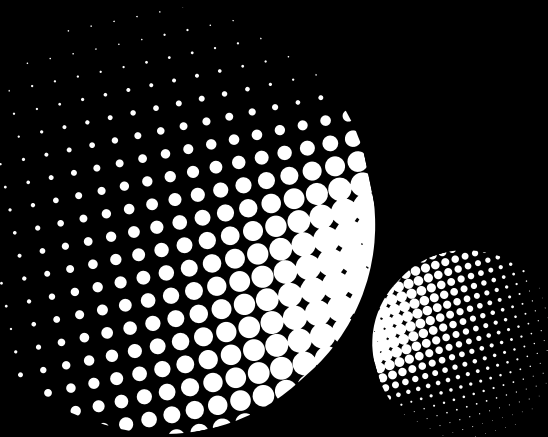
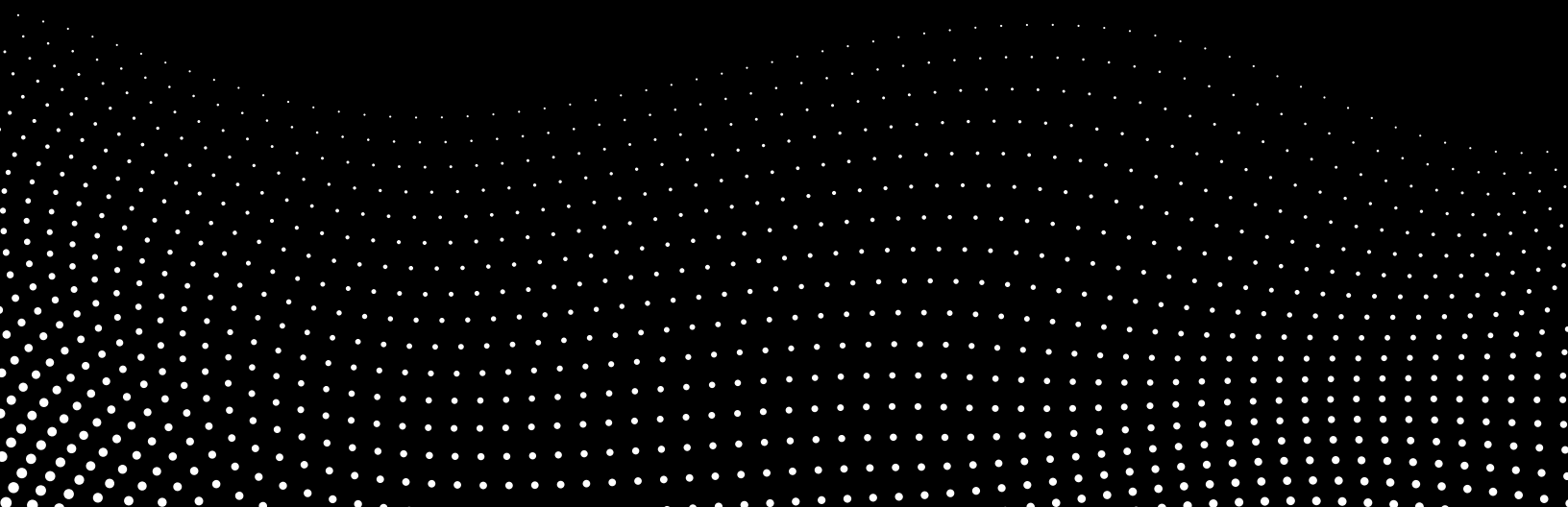


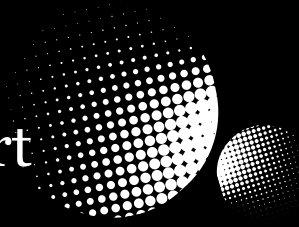
Taiwan Strait Risk Report



February Edition, 2024



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This issue of Taiwan Strait Risk Report takes a deep dive into Taiwan’s just concluded presidential and parliamentary elections, focusing on how the relatively unimpressive performance of the ruling Democratic Progressive Party (DPP) might affect China’s behavior in and around the Taiwan Strait. It then discusses a recent analysis by two highly respected experts on North Korea, according to which Pyongyang is now committed to attacking the South – a development, that were it to occur, could provide a pretext for China to exploit the chaos and attack Taiwan. Finally, the report examines the prospects for meaningful reform in the Taiwanese military, referencing incoming president Lai Ching-te’s apparent lack of political standing with Taiwan’s conservative military establishment. Its main conclusions are as follows:

- While China was obviously not happy with Lai’s election to Taiwan’s presidency, his relatively narrow margin of victory – he won with only 40 percent of the vote – combined with the weak showing of his DPP in the legislative poll, may be enough to convince Beijing to moderate its aggressive behavior in and around the Taiwan Strait, particularly with a Donald Trump victory in America’s November 2024 presidential elections still on the table.
- The notion that North Korea might attack the South inserts a new layer of worry into calculations about Taiwan’s political future, given its dire implications for Beijing’s room for maneuver in the resulting military chaos.
- Incoming president Lai Ching-te’s relatively poor relations with Taiwan’s conservative military establishment does not auger well for the implementation of far-reaching military reform on the island. Making matters worse for him, the balance of power in Taiwan’s newly elected legislature appears to undermine his chances for expanding military spending – a key element in America’s wish list for the new Taiwanese leader.



Taiwan Strait Risk Report evaluates the probability of China attacking Taiwan over the short (one to 18 months) and medium terms – up to five years out.

On February 1, our ratings are as follows:

Possible Chinese Initiative	Short term	Change from previous month	Medium term	Change from previous month
Occupation of Qinmen and/or Matsu	4	+1	5	-
Occupation of Penghu and/or Taiwan's South China Sea Islands	4	-	6	-
Aerial and Naval Quarantine of Mainland Taiwan	3	+1	6	+1
Aerial and Naval Blockade of Mainland Taiwan	3	+2	4	+1
Air and Sea Bombardment of Mainland Taiwan	3	+1	3	-
Sabotage of Critical Infrastructure/Government Facilities	2	-	3	-
Decapitation Strikes Against Taiwanese Leadership	2	-	3	-
Full-scale Invasion	1	-	3	-

Accidental Conflict Rating: 2
(NO CHANGE FROM PREVIOUS MONTH)

The number of Chinese aircraft violations of Taiwan's self-declared Air Defense Identification Zone dropped from 83 in December to 69 in January – a somewhat counter-intuitive result, particularly given widespread expectations that China would use the presidential election of Lai Ching-te of the ruling Democratic Progressive Party to show its displeasure with the party's pro-independence policies. (The period in question was also marked by no less than seven Chinese balloon violations of the ADIZ – a relatively new Chinese tactic). The Chinese restraint on the aircraft violations was probably a function of China's recognition that its Taiwan electoral interests were not served by conspicuous demonstrations of military force, as well as by a parallel desire not to jeopardize whatever gains it feels it realized during the November meeting in San Francisco between Chinese leader Xi Jinping and U.S. President Joe Biden. Still, it remains likely that the number of Chinese aircraft violations of Taiwan's ADIZ will spike once again in mid- to late May, this to coincide with Lai's inauguration as president, and the contemporaneous arrival in Taipei of a high-powered American delegation to celebrate the event.

By way of a baseline comparison, our accidental risk rating would have been 1-2 in 2013, when China's grey-zone activities against Taiwan were at a minimum, Sino-American relations were relatively calm, and few if any impending points of friction were roiling the area. *Please See Endnote for a Full Explanation.*



Taiwan's Elections: Something for Everyone

KEY TAKEAWAYS

- The results of Taiwan's presidential and legislative elections on January 13 offered something positive for all of the main participants, as well as for China and the United States
- China probably emerged as the biggest winner of all, largely because the strong showing of the main opposition Kuomintang (KMT) held out the possibility of an accelerating lack of Taiwanese resolve to confront the ever-growing challenge of Beijing's military and political threat

BOTTOM LINE RISK IMPACT:

DISINCENTIVIZES MOST CHINESE ATTACK SCENARIOS IN BOTH THE SHORT AND MEDIUM TERMS

Taiwan's quadrennial presidential and legislative elections are now safely in the books, and the results were very much what most knowledgeable observers had expected: a relatively narrow victory for ruling Democratic Progressive Party candidate Lai Ching-te in the presidential poll (in the event he won by about six points) and a sharp erosion in the DPP's standing in the 113-seat legislature, this on the back of strong showings from both the KMT and the upstart Taiwan People's Party (TPP).

