

TAIWAN DILEMMA: A FLASHPOINT FOR THE GLOBAL PEACE

*Aamir Hussain Khan**

Abstract

With its multilayered complexities, Taiwan is not just a contentious issue but a potential flashpoint for war between China and the United States (US). Since 1949, Taiwan's politics has oscillated between its unique status of UNSC's permanent membership and veto power to its present status of de facto sovereignty. Despite losing its UN membership in 1971, Taiwan maintains a de facto sovereign status, which can lead to conflict at any moment. China, the US, and Taiwan maintain conflicting views over the future status and resolution of the Taiwan issue. Taiwanese prefer independent and separate identity. China demands Taiwan's reunification with the mainland. The US pursues an unclear policy of whether, in case of aggression from China on Taiwan, the US would defend Taiwan or not. While there has been relative peace, China's rapid rise, Taiwan's preference against unification, declining US deterrence, and ongoing Sino-US major power rivalry increase the likelihood of forceful unification. The US policy of "Strategic Ambiguity"—an acknowledgement of the One-China policy and commitment to Taiwan's defence—further exacerbates the risk of war over Taiwan.

Keywords: Taiwan, Sino-US Power Contestation, Taiwan Strait, Strategic Ambiguity.

Introduction

Taiwan, part of Imperial Japan until 1945, emerged as a contentious issue between China and the US soon after the arrival of Kuomintang in 1949. China, Taiwan, and the US hold divergent views and conflicting interests on the Taiwan issue. Moreover, the triangular nature of this conflict defies easy resolution. Because of these intricacies, Taiwan has become one of the world's most challenging and complicated disputes.

The US supported the Nationalists against the Communists in China's civil war. After being defeated by the CCP, Chiang Kai-shek and the Kuomintang fled to Taiwan and established the Republic of China (ROC). Since then, Taiwan has remained a constant source of tension in the Taiwan Strait.

Until 1971, Taiwan was not only a legitimate member of the United Nations (UN) but was also a permanent member of the UNSC—the most powerful organ of the world body. However, due to the Sino-US case in October 1971, the PRC was admitted

*Aamir Hussain Khan is a PhD Scholar at the University of Karachi. The author can be reached at ahkhan24@gmail.com.

as a legitimate member of the UN, leading to the expulsion of Taiwan as a UN member.¹ As a precondition set by the PRC, the US broke official diplomatic relations with China, abrogated MDT, and withdrew its military personnel from Taiwan. However, the US Congress enacted the Taiwan Relation Act (TRA) to protect Taiwan, maintain relations, and provide weapons for Taiwan's defence.

Even without UN membership and international recognition, Taiwan maintains a separate and de facto sovereign status. Moreover, Taiwan maintains strong military forces that can deter external threats to Taiwan's special status. Since democratisation in 1996, the Taiwanese population's preference has moved away from reunification and independence. This shift has further complicated prospects for peaceful resolution and increased the chances of violent conflict.

Under the One-China principle, the PRC considers Taiwan a breakaway province that must integrate with the mainland. While China desires peaceful unification of Taiwan with the mainland, the Chinese leadership does not rule out the possibility of using force if efforts for peaceful reunification fail.

The Joint Communiques and the TRAs guide US policy on Taiwan, referred to as "Strategic Ambiguity." Although the US is not a party to the conflict, it cautions both sides against changing the status quo by force.

Moreover, Taiwan's geostrategic location and economic and military significance make it important for China and the US. Its unification with China would increase China's relative power, enhance China's operational reach beyond the first islands chain, and elevate China's status as a rising global power. Conversely, Taiwan's reunification with China would diminish the US traditional role in the Indo-Pacific and reinforce the perception of the US decline as a global hegemon.

This article aims to thoroughly explore the intricacies of the Taiwan issue, examining whether the conflict surrounding this contentious matter can be effectively managed through peaceful means by the two global powers or if the disagreement between these great powers is poised to escalate into a major conflict or even war over Taiwan.

The repercussions of the Taiwan dispute extend beyond mere tension, significantly widening the trust gap between China and the US. Moreover, this ongoing disagreement is a formidable barrier, impeding the potential for cooperation between these two influential global players. As this paper explores the complexities of the Taiwan question, a deeper understanding of the historical, political, and strategic dimensions becomes essential for assessing the prospects of peace and stability in the region.

The Historical Context

Historically, Taiwan has witnessed a complex interplay of great powers' involvement and geopolitical shifts. Until 1895, Formosa (the historical name of Taiwan) remained under the control of the Qing dynasty. Japan defeated China in the Sino-Japanese War of 1895. As a result, on 17 April 1895, the Treaty of Shimonoseki was signed between Japan and China, concluding the war.² As per the treaty, China ceded control of Taiwan to Japan.

