

US - China Heated Cold War finds Taiwan as a Sensitive Spot

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USA has selected the most sensitive spot of China in a sequential escalation of US - China 'Heated Cold War'. The signing of Taiwan Travel Act, sale of modern equipment and sending of two warships to Taiwan Straits clearly indicates that USA and its allies will insist on freedom of navigation, and the globe may not silently take unilateral interpretation of China about its history of accepting South China Sea as China's lake. China perhaps needs to get ready for escalation dynamics, having made the first move of creating features into artificial islands in South China Sea and then creating military infrastructure and arming these artificial islands to force its claim of sovereignty on water, which the world perceives as global common. The military posturing is continuing. However, both sides have been sensitive enough to avoid a trigger to spiral the escalatory chain of incidences. President Tsai Ing-wen faces an unprecedented challenge of balancing between Beijing's coercion, Taiwan's National Interest, meeting aspirations of people and peculiar strategic concerns arising amidst 'Heated Cold War' in Indo-Pacific Region, involving other powers also. The political pressure is already evident by President Xi Jinping's directions to PLA for getting ready for war, his threatening speech in 19th Communist Party of China (CPC) National Conference and in Jan 2019. Beijing warning of no further talks with Taiwan, unless she accepts 1992 consensus, and President Tsai Ing-wen referring to her administration as the "Taiwanese government" right from her first meeting as President, with Palauan President¹.

Does USA realistically follow 'One China Policy'?

When US President Donald Trump assumed office he had enquired about 'One China Policy' to which Chinese reacted immediately and the issue did not pick up further attention. Historically United Nations in 1971 voted for Beijing to replace Taiwan in the China seat. In a joint Communication with PRC in 1972, US had adopted

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the line of No declaration of independence by Taiwan, No UN seat and no representation in an international organisation, which requires only one membership for a country, in respect of Taiwan. US, however, remains opposed to any unilateral changes in status quo by either side. In the “Shanghai Communiqué” the United States did not challenge the claim that there was one China and while restating for a peaceful resolution to the issue, also agreed to reduce US forces on Taiwan. Finally in 1979, US diplomatic ties with Taiwan were officially broken, in keeping with the US acknowledgement ‘**One China Policy**’. Many Americans felt that it was “abandonment” of Taiwan. Soon after diplomatic relations were established with the PRC in 1979, the U.S. Congress passed the “**Taiwan Relations Act.**” to ensure peace, security and stability in Western Pacific, which sought to grant Taiwan the same privileges as a sovereign nation, though it no longer recognized it as one, and it promised to **make available “such defence equipment and services, as may be necessary to enable Taiwan to maintain a sufficient self-defence capability.”** It indirectly implies that under this Act despite following One China Policy, US besides equipping Taiwan with modern weaponry for self defence, could come to its rescue, if its survival was threatened.

When President Donald Trump **approved the ‘Taiwan Travel Bill’ allowing American representatives to meet their counterparts on the self-ruled Taiwan** calling itself “Republic of China”, he was conscious of their ‘One China Policy’ and the likely reaction of Chinese, which I am sure would have been well thought through. **This is sequel to newly declared Trade War by US, slapping very heavy trade tariff on China.** The travel bill was quickly followed by visit of Alex Wong, Deputy Assistant Secretary of State in the East Asian and Pacific Affairs Bureau, visiting Taipei in next two days for discussions.² It reconfirmed the firm resolve of US in **signalling no walk over from the heated Cold War pertaining to this Island, which originally started with passing of the Taiwan Relations Act, 1979.**

What does Taiwan want?

