

Australia-Taiwan relations: Prospects and limitations

Part 1. What does a Lai presidency mean for Australia and cross-Strait relations?

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May 13 2024

This is the first of a three-part UTS:ACRI Analysis series that examines the prospects for and limitations on the Australia-Taiwan relationship following the election of Lai Ching-te as President of the Republic of China (Taiwan) on January 13 2024. The series begins by looking at what the election of Lai means for Australia-Taiwan ties and cross-Strait relations. Part 2 then discusses how Australia can navigate its one China policy and its economic and trade relations with Taiwan, and how Canberra might respond to Taipei's desire for greater diplomatic space. Part 3 concludes the series with a discussion of the Taiwan factor in Australia's defence and security considerations in the Indo-Pacific.

These UTS:ACRI Analyses are based on a series of interviews the author conducted in late 2023 and early 2024 with representatives from Taiwan's two main political parties, the Democratic Progressive Party (DPP) and Kuomintang (KMT), senior officials from Taiwan's Ministry of Foreign Affairs and Ministry of National Defense and Taiwanese academics and analysts.

Key takeaways

- Once inaugurated, Taiwanese President Lai Ching-te's policy agenda, especially increased defence spending, might be stymied by a Legislative Yuan controlled by the opposition. Lai's spokesperson acknowledged that the Kuomintang (KMT) and the Taiwan People's Party (TPP) will be difficult opponents for the Democratic Progressive Party (DPP) in the Legislative Yuan. However, the KMT is unlikely to be as obstructionist as they were against the DPP's first president, Chen Shiu-bian, 'because the DPP is now an established political force'.
- The general consensus among political figures and observers in Taiwan is that Lai is likely to hold fast to the policies of President Tsai Ing-wen's administration on cross-Strait relations and foreign policy, despite Lai's reputation as a 'worker for Taiwan independence'. He will seek to build trust and cooperation with Washington, with incoming Vice President Hsiao Bi-Khim a key asset given her former role as Taiwan's representative to Washington. According to the Special Advisor to the Chairman of the KMT, it is expected that Hsiao will run Lai's draft inauguration speech past Washington for approval.
- Lai's victory was described by a former secretary general of Taiwan's National Security Council as a 'hard landing for both Beijing and Taipei'. Lai and Hsiao are viewed as 'double poison' by Beijing,

according to one Taiwanese analyst. Lai will not accept the 1992 Consensus; this will displease Beijing and ensure further political and military pressure by the People's Republic of China (PRC). While Lai may try to utilise backchannel emissaries to defuse tensions as outgoing President Tsai and former president Lee Teng-hui did, Beijing may be unreceptive due to the hard-line position of PRC President Xi Jinping.

- It has been forecast that the PRC will ease its pressure on Taiwan prior to the US presidential election in November this year as it is not in Beijing's interest to make cross-Strait issues a key focus of the US presidential election campaign.
- However, Taiwanese political figures and analysts believe that the PRC will increase political-military coercive actions against Taiwan in the longer term. The PRC could also increase economic pressure on Taiwan, such as implementing limits on the scope of the Economic Cooperation Framework Agreement (ECFA). Beijing will also continue to pressure Taiwan's 12 remaining diplomatic allies to switch recognition to the PRC.
- While senior US military figures have flagged an invasion of Taiwan by 2027 as a possibility, the majority of Taiwanese politicians, officials, analysts and academics view such a prospect as unlikely. Taiwanese defence analysts see the disputed waters in the South China Sea as a more likely theatre of conflict involving China in the short term and see a more immediate concern for Taiwan in Beijing's grey zone activities.
- Former Taiwanese foreign minister David Lee noted that Xi is committed to 'peaceful reunification' because the PRC is not sure if it would succeed in the event of military conflict. Current Foreign Minister Joseph Wu was of the opinion that Beijing would only act militarily against Taiwan if victory was guaranteed.
- While the Tsai administration expressed confidence in US support for Taiwan, there is some doubt in political circles on the island on the reliability of this support.
- For the foreseeable future, the maintenance of the status quo across the Taiwan Strait is likely. However, Lai's election will potentially create challenges for Australia-Taiwan ties. Beijing will continue to pressure Australia to limit its dealings with Taipei and may expect Australia and other countries to follow its lead of opposing and pressuring Lai. Canberra could have less room for manoeuvre in its dealings with Taiwan.

Introduction

This paper analyses the implications of Taiwan's 2024 elections for Australia-Taiwan ties and cross-Strait relations. It will examine the course of Taiwan domestic politics and the potential challenges that the new government under President Lai Ching-te will face as it addresses national defence, cross-Strait relations and foreign policy. The paper will also discuss Beijing's likely approach to the Lai administration, including the possibility of war across the Taiwan Strait by 2027, as flagged by several senior US military figures, and the role that the US could potentially play. It will also set out the grey zone actions Beijing could take that fall beneath the threshold of kinetic warfare including cyber activities, military harassment and economic sanctions against Taiwan. The paper concludes by examining the potential political and diplomatic implications of the Lai presidency for Australia.

The recent general elections in Taiwan delivered an unprecedented third term for the Democratic Progressive Party (DPP). The People's Republic of China's (PRC) Taiwan Affairs Office rejected the victory, denounced President-elect Lai as a troublemaker and asserted that Beijing would continue to oppose what it termed

“Taiwan independence” separatism’ and external interference.¹ The election simultaneously raises a range of potential challenges for cross-Strait relations and for Australia. While the post-election and inauguration period is likely to unfold with continued PRC pressure on the incoming Lai administration, armed conflict remains unlikely.

