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The Assessment of International Security Trends in the Indo-Pacific Region as Presented in the ROC National Defense Report 2023

By John Dotson

In mid-October, the United States Department of Defense released *Military and Security Developments Involving the People's Republic of China 2023* (hereafter, “DOD report”), the latest edition of an annual unclassified report on the military capabilities of the People's Republic of China (PRC) and the “strategic objectives driving PRC defense policy and military strategy.”¹ As might be expected, discussions of Taiwan figure prominently in the document (the word “Taiwan” appears in the text 261 times). In a section specifically devoted to security issues in the Taiwan Strait, the report notes:

“Although Beijing reaffirms that ‘peaceful reunification’ is its preferred course of action, the PRC continues to signal its willingness to use military force against Taiwan. The PLA has a range of options to coerce Taipei based on its increasing capabilities in multiple domains [...to include] a range of cyberspace, blockade, and kinetic campaigns designed to force Taiwan to capitulate to unification or compel Taiwan’s leadership to the negotiation table on the PRC’s terms. In any case, the PRC would

*seek to deter potential U.S. intervention in any Taiwan contingency campaign. Failing that, the PRC would attempt to delay and defeat intervention in a limited war of short duration. In the event of a protracted conflict, the PLA might choose to escalate cyberspace, space, or nuclear activities in an attempt to end the conflict, or it might choose to fight to a stalemate and pursue a political settlement.”*²

The DOD report also provides a breakdown of specific patterns and examples in the PRC’s coercive behavior towards Taiwan, and discusses possible future courses of PRC military action against the island—taking particular note of the “coercive and risky behavior” involved in aviation operations around the periphery of Taiwan, and dangerously unprofessional intercepts conducted by PRC military aircraft in close proximity to multinational naval and aviation assets in the South China Sea.³

While the DOD report attracts considerable media attention in the United States and elsewhere each year, far less attention is given to Taiwan’s own assessment of PRC military capabilities, and the security threats to Taiwan. On September 12, the Republic of China (ROC) Ministry of National Defense (MND, 中華民國)

1 US Department of Defense, *Military and Security Developments Involving the People's Republic of China 2023* (October 19, 2023), <https://media.defense.gov/2023/Oct/19/2003323409/-1/-1/1/2023-MILITARY-AND-SECURITY-DEVELOPMENTS-INVOLVING-THE-PEOPLES-REPUBLIC-OF-CHINA.PDF>.

2 Ibid., 140.

3 Ibid., 138-142.

國國防部) officially released a significant report of its own: the *ROC National Defense Report 2023* (中華民國112年國防報告書) (hereafter, “ROC report”), the latest edition of a public document published biennially over the past three decades.⁴ The report provides a public statement on a number of areas pertaining to Taiwan’s overall defense policy, including force structure goals, defense strategy, and personnel policies.⁵ The report also provides extensive commentary on the nature of the security threats facing Taiwan—and, in an important aspect often overlooked by outside observers, also devotes considerable space to a discussion of international security trends in the wider Indo-Pacific region. It is worth considering what this document has to say about these concerns—and how they might overlap, or in some cases contrast, with the assessment of regional security issues contained in the DOD report.

The Assessment of the Regional Security Environment in the 2023 National Defense Report

While recent years have seen no shortage of analysis and commentary on Taiwan’s security environment and defense posture, most of this analysis has been narrowly focused on the cross-strait military balance, and the coercive military pressure levied against Taiwan by the PRC’s People’s Liberation Army (PLA)—or else on speculative matters such as the collective will of Taiwan’s population to fight, and the likelihood of US intervention in the event of a serious crisis. While the



Image: The MND press conference held for the release of the 2023 edition of the ROC National Defense Report (September 12, 2023).⁶

ROC defense report does address some of these matters—proceeding at some length, for example, to discuss the “harassment and incursions” directed at Taiwan by the PRC, and the “cognitive tactics [...] to confuse [the] international community”⁷—it also provides a much broader overview of major security developments and challenges in the Western Pacific region overall. These official perspectives from Taiwan’s MND, so often overlooked amid the predominant focus on developments affecting Taiwan’s immediate periphery, are worthy of further attention.

The Background of US-China Strategic Competition

The report presents the overall trends in the Indo-Pacific security environment as taking place against the background of the intensifying geopolitical rivalry between the PRC and the United States. The report states that the security environment in the region is:

4 “112年國防報告書專區 / ROC National Defense Report 2023,” ROC Ministry of National Defense, September 12, 2023, <https://www.mnd.gov.tw/PublishForReport112.aspx?title=%E8%BB%8D%E4%BA%8B%E5%88%8A%E7%89%A9&Types=112%E5%B9%B4%E5%9C%8B%E9%98%B2%E5%A0%B1%E5%91%8A%E6%9B%B8%E5%B0%88%E5%8D%80&Select-Style=112%E5%B9%B4%E5%9C%8B%E9%98%B2%E5%A0%B1%E5%91%8A%E6%9B%B8%E5%B0%88%E5%8D%80>.

5 The author previously performed an overview analysis of the 2021 edition of the report. See: John Dotson, “The 2021 National Defense Report and Its Assessment of Taiwan’s Security Environment,” *Global Taiwan Brief*, December 1, 2021, <https://globaltaiwan.org/2021/12/the-2021-national-defense-report-and-its-assessment-of-taiwans-security-environment/>.

6 Image source: “112年國防報告書公布 說明國防建軍施政成果” (“2023 National Defense Report Released / Explaining the Results of National Defense Military Building Governance”), ROC Military News Agency, September 12, 2023, <https://mna.gpwb.gov.tw/news/detail/?UserKey=1532ee7e-7ef6-4eab-9538-8756edd7de2b>.

7 *ROC National Defense Report 2023*, 34.

“[...] being influenced by the strategic competition between the U.S. and the PRC [...] the U.S. and the PRC are strengthening their respective alliances, and the competition between these two great powers is escalating. The Biden administration [...] view[s] the PRC as its major competitor and challenge and [is] thereby deepening security cooperation with countries in the region [and has] singled out the PRC as an imminent threat to the Indo-Pacific. [...] [The US DOD has] pointed out that aside from its increases in military investments and expansion of its traditional military power, the PRC is speeding up the production of nuclear warheads and development of space and anti-space capabilities to grow its strategic deterrence and denying [sic] foreign powers’ intervention in all cross-Strait situations.”⁸

This general state of “strategic competition” provides the backdrop for other significant developments in the region—to include increases in defense spending, and increasingly close multinational security ties in a region that has traditionally avoided military alliances outside of bilateral agreements with the United States.⁹

Increasing Multilateral Defense Cooperation

The report observes that this background of US-PRC strategic competition has led the United States to reinforce and build upon its existing alliances and security relationships in the region:

“The U.S. has reiterated its security promises to Japan, upgraded its bilateral alliance with [the] ROK to a ‘global comprehensive strategic alliance,’ and implemented substantive moves to establish a comprehensive partnership with the Associa-

tion of Southeast Asian Nations (ASEAN). It has strengthened cooperation with Canada, Australia, New Zealand, India, and Japan through multilateral mechanisms, such as a trilateral alliance of Australia, the United Kingdom (UK), and the U.S. (AUKUS), Quadrilateral Security Dialogue (QUAD), Five Eyes (FVEY), U.S.-ASEAN Summit, and Partners in the Blue Pacific (PBP), to contain PRC’s expansion in the region. In addition, the U.S. has joined hands with allies and partners to combine deterrent means in military, intelligence, economic, financial, and technical areas to construct a network to contain the PRC and is tuning up its budget to vigorously develop weapons to ensure its technical superiority and enhance its credible capabilities to deter potential threats in the Indo-Pacific.”¹⁰

Per the report, such efforts go beyond the traditional “hub-and-spokes” model by which the United States has maintained separate bilateral security arrangements with a number of regional countries, who in turn did little to cooperate on defense issues with one another. The report indicates signs of increasing multilateral security cooperation in the region: noting, for example, how the “ASEAN+8 Defense Ministers’ Meeting [of November 2022] issued a joint statement, noting that all members shall strengthen cooperation pragmatically to mitigate current and emerging traditional and nontraditional threats, including COVID-19, terrorism, violent extremism, and natural disasters.”¹¹

One of the most interesting aspects of the ROC National Defense Report in this regard is its discussion

⁸ DOD report, 12-13.

⁹ John Dotson, “Rising Tensions over Taiwan Prompt Defense Policy Changes throughout the Indo-Pacific Region,” *Quarterly Connections* (2023, Quarter 1), https://globaltaiwan.org/wp-content/uploads/2023/05/QuarterlyConnections_2023Q1.pdf.

¹⁰ ROC National Defense Report 2023, 13.