Overall, the KMT came out particularly well, winning the most legislative seats (52 to the DPP's 51) and polling a strong 33.5 percent in the presidential elections, despite some well-founded fears that KMT candidate Hou You-yi would be subsumed by intra-party rivalries.

Looked at in their broadest possible context, the results appeared to offer something for all of the participants, as well as for the United States and China, whose interest in the polls was at predictably high levels.

For the DPP, Lai's victory – however narrow – offers the prize of a third straight term in the presidential office building – a real rarity in democratic polities. As president, Lai will retain full control of Taiwan's security and foreign policies, **meaning that any sharp erosion in Taiwan's ironclad determination to retain its separate political status from China is very much off the table – at least for now.**

Still, the DPP did suffer a major reverse in its share of the presidential vote – 40 percent compared to the 57 percent garnered in 2020 by outgoing president Tsai Ing-wen – and a comparable fall-off in its legislative representation – down ten seats from its impressive showing four years ago. As a result, a still emerging KMT and TPP coalition will likely be able to stymie any DPP efforts to pass bills reflecting its political priorities, including in the vital defense sphere, where the United States has been pushing for a sizable expansion in the military budget.

Many local commentators have ascribed the DPP's poor performance to popular dissatisfaction with its stewardship of the Taiwanese economy over the preceding several years – particularly regarding stagnant wages and unaffordable house prices. While this analysis has merit, **it is also likely that the public's worries over rising tensions in and around the Taiwan Strait contributed substantially to the**



DPP's reduced share of the vote – particularly given the fact that both China and the KMT framed the presidential race as an apocalyptic choice between war and peace.

Among other things, this sense of voter caution will almost certainly act as a brake on any conspicuous pro-independence moves that incoming president Lai might have had in mind – though the truth is, he is far from being the dedicated political firebrand that his detractors have alleged. Rather than unilaterally declaring Taiwanese political independence or something similarly provocative, Lai is likely to be chart a clear middle course aimed at preserving an open-ended continuation of the political and military status quo in and around the Taiwan Strait without upsetting China – though China itself will necessarily have quite a bit to say about the matter.

The DPP's reverses were very much the KMT's gains, with presidential candidate Hou You-yi garnering a third of the total vote, despite well-founded fears that his status as a native Taiwanese would undermine his prospects with the KMT establishment's well-known mainlander orientation.

This orientation was on full display Jan. 10 when former Taiwan president and KMT stalwart Ma Ying-jeou told German media outlet Deutsche Welle that Taiwan could never effectively defend itself against a Chinese attack across the Taiwan Strait and mocked the idea that the United States would ever come to help it out.

Rather than building up its own defense capabilities or counting on Washington's military support, Ma said, it made far better sense for Taiwanese to trust in Chinese leader Xi Jinping's supposedly benign intentions about their island's future.


Ma's comments are instructive not least because they reflect the views of a significant portion of the traditional KMT leadership, many of whom see themselves as sons and daughters of China, rather than as avatars of a separate Taiwanese identity.

Significantly, **their China-submissive mindset could well come to dominate Taiwan's newly elected legislature**, where the prospect of close cooperation between the KMT and the TPP threatens any Lai spending measures aimed at deepening the deterrent capability of the Taiwan military.

This, of course, is very much the result of the TPP's emergence as a strong third force in Taiwanese politics – distinct from both the independence-leaning DPP and the China-friendly KMT. The TPP was led into the elections by former Taipei mayor Ko Wen-je, a rather shallow political figure, who nonetheless managed to win the allegiance of many young voters who were justifiably concerned about high housing prices and stagnant wages at work.

