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## TAIWAN AS A FLASHPOINT IN THE US-CHINA STRATEGIC COMPETITION: POTENTIAL ESCALATION AND IMPLICATIONS FOR BANGLADESH

### Abstract

Taiwan, a contentious issue in US-China relations, has become a critical factor in intensifying strategic competition between the two great powers. The tension surrounding Taiwan is not new, but the nationalist, normative and geopolitical significances of the island in a time of China's 'great rejuvenation of the Chinese nation', the US's Indo-Pacific Strategy and the narrowing gap in military capabilities between the US and China have turned Taiwan into the most dangerous flashpoint. The paper aims to appraise the relevant stakeholders in Bangladesh regarding this flashpoint, discuss possible scenarios of escalation and indicate their potential implications for the country. The paper perceives that while a US-China conflict centring on Taiwan is not inevitable, the heightening of tension is clearly visible which can escalate to another crisis in the Taiwan Strait. Although the possibility is rare, a conflict with China dragging in the US and its allies cannot be completely ruled out either. Using primary and secondary sources, the paper finds that as Bangladesh is highly dependent on both the US and China in several key sectors, any escalation may have implications for its foreign policy, defence cooperation and trade. Thus, it is crucial to develop an awareness of the sensitivities centering on the issue and prepare ahead to avoid shocks and minimise impacts for Bangladesh.

**Keywords:** US-China, Taiwan, Strategic Competition, Escalation, Implications, Bangladesh

### 1. Introduction

The strategic competition that arose between the US and China centring on 'China's rise' in the post-Cold War era has considerably intensified. After the initial phase of the 'China threat' discourse, the US adopted the concept of 'responsible stakeholder' through which it expected China to undertake greater responsibility for global challenges and bolster the international system that facilitated China's rise.<sup>1</sup> However,

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<sup>1</sup> Hoo Tiang Boon, "America's 'Responsible Stakeholder' Call and the Sharpening of Debate, 2005 to 2012," in *China's Global Identity: Considering the Responsibilities of a Great Power* (Washington DC: Georgetown University Press, 2018), 95–96.

dissatisfaction with China's role and perception of its assertiveness made successive US administrations reorient their policy towards China. At present, the US perceives China as the 'most consequential geopolitical challenge' with the intent and capacity to reshape the international order, create spheres of influence and become the world's leading power. Thus, out-competing China has been identified as the top global priority of the US.<sup>2</sup> However, in China, the narrative of its rise is quite different. It is not seen as a new phenomenon, but rather a regain or resurrection of China's lost international status. Within the first decade of this century, there was a strong sense in China that it had transformed from a regional big power to an emerging world power<sup>3</sup> but the US constrained its rise. China felt threatened by the US's unilateral military actions in a unipolar world and believed that its rise will restore fairness and balance of power in the Asia-Pacific region,<sup>4</sup> promote peaceful cooperation and democratise international relations.<sup>5</sup> These competing world views of the two great powers and several contentious issues between them in the field of security, economy, governance, human rights, technology, etc. are some of the defining features of the rapidly evolving global scenario. Despite such differences, both countries realise the need to manage and accommodate each other due to their interdependencies in several sectors. However, when it comes to Taiwan, both sides are firm in their respective positions, making it a non-negotiable issue.

The Taiwan issue is not a new topic in US-China relations. This has remained a contentious issue between the two countries and there have been three major crises centring it in 1954, 1958 and 1996. But there was no settlement in the previous events and the issue was temporarily shelved. Thus, it frequently reappeared causing tensions in cross-Strait relations and between the US and China under new circumstances. Under the current geopolitical scenario, Taiwan receives paramount importance in the security and defence policies of both countries. This was reflected in the US's showing support to Taiwan through the then Speaker Nancy Pelosi's visit in August 2022. China viewed this as a "dangerous, malicious provocation" and infringement of China's sovereignty and territorial integrity<sup>6</sup> and conducted the largest military exercise around the island in response. The statements and speeches of the respective leaders also highlight the importance of Taiwan. Chinese President

<sup>2</sup> The White House, *US National Security Strategy 2022* (Washington DC: The White House, 2022), 23.

