognize Taiwan, its “[cultural, economic, and military ties to Taiwan show that the \[US\] effectively treats Taiwan like an independent state](#).”

Thus, the United States and like-minded countries should reject the constitutive argument and advocate for a declarative approach to statehood. This show of support would send a clear message to the PRC that its continued efforts to redefine statehood under narrow terms will not be tolerated. If states can develop a coordinated approach by supporting the declarative theory of statehood, they can apply gradual pressure and potentially loosen the rigid restrictions that have been placed around Taiwan. The declarative approach would enable individual international actors to determine Taiwanese statehood on a case-by-case basis. In turn, this could legitimize international involvement in the event of an armed conflict.

Conclusions

While the current definition of statehood has raised legal questions about whether coming to the defense of Taiwan would be permitted under international legal frameworks such as the UN Charter, these limitations could be remediated. The PRC aggressively presses legal arguments that enforce a narrow interpretation of constitutive statehood. The US and like-minded countries should push back against this and advocate for a newer, more inclusive, declarative definition of statehood. In doing so, they could potentially provide a legal basis for stronger and clearer international commitments to Taiwan’s defense. The US Department of State has already [recognized Taiwan as an important partner](#) in “trade and investment, health, semiconductor and other critical supply chains, investment screening, science and technology, education, and advancing democratic values.” Given this strong partnership with Taiwan, ensuring that proper avenues exist for its defense will be critical to preserving and safeguarding the island’s democracy.

The main point: As tensions rise in the Taiwan Strait and the PRC increases its coercive aggression, the defense of Taiwan is becoming an increasingly salient issue that requires international action. Therefore, developing a new definition of statehood, one that would further legitimize and bolster international commitments to Taiwan’s defense, is critical.

[1] Constitutive theory posits that recognition from other states is required for statehood, while declaratory theory merely considers international recognition as support of the fact that the

sovereign state already [exists](#).

In the Wake of Chip Shortages, TSMC Considers Investing in Germany

By: Marshall Reid

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For Germany, the past three years have been something of a wake-up call, particularly in terms of economics and trade. For decades, Berlin has pursued a highly globalized, export-driven model of economic growth, relying heavily on its substantial industrial capacity and manufacturing expertise to fuel its expansion. While this approach has proven undeniably successful—Germany currently ranks as world’s [fourth-largest economy](#) by GDP, as well as the [third-largest exporter](#)—recent geopolitical crises have brought its long-term viability into question. Amid unprecedented [supply chain disruptions](#) caused by the COVID-19 pandemic and [mounting energy shortages](#) linked to the Russian invasion of Ukraine, the German economy has struggled to adapt, posting its first [trade deficit](#) in over a decade in 2022. These challenges have been particularly pronounced in Germany’s [semiconductor sector](#), where global shortages have exacerbated insufficient domestic production capabilities. For a high-tech economy like Germany’s, the resultant decline in semiconductor availability has been especially devastating.

In light of these concerns, the German government has increasingly sought to improve its [semiconductor manufacturing capacity](#). While Berlin has focused some of these efforts on domestic firms, it has also attempted to [entice foreign](#) companies to invest in Germany. To date, this campaign has proven successful in securing investments from several US firms. However, these initial investments could pale in comparison to a [potential investment](#) by Taiwan Semiconductor Manufacturing Company (TSMC, 台灣積體電路製造股份有限公司), the world’s leading producer of advanced semiconductors. Though still in the planning stages, such an investment could revolutionize Germany’s role in the global semiconductor market, helping to safeguard its economy from future shocks and positioning it as a leader in Europe, while also providing Taiwan with unprecedented access to European markets.

Semiconductors and a Shaky German Economy

For decades, the German economy has been dominated by

large, well-established [manufacturing firms](#), ranging from automotive giants like Volkswagen and Daimler to technology leaders like Siemens and Zeiss. Trading on Germany's historical reputation for producing advanced, high-quality goods, these firms helped to transform Germany into an economic powerhouse. For its part, the [German government](#) encouraged the growth of these companies, placing considerably more emphasis on its manufacturing sector than many other advanced economies. As a result, manufacturing currently accounts for roughly [24 percent](#) of Germany's gross domestic product (GDP), a percentage roughly double that of the [United States](#).

While this manufacturing-focused model was highly effective in driving economic growth, it also left Germany [highly vulnerable](#) to external shocks, particularly disruptions in the global supply chain. These vulnerabilities were especially evident during the COVID-19 pandemic, when a global shortage of semiconductors effectively [crippled Germany's manufacturing sector](#). Given Germany's highly advanced, technology-oriented approach to manufacturing, semiconductors have become—and will continue to be—absolutely indispensable to the country's economic growth. Unfortunately for Berlin, the German semiconductor industry currently leaves much to be desired.

Despite its impressive manufacturing capacity, Germany currently plays a relatively minor role in the global semiconductor industry. While firms like Bosch and [Infineon Technologies](#) are significant suppliers, overall German production of semiconductors continues to lag far behind that of [South Korea, China and—most notably—Taiwan](#). In the past, this shortfall was of little concern to Berlin, as German companies could reliably source semiconductors from foreign firms like Samsung, TSMC, and Qualcomm. However, the pandemic effectively exposed the risks of Germany's [overreliance on foreign chip imports](#). Since 2020, many of Germany's vaunted manufacturing firms have been heavily impacted by semiconductor shortages, as delayed shipments and order cancellations have restricted production capacity. This has been particularly true in Germany's automotive sector, where companies like [Volkswagen](#) were essentially paralyzed. For a German government sorely in need of [economic recovery](#), developing a substantive solution for its semiconductor needs has become increasingly necessary.