Ko captured 26.5 percent of the presidential vote – a strong performance for such a dubious political operator – and even more to the point, helped his party gain an impressive eight seats in the legislature, which at least for now puts it firmly on Taiwan's political map.





While Ko is on record as saying that his heart is with the DPP, his performance during the election campaign showed that he is far more likely to be swayed by the KMT in the future, including in the legislature, where the election for speaker will have a major impact on Taiwan's political priorities over the next several years.

Early indications are that he will follow the KMT's preferences in the legislative speaker vote, underscoring the KMT's achievements in both the legislative and presidential polls.

All of which of course is music to the ears of China, which counts on a politically supple KMT (albeit somewhat more than it should) to help prepare Taiwan's people to accept eventual Chinese political control over their island – without it having to fire a single shot in the process.

Given this trend, we now see the following Chinese activities as likely to dominate geopolitics in and around the Taiwan Strait over the next 12-18 months:

- **Continuing low to moderate levels of gray-zone activity aimed at weakening the resolve of the Taiwanese military and the Taiwanese people at large**, albeit at a possibly enhanced pace around May 20, when Lai is set to be inaugurated
- **A continuing disinclination to resort to direct commercial pressure on Taiwan's foreign partners**, including shipping companies, airlines and energy providers. As long as Beijing believes that Donald Trump remains a viable presidential candidate in the United States, this disinclination is likely to persist
- **Continuing efforts to wean away Taiwan's diplomatic partners as a way of undermining the island's overall diplomatic standing.** The Chinese-engineered defection of Nauru – announced less than 48 hours after voting ended in the Taiwanese elections – is emblematic of this trend

China, of course, will not be happy about American expressions of support of the Taiwanese electoral process, to say nothing of the fact that the U.S. was in no way opposed to Lai's election *per se* – itself a recognition that a KMT victory in the Taiwan presidential poll would have severely complicated American efforts to hold together a fragile coalition of Asian nations worried about China's rising economic and military power in the region.

The strength of the coalition is one of the major reasons for America's longstanding policy of helping Taiwan defend itself against a possible Chinese attack.

But even with the ostensible advantage of Lai's election victory, the U.S. might still feel itself to be on the back foot regarding future Chinese inroads into the Taiwanese political process, not least because of the renewed strength of the KMT. That strength, it knows, could have seriously negative consequences not only for the open-ended continuation of Taiwan's de facto separate status from China, but also for the long-time survival of Washington's Beijing-wary coalition in the western Pacific region.

The North Korean Threat: Another Reason for Worry

KEY TAKEAWAYS

- Two highly-regarded experts on North Korea have now concluded that North Korean leader Kim Jong Un has made a strategic decision to go to war against the South – possibly by using nuclear weapons
- Notwithstanding China’s clearcut desire to help preserve peace on the Korean peninsula, there is a reasonably high probability that Beijing would exploit any significant outbreak of hostilities in the area to try to advance its longstanding agenda on Taiwan unification

BOTTOM LINE RISK IMPACT:

INCENTIVIZES SOME CHINESE ATTACK SCENARIOS IN BOTH THE SHORT AND MEDIUM TERMS

Robert Carlin and Siegfried Hecker are extremely serious students of North Korean military intentions and of North Korean politics in general.

Carlin spent some 30 years analyzing North Korea for the U.S. government – most of them with the CIA – while Hecker served for 11 years as the director of the Los Alamos National Laboratory – one of America’s premier installations for nuclear-related research. Among other things, he has had unprecedented access to North Korea’s Yongbyon Nuclear Center, probably the main link in its expansive nuclear weapons program.

In a January 10 blogpost on their 38north.org website – a post that has since set off serious alarm bells in Washington – **they issued the following chilling warning:**

“The situation on the Korean Peninsula is more dangerous than it has been at any time since early June 1950. That may sound overly dramatic, but we believe that, like his grandfather in 1950, Kim Jong Un has made a strategic decision to go to war. We do not know when or how Kim plans to pull the trigger, but the danger is already far beyond the routine warnings in Washington, Seoul and Tokyo about Pyongyang’s ‘provocations.’ In other words, we do not see the war preparation themes in North Korean media appearing since the beginning of last year as typical bluster from the Democratic People’s Republic of Korea.”