Taiwan’s 2024 elections: An overview

Competitive elections in Taiwan are a relatively new phenomenon. Only since the mid-1990s have the people of Taiwan had the choice of directly electing their president. From that time until 2024, the two dominant parties, the Nationalist Party of China or Kuomintang (KMT) and the DPP, have had alternating eight year periods (two four-year terms) in the presidential offices in Taipei.

In 2024, this historic pattern changed, with the DPP securing a third term following the victory of Lai Ching-te, who had served as vice president in Tsai Ing-wen’s administration’s second term (2020-2024). With his vice presidential running mate Hsiao Bi-khim, Lai was elected president with less than a majority of the votes in Taiwan’s ‘first past the post’ electoral system. Lai and Hsiao secured 40.5 percent of the vote, this being only the second time that the winner of the election had scored less than 50 percent of the vote.

The other outlier had been the first DPP president Chen Shui-bian in 2000, with 39.3 percent of the vote. In this year’s election the KMT’s candidate Hou Yu-ih secured 35.4 percent of the popular vote and the third candidate, former Taipei mayor and leader of the Taiwan People’s Party (TPP) Ko Wen-je, secured 26.1 percent. The DPP also lost its majority in the 113-seat Legislative Yuan.

Election results: Presidency

Candidates	Party	Total votes won (% and #)
Lai Ching-te / Hsiao Bi-Khim	DPP	40.05% (5,586,019 votes)
Hou Yu-ih / Jaw Shaw-kong	KMT	33.49% (4,671,021 votes)
Ko Wen-je / Cynthia Wu	TPP	26.46% (3,690,466 votes)

Election results: Legislative Yuan

Party	Seats won
KMT	52
DPP	51
TPP	8
Independents	2

Beijing’s reaction

On January 13 2024, Chen Binhua, spokesperson for the PRC’s Taiwan Affairs Office, rejected the legitimacy of Lai’s victory and issued a statement through the state-run Xinhua News Agency asserting that Taiwan’s presidential and legislative election results showed that the DPP ‘cannot represent the mainstream public opinion on the island’. It said that ‘Taiwan is China’s Taiwan’ and stressed that nothing could ‘stop the general trend that the motherland will eventually be reunified’.² In his victory speech on the same day, President-elect Lai said he was open to dialogue with the PRC based on ‘equality and recognition of Taiwan’s sovereignty’.³

1 Ministry of Foreign Affairs of the People’s Republic of China, ‘Foreign Ministry spokesperson’s remarks on the election in Taiwan’, January 13 2024 <https://www.mfa.gov.cn/eng/xwfw_665399/s2510_665401/202401/t20240113_11223317.html>.
 2 Kenji Kawase, ‘China says DPP ‘cannot represent’ Taiwan after Lai’s election win’, *Nikkei Asia*, January 14 2024 <<https://asia.nikkei.com/Politics/Taiwan-elections/China-says-DPP-cannot-represent-Taiwan-after-Lai-s-election-win>>.
 3 APTN, ‘DPP’s Lai speaks after Taiwan presidential election win (full speech)’, *Bloomberg*, January 14 2024 <<https://www.bloomberg.com/news/videos/2024-01-13/dpp-s-lai-speaks-after-taiwan-election-win-full-speech-video>>.

Two months later, the National People's Congress (NPC) work report, delivered on March 5 and adopted on March 11, recommitted the PRC to the 1992 Consensus and the one China principle. Beijing regards the 1992 Consensus as the essential basis for discussion and cooperation across the Taiwan Strait and to advance the PRC's proposition for reuniting the mainland and Taiwan under the 'one country, two systems' formula. The NPC report stated that the PRC would 'resolutely oppose separatist activities aimed at Taiwan independence and external interference' and that it would 'promote the peaceful development of cross-Strait relations, be firm in advancing the cause of China's reunification ... advancing integrated cross-Strait development'. The report continued the stance of stressing Beijing's commitment to opposing Taiwan independence while promoting the peaceful development of cross-Strait relations. It gave no indication of how Beijing would approach the Lai administration.⁴

Despite the comments from the PRC's Taiwan Affairs Office rejecting the legitimacy of Lai's victory, there has not been a significant uptick in PRC military activity following the election.⁵ The People's Liberation Army (PLA) has continued its activities in Taiwan airspace in a manner consistent with its actions prior to the election. The most significant move by Beijing has been to move PRC civil aviation routes closer to the mid-line in the Taiwan Strait, thereby limiting the Republic of China (ROC) Air Force's warning time for PLA aircraft approaching the island.⁶

Lai's new problems

A range of problems face Lai and his administration. The biggest domestic political challenge confronting Lai is that his presidency was won with less than 50 percent of the vote and his party faces a Legislative Yuan with an opposition majority.

While the present situation is an improvement on the first term (2000–2004) of Taiwan's first DPP president, Chen Shui-bian, when the DPP held only 30 percent of the seats, the new composition of the Legislative Yuan means that the KMT can work with other parties to block Lai's program in the Legislative Yuan.⁷ Ke's TPP has not been cooperative with the DPP, voting with the KMT to elect former KMT presidential candidate Han Kuo-yu, seen as a pro-Beijing figure, as president of the Legislative Yuan.⁸ Clearly, therefore, the KMT and TPP will be difficult opponents for the DPP in the Legislative Yuan.⁹

For the duration of Chen Shui-bian's two-term presidency (2000–2008), his administration was hamstrung by the KMT opposition in the Legislative Yuan blocking most of its initiatives and legislation. At that time, the KMT did not regard Chen as a legitimate president as he had secured only 39 percent of the vote. According to senior DPP figures, the KMT at the time had never previously been out of power and had a 'born to rule' mentality, so worked to undermine Chen at every opportunity. The KMT is unlikely to be as severe this time, spokesperson for President-elect Lai, Vincent Chao, said, 'because the DPP is now an established political force'.¹⁰

However, DPP figures believe that the KMT-dominated Legislative Yuan could cut defence spending, as occurred during the Chen administration. Then-Legislative Yuan President You Si-kun, one of the founding members of the DPP, flagged the possibility in a post-election interview with *Nikkei Asia* published on January

4 Xinhua, 'Full text: Report on the work of the government', *China Daily*, March 13 2024 <<https://www.chinadailyhk.com/hk/article/380788>>.

