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Challenges and Opportunities for Advancing Taiwan–Malaysia Relations under Prime Minister Anwar bin Ibrahim

Due to Southeast Asia's dynamic economies, the region is growing in strategic and geopolitical importance—particularly in the current era of great power competition between the United States and the People's Republic of China (PRC). Still, the countries within the region, which is comprised of both small and medium-sized nations, exercise different degrees of power and influence on the world stage. As a “middle power” within the region that has grown in greater global importance, Malaysia wields considerable regional influence as one of the more highly-developed economies in Southeast Asia—and it is also one of the priority countries in Taiwan's “New Southbound Policy.”¹

The watershed 2018 elections in Malaysia led to the first transfer of power in that country; and in November 2022, the election of Anwar bin Ibrahim as the nation's 10th prime minister marked the ascension of a democratic and globally recognized leader in Malaysia. This political transition has ushered expectations of a new era in Malaysian politics—which could in turn result in a potential shift in the country's foreign relations, including relations with Taiwan. This assessment will review recent political trends

in both Taiwan-Malaysia relations and Malaysia's relations with China, in order to pinpoint the challenges and opportunities that lay ahead when advancing bilateral relations.

A Brief Overview of Taiwan-Malaysia Relations

Taiwan, formally known as the Republic of China (ROC), maintained diplomatic relations with Malaysia from 1964 to 1974. During that period, Taiwan maintained a close political-military relationship with Malaysia that included sending military missions to its Southeast Asian neighbor.² Following the severing of diplomatic relations, bilateral relations were handled by a non-descript “Far East Trading & Tourism Centre,” which was later renamed the Taipei Economic and Cultural Office in Malaysia in 1992.³

Malaysia became the first ASEAN state to normalize ties with the PRC in 1974 under then-Prime Minister Tun Razak. However, even after the severing of diplomatic ties, Taiwan and Malaysia continued to maintain robust people-to-people interactions and educational exchange programs, which still form the basis of strong bilateral ties

1 Russell Hsiao and Robert Wang, *Connecting Taiwan's New Southbound Policy with US Foreign Policy Initiatives in Asia: Recommendations for Taipei and Washington*, Washington, DC: Global Taiwan Institute, 2021, <https://globaltaiwan.org/wp-content/uploads/2022/08/TAEF-GTI-Report-on-Connecting-Taiwans-New-Southbound-Policy.pdf>.

2 “Taiwan - relations with Malaysia and Singapore,” National Archives of Singapore, accessed May 1, 2023, https://www.nas.gov.sg/archivesonline/private_records/record-details/f46a874e-115b-11e3-83d5-0050568939ad.

3 “Organizations,” Taipei Economic and Cultural Office in Malaysia, updated October 2, 2018, accessed May 1, 2023, https://www.taiwanembassy.org/my_en/post/11.html.

today.⁴ For instance, at the end of 2021 more than 28,000 Malaysians were residing in Taiwan. Malaysia is Taiwan's largest source of both foreign students and tourists, with more than 13,000 Malaysian students studying in Taiwan and about 530,000 Malaysians visiting Taiwan annually prior to the COVID-19 pandemic in 2019.⁵

In terms of trade, in 2021 Taiwan was Malaysia's 5th largest trade partner, while Malaysia was Taiwan's 7th largest trade partner. In 2021, total trade between Malaysia and Taiwan was recorded at more than USD \$25 billion, an increase of nearly 30 percent compared to more than USD \$19 billion in 2020. As far as investment is concerned, Malaysia remains a competitive investment location for foreign investors in the manufacturing, services and primary sectors. From January to September 2021, Taiwan was ranked as Malaysia's 8th largest investor.⁶ There are over 1700 Taiwanese enterprises operating in Malaysia in the electronics sector, and Taiwanese enterprises are increasingly operating in biotechnology and other high-tech supply chain sectors.⁷

Malaysia's Approach to Taiwan and "One-China"

Although material realism has long underpinned Malaysia's relations with China, Kuala Lumpur has expressed

intentions to maintain the longstanding economic and social ties between Malaysia and Taiwan. In 2018, then-Prime Minister Mahathir Mohamad captured this sentiment fully when he stated: "We can't ignore [that] China is a very big market. But on the other hand, Taiwan has

long relation[s] with us. Even before we had relation[s] with China, we already had relation[s] with Taiwan."⁸

Even without diplomatic relations, people-to-people ties between Taiwan and Malaysia advanced

However, there are limits to Malaysia's official engagements with Taiwan, and advances at the official level remain sparse and constrained by Malaysia's relations with the PRC.

in large part owing to the strength of ethnic Chinese communities. Throughout the course of the civil war fought between the Kuomintang (KMT, or Nationalist Party, 國民黨) and Chinese Communist Party (CCP, 中國共產黨), and the subsequent years of cross-strait relations during the Cold War, the sizeable Chinese community in Malaysia was traditionally allied with the KMT. This ethnic Chinese community has been—and remains to this day—an important feature of Taiwan-Malaysia-PRC relations.

However, there are limits to Malaysia's official engagements with Taiwan, and advances at the official level remain sparse and constrained by Malaysia's relations with the PRC. Like much of Southeast Asia, Malaysia's approach to Taiwan has been largely defined by its official relationship with the PRC, and Beijing's historic insistence on non-alignment. Malaysia's foreign policy has traditionally been regionally focused on and also driven by its Muslim-identity, which constitutes the majority popula-

4 C. F. Yong, *The Kuomintang movement in British Malaya, 1912-1949* (Singapore: Singapore University Press, 1990), <https://eresources.nlb.gov.sg/printheritage/detail/59fa0dc2-fdef-4b48-bb33-e39679851685.aspx>.

5 "Malaysia-Taiwan ties affirmed at national day reception in KL," *The Star*, October 26, 2022, <https://www.thestar.com.my/metro/metro-news/2022/10/26/malaysia-taiwan-ties-affirmed-at-national-day-reception-in-kl>.

6 "History," Malaysian Friendship and Trade Centre, updated April 25, 2023, accessed May 1, 2023, https://www.kln.gov.my/web/twn_taipei/history.

7 "Malaysia, Taiwan, and the CPTPP: An opportunity for growth?," IDEAS Malaysia, YouTube video, November 3, 2020, <https://www.youtube.com/watch?v=8JfgojQVCWA>.

8 I-wei Jennifer Chang, "Stepping Up Taiwan's Links with Malaysia," *Global Taiwan Brief* 5, issue 10, May 20, 2020, <https://globaltaiwan.org/2020/05/stepping-up-taiwans-links-with-malaysia/>.

tion with over 60 percent⁹—and a new administration is unlikely to affect Chinese and Muslim identity as the two main pillars of Malaysia’s social-political identity.

Observers have also noted that Malaysian leaders have traditionally lacked a strong international worldview since Malaya achieved its independence in 1957. Due to concerns over internal ethnic conflicts and national development, the country’s leaders focused their attention internally for decades. Only in the 1980s, with the winding down of the Cold War, did Malaysia begin to extend its foreign policy beyond its immediate periphery with its “Look East” policy, which was an attempt to develop relations with Japan and South Korea—but not Taiwan. Still, after more than four decades, Malaysia’s scope of foreign policy has remained limited by the lack of clear leadership. This could be changing with the ascendance of Prime Minister Anwar Ibrahim, who many see as having a more pro-Western orientation than his predecessors.

For a small country that is also a strategic maritime hub along the Strait of Malacca, Malaysia stands to benefit from balancing its diplomacy among many nations and diversifying its foreign economic partners, which include Japan, South Korea, India, Singapore, Taiwan, the United States, and other neighboring countries.¹⁰

China is viewed by Malaysian leaders as a source of economic opportunity. Ties between the two countries are often described as a “special relationship,” and in 2013 under then-Prime Minister Najib Razak the two sides upgraded bilateral relations to a “comprehensive strategic partnership.” It is instructive that in a Pew Survey poll conducted in 2022, 60 percent of Malaysian respondents said that they viewed China favorably, and just 15 percent of

those polled said that relations with China were bad.¹¹ The biggest concern that respondents had with China was with its military power, with 31 percent of respondents deeming it a “very serious” problem for the country. Despite being a democracy, only 25 percent considered Chinese human rights as the biggest issue. Other concerns voiced by respondents were economic competition with China (28 percent) and China’s involvement in Malaysia’s domestic politics (26 percent). Tellingly, 55 percent of Malaysians surveyed said the country should prioritize strengthening relationships with China.¹²



Image: Delegates from represented companies witness the signing of an MOU during the Malaysia-China Business Forum¹³.

While the economic and people-to-people ties between Taiwan and Malaysia have been steadily growing (although they still pale in comparison to Malaysia’s relations to China), in addition to Malaysia’s own traditionally narrowly focused foreign policy, another obstacle to deepening relations has been the latter’s deference to Beijing in terms of its “One-China Principle.”¹⁴ Indeed, Malaysia’s

9 The numbers, in detail, are: Muslim (official) 61.3 percent, Buddhist 19.8 percent, Christian 9.2 percent, and Hindu 6.3 percent. See: “Malaysia,” CIA World Factbook, last modified April 14, 2023, accessed May 1, 2023, <https://www.cia.gov/the-world-factbook/countries/malaysia/>.

10 Azeem Ibrahim, “Anwar Ibrahim Finally Won Malaysia’s Worst Job,” *Foreign Policy*, December 7, 2022, <https://foreignpolicy.com/2022/12/07/anwar-ibrahim-malaysia-politics/>.

11 Zurairi A.R., “Pew study: Six in 10 Malaysians view China favourably; bigger concern over military might rather than human rights issues,” *Yahoo News*, June 30, 2022, <https://malaysia.news.yahoo.com/pew-study-six-10-malaysians-230000400.html>.

12 Ibid.

13 Image Source: *Bernama*, <https://www.nst.com.my/news/nation/2023/04/895273/chinas-investment-drive-malaysia-greater-heights-analysts>

14 Huileng Tan, “Malaysia’s Mahathir reportedly says he’d prefer to side with China rather than ‘unpredictable’ US,” *CNBC*, March 11, 2019, <https://www.cnn.com/2019/03/11/malaysias-mahathir->

Taiwan policy has long been a subset of its China policy. Kuala Lumpur's deferential approach has been recognized by Beijing and was clearly conveyed by Chinese Ambassador to Malaysia Ouyang Yujing (歐陽玉靖) in August 2022:

Malaysia is China's good neighbour [sic], close partner and intimate brother. Malaysia voted for China on Resolution 2758 in 1971. Ever since establishing diplomatic relations with China in 1974, Malaysia has been strictly observing the "One-China Principle," never recognizing or lending any support to "Taiwan independence." China highly appreciates it. China dearly values China-Malaysia friendship and attaches great importance to China-Malaysia relations. On the basis of "One-China Principle," China is willing to continue to work with Malaysia for promoting bilateral relations to new heights and jointly maintaining peace and stability in the region.¹⁵

While the economic and people-to-people ties between Taiwan and Malaysia have been steadily growing, [...] another obstacle to deepening relations has been the latter's deference to Beijing in terms of its "One-China Principle."