¹¹ ROC National Defense Report 2023, 11. The referenced statement from the ASEAN defense ministers may be found at: “Joint Declaration by the ADMM-Plus Defence Ministers On Defence Cooperation To Strengthen Solidarity for a Harmonised Security,” official statement of the Ninth ASEAN Defence Ministers’ Meeting Plus, November X, 2022, <https://asean.org/wp-content/uploads/2022/11/Joint-Declaration-of-the-9th-ADMM-Plus-JD-23-November-2022-Siem-Reap-Cambodia-ADOPTED.pdf>.

of changing perspectives and defense initiatives in Japan and Australia, and how these connect to broader trends in the global security environment. For example, the document notes that “After the eruption of the Russia-Ukraine war in 2022, the government of Japan became worried about changes in the security situation in East Asia and decided to greatly improve its military capabilities and increase its defense budget to boost its defensive strength.” As a result, “Japan has deepened cooperation with the U.S. military, revised its defense strategy to drastically increase [its] defense budget and speed up its military buildup, [thereby] playing an important role in security affairs in the Indo-Pacific.”¹² In the same section, the report asserts that “Australia, a traditional and important ally of the U.S. in the Oceania region, continues to construct its defense and military technical partnership with the UK and the U.S. Under the framework of the AUKUS, it continues to expand cooperation in defense technologies, armament, and cybersecurity within the trilateral alliance to upgrade its own defense capabilities and curb [the] PRC’s attempt to expand military power in the region.”¹³

Most notably of all, the text links together the actions of Japan and Australia as examples of increasing multinational defense cooperation in response to the aggressive behavior of the PRC:

“Japan and Australia continue deepening their cooperation with the U.S. and India, and both have strengthened military cooperation with member states of the North Atlantic Treaty Organization (NATO) under the framework of the NATO Strategic Concept 2022. At the same time, the two nations have joined hands with ROK and New Zealand to promote the construction of the [Free and Open Indo-Pacific policy]. In October 2022, both countries upgraded their bilateral security agreement by signing the Japan-Australia Joint Declaration on Security Cooperation to jointly address the

*PRC’s challenges to the strategic environment in the Indo-Pacific region.”*¹⁴

Rising Regional Defense Budgets

Over the past two years, Taiwan’s current Democratic Progressive Party (DPP, 民主進步黨)-led government has overseen significant increases in the budget for the ROC armed forces.¹⁵ The *2023 ROC Defense Report* addresses trends in Taiwan’s own military budget,¹⁶ but it also mentions the rising defense spending in other Indo-Pacific states, as an illustrative component of discussing broader regional responses to rising tensions connected to the PRC. The report notes that the PRC saw an increase from 2022 to 2023 of 7.2 percent in spending; Japan, up 26 percent in the same period; South Korea, 4.6 percent; The Philippines, up 8 percent; India, up 13 percent; Australia, up 7.4 percent; and Taiwan itself, 12.5 percent (*see the graphic on the following page*).

The report provides a summary overview of defense developments in Japan, South Korea, Southeast Asian countries, India, and Australia, while also—from the opposing perspective of potential threats—discusses the nuclear force build-up and other “military provocation[s]” of North Korea.¹⁷

¹⁴ Ibid., 14.

¹⁵ See previous GTI analysis on this subject in: John Dotson, “Taiwan’s New Special Defense Budget Emphasizes Indigenous Anti-Ship Weapons Production,” *Global Taiwan Brief*, November 3, 2021, <https://globaltaiwan.org/2021/11/taiwans-new-special-defense-budget-emphasizes-indigenous-anti-ship-weapons-production/>; and John Dotson, “Taiwan Announces an Increased Defense Budget for 2024,” *Global Taiwan Brief*, September 20, 2023, <https://globaltaiwan.org/2023/09/taiwan-announces-an-increased-defense-budget-for-2024/>.

¹⁶ ROC *National Defense Report 2023*, chapter 7, section 4: “Defense Financial Resources,” 129-131.

¹⁷ ROC *National Defense Report 2023*; see, respectively, 17-21 and 15.

¹² 2023 ROC *National Defense Report*, 14.

¹³ Ibid., 14.



Image: A graphic from the 2023 edition of the ROC National Defense Report, which lists the estimated 2023 defense budgets for seven major countries in the Indo-Pacific region—all of whom registered significant increases in military spending. Such mentions of regional defense budgets are an example of the report's efforts to cover security developments beyond the narrow scope of Taiwan's own immediate defense concerns.¹⁸

Sino-Russian Geopolitical and Military Alignment

The flip side of these discussions of increasing regional defense cooperation—which are, throughout the document, generally treated as a series of positive and welcome developments—is the report's coverage of the increasingly close geopolitical alignment between the PRC and the Russian Federation. These interactions are noted with concern—and in implied language, linked with the PRC's coercive gray zone operations against Taiwan. One such example is the statement that China's "partnership with Russia, as well as its grey zone activities in the waters off the South China Sea, are major factors destabilizing the security situation in the region."¹⁹ The text goes on to note how this Sino-Russian military alignment has grown steadily closer over the past four years:

*"The military cooperation between the PRC and Russia has been closer since the joint strategic cruises in 2019. Several joint air strategic patrols over the Sea of Japan, the East China Sea, and the West Pacific were conducted in late 2021. Numerous joint maritime and air exercises have also been carried out since the first-ever aircraft landing on each other's airfield in 2022. During his visit to Russia in March 2023, Xi Jinping, leader of the PRC, signed a joint statement with Russian President Vladimir Putin, calling for a deeper bilateral strategic partnership and continuing military cooperation on maritime joint exercises, joint air patrols, and anti-terrorism drills and exercises to actively handle potential conflicts with western countries."*²⁰

The Increasing Internationalization of Taiwan Strait Security Issues

In terms of greatest direct relevance to Taiwan, one of the more prominent international trends identified and discussed in the 2023 report is the increasing attention given to Taiwan Strait security issues by states and international organizations around the world—including by actors in parts of the world further removed from the region, such as Europe, that have traditionally paid less attention to Indo-Pacific concerns. The report identifies the war in Ukraine as a primary factor in bringing about this widespread shift in thinking: "Following the eruption of the Russia-Ukraine war in February 2022, the geopolitical risk across the Taiwan Strait has drawn wider international attention. Democratic countries like the United Kingdom, Japan, ROK, New Zealand, and Australia, as well as international bodies like the European Union (EU) and the ASEAN, have all publicly expressed concerns about the security across the Taiwan Strait and stressed the importance of maintaining a peaceful and stable Taiwan Strait."²¹

18 ROC National Defense Report 2023, 11.

19 Ibid., 12.

20 Ibid., 12.

21 Ibid., 15.

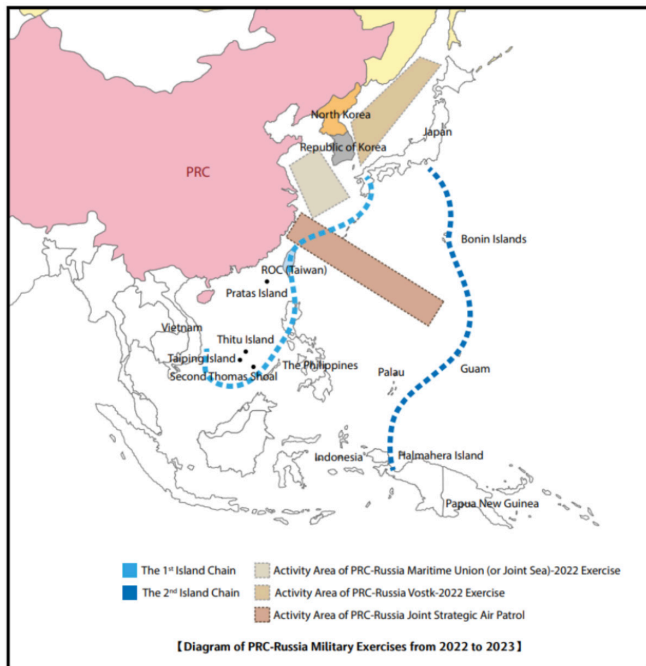


Image: A graphic from the 2023 edition of the ROC National Defense Report, which shows the two “island chains” in the Western Pacific (in dotted blue lines), as well as the areas of 2022-2023 Chinese-Russian combined military exercise (in shaded boxes). The report notes with concern the increasing military cooperation between these two countries—an example of the broader regional security issues beyond Taiwan’s immediate periphery that are discussed in the report.²²

Other specific examples of increased international involvement as mentioned in the report include the following:

- “[In August 2022], the NATO, the Group of Seven (G7), and the ASEAN all announced joint statements to express concerns about the rising tension in the region due to the PRC’s frequent military exercises around Taiwan.”
- “[In November 2022], during the convening periods of the Group of Twenty (G20) and the Asia-Pacific Economic Cooperation (APEC), [the] heads of state of the U.S., Japan, Germany, and France reiterated to Xi [Jinping] the importance of maintaining

peace and stability across the Taiwan Strait and their objection to the PRC’s military intimidation against Taiwan.”