Due to Chiang Kai-shek's unwavering support for the US war efforts in the Pacific, President Roosevelt and President Truman supported Taiwan's return to the Republic of China at the Cairo and the Potsdam conferences. After Japan's surrender in 1945, Taiwan reverted to China.³ Consequently 1951, Japan formally surrendered its claim over Taiwan in San Francisco. However, the island's further transfer to the new owner remained ambiguous. Based on this ambiguity, the US holds that "Taiwan's legal status has not yet been determined".⁴

Post-World War II Sino-US-Taiwan relations were shaped by US support to the Kuomintang (KMT) and the Korean War. Following the defeat of the KMT in the Chinese Civil War, the ROC retreated to Taiwan while the PRC emerged as the sole representative of the Chinese on the global stage. However, the US continued to support Chiang Kai-shek and recognised its government in Taiwan as the Republic of China (ROC). US support and recognition of the Nationalist government, even after their decisive defeat by the Communists, angered Mao Zedong and his followers.⁵

The dismal performance of KMT and the rising support of the CCP compelled the Truman Administration to review support for Chiang Kai-Shek. While the Truman Administration considered withdrawing its support from KMT and aligned with the CCP, the Korean War broke out, changing the US-CCP rapprochement dynamic.⁶ As a consequence of the PRC's support of North Korea in the Korean War, the US considered Taiwan as its strategic leverage against China. It continued to support the ROC as a legitimate government of China.⁷ As a result, the US withheld recognition of the PRC for thirty years.

The Korean War solidified US-Taiwan relations and deepened mistrust between China and the US. During the Korean War, the CCP intended to invade and reunite Taiwan with mainland China. President Truman deployed the 7th fleet in the Taiwan Strait and prevented both China and Taiwan from doing so by unilaterally altering the status quo. Because of the Korean War, the US signed a Mutual Defence Treaty (MDT) with the ROC in 1954. Though terminated in 1979, this treaty laid the foundation for continued US interests in Taiwan's security.

In the 1970s, the US recognised the PRC and established official diplomatic relations (See Table 1). As a precondition for establishing formal ties between China and the US, China demanded the US to break official relations with the ROC, withdraw all its troops from Taiwan, and terminate the MDT with the ROC.⁸ As a

result, the US accepted China's demands, broke diplomatic ties, and withdrew its recognition of the ROC. The US committed to the One-China policy and acknowledged Taiwan as part of China.

Finally, in 1979, due to the Sino-US rapprochement, the US recognised the PRC as a member of the UN and a permanent member of the UNSC with veto power. However, the US maintained unofficial relations with Taiwan, guided by the TRA. Accordingly, in Resolution 2758, the UNGA restored the PRC's UN membership and expelled the ROC and all its organisations from the UN.⁹

Strategic Significance of Taiwan

Taiwan holds strategic importance for both China and the US. Geopolitically, Taiwan's location in the Taiwan Strait provides a crucial buffer for US influence in the Pacific region. Its proximity to vital maritime routes and its economic significance make Taiwan an important factor in maintaining the balance of power in the area. For China, the reunification of Taiwan represents the realisation of a longstanding territorial claim and the elimination of a perceived challenge to its national integrity.¹⁰ The strategic significance of the Taiwan issue elevates it beyond a mere regional dispute to a critical factor in the global power dynamics.

