

**the Difficulties and Possibilities of China's Pulling Taiwan Together in the Context of  
Great Power Competition:  
What is China's Better Alternative to Unifying Taiwan by Force?**

**Introduction**

For a long time, the major countries in the Indo-Pacific region have kept each other in check, maintaining a delicate balance of "test-counterattack-dialogue" on the Taiwan issue. However, the deepening trade war between the US and China, the widening power gap between Mainland China and Taiwan, and the outbreak of the war in Ukraine have led the international community to fear that Mainland China may launch a war against Taiwan.

The different perceptions of the "One China" policy are central to the dynamic relationship between the United States, China, and Taiwan. It is difficult to predict whether Chinese and US policymakers will be able to resist the strong domestic traction generated by the deterioration of US-China relations and sit down for an in-depth discussion to de-escalate the situation in Taiwan. Moreover, achieving regional stability through military conflict would be too costly for the major players in the region. It would make it difficult to secure their ultimate gains in Taiwan. Even if the mainland succeeded in recovering Taiwan, the war would attach more hidden costs to its subsequent management of the region.

In the grand international arena, where power determines influence, scholars and politicians tend to be more concerned with the movements of the major powers while ignoring the choices and attitudes of the relatively weaker participants. Nevertheless, in international affairs, where the more vulnerable participants are at the heart of the contest, such participants' attitudes or rather preferences can serve as an umbrella or excuse for the other players involved. The internal situation of the region and its diplomatic approach are closely related. Compared to the tense external international environment, the internal problems of Taiwanese society may provide China with some potential opportunities. This research attempts to analyze great power dynamics in Taiwan and incorporate socio-economic studies of Taiwan, exploring alternative solutions to dialogue and military conflict.

**Analysis of Great Power Involvement in the Taiwan Strait Situation**

**Dynamic changes in Taiwan's geopolitical environment under great power competition**

Since the 21st century, the US and China have generally maintained a dynamic balance on the Taiwan issue in that Taiwan continues to be governed by a democratic regime and is a regional actor independent of the Beijing government (Rigger, 2021).

During the Obama administration, the dynamics of the three parties in the Taiwan Strait revolved around the "Rebalance to Asia-Pacific" strategy. The Obama administration has

continued to enhance US-Taiwan relations through three arms sales to Taiwan, the resumption of Trade & Investment Framework Agreements (TIFA) trade negotiations, and legislation to legalize US-Taiwan military ties, continuing the strategy of using the Taiwan card to counterbalance China. The US also supports Taiwan's participation in international organizations as an observer to expand the space for international activities. At the same time, the US is constantly re-examining the relevance of Taiwan to the US Asia-Pacific strategy in light of the new changes in the Asia-Pacific situation and the new needs of the US strategy (Wang & Guo, 2013). China's response was muted and only responded to specific US-Taiwan joint actions. Since 2008, when Taiwan's Kuomintang (KMT) leader Ma Ying-jeou took office, cross-strait relations have eased, with Taiwan signing more than 20 economic and cultural agreements with the PRC and restoring direct maritime and transportation and mail connections that had been banned for decades. Despite its crucial military status, because of the gradual restoration of cross-strait relations, the mainland generally views Taiwan's role as a strategic bargaining chip in the US Asia-Pacific strategy as diminished (Zhang, 2015).

The Trump administration increased China-US rivalry and heightened geopolitical uncertainty in the Taiwan Strait. Trump spoke with Taiwan leader Tsai Ing-wen early in his presidency, breaking with tradition established since the normalization of US-China relations in 1979, and has repeatedly criticized China's position on social media on issues such as the South China Sea (Thompson, 2017). Trump's unabashed hostility heightened China's unease over Taiwan Strait affairs, and China responded by increasing its diplomatic repression of Taiwan to shrink Taiwan's sovereign recognition in the international community. In 2017, Taiwan's Democratic Progressive Party (DPP) leader Tsai Ing-wen came to power, and cross-strait relations gradually drew apart as Taiwan turned to seeking diplomacy with other countries. The subsequent outbreak of the US-China trade war shifted the focus of the three participants in Taiwan Strait affairs to economic trade. While the US withdrawal from the Trans-Pacific Partnership has increased unease among its allies in the Asia-Pacific region, Taiwan's advanced development in the world of semiconductors makes it an essential part of the US-China trade war.

During the Biden administration, the situation in the Taiwan Strait escalated, and the military became the focus. The Biden administration's policy toward Taiwan has continued the Trump administration's aggressive style. President Biden has repeatedly made it clear that if China sends troops to Taiwan, the United States will do the same to defend Taiwan. In August 2022, Speaker Pelosi visited Taiwan, and Beijing directed military exercises to "lockdown" Taiwan. In 2023, Tsai Ing-wen visited the US as a transit agent and increased its cooperation with the US on war preparations, then China Mainland escalated its military exercises around Taiwan, sold US Treasuries and cold treats US invitations to dialogue. Currently, US forces in Japan and South Korea have moved to the second island chain and Guam, the Philippines has opened its military bases to the US, and some Asian countries plan to evacuate their nationals from Taiwan.