Chinese Political Interference in Malaysia's Democracy: Implications for Taiwan

Despite holding up a policy of non-interference, Beijing is now more openly interfering in other countries' political systems and Malaysia is an exceptional case study in several dimensions. China's interference into Malaysian politics is more overt and blatant than in many other countries in the region—yet there are limits to its effectiveness.

As alluded to earlier, Malaysia's population of 33.8 million

says-he-will-side-with-china-over-us-scmp.html.

¹⁵ People's Republic of China Ministry of Foreign Affairs, "Chinese Ambassador to Malaysia Ouyang Yujing makes remarks on Speaker of the U.S. House of Representatives Nancy Pelosi's visit to China's Taiwan Region" (press release), August 3, 2022, https://www.fmprc.gov.cn/mfa_eng/wjb_663304/zwjg_665342/zwbdt_665378/202208/t20220810_10739649.html.

is a complex blend that consists of the *bumiputera*—Malays and other indigenous peoples (62 percent)—and with a significant ethnic Chinese population (21 percent), as well as ethnic Indians (6 percent), and foreigners (10 percent).¹⁶ Like other nations of Southeast Asia that have a sizable ethnic-Chinese population, Malaysia has had its share of race-related issues in its past, including violent clashes between its ethnic Malay population and minorities.¹⁷ Although racial tensions improved in the ensuing decades—as the KMT focused inward in order to shore up its domestic support within Taiwan, and the CCP let up on its support of communist insurgencies after normalizing ties with Malaysia—Beijing never relinquished usage of

its united front measures as a "magic weapon" of its foreign policy.¹⁸ While bloody and violent altercations appear to be mostly in the nation's past, racial tensions and identity politics remain a sensitive issue in Malaysian politics today.

In 2015, as a sign of the PRC's growing interference in Malaysia, then Chinese ambassador to Malaysia, Huang Huikang (黃惠

¹⁶ "Malaysia," CIA World Factbook.

¹⁷ In 1969, five years after its establishment, Malaysia was a young nation facing a communist insurgency and fragile race relations. The May 13 incident that year—facilitated in part by financial support from the CCP that allowed the Communist Party of Malaya's (CPM) to launch a second armed struggle in 1968—led to one of the deadliest race riots in Malaysia's history. While there are differing accounts of who was ultimately responsible, at least one official account attributed the cause to agitation by the CPM. See: Martin Vengadesan, "May 13, 1969: Truth and reconciliation," *Malaysian Bar*, previously published in *The Sunday Star*, May 11, 2008, <https://www.malaysianbar.org.my/article/news/legal-and-general-news/general-news/may-13-1969-truth-and-reconciliation>.

¹⁸ Anne-Marie Brady, "Magic Weapons: China's political influence activities under Xi Jinping," Wilson Center (blog), September 18, 2017, <https://www.wilsoncenter.org/article/magic-weapons-chinas-political-influence-activities-under-xi-jinping>.

康), stoked political controversy when he made remarks ahead of a planned pro-government rally. The event was scheduled as a response to previous protests that called for Prime Minister Najib Razak to resign amid a corruption scandal. Reported as saying “the Chinese government opposes terrorism and any form of discrimination against races and any form of extremism,” Huang also warned that Beijing would not hesitate to voice opposition to incidents which threaten the interests of China, infringe upon the rights of its citizens in doing business, or disrupt the relationship between Malaysia and China. These actions were widely interpreted as a direct interference in Malaysia’s internal affairs.¹⁹

However, there are also limits to Beijing’s influence in terms of producing the effects that it desires—even among the targeted diaspora community. As Joshua Kurlantzick of the Council on Foreign Relations noted in his recent book, *Beijing’s Global Media Offensive China’s Uneven Campaign to Influence Asia and the World*, “Beijing attempted to influence the election both through more open soft power, playing on this seeming warmth among the Malaysian public, and through covert and possibly corrupt means, also known as sharp power.”²⁰ These measures include cultivating and mobilizing the diaspora, utilizing smaller ethnic-Chinese parties, monopolizing Chinese language media, applying pressure on critics of political figures who toe Beijing’s line, and also interfering with journalistic efforts to uncover the details about corruption scandals that hurt its preferred candidate, with top Chinese diplomats even attending rallies in the watershed 2018 elections. Yet, as Kurlantzick noted, “strikingly, China failed to help win over ethnic Chinese

Malaysian voters.”²¹ It would appear that the China debate that drove the 2018 election was dominated more by domestic concerns about issues concerning governance than by any real significant disagreements over the foreign policy approaches of the candidates. Indeed, Malaysia’s multiracial politics, which had been focused on China as an externalized threat in 2018, became more focused on internal threats in 2022.

Indeed, many observers have been surprised to find that a democratic and Muslim-majority country like Malaysia has not yet spoken up about Xinjiang.

Although Malaysia has benefited from its close economic ties with Beijing and has suffered little retribution to date (in part because of Malaysia’s deferential approach to China’s interests),

if Malaysian leaders were to deviate from Beijing’s core interests—for instance, if it were to take a tough stance on Uyghur human rights or on Taiwan—the situation could change. Indeed, many observers have been surprised to find that a democratic and Muslim-majority country like Malaysia has not yet spoken up about Xinjiang.²² As noted by one observer: “Publicly, Malaysia’s government has not expressed support or rejection of the Chinese government policies in Xinjiang.” It is worth noting that in June 2019, senior United Front Work Department (UFWD, 中共中央統一戰線工作部) officials traveled to Malaysia, where they gave press conferences on Xinjiang. Those activities led to unbalanced local media reports that repeated the officials’ whitewashing of the situation in Xinjiang.²³ Yet,

19 Prashanth Parameswaran, “The Truth About China’s ‘Interference’ in Malaysia’s Politics,” *The Diplomat*, October 2, 2015, <https://thediplomat.com/2015/10/the-truth-about-chinas-interference-in-malaysias-politics/>.

20 Joshua Kurlantzick, *Beijing’s Global Media Offensive* (Oxford: Oxford University Press, 2022), 3.

21 Ibid.

22 Abdul Razak Ahmad, “Malaysia needs a clear position on Uyghur issue,” *The Malaysian Reserve*, June 1, 2022, <https://themalaysianreserve.com/2022/06/01/malaysia-needs-a-clear-position-on-uyghur-issue/>.

23 Alex Joske, “The Party Speaks for You: Foreign interference and the Chinese Communist Party’s united front system,” *Australian Strategic Policy Institute Policy Brief*, no. 32 (2020), <https://s3-ap-southeast-2.amazonaws.com/ad-aspi/2020-06/The%20>

issues like the South China Sea and increasing political interference are contributing to a relationship less friendly than in the past. As one analyst has noted: “the relationship has grown cooler and perhaps more realistic.”²⁴

Multiple Chinese united front organizations are operating in Malaysia.²⁵ One in particular to note is the Malaysia One China Peaceful Reunification Promotion Association (馬來西亞一中和平統一促進會), which was launched in 2020.²⁶ This organization is the progeny of the local chapter affiliate of the UFWD’s China Council for the Promotion of Peaceful National Reunification that was originally launched in 2003 as the Malaysia One-China Promotion Association (馬來西亞一中促進協會).²⁷

The establishment and increased visibility of united front affiliated organizations correlate with disinformation vectors tracked by researchers, [...] which have shown a notable volume of disinformation coming from Malaysia in recent years.

The new organization is headed by Gu Runjin (古潤金), a prominent Malaysian-Chinese businessman and president of Perfect (China) Co., Ltd. (完美(中國)有限公司)—a major manufacturer of cleaning and beauty prod-

ucts based in Guangdong. The organization has taken on a very active profile since its launch and under Gu’s leadership. As a clear sign of the institutional connection, Zhong Tingsen (鍾廷森), the founding chairman of the original Malaysia chapter of the council, now

serves as the organization’s executive vice-chairman. One observer has noted that, when the organization was originally conceived in 2003 “in order to show its non-subordinate relationship to China, it did not put ‘peaceful reunification’ in its name but [used] ‘One China Promotion Association’ to make it is consistent with Malaysia’s official ‘One China’ position.”²⁸ However, the change to include “peaceful reunification” in the new name indicated a closer alignment with the PRC’s position. Further reinforcing the closeness of ties between the organization with the PRC, Chinese consulate officials attended the first council meeting.²⁹ The establishment and increased visibility of united front affiliated organizations correlate with disinformation vectors tracked by researchers, such as Graphika and Institute for the Future’s Digital Intelligence Lab, which have shown a notable volume of disinformation coming from Malaysia in recent years.³⁰

party%20speaks%20for%20you_0.pdf?gFHuXyYMR0XuDQOs_6JSmrdyk7MralcN=.

24 Ngeow Chow Bing, “Have Friendly Malaysia-China Relations Gone Awry?,” Carnegie Endowment for International Peace (blog), July 16, 2021, <https://carnegieendowment.org/2021/07/16/have-friendly-malaysia-china-relations-gone-awry-pub-84981>.

25 Organizations like UFWD’s China Overseas Friendship Association (中華海外聯誼會). See, e.g., “2022年线上中华文化大乐园——马来西亚园” [“2022 Online Chinese Culture Paradise - Malaysia Park”], The Association of Graduates from Universities and Courses of China, Malaysia, updated November 2, 2022, accessed May 1, 2023, <https://www.liuhua.org.my/info/camping/500561.shtml>; and the Associated Chinese Chambers of Commerce and Industry of Sarawak.

26 張明光 [Zhang Ming-guang], “大馬一中和統會成立·古潤金：堅守一中立場” [“The establishment of the One China Peace Council - Gu Runjin: Adhere to the one China position”], 星洲網 [Sin Chew Daily News Online], June 3, 2020, <https://www.sinchew.com.my/20200306/%E5%A4%A7%E9%A9%AC%E4%B8%80%E4%B8%AD%E5%92%8C%E7%BB%9F%E4%BC%9A%E6%88%90%E7%AB%8B%C2%B7%E5%8F%A4%E6%B6%A6%E9%87%91%E5%9D%9A%E5%AE%88%E4%B8%80%E4%B8%AD%E7%AB%8B%E5%9C%BA/>.