5 Helen Davidson and Amy Hawkins, 'China's muted reaction to Taiwan's election result may signal a waiting game', *The Guardian*, January 18 2024 <<https://www.theguardian.com/world/2024/jan/18/china-response-taiwan-election-democratic-progressive-party>>; Jennifer Staats and Naiyu Kuo, 'After Taiwan's election, China is now ratcheting up the pressure', United States Institute for Peace, March 5 2024 <<https://www.usip.org/publications/2024/03/after-taiwans-election-china-now-ratcheting-pressure>>.

6 Thomas Shattuck, 'China's new civil flight routes: Implications for cross-Strait stability', Global Taiwan Institute, March 6 2024 <<https://globaltaiwan.org/2024/03/chinas-new-civil-flight-routes-implications-for-cross-strait-stability/>>.

7 Author's interview with Lai I-chung, Chairman, Prospect Foundation, January 4 2024.

8 Thompson Chau, 'Taiwanese legislature picks populist China-leaning speaker', *Nikkei Asia*, February 11 2024 <<https://asia.nikkei.com/politics/taiwan-elections/taiwanese-legislature-picks-populist-china-leaning-speaker>>.

9 Author's interview with Vincent Chao, spokesperson for President-elect Lai Ching-te, January 4 2024.

10 *Ibid.*

26.¹¹ Defence spending similarly had not been a high priority during most of KMT President Ma Ying-jeou's administration (2008-2016), although the trend did appear to shift towards the end of Ma's tenure. Lai's spokesperson Vincent Chao stated that the KMT's stance could compromise Taiwan's deterrent stand against the PRC.¹² Taiwan's Foreign Minister Joseph Wu also noted this possibility, saying that many in the KMT have argued that Taiwan should keep an equal distance between the US and the PRC in order to improve cross-Strait relations.¹³

What will Lai do?

Cross-Strait and foreign policies

The general consensus among political figures and analysts in Taiwan is that Lai Ching-te will continue Tsai Ing-wen's cross-Strait and foreign policies.¹⁴ Special Advisor to the Chairman of the KMT, Alexander Huang, observed that Lai has committed to maintaining Tsai's cross-Strait policy and to not move towards independence.¹⁵ Huang also noted that Beijing will reiterate its position that it will not change its stance on links with Taiwan unless Lai accepts the 1992 Consensus, which Lai has said he will not do.¹⁶

Chair of the Taipei Forum Foundation and former Secretary-General of the National Security Council (2008-2010) during the Ma administration, Su Chi, described Lai's victory as a 'hard landing for both Beijing and Taipei'. He expected that there would be no concessions from either Beijing or Taipei in cross-Strait relations.¹⁷

Professor Kuo Yu-jen, Director of the Institute for National Policy Research, a Taiwanese think tank, observed that Beijing will not change its long-term plan for reunification.¹⁸ Beijing has made clear its dislike for Lai and will continue its hard-line policies against his administration, say both Professor Kuo and Dr Lai I-Chung, head of the Taipei-based Prospect Foundation think tank. Lai I-Chung adds that Beijing will also seek to humiliate the president and continue to label him an independence activist and a danger to cross-Strait peace.¹⁹ Deputy Director of the Taiwan Centre for Security Studies, Dr Mignonne Chan concurs, noting that Lai and his vice president Hsiao Bi-khim are viewed as 'double poison' and Taiwan independence advocates by Beijing.²⁰

Lai's program and policies, including his approach to cross-Strait relations, will be outlined during his inauguration on May 20. This speech will be closely studied in both Beijing and Washington.

Taiwan's dealings with the Americans will likely be made easier with former Taiwan Washington representative Hsiao Bi-khim as vice president. It is expected by some observers that Hsiao will run the draft inauguration speech past Washington for approval.²¹

While Washington knows and trusts Hsiao, the US was initially somewhat suspicious of Lai because of his past statements in support of Taiwan independence. They were wary of the prospect of another Chen Shui-bian – an active promoter of independence – in office whose actions would unnecessarily provoke Beijing. Washington appears to be more trusting of Lai now as he has committed to retain Tsai's PRC policy and chosen Hsiao as his vice president. The Americans hope that Hsiao will be a brake on Lai acting rashly or provocatively towards Beijing.²² In addition, Lai has put US interests front and centre of his administration's

11 Thompson Chau, 'Taiwan has broken China's 'diplomatic blockade', legislative speaker says', *Nikkei Asia*, January 26 2024 <<https://asia.nikkei.com/Politics/International-relations/Taiwan-has-broken-China-s-diplomatic-blockade-legislative-speaker-says>>.

12 Author's interview with Vincent Chao, spokesperson for President-elect Lai Ching-te, January 4 2024.

13 Author's interview with Joseph Wu, Foreign Minister of the Republic of China (Taiwan), January 4 2024.

14 Author's interview with Lai I-chung, Chairman, Prospect Foundation, January 4 2024.

15 Author's interview with Alexander Huang, Special Advisor to the Chairman of the KMT, January 8 2024.

16 *Ibid.*

17 Author's interview with Su Chi, former Secretary-General of the National Security Council, Republic of China (Taiwan) (2008-2010), January 8 2024.