Although the dynamic balance has been maintained for a long time, the satisfaction level of the three parties involved varies greatly. The lack of institutional regulation of cross-strait

relations has a significant "externality" that prevents the two sides from taking the initiative to reduce costs for effective negotiation "deals", making it possible for the US to take advantage of power to gain benefits. Both sides of the Taiwan Strait must pay huge "transaction costs" to the US in the long run (Liu, 2002). As China's economy becomes more integrated with the global economy and its military combat power grows, China is gradually gaining the capital to be assertive with Taiwan. Currently, China is seeking an opportunity to change the current balance.

### **China and the US conflicting logics of actions in the Taiwan Strait**

The two countries have conflicting national interests regarding the "reunification of Taiwan". China needs to recover Taiwan to reunite the motherland and reduce national security risks in the South China Sea. At the same time, the US opposes any potential evident change in the South China Sea and Taiwan region to safeguard its geopolitical interests in Southeast and East Asia and its global hegemony.

The US government's policy on "one China" has moved from strategic ambiguity to strategic clarity. The US does not take sides on the political demands of each side of the Taiwan Strait; its ultimate goal is to maximize the overall interests of the United States. The "strategic ambiguity" refers to the recognition of the existence of one China, but it is only a respect for mainland China's position and does not want Taiwan to move toward reunion. From the US perspective, China and Taiwan can develop peacefully and conditionally, only talking about the economy, not politics or the military. With hostile attitudes toward China, the US made a clear military commitment to Taiwan, shifting its position from ambiguity to an emphasis on defending Taiwan. Taiwan strangles the South China Sea gateway, out of the vital position of the first island chain in the Western Pacific, and has an essential strategic role in Asian stability.

Moreover, if the Taiwan issue is not resolved appropriately, it will affect the credibility of US global military commitments and impact its Asian allies, Japan and the Philippines. Pushing its allies away would directly result in the loss of US control over Pacific affairs. Despite the gradual move toward strategic clarity, the US has no desire to advance Taiwan's independence but instead emphasizes the status quo.

However, as noted above, the mainland has never considered the status quo in Taiwan to be acceptable, and the Beijing authorities have been trying to change it. A stable status quo would legitimize Taiwan's de facto independence, which is not conducive to the mainland's fundamental interest in unifying China (Christensen, 2022).

Beijing emphasizes its sovereignty over Taiwan by gradually weakening its international status. Most countries with diplomatic relations with China must publicly cut diplomatic ties with Taiwan and evacuate diplomatic personnel placed in Taiwan. In 2021, China cut off trade with Lithuania due to the opening of its Taiwan representative office in its capital. With Beijing's firm attitude, the "One China" principle was introduced from state to non-state

actors. In 2018, the Beijing government strongly criticized US-based Marriott International for listing Taiwan as a separate country in a consumer questionnaire and opened a case to warn against it. Since then, Marriott International changed its designation of Taiwan to "Taiwan, China ". In the same year, due to pressure from the Chinese government, American Airlines and other companies stopped listing "Taiwan" as a country and instead displayed the city of the airport, Taipei.

At the same time, should any international dynamic provide a window or impetus for Taiwanese independence forces, Beijing has taken decisive military deterrence actions to suppress Taiwan's independence activities. In 1994, Former Taiwanese President Lee Teng-hui visited the US to break international isolation, but the mainland immediately responded with large-scale missile tests and military exercises. In 2022, the day after the US House Speaker Nancy Pelosi's visit, the People's Liberation Army (PLA) conducted live-fire military exercises in six waters surrounding the island, the largest military exercise Beijing had conducted against Taiwan up to that time.

### **Analysis of Taiwan's position**

#### **Taiwan's pro-US and distant-China tripartite model under dynamic balance**

The Taiwanese government, which cautiously seeks autonomy and independence, also dislikes maintaining the status quo. Taiwan has no international personality to effectively defend Taiwan's interests under the status quo, as the modern international system only provides rights and protections to sovereign states. Therefore, maintaining the status quo means that Taiwan will face the long-term risk of being marginalized in the era of globalization. For example, Australian Prime Minister Anthony Albanese stated in November 2021 that the Australian government is unlikely to support Taiwan's accession to the Comprehensive and Progressive Trans-Pacific Partnership because Taiwan is not a sovereign state. Therefore, Taiwan, as a relatively weak party in the Taiwan Strait game, can only "borrow" from the US to resist mainland China's pressure and hope that the US will grant promises of arms sales and security guarantees to develop a "substantial" US-Taiwan relationship (Chen, Sun & Wen, 2018).