<sup>3</sup> Boon, "America's 'Responsible Stakeholder' Call," 101.

<sup>4</sup> Yan Xuetong, "The Rise of China in Chinese Eyes," *Journal of Contemporary China* 10, no. 26 (2001): 34.

<sup>5</sup> Zheng Bijian, "China's 'Peaceful Rise' to Great-Power Status," *Foreign Affairs*, (September/October, 2005), 24.

<sup>6</sup> Ministry of Foreign Affairs of the People's Republic of China, "Vice Foreign Minister Ma Zhaoxu on Pelosi's Visit to Taiwan," August 09, 2022, [https://www.fmprc.gov.cn/mfa\\_eng/wjdt\\_665385/zyjh\\_665391/202208/t20220809\\_10738069.html](https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/202208/t20220809_10738069.html)

Xi Jinping identified Taiwan as the ‘first red line’ in bilateral ties that must not be crossed.<sup>7</sup> On the other side, the US President Joe Biden has repeatedly voiced support for Taiwan in case of an attack.<sup>8</sup> This has made Taiwan the most dangerous flashpoint for conflict.<sup>9</sup> The South and East China Sea issues are very important but Taiwan seems to get more priority in comparison.<sup>10</sup> Chinese scholar Jia Qingguo regards the current situation as a ‘perfect storm’ in formation.<sup>11</sup> The US security analyst Graham Allison views the Taiwan issue as the ‘fastest track’ to war between the US and China.<sup>12</sup> Several US military officials and security experts have already started to draw different timelines for a possible conflict over Taiwan, with 2025 being the earliest. On the contrary, many experts disagree with such timelines and do not consider a conflict to be imminent. However, there is no denying that tension is heightening and the possibility of escalation to a conflict cannot be ruled out completely. Thus, quoting distinguished academician Medeiros, it can be said that “a possible conflict over Taiwan remains a central, motivating feature of the US-China security competition.”<sup>13</sup> Although in principle, both the US and China want a peaceful resolution to the issue, the immense political and strategic significance of the island creates a higher propensity to take risks. Hence, the Taiwan issue is discussed as the most contentious issue in the US-China competition at present.

The US-China competition centring Taiwan issue has been extensively analysed by Western and Asian scholars in recent times. In Bangladesh, discussions related to the US-China competition are mostly in the context of the Bay of Bengal or as part of the wider Indo-Pacific politics. Discussions related to geopolitical flashpoints like Taiwan are limited and scanty. There are news reports and opinion pieces following the August 2022 event but academically, the Taiwan issue is considered a distant topic and has not received much attention from Bangladeshi scholars. The dearth of literature is understandable as Bangladesh is not in close proximity to the hotspot and has limited people-to-people ties with the island.

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<sup>7</sup> “China’s Xi tells Biden: Taiwan issue is ‘first red line’ that must not be crossed,” *Reuters*, November 14, 2022.

<sup>8</sup> Vincent Ni, “Joe Biden again says US forces would defend Taiwan from Chinese attack,” *The Guardian*, September 19, 2022.

<sup>9</sup> Mark F. Cancian, Matthew Cancian and Eric Heginbotham, *The First Battle of the Next War: Wargaming a Chinese Invasion of Taiwan* (Washington DC: CSIS International Security Program, January 2023), 9.

<sup>10</sup> Charles Glaser, “A US-China Grand Bargain? The Hard Choice between Military Competition and Accommodation,” *International Security* 39, no. 4 (2015).

<sup>11</sup> Jia Qingguo, “Taiwan: Can a perfect storm be averted?” *China International Strategy Review* 3 (2021): 66–82.

<sup>12</sup> Graham Allison, “Taiwan, Thucydides, and US-China War,” *The National Interest*, August 05, 2022.