27 China Council for the Promotion of Peaceful National Reunification, date accessed October 4, 2020, <https://web.archive.org/web/20201004003025/http://www.zhongguotongcuhui.org.cn/hnwtch/yz/mlxy/mlxyyzh/>.

28 杜晉軒 [Du Jin-xuan], “中共統戰部分部？為什麼馬來西亞會有個「一中和平統一促進會」” [“The United Front Department of the Communist Party of China? Why Malaysia has a ‘One China Peaceful Reunification Promotion Association’”], *The News Lens*, March 10, 2020, <https://www.thenewslens.com/article/132250>.

29 Ibid.

30 Nick Monaco, Melanie Smith, and Amy Studdart, *Detecting Digital Fingerprints: Tracing Chinese Disinformation in Taiwan*, Washington, DC: The International Republican Institute, 2020, <https://www.iri.org/resources/detecting-digital-fingerprints-tracing-chinese-disinformation-in-taiwan/>.

Anwar Ibrahim: Constrained Progress with Taiwan

Much ink has been spilled since it became apparent that Anwar Ibrahim would become prime minister in November 2022.³¹ Anwar's political disposition towards democracy and justice—which are clearly evidenced by his political career—coupled with his close association with Western countries, suggested that his government could become more pro-Western than his predecessor *vis-à-vis* Malaysia's choice of alignment in the growing US-China strategic competition.³²

His prior directness about China's mistreatment of Uyghurs, the need for Southeast Asian nations to preserve their sovereignty in the South China Sea, and the complicity of international financial institutions in the 1Malaysia Development Berhad scandal during the Najib years, all point to his administration taking a position that would align Malaysia more with pro-democratic forces. Moreover, the fact that Anwar was seen as a strong proponent of reform and his promotion of a more pluralistic, inclusive Malaysia in the face of rising Islamism further suggested a more favorable disposition towards Taiwan. Thus far, however, he has remained quiet on US-China issues and Malaysia's ties with Taiwan.

To be sure, even in the context of US-China strategic competition, Anwar's room for maneuver on Taiwan will be limited. Malaysians are generally not very supportive of the United States—in part due to perceptions about US foreign policy towards the Middle East, the Islamic world,

and its support of Israel.³³ Despite what could be seen as a democratic alignment between the new Malaysian leader and Taiwan, there should be measured expectations in Taipei about the prospect of substantive progress in Taiwan-Malaysia relations, since domestic political stability will be paramount for Anwar's reign. Moreover, relative to the rest of ASEAN or other pro-Western countries, Taiwan would need to be seen as charting a more independent position—and straddle the fine line between not being seen as too close to the United States, while at the same time being able to effectively build support for its position *vis-à-vis* the PRC.

During his campaign, Anwar made it clear that tackling the economic crisis by stabilizing prices was his first priority. As a result, foreign policy is unlikely to take center stage or drive national debates during his administration.

Taiwan's longstanding ties with the ethnic Chinese communities in Malaysia should also be nurtured to strengthen democratic solidarity and human rights.

In fact, there was little coverage of foreign policy in the election and it took secondary importance to economic relations—an area in which Malaysia would likely seek to engage China. Irrespective of Anwar's proclivities, whether a Pakatan Harapan (PH)

government could restore domestic political stability and actually secure a second term in the country's next elections would determine whether progress, if any, in relations with Taiwan could be sustainable.³⁴

For now, the 15th general election (GE15) manifesto of the PH coalition that Anwar leads may offer clues to the new administration's approach to foreign affairs. It suggests that the government will aim to enhance diplomatic activism in international bodies, such as the United Nations, Organization of Islamic Cooperation (OIC) and the Non-

31 "Anwar Ibrahim: The man who fulfilled his goal to lead Malaysia," *BBC*, November 22, 2022, <https://www.bbc.com/news/world-asia-16440290>.

32 David Han, "Malaysia is Back: The Foreign Policy of Anwar Ibrahim," *S. Rajaratnam School of International Studies IDSS*, no. 81 (2022), <https://www.rsis.edu.sg/wp-content/uploads/2022/12/IP22081.pdf>.

33 Tan, "Malaysia's Mahathir reportedly says he'd prefer to side with China rather than 'unpredictable' US."

34 Han, "Malaysia is Back."

Aligned Movement (NAM).³⁵ In terms of foreign affairs, Anwar, who has the reputation of being a globalist, will try to steer between China and the United States. Anwar has been seen as being friendly to the West, but he is likely to pursue a policy of balancing ties between China and the US and will engage the European Union, India, and the rest of ASEAN to maintain a balance.³⁶

Taiwan and Malaysia should focus on practical areas of cooperation. A clear area would be in enhancing law enforcement cooperation between the two sides. There is a practical need to update mutual legal assistance treaties (MLAT) to address the handling of digital crimes—to include addressing the disinformation campaigns targeting Taiwan that seemingly originate from Malaysia—and to stem the unlawful deportation of Taiwanese nationals to the PRC.³⁷ Relatedly, Malaysia would also stand to benefit from having a deeper understanding of the United Front Work Department—in particular, its operations in Malaysia, how it attempts to influence the diaspora community and Malaysian politics, and how to better guard against future interference efforts. However, a tense racial environment in Malaysia could make such matters politically sensitive to address and should be handled with care. Substantial changes to Malaysia's policies will require meaningful engagement with the diaspora community, which is an influential voice in Malaysian politics.

Taiwan's longstanding ties with the ethnic Chinese communities in Malaysia should also be nurtured to strengthen democratic solidarity and human rights. Taiwan is the only Chinese-speaking society that can speak up for human rights and democracy, and its role is essential for the

Chinese-speaking world. Additionally, Taiwan should aim to deepen relations with non-Chinese Malaysians, which still remain superficial and low-level. In its pursuit of stronger ties, Taipei will also need to be mindful of the fact that the Malaysian Chinese community as a whole, while being friendly towards Taiwan, is more “blue” than “green” (to use the labels of the political spectrum in Taiwan).³⁸ Taiwan should be more engaged with the Malay community through its own domestic initiatives and through the Organization of Islamic Countries (OIC).

There are also clear advantages for both sides to upgrade bilateral economic ties and comprehensively reduce tariff and non-tariff barriers to trade, as well as to bolster supply chain resiliency. The high degree of trade complementarity between Taiwan and Malaysia favors trade liberalization.³⁹ Yet, attempts by Taiwan to upgrade the bilateral economic agreements signed in the 1990s have been rebuffed by Malaysian officials out of concern that this would provoke China.⁴⁰

In Malaysia under Anwar Ibrahim, Taipei should continue to pursue low-profile official engagements with Malaysia that will build a closer relationship. While the new Malaysian leader seems favorably disposed to improved ties with Taiwan, his administration will be constrained from making any major changes in the country's foreign policy for at least the near term. Strengthening already robust civil society ties will build a broader foundation of support within Malaysian society. Given Malaysia's traditional deference in its official relationship with the PRC, domestic political constraint, and its historic insistence on non-alignment, it is important to keep in mind that any changes will be slow and gradual despite the significance of such a change for Malaysia's domestic political situation.

35 Ibid.

36 Manoj Joshi, “India-Malaysia Ties: Can Anwar Ibrahim's Foreign Policy Address Security Issues?,” *The Quint World*, December 6, 2022, <https://www.thequint.com/voices/opinion/malaysias-political-crisis-can-anwar-ibrahim-reboot-security-ties-with-india>.

37 Hilary Whiteman, “Taiwan objects as Malaysia deports Taiwanese citizens to China,” *CNN*, May 2, 2016, <https://www.cnn.com/2016/05/02/asia/taiwan-malaysia-china-deportations/index.html>.

38 Chow-Bing Ngeow, “Progress and Limitations in Malaysia-Taiwan Relations under Taiwan's New Southbound Policy,” *Asia Pacific Bulletin*, no. 490 (2019), <https://www.eastwestcenter.org/publications/progress-and-limitations-in-malaysia-taiwan-relations-under-taiwan%E2%80%99s-new-southbound>.

39 “Malaysia, Taiwan, and the CPTPP,” IDEAS Malaysia.

40 Ngeow, “Progress and Limitations.”

Rising Tensions Over Taiwan Prompt Defense Policy Changes Throughout the Indo-Pacific Region

The *Economist* magazine raised many eyebrows, and some share of controversy, when it ran a cover article in spring 2021 declaring Taiwan to be the “most dangerous place on Earth” due to its role as a potential flashpoint for great power war.¹ At the time, many observers criticized this commentary as unduly alarmist, and the subsequent spring 2022 Russian invasion of Ukraine—accompanied by repeated nuclear saber rattling performed by representatives of the Russian regime—understandably directed much of the world’s attention to Ukraine and other states on the former Soviet periphery as seemingly more dangerous hotspots.²

Despite this, the contested status of Taiwan’s sovereignty and the factors surrounding it—specifically, the strident irredentist claims of the People’s Republic of China (PRC) on the one hand, and the ambiguous

US commitments to defend Taiwan per the terms of the *Taiwan Relations Act*, backed up by repeated statements by President Joe Biden on the other³—have indeed made Taiwan a potential flashpoint for conflict between the world’s two largest military powers, not to mention other prominent states in the region. These tensions were ratcheted up dramatically throughout 2022: most notably by the provocative military exercises that PRC forces conducted in the immediate wake of the early August visit to Taiwan by then-US Speaker of the House Nancy Pelosi,⁴ but also through aerial incur-

1 “The Most Dangerous Place on Earth,” *The Economist*, May 1, 2021, <https://www.economist.com/leaders/2021/05/01/the-most-dangerous-place-on-earth>.

2 For one such example, see the veiled threat made on January 23 by Vyacheslav Volodin, speaker of the Russian State Duma, that “if Washington and NATO countries supply weapons that will be used to strike civilian cities and attempt to seize our territories...this will lead to retaliatory measures using more powerful weapons.” See: “Russian State Duma Head Joins Officials Warning Of Nuclear Retaliation In Ukraine,” *Radio Free Europe*, January 23, 2023, <https://www.rferl.org/a/russia-ukraine-volodin-du-ma-nuclear-threat/32234480.html>.

3 The *Taiwan Relations Act* of 1979 declares that it will be the policy of the United States “to consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States,” and “to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan.” See: *Taiwan Relations Act*, Public Law 96-8, US Statutes at Large 93 (1979): 14-21, <https://www.congress.gov/96/statute/STATUTE-93/STATUTE-93-Pg14.pdf>.