18 Author's interview with Kuo Yu-jen, Director, Institute for National Policy Research, January 8 2024.

19 Author's interview with Lai I-chung, Chairman, Prospect Foundation, January 4 2024.

20 Author's interview with Mignonne Chan, Deputy Director, Taiwan Centre for Security Studies, January 11 2024.

21 Author's interview with Alexander Huang, Special Advisor to the Chairman of the KMT, January 8 2024.

22 Author's interview with Mignonne Chan, Deputy Director, Taiwan Centre for Security Studies, January 11 2024.

plans. Lai and Hsiao will continue to build the US' trust in Lai and his administration as being committed to checking the PRC and supporting the US' goals in the region.²³

The 1992 Consensus

While Beijing had not particularly favoured any of the parties or candidates in Taiwan's election, they held a particular animus for the DPP, particularly given its continuing refusal to agree to the 1992 Consensus which Beijing sees as the basis for discussion and cooperation across the Taiwan Strait and for advancing the PRC's proposition for reuniting the mainland and Taiwan – the 'one country, two systems' formula.²⁴ The 1992 Consensus was a mechanism for the two sides of the Strait to communicate on the basis that while both sides agreed there was 'one China', each side could use its own definition.

Many in the DPP and in the analytical community in Taiwan do not believe that the 1992 Consensus has ever actually existed, as the PRC has consistently rejected the legitimacy and existence of the ROC since 1949.²⁵ Nonetheless, the adoption of the formula by the Ma administration (2008–2016) did allow the development of cooperation across the Taiwan Strait with 23 bilateral agreements concluded on a range of issues from trade to education. PRC authorities also did not oppose the conclusion of free trade agreements (FTAs) between Taiwan and Singapore, and with New Zealand. Taiwan was able to attend the World Health Assembly (WHA) and the International Civil Aviation Organisation (ICAO) without opposition from Beijing during Ma's presidency.²⁶

This era of cooperation ended with the election of the Tsai administration in 2016, which did not accept the 1992 Consensus. Beijing cut off effective cooperation and communication with Taipei over the next eight years.

Since 1999, the DPP has held the position that the ROC has always been sovereign and independent.²⁷ In keeping with this stance, the Lai administration will not accept Beijing's demands for it to accept the 1992 Consensus. Beijing will continue its hard-line position on contact with Taipei for the next four years and it will also continue its use of military harassment and 'grey zone activity' against Taiwan to demonstrate its displeasure to both Taipei and Washington.²⁸

Secret emissaries to the PRC

With the roadblock in cross-Strait relations due to the 1992 Consensus deadlock, Lai may seek to deliver 'under the table' messages to Beijing through a secret but trusted emissary. During her presidency, Tsai on three occasions sent secret envoys to Beijing, including after the Pelosi visit, seeking to reassure the PRC that Taiwan was not moving towards independence. This path had been previously utilised by KMT President Lee Teng-hui in the 1990s. The purpose of these envoys was to avoid misjudgement on either side of the Strait. They were effectively messengers and ad hoc envoys and not empowered to carry out political discussions.²⁹ In order to reduce tensions, Lai may continue this process. However, given the increasingly hard-line position of Xi, it will be difficult if Lai has nothing to offer Beijing.

What could Beijing do?

The PRC's Anti-Secession Law, passed by the National People's Congress in 2005, is the stated basis of the PRC's approach to Taiwan. The law specifically makes the secession of any part of the defined territory of

²³ Author's interview with Alexander Huang, Special Advisor to the Chairman of the KMT, January 8 2024.

²⁴ Author's interviews with Vincent Chao, spokesperson for President-elect Lai Ching-te, January 4 2024; Alexander Huang, Special Advisor to the Chairman of the KMT, January 8 2024; and Su Chi, former Secretary-General of the National Security Council, Republic of China (Taiwan) (2008–2010), January 8 2024.

²⁵ Author's interview with Vincent Chao, spokesperson for President-elect Lai Ching-te, January 4 2024.

²⁶ Author's interviews with Su Chi, former Secretary-General of the National Security Council, Republic of China (Taiwan) (2008–2010), January 8 2024, and Mignonne Chan, Deputy Director, Taiwan Centre for Security Studies, January 11 2024.

²⁷ Author's interview with Vincent Chao, spokesperson for President-elect Lai Ching-te, January 4 2024.

²⁸ Author's interview with Lai I-chung, Chairman, Prospect Foundation, January 4 2024.

²⁹ Author's interviews with Kuo Yu-jen, Director, Institute for National Policy Research, January 8 2024, and Mignonne Chan, Deputy Director, Taiwan Centre for Security Studies, January 11 2024.

the PRC, including Taiwan, unlawful and authorises the use of force by the PRC to prevent any attempt at secession.³⁰ The law has three conditions which will trigger use of force by the PRC:

1. a declaration of independence;
2. chaos in Taiwan; or
3. foreign intervention.

