

# SPECIAL REPORT

## Rethinking Taiwan policy

History, politics, ideology

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AUSTRALIAN  
STRATEGIC  
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INSTITUTE

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December 2019

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**Cover image:** Jingmei Human Rights Memorial wall with dates showing the deaths of political prisoners in red. Image courtesy of the author.



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# EXECUTIVE SUMMARY

In the Xi Jinping era in the People's Republic of China (PRC), Taiwan has returned as a critical security issue for Australia.

The PRC has an elaborated policy and institutional position on Taiwan that is focused on the 'one country, two systems' (1C/2S) model and prioritises the legitimacy of the Chinese Communist Party (CCP) and the authority of CCP leadership.

Taiwan's political parties have different policies on China but have bipartisan agreement on rejecting the 1C/2S model. The Taiwanese electorate rejects unification with the PRC. Taiwan has been on a distinctive historical trajectory since the end of the Qing Dynasty and will not converge with mainland China in its post-Qing historical trajectory.

Under these conditions, the PRC has no viable road map to achieve its policy goals of unification through 1C/2S and no policy or political framework to sustain cross-Taiwan Strait security in a post-unification scenario.

A negotiated settlement can only be achieved through disruptive politics in Taiwan and in the global Taiwanese diaspora, including in Australia.

Military action by Beijing is possible under conditions of a breakdown of CCP authority over the People's Liberation Army.

The most likely scenario is a continuation of current tactics by Beijing and a progressive deterioration in cross-strait relations. In that scenario, there is a greater likelihood of unpredictable actions by Taipei and a limited tactical military action by Beijing.

Taiwan policy in Australia and internationally is structured around the 'resolution' of the Taiwan issue, either through a negotiated settlement or through large-scale military action by the PRC.

Australia should reassess its understanding of the Taiwan issue so as to identify alternative scenarios and calibrate its responses accordingly.

# INTRODUCTION

The issue of Taiwan has long been one of the most intractable and multilayered in regional political, defence, foreign affairs, trade and security policy. Taiwan is claimed by the People's Republic of China (PRC) as part of its territory, and, under its official title of the Republic of China (ROC), Taiwan is limited by Beijing to a marginal position in the international system. Political relations between Taipei and Beijing are fractious, but the Taiwan Strait is at the same time a critical link in global supply chains, carrying hundreds of billions of dollars of cross-strait trade in goods and services and investments every year. Hanging over this political and economic relationship is the constant threat of military action from Beijing.

Australia maintains relations with Taiwan short of diplomatic recognition under a One China policy that encourages trade, cultural and educational links. In 2018, Taiwan was our eighth-largest merchandise export market, worth A\$8.7 billion.<sup>1</sup> Tourists, international students and working-holiday visa holders coming here from Taiwan total more than 200,000 per year, according to the most recent available figures.<sup>2</sup> We have a Taiwanese community of Taiwan-born and second- and third-generation Taiwanese-Australians, who are concentrated in Brisbane and number in the tens of thousands nationally.<sup>3</sup> Australia also cooperates and engages with Taiwan on a wide range of issues of global governance, including development aid, global health and non-traditional security.

Taiwan is a foreign policy and security issue for Australia that also presents specific analytical challenges. Australia's policy calculus involves the state of cross-Taiwan Strait relations, Taiwan's domestic politics and Beijing's Taiwan policies. We must also consider our own place in the US alliance and our relations with Beijing, triangulating our Taiwan policies within the broader context of the US presence in Asia and US-China relations. Australia also has a direct relationship with Taiwan through business, migration and public institutions and a wide range of shared international interests. Australia must also consider community relations in an era in which international relations are expressed directly in domestic politics and local communities. Within this multidimensional policy and political calculus, we pursue our national interests in a secure and open region in which we are able to maintain an outward orientation through the free flow of goods, services, people and ideas.

Australian policymaking on Taiwan has been shaped by historical assumptions and through longstanding policy norms that are in need of updating. Taiwan has developed into a democracy and modern economy over a century of history that informs its contemporary international political aspirations. China has taken a path under Chinese Communist Party (CCP) General Secretary Xi Jinping that has reasserted the centrality of the party in all aspects of policymaking, including towards Taiwan. Through its democratic choices, the US has become a less predictable hegemon in the region. In this era of change, Taiwan's future is more than a proxy for the rise of China or the US commitment to Asia, and Australia has an opportunity to develop Taiwan policies that are proactive rather than reactive to account for those changes.

This analysis focuses on three key features of the Taiwan issue that are less directly addressed in international relations and security analyses and policy: history, ideology and politics. Taiwan's circumstances are shaped by those forces, and addressing them offers insights into future scenarios and policy responses.