4 John Dotson, “An Overview of Chinese Military Activity Near Taiwan in Early August 2022, Part 1: Exercise Closure Areas and Ballistic Missile Launches,” *Global Taiwan Brief* 7, issue 17, August 24, 2022, <https://globaltaiwan.org/2022/08/an-overview-of-chinese-military-activity-near-taiwan-in-early-august-2022-part-1-exercise-closure-areas-and-ballistic-missile-launches/>; and “An Overview of Chinese Military Activity Near Taiwan in Early August 2022, Part 2: Aviation Activity, and Naval and Ground Force Exercises,” *Global Taiwan Brief* 7, issue 18, September 7, 2022, <https://globaltaiwan.org/2022/09/an-overview-of-chinese->

sions over Taiwan's outlying islands, and elevated levels of military aviation activity near Taiwan's airspace and into Taiwan's declared air defense identification zone (ADIZ).⁵

These actions have been buttressed by the increasingly hardline rhetorical and textual assertions of sovereignty over Taiwan made by leaders and propaganda outlets of the PRC's ruling Chinese Communist Party (CCP, 中國共產黨)—which, if anything, became even more forceful and rigid throughout 2022.⁶ Despite Beijing's aggressive posture, senior CCP officials have consistently attempted to shift blame for the increase in tensions onto the United States and political figures in Taiwan. For example, speaking in June 2022, PRC Defense Minister and People's Liberation Army (PLA, 中國人民解放軍) General Wei Fenghe (魏鳳和) asserted that an unnamed country (by context, clearly meant to be the United States) had “connived at and supported the moves of separatist forces for Taiwan independence,” while also emphasizing the PLA's own readiness for war.⁷ More recently, PRC Foreign Minister Wang Yi (王毅) reiterated these themes before the Munich Security Conference on February 18, 2023, with the official state media summary giving his com-

ments as follows:

Taiwan has been part of China's territory since the ancient times, and it has never been a state, nor will it ever be. This is the real status quo of the Taiwan question. It is not China but the "Taiwan independence" separatist forces who want to change this status quo. [...] "Taiwan independence" separatist activities and peace and stability across the Taiwan Strait are as irreconcilable as water and fire. To safeguard peace across the Taiwan Strait, we must resolutely oppose "Taiwan independence," and firmly stay committed to the one-China principle.⁸

While such language, and the actions that accompany them, may play well for PRC officials domestically, they have not carried over as well in the rest of Asia. As a result of the rising tensions surrounding Taiwan, states throughout the Asia-Pacific region have either announced, or are actually engaged in, dramatic defense reforms that would have been nearly unthinkable only a few years ago. Running the gamut from increased defense budgets to force restructuring and new basing agreements, these measures are transforming the military balance in the region, and bringing the military tool of national policy closer to the forefront in terms of shaping the Asia-Pacific security environment.

Taiwan Gets More Serious About Its Own Defense

Taiwan, as the state most directly menaced by PRC aggression, took noteworthy steps towards bolstering its own defense capacity in 2022. Long the subject of past criticism by commentators who complained that Taiwan's political leaders and defense establishment

military-activity-near-taiwan-in-early-august-2022-part-2-aviation-activity-and-naval-and-ground-force-exercises/.

5 For these latter two points, see, respectively: Eric Chan, “Redefining First Strike: Implications for Taiwan's Defense and Deterrence Strategy,” *Global Taiwan Brief* 7, issue 20, October 19, 2022, <https://globaltaiwan.org/2022/10/redefining-first-strike-implications-for-taiwans-defense-and-deterrence-strategy/>; and Thomas Shattuck, “The PLA Air Force Erases the Taiwan Strait Centerline,” *Global Taiwan Brief* 7, issue 18, September 7, 2022, <https://globaltaiwan.org/2022/09/the-pla-air-force-erases-the-taiwan-strait-centerline/>.

6 John Dotson, “Beijing Signals a Harder Line Policy on Taiwan Through the 20th Party Congress and Beyond,” *China Brief*, September 20, 2022, <https://jamestown.org/program/beijing-signals-a-harder-line-policy-on-taiwan-through-the-20th-party-congress-and-beyond/>.

7 Wei Fenghe, “IISS Shangri-La Dialogue” (speech, Singapore, June 12, 2022) as transcribed in “IISS Shangri-La Dialogue,” International Institute of Strategic Studies (undated), <https://www.iiss.org/events/shangri-la-dialogue/shangri-la-dialogue-2022>.

8 People's Republic of China Foreign Ministry, “Wang Yi: To Safeguard Peace Across the Taiwan Strait, We Must Resolutely Oppose ‘Taiwan Independence’” (press release), February 18, 2023, https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/wshd_665389/202302/t20230222_11029275.html.

were not taking the island's defense seriously enough, Taiwan's defense policies changed in measurable ways in 2021 and 2022. The Ukraine War, in particular, has reportedly served as a "wake-up call" for Taiwan policymakers, with President Tsai Ing-wen (蔡英文) herself directly citing Ukraine's resistance as an example for Taiwan, standing as it does "on the front line of authoritarian expansion."⁹

One major change has been the substantial increases seen in the defense budget over the past two years. In autumn 2021, the Legislative Yuan approved the "Sea-Air Combat Power Improvement Plan Purchase Special Regulations" (海空戰力提升計畫採購特別條例), a five-year budget supplemental—made primarily to fund further production of indigenous anti-ship and anti-aircraft missiles—of NTD \$240 billion (the rough equivalent of USD \$8.6 billion), or just over half the entire projected regular defense budget of NTD \$471.7 billion (USD \$16.9 billion) for 2022.¹⁰ In October 2022, following a year of escalatory PLA provocations, Taiwan's Ministry of National Defense (MND) laid out a NTD \$586.3 billion (USD \$18.31 billion) defense budget for 2023—representing a 13.9 percent increase from the previous year's budget, and a rough level of expenditure of 2.4 percent of Taiwan's gross domestic product (GDP).¹¹

9 Ellen Nakashima, "Rep. Mike Gallagher, Chairman of the New House Select Committee on China, said Russia's Invasion of Ukraine Was a 'Wake-Up Call' for Taipei," *Washington Post*, February 22, 2023, <https://www.washingtonpost.com/national-security/2023/02/22/taiwan-weapons-china-gallagher/>; and Lawrence Chung, "Taiwan Is Trying to Boost Its Defences. It's Learning from Ukraine," *South China Morning Post*, February 23, 2023, <https://www.scmp.com/news/china/military/article/3211130/taiwan-trying-boost-its-defences-its-learning-ukraine>.

10 John Dotson, "Taiwan's New Special Defense Budget Emphasizes Indigenous Anti-Ship Weapons Production," *Global Taiwan Brief* 6, issue 21, November 3, 2021, <https://globaltaiwan.org/2021/11/taiwans-new-special-defense-budget-emphasizes-indigenous-anti-ship-weapons-production/>.

11 "In Taiwan's 2023 Defense Budget, Biggest Chunk to go to Personnel," *Central News Agency*, October 17, 2022, <https://fo-custaiwan.tw/politics/202210170019>.

Arguably the most dramatic change of all was revealed at the very end of 2022, when the Tsai Administration announced the "Strengthening All-People's Defense Military Force Restructuring Plan" (強化全民國防兵力結構調整方案), called more simply the "Military Force Realignment Plan" in the government's own English-language communications). The plan, to take effect in 2024 (and applicable to able-bodied males born on or after January 1, 2005), will extend the current period of conscripted basic military service—widely criticized as inadequate for meaningful training purposes—from four months to a full year.¹² However, while the plan as originally announced was an ambitious one, subsequent clarifications issued by the MND in March 2023 appeared to dramatically scale back the scope of the new conscription program, with a timetable of phasing it in over several years.¹³

The plan also laid out a broad framework for employing military personnel, in four general categories:

- "Main Battle Troops" (主戰部隊): The volunteer active-duty personnel (currently undermanned at 180,000, with an end goal of 210,000), who will bear the primary burden of any future front-line fighting.

12 Republic of China (Taiwan) Executive Yuan, "強化全民國防兵力結構調整方案" ["Strengthening All-People's Defense Military Force Restructuring Plan"], December 29, 2022, <https://www.ey.gov.tw/Page/448DE008087A1971/84fcb5d2-aab2-4499-b88e-6024d3e772b0>.

13 According to information released in March 2023, in the year 2024 the MND plans to induct 78,600 conscripts. However, of these, a majority (69,500) will experience the previous four months of training; while a much smaller number (9,100)—apparently, high school graduates not slated to attend university, and therefore ineligible for student deferments—will experience the full year of training. The number of conscripts slated to undergo the full twelve months of service/training is projected to increase gradually, reaching 53,600 by the year 2029. Obviously, this represents a significant scale-back from the ambitious plan first announced in December 2022. See: "MND Shares 2029 Conscript Target," *Taipei Times*, March 6, 2023, <https://www.taipeitimes.com/News/front/archives/2023/03/06/2003795558>.

- “Garrison Troops” (守備部隊): Comprised predominantly of conscripted personnel, these soldiers will be oriented primarily towards territorial defense and infrastructure protection roles.
- “Civil Defense System” (民防系統): “Alternative service personnel” (not clearly defined, but presumably to include those deferred from combat service due to medical, conscientious, or other reasons) will be tasked for disaster relief, medical services, and other aspects of civil defense; as well as for unspecified, but presumably logistical, military support operations.
- “Reserve System” (後備系統): A revamped system for military reservists, intended to “replenish our main battle force with retired volunteer soldiers, and our garrison force with former mandatory service members.”

Such measures have also been accompanied by an increase in high-level defense contacts between Taiwan and the United States—a level that would have seemed unthinkable just a few years ago. On February 17, US Deputy Assistant Secretary of Defense for China Michael Chase arrived in Taiwan for consultation with his counterparts; the visit was treated as a low-key matter by the US and Taiwan governments, but provided yet another example of closer defense ties between the two sides.¹⁴ (For its part, the PRC predictably denounced the visit, calling it another example of “the US intention to contain China [using] Taiwan,” and demanding that the United States “stop any form of official US-Taiwan contacts, stop meddling in the Taiwan issue and stop creating new factors of tension in the Taiwan Strait.”¹⁵)



Image: A promotional graphic from Taiwan's MND about the new one-year conscription policy. The top quadrant emphasizes the threats to the region, including Sino-Russian military exercises in 2022; the next section down compares the one year of service with other countries, and describes the role of reserve forces; the third section down emphasizes the enhancements in training, to include training in more advanced weapons systems; and the bottom quadrant describes service path options, and increased pay for conscripted troops.¹⁶

In late February, further reports emerged indicating

14 “Top US Official Arrives for Surprise Visit,” *Taipei Times*, February 18, 2023, <https://www.taipeitimes.com/News/front/archives/2023/02/18/2003794573>.

