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PAMIR Executive Brief

Taiwan Update

15 March 2023

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“Taiwan’s new threat against incursions significantly elevates the risk of miscalculation or misstep in Taiwan’s airspace and regional waters...The Taiwan military will have to demonstrate resolve in maintaining perimeter security by firing warning shots at a minimum.”

Executive Summary

- Taiwan warned that PLA incursions into the island's airspace would draw fire.
- China's outgoing premier – Li Keqiang – stressed the importance of peaceful unification to the mainland's economic development and prospects for future growth.
- The US Intelligence Community assesses China does not want a war over Taiwan, but the US should “never underestimate the ambitions of the current Chinese leadership,” regarding Beijing's determination to achieve unification with Taiwan.



“We once again call on Beijing to recognize the fact that Taiwan is not a part of China, and vice versa. They should respect the people of Taiwan for upholding national sovereignty and believing in freedom and democracy. Beijing should stop its united front propaganda, military threats, and imposing its political framework on Taiwan.”

Taiwan's Mainland Affairs Council (MAC)

Taiwan Warns PLA

Taiwan Defense Ministry issues warning on PLA incursions

On 6 March Defense Minister CHIU Kuo-cheng said Taiwan will not fire the first shot but will fire if Beijing enters Taiwan's 12 nautical mile territorial waters. Chiu said, “China has changed the status quo of the Taiwan Strait by flying drones, aircraft, and balloons over our airspace, [and Beijing] could, without warning, break into our territorial sea baseline of 24 nautical miles and approach our territorial space of 12 nautical miles.”

Regarding US House Speaker Kevin McCarthy's possible visit, Chiu said,

“Beijing has been looking for excuses, such as visits from high-ranking officials from abroad and frequent military exchanges between Taiwan and other countries, to intensify the military threat. It is constantly adjusting the size of its forces, waiting to respond whenever a situation calls for military action.”

Chiu also confirmed that Taiwan and the US are in talks to add Taiwan as another ammunition and equipment storage site for the US military in addition to Japan, South Korea, and the Philippines.

“China has changed the status quo of the Taiwan Strait by flying drones, aircraft, and balloons over our airspace, [and Beijing] could, without warning, break into our territorial sea baseline of 24 nautical miles and approach our territorial space of 12 nautical miles”

Chiu Kuo-cheng

Taiwan Defence Minister

China's Taiwan policy

On 5 March outgoing Chinese Premier Li Keqiang referenced the Taiwan issue in his final address to China's National People's Congress (NPC), reiterating Beijing's One China position and its existing policy of "opposing Taiwan independence and promoting peaceful unification."

Li's remarks conveyed three main messages, according to Chinese media analysis:

1. China's Taiwan policy, the so-called Grand Strategy of the Party on Taiwan in the New Era, is "matured and consistent," meaning China will stick to its own longstanding agenda and timetable on resolving the Taiwan issue unless something extraordinary happens.
2. Peaceful unification is "in the interest of the entire Chinese nation," implying China's leadership understands a war will set back much of its current development and future prospects for growth and Taiwan will be destroyed.
3. China will promote more cross-Strait economic and cultural integration, suggesting Beijing wants Taiwan to be more economically and culturally dependent on China.



Pamir observed that Li's NPC remarks also temporarily put an end to the debate of whether to cancel the free-trade agreement, ECFA, that the mainland and Taiwan signed in 2010.

Some Chinese officials had argued that ECFA helped Taiwan's economy, indirectly supported the ruling independence-minded DPP, and enabled Taiwan to buy US arms. Other officials argued cancellation of ECFA would only further alienate the Taiwanese and put the pro-unification KMT in a more difficult position in the 2024 presidential election.

Taiwan's Mainland Affairs Council (MAC) responded to Li's remarks stating, "We once again call on Beijing to recognize the fact that Taiwan is not a part of China, and vice versa. They should respect the people of Taiwan for upholding national sovereignty and believing in freedom and democracy. Beijing should stop its united front propaganda, military threats, and imposing its political framework on Taiwan."

Tsai-McCarthy Meeting

Taiwan President TSAI Ing-wen and Speaker McCarthy will meet in California in early April when Tsai makes “transit stops” during visits to Guatemala and Belize. Tsai’s national security team briefed McCarthy about the potential escalation of cross-Strait tensions if McCarthy visited Taiwan this spring.

An unnamed Taiwan senior official said McCarthy felt Taiwan’s concern was “reasonable” and that he instead agreed to meet with Tsai in the US. On 7 March McCarthy confirmed the California meeting and said this meeting does not preclude a trip to Taiwan “sometime later,” which appears will occur after Taiwan’s presidential election in early 2024.

- China’s Foreign Ministry noted that “China firmly opposes any form of official interaction between the US and Taiwan region,” but observers believe China’s reaction may be less dramatic than a McCarthy visit to Taiwan.

US forces continue worst-case preparations:

On 8 March General Kenneth Wilsbach, commander of US Pacific Air Forces (PACAF), acknowledged to reporters at the Air & Space Forces Association Warfare Symposium that the US and its allies are planning and practicing for a war involving Taiwan and that PACAF units frequently practice dispersing crews and aircraft across “many, many islands” in the region. He said the US could “amass firepower” in the region, including armed unmanned air vehicles (UAVs), and mentioned that the latest US B-21 Raider strategic stealth bomber, which just rolled out last December, could be “very helpful in our mission here.”