Ever since Communist Party of China (CPC) took control over Peoples Republic of China (PRC) and Republic of China (ROC) Government fled to Taiwan in 1949, **Taiwanese historians maintain that they represent entire China and lost mainland**

to PRC in a civil war, which has not yet been officially declared to be over. Bruce Jacob (2018)³ argues that specialists in international law agree that the **Convention on Rights and Duties of States signed in Montevideo on 26 Dec, 1933, is the key document on statehood.** According to Article 1 of this Convention a state has “a) a permanent population; b) a defined territory; c) government; and d) capacity to enter into relations with the other states.” Taiwan clearly and easily meets these requirements for statehood. Furthermore, Article 3 emphasises that “the political existence of the state is independent of recognition by the other states.” **This means that even if no country recognises it formally, Taiwan is still a state.** Taiwan is a democratic sovereign society having its own democratically elected Government, own constitution, own defence forces, own currency, strong economy, with population exceeding more than three-quarters of the world's nations; and territory larger than two-fifths of the world's nations. It, therefore, technically qualifies to be recognised as a separate state by international community, but International politics is preventing majority of nations from doing so. It is worth noting that, in fact, many countries such as the US and Australia already have de facto “one China, one Taiwan” policies, although they do not admit this, says Bruce in Taipei Times. This denotes the sensitive spot for China, which claims it to be a part of China.

Taiwan is a member of WTO, Pacific Economic Cooperation Council, Asia Pacific Economic Cooperation forum as Chinese Taipei, and has been participating in Olympics by the same name, so far. Being an economic and technological giant, Taiwan aspires for greater position and role in international environment. The return of Democratic Progressive Party (DPP) historically perceived to be supportive of independence from China over Kuomintang (KMT) perceived to be supportive of CPC, in 2016, echoed a spirit of having a free, democratic society and economic prosperity. Recently after suffering a major setback in local body elections for two mayoral seats, seen to be due to domestic issues; President Tsai Ing-wen resigned as chairwoman of DPP. She, however, clarified that her policies of ‘Status quo’ of island and towards China will not change. Taiwan has politically active population. Many surveys have proved that increasing number of people of **Taiwan have started identifying themselves as ‘Taiwanese’** and feeling of nationalism is on the rise. They want to enjoy their

freedom, democracy and prosperity. Majority of Taiwanese population prefers status quo instead of economically disastrous war for independence.

Taiwanese do not want to be under communist regime, and have been echoing slogans to defend their country, should such a situation arise. Taiwan seems to be deliberating on divorcing the 'Chinese' part of its name with which it has been participating in Olympics. It held referendum on 24 November 2018, to this effect which indicates the mood of Taiwanese people, although it got defeated by 10 per cent margin, as IOC had conveyed its unwillingness, creating a fear in majority of Taiwanese about cancellation of participation. At the Golden Horse awards, the **best documentary prize went to 'Our Youth' in Taiwan, which narrates an examination of the 2014 pro-Taiwan independence Sunflower Movement.** In her acceptance speech, director Fu Yue expressed her hope that Taiwan would one day be recognized as "a truly independent entity," adding that such recognition was her "greatest wish as a Taiwanese".³ While it may appear to be a creative signalling, but it gives out the mood and wish of Taiwanese people.⁴

Why is Taiwan such a sensitive spot in US- China Showdown?

China claims Taiwan as its integral part, and any effort towards its independence will affect Chinese reputation to protect its sovereign territory. PRC passed the Anti-Secession Law in 2005, authorising war if island formally declares statehood. The reunification of Taiwan continues to be a dream for Chinese and they refuse to denounce the use of force in doing so, if required. Taiwan is an economic powerhouse of China, habituated by Han Chinese majority. After successful peaceful experience of reunification of Hong Kong, Chinese continue to look at 'Peaceful National Reunification' favouring economic integration of Taiwan. China, however, continues to make threatening gestures towards Taiwan to keep ideology of independence under check.

Taiwan is crucial for strategic dominance of South and East China Sea and Asia Pacific Region. US has major trade (computer hardware and ease of transshipment of goods in Asia) interests in Taiwan besides strategic dominance. US will, therefore, prefer to have a democratic, prosperous, independently governed Taiwan as an ally, where they have adequate strategic and economic leverage, instead of it forming part of Communist China.