15 “China Blasts Pentagon Official’s Taiwan Visit,” *PBS News Hour*, February 22, 2023, <https://www.pbs.org/newshour/politics/china-blasts-pentagon-officials-taiwan-visit>.

16 Republic of China (Taiwan) Executive Yuan, “強化全民國防兵力結構調整方案” [“Strengthening All-People’s Defense Military Force Restructuring Plan”], December 29, 2022, <https://www.ey.gov.tw/Page/448DE008087A1971/84fcb5d2-aab2-4499-b88e-6024d3e772b0>; Image source: Republic of China (Taiwan) Ministry of National Defense.

that the US military was planning to significantly increase the small number of US personnel assigned to duty in Taiwan—from roughly 30 a year ago, to between 100-200 persons in the near future—in order to bolster training for advanced weapons systems and other military competencies.¹⁷ Also in February, media reports revealed additional programs being initiated for the training of Taiwanese soldiers in the United States—to include the use of Michigan National Guard facilities for this purpose—and that approximately 500 soldiers from the ROC Army 333rd Mechanized Infantry Brigade and 542nd Armor Brigade would travel to the United States later this year for battalion-level training at an unnamed location.¹⁸

Changes to the US Defense Posture in INDOPACOM

These US actions in relation to Taiwan have also been mirrored by broader US military changes in the Indo-Pacific Command (INDOPACOM) theater as a whole. These efforts are extensive, and covering them

These US actions in relation to Taiwan have also been mirrored by broader US military changes in the Indo-Pacific Command (INDOPACOM) theater as a whole.

all would require a series of articles (if not books) of their own. However, one of the key elements has been an increased focus on budgetary resources for INDOPACOM, as represented in the “Pacific Deterrence Initiative” (PDI): a multi-year program intended to bolster US military capabilities in the Indo-Pacific region, which “prioritize[s] the multi-domain threat posed by China... [and which is] focused on this threat and strengthening Indo-Pacific deterrence.” In addition to other regular funding for US military facilities and operations in INDOPACOM, the PDI for fiscal year (FY) 2023 represents a USD \$6.1 billion line of funding intended to

bolster capabilities in six broad categories—including logistics, training, and infrastructure upgrades—in relation to Chinese military forces.¹⁹

Another prominent—and controversial—initiative impacting INDOPACOM is the US Marine Corps’ (USMC) *Force Design 2030*, which is seeing the USMC divest itself of some of its heavier assets oriented towards land warfare (tanks, aircraft, etc.) in order to pursue a lighter and more mobile force structure directed towards the support of fleet operations in an island/maritime environment. The officially articulated USMC rationale for *Force Design 2030* argues that these steps are required due to the advanced reconnaissance and long-range strike systems now fielded by unnamed adversaries—and that, as a result, “Marine formations must operate within the adversary’s weapons engagement zone and under technical surveillance that is ubiquitous in nature [and] smaller and lighter

17 Nancy A. Youssef and Gordon Lubold, “U.S. to Expand Troop Presence in Taiwan for Training Against China Threat” *Wall Street Journal*, February 23, 2023, <https://www.wsj.com/articles/u-s-to-expand-troop-presence-in-taiwan-for-training-against-china-threat-62198a83>.

18 Ibid.; and Lawrence Chung, “Taiwan to Send at Least 500 Troops to US for Combat Training, Report Says,” *South China Morning Post*, February 24, 2023, https://www.scmp.com/news/china/diplomacy/article/3211248/taiwan-send-least-500-troops-us-combat-training-report-says?utm_medium=email&utm_source=cm&utm_campaign=enlz-china&utm_content=20230224&tpcc=enlz-china&UID=7d6ade3f-50b9-48df-9f09-adf0c8f16d9f&next_article_id=3211288&article_id_list=3211344,3211324,3211263,3211283,3211289,3211248,3211288,3211285&tc=15&CMCampaignID=cb1224d6d6763cf5097602441cd5e4ae.

19 United States Office of the Under Secretary of Defense (Comptroller), *Pacific Deterrence Initiative: Department of Defense Budget Fiscal Year (FY) 2023*, April 2022, 5-6, https://comptroller.defense.gov/Portals/45/Documents/defbudget/FY2023/FY2023_Pacific_Deterrence_Initiative.pdf.

units of action must be capable of disaggregated reconnaissance and counter reconnaissance operations.”²⁰

Elements of the USMC force structure in the region are being remodeled in conjunction with these larger changes. For example, the announcement was made in January that the USMC 12th Infantry Regiment in Okinawa would be redesignated as a “littoral regiment”—following suit with the “3rd Littoral Regiment” similarly redesignated last year—and that the unit would be equipped with “advanced intelligence, surveillance, and reconnaissance, as well as anti-ship and transportation capabilities that are relevant to the current and future threat environments.”²¹ Further commitment to an enhanced role for the USMC in the theater was indicated by the activation in January of Marine Corps Base (MCB) Camp Blaz, a new facility in Guam expected ultimately to house 5,000 USMC personnel.²²

A Closer Security Relationship Between the United States and the Philippines

While the United States and the Philippines have a longstanding security relationship dating back to the early years of the Cold War—embodied most clearly in the 1951 *Mutual Defense Treaty* between the two countries—the relationship had soured in more recent years under the presidential administration of Rodrigo Duterte, who had distanced himself from the United States while seeking friendlier ties with the PRC. Even before the end of the Duterte Administration, how-

ever, institutions invested in the security relationship with the United States—most notably, the Philippines armed forces—exerted influence behind the scenes to reorient the country’s policies back in a more pro-US direction.²³ Furthermore, the aggressive behavior of the PRC in the maritime domain—such as an incident on February 6 in the Spratly Islands, in which a PRC Coast Guard vessel allegedly directed a laser at a Philippines Coast Guard vessel, blinding members of the crew—has produced a backlash in Manila.²⁴



Image: The PRC’s aggressive actions towards Taiwan have also been accompanied by provocative behavior towards other states in the region. In this image taken from an incident that occurred on February 6 near Second Thomas Shoal in the Spratly Islands, a Chinese Coast Guard vessel allegedly shined a “military grade laser light” at a Philippines Coast Guard vessel, reportedly blinding members of the crew.²⁵

For its part, the new presidential administration of

20 “Force Design 2030,” Marines.mil (official website of the USMC), updated May 2022, accessed May 1, 2023, <https://www.marines.mil/Force-Design-2030/>.

21 Dzirhan Mahadzir, “New Marine Littoral Regiment Key to Expanded Pacific Security Cooperation, US, Japanese Leaders Say,” *US Naval Institute News*, January 12, 2023, <https://news.usni.org/2023/01/12/new-marine-littoral-regiment-key-to-expanded-pacific-security-cooperation-u-s-japanese-leaders-say>.

22 “Marine Corps Reactivates Base on Guam,” Marines.mil (official website of the USMC), updated January 26, 2023, accessed May 1, 2023, <https://www.marines.mil/News/Press-Releases/Press-Release-Display/Article/3278245/marine-corps-reactivates-base-on-guam/>.

23 Dr. Renato Cruz De Castro, “Defense Policy Changes in the Indo-Pacific in Response to Rising Tensions over Taiwan” (public seminar, Global Taiwan Institute, Washington, DC, March 6, 2023), <https://globaltaiwan.org/events/march-6-defense-policy-changes-in-the-indo-pacific-in-response-to-rising-tensions-over-taiwan/>.

24 Franco Jose C. Baroña, “China Broke Maritime Laws,” *Manila Times*, February 14, 2023, <https://www.manilatimes.net/2023/02/14/news/china-broke-maritime-laws/1878628>.

25 Image source: Philippines Coast Guard, as reprinted in *Manila Times*, <https://www.manilatimes.net/2023/02/14/news/china-broke-maritime-laws/1878628>.

Ferdinand “Bongbong” Marcos Jr., which entered office in June 2022, has decisively turned back towards the country’s traditional orientation of a close security relationship with the United States. The clearest indication of this in military terms is the “Enhanced Defense Cooperation Agreement” (EDCA) between the two governments, an agreement first signed in 2014 that has evolved considerably in scope over the past year. The current agreement allows for US access to five military facilities in the Philippines—Cesar Basa Air Base in Pampanga, Fort Magsaysay Military Reservation, Lumbia Air Base, Antonio Bautista Air Base and Mactan Benito Ebuen Air Base—for purposes of combined training and logistical functions. The United States has committed USD \$82 million under the agreement for infrastructure upgrades at the five named sites.²⁶

In February 2023, representatives of the two governments announced that an additional four sites “in strategic areas of the country” were also under discussion, but these locations were not publicly identified at that time. Subsequently, in early April the Marcos Administration indicated that these four sites would be: a naval facility in Santa Ana, and an airport in Lal-lo (both in far northern Cagayan Province); a ground forces camp in Isabela Province in the northeast; and a naval post on Balabac Island, at the southern tip of the eastern

Palawan Province archipelago.²⁷

Of all the states in the Asia-Pacific, it is arguably Japan that has recently announced the most dramatic defense policy changes in response to the rising tensions over Taiwan.

These steps have been accompanied by surprisingly frank statements by President Marcos that link them—at least by implication—to rising tensions over Taiwan. During a visit to Japan in February 2023, and in the context of discussing closer military ties with both Japan and the

United States, President Marcos stated in an interview with Japanese media on February 13 that:

When we look at the situation in the area, especially the tensions in the Taiwan Strait, we can see just by our geographical location, should there in fact be a conflict in that area, it’s not very hard to imagine a scenario where the Philippines will not somehow get involved [...] we feel that we’re very much on the front line. [...] Perhaps because [...] the temperature in the region has slowly ratcheted up, we have to also, as a response, be more judicious in making sure that we are defending properly our sovereign territory.²⁸

This February visit, and the attendant consultations between Filipino and Japanese officials, resulted in the announcement of an initial agreement related to military humanitarian relief operations. Furthermore,

26 US State Department, “U.S. Security Cooperation with the Philippines” (press release), October 7, 2022, <https://www.state.gov/u-s-security-cooperation-with-the-philippines/>; and US Department of Defense, “U.S.-Philippine Alliance Strengthens as it Enters New Phase” (press release), February 2, 2023, <https://www.defense.gov/News/News-Stories/Article/Article/3286055/us-philippine-alliance-strengthens-as-it-enters-new-phase/#:~:text=The%20United%20States%20and%20Philippines,United%20States%2C%22%20Marcos%20said.>

27 Jim Gomez, “Philippines Names 4 New Camps for US forces Amid China Fury,” *Associated Press*, April 3, 2023, <https://abcnews.go.com/International/wireStory/philippines-names-4-new-bases-us-forces-amid-98315949>; and Manolo Serapio Jr., “US Gains Access to Philippine Sites Near Taiwan Amid China Row,” *Bloomberg*, April 4, 2023, <https://www.msn.com/en-us/news/world/us-gains-access-to-philippine-sites-near-taiwan-amid-china-row/ar-AA19rn9U?ocid=msedgntp&cvid=2f4bef837a1642bb956ee12234104efb&ei=23>.