# CURRENT CIRCUMSTANCES

## Beijing

At the heart of the Taiwan issue is its status as a self-governing democratic territory that is claimed by the Beijing as a province of the PRC under its One China principle. The PRC's territorial claim is institutionalised through state and CCP organisations and innumerable, sometimes emotive, official statements and policy documents on Taiwan. It is written into the preamble of the PRC Constitution that 'Taiwan is part of the sacred territory of the People's Republic of China. It is the inviolable duty of all Chinese people, including our compatriots in Taiwan, to accomplish the great task of reunifying the motherland.'<sup>4</sup> There is also an array of policy and administrative organisations through which this territorial claim is expressed in government, the party and the military, including the Taiwan Affairs Office of the State Council and the Association for Relations Across the Taiwan Straits.

The PRC Government asserts in official statements that its goal is the achievement of what it refers to as 'reunification' under the 'one country, two systems' (1C/2S) formula, in which Taiwan will preserve its capitalist system while mainland China develops its socialist system. Beijing explicitly rules out the involvement of the international community, or 'foreign interference', in the achievement of that goal.<sup>5</sup>

CCP General Secretary and PRC President Xi Jinping has made many statements about Taiwan that express key themes of shared identity, peaceful progress towards unity and resolute opposition to separatism. In a typical speech to Shanghai delegates during the National Party Congress in 2016, Xi said:

We will continue to promote cross-strait exchanges and cooperation in various fields, deepen the economic and social integration and development of the two sides, enhance the affection and well-being of our compatriots, close the spiritual distance between our compatriots and enhance their understanding of the community of destiny. We will resolutely curb any form of 'Taiwan independence' secessionism, safeguard national sovereignty and territorial integrity, and never allow the historical tragedy of national division to be repeated.<sup>6</sup>

Within this framework, the PRC adopts tactics that serve to validate its policy principles and CCP ideology. Beijing supports party-to-party contact between the CCP and the Chinese Nationalist Party (KMT) in Taiwan, fosters economic integration through trade and investment, limits Taiwan's international space and maintains a growing military threat to constrain Taiwan's foreign policy options, influence its domestic politics and shape policy on Taiwan in the international community.



## Taipei

Taiwan has its own institutions to manage the relationship, including the Mainland Affairs Council and the Straits Exchange Foundation. Taiwan's Constitution is that of the ROC state, adopted in 1947 in Nanjing, and therefore includes mainland China. However, additional articles added in the early 1990s draw a legal distinction between what are referred to as the 'mainland area' and the 'free area', which created the legal basis for democratic presidential and legislative elections in Taiwan, beginning in 1996.<sup>7</sup>

In the democratic era, Taipei's policy settings towards Beijing have shifted with changes in government between the KMT and the Democratic Progressive Party (DPP) but, setting aside the noise of Taiwan's political discourse, there remains bipartisan rejection of the territorial claim by the PRC under the 1C/2S formula.

Of the two main parties, the KMT emphasises the history and sovereignty of the Republic of China and, excluding its fringes, argues that Taiwan's interests are sustained by good relations with Beijing, short of accepting unification with the PRC. As Taiwan's former ruling party in the authoritarian period, the KMT abandoned its own policy of unifying the Republic of China in the late 1980s. In government from 2008 to 2016, the KMT deployed the so-called '1992 Consensus' as the basis for cross-strait relations, which was accepted by Beijing in that period. The KMT has undertaken direct contact between its party leadership and that of the CCP and supports China-oriented investment, trade in goods and services, educational links and tourism.

The DPP emphasises Taiwan's distinctive island history and its status as a sovereign democracy. Like the KMT, the party contains a range of views, but it broadly supports the *status quo* across the Taiwan Strait while encouraging the diversification of trade and investment into Southeast Asia and the Pacific. It supports the relationship with the US as Taiwan's security guarantor and seeks to expand Taiwan's international and diplomatic space through government links, education, cultural diplomacy and other mechanisms.

In addition to political parties, Taiwan's democratic institutions, non-state organisations and political and social identities shape the nature of the relationship with China from the Taiwan side. The Election Studies Center at National Chengchi University publishes regular survey data that shows a decline to very low levels of support for unification among the people of Taiwan over the survey period from 1992 to 2019.<sup>8</sup> Taiwan's contemporary cultural life emphasises the distinctiveness of the Taiwanese experience and serves to legitimise and enrich Taiwanese identity, validating public support for its continuing status as separate from the PRC. There is no popular support or political momentum in Taiwan for territorial unification with the PRC.

In the Xi era, Taiwan is increasingly constrained in its international space, maintaining diplomatic relations with only 15 countries and being excluded from many international organisations. For those in which Taiwan participates, its participation is typically on bases that attenuate its sovereign status under names such as 'Chinese Taipei'. Taiwan does, however, have strong military-to-military links with the US and a range of favourable relationships short of diplomatic recognition with many countries, such as visa-free entry arrangements and government-sponsored educational, cultural and civil society exchanges.

Taken all together, cross-strait relations exist in a *status quo*, which is the tension between the different aspirations for the future held by Beijing and Taipei and the calculus of interests that constrain either side from taking significant steps towards realising those aspirations.