<sup>13</sup> Evan S. Medeiros, “The Changing Fundamentals of US-China Relations,” *The Washington Quarterly* 42, no. 3 (2019): 93–119.

Bangladesh's position is also very clear i.e., it firmly adheres to the 'One China Policy' and has reiterated its continued support to this policy in recent high-level political exchanges.<sup>14</sup> Nevertheless, owing to the heightened tension surrounding the issue, it is important for Bangladesh to pay closer attention to the recent events. In this globalised world, no country is immune from the spill-over of a conflict. The impact on Bangladesh due to the ongoing Ukraine-Russia War is an evidence of that sort. So, it is important for Bangladesh to study all flashpoints, especially the ones involving great powers. This research is an effort towards studying one of the most dangerous flashpoints. The study has revolved around three research questions:

- Why is Taiwan considered a flashpoint in the US-China strategic competition?
- Will there be an escalation centring Taiwan? If so, how would it evolve?
- What will be the potential implications for Bangladesh under such circumstances?

This paper argues that as the US and China are two of the most important partners in Bangladesh, any escalation between them may have implications for the latter in key sectors like foreign policy, defence and trade. Thus, there is a need to develop a deeper understanding of the topic to avoid shocks and stay reasonably prepared.

Based on the official positions of Bangladesh, China and the US, this study aims to provide a brief overview of the Taiwan issue, critically discuss possible scenarios of tension flaring up and indicate their potential implications for relevant stakeholders in Bangladesh. It is an exploratory research, based on data collected through primary and secondary sources. Sources include Key Informant Interviews (KIIs)\* of academicians, security analysts and practitioners; document analysis of white papers, strategies and reports of government organisations; and literature review of books, articles and think-tank publications. The scenarios are developed by analysing war games conducted by selected think tanks; US's National Security Strategy 2022 (NSS), National Defense Strategy 2022 (NDS) and National Defense

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<sup>14</sup> Ministry of Foreign Affairs, Bangladesh, "Bangladesh, China hold 12<sup>th</sup> Foreign Office Consultations in Dhaka," May 28, 2023, [http://www.mofa.gov.bd/site/press\\_release/9793769f-e491-4680-b4f5-0319ae0c0b51](http://www.mofa.gov.bd/site/press_release/9793769f-e491-4680-b4f5-0319ae0c0b51).

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Authorization Act for Fiscal Year 2023 (NDAA); China's White Papers on Taiwan (1993, 2000 and 2022); events of the previous Taiwan Strait crises, and news reports of events till 15 April 2023.

The findings of the study are presented in five sections. Following the introduction, Section 2 analyses the competing views of the US and China regarding Taiwan which make it a dangerous flashpoint. Section 3 develops three broad scenarios which indicate how the US-China strategic competition is likely to intensify centring on Taiwan. Section 4 chalks out the potential implications for Bangladesh and Section 5 concludes the paper.

## 2. Emergence of Taiwan as a Flashpoint

At present, Taiwan is considered to be a hub of economic advancement and technological excellence. It is located on the south-eastern coast of China and divided from the mainland by the Taiwan Strait which is around 70 nautical miles at its narrowest.<sup>15</sup> To understand why this relatively small island is regarded as a dangerous flashpoint in the US-China strategic competition, it is important to take into account how the views of both sides evolved over time. Any historical topic is usually filled with multiple interpretations and several nuances, the Taiwan issue is not different in this aspect. This section, thus, attempts to provide a simple overview of the US and China's approach towards Taiwan by highlighting only the aspects that are relevant to understand the current dynamics of this issue.

### 2.1 *Historical Background of the Taiwan Issue*

Taiwan's history, by and large, underwent several transitions. In the previous centuries, different dynasties of China and European colonial powers administered Taiwan under different arrangements. In 1885, Taiwan was made a full province of China.<sup>16</sup> Following the Qing government's defeat in the 1894 Sino-Japanese War, the island was ceded to Japan which ruled it for fifty years. After Japan's defeat in 1945, Taiwan was returned to China. In this historical context, China considers Taiwan to be an 'inalienable part of China's territory'<sup>17</sup>.