28 *Nikkei Asia*, “Marcos Says ‘Hard to Imagine’ Philippines Can Avoid Taiwan Conflict,” YouTube video, February 13, 2023, <https://www.youtube.com/watch?v=xhXIsmBgI>.

public statements by President Marcos and Japanese Prime Minister Fumio Kishida indicated that talks were underway for potential future combined military exercises.²⁹ While the humanitarian relief agreement is a modest initial measure, it represents a significant step towards a potentially broader security relationship between Japan and the Philippines: one in which the two countries could cooperate more directly, outside of their existing “hub-and-spokes” security alliances with the United States.



Image: Filipino and Japanese government officials meet during an early February 2023 visit to Japan by Philippines President Marcos, which saw the first-ever cooperative military agreement signed between the two countries, related to military humanitarian relief operations.³⁰

Dramatic Changes to Japan's Defense Policy and Planned Force Structure

Of all the states in the Asia-Pacific, it is arguably Japan that has recently announced the most dramatic defense policy changes in response to the rising tensions over Taiwan. In December, the Japanese government released a pair of major documents that heralded a major shift in the country's security orientation. The first of these was a revised National Security Strategy (NSS)—the first in a decade—that contained striking

language regarding Japan's security concerns. The document stated that, in “the neighboring region, Japan's security environment is as severe and complex as it has ever been since the end of World War II.” It linked this in large part to PRC actions, stating that:

*While maintaining its policy of peaceful reunification of Taiwan, China has not denied the possibility of using military force. In addition, China has been intensifying its military activities in the sea and airspace surrounding Taiwan, including the launch of ballistic missiles into the waters around Japan. Regarding peace and stability across the Taiwan Strait, concerns are mounting rapidly, not only in the Indo-Pacific region including Japan, but also in the entire international community. [...] China's current external stance, military activities, and other activities have become a matter of serious concern for Japan and the international community, and present an unprecedented and the greatest strategic challenge in ensuring the peace and security of Japan and the peace and stability of the international community.*³¹

The second and related document, a revised *National Defense Strategy* (NDS), was also released in December, and mirrored the senior document's sobering assessment of the challenges posed by China, Russia, and North Korea. It noted that, as a result, “Japan needs to squarely face the grim reality and fundamentally reinforce Japan's defense capabilities, with a focus on opponent capabilities and new ways of warfare,” and that the government's plans “represent a major turning point for post-war defense policy.”³²

The result of these conclusions was the announced “Defense Build-Up Program” (DBP), an ambitious plan to effectively double the budget of the Japanese

29 CNA (Singapore), “Philippines, Japan to Step Up Security Cooperation amid tensions with China,” YouTube video, February 9, 2023, <https://www.youtube.com/watch?v=E8zpxzfjGWo>.

30 Image source: Ibid.

31 Japan National Security Council, *National Security Strategy of Japan*, December 2022, 2 and 8-9, <https://www.cas.go.jp/jp/siry-ou/221216anzenhoshou/nss-e.pdf>.

32 Ibid., 4.

Self-Defense Force (JSDF) to 43 trillion yen (approximately USD \$315 billion) by 2027. This would raise Japan's military spending to two percent of its gross domestic product (GDP), and reportedly give it the world's third largest defense budget, after the United States and China.³³ Perhaps even more striking than the budget figures, however, is the NDS's announcement of plans for the JSDF to field offensive missile systems capable of striking other countries in the region. After describing at length the threat posed by the missile systems of potentially hostile countries (implicitly understood to be China and North Korea), the NDS asserts that:

Japan needs counterstrike capabilities: capabilities which, in the case of missile attacks by an opponent, enable Japan to mount effective counterstrikes against the opponent to prevent further attacks while defending against incoming missiles by means of the missile defense network. [...] In cases where [an] armed attack against Japan has occurred, [in which] ballistic missiles and other means have been used, counterstrike capabilities enable Japan to mount effective counterstrikes against the opponent's territory. [...] If an opponent ever launches missiles, [Japan] will be able to prevent the opponent's further armed attacks by counterstrike capabilities, while protecting itself against incoming

*missiles by the missile defense network, thereby defending the lives and peaceful livelihoods of Japanese nationals.*³⁴

Beijing's apparent effort to intimidate its neighbors into submission is—at least in the cases of Japan, the Philippines, and Taiwan itself—producing the opposite effect of bringing these states closer into alignment with the United States and one another, and causing them to undertake significant military reforms.

In and of itself, the doubling of Japan's defense budget would make the NSD's description of a "major turning point" in security policy seem like a significant understatement. However, the announcement of intent to field offensive missile systems—even if characterized as "counterstrike" weapons—represents a dramatic

departure from Japan's post-World War II pacifist legacy, and one that would have seemed unthinkable only a few years ago.

Conclusions

The PRC's aggressive posture towards its neighbors in the maritime domain—as exemplified by its militarization and fortification of points in the South China Sea, its irredentist claims upon Japanese territory in the Senkaku Islands in the East China Sea, and its bullying behavior towards the Philippines—is having a decided effect upon both geopolitical alignments and military force planning among countries in the region. Perhaps the greatest motivational factor of all, however, is the rising fear of war (or other forms of conflict below the threshold of war, such as blockade) over Taiwan, as has been clearly indicated by leadership comments and official statements from governments in the region.

Beijing's apparent effort to intimidate its neighbors into submission is—at least in the cases of Japan, the Philippines, and Taiwan itself—producing the opposite

33 Mike Yeo, "New Japanese Strategy to Up Defense Spending, Counterstrike Purchases," *DefenseNews*, December 20, 2022, <https://www.defensenews.com/global/asia-pacific/2022/12/20/new-japanese-strategy-to-up-defense-spending-counterstrike-purchases/>.

34 Japan Ministry of Defense, *National Defense Strategy*, 13-14.

effect of bringing these states closer into alignment with the United States and one another, and causing them to undertake significant military reforms. Many of these steps—such as Taiwan’s extension of conscription, Japan’s dramatic increase in defense spending, and Manila’s re-opening of bases across the country to US forces—would have seemed politically impossible just a few years ago. As Beijing continues to pursue hegemony in the Asia-Pacific, apparently heedless of the consequences, we can expect the defensive measures of the United States and its allies to continue and accelerate in response.

Past Policies and Present Challenges: Taiwan and China's Ties with the Pacific Islands

In recent years, commentators have increasingly recognized the globalized characteristics of the Taiwan-People's Republic of China (PRC) relationship.¹ While the most visible confrontations between the two are typically confined to the Taiwan Strait—where China's escalating military provocations² and “gray zone” operations³ have made international headlines—more subtle, less publicized instances of cross-Strait competition have unfolded around the world. From South America and Europe to Africa and Southeast Asia,⁴ Taipei and Beijing have engaged in a

long-running campaign to amass international support and secure critical partnerships. Despite Taipei's best efforts, however, Taiwan has historically been on the losing end of this rivalry, as China's growing economic, military, and diplomatic might has increasingly allowed it to peel away Taiwan's allies and to control international institutions. In this global campaign for support, one region has emerged as particularly noteworthy: the Pacific Islands.

Despite its isolated position on the periphery of the Indo-Pacific, the Pacific Islands region has become a crucial fault line in the geopolitical confrontation between Taiwan and China. In pursuit of diplomatic support, trade and investment opportunities, and security partnerships, both Taipei and Beijing have invested heavily in the vast area. Yet, in both cases these efforts have yielded mixed results. For Taiwan, while the region remains a relatively strong center of diplomatic support—with four of its 14 remaining formal partners⁵ located there—long-standing contro-

1 Jude Blanchette and Ryan Hass, “The Taiwan Long Game: Why the Best Solution Is No Solution,” *Foreign Affairs*, December 20, 2022, <https://www.foreignaffairs.com/china/taiwan-long-game-best-solution-jude-blanchette-ryan-hass>.

2 Ben Lewis, “China's Recent ADIZ Violations Have Changed the Status Quo in the Taiwan Strait,” Council on Foreign Relations, February 10, 2023, <https://www.cfr.org/blog/chinas-recent-adiz-violations-have-changed-status-quo-taiwan-strait>.

3 Chin-Kuei Tsui, “China's Gray Zone Activities and Taiwan's Responses,” Stimson Center (policy memo), December 12, 2022, <https://www.stimson.org/2022/chinas-gray-zone-activities-and-taiwans-responses/>.

4 See: Sofia Schuchner, “Fault Lines on China and Taiwan in Latin America,” Wilson Center (blog), December 2, 2022, <https://www.wilsoncenter.org/blog-post/fault-lines-china-and-taiwan-latin-america>; Nathalie Tocci, “Taiwan has learned a lot from the war in Ukraine — it's time Europe caught up,” *Politico*, December 20, 2022, <https://www.politico.eu/article/taiwan-lesson-war-ukraine-russia-china-europe-catch-up/>; Salem Solomon, “Once Influential in Africa, Taiwan Loses All But One Ally,” *VOA News*,

May 26, 2018, <https://www.voanews.com/a/once-influential-in-africa-taiwan-loses-all-but-one-ally/4411332.html>; Hsiao-ting Lin, “Taiwan's Cold War in Southeast Asia,” *CWIHP e-Dossier*, no. 70 (April 2016), <https://www.wilsoncenter.org/publication/taiwans-cold-war-southeast-asia>.

5 Ministry of Foreign Affairs Republic of China (Taiwan), “Diplomatic Allies,” last modified April 7, 2023, <https://en.mofa.gov.tw/AlliesIndex.aspx?n=1294&sms=1007>.

versies related to political corruption⁶ and so-called “checkbook diplomacy”⁷ have eroded support in many states. Meanwhile, China has been successful in enticing many Pacific Island states to abandon their support for Taiwan⁸—though its aggressive diplomacy has also resulted in growing popular backlash in some states, and undermined Beijing’s efforts to establish a more permanent presence in the region.⁹

For both Taiwan and China, the Pacific Islands region possesses significant—and thus far, mostly untapped—potential.