## Canberra

Australia's relationship with Taiwan is conducted under a 'One China' policy. This is based on the 1972 communiqué issued by Canberra and Beijing under which formal diplomatic relations between the two were established by then prime minister Gough Whitlam. In the communiqué, the key paragraph reads:

The Australian Government recognizes the Government of the People's Republic of China as the sole legal Government of China, acknowledges the position of the Chinese Government that Taiwan is a province of the People's Republic of China, and has decided to remove its official representation from Taiwan before January 25, 1973.<sup>9</sup>

The communiqué was unequivocal in stating Australia's diplomatic recognition of the PRC as a state in the international system. At the same time, the word 'acknowledges' has a deliberate indeterminacy regarding Australia's position on Taiwan's status as a province of the PRC and an implied expansive definition of 'China' as either the PRC or the ROC. By leaving its position on Taiwan's status as a province of the PRC undefined, Australia has developed strong relations with both Beijing and Taipei in our interests over the intervening decades.

Because Beijing objects to references to Taiwan as a country or as a territorial entity of equivalent legitimacy to China as part of its own territorial claim and its One China principle, sustaining Australia's One China policy requires a careful modulation of government language and practices to avoid implying that Taiwan has the status of a state in the international system. For Australia, therefore, maintaining an effective relationship with Taiwan and the PRC requires a significant investment of expertise and government oversight.

# POLICY ANALYTICAL APPROACHES

The international community addresses the Taiwan issue with particular conventions and assumptions in its policymaking, analysis and commentary.

Foundational among those conventions is that there was a 'division' between mainland China and Taiwan that occurred in 1949 when the Chinese Nationalists under Chiang Kai-shek fled to Taiwan upon their defeat by the Chinese Communists led by Mao Zedong. From this instigating event, there is an assumed teleology towards an inevitable resolution of the division, either through war or through a negotiated settlement.

This produces an analytical formula for Taiwan policy that reduces to the tensile forces inherent in that assumed unresolved status. The variable in these analyses is the quantum of cross-strait tension, rises and falls in which signal the possibilities of 'war' or 'peaceful reunification', either of which would produce fundamental changes in the global order. This quantum is evidenced by the many political events, military manoeuvres, government statements and policy shifts in Taipei and Beijing, and for Taiwan includes the outcomes of its elections.

Over this interpretive schema is superimposed the structure of US–China relations. Peaceful reunification would represent the ascendance of the PRC in the international system, as sovereignty over Taiwan would offer the PRC a new capacity to project China's power across the Pacific and roll back US regional hegemony. War risks drawing in the US in support of Taiwan and potentially triggering a catastrophic war between the US and the PRC.

In these analytical conventions, as an expression of US or PRC pre-eminence in the region in the era of a 'rising China', Taiwan's future is therefore a test of the capacity of the PRC and the US to manage shifts in their balance of power. Taiwan's status is evidentiary for whether that balance will change peacefully or otherwise, and from that evidence is a measure of the progress of the international order towards rational decision-making by its great powers.

Those analyses are coherent in their own terms, and the prospect of military conflict over Taiwan is both real and a critical security threat.

At the same time, the assumptions of those analytical approaches delimit the possible outcomes they project for Taiwan to a concluding 'resolution' achieved either peacefully or militarily. That logic attenuates the importance of policy processes, both in arriving at a resolution and in maintaining peace and security subsequently. Furthermore, the analyses de-emphasise the historically situated aspirations of the people of Taiwan, for whom its identity and status as distinctively Taiwanese have already been resolved.

One intervention in policymaking that addresses the constraints of these assumptions is to examine the history and politics of Taiwan itself, rather than measuring the quantum of cross-strait tensions. In doing so, the structuring assumptions of division and resolution are revisited and tested, and outcomes that suggest alternative policies become visible.

# HISTORY

Taiwan's history prior to 1949 informs its contemporary politics and democratic aspirations and is not containable within the concept of a 'divided' China.

Table 1: Key dates, eras and events in Taiwan's history

| Period/year | Key events  | Notes  |
|-------------|---|--|
| 6000 BCE    | Indigenous history  | Taiwan as a civilisation of the Pacific  |
| 1624–1662   | Dutch colonial territory  |  |
| 1662–1683   | Zheng Chenggong interregnum   |  |
| 1683–1885   | Prefecture of Qing Dynasty  |  |
| 1885–1895   | Province of Qing Dynasty  |  |
| 1894        | Sino-Japanese War   | Treaty of Shimonseki   |
| 1895–1945   | Colonial territory of Japan   | Economic modernisation, urbanisation, social and cultural change and militarisation  |
| 1911        | Fall of the Qing Dynasty  |  |
| 1912        | Founding of the Republic of China (ROC), led by the Chinese Nationalists (KMT) under Sun Yat-sen  |  |
| 1921        | Founding of the Chinese Communist Party (CCP)   |  |
| 1936        | Xian Incident and Second CCP–KMT United Front   |  |
| 1937–1945   | Sino-Japanese War   | Taiwanese fought as soldiers in the Japanese Imperial Army in World War II; 1,000 Taiwanese were interned in Australia for the duration of the war as Japanese imperial subjects |
| 1945        | Cession of Taiwan to ROC under the terms of the 1943 Cairo Declaration  | Economic mismanagement, corruption and misrule by KMT government   |
| 1947        | February 28 Uprising against KMT rule on Taiwan   |  |
| 1949        | Chinese Nationalist defeat by the Communists and retreat of national government of the ROC to Taipei; founding of the People's Republic of China; martial law enacted in Taiwan |  |
| 1950–53     | Korean War  |  |
| 1954        | PRC's 'Strongly oppose US–Chiang alliance, liberate Taiwan' policy  |  |
| 1954        | First Taiwan Strait Crisis  |  |
| 1955        | Sino-American Mutual Defence Treaty   | Obligating military support in the event of an attack, covering the islands of Taiwan and the Pescadores, excluding Kinmen and Matsu   |
| 1958        | Second Taiwan Strait Crisis   |  |
| 1960        | Taiwan's Statute for the Encouragement of Investment  | Economic take-off and creation of Taiwan's 'Asian Tiger' economy   |