Table 1: Major Events in Taiwan Strait and US-Taiwan Relations

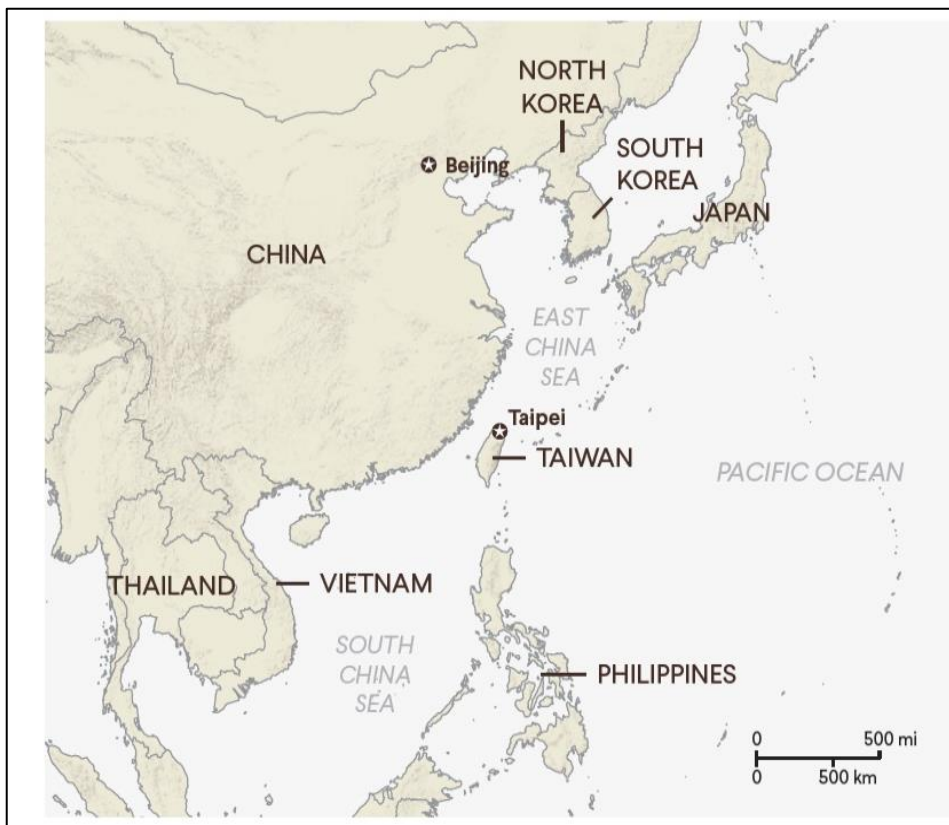
Year	Detail of Major Events
1949	<ul style="list-style-type: none"> Establishment of the PRC under Mao Zedong. Chiang Kai-shek moves to Taiwan
1950	Outbreak of Korean War, Deployment of Seventh Fleet into Taiwan Strait
1954	<ul style="list-style-type: none"> PRC launches fire attacks on Kinmen, leading to the "First Taiwan Strait Crisis". The US and the ROC signed a Mutual Defence Treaty (MDT).
1958	China attempts an amphibious landing, leading to the Second Taiwan Strait Crisis. The US Navy assisted Taiwan in resupplying offshore islands.
1970	Kissinger visits China for rapprochement with the PRC.
1971	President Nixon visited China, and the US and China issued the Shanghai Communiqué.
1979	<ul style="list-style-type: none"> China and the US establish diplomatic relations, and the US breaks ties with the ROC and abrogates the MDA. Congress enacts TRA, and the President signs it into law
1987	Martial Law was lifted in Taiwan, and the democratisation process began.
1995	Third Taiwan Strait Crisis: Taiwanese President Lee's speech at Cornell University
1996	First presidential elections in Taiwan.
2000	Taiwan's DPP assumes power in Taiwan for the first time.
2008	President Chen is seeking a referendum for UN membership, and China and the US strongly object.

2008	President Ma seeks reproachment with the PRC, based on the 1992 Consensus.
2016	President Xi Jinping wants to achieve Taiwan’s unification by 2049.
2022	House Speaker Nancy Pelosi’s visits and escalation in the Taiwan Strait
2023	US Assessment: Xi plans for Taiwan’s invasion by 2027

Adopted From: CFR Research

Apart from its geopolitical importance, Taiwan holds technological and economic significance. Controlling Taiwan would provide a substantial advantage in the technology race, potentially reshaping the global landscape. The island’s strategic importance is linked to its economic contributions, making Taiwan an essential focal point for technological dominance between China and the US. This financial leverage enhances Taiwan’s resilience and makes it a key player in the broader economic competition between China and the US.