- “At the ASEAN Summit in May 2023, Mr. Ferdinand Marcos Jr., President of the Philippines, expressed that the prospect of tensions escalating over Taiwan was a grave concern to Southeast Asian leaders.”
- “[In May 2023], the G7 Summit issued a joint communiqué to reaffirm the importance of peace and stability across the Taiwan Strait as indispensable to security and prosperity in the international community and call for a peaceful resolution of cross-strait issues [...and] the QUAD Leaders’ Summit issued a joint statement to express their strong opposition to any unilateral actions that seek to change the status quo.”²³

Of note, the report also makes mention of the August 2022 visit to Taiwan by then-US Speaker of the House Nancy Pelosi, and the April 2023 meeting between ROC President Tsai Ing-wen and then-Speaker of the House Kevin McCarthy—in both cases without characterizing the meetings, but linking them to significant increases in PRC military exercise activity around Taiwan.²⁴ The report does provide a positive description of other international contacts and visits, noting that “Aside from public statements from some democratic countries, governmental officials from Japan, ROK, Germany, Lithuania, etc. came to visit Taiwan successively to demonstrate their support with concrete actions to promote substantive exchanges, help us break out of isolation, and respond to PRC’s threat collectively.”²⁵

Conclusions

The significantly increased attention given to Taiwan security issues by international observers in recent years has understandably tended to focus either on cross-strait developments between Taiwan and the PRC, or else on how these developments affect the dynamics

²² ROC National Defense Report 2023, 13.

²³ Ibid., 15-16.

²⁴ Ibid., 36.

²⁵ Ibid., 16.

of the trilateral US-PRC-Taiwan relationship. However, the elevated tensions surrounding Taiwan, and the greater international attention given to them, are not occurring in isolation from other security issues in the greater Indo-Pacific region. Although Taiwan continues to exist in a state of widespread diplomatic isolation (insofar as official diplomatic relations are concerned, at any rate), this does not mean that the island's national security officials are blind to broader international trends in the region.

The same Indo-Pacific security challenges that occupy the attention of policymakers elsewhere—such as China's military build-up and increasingly aggressive behavior towards its neighbors, the North Korean nuclear program and the expansion of its missile forces, the evolution of the Sino-Russian quasi-alliance, and disputes over maritime sovereignty claims—are also evidently on the minds of senior officials at Taiwan's MND, and these factors influence how they consider Taiwan's own

immediate security concerns. While the *ROC National Defense Report 2023* devotes considerable attention to both the threat from the PRC and to Taiwan's own domestic military initiatives, its parallel coverage of international trends in the region is a reminder that Taiwan's defense officials see themselves as very much connected to many of the same issues that also concern Taiwan's unofficial allies in the broader Indo-Pacific region.

Although Taiwan continues to exist in a state of widespread diplomatic isolation (insofar as official diplomatic relations are concerned, at any rate), this does not mean that the island's national security officials are blind to broader international trends in the region.

The Potential for Expanded Trade Between Taiwan and the European Union

By Marshall Reid

For nations around the world, the past five years have been defined by sustained economic turmoil. From the COVID-19 pandemic and the resulting collapse of many longstanding trade networks, onwards to the Russian invasion of Ukraine—which fundamentally altered international supply chains, particularly in the energy sector—this period has seen a succession of profound and unprecedented challenges to the global economic order. These disruptions have been particularly pronounced in the European Union (EU), where materials shortages and overreliance on the People's Republic of China (PRC) and Russia have forced governments to reckon with rapidly deteriorating economic conditions.

In the wake of these shocks, the EU—and many of its individual member states—has expressed a willingness to rethink decades-old economic strategies. Despite the body's infamous obduracy when it comes to implementing meaningful reforms, recent events seem to have confirmed that the policies of the past are no longer sustainable. As the pandemic made painfully clear, supply chains are far more vulnerable and volatile than once believed, putting the continent's prized industrial firms at substantial risk. This realization, coupled with skyrocketing energy costs linked to the Russo-Ukrainian War, has forced EU capitals to confront an uncomfortable reality: the global economic order has shifted, and

the EU must shift with it.

Recognizing this imperative, the EU has looked to secure its supply chains and diversify its trade relations. Where it once turned to Beijing and Moscow, Brussels is increasingly looking to enhance its cooperation with a wide variety of alternative partners, including states in Latin America, Oceania, and—perhaps most importantly—in East Asia.²⁶ Given its critical role in the international semiconductor supply chain and shared commitment to democratic values, Taiwan has emerged as a key target of these efforts. Despite its constrained diplomatic status and the PRC's constant pressure, Taiwan is viewed by many in the EU as a potential focal point of any effort to reorient the union's external trade. Nevertheless, as a recent European Parliament resolution on the matter makes clear, much work remains to be done before EU-Taiwan trade ties can reach their full potential.²⁷

26 János Allenbach-Ammann and Silvia Ellena, "EU's Hopes to Make Trade More Sustainable, Diversified before 2024," *EURACTIV*, August 8, 2023, <https://www.euractiv.com/section/economy-jobs/news/eus-hopes-to-make-trade-more-sustainable-diversified-before-2024/>.

27 Jake Chung, "European Parliament Votes to Sign Deal with Taiwan," *Taipei Times*, December 14, 2023, <https://www.taipeitimes.com/News/front/archives/2023/12/14/2003810596>.

Unsustainable European Economic Approaches to China

For over two decades, European economic policy has focused heavily on expanding trade and investment ties with the PRC. Enticed by China's massive internal market, rapidly developing domestic economy, and growing interest in investing abroad, EU states—and the many powerful corporations based within them—engaged in a concerted effort to build a strong and enduring economic partnership with Beijing. This campaign gained substantial momentum²⁸ following the PRC's accession to the World Trade Organization (WTO) in 2001, which ostensibly mandated that Beijing liberalize its trade policies and open its economy to foreign investment.²⁹

In the years that have followed, the EU and PRC economies became highly interlinked. Trade between the two powers increased precipitously, with the PRC emerging as one of the EU's largest partners³⁰ for both imports and exports and surpassing the United States as the body's largest trade partner in 2020.³¹ As of 2022, total EU-PRC trade reached EUR €856.3 billion, a record sum representing the culmination of years of steady growth. This trade expansion has proven remarkably durable as well, as total trade has continued to increase even amid large-scale macroeconomic disruptions, including the COVID-19 pandemic.

As is often the case in the European Union, much of

this shift was driven by the union's largest and most influential member states, including Germany, France, Italy, and former member the United Kingdom.³² Germany, in particular, has long been a key advocate of the EU's engagement with the PRC, with former Chancellor Angela Merkel developing a reputation as a strong supporter of EU-PRC economic expansion. German firms, which form the backbone of Europe's strongest economy, have also served as key drivers of this phenomenon. While massive companies³³ like Volkswagen and BASF make up a large portion of overall German investment in China, many of the country's smaller, more niche firms—often referred to as the *Mittelstand*—also maintain substantial Chinese investments.³⁴ Given the significant role that Germany's industries play in shaping government policy, private investment has served to reinforce Berlin's overall openness to engagement with China, and deterred the government from overly antagonizing Beijing.³⁵ Additionally, with Germany leading the way, many other EU states have followed suit by building their own ties with the PRC.

While the EU's turn toward China was undoubtedly lucrative for many, developments in recent years have exposed the more problematic aspects of the relationship. Contrary to the idealistic hopes many Western leaders expressed following China's WTO accession—that Beijing would liberalize its economy, potentially paving the way for broader political reforms—the PRC has largely avoided implementing large-scale, structural econom-

28 European Commission. "EU Trade Relations with China," 2021, https://policy.trade.ec.europa.eu/eu-trade-relations-country-and-region/countries-and-regions/china_en.

29 WTO. "China in the WTO: Past, Present and Future Permanent Mission of China to the WTO," 2012. https://www.wto.org/english/thewto_e/acc_e/s7lu_e.pdf.

30 "China-EU - International Trade in Goods Statistics - Statistics Explained," Eurostat, February 2023, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=China-EU_-_international_trade_in_goods_statistics#EU_and_China_in_world_trade_in_goods.

31 BBC, "China Overtakes US as EU's Biggest Trading Partner," *BBC News*, February 17, 2021, sec. Business, <https://www.bbc.com/news/business-56093378>.

32 Arendse Huld, "EU-China Relations: Trade, Investment, and Recent Developments," *China Briefing News*, April 4, 2023, <https://www.china-briefing.com/news/eu-china-relations-trade-investment-and-recent-developments/>.

33 Kratz, Agatha, Lauren Dudley, and Noah Barkin. "The Chosen Few: A Fresh Look at European FDI in China." Rhodium Group, September 14, 2022. <https://rhg.com/research/the-chosen-few/>.

34 Christoph Steitz et al., "How German Companies Are Tackling China Risk," *Reuters*, October 19, 2023, sec. European Markets, <https://www.reuters.com/markets/europe/derisking-dilemma-how-german-companies-are-tackling-china-risk-2023-10-19/>.