| Period/year    | Key events  | Notes   |
|----------------|---|---|
| 1971           | PRC takes China seat at UN  |   |
| 1979           | <i>Letter to Taiwan Compatriots</i> by National People's Congress of the PRC              | Ending military liberation policy; reframing the Taiwan issue as civil, to be resolved through party-to-party negotiation between the CCP and the KMT in line with historical precedents such as the Xian Incident in 1936, when the two parties negotiated an alliance against Japan |
| 1979           | US recognition of the PRC, Taiwan Relations Act   | Congressional oversight of US–Taiwan relations; establishment of the American Institute in Taiwan as a <i>de facto</i> embassy; mandated US provision of necessary means for Taiwan's military defence; affirmation of support for peaceful resolution of the Taiwan issue            |
| 1979           | Kaohsiung incident, large-scale anti-authoritarian protests in Taiwan                     |   |
| 1986           | Founding of Democratic Progressive Party  |   |
| 1987           | End of martial law  |   |
| 1991–2         | Constitutional reform, including articles 1 and 2, defining 'free area' of ROC            |   |
| 1995–96        | Third Taiwan Strait Crisis  |   |
| 1996           | First democratic presidential election between KMT's Lee Teng-hui and DPP's Peng Ming-min |   |
| 2000–08        | DPP presidency under Chen Shui-bian   |   |
| 2008–2016      | KMT presidency under Ma Ying-jeou   |   |
| 2016 – present | DPP presidency under Tsai Ing-wen   |   |

An enduring feature of this political history of relevance to policymaking is political activism by the Taiwanese. There was violent resistance to Japanese colonial authority in the Tapani Uprising of 1915 and the Wushe Incident of 1930. There was also civic political activism in the name of Taiwan from the 1910s. The Taiwan Assimilation Society, the Taiwan Cultural Association and the League for the Establishment of a Taiwanese Parliament campaigned for the right to education, the reform of colonial governance and, from the 1920s to the 1930s, in petitions to the Imperial Diet in Tokyo, for the establishment of a Taiwanese legislative assembly and self-government.

The February 28 1947 uprising against KMT rule (known as '2-28') was crushed with extreme violence by KMT forces at the cost of tens of thousands of lives. It created the conditions for the emergence of a Taiwanese nationalist movement with an ideology and an array of mostly exiled groups and activists, such as the World United Formosans for Independence. More than any other event, 2-28 shapes Taiwan's contemporary politics and public sentiments towards China.

Throughout the martial law period (1949–1987), activists agitated for political liberalisation. Even with democratisation, after a relative lull in which activist politics were absorbed by democratic party politics, new political movements emerged, such as the Red Shirts movement in 2006, the Wild Strawberries movement in 2008 and the Sunflower movement in 2014.

Modern party politics in Taiwan address typical issues in democracies. Longstanding policy problems for both major parties are energy policy, pensions reform, wage stagnation, the cost of living and housing affordability.

However, both parties also capture features of Taiwan's political history in their policy settings and party cultures.

The KMT extols its status as the founding party that ended imperial dynastic rule in China in 1911. It sustains a 20th-century republican vision for a modern China in tension with a willingness to appeal to the electorate over Taiwanese identity, as well as a tendency towards social conservatism. It endeavours to set aside its history as the party of authoritarianism and emphasise its role in Taiwan's democratisation.

The DPP is in a direct lineage from Japanese colonial era activism for Taiwanese self-determination and sees itself as the author, through political struggle, of Taiwan's democracy. It is broadly but not wholly socially progressive and includes strong commitments to Taiwanese nationalism among its supporters.

The modern history of Taiwan has created a lived politics for its people. Today, it includes democratic institutions and more than a century of political engagement in the name of Taiwan by the Taiwanese. This lived political history points to the limitations of an interpretative schema that posits a teleology from division to the resolution of Taiwan's status and Taiwan as a proxy measure for shifts in the power balance between the PRC and the US. Instead, a more substantive schema accounts for this political history in Taiwan as an enduring driver of the dynamic of relations between Taiwan and Beijing and of Taiwan's current and future place in the world.