Figure 1: Map of Taiwan and Surrounding Region

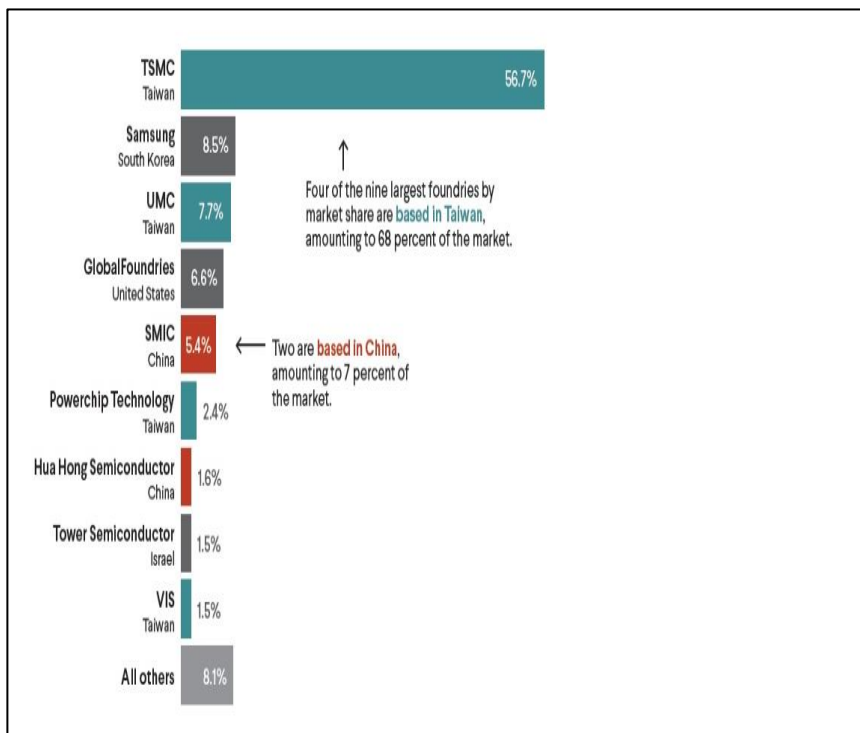


Source: CFR Research 2023

Militarily, Taiwan’s strategic location in the first island chain and its robust defence capabilities present challenges for any potential aggressor (See Figure 1). The US commitment to Taiwan’s defence further complicates the military calculus. For the US, maintaining Taiwan’s autonomy is a matter of regional stability and a strategic imperative to counterbalance China’s growing influence. The military leverage embedded in Taiwan’s capabilities shapes the power dynamics in the Indo-Pacific and influences the broader strategic calculations of both China and the US.

Taiwan’s solid economic power has made it an important international partner for most world powers. As the largest producer of semiconductors globally, Taiwan plays a significant role in the tech supply chain. Due to its technological advancement, Taiwan has become the hub of the semiconductor industry. For instance, Taiwanese companies hold 68 per cent of the semiconductor manufacturing share in the global market (See Figure 3). Likewise, Taiwan Semiconductor Manufacturing Company (TSMC) is the world’s largest contract chipmaker, contributing to approximately ninety per cent of cutting-edge semiconductor production globally.¹¹ Moreover, China highly depends on chips manufactured in Taiwan for domestic and export-oriented demand. For instance, in 2022, China’s semiconductor imports from Taiwan touched US\$415 billion.¹²

Figure 2: Market Share of Semiconductor Foundries, 2021



Source: CFR Research 2023

Taiwan's unification with China can pose significant strategic security problems in the Indo-Pacific. Taiwan's return to China would diminish US influence and dominance in the region. According to Bellocchi, "physical control of Taiwan would provide the People's Republic of China a geographic wedge between the two US allies [Japan and the Philippines] and a gateway to the open ocean and would, by default, deny a counterforce from utilising Taiwan's proximity to China as a military staging ground".¹³ Additionally, the US and its allies would experience a tangible loss of leverage in the Indo-Pacific, coupled with potential emotional repercussions affecting trust among Pacific allies and partners. Conversely, as part of China, Taiwan would expand China's land territory, EEZ, and accompany land and underwater mineral resources.

Taiwan is necessary for the US to contain China, project its power in the Pacific, and provide security to its traditional regional allies.¹⁴ According to the *Council on Foreign Relations* (CFR) report, "The US has critical strategic interests in the Taiwan Strait. If China were to successfully annex Taiwan against the will of the Taiwanese people, doing so on the heels of Russia's invasion of Ukraine, it would severely undermine international order by again demonstrating that countries can use coercion or force to redraw borders unilaterally".¹⁵ The report states if China were to station its military on the island, the US would find it far more difficult to project power, defend its treaty allies, and operate in international waters in the Western Pacific. US influence would wane because its allies would question US commitment to their defence and would either accommodate China or pursue strategic autonomy".¹⁶ To protect its strategic interests, the US would not hesitate to use force to prevent Taiwan's loss to China.

China's Unyielding Claim on Taiwan

China claims that Taiwan is part of the PRC and strives for its peaceful unification with mainland China. Moreover, China maintains that its commitment to unifying Taiwan with the mainland is uncompromising and non-negotiable. Despite China's economic and trade ties with Taiwan, it has maintained an unbending stance on Taiwan's status.¹⁷ China, through its military, financial, and diplomatic influence, has prevented Taiwan from declaring formal independence and, simultaneously, has discouraged both regional and global actors from officially recognising Taiwan as an independent country. This multifaceted approach underscores China's firm stance on Taiwan, which remains a prominent and complex aspect of its foreign policy.

During negotiations with former president Nixon, Chinese leadership remained undeterred and inflexible over its One-China principle. Due to its uncompromising stance, China took seven years to finally sign a Joint Communiqué with the US. As a manifestation of China's firm stance over the issue of Taiwan, the Chinese leadership has unequivocally expressed that any attempt by Taiwanese leadership to alter the status quo unilaterally would trigger a strong and potentially forceful response from China.¹⁸ Moreover, Beijing has issued a stern warning to

Taiwanese authorities, indicating the possibility of employing force if peaceful reunification efforts fail.¹⁹

China's claim over Taiwan is deeply rooted in historical narratives and notions of national sovereignty. The Chinese government perceives Taiwan as a "core issue" and an inherent part of its territorial integrity. The unyielding position, backed by a commitment to the One-China principle, shapes China's foreign policy and has significant regional peace and stability implications. The complexities of historical grievances, national pride, and strategic interests converge in China's assertive stance on Taiwan.