The Tsai administration was careful not to cross these red lines. The Taiwan Centre for Security Studies' Dr Mignonne Chan noted that crossing these red lines would trigger a kinetic military response by the PRC against Taiwan. If these red lines are not crossed, she said, Beijing's response will be primarily political, with the military element restricted to intimidation, given its preference for peaceful reunification over the use of force.³¹

However, in the timeframe following Lai's inauguration in May until the US presidential election in November this year, it is expected that the PRC will ease its pressure on Taiwan as it is not in Beijing's interest to make cross-strait issues key factors in the US' presidential election campaign.³² The US election will be an important factor in the PRC's approach to Lai and Taiwan. Beijing believes that Donald Trump and Joe Biden will have different approaches to Taiwan and prefers to wait until the election has concluded to determine how best these differences can be exploited.³³ As such, Taiwanese political figures and analysts say, it is unlikely that Beijing would take any new action against the Lai administration before November.³⁴

In the longer term, Taiwanese political figures and analysts believe that the PRC will increase coercive actions against Taiwan,³⁵ carrying out more political-military harassment of Taiwan. These operations will likely involve more salient forms of military action. However, while measures involving military assets are inherently dangerous, the chance of an actual PRC-ROC military clash is unlikely given the strong rule of engagement adhered to by both sides' militaries.³⁶ Taiwanese defence analysts have suggested that a clash involving the PLA and another country's military is much more likely in the widely disputed South China Sea than a clash in the Taiwan Strait.³⁷ As time goes on the potential for war could increase, but conflict by 2027, a timeframe flagged by some in the US military leadership, is unlikely³⁸ (see discussion below, 'An invasion by 2027?').

In addition to political-military harassment, the PRC could also increase economic pressure on Taiwan, such as implementing limits on the scope of the Economic Cooperation Framework Agreement (ECFA), a free trade agreement between the PRC and ROC. Taiwan is still benefiting from the ECFA, including many 'green', or DPP-aligned, businesses, although according to one Taiwanese analyst, the DPP does not like to admit this. During the Tsai administration, Beijing chose not to undermine the ECFA, however a boycott of certain targeted goods from Taiwan is now possible as a new step against the Lai administration.³⁹

30 Mission of the People's Republic of China to the European Union, 'Full text of the Anti-Secession Law', March 14 2005 <http://eu.china-mission.gov.cn/eng/more/gs/200503/t20050314_8303591.htm>.

31 Author's interview with Mignonne Chan, Deputy Director of the Taiwan Centre for Security Studies, January 11 2024.

32 Author's interview with Alexander Huang, Special Advisor to the Chairman of the KMT, January 8 2024.

33 Author's interview with Mignonne Chan, Deputy Director of the Taiwan Centre for Security Studies, January 11 2024.

34 Author's interviews with Kuo Yu-jen, Director, Institute for National Policy Research, January 8 2024; and Vincent Chao, spokesperson for President-elect Lai Ching-te, January 4 2024.

35 Author's interview with Alexander Huang, Special Advisor to the Chairman of the KMT, January 8 2024.

36 Author's interviews with Lee Che-chuan, Research Fellow, Division of National Security Research, Institute of National Defense and Security Research, July 5 2023; and Lee Jyun-yi, Associate Research Fellow, Division of National Security Research, Institute of National Defense and Security Research, July 14 2023.

37 *Ibid.*

38 Author's interview with Lai I-chung, Chairman, Prospect Foundation, January 4 2024.

39 Author's interview with Mignonne Chan, Deputy Director, Taiwan Centre for Security Studies, January 11 2024.

Beijing will also continue to pressure Taiwan's 12 remaining diplomatic allies⁴⁰ to change recognition to the PRC, seeking to reduce the number to single figures with eventual goal of eventually leaving Taiwan with zero diplomatic partners. During the Tsai administration, Taiwan lost nine diplomatic allies.⁴¹

An invasion by 2027?

The view from the US

The prospect of a PRC invasion of Taiwan by 2027 or earlier has become a widely discussed issue. Over the past year, a number of senior US military officers have indicated they expected a PRC invasion of Taiwan by 2027 or earlier.⁴² In testimony before the US House of Representatives Armed Services Committee on March 20 2024, then-US Indo-Pacific Command chief Admiral John Aquilino said that 'all indications' suggest that the PRC's military is on track to meet what appears to be a secret directive from Xi to be ready to invade Taiwan by 2027, which Aquilino described as Xi's 'preferred timeline' for annexation.⁴³ American and international media has picked up the US military warnings and have amplified the threat to Taiwan. In addition, many in the American defence, intelligence and think tank communities do not believe that Washington is doing enough to protect Taiwan from potential PRC aggression.⁴⁴

Among the measures suggested to ensure deterrence of the PRC, a common theme is enhanced deterrence by one of two methods: *deterrence by denial* or *deterrence by punishment*. The former involves positioning sufficient forces and weaponry to convince the PRC not to attack Taiwan, the latter is based on persuading Beijing not to attack Taiwan by ensuring the PRC would pay an 'exorbitant price' for war.⁴⁵ Other American analysts, while concerned about PRC aggression towards Taiwan, focus instead on a mixture of 'credible assurance and military threat'.⁴⁶ They conclude that one of the key reasons that the situation is tense in the Taiwan Strait and the threat of war is possible is the absence of such assurances.⁴⁷

The view from Taiwan

Taiwan's government officially remains confident of US political and military support for Taiwan. Foreign Minister Joseph Wu stated that the US is committed to assist Taiwan in the event of a PRC attack.⁴⁸ President Biden has on four occasions stated that the US would defend Taiwan, although 'strategic ambiguity' remains the official policy on defending Taiwan.⁴⁹ Taiwan strengthened its self-defence capability under the Tsai administration with the US providing not only weapons but also training for the ROC military in the US and in Taiwan.⁵⁰ According to Foreign Minister Wu, the US has developed plans to assist Taiwan in view of the fact the PRC is the number one threat facing both Washington and Taipei. Taiwan acknowledges that there are possible distractions from the Indo-Pacific for the US such as the Middle East, Gaza, Iran and increasing Russian success in Ukraine. Notwithstanding all this, the Tsai administration remained confident that US commitment to Taiwan remains strong. Foreign Minister Wu noted that the US has encouraged Taiwan to

40 Taiwan's 12 diplomatic allies are Belize, Eswatini, Haiti, the Holy See, Marshall Islands, Republic of Guatemala, Republic of Palau, Republic of Paraguay, St. Kitts and Nevis, Saint Lucia, St. Vincent & the Grenadines and Tuvalu. See Ministry of Foreign Affairs of the Republic of China (Taiwan), 'Diplomatic allies', April 26 2024 <<https://en.mofa.gov.tw/AlliesIndex.aspx?n=1294&sms=1007>>.