35 William Desmonts, "Germany Trapped in an Unavoidable Change," *Social Europe*, March 11, 2023, <https://www.socialeurope.eu/germany-trapped-in-an-unavoidable-change>.

ic changes.³⁶ Though Beijing has indeed significantly reduced trade barriers and opened up many of its industries to foreign investment, the Chinese economy remains a highly centralized, state-led, and mercantilist system.³⁷ This centralization has become increasingly concerning under the leadership of Chinese Communist Party Secretary Xi Jinping (习近平), who has frequently used economic tools to achieve global political objectives.

Chinese Use of Coercive Economic Practices

As countless observers have noted, the China of Xi Jinping is far more assertive, intrusive, and intolerant than the China of his predecessors. China's coercive economic behavior is among the most visible—and insidious—examples of this aggressive foreign policy. Not content to operate within WTO rules, the PRC has effectively weaponized its economy, using it as both a carrot and a stick against its partners. Though Beijing has utilized these tactics against countries around the world, the EU has increasingly found itself a target.³⁸ Since 2018, the PRC has sanctioned European officials,³⁹ placed trade restrictions⁴⁰ on individual European firms, imposed boycotts⁴¹ on specific European goods, and even sought

to economically isolate a sovereign state (Lithuania) for expanding ties with Taiwan.⁴²

These coercive measures, coupled with longstanding concerns regarding the PRC's intellectual property (IP)⁴³ theft and efforts to control European infrastructure, have led many EU states to reconsider their economic ties with Beijing.⁴⁴ This has been particularly pronounced at the higher levels of the EU governing structure, as the EU Commission and Parliament have become increasingly critical of China.⁴⁵ While this souring of opinion is not exclusively linked to economic concerns—China's well-documented human rights abuses, aggressive military maneuvers in the Taiwan Strait and South China Sea, and tone-deaf “wolf-warrior diplomacy” have also substantially eroded public opinion—such economic threats have played a major role.

Accordingly, EU leaders have significantly altered their language regarding economic ties with the PRC. While still framing China as “a partner for cooperation,” Brussels has simultaneously cast Beijing as “an economic competitor and a systemic rival,” citing “a growing number of irritants” for this shift.⁴⁶ Similarly, President of the European Commission Ursula von der Leyen empha-

36 Yeling Tan, “How the WTO Changed China,” *Foreign Affairs*, March 1, 2021, <https://www.foreignaffairs.com/articles/china/2021-02-16/how-wto-changed-china>.

37 Bob Davis, “Trade Chief Lighthizer Urges Biden to Keep Tariffs on China,” *Wall Street Journal*, January 11, 2021, sec. Politics, <https://www.wsj.com/articles/trade-chief-lighthizer-urges-biden-to-keep-tariffs-on-china-11610361001>.

38 “China's Economic Coercion: Evolution, Characteristics and Countermeasures | Think Tank | European Parliament,” European Parliament, November 15, 2022, [https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI\(2022\)738219](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2022)738219).

39 Matthew Parry, “Chinese Counter-Sanctions on EU Targets,” European Parliament, May 2021, [https://www.europarl.europa.eu/RegData/etudes/ATAG/2021/690617/EPRS_ATA\(2021\)690617_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/ATAG/2021/690617/EPRS_ATA(2021)690617_EN.pdf).

40 “China's Economic Coercion: Evolution, Characteristics and Countermeasures,” European Parliament.

41 “Speech by President von Der Leyen at the European China Conference 2023 Organised by the European Council on Foreign Relations and the Mercator Institute for China Studies,” European Commission, November 16, 2023, <https://ec.europa.eu/commis->

[sion/presscorner/detail/en/speech_23_5851](https://ec.europa.eu/commis-sion/presscorner/detail/en/speech_23_5851).

42 Matthew Reynolds and Matthew P. Goodman, “China's Economic Coercion: Lessons from Lithuania,” Center for Strategic and International Studies, May 6, 2022, <https://www.csis.org/analysis/chinas-economic-coercion-lessons-lithuania>.

43 Miriam Rozen, “EU Chides China and Others for IP Breaches — Again,” *Financial Times*, June 18, 2020, <https://www.ft.com/content/0d48a5dc-9362-11ea-899a-f62a20d54625>.

44 Victor Almqvist and Snježana Kobešćak Smodiši, “The EU Must Respond to Chinese Efforts to Change the Rules-Based Order | Nyheter | Europaparlamentet,” European Parliament, December 13, 2023, <https://www.europarl.europa.eu/news/sv/press-room/20231208IPR15781/the-eu-must-respond-to-chinese-efforts-to-change-the-rules-based-order>.

45 Martina Stevis-Gridneff, “E.U. Takes Aim at China in Proposed Economic Strategy,” *The New York Times*, June 20, 2023, sec. World, <https://www.nytimes.com/2023/06/20/world/europe/eu-china-economic-strategy.html>.

46 “EU-China Relations Factsheet | EEAS Website,” The Diplomatic Service of the European Union, July 12, 2023, https://www.eeas.europa.eu/eeas/eu-china-relations-factsheet_en.

sized the need to “de-risk” the EU’s economic relationship with China.⁴⁷ As part of this conversation, many European commentators have noted the massive—and growing—trade imbalance between the EU and the PRC, with China exporting far more than it imports. This gulf, which reached a record EUR €390 billion in 2022, has led to further worries about Chinese economic influence on the continent.⁴⁸

Amid these rising concerns, it is increasingly clear that the EU’s economic approach to the PRC is in dire need of a reset. The policies of the past two decades, while certainly profitable for many, have left the continent dangerously vulnerable to Chinese coercion and malign economic influence. These factors have only gained increased salience since 2020, as the pandemic and the war in Ukraine have further exposed the weaknesses of supply chains and the dangers of overreliance on authoritarian regimes in Beijing and Moscow.

Supply Chains, Shortages, and Semiconductors

While the EU has certainly faced significant economic challenges in the past—perhaps most notably, the Eurozone crisis of 2009—the events of the last four years have been profoundly punishing.⁴⁹ Just as it did elsewhere, the COVID-19 pandemic inflicted staggering damage to the European economy. Broadly speaking, EU economies are heavily reliant on access to global trade networks, with the majority of Europe’s largest firms deriving much of their revenue from international trade and investments. As a result, the EU was hit especially hard

by the pandemic, as quarantines and diminished economic activity deprived EU states of vital trade flows. As the Centre for Economic Policy Research (CEPR) has noted, this “resulted in an unprecedented economic contraction in 2020, with EU real GDP falling by 6.1 percent, more than during the global financial crisis.”⁵⁰

Though this slowdown was driven by a wide range of factors—from depressed leisure spending⁵¹ to soaring unemployment figures—supply chain disruptions were among the most impactful.⁵² The nations of the EU, like so many other advanced, industrialized economies, were fundamentally unprepared for the disarray caused by the virus. Across the continent, major manufacturing hubs were suddenly deprived of critical inputs, effectively freezing production in a wide variety of key industries, including the automotive and chemical industries.⁵³ These disruptions highlighted a painful truth for many EU states: the supply chains that sustain modern, industrialized economies are far more delicate and volatile than previously thought possible.

These supply chain issues were particularly pronounced in the semiconductor sector. In recent years, semiconductor chips have rapidly gained importance as a global commodity, serving as indispensable components of a vast range of products, from cars to missiles. Despite this

47 “Speech by President von Der Leyen at the European China Conference 2023 Organised by the European Council on Foreign Relations and the Mercator Institute for China Studies,” European Commission.

48 Stuart Lau, “China Rejects EU’s Trade Deficit Complaint,” *POLITICO*, December 6, 2023, <https://www.politico.eu/article/china-rejects-eus-trade-deficit-complaint/>.

49 Matthew J Gabel, “European Union - the Euro-Zone Debt Crisis,” in *Encyclopedia Britannica*, December 27, 2018, <https://www.britannica.com/topic/European-Union/The-euro-zone-debt-crisis>.

50 Maarten Verwey and Alan Monks, “The EU Economy after COVID-19: Implications for Economic Governance,” Centre for Economic Policy Research, October 21, 2021, <https://cepr.org/voxeu/columns/eu-economy-after-covid-19-implications-economic-governance>.

51 Douglas Broom, “This Is How COVID-19 Hit Household Expenditure in Europe,” World Economic Forum, December 6, 2021, <https://www.weforum.org/agenda/2021/12/pandemic-impact-europe-consumer-spending/>.

52 Vasco Botelho and Pedro Neves, “The Impact of the COVID-19 Crisis on the Euro Area Labour Market for Men and Women,” *ECB Economic Bulletin*, no. 4/2021 (June 23, 2021), https://www.ecb.europa.eu/pub/economic-bulletin/focus/2021/html/ecb.ebbox202104_04~686c89e9bb.en.html.