US Policy of Strategic Ambiguity

The US strategic ambiguity, a key element in its Taiwan policy since 1972, is a complex balancing act in the delicate relationship between China, Taiwan, and the US. The intentional ambiguity, initiated by former US Presidents Truman and Eisenhower, keeps both China and Taiwan uncertain about how the US would respond to various scenarios, contributing to an unclear and ambiguous US policy.²⁰ Despite remaining committed to the One-China policy, the US has also pledged to safeguard Taiwan's special status through the TRA, leading to tensions and policy complexities. This policy of strategic ambiguity, akin to the diplomatic balancing act, provides the US with flexibility in its engagement with Taiwan while avoiding confrontation with China.

The TRA, acting as a legal framework, emphasises the commitment to maintaining peace and stability in the region. According to the TRA, Taiwan's defence is not binding upon the US; however, the act offers the President of the US the option to send US military forces to defend Taiwan against China.²¹ The TRA thus presents a complex scenario where US commitment is flexible, and decisions are contingent on the evolving situation in the Taiwan Strait—leaving both China and Taiwan guessing about the US response towards the defence of Taiwan.

Amid the process of Sino-US rapprochement, the US made specific commitments concerning Taiwan. These commitments included derecognising Taiwan, withdrawing stationed military forces, and breaking diplomatic contacts. These commitments triggered a rift between the US and Taiwan. However, congress enacted the Taiwan Relations Act to provide legal cover for maintaining trade relations, including arms sales for Taiwan's defence. As a result of the Sino-US rapprochement, the US does not support an official embassy or diplomatic staff in Taiwan; however, these functions are performed by the American Institute in Taiwan (AIT).²² This shift underscores the complex nature of diplomatic engagements and the strategic decisions made considering the evolving geopolitical situation.

The US One-China policy, reinforced by three communiqués issued in 1972, 1978, and 1982, explains its policy towards Taiwan and China. On the one hand, the joint communiqué reaffirms US support for the One-China policy while committing

“not to interfere in internal Chinese affairs and to limit and ultimately reduce US arms sales to the Taiwanese”.²³ On the other hand, the US vows to protect Taiwan’s special status through the TRA, creating an intricate dichotomy.²⁴ This strategic ambiguity serves as a dual deterrence, keeping China and Taiwan cautious about altering the status quo yet generating a sense of uncertainty.

A critical analysis of the TRA and the three communiqués reveals inherent tension and contradiction in US policy towards Taiwan and China. Ted Galen Carpenter, in *America’s Coming War with China: A Collision Course over Taiwan*, has neatly explained this dichotomy:

*The two new communiqués and the TRA would institutionalise a tension—if not an outright contradiction—in US policy toward Taiwan and China. The rhetoric of the two communiqués, each signed by a US president and Chinese premier, appeals to both the PRC and those Americans who believe Taiwan should take more responsibility for its defence instead of relying on the US. For the Taiwanese and those Americans who say that the US must intervene in any PRC–Taiwan conflict, the TRA has provided an argument for their position. During the last few decades, US policy has vacillated between emphasising the TRA (pleasing the Taiwanese) and emphasising the communiqués (pleasing the PRC). As a result, when viewed as a whole, US policy has appeared unclear and sometimes mystifying to the parties involved.*²⁵

The intricacies of US strategic ambiguity extend beyond the policy, influencing diplomatic interactions, military posturing, and regional alliances. Since its formulation, successive US administrations have faced the dilemma of steering this complex policy, requiring complex diplomatic manoeuvrings to avoid inadvertent escalations while safeguarding American interests in the Indo-Pacific region. Additionally, this policy leaves US Pacific allies uncertain about the level of US commitments towards the defence of Taiwan, particularly in case of cross-strait invasion by China. The “Strategic Ambiguity” policy has faced severe criticism for being outdated and failing to address the contemporary geopolitical environment effectively.

Some experts argue that the US needs to replace its “Strategic Ambiguity” policy with “Strategic Clarity” because the current policy creates uncertainty that could cause war due to miscalculations and misinterpretation by both China and Taiwan.²⁶ The proponents of this policy argue that the US needs to make its commitments to Taiwan’s defence more explicit to deter a more aggressive and determined China under Xi Jinping.

The Dilemma for the US

Taiwan is integral to the overall US security architecture in the Indo-Pacific, and evolving dynamics pose a multifaceted dilemma for US policymakers. Jonathan Sullivan says the US policy on Taiwan revolves around “maintaining a peaceful security

environment in the Western Pacific and productive relations with both the PRC and Taiwan”.²⁷ The strategic significance of defending Taiwan’s unique status is not only rooted in its military and economic importance. Still, it is also integral to the US status as a global hegemon. Moreover, the US has extended security guarantees, including extended nuclear deterrence, to its treaty allies against potential nuclear threats from China or North Korea.²⁸ Failing to defend Taiwan could result in less committed allies in the Indo-Pacific either bandwagoning with China or adopting a neutral stance in the global power competition. This shift would seriously affect US relative power in the Indo-Pacific, leading to the collapse of US security architecture.