Australian policy on the Taiwan issue must assume that Taiwanese political identity is a force in cross-strait relations, and that the modern democratic aspirations and institutions established over the 20th century will continue to define its political future. The force of those aspirations against actions by Beijing has the potential to destabilise the Taiwan Strait and the region and mobilise the Taiwanese community in Australia, with cascading implications for Australia–China relations.

# ASSESSING POLICY APPROACHES FROM BEIJING

## Policies

The PRC has a highly elaborated party-state policymaking infrastructure devoted to cross-strait relations. Pronouncements on Taiwan are made by its legislative, military, party and government structures at all levels up to the senior leadership and subject to an exhaustive institutional process that codifies and normalises Taiwan policy. Taking into account the political histories of Taiwan and the PRC, Beijing's policy approaches can be seen as circumscribed by a specific policymaking style and ideological concerns.

The foundation of Beijing's Taiwan policy is its One China principle and its territorial claim over the island. In a 2000 White Paper, the PRC Government said that 'Taiwan is an inalienable part of China. All the facts and laws about Taiwan prove that Taiwan is an inalienable part of Chinese territory.'<sup>10</sup>

The PRC's territorial claim rests on several arguments. Beijing asserts that Taiwan is historically part of China, for which it says evidence can be found dating back to the Three Kingdoms period (220–280 AD). Beijing also argues that Taiwan is part of China under international law on the basis of the resolution of World War II and the PRC's status as the successor state to the ROC. It notes that the majority of the international community does not accord Taiwan diplomatic recognition as a state. It also argues that there is a shared history of struggle against imperialism in both Taiwan and mainland China, and says that what it refers to as the 'division' of China is the result of US imperialism. In some statements by senior leaders, such as in Jiang Zemin's 'Eight points', there is also the position that the people of Taiwan are ethnically Chinese and that therefore Taiwan should be part of China. This is a popularly held view in China and speaks to the place of Taiwan in an ontology of Chinese identity.

Enacting this territorial claim is currently framed by the 1C/2S formula,<sup>11</sup> which was developed from the 'Nine points' put forward by Marshal Ye Jianying in 1981, when Taiwan was still under KMT authoritarian rule, and in which Point 1 defined cross-strait relations in terms of the relationship between the KMT side and the CCP side. Marshal Ye proposed that 'talks be held between the Communist Party of China and the Kuomintang of China on a reciprocal basis'.<sup>12</sup>

1C/2S holds that, in a unified China, Taiwan would maintain its capitalist economy and administrative autonomy:

On the premise of one China, the main body of the country will practice the socialist system, while the existing capitalist system and way of life in Taiwan will remain unchanged for a long period of time. This concept is highly flexible in that it both gives full expression to the principle of bringing about China's reunification and upholding its sovereignty and takes into full consideration the history and realities of Taiwan.<sup>13</sup>

As a policy position, 1C/2S went into abeyance in the mid-2000s and was supplanted during the Hu Jintao period from 2001 to 2012 by the 1992 Consensus. This was introduced from the Taiwan side by the KMT and enacted as policy under KMT President Ma Ying-jeou from 2008 to 2016. The formulation holds that both sides agree that there is one China but both also agree to allow each side to maintain its own definition of the meaning of 'China'. The 1992 Consensus systematised a distinction between ideology and pragmatism within which cross-strait exchanges and agreements could be negotiated.

In the Xi era, however, 1C/2S has returned as the primary unification policy formulation for Taiwan, and the DPP government of President Tsai Ing-wen elected in Taiwan in 2016 has not endorsed the 1992 Consensus.

General Secretary Xi Jinping's 2019 speech on Taiwan for the 40th anniversary of the *Letter to Taiwan Compatriots* reaffirmed the fundamental principles established over that period. In accordance with Beijing's iterative policymaking style, he also finessed the 1C/2S formula to include a concept of conditional 'democratic consultation'.<sup>14</sup> This made a clearer distinction between Taiwan, on the one hand, and Hong Kong and Macau, on the other, and, through codified support for dialogue between parties and groups in Taiwan that accept Beijing's political principles, suggested an institutionalisation of that feature of cross-strait relations.

In accordance with the CCP's policy style, the fulfilment of unification under 1C/2S is inflected with classical Marxist theory and referred to as a scientific concept. For the CCP, unification, like socialism, is a historical inevitability in accordance with the scientific laws of history. Those claims are distinct from but can align with those of current international policy assumptions on the necessity of a resolution of the Taiwan issue.

Beijing also engages in Taiwan policy internationally. As noted above, in accordance with its One China principle, Beijing uses diplomatic and commercial leverage to police language from governments and corporates that confers on Taiwan the status of a state in the international system. In Australia, as in many other countries, Beijing also pursues that policy with united front work through organisations such as the Australian Council for the Promotion of the Peaceful Reunification of China and a multitude of others at the national and state levels.