53 Sam Fleming, “EU Economy’s Recovery from Pandemic Faces ‘Mounting Headwinds,’ Warns Brussels,” *FT*, November 11, 2021, <https://www.ft.com/content/c33572de-946c-47a6-afb1-5ef-87d1aeef0>.

ascendancy, semiconductor production remains highly concentrated, with a relatively small number of firms capable of manufacturing the highly complex circuitry associated with advanced chips.⁵⁴ This characteristic of the industry left it vulnerable to disruption during the pandemic, as the few producers of advanced semiconductors were overwhelmed by surging demand caused by skyrocketing consumer spending on goods such as computers and cell phones.⁵⁵ For the advanced economies of many EU states, this semiconductor shortage was devastating.

While the EU has done an admirable job of recovering from the damage inflicted by the pandemic, its economy has been further threatened by Russia's invasion of Ukraine.⁵⁶ Since Russian forces crossed into Ukrainian territory in February 2022, the war has forced EU states to contend with an array of difficult decisions, from arming Kyiv to taking in millions of displaced Ukrainians. For many EU states, however, energy concerns—most specifically, the market for liquid natural gas (LNG)—has emerged as a key consideration amid the fighting. For decades, the EU has relied heavily on Russia to source LNG.⁵⁷ However, as S&P Global has noted, the war has effectively “reset” the European energy sector, forcing EU states to look elsewhere to secure LNG supplies. Simultaneously, the war has served as an impetus for many EU states to greatly expand their investments

in renewable energy sources.⁵⁸

Taken together, these developments have shed light on the many vulnerabilities of the EU's economic system and forced member states to fundamentally rethink their policy approaches. As the union continues to recover from the shocks of the past several years, its leadership seems intent on developing a diverse range of economic partnerships, with an eye toward avoiding the dangerous dependencies of years past. In this regard, Taiwan would appear to be a perfect match.

Taiwan on the Rise

As previous Global Taiwan Institute articles have detailed, Taiwan is no stranger to the European Union. For decades, Taipei has operated in the background, forging productive partnerships and seeking mutually beneficial agreements. While it lacks formal diplomatic relations with any EU state, Taiwan has nevertheless maintained a substantial presence on the continent, both through its official representative offices⁵⁹—currently in 19 EU states—and its many businesses.⁶⁰ Despite its successes, however, Taipei has historically faced an uphill battle to expand its ties with the EU. For much of the 2000s and 2010s, the union's preoccupation with expanding ties with the PRC led many EU states to eschew overt engagement with Taiwan.⁶¹ This pattern of

54 “Semiconductor Manufacturing by Country 2022,” *World Population Review*, n.d., <https://worldpopulationreview.com/country-rankings/semiconductor-manufacturing-by-country>.

55 Wassen Mohammad, Adel Elomri, and Laoucine Kerbache, “The Global Semiconductor Chip Shortage: Causes, Implications, and Potential Remedies,” *IFAC-PapersOnLine* 55, no. 10 (2022): 476–83, <https://doi.org/10.1016/j.ifacol.2022.09.439>.

56 “COVID-19: The EU's Response to the Economic Fallout,” European Council, December 22, 2022, <https://www.consilium.europa.eu/en/policies/coronavirus/covid-19-economy/>.

57 Kira Savchenko, “How the Russia-Ukraine War Is Turning Natural Gas into the ‘New Oil,’” *S&P Global Commodity Insights*, April 12, 2023, <https://www.spglobal.com/commodityinsights/en/market-insights/blogs/natural-gas/041223-how-the-russia-ukraine-war-is-turning-natural-gas-into-the-new-oil>.

58 Jillian Ambrose, “Invasion of Ukraine ‘Has Fuelled Funding Boom for Clean Energy,’” *The Guardian*, May 25, 2023, sec. Environment, <https://www.theguardian.com/environment/2023/may/25/invasion-of-ukraine-has-fuelled-funding-boom-for-clean-energy>.

59 Vladimíra Ličková et al., “Taiwan's Quasi-Diplomatic Interactions with Europe: Representative Offices,” Central European Institute of Asian Studies, December 14, 2023, <https://ceias.eu/taiwans-quasi-diplomatic-interactions-with-europe/>.

60 “Trade and Investment Relations between Taiwan and the EU,” Taipei Representative Office in the EU and Belgium, 2018, <https://www.roc-taiwan.org/uploads/sites/125/2015/09/20180326-Trade-and-Investment-Relations-between-Taiwan-and-the-EU.pdf>.

61 David Camroux and Earl Wang, “European Institutional Complexities and EU-Taiwan Relations,” *East Asia Forum*,

avoidance was perpetuated by Beijing, which routinely chastised or punished states or individuals it viewed as overly close with Taipei.⁶²

However, recent events suggest that Taiwan's time on the EU's periphery may be coming to an end. Driven by rising concerns about China's behavior—both domestically and internationally—and a desire to establish a more diverse, reliable network of partners, EU states have demonstrated a growing willingness to engage with their Taiwanese counterparts. This has taken the form of a wide range of activities, from sister city agreements to parliamentary delegations to Taiwan. While such diplomatic and political engagement has been valuable in its own right, it pales in comparison to the strides made in the economic arena.

Despite Taiwan's lack of formal ties with EU states, the island has nevertheless developed a sizable—and growing—economic presence in Europe. As Ágnes Szunomár has noted, much of this growth has been driven by Taiwan's powerful private businesses, many of which have historically sought to minimize their “Taiwanese-ness” in order to avoid Chinese scrutiny.⁶³ However,

Recent events suggest that Taiwan's time on the EU's periphery may be coming to an end. Driven by rising concerns about China's behavior—both domestically and internationally—and a desire to establish a more diverse, reliable network of partners, EU states have demonstrated a growing willingness to engage with their Taiwanese counterparts.

er, recent EU pronouncements suggest that such subtlety may no longer be necessary. Indeed, EU figures have begun to actively court Taiwanese investment, with Filip Grzegorzewski, the head of the European Union representative office in Taiwan, calling on Taiwanese firms to greatly increase their presence on the continent.⁶⁴

EU-Taiwan trade has also flourished in recent years. According to the Taipei Representative Office in the EU and Belgium, “in terms of bilateral trade in goods, Taiwan was the EU's 13th largest trading partner overall and 5th largest trading partner in Asia in 2022; on the other hand, the EU is the 5th largest trading partner overall of Taiwan, after mainland China, ASEAN, the United States, and Japan.”⁶⁵ Notably, total bilateral trade between Taiwan and the EU has markedly increased of late, totaling USD \$75.3 billion in 2022, a 10 percent increase from the previous year. As Grzegorzewski noted, 2023 is on track to significantly surpass that figure, suggesting that this upward trend is continuing unabated.⁶⁶

Additionally, the EU increasingly views Taiwan as key to its efforts to shore up its supply chains, particularly in the semiconductor sector. In the wake of the devastating pandemic-era chip shortages, many EU states have been keen to secure their access to such crucial resources.

December 5, 2022, <https://www.eastasiaforum.org/2022/12/06/european-institutional-complexities-and-eu-taiwan-relations/>.

62 Lyubov Pronina, “EU Risks Damaging Its China Relations over Taiwan, Diplomat Says,” *Bloomberg*, February 8, 2023, <https://www.bloomberg.com/news/articles/2023-02-08/eu-risks-damaging-its-china-relations-over-taiwan-diplomat-says?embedded-checkout=true>.

63 Ágnes Szunomár, “Comparing Economic Engagement: Taiwan and China in Eastern Europe,” Stimson Center, May 3, 2022, <https://www.stimson.org/event/comparing-economic-engagement-taiwan-and-china-in-eastern-europe/>.

64 Pei-ju Teng, “Investing in Europe Promotes Taiwan's Economic Security: EU Envoy,” *Focus Taiwan - CNA English News*, October 12, 2023, <https://focustaiwan.tw/business/202310120015>.

65 “Economic Relations between Taiwan and the EU,” Taipei Representative Office in the EU and Belgium 駐歐盟兼駐比利時代表處, September 14, 2015, https://www.taiwanembassy.org/be_en/post/143.html.

66 Pei-ju Teng, “Investing in Europe Promotes Taiwan's Economic Security: EU Envoy,” *Focus Taiwan - CNA English News*.

es. In pursuit of this objective, states such as Germany have worked to entice Taiwanese semiconductor firms to greatly expand their European investments, providing lavish subsidies to potential investors. These efforts bore fruit in August 2023, when Taiwanese chip giant Taiwan Semiconductor Manufacturing Company (TSMC, 台灣積體電路製造股份有限公司) signed an agreement to commit EUR €3.5 billion to establish a state-of-the-art chipmaking facility in Germany.⁶⁷

This growing EU-Taiwan economic relationship was further formalized in December 2023, when the European Parliament passed a resolution “requiring the EU to quickly sign an agreement with Taiwan on supply chain resilience.”⁶⁸

Prior to the vote, European Commission Executive Vice President Valdis Dombrovskis argued that there “were little to no obstacles facing Taiwan-EU trade.” While a formal agreement with Taiwan has yet to materialize, the resolution is nevertheless a strong demonstration of mounting European support for economic ties with Taiwan.

