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PAMIR Executive Brief

Taiwan Update

17 July 2023

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Pamir expects Beijing to characterize the pace and scope of Western military exercises facing China as provocations necessitating commensurate PLA response and justification for Xi Jinping to call for the country’s heightened vigilance and preparation for cross-Strait confrontation



Executive Summary

- China is actively influencing Taiwan's presidential campaign dynamics and amplifying the opposition KMT candidate Hou You-yi's criticism of DPP presidential contender William Lai.
- Early July saw four major US-led multilateral military exercises being conducted in the Western Pacific, which Beijing perceives as provocations.

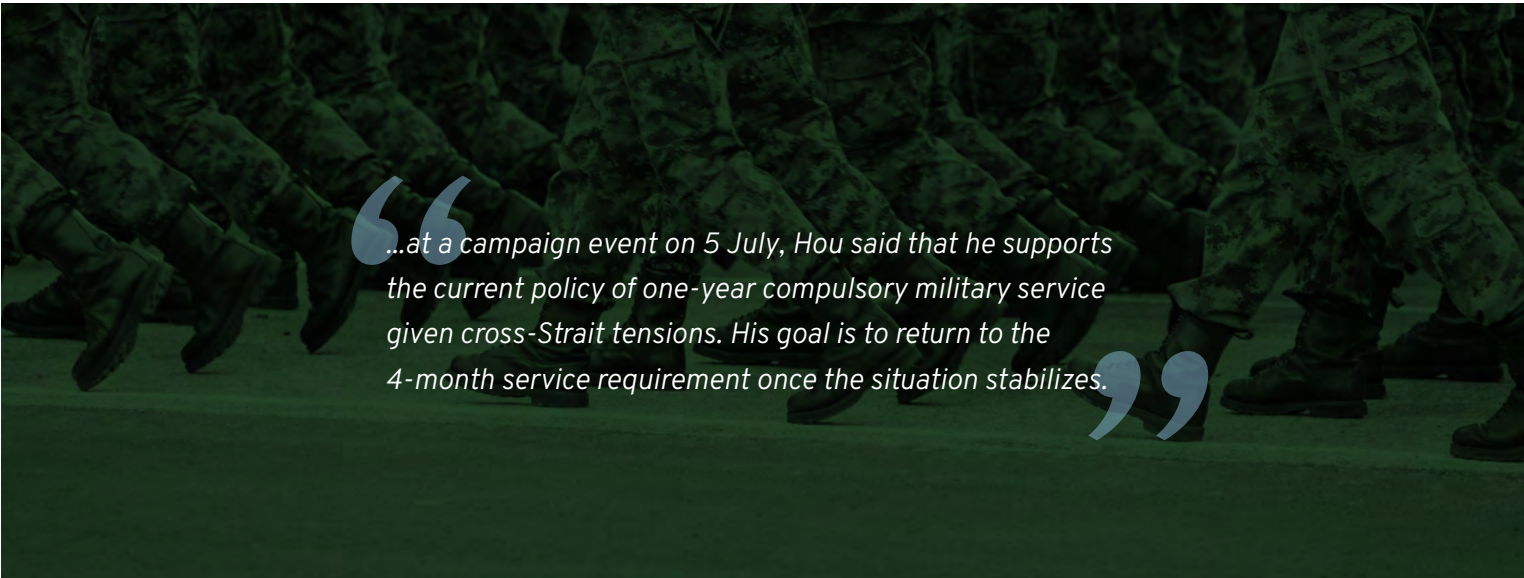
Cross-Strait Relations

On 4 July Taiwan Vice President William Lai, the ruling DPP's 2024 presidential candidate, published an op-ed in the Wall Street Journal spelling out his "four-pillar plan" to preserve peace across the Taiwan Strait:

1. **Build Taiwan deterrence capabilities** and reduce "the risk of armed conflict by raising the stakes and costs for Beijing." Lai said he will expedite Taiwan's transformation into an asymmetric fighting force and work for greater cooperation with partners and allies.
2. **Reduce Taiwan's dependency on China.** Lai said, "Economic security is national security," and he will not only support local industries but also "foster secure supply chains while pursuing trade agreements that encourage trade diversification."
3. **Enforce partnership with democracies** around the world.
4. **Commit to "steady and principled cross-Strait leadership."** Lai said he will maintain "pragmatism and consistency" and support the "cross-Strait status quo, which is in the best interests of both the Republic of China, as Taiwan is formally known, and the international community. I will also never rule out the possibility of dialogue without preconditions, based on the principles of reciprocity and dignity."

The opposition KMT spokesman criticized Lai's plan as "a trick to fool foreigners" and said the Taiwanese people can see clearly that Lai's plan will not bring peace but perpetuate confrontation across the Taiwan Strait. KMT presidential candidate Hou You-yi said Lai's plan "offered nothing new."

- Beijing has not officially responded to Lai's plan, but Chinese media said it exposed his deep-rooted Taiwan independence thinking, adding that Lai is a "root of trouble" for peace across the Strait. The Chinese government previously rejected the DPP proposal for dialogue "without preconditions."
- The Chinese government said the proposal is designed to negate the 1992 Consensus reached with the then-KMT government that agreed to the One China principle but deferred on its interpretation. Beijing has stated repeatedly that the Consensus is the "political foundation" for any negotiations and exchanges across the Taiwan Strait. The ruling DPP does not recognize the agreement saying it was made by two autocratic regimes without the Taiwan people's consensus.



“...at a campaign event on 5 July, Hou said that he supports the current policy of one-year compulsory military service given cross-Strait tensions. His goal is to return to the 4-month service requirement once the situation stabilizes.”