Chinese Frustration

China expressed deep concerns to the United States after two American warships passed through the Taiwan Strait. China conveyed that the Taiwan issue concerns the sovereignty and territorial integrity of China and is the most important and sensitive issue in the China - US relationship⁵. **Under the hard pedalling of Trade War, US have made some quick moves to make Taiwan stronger and bolder to take on Xi Jinping's ire.** In a bid to pressurise China and pursuing 'America First' policy US is looking at sizeable sale of most advanced weapons to Taiwan, which is also seeking to buy more advanced weapons from the United States and to integrate its companies in the US defence industry supply chain. US is expected to approve another round of arms sales to Taiwan in the near future, according to Rupert Hammond-Chambers, president of the US-Taiwan Business Council based in Chicago. It would be the third round, since Trump took office, following a US\$330 million deal in September 2018⁶. Taiwan will also get upgraded F-16V fighter jets, after US arms sale is finally approved. The other equipment planned to be inducted includes 66 T-5s – trainer aircraft to be manufactured by Taiwan's Aerospace Industrial Development Corporation likely by September 2019; building submarines, new generation patrol boats, and torpedo and missile vessels to boost the naval defences. These are new measures to put China under pressure for its adventurism in South China Sea. Taiwan has budgeted several billion US dollars for arms procurement and to build up military in next two years, as per deputy minister of Taiwan.

President Xi Jinping since his address to 19th Congress of CPC has repeatedly given a strong message to Taiwan to stop dreaming of separate nation or an entity independent of PRC. It was obvious and well anticipated that Xi will be deeply frustrated by such an act, who is already unhappy with President Tsai meeting dignitaries as Head of State, from the time she came to power. After last NPC which made him the strongest power centre after Mao Zedang, with no limit on his re-election, his nationalistic messages promising to crush any efforts to "divide the nation", or "Every inch of the territory of our great country cannot be separated from China," did amuse the domestic population, but has not stopped US officials from visiting Taiwan. In Taiwan the DPP Government (Quite used to frequent threats

from China), did not look to be intimidated, by symbolic move of Liaoning coinciding with the Xi's speech, treating it as 'Business as usual'. His coercive words during 19th Congress have not worked. This has brought US and Taiwan closer and much sooner than Xi Jinping would have expected. In fact in **November 2018, President Tsai said "We will not retreat an inch,"** referring to growing **military intimidation from the mainland, after induction of two former US Perry-class guided missile frigates to boost the island's anti-submarine defences.**⁷ Taiwan is even thinking of hosting US Warships in Taiping island for regional security.

Will China really seek Reunification of Taiwan by Force?

President Xi Jinping has ordered the **Southern Theatre Command responsible for monitoring the South China Sea and Taiwan** to assess the situation it is facing and boost its capabilities so that it can handle any emergency, **implying to get ready for war**⁸. The rhetoric in Chinese media and speeches of President Xi Jinping notwithstanding, **China may not find it worthwhile to take Taiwan by force** due to variety of reasons discussed in succeeding paragraphs.

Firstly, bulk of Taiwan's investments are already in China. Roughly **25 per cent of Taiwan's trade is now with China, which is its largest trading partner. China has replaced US as No 1 destination for Taiwanese export, accounting for approx 41 per cent** of total exports (Hong Kong included), with Taiwan having a trade surplus of approximately US \$ 30 billion with China. It runs a trade surplus with many economies, including US and fifth largest foreign exchange reserve in the world. A cross Strait War is, therefore, not in the economic interest of both.

Secondly, it will amount to **crossing red line of the US, which although follows One China Policy, but treats Taiwan no less than an ally. It had earlier indicated that any unilateral change of 'status Quo' in Taiwan as a red line.** China has to cater for the repercussions in its strategic calculations. Moreover; Chinese redline of "Taiwan going nuclear/declaring independence" has not yet been crossed.

Thirdly, **China has enough missile arsenals to destroy Taiwan, but such a destruction of Han Chinese, who have relations, investments and inseparable linkages with their relatives in mainland will not go well with domestic population**

of mainland. Over two million Taiwanese live in China, mostly in Coastal areas, and over 20 per cent have married there. This will also destroy Chinese and Taiwanese economy, which does not suit Chinese leadership struggling to revive its economy with trade war on.