Unlike the PRC and Russia, Taiwan shares the EU’s commitment to democracy and the rule of law. It is a valuable contributor to the international community, and a strong supporter of free trade. For the EU, Taiwan could—and indeed, already does—serve as a critical economic partner in the Indo-Pacific.

Natural Partners

Despite Taiwan’s unorthodox diplomatic relationship with the EU, the two are in many ways ideal partners, particularly on the economic front. After several years

of economic turmoil, the EU has begun to rethink its economic policy approach. Though trade with the PRC and Russia contributed to decades of growth, EU states have become increasingly aware of the dangers posed by overreliance on aggressive, authoritarian states, as well as the need to secure vital supply chains. On both counts, Taiwan is a natural alternative.

Unlike the PRC and Russia, Taiwan shares the EU’s commitment to democracy and the rule of law. It is a valuable contributor to the international community, and a strong supporter of free trade. For the EU, Taiwan could—and indeed, already does—serve as a critical economic partner in the Indo-Pacific, a region that the

EU has increasingly described as a priority. By expanding bilateral trade, the EU could diversify its trading networks, reduce its reliance on the PRC, and contribute to a safer, more liberal international economic system.

As the EU seeks to secure its supply chains, Taiwan could once again be a vital partner. As pandemic-era shortages made clear, EU states are in dire need of more consistent, predictable supply chains, particularly when it comes to high-tech goods like

semiconductors. In this regard, TSMC’s investment in Germany is a step in the right direction. By bringing Taiwanese chip production to the European continent, the EU can more effectively safeguard its industries from volatility or disruptions. Given its crucial role in the semiconductor sector, Taiwan also has a vested interest in cooperating to secure supply chains. By working together with the EU and other like-minded partners, Taiwan has a unique opportunity to greatly expand its global engagement and share its remarkable technical expertise.

67 Germany Spends Big to Win \$11 Billion TSMC Chip Plant,” *CNN Business*, August 9, 2023, <https://www.cnn.com/2023/08/08/business/germany-tsmc-chip-plant/index.html>.

68 Jake Chung, “European Parliament Votes to Sign Deal with Taiwan,” *Taipei Times*.

Despite this undeniable progress, much work remains before the EU-Taiwan economic relationship can reach its full potential. As Dombrovskis noted prior to the vote on the December resolution, the EU is hopeful that Taiwan will do more to liberalize its economy and provide expanded market access, particularly for EU agricultural products. On the EU end, meanwhile, China's influence remains strong, threatening to undermine or even halt any substantial EU-Taiwan agreements. Nevertheless, recent EU statements and resolutions suggest that the EU-Taiwan economic partnership is entering a new phase. If the two sides are able to overcome their remaining differences and secure lasting agreements, the results could be highly beneficial for both.

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The Impact of Global Conflicts on the Taiwan Strait

By: Russell Hsiao

Global conflicts are becoming more compressed, both in terms of their geographic space and temporal proximity. The effects of conflicts in Eastern Europe and the Middle East have become increasingly globalized, leading to political, economic, and even security ramifications far beyond their geographical contexts. In turn, conflicts in regions that previously had been thought of as separate, distinct theatres have gained real, potentially critical ripple effects for East Asia not seen since the Cold War. In particular, the wars between Russia and Ukraine and between Israel and Hamas have complex geopolitical implications for peace and stability across the Taiwan Strait.

Impacts of the Ukraine and Israel-Hamas Wars on the Taiwan Strait

The Russian invasion of Ukraine in February 2022, which has ground on for over two years, shocked the global geopolitical equilibrium. The status quo was further shaken in October 2023, when Hamas launched its devastating attacks on Israel. Now, the world faces two simultaneous active, destructive, and potentially large-scale military conflicts in both Eastern Europe and the Middle East.⁶⁹

In response to Hamas' attacks, Israel has engaged in a retaliatory attack that has lasted over four months. Notwithstanding a brief, six-day ceasefire in November 2023,⁷⁰ the conflict does not appear that it will abate soon—at least not until either the Gaza Strip is under the control of Israeli forces, or Israel and Hamas agree to a truce. Neither scenario seems likely in the near-term.

While these two conflicts may still seem geographically distant from one other—and from East Asia—they are increasingly interlinked, both in political and security terms. For example, in the immediate aftermath of the Russian invasion, Japanese leaders sounded the alarm about the implications of the war for the Indo-Pacific region. In January 2023, Japanese Prime Minister Fumio Kishida ominously warned that: “Ukraine may be the East Asia of tomorrow.”⁷¹ While not explicitly refer-

Perceptions toward the Israel-Hamas War,” *Global Taiwan Brief*, November 15, 2023, <https://globaltaiwan.org/2023/11/assessing-the-knock-on-effects-of-taiwanese-perceptions-toward-the-israel-hamas-war/>.

70 Tia Goldenberg, Samy Magdy, and Jack Jeffery, “Israel and Hamas Agree to Extend Truce for Two More Days, and Free More Hostages and Prisoners,” *AP News*, November 27, 2023, <https://apnews.com/article/israel-hamas-war-news-11-27-2023-852065d35c4643f4c874fb5993313b13>.

71 Agence France-Presse, “Japan PM: East Asia Could Be next Ukraine,” *Voice of America*, January 14, 2023, <https://www.voanews.com/a/kishida-says-g7-should-show-strong-will-on-russia-s-ukraine-invasion/6918474.html>.

69 Russell Hsiao, “Assessing the Knock-on Effects of Taiwanese

ring to the deteriorating security situation in the Taiwan Strait, Tokyo has been visibly strengthening its defenses along its wide maritime periphery alongside US forces—demonstrating a clear concern that aggression by one actor could beget more aggression from another. These efforts have gained increased urgency amid increased aggression from the People’s Republic of China (PRC), as well as its “no-limits partnership” with Russia—which the two sides declared just before Putin invaded Ukraine.⁷²

This geopolitical disturbance caused by Putin’s war was further enlarged following the outbreak of the Israel-Hamas conflict.⁷³ The immediate implications of the Israel-Hamas war for the Taiwan Strait are not as apparent when compared to Russia’s invasion of Ukraine, as Beijing’s more proximate involvement in the former conflict distinguishes the two. However, it is not for Beijing’s lack of interest in the latter conflict. Technical analysis of Chinese propaganda and information manipulation shows that there was a notable escalation of PRC information operations in the lead-up to the Hamas attack, suggesting a level of coordination and political interest in the event.⁷⁴ Though the conflict has been largely contained to the Gaza Strip thus far, it has shown worrying signs of expanding into a larger, more complex confrontation, potentially including Hezbollah and Iran. Such an escalation could have numerous global implications and give pause to policymakers and security analysts.

Notwithstanding the differences between the conflicts, the relationship between the two situations was nevertheless quickly connected by the actors in the conflict. Just days following the attack, former Hamas leader Khaled Mashal stated during an interview, “(we want) cooperation with superpowers like China and Russia.” Mashal further claimed that “China saw (our attack) as a dazzling example [...] The Chinese are thinking of carrying out a plan in Taiwan, doing what the Al-Qassam Brigades did on October 7.”⁷⁵

Ultimately, Mashal’s remarks were likely intended to draw the attention of China and Russia to support the terror group’s actions rather than an indication of Beijing’s support or perhaps prior knowledge of the attack. Despite his claims, it was also unlikely indicative that Beijing was planning a similar attack of its own. Yet, the fact that Mashal would draw the comparison to the PRC’s apparent intentions in the Taiwan Strait should not go unnoticed, especially amid the recent revival of great power competition.⁷⁶

Additionally, unconfirmed claims were made by a representative of the Palestinian Islamic Resistance Movement, But Baraka, that a Hamas delegation had visited China sometime in November 2023.⁷⁷ Beyond the propaganda support provided by Beijing for the Palestinians, there were also discoveries of Chinese defense materiel, including equipment such as cartridges and rifle sights for M16 assault rifles, automatic grenade launchers, and communications devices, in Hamas’ posses-

72 Guy Faulconbridge and Laurie Chen, “Putin to visit China to deepen ‘no limits’ partnership with Xi,” *Reuters*, <https://www.reuters.com/world/putin-visit-china-deepen-no-limits-partnership-with-xi-2023-10-15>.

73 Daniel Byman, Riley McCabe, Alexander Palmer, Catrina Doxsee, Mackenzie Holtz, and Delaney Duff, “Hamas’s October 7 Attack: Visualizing the Data,” CSIS, December 19, 2023, <https://www.csis.org/analysis/hamass-october-7-attack-visualizing-data>.

74 Sunny Hsu, “2024 Taiwan Presidential Election Information Manipulation AI Observation Report,” Taiwan AI Labs, January 31, 2024, <https://ailabs.tw/uncategorized/2024-taiwan-presidential-election-information-manipulation-ai-observation-report/>.