41 Author's interview with Lai I-chung, Chairman, Prospect Foundation, January 4 2024.

42 Courtney Kube and Mosheh Gains, 'Air Force General predicts war with China in 2025, tells officers to prep by firing 'a clip' at a target, and 'aim for the head', *NBC News*, January 27 2023 <<https://www.nbcnews.com/news/amp/rcna67967>>

43 Roxana Tiron, 'China on track to be ready to invade Taiwan by 2027, US says', *Bloomberg*, March 21 2024 <<https://www.bloomberg.com/news/articles/2024-03-20/china-on-track-to-be-ready-for-taiwan-invasion-by-2027-us-says>>; Gabriel Dominguez, 'Will China truly be 'ready' to invade Taiwan by 2027? It's complicated', *The Japan Times*, April 2 2024 <<https://www.japantimes.co.jp/news/2024/04/02/asia-pacific/politics/taiwan-us-china-2027-invasion/>>.

44 Hal Brands, 'Deterrence in Taiwan is failing', *Foreign Policy*, September 8 2023 <<https://foreignpolicy.com/2023/09/08/us-military-deterrence-china-taiwan-war-east-asia/>>

45 *Ibid.*

46 Bonnie Glaser, Jessica Chen Weiss and Thomas Christensen, 'Taiwan and the true sources of deterrence', *Foreign Affairs*, November 30 2023 <<https://www.foreignaffairs.com/taiwan/taiwan-china-true-sources-deterrence>>.

47 *Ibid.*

48 Author's interview with Joseph Wu, Foreign Minister of the Republic of China (Taiwan), July 6 2023 and January 4 2024.

49 Zolan Kanno-Youngs and Peter Baker, 'Biden pledges to defend Taiwan if it faces a Chinese attack', *New York Times*, May 23 2022 <<https://www.nytimes.com/2022/05/23/world/asia/biden-taiwan-china.html>>.

50 Austin Ramzy and Joyu Wang, 'Taiwan acknowledges presence of U.S. troops on outlying islands', *Wall Street Journal*, March 19 2024 <<https://www.wsj.com/world/asia/taiwan-acknowledges-presence-of-u-s-troops-on-outlying-islands-c81c3b6b>>.

strengthen its defence spending and Washington is building a network of partners who will support Taiwan to different extents in the case of a PRC attack, such as Japan, South Korea, the Philippines and 'hopefully Australia and India.'⁵¹

Despite Foreign Minister Wu and the DPP government's optimism of guaranteed US support, some officials and analysts remain uncertain of whether the US would come to Taiwan's aid.⁵² They note that this uncertainty intensified after the US pulled out of Afghanistan and did not deploy ground troops to defend Ukraine following the Russian attack. They suggest that the fear of nuclear war will stop the US coming to Taiwan's defence in the event of a PRC invasion.⁵³

Taiwan has made it clear that it is unwilling to engage in reunification talks or even political exchanges on Beijing's terms. It is also significantly wary of Beijing's grey zone activities. Despite US military and media commentary linking an invasion of Taiwan to the Russian invasion of Ukraine, few in Taiwan see the Ukraine war as analogous to Taiwan's situation.⁵⁴ An important factor is that invading Taiwan would be markedly difficult due to the problem of successfully crossing the Strait, not to mention a US intervention in the Strait.⁵⁵ However, there is concern that a Russian victory might embolden Beijing to take stronger military action against Taiwan.⁵⁶

The majority of Taiwanese politicians, officials, analysts and academics view an invasion by 2027 as unlikely. Many see the real threat to Taiwan is not an invasion by 2027 but PRC 'Trojan horse' activities inside Taiwan. Beijing is focused on winning without fighting. Its military operations in August 2022, following the visit by US House of Representatives Speaker Nancy Pelosi, included numerous instances of People's Liberation Army Air Force (PLAAF) aircraft and People's Liberation Army Navy (PLAN) ships entering Taiwan's airspace and water leading to the simulation of a 'blockade' on Taiwan. These actions were a demonstration to Taipei and Washington that Beijing has the capability and intention to punish Taiwan. This does not mean that an attack is imminent. Nonetheless, Taiwanese analysts concur that Taiwan must be ready to defend itself against grey zone, cyber or military attacks.

According to the Institute for National Policy Research's Professor Kuo Yu-jen, the Taiwanese national security establishment is most worried in 2024 not by the PRC's military exercises and demonstrations in the Strait and Taiwan's Air Defence Identification Zone (ADIZ) since the Pelosi visit in 2022, but by PRC cyber-attacks, some of which have not been made public. Beijing is confident that it has successfully infiltrated much of Taiwan's society and even its military.⁵⁷ Cyber-attacks, harassment and military actions just short of war make up the arsenal of grey zone activities conducted by the PRC.