Fourthly, **Chinese amphibious capabilities to capture Taiwan are doubtful, more so, if US aircraft carriers are around.** US is unlikely to give a walkover in Taiwan Straits leaving Taiwan to its fate, because a Taiwan aligned to US is in their strategic and economic interest.

Fifthly, getting Taiwanese (who are used to democracy) under its wings will also **bring a fresh democratic wave in China, which CPC is not used to handling with Hong Kong also echoing similar voices. Bulk of Taiwanese people do not want to sacrifice their democratic freedom, and prosperity,** and are not interested in fighting China. **Status quo ante is the most popular choice of their people.** It is felt that China's plan to take Taiwan by Force may not pass their cost-benefit test. **A 'Peaceful stability framework' based on the principle of No Chinese military intrusion and No formal declaration of independence by Taiwan for the next few decades may be a practical and popular solution between China and Taiwan.** Beijing with infrastructure diplomacy has been able to poach five countries, earlier recognizing Taiwan, leaving only 16 countries including Vatican City recognizing it. **Re-unification in short term is, therefore, not practicable, however, it may continue as a long term dream.**

How does Taiwan Situation affect India?

Today Taiwan is looking at developing alternate trade partners with Asian democracies like India, as it is apprehensive of putting all eggs in one basket (PRC). Taiwan is looking for cheap labour, raw materials, skilled, english speaking manpower and good infrastructure, which is available in India, along with mega consumer market. India has improved its rating on 'Ease of doing Business', but needs to compete with other newly developing manufacturing hubs like Vietnam and Thailand. For India Taiwan can be a potential source of FDI, technological and economic exchanges. India's bilateral trade with Taiwan was US \$6.7 billion in 2017 comprising US \$3.3 billion exports to India and about US \$3 billion in imports

and is likely to increase by 15 to 16 per cent in 2019. Taiwanese authorities have been mooted various proposals to improve investments in India, besides exchanges of cultural groups, academics and Research institutes, and Taiwan has emerged as a preferred destination for Indian technical manpower. Taiwanese investments in India have risen to US\$ 5 billion, and mutual tourism is on upswing. The Indian approach to Taiwan is through development of bilateral exchanges in trade and education. Taiwan is a hardware and biotech giant, which possesses the world's largest computer hardware industry. Integration of Indian booming software market and Taiwanese hardware industry has tremendous trade potential and could help to counter the Chinese electronics boom. For India relations with Taiwan could prove useful both in terms of industrial development, economic growth and strategic reach. Strategically India needs to engage it, as both face common strategic concerns. It could be useful in intelligence sharing and professional exchanges pertaining to defence of island territories. Taiwanese investment in mainland China are declining since the onset of Trade war. India has a big market and can be a viable FDI destination.

Taiwan's economic growth is facing problems with Beijing. With growing prosperity, its labour costs have shot up many times as compared to China. Several manufacturing industries have shifted to China to reduce costs on account of labour as well as transportation of raw materials (which are scarce in Taiwan), Taiwan is thus concentrating on high technology industries like semi-conductors and biotechnology. Cumulative Taiwan's investment in mainland could be more than 78 billion US dollars (2017) as per the island's financial supervisory authority.

Taiwan is a sensitivity for Beijing, and an obvious choice for US to build pressure on China in the light of ongoing strategic competition. Taiwan wants to develop its own military capability to be able to maintain status quo, if not independence and withstand coercion of China. Notwithstanding the above, fearful Taiwan under Chinese influence does not suit the US. If US can sell its military hardware, it will be to President Trumps delight. China has demonstrated that it is an expansionist power that breaks a host of international conventions quite willingly. As we can see, many democratic powers are now huddling to counter Chinese aggressive design, which could be morale booster for Taiwan to work with

them to establish foreign relations on a new basis. As per Jacob Bruce 'both are nations of the world and both should be recognized as such'.⁹ While everyone may not buy his views, but a shift in its aspirations is noticeable.

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