Rather than conventional practices of lobbying or policy engagement, these organisations build networks of obligation involving political, community and business leaders and public institutions, and through them work to normalise Beijing's One China principle. In speeches and statements and at events, the organisations emphasise the One China principle as the necessary basis for peace, prosperity and a shared future between China and Australia, while also asserting its compliance with Australia's One China policy, passing over that policy's deliberate indeterminacy on the status of Taiwan. Over time, these organisations propagate a normative assumption through Australian public and policy life that Australia's One China policy and Beijing's One China principle are equivalent. Normalising Beijing's One China principle as Australian policy is arguably the most important aim of the CCP's united front work in Australia.

Alongside Beijing's party-led Taiwan policies is the role of the People's Liberation Army (PLA) and the threat of military action. Law and policy refer to 'non-peaceful means' of achieving unification if all other options are exhausted, in the event of actions by 'successionist forces', or in the event of foreign intervention.

On that basis, military strategy and the PLA's modernisation program are directed at the goal of invading and occupying Taiwan. In strategic terms, the PLA would seek to overcome Taiwanese air defences, launch a large-scale amphibious assault on the island and deploy sufficient resources to control Taiwan's diverse island territory. Additionally, it would seek to use cyberwarfare and infiltration of Taiwan in advance of an invasion. The question of US support for Taiwan means that PLA strategy is also directed at sea and air denial to limit the capacity of the US to intervene in the Taiwan Strait in defence of Taiwan, especially through the use of missile technology.

The military power balance between Taiwan and the PRC has decisively shifted in the PRC's favour over the past 10 years. Questions have also been raised about Taiwan's defence preparedness, including its strategies, concepts for defence, force structure, procurements, priorities, spending levels and training. Nevertheless, given the logistical challenges and Taiwan's natural island defences, it remains speculative whether the PLA currently has the capacity to launch a successful invasion and occupation, particularly in the event of a US intervention. In addition, a large-scale military action over Taiwan requires very significant ideological work to pivot from the rhetoric of cross-strait brotherhood and a shared destiny with which the party has framed the Taiwan issue for the Chinese public.

The threat of military action as much as the PLA's actual military capacity constrains Taiwan's domestic politics and policy and, in the context of their unexamined assumptions, shapes Taiwan policies internationally to accord with the CCP's ideological principles.



## Assessment

In line with the autarkical nature of the party-state, Beijing's highest Taiwan policy priority is CCP legitimacy and rectitude. The future of Taiwan is central to an ideological system in which the CCP elevates itself as the architect of modern China. The One China principle, the 1C/2S formula and even the 1992 Consensus frame cross-strait relations in terms of the CCP's role in building a modern Chinese nation from its post-imperial disorder through, in its terms, the historical contradictions between capitalism, as represented by the KMT, and communism. Beijing accommodates 'two systems' as a stage in a Marxist teleology that leads in this view with scientific certainty towards national unity, the attainment of communism, and the realisation of New China as the CCP's version of the 'end of history'.

Under the constraints of its totalising ideology, Beijing's policy positions are asserted as declarations of necessary and inevitable outcomes rather than as negotiable proposals. Beijing's many diplomatic, military and economic actions towards Taiwan are a set of pragmatic and punitive political and economic tactics that serve to validate those pre-given outcomes.

On that basis, in none of Beijing's policy work or politics is a viable road map through which unification could realistically be achieved as a negotiated agreement. Without a road map, attempting to realise unification on Beijing's terms would create a series of political and policy crises that would fall disproportionately to the Taiwan Government, the Taiwanese people and the international community to address.

Beijing's 1C/2S model cannot be accommodated under law in Taiwan or under the Constitution of the ROC. In addition, current laws require a legislative supermajority to initiate negotiations with Beijing and a referendum on any agreement. Therefore, Beijing's stated position requires legal disputation and constitutional revision with popular political implications that would test Taiwan's governmental systems and the integrity of its legal and political institutions.

Beijing's policy positions do not account for economic and financial disruption, including of Taiwan's capital account and significant US corporate debt holdings, or for any necessary mechanisms for regulation and assurance by governments and international monetary and financial bodies.

Nor has Beijing offered substantive proposals to address the status of Taiwan's military, which deploys mainly US-supplied advanced technology systems, including aircraft, ships and missile capabilities. Official statements from Beijing, which remain steeped in the early history of the CCP's relations with the KMT, state only that Taiwan 'may keep its military forces'.<sup>15</sup> Today, however, the integration of the ROC's combat and support units, military hierarchies and modern weapons systems into PLA command structures would present exceptional service as well as security and governance issues, necessitating direct international, and especially US, oversight and involvement. The more realistic option of Taiwan's demilitarisation has not been proposed by Beijing but would also require an unprecedented international commitment to manage the decommissioning of weapons systems and the demobilisation Taiwan's very substantial armed forces.

Beijing's Taiwan policies also do not take account of public opposition to unification in Taiwan. On the basis of Taiwan's political history, any pathway towards unification could be expected to trigger sustained mass political protests at a quantum up to the breakdown of law and order in Taiwan. Any post-unification scenario would need to assume the likelihood of mass outward migration and large-scale open-ended political opposition and the possibility of violent resistance.