A senior Taiwanese official stated that Beijing has carried out cyber-attacks on Taiwan and has used social media to run a series of alarmist rumours in Taiwan to cause social dislocation and discord and to influence the presidential election.⁵⁸ One example was a rumour before the election that Lai Ching-te had three mistresses and had fathered illegitimate children.⁵⁹ Another was a rumour that Washington had secretly told the Tsai administration that it would not defend Taiwan.⁶⁰ Other grey zone activities are apparent in the South

51 Author's interview with Joseph Wu, Foreign Minister of the People's Republic of China (Taiwan), July 6 2023 and January 4 2024.

52 Author's interviews with Su Chi, former Secretary-General of the National Security Council, Republic of China (Taiwan) (2008-2010), July 7 2023 and January 8 2024.

53 Author's interviews with Lee Jun-yi, Associate Research Fellow, Division of National Security Research, Institute of National Defense and Security Research, July 14 2023; and Su Chi, former Secretary-General of the National Security Council, Republic of China (Taiwan) (2008-2010), January 8 2024.

54 Author's interview with Su Chi, former Secretary-General of the National Security Council, Republic of China (Taiwan) (2008-2010), January 8 2024.

55 Author's interview with Kuo Yu-jen, Director of the Institute for National Policy Research, January 8 2024.

56 Edward Wong, 'Taiwan's top diplomat says US aid to Ukraine is critical for deterring China', *New York Times*, March 28 2024 <<https://www.nytimes.com/2024/03/28/us/politics/taiwan-china-ukraine-aid.html>>.

57 Author's interviews with Kuo Yu-jen, Director, Institute for National Policy Research, July 13 2023 and January 8 2024.

58 Author's discussion with a senior Taiwan official who requested anonymity.

59 Author's interview with Vincent Chao, spokesperson for President-elect Lai Ching-te, January 4 2024.

60 Author's interview with Kuo Yu-jen, Director, Institute for National Policy Research, July 13 2023.

China Sea such as blocking manoeuvres, including the deployment of water cannons, against Filipino vessels and the harassment of Taiwanese vessels off Kinmen.⁶¹

A PRC invasion of Taiwan by 2027 is primarily the concern of US generals and admirals and the media. Many Taiwanese analysts and journalists have doubts about the likelihood of an invasion by 2027, putting the US military assessments down to a mixture of desire to display US military dominance and a desire to secure further funding from Congress.⁶² They believe the US remains committed to defending Taiwan.⁶³ However, a Trump victory in the 2024 presidential election could potentially make the cross-Strait calculus uncertain. Trump has no record of support for Taiwan and has displayed a transactional approach to diplomacy while in office, leaving Taipei concerned about a re-elected President Trump's commitment to Taiwan's security and interests. Indeed, Trump is on record as saying that 'Taiwan stole the US's semiconductor business' and that he would cripple the Taiwan Semiconductor Manufacturing Company, which produces about 90 percent of the world's super-advanced semiconductor chips⁶⁴ with tariffs if re-elected.⁶⁵

Re-unification? When?

While many of Taiwan's political elite acknowledge the long-term goal of the PRC to achieve unification of Taiwan with the mainland, they do not see it as imminent or an urgent task for Xi. Xi controls the Chinese Communist Party (CCP) and does not need a success such as victory over Taiwan to claim his fourth term as General Secretary in 2027.⁶⁶ Taiwanese analysts note that Xi's political power is overwhelming and that the CCP is stable – there is no internal political struggle.⁶⁷

Former Taiwanese foreign minister (2016–2018) David Lee noted that Xi is committed to 'peaceful reunification' because he knows the PRC is not sure to win – the PLA is untested in a war with the US.⁶⁸ Foreign Minister Joseph Wu was similarly of the opinion that Beijing would most likely only act militarily against Taiwan if they were sure it could win.⁶⁹ The PRC is willing to be patient and only act in extreme cases such as a declaration of Taiwan independence. In Beijing's calculations, a war over Taiwan would be a risky proposition and potentially highly costly and damaging to the PRC economy. The uncomfortable continuation of the status quo for Taiwan for the foreseeable future is expected.

What does a Lai presidency mean for Australia?

On January 14 2024, Australia's Department of Foreign Affairs and Trade (DFAT) released a statement congratulating Lai on his victory. The statement also congratulated 'the people of Taiwan on the peaceful exercise of their democratic rights.' It went on to say that 'the smooth conduct of the elections is a testament to the maturity and strength of Taiwan's democracy'.⁷⁰ It is notable that the statement was published by the department rather than the Australian Foreign Minister. Nonetheless the statement attracted criticism from Beijing and the PRC embassy in Australia.⁷¹ Previous Taiwan presidential elections, between 2012 and 2020,

61 Author's interviews with Kuo Yu-jen, Director, Institute for National Policy Research, July 13 2023 and January 8 2024.

62 Author's discussion with a senior Taiwan official who requested anonymity.

63 Author's interviews with Kuo Yu-jen, Director, Institute for National Policy Research, July 13 2023 and January 8 2024.

64 Eric Cheung, Will Ripley and John Mees, 'Everyone wants the latest chips. That's causing a huge headache for the world's biggest supplier', *CNN*, March 22 2024 <<https://edition.cnn.com/2024/03/22/tech/taiwan-tsmc-talent-shortage-training-center-intl-hnk/>>.

65 Judy Lin and Bryan Chuang, 'Trump accuses Taiwan of taking away America's semiconductor business', *DigiTimes Asia*, July 18 2023 <<https://www.digitimes.com/news/a20230718PD207/ic-manufacturing-semiconductor-industry-us-taiwan-trade.html>>.

66 Author's interview with Kuo Yu-Jen, Director, Institute for National Policy Research, July 13 2023 and January 8 2024.