For both Taiwan and China, the Pacific Islands region possesses significant—and thus far, mostly untapped—potential. Despite their geographic isolation, small populations, and limited economies, the Pacific Islands states could nevertheless serve as crucial bastions of diplomatic support, valuable investment opportunities, and strategically critical military outposts. For both Taipei and Beijing, strengthening ties with the island nations will require deft, proactive diplomacy, as well as awareness of the region’s geopolitical complexities. Should either—or both—prove able to do so, the Pacific Islands could become a powerful asset.

Overview of the Pacific Islands Region

More than almost any other region, the Pacific Islands are far from monolithic. The region consists of a vast, widely dispersed array of islands, atolls, and reefs, scattered across thousands of miles of the Southern Pacific Ocean. Highly diverse, the area includes a range of fully sovereign states (such as Nauru, Tuvalu, and the Solomon Islands), states in free association with foreign nations (such as the Cook Islands, Niue, and Palau), and dependencies of foreign states (such as Tokelau, New Caledonia, and American Samoa).¹⁰

Without exception, the sovereign states of the region are relatively young, with the majority having attained independence from colonial powers in the 1960s and 1970s. Accordingly, many are still in the early phases of establishing democratic institutions, leading to widespread issues of corruption, authoritarianism, and political instability.¹¹ While some (such as Tonga) have been able to develop relatively strong, consolidated democracies, others (such as Fiji) have trended toward authoritarianism.

Economically, the states and territories of the region largely possess fairly simple, poorly diversified economic systems.¹² Indeed, with limited territories, small labor pools, and locations far from international trade

6 Edward Cavanough, “China and Taiwan offered us huge bribes, say Solomon Islands MPs,” *The Guardian*, December 7, 2019, <https://www.theguardian.com/world/2019/dec/08/china-and-taiwan-offered-us-huge-bribes-say-solomon-islands-mps>.

7 Saber Salem, “Sino-Taiwan Checkbook Diplomacy in the Pacific,” *E-International Relations*, June 22, 2020, <https://www.e-ir.info/2020/06/22/sino-taiwan-checkbook-diplomacy-in-the-pacific/>.

8 Zongyuan Zoe Liu, “What the China-Solomon Islands Pact Means for the U.S. and South Pacific,” *Council on Foreign Relations: In Brief*, May 4, 2022, <https://www.cfr.org/in-brief/china-solomon-islands-security-pact-us-south-pacific>.

9 Derek Grossman, “China’s Pacific Push is Backfiring,” Rand Corporation (blog), July 26, 2022, <https://www.rand.org/blog/2022/07/chinas-pacific-push-is-backfiring.html>.

10 Stewart Firth, *Instability in the Pacific Islands: A status report*, Sydney, Australia: Lowy Institute, June 4, 2018, <https://www.lowy-institute.org/publications/instability-pacific-islands-status-report>.

11 Jorum Duri and Kauain Rahman, “Pacific Island countries: Overview of corruption and anti-corruption,” *U4 Helpdesk Answer*, no.22 (2020), <https://www.u4.no/publications/pacific-island-countries-overview-of-corruption-and-anti-corruption.pdf>

12 Firth, “Instability in the Pacific Islands.”

hubs, Pacific Island states face a range of challenges to their economic development. Accordingly, many regional states rely heavily on foreign aid to fund government programs and maintain services. For the territories and states in free association with foreign powers, this aid is extensive, with benefactor nations covering services ranging from national defense to healthcare.¹³ For fully independent states, this aid dependence can be more complicated, as it necessitates conducting negotiations with foreign powers that may or may not have ulterior motives.¹⁴

Taken together, these characteristics—poorly consolidated institutions, authoritarian leadership, endemic corruption, and high reliance on aid—tend to be substantially interlinked.¹⁵ That is, aid packages are entrusted to political elites, who have frequently sidestepped weak institutions to enrich themselves and their associates, in turn hindering overall economic growth and necessitating additional foreign aid. As the next sections will explore more deeply, this historical linkage between foreign aid and political corruption is inextricably tied to the presences of both Taiwan and China in the region.

Taiwan in the Pacific Islands: A Mixed Legacy

From an outsider's perspective, the Pacific Islands would seem to be a bastion of diplomatic support for Taiwan. Indeed, the region is host to four of Taiwan's 14 remaining allies (the Marshall Islands, Nauru, Palau, and Tuvalu), with two others (the Solomon Islands and Kiribati) only recently switching their recognition to the PRC in 2019. Even as China has steadily chipped away at Taiwan's formal alliances, these island nations have maintained their allegiances to Taipei.¹⁶ However,

Taiwan's relationships with the Pacific Island states are considerably more complex and controversial than it might initially appear.

Historically, Taiwan has been a significant provider of aid to the Pacific Islands.¹⁷ Many of these programs began in the 1970s, when much of the world shifted diplomatic recognition from Taiwan to the PRC.¹⁸ Leveraging its ascendant economy and rapidly developing industrial base, Taiwan began to use aid to attempt to slow the deterioration of its diplomatic position. With a number of developing states desperate for foreign support, the Pacific Islands region was a particularly prominent target of these efforts. During these early decades, Taiwan was frequently able to outflank the PRC in the region, building strong bilateral ties with a range of Pacific Island states despite Beijing's growing international clout.¹⁹

For Taiwan, these aid programs served two key functions. First, they allowed Taipei to maintain its diplomatic foothold in the region. At a time when Taiwan was rapidly losing formal diplomatic partners, this objective gained increased salience. Second, and perhaps more importantly, the aid initiatives served to improve Taiwan's reputation as a valuable contributor to the international community.²⁰ With many of its remaining allies located in the developing world, Taiwan sought to present itself as a tireless supporter of less-developed states. For many years, these programs proved largely successful in achieving these objectives, as Taiwan maintained full diplomatic partnerships for decades with six Pacific Island nations, who frequently championed Taiwan's cause in international fora.²¹

13 Ibid.

14 Ibid.

15 Duri and Rahman, "Pacific Island countries."

16 William Yang, "Will Taiwan lose another diplomatic ally to China?" *DW*, October 3, 2022, <https://www.dw.com/en/will-taiwan-lose-another-diplomatic-ally-to-china/a-63320516>.

17 Denghua Zhang, "Comparing China's and Taiwan's aid to the Pacific," *Devpolicy Blog*, January 20, 2020, <https://devpolicy.org/comparing-chinas-and-taiwans-aid-to-the-pacific-20200120/>.

18 Salem, "Sino-Taiwan Chequebook Diplomacy in the Pacific."

19 Ibid.

20 Ibid.

21 Joel Atkinson, "Why Tuvalu still chooses Taiwan," *East Asia Forum*, October 24, 2022, <https://www.easiaforum.org/2022/10/24/why-tuvalu-still-chooses-taiwan/>.

Conversely, for Taiwan's partners in the Pacific Islands, the results of these aid programs were considerably more complex. As numerous commentators have noted, Taiwan's aid during this period was often problematic.²² Instead of funding specific projects with clear societal benefits, Taipei frequently engaged in what has been described as "checkbook diplomacy."²³ That is, Taiwan routinely politicized its funding, linking continued financial support to diplomatic allegiance. More insidiously, Taiwanese officials were accused of bribing leaders, supporting pro-Taiwan political parties, and undermining politicians with less supportive platforms.²⁴ While the effects of these efforts can be difficult to quantify, many have contended that these practices directly contributed to rises in corruption, poor governance, and authoritarianism.²⁵ In the fledgling democracies of the Pacific Islands, Taiwan's financial support was often detrimental and helped entrench issues that continue to plague their governments today.

To its credit, Taipei seems to have recognized the problematic nature of its past aid programs in the Pacific Islands. In recent years, Taiwan has worked to shed its controversial reputation in the region, engaging in more transparent, targeted funding programs.²⁶ This has been particularly pronounced during the presidency of Tsai Ing-wen (蔡英文). Speaking shortly after her election in 2016, Tsai asserted that "[c]heck-

book diplomacy, in its conventional definition, ended a long time ago, and no longer exists."²⁷ In keeping with this pronouncement, her administration has attempted to develop more constructive, less politicized relationships with its partners in the region.²⁸ In many cases, this has involved a re-thinking of the nature of these partnerships. For both Taiwan and its insular allies, this has proven largely beneficial.²⁹



Image: Taiwan and the Marshall Islands sign an agreement on promoting Austronesian languages and cultures.³⁰

Whereas Taiwan's past relationships with Pacific Island nations were primarily financial—in that they were fundamentally predicated on the provision of funding in exchange for political support—Taipei's recent efforts have expanded its ties with the region. Emphasizing its strong democracy and commitment to human rights, Taiwan has worked to enhance its people-to-people partnerships with regional states.³¹ Rather than attempting to directly compete with the PRC as it once did, Taipei has instead opted to focus

22 Alexandre Dayant and Euan Moyle, "Chequebook diplomacy in the Pacific: Not just the big fish," *The Interpreter*, June 30, 2020, <https://www.lowyinstitute.org/the-interpreter/chequebook-diplomacy-pacific-not-just-big-fish>.

23 Salem, "Sino-Taiwan Chequebook Diplomacy in the Pacific."

24 Ibid.

25 I-wei Jennifer Chang, "Managing Taiwan's Pacific Islands Strategy with Regional Powers," *Global Taiwan Brief* 6, issue 22, November 17, 2021, <https://globaltaiwan.org/2021/11/managing-taiwans-pacific-islands-strategy-with-regional-powers/>.

26 Jonathan Pryke and Michael Nguyen, "Exploring Taiwan's aid to the Pacific," *The Interpreter*, September 25, 2018, <https://www.lowyinstitute.org/the-interpreter/exploring-taiwan-s-aid-pacific-0>.

27 "Era of 'checkbook diplomacy' is over, Tsai Ing-wen says," *Taipei Times*, July 1, 2016, <https://www.taipeitimes.com/News/taiwan/archives/2016/07/01/2003650102>.

28 Pryke and Nguyen, "Exploring Taiwan's aid to the Pacific."

29 Atkinson, "Why Tuvalu still chooses Taiwan."

30 Image Source: *Taiwan News*, <https://www.taiwannews.com.tw/en/news/3610141>.

31 Pryke and Nguyen, "Exploring Taiwan's aid to the Pacific."

on “key areas of Pacific development where its smaller contributions can still carry clout.”³² These include issues such as agriculture, climate change, healthcare, and industrial development. While certainly less visible and flashy than China’s trademark mega-engineering projects, these programs have nevertheless served to strengthen political, economic, and cultural linkages with regional partners while avoiding the problematic effects of past efforts.