In the diplomatic arena, the Taiwan authorities are trying to avoid involvement in sovereignty issues as much as possible through US assistance to enhance the international status, such as "vacation diplomacy" in the 1990s and "check diplomacy" before 2008. As mentioned above, Taiwan has changed its diplomatic strategy in recent years. With the acquiescence of the US, Taiwan actively participates as an observer in UN-affiliated bodies, such as the promotion of the Global Cooperation and Training Framework, to enhance Taiwan's international influence.

However, in the economic sphere, Taiwan's high trade dependence on China is difficult to change, although the government has sought to deepen economic cooperation with the US and its allies through the "New Southbound Policy" and TIFA trade agreements since Tsai took office. In 2021, Taiwan's exports to China and Hong Kong hit a record high, accounting

for 42% of Taiwan's total exports, with the US accounting for only 15%. The top source regions for Taiwan's imports are China Mainland and Hong Kong with 22%, while the US with 10% (Cheng, 2022).

### **Brief analysis of Taiwan public opinion poll**

According to a 2022 public opinion poll conducted by National Politics University in Taiwan, as many as 90% of the respondents believe that Taiwan and the mainland should maintain the status quo. Among them, 12.4% expect the status quo to be maintained forever, while nearly 30% believe the status quo should be maintained and reunification or independence should be decided later, depending on the situation. In contrast, 37.7% said "maintain the status quo and move toward independence in the future", while relatively few chose "maintain the status quo and move toward reunification in the future", accounting for only 10.4% of all respondents. At the same time, no one thinks Taiwan is already an independent country. Compared to 2021, more people expect to move toward "independence".

Much of the resistance to cross-strait reunification stems from fear of one-party rule and undemocratic politics in Beijing, and most Taiwanese citizens want to preserve and strengthen Taiwan's autonomy and international personhood (Schake & Schwartz, 2021). However, though some Taiwanese citizens protested years ago against a Hong Kong-like form of autonomous governance, it is not yet clear whether the overall trend of public opinion would compromise actual independence if the Taiwanese people could continue to enjoy de facto autonomy.

### **Analysis of Possibilities for China to Re-stabilize the Situation in the Taiwan Region and Its Challenges**

#### **Other main stakeholders in the Taiwan Strait**

Japan, South Korea, ASEAN, Australia, and the EU are the main stakeholders in addition to the above-mentioned tripartite participants in the Taiwan Strait situation. The consideration of the Taiwan Strait situation by various actors is threefold: first, the maintenance of limited economic, supply chain and strategic military relations with Taiwan, second, the need to stand clearly as an ally of the United States; and third, the maintenance of political and economic relations with China. The importance and focus of these three aspects vary for different countries or regions, but all regions prefer to maintain the current stable status quo and are less willing to intervene in Taiwan Strait affairs. For example, in 2023, the EU rejected a bilateral investment agreement with Taiwan that had been delayed for years. The EU believes its economic relations with Taiwan are well-managed and is wary of any move that might incur China's displeasure (Malinconi, 2023). For countries in the Asia-Pacific region, any unilateral change may threaten national security interests by inviting dramatic geopolitical changes. For regional actors such as the EU, which is far from the Pacific Ocean, changes in the Taiwan Strait have a solid indirect impact, mainly in terms of economic pressure on the EU under the great power game between China and the United States. In contrast,

Asia-Pacific countries have more influence on the situation in the Taiwan Strait, while the EU has limited influence.

### **The costs and benefits for China to stabilize the situation by force**

The precise position and constraints put China in a passive position in the Taiwan Strait situation, both in terms of cooperative dialogue and reunification by force. The mainland's clear position on China as a precondition sets obstacles to the inclusion of Taiwan in the peace dialogue, and the US pro-Taiwan policy has raised China's distrust of the world's only superpower. As a result, the possibility of resolving Taiwan Strait affairs through tripartite dialogue has gradually diminished.

Taiwan's issue has significantly catalyzed China's military modernization (Maizland, 2023). During the 20th Communist Party Congress, China included "anti-Taiwan independence" in the party constitution, and Chinese President Xi Jinping reiterated that China would not give up on unifying Taiwan by force. At the same time, there is a significant difference in military power between China and Taiwan, with the DPP increasing Taiwan's defence spending in 2023 to a budget of over USD 19 billion, while China's defence spending is approximately 12 times that of Taiwan. China's growing military capabilities and self-confidence and the deterioration of cross-strait relations are highly likely to lead to armed conflict (Maizland, 2023), but there are conflicting accounts of the timing of the war in China's Taiwan Strait.