67 Author's interviews with Lee Jyun-yi, Associate Research Fellow, Division of National Security Research, Institute of National Defense and Security Research, July 14 2023; and Kuo Yu-Jen, Director, Institute for National Policy Research, July 2023 and January 8 2024.

68 Author's interview with David Lee, former Foreign Minister of the People's Republic of China (Taiwan), July 7 2023.

69 Author's interview with Joseph Wu, Foreign Minister of the People's Republic of China (Taiwan), July 6 2023.

70 Australian Government Department of Foreign Affairs and Trade, 'Taiwan elections,' media release, January 14 2024 <<https://www.dfat.gov.au/news/media-release/taiwan-elections>>.

71 Daniel Hurst, 'China lodges protests at Australia's response to Taiwan's presidential election', *The Guardian*, January 17 2024 <<https://amp.theguardian.com/australia-news/2024/jan/17/china-protest-australia-response-taiwan-presidential-election-xiao-qian>>.

had been marked by messages of congratulations not from Canberra but from the Australian representative in Taipei.⁷²

Lai's election will likely cause potential difficulties for Australia-Taiwan relations. The PRC will continue to pressure Australia to limit its dealings with Taipei. The fact that Lai's administration is a third-term DPP government and that Beijing views him as a potential independence advocate could mean that the PRC will expect Australia and other countries to follow its lead of opposing and pressuring Lai. There could be less room for manoeuvre for Australia in its dealings with Taiwan.

PRC Foreign Minister Wang Yi reiterated Beijing's strong opposition to any contact with Taiwan in his meeting with Australian Foreign Minister Penny Wong on March 20 this year.⁷³ The increased cross-Strait tension flowing from a third DPP term brings into consideration for Australia a range of issues, such as how to navigate Australia's one China policy, defence and security considerations in the Indo-Pacific, trade, Taiwan's request to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), a bilateral FTA with Taiwan and how to handle Taipei's desire for greater diplomatic space.⁷⁴ It is therefore important to understand how the election results and Beijing's and Washington's reactions will play out as they will have a profound impact on how Australia positions itself. The potential re-election of Trump as US president adds further uncertainty to how Australia manages cross-Strait relations.

Part 2 of this UTS:ACRI Analysis series will discuss how Australia can negotiate its one China policy, trade interests, Taiwan's request to join the CPTPP, the prospects of a bilateral FTA with Taiwan and how Canberra might respond to Taipei's desire for greater diplomatic space.

Conclusion

Taiwan, Australia and the region are in for a relatively rocky period. Taiwan is ready to defend itself and looks to the US for support but does not expect an imminent invasion by the PRC. Nonetheless, the election of the DPP for a third term is likely to result in no easing of Beijing's political and military pressure on Taiwan. While continued military pressure poses risks, both sides of the Taiwan Strait have so far avoided clashes, and despite media and US military predictions of an invasion by 2027 or earlier, there is no indication that a cross-Strait war is imminent. Should such an invasion occur, the US could be dragged into the fray, with President Biden stating that the US will defend Taiwan, an assurance that Taiwan's government accepts. Yet there remain doubts among Taiwan's elite about US commitment to defend Taiwan in the event of a full-scale kinetic war given the high human costs and the potential for nuclear escalation.

The 2024 US election introduces an additional element of uncertainty. The PRC will hold off stepping up action against Taiwan until after the election, not wanting to become the focus of the campaign and its debates. Taipei worries about a Trump presidency and the uncertainty he brings to the relationship and lack of commitment to Taiwan's status and defence.⁷⁵ Trump has exhibited little sympathy or regard for Taiwan and his previous diplomacy has been transactional, suggesting he could cut a deal with Beijing, leaving Taiwan in the cold. A Trump presidency would also complicate Canberra's planning regarding cross-Strait relations.

A war would not be in the interest of the PRC, Taiwan and the US and its allies including Australia. Beijing's primary goal is peaceful reunification, unless Taiwan moves towards independence. The PRC will not back down from its pressure on Taiwan to prevent independence and promote unification. There is little or no desire in Taiwan for a move to re-unification. The Taiwanese also know that a declaration of independence would result in a catastrophic war. Taiwan is likely to remain de facto independent for the foreseeable future but

⁷² The author, in his role as Australian representative in Taipei, released a statement welcoming election result at the 2012 presidential election.

⁷³ Author's discussions with Australian Government Department of Foreign Affairs and Trade officers and Australian journalists, March 21 2024.

⁷⁴ Taipei uses the expression 'diplomatic space' to describe the ability of Taiwan to participate in international and regional organisations and to develop relations diplomatic or unofficial with other countries.

⁷⁵ Judy Lin and Bryan Chuang, 'Trump accuses Taiwan of taking away America's semiconductor business', *DigiTimes Asia*, July 18 2023 <<https://www.digitimes.com/news/a20230718PD207/ic-manufacturing-semiconductor-industry-us-taiwan-trade.html>>.

under persistent and severe pressure from Beijing. It will not, however, be a comfortable status quo for Taiwan under PRC pressure, intimidation and diplomatic siege.

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During his career with DFAT, among other jobs Mr Magee headed up the areas dealing with both China and with Russia. He also led the Taskforce that established the National Foundation for Australia China Relations and was the interim CEO of that organisation.

He holds B.A. (Hons) and LLB degrees from Monash University and was recognised by Monash University in 2011 as a Monash University Distinguished Alumni. In 2013, he was recognised by the Taipei Language Institute as a TLI Outstanding Alumni. In 1992, he was appointed a United Nations Fellow and spent half a year based in Geneva and New York.