Germany and TSMC

In response to the devastating semiconductor shortfall, Germany has taken steps to develop its own domestic chip-making capacity. In September 2021, then-Minister for Economic Affairs and Energy [Peter Altmaier announced](#) that Germany would be

investing roughly EUR €3 billion (USD \$3.2 billion) to “reclaim production sites along the entire value chain of semiconductor production.” Then, in May 2022, Altmaier's successor [Robert Habeck](#) announced that Berlin would be providing EUR €14 billion (USD \$14.9 billion) in financial support, with the goal of attracting foreign chipmakers to invest in Germany.

At least initially, the returns on these investments appear promising. Domestically, several German technology firms have pledged to increase the investment in semiconductor production, including Robert Bosch GmbH, which recently [announced](#) that it would spend EUR €3 billion (USD \$3.2 billion) to construct development centers in Reutlingen and Dresden. On the international side, a number of leading chipmakers have announced investments in Germany. The most notable of these has been Intel, which [announced](#) in March 2022 that it would be investing EUR €17 billion (USD \$18.1 billion) to construct a “fab mega-site” in Magdeburg. (Notably, Intel has since [backed away](#) from its planned 2023 start date, citing the “difficult market situation.”)

While these investments have been welcome news for Germany, it is notable that Berlin has yet to secure an investment from the global leader in advanced semiconductor production: TSMC. However, recent developments suggest that a TSMC facility in Germany could be closer than ever. In December 2022, [reports](#) emerged that the Taiwanese chipmaker was in “advanced talks” with suppliers about establishing a production plant in Dresden. While TSMC leaders had previously [expressed concerns](#) about the wisdom of such an investment—largely due to the Russian invasion of Ukraine—Germany's massive automotive industry and proximity to the broader European market seems to have increased the company's interest. These reports were later bolstered by remarks from TSMC CEO [C.C. Wei](#), who stated that the company would be working with European partners to “to evaluate the possibility of building a specialty” foundry.

For both Germany and TSMC, such a partnership could be highly productive. For Berlin, hosting a TSMC plant would allow it to substantially reduce its reliance on semiconductor imports. In doing so, it could more effectively safeguard its economy from the sorts of shocks that have rippled through the global economy in recent years. Additionally, such an investment would help to solidify Germany's position as a European leader in semiconductor production, a role for which German Chancellor [Olaf Scholz](#) has recently advocated. And while it must be noted that a TSMC investment would not be without geopolitical risks—China would almost certainly not be pleased with such a development—the economic and political gains would likely be substantial.

For TSMC, investing in Germany could present similar advantages, as well as similar risks. In recent years, the chip giant has taken steps to expand its international footprint, most notably through highly publicized investments in [Arizona](#) and [Japan](#). These expansions have not come without controversy, particularly in Taiwan, where many have [expressed fears](#) that investing abroad could result in declining production at home. Once again, however, the potential risks of investing in Germany are unlikely to outweigh the potential benefits. By establishing a presence in Germany, TSMC could gain unprecedented access to the vast European marketplace, while also enjoying close proximity to Germany's many advanced manufacturing firms. As several commentators have [noted](#), TSMC investment in Germany could also yield important geopolitical gains for Taiwan. While such an investment is unlikely to induce Germany to explicitly express support for Taiwan—particularly given Berlin's close [economic ties](#) with China—it could nevertheless contribute to stronger, more comprehensive ties between Taiwan and Germany.

It is worth noting that the recent reports of TSMC investment in Germany closely follow broader European Union (EU) discussions on reducing reliance on foreign semiconductor imports. In the wake of the COVID-19-induced chip shortage, lawmakers from across the continent pushed for increased [domestic chip production](#). These talks culminated in 2022's [European Chips Act](#), which calls for “€43 billion [USD \$45.8 billion] of public and private investments” to bolster European innovation and self-reliance, with the [ultimate goal](#) of increasing the EU's share of the global semiconductor market to 20 percent. While some [commentators](#) have noted that achieving such a goal may prove difficult—if not impossible—due to East Asia's overwhelming dominance in the sector, the Chips Act nevertheless suggests that the EU is taking semiconductor production seriously. For both Germany and TSMC, this could prove to be a productive environment for investment.

Conclusions

Following several years of supply chain disruptions and economic shocks, Germany is facing stark realities. Its highly globalized, export-oriented model of economic growth has been exposed as fragile and unreliable, while its famed manufacturing sector has been paralyzed by shortages. In light of these concerns, Berlin's recent efforts to encourage domestic and foreign investment in its semiconductor industry are understandable. While TSMC investment in Germany would not be without risks, the potential economic and strategic benefits could be substantial. For TSMC, meanwhile, investing in Germany could present unprecedented access to the European market, while potentially

helping to expand Taiwan's ties with Berlin. As the recent flurry of semiconductor-related news suggests, Europe is currently in the midst of a shift in its thinking about chip production. For both Germany and TSMC, the time could be right for a deal.

The main point: In the wake of a crippling semiconductor shortage, Germany is increasingly encouraging domestic and foreign investment in its semiconductor sector. If Berlin and TSMC can reach an agreement on building a chipmaking facility in Germany, both could experience substantial gains.