

CHINA: Risk of mainland military invasion of Taiwan remains minimal

- Amid Beijing's generally more assertive foreign policy, there is rising media speculation that China's leadership is increasingly willing to consider a military attack on Taiwan.
- But despite saber-rattling, there is little sign that Beijing's fundamental risk calculus regarding Taiwan – which has enabled the status quo to persist for decades – has changed.
- Even if Beijing concludes that an attack would succeed militarily, the likelihood of catastrophic economic and diplomatic consequences will continue to act as a deterrent.

Media and commentators have begun to speculate openly about the risk of a mainland Chinese attack on Taiwan, amid Beijing's generally more [aggressive foreign policy](#) and a shift in the regional balance of military power. Over the last two decades, the People's Liberation Army (PLA) has upgraded its capabilities and may now be able to overcome US military intervention in support of Taipei. The PLA has also sharply increased the frequency of military drills around Taiwan this year. Despite these trends, however, there is little sign that Beijing's fundamental calculus regarding Taiwan – which has enabled the status quo to persist for decades – has changed. For China's leadership, reunification is likely to remain a long-term objective, rather than an urgent short- or medium-term priority.

The Hong Kong analogy

One theory holds that Chinese leaders are emboldened by the [inability of industrialized democracies](#) to meaningfully resist Beijing's imposition of the [National Security Law](#) on Hong Kong. On this view, Chinese leaders are re-calibrating their model of the US and European reaction functions, concluding that assertive Chinese moves on sovereignty issues will not elicit a strong response. But the comparison between Hong Kong and Taiwan is limited. Even before the National Security Law, Beijing already exercised full sovereignty over Hong Kong, while Taiwan is functionally independent. Though Beijing considers itself formally sovereign over both territories, this practical distinction is not lost on China's leadership.

"Peaceful" reunification?

Another supposed signal of Beijing's shifting stance towards Taiwan was the omission of the term "peaceful" from the usual references to "reunification" in Premier Li Keqiang's annual speech to the [National People's Congress](#) in May. Some viewed the omission as a warning that Beijing's patience for the status quo is wearing thin. President Xi Jinping seemed to send a similar message in a January 2019 speech marking the 40th anniversary of the mainland's so-called Message to Compatriots in 1979, which Beijing regards as a key moment in cross-straits relations. Xi said that political divisions between the mainland and Taiwan "cannot be dragged on generation after generation."

But it is unclear whether either change represents a significant policy shift. The word "peaceful" was re-inserted into the final version of Li's work report that parliament approved days after his initial speech. The term had previously been omitted from official Chinese defense white papers in 2006 and 2008, when then-Taiwanese President Chen Shui-ban was moving aggressively towards independence. The temporary change – both then and in 2020 – was probably an act of subtle saber-rattling rather than a fundamental policy change. Moreover, the re-insertion of "peaceful" into this year's work report

suggests that China's leadership was sensitive to the anxiety provoked by the initial phrasing. Meanwhile, Xi's language on "future generations" had been used as recently as 2013 before fading temporarily.

Military confidence

A related argument is that China's upgraded military capabilities have persuaded the Communist Party leadership that an invasion of Taiwan could succeed militarily. The US Defense Department's annual report on the PLA describes its increasingly sophisticated "anti-access/area denial" capabilities. This term refers to the PLA's strategy of denying Taiwanese and US forces freedom of movement around Taiwan. The strategy relies on land-based anti-ship missiles, space-based radar and guidance systems, attack aircraft, and cyber-attacks to deter enemy forces from entering the area or inflict damage if they do.

Nevertheless, even if Chinese leaders now believe that the PLA could win a war over Taiwan, this conviction alone would be unlikely to persuade them that an attack is advisable. Apart from military casualties, which would be significant, a Chinese assault on Taiwan would also inflict catastrophic diplomatic and economic costs on China. Beijing could expect to be cut off from the US dollar financial system and suffer US blockades restricting Chinese access to energy supplies in the Persian Gulf. A broader trade embargo would also be highly likely.

Taiwan in context

Any assessment of the likelihood of an unprovoked attack on Taiwan must consider the broader context of the Communist Party's overall objectives for China, as embodied in ideological slogans like "the China Dream" and "national rejuvenation." Reunification with Taiwan is one element of the party's vision, but so are other objectives, such as a smooth transition through the "middle-income trap" to high-income status, technological upgrading, and increased regional and global diplomatic influence. There is little evidence that Beijing is willing to sacrifice these other objectives to achieve reunification.

Given the high cost of an invasion, Beijing would probably only take such action if nationalist imperatives forced its hand, such as in response to a formal declaration of independence by Taiwan. An alternate scenario could be an internal power struggle within the Communist Party, in which Xi or a successor feels the need to take action to protect his right flank against nationalist critics who accuse him of lacking resolve on core sovereignty issues, perhaps in response to a provocation by Taipei.

Non-military coercion

To be sure, the status quo in cross-strait relations is not completely stable. Beijing is concerned by the apparent shift in Taiwanese public opinion towards less favorable views of the mainland and a greater sense of distinct national identity, as represented by the Democratic Progressive Party's [decisive victory](#) in elections in January. These trends suggest that Beijing's strategy towards Taiwan for the last 20 years – based on the theory that increased economic integration and person-to-person contacts would generate pro-unification sentiment – has largely failed.

While efforts at integration are likely to continue, Beijing may increase reliance on coercive measures. In addition to military exercises designed to intimidate, the mainland is likely to ramp up overt and covert propaganda; overt and covert efforts to co-opt Taiwanese politicians; regulatory pressure on Taiwanese companies with large investments in the mainland; and trade and travel sanctions.

As [previously discussed](#), the US government has noticeably increased its diplomatic support for Taiwan in recent months, and this trend is likely to continue regardless of who wins the US presidential election. The increased presence of both

Gabriel Wildau

Senior Vice President
+1 (347) 714-4962
gabriel.wildau@teneo.com

© 2020 Teneo. All rights reserved. This material was produced by Teneo for use solely by the recipient. This communication is intended as general background research and is not intended to constitute advice on any particular commercial investment or trade matter or issue and should not be relied upon for such purposes. The views expressed here represent opinions as of this date and are subject to change without notice. The information has been obtained from sources believed to be reliable but no guarantees can be given as to its accuracy, completeness or reliability. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic or otherwise, without the prior consent of Teneo.