The costs of war to China's economy, diplomacy and international reputation in the event of a war in the Taiwan Strait region are massive to incalculable. In order to reduce the pressure of capital outflows from mainland China and the safety of its population, the Chinese government would have to strengthen capital controls in the pre-war, such as selling off Chinese overseas assets and treasury bonds of potential warring countries, suspending key exports and restricting foreign travel. During a war, the southeast coast of the mainland near the Taiwan Strait, which includes main trade ports, would be halted by the war, and the supply chain would be significantly affected. Moreover, the US and its allies will undoubtedly impose economic sanctions on China, but given the deepening integration of the Chinese and global economies, the global economy and financial markets will be far more affected by the war in Ukraine. At the same time, given Taiwan's important role in the semiconductor chip sector, the global supply chain for electronics will be severely impacted.

Whether China succeeds in recovering Taiwan by force or not, China's economic and diplomatic position will be significantly diminished. Especially for Southeast Asian countries and Japan and South Korea, with which China has close economic ties and border disputes, China's move to wage war would break the hedging strategy of the countries in the region, which seek balance among the powers' power, and turn against China. US influence in Pacific affairs would be passively and substantially increased. In addition, for Taiwan, a war of foreign aggression in its perception would likely inspire regional nationalism and increase the difficulty of Beijing's postwar administration in Taiwan.

Unlike the complex costs of war, the benefits of reunifying Taiwan by force are clear to China in terms of successfully maintaining its homeland security and achieving the effect of military deterrence. However, one factor that needs to be taken into account is whether post-war Taiwan is what Beijing wants. While all parties emphasize that China's motivation is territorial sovereignty and homeland security, Taiwan's important role in the global semiconductor sector makes it essential in more than just geopolitical terms. At the same time, with the reunification of mainland Taiwan, more costs may be invested in dealing with sharper border disputes with Southeast Asian countries, and there will be no more buffer zones.

### **Conclusion**

China and the US are having difficulty reaching cooperation on the Taiwan issue while trying to avoid an armed conflict. A series of events, including the visit of Speaker Pelosi to Taiwan, the US Senate bill on military aid to Taiwan, and the rise of Taiwan's strategic position in the chip competition, make it difficult to back to the delicate balance of mutual restraint that previously existed between the two sides.

Given the current situation, there may be a third breakthrough point out of the Taiwan issue other than armed conflict and dialogue: using economic means to influence the functioning of Taiwanese society. Based on the current socio-economic situation in Taiwan, the following economic interventions could be undertaken by the mainland:

- Maintain vigilance against Taiwan's foreign trade agreements. Diversifying trade sources is an essential step for Taiwan to reduce its dependence on the mainland, and the mainland's broader political and economic influence than Taiwan allows it to prevent Taiwan from entering into trade agreements with third parties.
- Provide goods that Taiwan cannot obtain. For example, excluded from major international organizations due to sovereign recognition issues, Taiwan has difficulty accessing vaccines such as COVID-19, which is distributed under the influence of the WHO and needs to rely on the government to bid externally to obtain sufficient vaccines. In comparison, Taiwan will need to wait longer than economic powerhouses such as Europe, Japan, and South Korea to obtain support from vaccine companies.
- Deepen cooperation in the area of climate change investments. While climate change is not yet a significant issue on Taiwan's political agenda, its island nature and geographic location predispose it to be one of the regions significantly impacted by climate change. Currently, only 5% of Taiwan's electricity supply comes from renewable energy sources, and the local government plans to increase the share of renewable energy to 20% by 2025 (Lin, 2022). At the same time, fossil energy supplies up to 80% of electricity, but Taiwan's local mining resources are scarce. Taiwan may soon face an energy transition dilemma. Taiwan has limited funds available for climate change mitigation and adaptation, and China's significant foreign investment may be able to bridge the climate change investment gap in Taiwan to some extent.

Moreover, as Taiwan is falling into a high-income trap, with a weakening middle class and a

growing polarization of inequality, China may be the answer.

Using economic disadvantages to deepen Beijing's influence on Taiwanese society and help maintain its social equilibrium while keeping the existing diplomatic siege on Taiwan is a more moderate "boiling frog" approach (a Chinese proverb: put a frog in hot water, and it will struggle to jump out immediately, but if the frog is placed in warm water and gradually heated up, it will initially stay quietly in the water, and by the time it realizes that the temperature is too high, it will be unable to escape). Stakeholders' interests in Taiwan are not irreplaceable, and these influential Asian actors, whose wariness of China is more military in origin, will not argue with China's moves to assist Taiwan for economic reasons.

This strategy may increase Taiwan's economic dependence on mainland China, forcing Taiwan to move closer to the mainland to some extent passively, then facilitating China's meddling or increasing its voice in Taiwan's affairs. However, the means and timing of economic intervention and how to use this breakthrough for cross-strait negotiations will need to be further carefully considered.



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