75 Mario Nawful, “Hamas Leader Abroad Khaled Mashal Reveals Russian and Chinese Insights,” *Memri TV*, October 29, 2023, <https://x.com/marionawfal/status/1718602198303617335?s=61&ts=SLGoz4elMyiAG9mgLQBHg>.

76 *National Security Strategy of the United States of America*, Washington, DC: White House, 2017, <https://trumpwhitehouse.archives.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.

77 “Hamas Announces the Visit of a Delegation to China but the Foreign Ministry Does Not Confirm,” *Agenzia Nova*, November 10, 2023, <https://www.agenzianova.com/en/news/Hamas-announces-the-visit-of-a-delegation-to-China-but-the-Foreign-Ministry-does-not-confirm/>.

sion.⁷⁸

Nevertheless, the immediate effects of the Israel-Hamas war on the Taiwan Strait are limited and centered on the longer-term strains on US resources, both in terms of political capital and materiel. But there should be no doubt that Russia and China are benefitting geopolitically from the Israel-Hamas war, particularly with the conflict diverting US attention away from Ukraine and the Indo-Pacific. With US resources spread dangerously thin across various theatres, a drawn-out war between Israel and Hamas could have significant implications for Taiwan, which relies on the United States for materiel and geopolitical support. The threat of an expansion of the conflict to directly include Iran and its proxies could cause even more serious challenges.

Iran and the Sino-Russian Axis of Autocracy

As Russia shows no sign of relenting from its assault in Ukraine, and the United States and European countries argue over optimal resource sharing, Iran-backed Hamas, Hezbollah, and other proxies—such as the Houthis in Yemen—are engaged in destabilizing acts across the Middle East. These actions have taken place against the backdrop of the PRC having taken on a larger profile in the Middle East in recent years. This has important implications for Taiwan. In early 2023, Beijing brokered the normalization of Saudi-Iranian relations, which were severed in 2016.⁷⁹ The burgeoning relationship between Iran—which backs Hamas and supports Russia’s invasion of Ukraine—and Russia and China, is indicative of the emergence of a growing authoritarian

axis.⁸⁰ Beijing’s influence over—and relations with—Tehran and Moscow, while not clearly understood, should not be understated. While China is both Russia and Iran’s most important economic or trading partner by far,⁸¹ its relations with Tehran remain more distant than those with Moscow.

Thus far, trilateral ties between the three countries appear nascent, and relations between the three are generally conducted on a bilateral basis. However, through its support for Russia in its war against Ukraine and alignment with Iran’s proxy wars across the Middle East—even if indirectly and through the appearance of neutrality—Beijing seems determined to attenuate the influence of the United States. At the same time, Beijing’s willingness to use that influence to directly challenge the United States may still be measured due to a myriad of factors that are difficult to ascertain. However, China’s increased connection to—and involvement with—these global conflicts makes these matters a more pressing concern for peace and stability in the Taiwan Strait.

For now, China’s interest in intervening in the Middle East does not appear to be directly related to a Taiwan contingency. Instead, the Atlantic Council’s Jonathan Fulton has argued that “China is trying to promote alternative norms in global politics, and China sees Arab states as a natural constituency for China to try to attract.”⁸²

Nevertheless, Sino-Iranian relations have been steady-

78 Micah McCartney, “Investigation Finds Hamas Fighters Using Chinese Weapons against Israel,” *Newsweek*, January 8, 2024, <https://www.newsweek.com/israel-says-hamas-using-chinese-weapons-gaza-strip-1858559>.

79 Adam Gallagher, Sarhang Hamasaeed, and Garrett Nada, “What You Need to Know about China’s Saudi-Iran Deal,” United States Institute of Peace, March 16, 2023, <https://www.usip.org/publications/2023/03/what-you-need-know-about-chinas-saudi-iran-deal>.

80 “The New Authoritarian Axis: The Growing Threat to the Free World from China, Russia, and Iran,” The Heritage Foundation, November 28, 2023, <https://www.heritage.org/defense/event/the-new-authoritarian-axis-the-growing-threat-the-free-world-china-russia-and-iran>.

81 Nasser Hadian, “Iran & China: An Iranian View,” *The Iran Primer*, June 28, 2023, <https://iranprimer.usip.org/blog/2023/jun/27/iran-china-iranian-view>.

82 Bethany Allen-Ebrahimian, “In Claiming Neutrality, China Picks a Side in Israel-Hamas War,” *Axios*, October 15, 2023, <https://www.axios.com/2023/10/15/china-israel-hamas-war>.

ly growing over the past decade. According to Nasser Hadian, an Iranian professor:

“Both nations [Iran and China] benefit commercially and economically. Chinese companies now want to invest far more in Iran—not only in the oil sector and energy sector. They want a strong presence in Iran, as well as in Pakistan, due to growing competition with India and to counter the West.

Another area is military or strategic cooperation. We’re seeing more military exercises that bring together Iran, China and Russia. We’re seeing a far deeper relationship between China and both the Revolutionary Guards and conventional military.”⁸³

The most tangible implications of the Israel-Hamas and Russia-Ukraine conflicts for Taiwan will likely be their impacts on US capacity, its wherewithal to come to the defense of other security partners, and its perception as a reliable security partner. Indeed, budgetary arguments for providing supplemental provisions to support Ukraine, Israel, and Taiwan have increasingly been tied to one another—with aid to one partner locked by political opposition to aid for another security partner.⁸⁴

In a resource-constrained environment and with rising war fatigue in the United States, there are questions and serious debate about whether the US public and its leaders will have the stomach to commit to being simultaneously engaged in multiple conflicts. Finally, while the commitments involved in each of these conflicts are different, they are nevertheless perceived and portrayed similarly by the media and the public, and thus US action or inaction in one conflict could readily affect perceptions of its reliability to intervene in the event of another. This could give PRC information operations

fertile grounds for exploitation and coercion.

The Unpredictable Role of North Korea

Additionally, the typical bluster and erratic behavior from the Democratic People’s Republic of Korea (DPRK) in recent months are also a cause for growing concerns. As China, Russia, and North Korea continue to bolster their relationships, some analysts are warning that North Korea is preparing for war against the South.⁸⁵ In support of this assessment, they have cited a raft of actions, including a series of missile tests (6 thus far in 2024),⁸⁶ artillery shelling of Yeonpyeong Island,⁸⁷ and removal of words in its national anthem to suggest that the North was no longer interested in reunification with the South.⁸⁸ According to Robert Carlin and Siegfried Hecker, “This bedrock policy shift by Kim (Jong Un) to gird for a war would only come after he concluded all other options had been exhausted, and that the previous strategy shaping North Korean policy since 1990 had irrevocably failed.”⁸⁹ So what does this renewed and escalatory aggression by Pyongyang mean for peace and stability in the Taiwan Strait?

While the potential for a simultaneous conflict in the Korean Peninsula and the Taiwan Strait should not be

⁸³ Hadian, “Iran & China: An Iranian View.”

⁸⁴ Bryant Harris, “Senate moves forward on Ukraine, Israel, Taiwan aid bill,” *Defense News*, February 8, 2024. <https://www.defensenews.com/congress/2024/02/08/senate-moves-forward-on-ukraine-israel-taiwan-aid-bill/>.

⁸⁵ Robert L. Carlin and Siegfried S. Hecker, “Is Kim Jong Un Preparing for War?,” *38 North*, January 11, 2024, <https://www.38north.org/2024/01/is-kim-jong-un-preparing-for-war/>.

⁸⁶ John Feng, “North Korea Releases Ominous New Photos,” *Newsweek*, February 15, 2024, <https://www.newsweek.com/kim-jong-un-north-korea-surface-sea-missile-test-east-sea-boundary-south-korea-1870131>.

⁸⁷ Gawon Bae, Jessie Yeung, and Brad Lendon, “South Korea’s Military Says North Korea Fired Artillery into Maritime Buffer Zone in ‘Provocative Act,’” *CNN*, January 5, 2024, <https://www.cnn.com/2024/01/05/world/north-korea-yeonpyeong-island-artillery-intl-hnk/index.html>.

⁸⁸ “N.Korea revises part of lyrics of its national anthem,” *NHK*, February 15, https://www3.nhk.or.jp/nhkworld/en/news/20240215_28.

⁸⁹ Carlin and Hecker, “Is Kim Jong Un Preparing for War?”

ignored,⁹⁰ war in the Taiwan Strait remains unlikely in the near-term. However, Pyongyang's apparent unpredictability and erratic behavior could possibly pull Beijing into an unwanted escalation—even if it were not Beijing's intent. However, increased interaction between Beijing and Pyongyang, along with Moscow, suggest that the three parties may be more coordinated than at previous times.