Despite its revamped approach to the Pacific Islands, Taiwan’s position in the region remains tenuous. While it maintains strong relationships with its four remaining allies, it has largely been abandoned by the largest, most influential states in the area. Over the years, the most populous regional nations—including Fiji, the Solomon Islands, and Vanuatu—have switched their recognition to the PRC, leaving Taiwan with the four smallest independent states.³³ Notwithstanding their small size, however, Taiwan’s partners in the region have proven influential in advocating for Taiwan. With small, relatively wealthy populations, states such as Nauru and Tuvalu have largely resisted the PRC’s enticements, favoring Taiwan’s more subtle, hands-on approach to cooperation.³⁴

These states have also been valuable as advocates for Taiwan in regional and international fora.³⁵ For instance, former Nauru President and strong Taiwan

supporter³⁶ Baron Waqa was recently chosen to be the next secretary-general of the Pacific Islands Forum,³⁷ the multilateral organization focusing on enhancing collaboration between regional states.³⁸ While the selection has not come without controversy—Waqa has long been accused of corruption and human rights abuses³⁹—his position at the head of a powerful regional grouping could prove invaluable for Taiwan.

For Taiwan, the Pacific Islands represent a critical area of focus. Despite their small size and peripheral geographic location, the states of the region have long been a crucial source of diplomatic and reputational support. While this dynamic has led past Taiwanese governments to engage in problematic, controversial policies, recent reforms suggest that the age of “check-book diplomacy” is indeed over. Nevertheless, substantial challenges remain for Taipei as it seeks to reinforce its position in the region. Foremost among those is its rival across the Taiwan Strait, the PRC.

Despite their small size and peripheral geographic location, the states of the region have long been a crucial source of diplomatic and reputational support.

The Looming Threat of China in the Pacific Islands

36 Office of the President Republic of China (Taiwan) “President Tsai meets Nauru President Baron Divavesi Waqa” (press release), January 8, 2019, <https://english.president.gov.tw/News/5626>.

37 Kirsty Needham, “Pacific islands tap Taiwan ally Nauru for next top diplomat,” *Reuters*, February 24, 2023, <https://www.reuters.com/world/asia-pacific/pacific-islands-tap-taiwan-ally-nauru-next-top-diplomat-2023-02-24/>.

38 “Pacific Islands Forum,” accessed May 1, 2023, <https://www.forumsec.org/>.

39 Marian Faa, “Baron Waqa’s tenure as Nauru’s president has been called a ‘very dark chapter’. He’ll now lead the Pacific Islands Forum,” *ABC*, March 5, 2023, <https://www.abc.net.au/pacific/programs/pacificbeat/baron-waqa-pacific-islands-forum/102057308>.

32 Ibid.

33 “Pacific Island Nations 2023,” *World Population Review*, accessed May 1, 2023, <https://worldpopulationreview.com/country-rankings/pacific-island-nations>.

34 Atkinson, “Why Tuvalu still chooses Taiwan.”

35 Grossman, “China’s Pacific Push is Backfiring.”

Much like Taiwan, China is not a newcomer to the Pacific Islands. For decades, the PRC has competed with Taiwan for influence in the region and—like Taiwan—has generated considerable controversy in doing so, often for similar reasons. Unlike Taiwan, however, these concerns have not faded over time. In fact, recent years have seen a pronounced increase in Chinese activity in the region, undermining regional democratic systems and potentially threatening Taiwan's position.

For the PRC, the Pacific Islands have long been an area of political and economic interest.⁴⁰ Driven by a desire to enhance its global prestige—and, perhaps more importantly, deprive Taiwan of formal support—Beijing has sought to build ties with states across the region. Broadly speaking, it has been relatively successful in doing so, with Fiji and Samoa switching recognition in 1975, Vanuatu in 1982, the Federated States of Micronesia in 1989, Tonga in 1998, and the Solomon Islands and Kiribati in 2019, suggesting that the PRC has achieved its objective of seizing the area from Taiwan.⁴¹ Notably, this list includes the largest, most populous, most influential states in the region,⁴² Yet, once again, China's presence in the region is more complicated than it would initially appear.

Similar to Taiwan, the bulk of China's early aid to Pacific Island nations came in the form of highly politicized aid packages.⁴³ Just as it has in developing states around the world, Beijing explicitly linked aid funding to insular states' willingness to switch recognition and adhere to the "One-China Principle."⁴⁴ While this was sufficient to sway many regional states, others required

more aggressive tactics, including bribery, sabotage, and efforts to sow political dissent.⁴⁵ Taken together with Taiwan's own problematic approach, these efforts have "caused a huge concern not only to the traditional donors but also to the wider international community," which viewed them as a "hindrance to social development and economic growth."⁴⁶



Image: Staff from the Chinese Embassy in Tonga welcome a shipment of relief supplies.⁴⁷

While Taiwan has largely abandoned its more unsavory policies toward the Pacific Islands, China has only escalated its efforts to purchase the loyalty of regional states in recent years. In contrast to Taipei's more targeted, people-centered approach, Beijing has taken a bolder tack. Just as in Africa and South America, the PRC has invested heavily in large-scale, highly visible engineering projects, including stadiums, telecommunications infrastructure, and hospitals.⁴⁸ While these have been welcomed by many states, some commentators have raised concerns that China is engaging in so-called "debt-trap diplomacy," miring developing

40 Denghua Zhang, "China's influence as a Pacific donor," *The Interpreter*, October 31, 2022, <https://www.lowyinstitute.org/the-interpreter/china-s-influence-pacific-donor>.

41 Henryk Szadziwski, "How China's presence has grown in the Pacific in the past decade," *360info*, July 11, 2022, <https://360info.org/how-chinas-presence-has-grown-in-the-pacific-in-the-past-decade/>.

42 "Pacific Island Nations 2023," World Population Review.

43 Salem, "Sino-Taiwan Chequebook Diplomacy in the Pacific."

44 Ibid.

45 Cavanaugh, "China and Taiwan offered us huge bribes."

46 Salem, "Sino-Taiwan Chequebook Diplomacy in the Pacific."

47 Image source: *Xinhua* via *The Interpreter*, <https://www.lowyinstitute.org/the-interpreter/explanation-decline-china-s-aid-pacific>

48 Zhang, "China's influence as a Pacific donor."

nations in crushing debt in order to ensure diplomatic fealty.⁴⁹ China has also come under fire for importing Chinese workers to complete these projects, depriving states of jobs while establishing a more substantial Chinese presence in the state.

Beyond mere aid, the PRC's recent activities in the region have taken on a distinct military dimension. Evidently determined to challenge US military hegemony in the South Pacific, China has increasingly worked to establish military outposts in the area.⁵⁰ The most notable instance of this new approach came in the form of a security pact signed between the PRC and the Solomon Islands in April 2022.⁵¹ The deal, which will allow China to send "police, armed police, military personnel and other law enforcement forces" to the Solomon Islands, has raised concerns that China is attempting to militarize the Pacific Islands.⁵² These worries were only exacerbated by reports that Kiribati may be considering signing a similar deal.⁵³

While undoubtedly concerning for Taiwan, the United States, and other like-minded democracies, these efforts have not come without challenges for Beijing. In the wake of the reporting of the Solomon Islands security deal, some states in the region expressed dis-

taste for the secretive way in which the agreement was negotiated.⁵⁴ The PRC has also faced pushback from other island states, who have grown wary of Beijing's opaque, unilateral approach to foreign policy.⁵⁵ This rising distrust was most clearly exhibited in May 2022, when China attempted to negotiate the "China-Pacific Island Countries Common Development Vision," a ten-nation "development and security agreement that would permanently enmesh Beijing in the region."⁵⁶ Despite the efforts of then-Foreign Minister Wang Yi (王毅), who toured eight nations in an attempt to shore up support for the initiative, the Pacific Island states rejected the proposal.⁵⁷ Speaking after the negotiations, Fijian Prime Minister Frank Bainimarama stated that "[w]e put consensus first among our countries throughout any discussion on new regional agreements."⁵⁸

Conclusions

For both Taiwan and China, the Pacific Islands region has become a crucial geopolitical fault line. Despite their small size and location on the periphery of the Indo-Pacific, the states of the region have played an increasingly critical role in the foreign policies of Taipei and Beijing. In the case of Taiwan, the region serves as a crucial source of diplomatic support, as well as a valuable demonstration of its ability to support developing democracies and champion human rights. However, its legacy of "checkbook diplomacy" and corruption, as well as China's encroachment, will continue to pose challenges for Taipei's efforts to maintain its presence in the region. For China, while its heavy investments have proven successful in swaying many island states to its side, its heavy-handed, unilateral

49 Roland Rajah, Alexandre Dayant, and Jonathan Pryke, *Ocean of debt? Belt and Road and debt diplomacy in the Pacific*, Sydney, Australia: Lowy Institute, 2019, <https://www.lowyinstitute.org/publications/ocean-debt-belt-road-debt-diplomacy-pacific>.

50 Brian Harding and Camilla Pohle-Anderson, "China's Search for a Permanent Military Presence in the Pacific Islands," United States Institute of Peace, July 21, 2022, <https://www.usip.org/publications/2022/07/chinas-search-permanent-military-presence-pacific-islands>.

51 Michael E. Miller and Frances Vinall, "China signs security deal with Solomon Islands, alarming neighbors," *Washington Post*, April 20, 2022, <https://www.washingtonpost.com/world/2022/04/20/solomon-islands-china-security-agreement/>.

52 Tarcisius Kabutaulaka, "China-Solomon Islands Security Agreement and Competition for Influence in Oceania," *Georgetown Journal of International Affairs*, December 2, 2022, <https://gjia.georgetown.edu/2022/12/02/china-solomon-islands-security-agreement-and-competition-for-influence-in-oceania/>.

53 Harding and Pohle-Anderson, "China's Search."

54 Grossman, "China's Pacific Push is Backfiring."

55 Ibid.

56 Ibid.

57 "China Suffers Setback as Pacific Nations Spurn Broad Deal," *Bloomberg*, May 29, 2022, <https://www.bloomberg.com/news/articles/2022-05-30/china-aiming-for-greater-influence-with-pacific-islands-summit#xj4y7vzkg>.

58 Ibid.

diplomacy is likely to generate increased backlash, potentially thwarting future plans.

As recent developments have shown, the allegiances of the Pacific Islands are far from determined. While the PRC has indeed won over many regional states, it faces an uphill battle in its efforts to achieve hegemony in the area. In contrast, Taiwan's recent shift in approach has demonstrated that it can still compete in the region, even if it is unable to match the sheer volume of China's investments. Taiwan undoubtedly faces a difficult state of affairs in the Pacific Islands. Still, recent trends suggest that it is not yet out of the fight.