KMT presidential candidate Hou You-yi said in a TV interview on 3 July that he would support a version of the 1992 Consensus that conforms with the Republic of China constitution. He is against the interpretation of the Consensus as an acceptance of Beijing’s proposal of “one country, two systems.” He also opposes President Tsai Ing-wen’s “stigmatization” of the agreement. The DPP issued a statement on 4 July stating Hou’s position on the 1992 Consensus “flew in the face of mainstream public opinion in Taiwan.”

- On the same day, China’s Taiwan Affairs Office responded to Hou’s remarks with a brief reaffirmation of the Consensus serving as the foundation of peaceful development across the Taiwan Strait and said that the mainland was “willing to interact with KMT and all political forces in Taiwan on the basis of upholding the Consensus and opposing Taiwan independence.”

Hou also said he would change the DPP government’s decision for one-year compulsory military service and return to the previous four-month requirement if peace materializes across the Strait.

Hou’s remarks were interpreted as pandering to Taiwan’s youth, who mostly oppose the recently extended military service. Last December, reportedly in response to a US request for Taiwan to increase its own defense capabilities, the DPP government decided to extend compulsory military service from four months to one year for those born after 1 January 2006, to begin in January 2024.

However, at a campaign event on 5 July, Hou said that he supports the current policy of one-year compulsory military service given cross-Strait tensions. His goal is to return to the 4-month service requirement once the situation stabilizes.

- Hou’s campaign manager confirmed media reports that the US asked Hou for clarification of his position after his 3 July interview. Hou also emphasized that the US is Taiwan’s “strongest ally,” and he would continue arms purchases from the US if elected. Taiwan media reported that Hou is planning to visit the US in September to explain his positions on mainland affairs and US-Taiwan relations.

Military Affairs

Joint Exercises

- On 2 July the US Northern Edge 23-2 air operation exercise commenced. The exercise extends from Alaska to Hawaii, Guam, and Japan and involves fighter and bomber aircraft from the US and its Pacific and European allies.
- On 4 July Marine forces from the US, Australia, Japan, and South Korea started Pacific Vanguard 2023 in the Philippine Sea near Taiwan.
- On 5 July the biannual US Mobility Guardian 2023 exercise started in the Pacific region with the participation of more than 15,000 airmen and 70 aircraft from the air forces of the US, Australia, Canada, Japan, New Zealand, and UK. The exercise is the largest ever conducted by the US Air Mobility Command, covering 7,800 square kilometers.
- On 7 July the second phase of the US-Philippine joint air operation Cope Thunder 2023 started at Clark Air Base in the Philippines. More than 1,200 airmen from both countries participate. Cope Thunder ceased in 1991 with the closure of the Clark and Subic Bay bases but was revived last year.
- On 5-11 July two Russian naval ships arrived in Shanghai and conducted joint naval exercises with the PLA Navy in the East China Sea.



**ON 30 JUNE
THE US
APPROVED TWO
ARMS SALES
TO TAIWAN
TOTALING
\$440
MILLION**

Chinese military experts say these Western exercises are all directed against China, particularly in the event of a military conflict over Taiwan.

On 6 July President Xi Jinping inspected the PLA East Theater Command, which covers eastern China across the Taiwan Strait, and praised the command for its “contributions to safeguarding national territorial integrity, maritime rights, and the motherland’s unification.”

- Xi emphasized the “growing complicated security environment” for China and urged PLA troops to “be prepared for war.” In April Xi had inspected the Southern Theater Command, which shares responsibility for a Taiwan war scenario, as well as for the South China Sea. Chinese media point out that Xi’s inspection of the two commands within a 3-month period underscores his attention to the Taiwan issue.

Taiwan’s annual Wan’an civil defense drill will take place on 24-27 July and will be the largest ever, involving all Taiwan 22 counties and municipalities and affecting 3 million of the 23 million population; last year’s exercise affected only 32,000 people.

This year’s exercise will require participants to go to air defense shelters and will simulate post-rescue and relief operations. Taiwan military experts note that Wan’an will take place simultaneously with Taiwan’s largest annual Han Kuang military exercise and will simulate a realistic threat from the mainland.

Arms Sales

On 30 June the US approved two arms sales to Taiwan totaling \$440 million for ammunition and military vehicle spares.

- China’s Foreign Ministry immediately protested the sales and on 5 July China’s Ministry of National Defense spokesman denounced the sales, “The US ignores China’s core concerns, crudely interferes in China’s internal affairs, and deliberately escalates tensions across the Taiwan Strait. This is tantamount to accelerating the transformation of Taiwan into a powder keg and pushing the Taiwanese people into the abyss of disaster.”
- On the same day, Taiwan’s Defense Ministry said it detected 26 PLA aircraft and four ships operating around Taiwan.

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Strategic outcomes

Pamir Position

Pamir expects Beijing to characterize the pace and scope of Western military exercises facing China as provocations necessitating commensurate PLA response and justification for Xi Jinping to call for the country’s heightened vigilance and preparation for cross-Strait confrontation.

LEVEL OF CONCERN



Business Impact

Pamir observes that assertive rhetoric from Beijing and Taipei on potential cross-Strait confrontation serves as a rallying issue for the CCP to divert the public’s attention away from domestic economic doldrums and for Taiwan’s political parties to galvanize popular support in the run up to the 2024 presidential elections. Local personnel of US businesses operating in country should be reminded to avoid public involvement in political activities that could be perceived as anti-China.

Business Opportunity

Pamir recommends that US businesses with government relations and liaison offices understand on-the-ground domestic political dynamics and disinformation campaigns in China and Taiwan to facilitate clear strategic messaging to Chinese and Taiwanese government officials and company personnel in country.



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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