In the event of a Taiwan contingency, China would at the least expect some form of support from Russia, Iran, and North Korea in its claims over Taiwan. What will happen when that time comes? Moscow, Tehran, and Pyongyang will likely feel obligated to render in-kind support for what Beijing is doing for those two countries now in their conflicts, as well as to further their own national claims within their respective regions. As such Beijing's current support for those countries is worth watching.

Implications of Global Conflicts on Perceptions of Taiwan's Defensibility

Beyond the broader geopolitical impacts, these conflicts could have significant effects on Taiwanese perceptions of a potential conflict in the Taiwan Strait. Understanding these views has become increasingly important, particularly among US policymakers, some of whom have raised concerns about the Taiwanese people's commitment to self-defense, citing a perceived lack of in-

vestment in defense.

It is worth noting, however, that since the outbreak of the Russia-Ukraine War, Taiwanese leaders and experts have described the invasion as a serious “wake-up call” that has increased awareness about the likelihood of war in Asia.⁹¹ These concerns have led to a range of measures in response, such as the rapid and unprecedented formation of civil defense initiatives on the island. The intensification of kinetic military conflict in the Mid-

dle East could further crystalize this reality in the Taiwanese consciousness, potentially leading to a strengthening of views about the urgency of enhancing resilience—while also contributing to doubts about the reliability of US commitments to the island's defense.

Moreover, just as Beijing is learning from the Ukraine War about Ukrainian resilience—as well as from US action, and inaction, in response to the invasion—it will also attempt to draw out lessons from the Middle East conflict. Taiwan will do

so as well. Depending on their perceptions of the US response, the conflict could also have significant impacts on the Taiwanese people's belief in the likelihood of US intervention in a cross-Strait conflict. It is the people's perceptions of these two factors—war readiness and US intervention⁹²—that will likely contribute most to the Taiwanese “will to fight” and form the foundation of Taiwan's resilience. Indeed, according to

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90 *Quarterly Connections*, Global Taiwan Institute, October 2023. <https://globaltaiwan.org/wp-content/uploads/2023/10/Quarterly-Connections-Q2-2023-FINAL.pdf>

91 Hsiao, “Assessing the Knock-on Effects of Taiwanese Perceptions toward the Israel-Hamas War.”

92 Russell Hsiao, “New Opinion Polls Highlight Trends in Taiwan's Will to Fight and Its Partisan Divide,” *Global Taiwan Brief*, January 12, 2022, <https://globaltaiwan.org/2022/01/new-opinion-polls-highlight-trends-in-taiwans-will-to-fight-and-its-partisan-divide/>.

Ahmed Aboudouh of the Atlantic Council, “China’s focus on discrediting and undermining the United States’ political and moral standing, while signaling neutrality publicly, can be called anti-Western neutrality in the context of the current war.”⁹³

As noted earlier, a key to forecasting the effects on Taiwanese perception will also be to understand the US reaction to these events. In the case of the Ukraine War, Washington’s decision to not intervene directly contributed to heightened doubts⁹⁴ about the likelihood of US intervention in the event of a military conflict in the Taiwan Strait. Accordingly, the US response⁹⁵ to the Israel-Hamas war—depending on the scale and level of support—will likely have a reverberating effect on public perceptions within Taiwan concerning US commitment to its defense. It stands to reason that stronger perceived support for Israel from the United States will likely buoy perceptions in Taipei that the United States would be more likely to defend Taiwan against a PRC attack. Conversely, a perceived lack of support will likely contribute to deteriorating confidence in US support in the event of a military conflict.

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Relevant to this analysis is a Chicago Council on Global Affairs survey, released in October 2023, that revealed how the Ukraine War has contributed to declining US support for militarily intervening in Taiwan’s defense.⁹⁶ The poll “finds evidence that US involvement in the war between Russia and Ukraine has played a role in American attitudes on foreign policy, from dampening public support for defending US allies and maintaining US military bases abroad to continued financial and military assistance to Kyiv.” Indeed, the Ukraine War is likely eroding the American public’s willingness to commit troops to Taiwan’s defense. As kinetic military conflict reignites in the Middle East⁹⁷—and is likely to continue for months, if not years—how will public support for the defense of Taiwan shift in the coming months as these simultaneous conflicts wear on?

While it is still too early to predict with any certainty, anecdotal evidence suggests that Taiwan is seen as more analogous to Israel than to Ukraine. Despite growing fissures in the Democratic party,⁹⁸ Israel continues to enjoy broad Congressional and public support, much like Taiwan. Secondly, Taiwan’s crucial role in the United States’ strategic competition with the People’s Re-

93 Ahmed Aboudouh, “China is Fixed on Discrediting the US on Gaza War. But This policy Lacks Credibility and Will Likely Fail,” Atlantic Council, December 14, 2023, <https://www.atlantic-council.org/blogs/menasource/china-gaza-hamas-israel-war/>.

94 Phelim Kine, “Taiwan shivers over Ukraine funding freeze,” *Politico*, October 5, 2023, <https://www.politico.eu/newsletter/china-watcher/taiwan-shivers-over-ukraine-funding-freeze/>.

95 Russell Hsiao, “Recent Trendlines in American Public Opinion on the Defense of Taiwan,” *Global Taiwan Brief*, November 1, 2023, <https://globaltaiwan.org/2023/11/recent-trendlines-in-american-public-opinion-on-the-defense-of-taiwan/>.

96 Craig Kafura & Dina Smeltz, “Americans Grow Less Enthusiastic about Active US Engagement Abroad,” Lester Crown Center on US Foreign Policy, The Chicago Council on Global Affairs, October 2023, <https://globalaffairs.org/sites/default/files/2023-10/2023%20CCS%20US%20Role.pdf>.

97 Nidal Al-Mughrabi & Maytaal Angel, “Israeli, Hamas fighters in close combat in Gaza City as civilians flee,” *Reuters*, November 8, 2023, <https://www.reuters.com/world/middle-east/thousands-civilians-flee-north-gaza-israeli-troops-hamas-fighters-clash-2023-11-08/>.

98 Annie Grayer, Melanie Zanona, and Manu Raju, “Tensions Boil Over as Democrats’ Israel Divide Deepens,” *CNN*, November 8, 2023, <https://www.cnn.com/2023/11/08/politics/democrats-israel-divide-deepens/index.htm>.

public of China means that the same factors present in the aforementioned dampening of public support for defending US allies in the Ukraine War may not be present in this current case.

Yet, it is important to note that there appears to be a general sense of war fatigue prevailing in the United States. How these simultaneous conflicts play out in the months to come could have unexpected and compounding effects that would be difficult to forecast, especially with presidential elections on the horizon.

Conclusion

With regards to the impact of the Israel-Hamas war, Randall Schriver, the former assistant secretary of defense for Indo-Pacific affairs, summed up the real implications: “The real issue for the Chinese is what does this do for US wherewithal in the Indo-Pacific. I think it’s fair for people to question whether or not that’s true. The Indo-Pacific region might be the priority, but the Middle East usually gets all the stuff.”

Schriver added: “What the Chinese are really going to look at over a short to medium term is, what does this do to our posture in the Indo-Pacific? What does it do for public attitudes to be able to continue to support things like the defense of Taiwan? What will it do for our wherewithal? Where will the defense resources actually get a portion to, and is there meaningful investment in the U.S. to back up the rhetoric?”⁹⁹

The major reason why the conflicts over Ukraine and Israel-Hamas have implications for Taiwan is because they involve global powers: namely its primary adversary, China, and its primary defense partner, the United States. In a resource-constrained environment

defined by finite political, economic, and military resources, there are ongoing and sustained conversations about tradeoffs in military aid and commitments to US allies and partners,¹⁰⁰ as well as the capacity of the United States to militarily fight in two theatres. The calls from prominent policy thinkers about the need for “strategic deprioritization”¹⁰¹ is a case in point of the mindset of some policymakers, and a point of serious policy contention regarding broader US strategy—and its influence on shaping both the perception and reality of the Taiwan Strait.

99 Sayumi Take, “China Watches How Israel-Hamas War Affects U.S. ‘Posture’ in Indo-Pacific,” *Nikkei Asia*, October 25, 2023, <https://asia.nikkei.com/Politics/International-relations/China-watches-how-Israel-Hamas-war-affects-U.S.-posture-in-Indo-Pacific>.

100 Jordan Cohen and Jennifer Kavanagh, “The True Military Assistance Tradeoff is Between Israel and Taiwan,” *War on the Rocks*, November 21, 2023, <https://warontherocks.com/2023/11/the-true-military-assistance-tradeoff-is-between-israel-and-taiwan/>.

101 A. Wess Mitchell, Jakub Grygiel, Elbridge A. Colby, and Matt Pottinger, “Getting Strategic Deprioritization Right,” *Paper for the Office of Net Assessment*, The Marathon Initiative, June 26, 2023, https://themarathoninitiative.org/wp-content/uploads/2023/11/Marathon-Initiative_Getting-Strategic-Deprioritization-Right96.pdf.