By prioritising the legitimacy and ideology of the party-state in its Taiwan policy principles and the tactics it uses to assert them, Beijing effectively exports political, policy and security risk to Taiwan and the international community.

# SCENARIOS

On Taiwan, there is a 100-year political history with a clear and consistent trajectory of the pursuit of self-determination and the establishment of liberal democratic institutions that express Taiwan's distinctive pathway to modernity and modernisation through colonisation and authoritarian rule in the post-Qing era. On the PRC side is a vision for a modern China shaped by Marxist ideology, which holds that unification is the fulfilment of national rejuvenation in accordance with inevitable historical forces.

These two post-Qing historical paths cannot be reconciled. Policy and planning on the Taiwan issue must assume conditions in which each side is on a trajectory that emerged from China's late- and post-imperial crisis that is not converging with the other. The unification of Taiwan and the PRC is not inevitable or 'natural', either on the PRC party-state's terms of its Marxist teleology or in the terms of Western analyses as a more vaguely defined effect of growing PRC economic and military power.

As noted above, analyses of cross-strait relations can observe particular conventions in which a 'resolution' of the Taiwan issue, either negotiated or military, is an inevitable outcome generated by the assumption of an instigating 'division'.

## Negotiated settlement

In practice, an external attempt to converge those trajectories through a negotiated process of unification would necessarily be accompanied by political disruption in Taiwan, consistent with Taiwan's political history. Furthermore, a hypothetical achievement of a negotiated settlement that included the exercise of even a limited degree of governmental authority over Taiwan by Beijing would initiate organised political opposition that would be sustained and be likely to track to a level that would critically divide Taiwan's society and polity and destabilise the Taiwan Strait and the region. The policing and military responses required by Beijing would test the internal politics of the CCP leadership and the relationship between the party and the PLA.

## War

At the same time, the dynamic of cross-strait relations does not make a PLA invasion and occupation of Taiwan a predetermined outcome, especially in accordance with a time-line such as one based on the centenary of the founding of the PRC in 2049. While the PLA develops and wargames invasion plans, and time-lines can be assumed to exist in parts of the party-state apparatus, a precipitous full-scale military action is counter to the CCP's highly elaborated ideological approach, in which Taiwan's future validates the party's self-ascribed status as the architect of modern China. Therefore, a full-scale military action could be understood as an expression of CCP policy breakdown, rather than a policy goal, and possibly be associated with a failure of party authority, specifically over the PLA. Were an invasion to occur and the PLA to prevail and occupy Taiwan, that would not resolve the Taiwan issue but be the start of an open-ended and uncontainable political crisis in the Taiwan Strait for Beijing that would test the political and economic capacity of the party-state to the level of its ongoing viability.

## Baseline scenario: progressive deterioration in cross-strait relations

The baseline scenario is therefore a continuation by Beijing of its current tactics in the Xi era to validate its overall ideological principles. It will continue to take Taiwan's remaining diplomatic allies and carry out united front work to promote its declared outcomes internationally and with acquiescent but unrepresentative political and business leaders in Taiwan, facilitate economic integration, and maintain a military threat through its developing military capabilities.

This scenario describes a progressive deterioration in cross-strait relations created by the growing gap between the PRC's tactics and its lack of a viable unification road map.

This change is distinct from a calculated trajectory towards a resolution, either military or negotiated, of the Taiwan issue. From the Taiwan side, this means increasing stresses within its political institutions, which cannot respond to both PRC tactics and its historically situated democratic popular and political aspirations for self-determination.

This suggests a growing risk of unpredictable politics and policy in response to political stresses. For example, abrupt and destabilising actions such as constitutional amendments or name rectification by a Taiwanese government become more likely in reaction to Taiwan's international isolation and policies from Beijing to which neither a KMT or DPP government could realistically respond. In addition, popular political actions and movements become more likely, including activist campaigns against Beijing or against individuals and groups in Taiwan with links to Beijing.

From the PRC side, the progressive deterioration in this scenario suggests that Beijing will not address the fundamental problems of its Taiwan policy but will extend the limits of its tactics as the utility of existing tactics, such as taking Taiwan's diplomatic allies, is expended.

## Limited military action

On that basis, there is the possibility of a limited military engagement initiated by Beijing that serves its overall worldview and remains ideologically manageable. This would be a limited air or naval military engagement with a clearly signalled possibility of escalation that would trigger an international crisis response. Rather than prevailing in a military engagement, Beijing would seek to manage the response in Taiwan and internationally, leveraging the international policy conventions that seek to avoid a cross-strait military conflict at all costs.

Achievable short-term outcomes for Beijing from a limited military action would be the suspension of Taiwan's democratic processes and the installation of a new government or the establishment of PRC liaison offices in Taiwan. United front work around the world, including in Australia, has prepared the ground for that tactic, and sections of global policy opinion would be likely to support Beijing emerging from a limited conflict with a greater institutional presence in Taiwan as a reasonable outcome.