The prospects of unilateral actions by China or Taiwan to alter the status quo present a severe dilemma for the US administration. It forces a crucial decision between supporting Taiwan and risking an all-out war with China or staying neutral and potentially witnessing adverse consequences for the overall security interests of the US and its allies.²⁹ The increasing belief among Taiwanese leaders that the US would intervene in the event of a conflict raises the likelihood of war due to miscalculation because this belief would encourage Taiwanese leadership “to pursue more aggressive policies toward independence,”³⁰ which may trigger a war between China and Taiwan, pulling the US into the conflict inadvertently.

Taiwan’s considerable military and economic capabilities are a significant deterrent against China. However, the gap between the PLA and Taiwanese military forces has significantly widened in China’s favour. This shift encourages Chinese leaders to use force to unify Taiwan. Presently, without US support, Taiwan cannot defend itself against China.

Taiwan’s democratisation process adds another layer to the complex relationship between the US and Taiwan. Initially supported for strategic balance in the 1950s and 1960s, Taiwan’s democratisation in 1996 introduced four stakeholders to the Taiwan conflict: China, the US, Taiwan, and the Taiwanese population. The new shift in Taiwan’s political landscape further complicates the resolution of the Taiwan dispute because the involvement of the Taiwanese population would put pressure on both the Taiwanese government and the US Congress to respect their democratic aspirations for independence, unification, or maintaining the status quo.

Taiwanese Aspirations and Path Ahead

In the complex geopolitical environment, Taiwan has wisely steered its complex policy by maintaining the delicate balance between enduring the status quo, pursuing independence, or weighing in on unification with China. Since the relocation of the ROC to Taiwan, there has been an undeterred commitment among the Taiwanese population to maintain their separate identity. Initially, the Taiwanese maintained some level of support for integration with the mainland, but this openness has also significantly declined due to the decreasing population with mainland connections.

The preference for maintaining the status quo and separate identity has been a consistent objective, indicating a cautious approach to avoid tensions and conflict with China. However, in 1996, Taiwan's first presidential elections were held. This transition from authoritarianism to democratisation shifted public opinion in favour of the status quo and away from independence and unification with the mainland.³¹ Apart from democratisation, the Chinese handling of Tibet and Hong Kong also contributed to the declining support among the Taiwanese for unification.³²

Prospects for Peace and Stability

Since 1949, Taiwan's political landscape has been marked by heightened tension and military standoffs, triggering strong reactions from both China and Taiwan, backed by the US. These tensions underscore the fragility of the existing status quo and the potential for the Taiwan issue to erupt into a full-blown crisis. For instance, in 1996, tensions escalated during Taiwan's first presidential elections due to fears of the Taiwanese leaders' possible declaration of independence. This led to the PLA's military exercises and missile tests, bringing the two nations to the brink of conflict. More recently, in 2022, House Speaker Nancy Pelosi's visit to Taiwan triggered live-firing exercises and mobilisation of the PLA.³³

Due to the complex nature of the Taiwan issue and the surrounding mistrust, the prospects for a peaceful resolution of the Taiwan issue appear bleak for several reasons. First, the US military edge, which previously restrained China against using force through effective deterrence, has declined. This decline has made restraint a less attractive option for China. Second, the modernisation of the PLA and the narrowing gap between US and Chinese military capability has shifted the power balance in China's favour, reinforcing Chinese leaders' thinking about their ability to achieve quick success in a cross-strait invasion.³⁴ Finally, the rising preference among Taiwanese for maintaining the status quo vis-a-vis their declining interest in unification has pushed Chinese leaders to expedite unification through force.

Moreover, the centrality of Taiwan to the security, economic, and political interests of China and the US underscores the considerable risk of conflict. For instance, the former commander of the US Pacific Command, Admiral Philip Davidson, told US Congress in March 2021 that "China's threat to Taiwan could manifest 'in the next six years'".³⁵ Likewise, the *Annual Threat Assessment from the US Intelligence Community* views Taiwan as a "significant flashpoint for confrontation between the PRC and the US".³⁶ The report further reveals that "the People's Republic of China (PRC) will press Taiwan on unification, an effort that will create critical friction points with the US".³⁷ Such assessments from important and credible government sources further complicate prospects for a peaceful negotiated settlement.