US worst-case preparations

On 9 March US National Intelligence Director Avril Haines told the House Intelligence Committee that the US Intelligence Community’s assessment is China does not want to go to war, even in seeking unification with Taiwan. Haines observed that if China finds peaceful unification to no longer be an option, Beijing will try to achieve the goal by military means and is currently making these preparations. Haines warned that a war will have “enormous economic implications, as the semiconductor chips that come out of Taiwan are present in virtually every category of electronic device around the world.”

At the same hearing, CIA Director William Burns echoed Haines’ assessment, stating that China’s President Xi Jinping has been “sobered” by the US and its allied support for Ukraine. “That’s something that President Xi has to weigh as he comes out of Zero Covid, tries to restore Chinese economic growth, and tries to engage with the rest of the global economy.” However, Burns warned that he would “never underestimate the ambitions of the current Chinese leadership in that regard or their determination” to achieve unification with Taiwan.

On 1 March the Biden administration approved a \$619 million arms sale package for Taiwan consisting mostly of parts for F-16V fighters and advanced, extended-range missiles capable of attacking targets well into mainland China.

As of 2022, the Taiwan Air Force had 141 F-16 fighters but by 2026 will have the largest fleet of F-16s in the world, totaling 207. Taiwan media says the Air Force now is facing a shortage of pilots, and Taiwan military commentators think that Taiwan will not be able to overcome its pilot shortage in the next three years.

- After the US announcement, the PLA sent 29 aircraft sorties into Taiwan’s air defense identification zone (ADIZ) on 1-2 March as a show of force. China’s Foreign Ministry and Ministry of National Defense predictably issued separate statements accusing the US of violating the One China policy and undermining China’s sovereignty and security.

Taiwan's Defence Questioned

On 1 March the influential Japanese newspaper, Nihon Keizai Shimbun (Nikkei), reported that up to 90% of Taiwan's military retirees have spent time in mainland China where they provided intelligence to Beijing in exchange for money. The report challenged whether the Taiwan military would be capable of defending the island in a war with the mainland. Taiwan's foreign and defense ministries issued separate statements on 2 March, stating the Nikkei report was "fabricated out of thin air." Taipei has used diplomatic channels to demand that Nikkei "seriously clarify" its report.

Some Taiwan military retirees and their families staged a protest outside Japan's de facto embassy in Taipei. On 7 March, Nikkei issued a statement saying its report "introduced views and opinions of interviewees" and that it "regretted" any confusion the report caused. Several Chinese espionage cases involving active and retired senior Taiwan officers have been reported in recent years.

Pamir judges that the Nikkei report appears to promote a presumed mainland United Front line of propaganda that would raise doubts among the Taiwan people to question the reliability of their armed forces during a conflict.

Conflicting economic data

Discrepancies in Chinese and Taiwan economic data show the mainland wants to create the impression of Taiwan's growing dependency on the mainland, while Taiwan wants to project trading strength beyond China.

According to Chinese government data, Taiwan's exports to the mainland in 2022 were up 4.2%, but Taiwan government figures show those exports dropping 1.6%. In contrast, Taiwan's exports to the US rose 14.3%, and imports were up 16.3%. Imports from the mainland rose just 1.5%.

ACCORDING TO CHINESE
GOVERNMENT DATA
TAIWAN'S EXPORTS
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FIGURES SHOW THOSE
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Strategic outcomes

Elevated risk environment in Taiwan Strait

Pamir assesses that Taiwan’s new threat against incursions significantly elevates the risk of miscalculation or misstep in Taiwan’s airspace and regional waters. PLA forces are unlikely to back away from their ongoing aggressive activity. The Taiwan military will have to demonstrate resolve in maintaining perimeter security by firing warning shots at a minimum. Any incidents would precipitate short-term disruptions of economic activity.

LEVEL OF CONCERN



Pamir position

Pamir determines that heightening cross-Strait tensions are exacerbating the risk environment in the Taiwan Strait and increasing the probability of miscalculations and unintended consequences. Amid Beijing’s ramping up disinformation efforts and political pressure campaigns, Taiwan’s warning of repercussions for PLA incursions serves to amplify Taipei’s political resolve and credibility in defending the island’s sovereignty to domestic and international audiences.



Strategic outcomes

Level of Concern indicators - what they mean

- 1 - indicates no change to the status quo
- 2 - indicates escalating tensions
- 3 - indicates aggressive escalation
- 4 - indicates high probability of impending crisis event
- 5 - indicates a full-scale crisis or conflict situation.

How we calculate them

- Frequency of references to subject in Chinese-language official government statements, credible press reporting, and social media
- Frequency of references to subject in English-language official government statements, credible press reporting, and social media from the US, EU, UK, Australia, Japan, etc.
- Consistency of historical, current, and emerging trendlines related to the subject
- Aberrations in official Chinese-language policy formulations
- Strategic shifts in official Chinese government and military signaling through diplomatic, information, military, and economic actions and behavior

Analytic Methodology: internal monitoring with quantitative and qualitative analysis of Chinese media and propaganda; comparative trend analysis, intelligence tradecraft; other proprietary methods.

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