However, over the medium term, like a hypothetical resolution that arrives at a similar outcome through negotiation, political opposition in Taiwan would destabilise Taiwan, the strait and the region. A limited military engagement quickly de-escalated through an international intervention and Taiwanese concessions would represent the start of a new cross-strait relations regime with a higher quantum of cross-strait and regional instability, rather than a return to a *status quo*.

## Community mobilisation

A scenario describing progressive deterioration also includes the growing mobilisation of the global Taiwanese diaspora. In Australia, the very large Taiwanese community in Brisbane could be expected to engage in political action in support of Taiwan directed at the PRC state and the Australian Government, especially in the event of a limited military engagement. The PRC's supporters in Australia as well as the PRC security apparatus could be expected to respond, including through united front work and conventional espionage. The globalisation of Taiwan's politics in this way follows the same pattern as Hong Kong's and, just as the Hong Kong community in Australia has redrawn the domestic political landscape, such actions by the Taiwanese community have become more likely.

# AUSTRALIAN POLITICAL AND POLICY CONSIDERATIONS

Australia's relations with Taiwan and its overall policy framework are focused on developing trade, economic and education links as well as bilateral cooperation in areas such as development aid, global health and non-traditional security. We do these in the context of our commitment to the US alliance and through a longstanding risk calculus for Australia–China relations.

Australia's approach is framed in terms of pragmatism and realism, in which we do what we can with Taiwan under a set of assumed conditions that are the basis for sustaining our interests.

Foundational is the long-held assumption that the Taiwan issue is on a pathway to an inevitable resolution through either military conflict or a negotiated settlement. For Australia, this means that our interests are cast as avoiding conflict at all costs and maintaining a pragmatic but contingent relationship with Taiwan until such time as a settlement is reached.

The Australian Government takes no position on the form of a negotiated settlement but it does assume that one is possible and would represent progress for the PRC, Taiwan and the region. It does not formulate policy on the assumption that Beijing has no road map for a negotiated settlement that would not create a political crisis in Taiwan and disrupt regional security.

Similarly, Australia sees a cross-strait conflict as a retrograde action and the worst possible outcome for our regional interests. While that is true of a full-scale military action, Australia does not assume the possibility of a limited conflict as an extension of Beijing's current political tactics. Therefore, our likely response to any military action—to seek to end it as quickly as possible—opens the possibility of complicity in a resolution under conditions that extend Beijing's influence over Taiwan, and so expose us to greater medium-term risks through political crises in Taiwan.

Australia frames its relationship to Taiwan in terms of realism and the *status quo*, but for Beijing its relations with Taiwan successfully export the risks of cross-strait relations to the international community through policies that prioritise the CCP's legitimacy. Australia's realism is conditioned by underlying assumptions that align with Beijing's narrative and goals. Furthermore, as the conditions of cross-strait relations deteriorate in the Xi era, the policy analysis term *status quo* itself becomes misrepresentative of that reality.

The trajectory of cross-strait relations under Beijing's Taiwan policies is challenging Australia's medium- and long-term interests and changing the calculus for Australia–Taiwan relations.



# POLICY PRESCRIPTIONS

- Restore the integrity of Australia's One China policy, particularly at the level of Australian state and local governments, through policy outreach and capacity-building to delineate the distinction with Beijing's One China principle as the basis for Australia's relations with both Beijing and Taipei.
- Recalibrate support for Taiwan to maintain its international space in recognition of the trajectory of deterioration in the cross-strait *status quo* by affirming Taiwan's place in Australia's international relationships and its national commitment to democratic values and good global governance.
- Promote high-level engagement between Australia and Taiwan, including through appropriately briefed government officials and current and former ministers, with parameters beyond trade and investment to include democratic governance, culture, indigenous reconciliation and shared policy concerns.
- Reassess the risk profile in Australia–Taiwan relations to better reflect historical realities and new forms of transnational and community politics, according greater recognition to the disproportionate burden on Australia's domestic politics and international relations created by Beijing's current set of policies and tactics.
- Work with friends and allies in the region and internationally to support Australia's policy approaches to Taiwan to maintain its international space and reduce its isolation so as to attenuate the likelihood of unpredictable policy steps by Taipei.
- Prepare for tactical actions towards Taiwan, such as a limited military conflict, that create opportunities in the short term for Beijing but larger crises in the longer term.
- Work with friends and allies to roll back the policy burden of cross-strait relations towards Beijing so as to encourage PRC policy development that better acknowledges the political history of Taiwan in the interests of long-term regional security and prosperity.

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# ACRONYMS AND ABBREVIATIONS

|       |   |
|-------|---|
| 1C/2S | one country, two systems                        |
| 2-28  | February 28, 1947 uprising                      |
| CCP   | Chinese Communist Party                         |
| DPP   | Democratic Progressive Party                    |
| KMT   | Chinese Nationalist Party ( <i>Kuomintang</i> ) |
| PLA   | People's Liberation Army                        |
| PRC   | People's Republic of China                      |
| ROC   | Republic of China                               |

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