The conflicting interpretations of the One-China policy by the US, China, and Taiwan would "risk pushing Beijing towards considering armed attack as the only pathway to Cross-Strait unification".³⁸ The US and Taiwan take a different and more

flexible interpretation of the One-China Policy, as opposed to China's One-China Principle, which considers Taiwan a renegade province of China and that its unification with the mainland is not only inevitable but is China's internal matter. Consequently, China views continuing the status quo or any move towards Taiwan's independence as significant obstacles to its goal of national rejuvenation and a critical issue of national sovereignty and territorial integrity.³⁹

Taiwan Issue: Implications for the Regional Countries

The Potential conflict over Taiwan between the US and China would have severe repercussions for the regional countries, specifically the US Pacific allies. The conflict in the Taiwan Strait would present a severe dilemma for the regional governments in deciding whether to support the US or China. US allies such as South Korea, Japan, Australia, the Philippines, and Singapore would face grave consequences regardless of their choice. Supporting the US in a conflict with China over Taiwan risks economic retaliation, as China is their largest trading partner and dominant power in the region. Conversely, these countries would be under immense pressure from the US to provide support against China.

Accordingly, in case of a cross-strait invasion, China might launch a preventive surprise attack with land-based missiles and aircraft on US military assets in the region. In one of the scenarios conceived by Micheal O'Hanlon in his *Can China Take Taiwan? Why No One Knows* contemplates the PLA targeting Taiwan's airfields and ports and US military assets in the region, including US military bases in Okinawa (Japan), the Philippines, and Guam, drawing US allies into the conflict.⁴⁰ Furthermore, the cross-strait war would seriously disrupt "the production and shipment of most of the world's semiconductors, paralysing global supply chains and ushering in a severe economic crisis".⁴¹ Accordingly, the conflict in the Taiwan Strait would further divide the region into security blocs, disrupting trade and economic development.

Furthermore, war in the Taiwan Strait or the forceful unification of Taiwan with mainland China would significantly impact the security of Japan, South Korea, and the Philippines.⁴² Taiwan's loss to China would disrupt trade and free movement between the South and East China Seas. Additionally, the historical enmity between China and Japan means that Japan's defence, even with US support, would become a severe challenge. Additionally, Taiwan's loss would make US military presence in the region untenable, particularly within the first islands chain, further threatening Japan's survivability (See Figure 3).

Figure 3: Map of the Geopolitical Situation



Source: BBC

Retrenchment Strategy: Exploring Peaceful Solutions

Although a peaceful resolution of the Taiwan dispute is theoretically possible, the parties' conflicting interests prevent consensus and encourage conflict. The multilayered complexities, including the involvement of great powers amid ongoing competition between China and the US, hinder peaceful resolution despite a shared desire for peace and stability. Moreover, the competing interests of the great powers are viewed in zero-sum terms, where potential gains by one side are seen as relative losses by the other.

While the prospects for a peaceful resolution appear bleak, few possibilities are examined in the subsequent paragraphs. A quiet and negotiated settlement of the Taiwan issue is in the interest of all relevant actors, including China, the US, Taiwan,

and neighbouring countries in the Indo-Pacific region. A peaceful resolution would require China, the US, and Taiwan to escape their entrenched positions. Each could accrue significant economic, military, and political benefits from a peaceful resolution of the Taiwan issue.

To prevent cross-strait conflict, the US should pursue a policy akin to Great Britain's policy of unilateral decrease in the late nineteenth and early twentieth centuries. If the US adopts this strategy, it will pave the way for a peaceful resolution of the Taiwan issue. For example, Great Britain limited its influence and conceded to the US over issues like the blockade of Venezuela and British New Guinea, respecting the Monroe Doctrine.⁴³ Similarly, by limiting its impact to the Western Hemisphere, the US might create conditions for a peaceful resolution of the Taiwan issue, reducing the risk of conflict with China. However, given the current geopolitical situation, such a reduction by the US appears unlikely, increasing the probability of conflict over Taiwan.

Interestingly, scholars from China and the US suggest that the US should consider scaling down its unsustainable commitment towards Taiwan. Proponents of this policy contend that the relative decline of the US and China's continuous rise would make the US current commitment unaffordable and, eventually, force Taiwan to "accommodate growing Chinese power".⁴⁴ Moreover, some American scholars argue that the cost of defending Taiwan would become unsustainable for the US due to China's increasing power.⁴⁵ Proponents further suggest that the US should "abandon Taiwan" as a "grand bargain" and that China should agree to resolve maritime disputes in the East and South China Seas on terms favourable to the US and its allies.⁴⁶ In essence, the proponents of this idea contend that this policy shift would reduce the primary conflict and build trust between China and the US.

Moreover, another possibility could be if China renounces the use of force against Taiwan by providing reassurances to both Taiwan and the US that it will not initiate an attack across the Taiwan Strait. This scenario would require practical diplomatic efforts and confidence-building measures between China, the US, and Taiwan. Likewise, China and Taiwan can reach a negotiated settlement over the future of Taiwan through track-II diplomacy by either freezing the issue for some time—between 10-20 years—or reaching a consensus over an acceptable governance model for Taiwan, satisfactory to both China and Taiwan.