Making matters worse, Carlin and Hecker wrote, is a strong possibility that Kim Jong Un’s war plans might include the use of nuclear weapons.

According to the two:

“North Korea has a large nuclear arsenal, by our estimate of potentially 50 or 60 warheads deliverable on missiles that can reach all of South Korea, virtually all of Japan (including Okinawa) and Guam. If, as we suspect, Kim has convinced himself that after decades of trying, there is no way to engage the United States, his recent words and actions point toward the prospects of a military solution using that arsenal.”

To be sure, not everyone in the small community of serious North Korea experts accepts the validity of the Carlin/Hecker thesis, particularly its assertion that Kim would deploy his nuclear arsenal in the Northeast Asian region.



A common theme among the naysayers is that rather than seeking war with South Korea, Kim is brandishing the nuclear threat as a way of pushing Washington to accept North Korea as a legitimate nuclear power and so give it a seat at the table in any future arms-reduction talks.

One of these naysayers, Park Won-gon, a North Korea expert at Ewha Woman's University in Seoul, was quoted as follows in the January 21 edition of the *New York Times*:

“The North Koreans won't start a war unless they decide to become suicidal; they know too well that they cannot win the war. But they would love their enemies to believe that they could, because that could lead to engagement and possible concessions, like the easing of sanctions.”



But naysayers aside, there is still very little doubt that Washington is taking the Carlin/Hecker warning seriously, with senior military and civilian officials in key positions stepping up their monitoring of North Korean military activities, particularly with respect to possible dangers for American forces in the area.

All of this, of course, has direct implications for Taiwan, which just like South Korea, is a democratic polity facing an existential threat from an authoritarian neighbor.

For Taipei, the main danger of any future Northeast Asian conflict is that China might try to exploit it to push forward with its own program of bringing Taiwan to heel, notwithstanding its own preference for an open-ended continuation of peaceful relations on the Korean peninsula.

Under this scenario, China would leverage the chaos that such a conflict would generate – including the round-the-clock involvement of both the United States and Japan – to take Taiwan by force and create the kind of political facts on the ground that would change its character forever.

How likely is such a scenario to occur? If Carlin and Hecker are right, it is certainly within the realm of possibility, which is the main reason we have now decided to raise our China attack risk ratings by 1-2 points, notwithstanding the countervailing presence of Donald Trump's possible election as U.S. president, the continuing bearish trends in the Chinese economy and the strong indications of Chinese leadership dissatisfaction with preparedness at the highest levels of the PLA.

Should additional signs of North Korean belligerence emerge in coming weeks and months – even beyond the current level of low-grade attacks and hostile rhetoric – there is every reason to believe the ratings would be raised once again.



Taiwan Military Reform: Where To Now?

KEY TAKEAWAYS

- Efforts to reform Taiwan's hidebound military establishment look set to hit a wall, primarily against the background of Lai Ching-te's recent election as the island's president
- Without a viable military reform program, Taiwan's ability to convince the United States to send troops to defend it could well come asunder, particularly if Donald Trump is elected president in November 2024

BOTTOM LINE RISK IMPACT:

INCENTIVIZES SOME CHINESE ATTACK SCENARIOS IN BOTH THE SHORT AND MEDIUM TERMS

One of Taiwanese President Tsai Ing-wen's major contributions to Taiwan's stability during her nearly eight years in office was her ability to begin a much-needed reform of Taiwan's conservative military structure. Among her most outstanding achievements in this regard, the following are particularly noteworthy:

- **Expanding the annual military budget** from US\$10 billion to US\$20 billion
- **Raising the period of mandatory conscription for Taiwanese males** from four to twelve months
- **Replacing a number of underperforming leaders at the top levels of Taiwan's military services**
- **Beginning a far-reaching overhaul of Taiwan's moribund reserve system**
- **Encouraging a long-delayed re-think of Taiwan's military procurement priorities**

To be sure, Tsai fell far short of implementing the kind of far-reaching military re-structuring that many critics in both Washington and Taipei would have liked. According to the critics:

- Taiwan military spending needs to be increased even further – certainly to as high as three percent of GDP – if the island has any chance of encouraging further enlistments and building up depleted military stockpiles
- The Taiwanese military needs to superintend the creation of well-trained local militias within the framework of a thoroughly reformed reserve system if it wants to both raise civic awareness and heighten crucial national resilience
- The Taiwanese military needs to move full speed ahead on implementing the kind of “porcupine” defense system that American military leaders have long proposed for it, even if it means ending its longstanding addiction to the showy military platforms that almost certainly would not survive the first wave of a dedicated Chinese attack

Unfortunately for Taiwan however, prospects for implementing these reforms now seem quite remote, largely because of the considerable distrust existing between the Defense Ministry, and newly-elected Taiwanese president Lai Ching-te.

Just like Tsai herself, Lai comes from the Democratic Progressive Party, which has a long history of doubting the motives of the Taiwan defense establishment – a history dating all the way back to the early 1950s, when the Taiwan Garrison Command, Chiang Kai-shek's political and ideological shock force, was engaged in a punitive campaign to stifle the development of the DPP's independence-minded predecessors.



Making matters worse for Lai, he is perceived by the current military establishment as a pro-independence flame-thrower, which grates on the sensibilities of the China-accommodationist-bent of many officials at the highest levels of the military hierarchy.

The political bottom-line here is that the cause of Taiwanese military reform will probably be consigned to the back burner of the island's priorities for many months to come now, further deepening the impression in the United States that Taiwan is the odd man out in the trio of American allies whose democratic systems are under serious assault from authoritarian regimes – Israel, Ukraine, and Taiwan itself. Both Jerusalem and Kyiv have already made considerable sacrifices to protect themselves against their respective antagonists – Iranian-backed proxies in the case of Israel, Russia in the case of Ukraine – but Taiwan in many key respects is not perceived as pulling its weight, at least not to the extent Washington would like to see.



This is not a good place for Taiwan to be, even if President Joe Biden or a like-minded Democrat or Republican is elected to the American presidency in November 2024 - not least because of America's already strong disinclination to get itself involved in foreign military campaigns – a *sine qua non* for Taiwan's survival should Beijing attack it.

Matters would be even worse for it should Donald Trump win in November 2024, particularly given 1) Trump's transactional approach to geopolitics; 2) his marked disdain for Taiwan's democracy; 3) his lack of understanding of and interest in America's traditional post-World War II security stance in the western Pacific; and 4) his demonstrated sympathy for dictatorial leaders like China's Xi Jinping.

While it is true that some Trump supporters like to point to his clearcut anti-China attitude, including his groundbreaking implementation of anti-China tariffs and his many anti-China comments, they still fail to credit the considerable distance between this kind of empty performative politics and the dispatching of American troops and expending American treasure in defense of Taiwan's democracy, which is quite a heavy lift.

Under a Trump presidency, it would likely not be made.





ENDNOTES:

1. We define an attack as either a full-scale amphibious invasion across the Taiwan Strait or some lesser kinetic initiative meant to fundamentally change the status quo between the sides – China seizing one or more of Taiwan’s offshore islands, for example, or China mounting a blockade of Taiwan’s ports and airports. All assessments provide a 1-10 risk rating. A rating of eight or more implies that a Chinese attack may be imminent, while one of three or below suggests that no such attack is likely.

2. In addition to the China attack ratings, we also offer our assessment of accidental conflict breaking out across the strait, primarily against the background of China’s escalating “grey zone” tactics in the area, including those involving its violations of Taiwan’s self- declared Air Defense Identification Zone. Our accidental conflict risk rating ranges from 1-10, the latter connoting an extremely high level of danger. It is based on a combination of:

- China’s “grey-zone” intrusion frequency;
- Our reading of the ability of China and the United States to prevent an accidental incident from getting out of hand (much in the way they defused the EP-3 spy plane incident in 2001); and
- The specific complications offered by one-off instances of political tension in the area, such as an impending high-level American visit to Taiwan, or the sale of a new package of American weapons systems to the island.

Taiwan Strait Risk Report