Finally, a more practical possibility of negotiated settlement is the recognition by both China and Taiwan that the alternative—war—is too horrific and damaging to consider.⁴⁷ The Taiwanese must understand that even if they defend against an attack, their infrastructure and economy will be devastated. Similarly, Beijing must realise that taking Taiwan by force would ruin China and Taiwan's economies and destroy its cities, especially on the East Coast. War would prevent investment, hamper rapid economic growth, and weaken the CCP's hold on power.

Analysis of Possible Solutions

The Taiwan issue can disrupt regional peace, ignite conflicts, and strain relations between China and the US. Its contentious and complex nature reduces prospects of easy resolution. However, three primary solutions emerge from the complexity: maintaining the status quo, pursuing independence, or seeking reunification with mainland China.

Maintaining the status quo proves precarious as the existing situation is unacceptable to China, which views Taiwan as an integral part of its territory.⁴⁸ According to China's consistent stance, Taiwan's non-membership status in the UN denies it legitimate grounds for independent state status. While a staunch supporter, the US manages its relations with Taiwan through an ad hoc setup, refraining from official government involvement. The status quo, therefore, emerges as a fragile equilibrium that remains unstable. According to a recent poll, as many as 85 per cent of Taiwanese support the status quo, and, in contrast, less than ten per cent favour independence or unification with mainland China.⁴⁹ The status quo is not only the preferred option of the Taiwanese, as is reflected in various surveys, but it also suits the US.

Taiwan's independence as a separate state introduces a multitude of challenges. China's status as a veto power prevents Taiwan from achieving UN membership. The US, despite being an ardent supporter, remains committed to its longstanding position over Taiwan and opposes any unilateral changes. Moreover, no precedent exists where a territory has declared independence without legal recognition of the UN. Steadfastly refusing to accept Taiwan as an independent state, China complicates this complex scenario.

The Chinese leadership prefers the peaceful unification of Taiwan with the mainland. China, a rising hegemon, does not desire war with the US and its allies because it would disrupt and impede its peaceful rise. However, the closing window of opportunity, fading US deterrence, and Taiwan's democratisation might drive Chinese leadership to consider forceful integration of Taiwan with the mainland by 2027.

In considering reunification with mainland China, the proposal suggests that Taiwan would integrate into the Chinese mainland, becoming part of a unified nation. Prospects of peaceful reunification with the mainland appear remote because most Taiwanese reject the idea of unification even under a different system. The US and its Pacific allies disapprove of Taiwan's merger with the mainland because Taiwan's unification would significantly enhance China's relative power in the Indo-Pacific.

In case China decides to attempt forceful unification of Taiwan, China can adopt multidimensional strategies such as a full-scale invasion of Taiwan, prolonged blockade, and grey zone operations, including violation of Taiwan's Air Defence Identification Zone (ADIZ). Before any cross-strait invasion, China would launch cyber-attacks to disrupt Taiwan's "Command, Control, Communication, Computer,

Intelligence, Surveillance and Reconnaissance (C4ISR)” to impact the decision-making process and ultimately delay external forces (the US and its Pacific allies) from intervention in the cross-strait conflict. Through these measures, China would aim to compel Taiwan to surrender and agree to peaceful unification with the mainland, avoiding direct military confrontation with the US and its allies.

Conclusion

Taiwan's dispute is one of the most complex and contentious issues, posing grave risks and challenges to global peace and security. The prospects for a peaceful resolution through diplomacy and negotiations appear dim due to China's lack of flexibility and aggressive posture, the US declining deterrence and uncertainties surrounding US support, the ongoing Sino-US global power competition, Taiwan's strategic significance, and Taiwanese declining preference for unification.

Moreover, the US policy of “Strategic Ambiguity” raises prospects for unintended war and conflict due to potential misunderstandings and misinterpretations of US ambiguous policy by both China and Taiwan. Given the shifting balance of power in the region in favour of China and the declining US deterrence, the US faces a severe dilemma of whether to defend Taiwan against the cross-strait invasion. Additionally, other wars and conflicts involving the US—Russia-Ukraine War and the Gaza conflict—further accentuate the US dilemma and tilt the balance of power squarely in favour of China, particularly in the Indo-Pacific. The dilemma faced by the US and the economic and military leverage held by Taiwan add layers of complexities to the Taiwan issue.

In essence, the conflicting interests of the US and China over Taiwan, the Taiwanese population's inclination towards the status quo, coupled with the US's unclear policy of “Strategic Ambiguity” and its diminishing deterrence, China's unyielding claim over Taiwan, and intensifying Sino-US global power competition have raised the prospects of forceful unification of Taiwan with the mainland in this decade. Though the Chinese leadership under President Xi Jinping prefers peaceful unification of Taiwan, multidimensional complexities could force them to consider that the potential gains of using force outweigh the possible losses of keeping the Status quo and losing Taiwan forever. In essence, resolving the Taiwan dispute is like untying the Gordian Knot.

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