<sup>15</sup> Lynn Kuok, "Narrowing the differences between China and the US over the Taiwan Strait," IISS, July 13, 2022, <https://www.iiss.org/online-analysis/online-analysis//2022/07/narrowing-the-differences-between-china-and-the-us-over-the-taiwan-strait>.

<sup>16</sup> The Taiwan Affairs Office of the State Council and the State Council Information Office, *The Taiwan Question and China's Reunification in the New Era* (The Taiwan Affairs Office of the State Council and the State Council Information Office of the People's Republic of China, August 2022).

<sup>17</sup> "Statement by the Ministry of Foreign Affairs of the People's Republic of China," Ministry of Foreign Affairs of the People's Republic of China, August 02, 2022, [https://www.fmprc.gov.cn/eng/zxxx\\_662805/202208/t20220802\\_10732293.html](https://www.fmprc.gov.cn/eng/zxxx_662805/202208/t20220802_10732293.html)

In 1949, the 'People's Republic of China (PRC)' was founded by the victorious communists led by its leader Mao Zedong, becoming the successor to the Republic of China (ROC).<sup>18</sup> The defeated Kuomintang (KMT) regime headed by Chiang Kai-shek retreated to Taiwan. During that period, the US continued to maintain relations with the government based in Taiwan. The US signed the defence treaty with Taiwan in 1954 and had troops stationed on the island. However, the equation started to change in the 1970s.

In 1971, the UN restored rights of the PRC and recognised its government as the only representative of China to the UN.<sup>19</sup> With the US-China rapprochement, the US severed official relations with government based in Taiwan and established diplomatic ties with PRC in 1979. From that point, the concept of 'One-China Policy' became widely used which refers that the US recognises the PRC as the sole government of China. Although the US ceded diplomatic relations with Taiwan, it passed the Taiwan Relation Act (TRA) to maintain unofficial ties with the island and expected that the future of Taiwan would be decided by peaceful means. Through the TRA, the US also committed to provide Taiwan with defensive arms and maintain the capacity to resist force or coercion that would jeopardise its security, social or economic system.<sup>20</sup> In the US's view, the status of Taiwan is unsettled. Although as per the Joint Communiqué the US "acknowledges the Chinese position that there is but one China and Taiwan is part of China"<sup>21</sup>, in the Six Assurances made to Taiwan, the US indicated that Taiwan's sovereignty remains unresolved.<sup>22</sup> In this aspect, it can be viewed that although the US acknowledged the Chinese position regarding Taiwan based on the geopolitical considerations of that time,<sup>23</sup> it does not endorse the Chinese position.<sup>24</sup> Thus, the issue remained unsettled and here lies divergent views between the US and China.

In China's view, Taiwan has been its significant part since ancient times. In the constitution, the PRC regards Taiwan as part of its sacred territory and viewed

<sup>18</sup> The Taiwan Affairs Office, *The Taiwan Question*, 2022.

<sup>19</sup> UN General Assembly, "26th session: 1971: Restoration of the lawful rights of the People's Republic of China in the United Nations," accessed April 10, 2023, <https://digitallibrary.un.org/record/192054?ln=en>.

<sup>20</sup> Congress.gov, "H.R.2479—Taiwan Relations Act, 96th Congress (1979-1980)", <https://www.congress.gov/bill/96th-congress/house-bill/2479>.

<sup>21</sup> "Diplomatic Relations Between the United States and the People's Republic of China—Address by President Carter to the Nation," Office of the Historian, December 15, 1978, <https://history.state.gov/historicaldocuments/frus1977-80v01/d104>.

<sup>22</sup> "President Reagan's Six Assurances to Taiwan," Congressional Research Service, October 8, 2020, <https://crsreports.congress.gov/product/pdf/IF/IF11665>.

<sup>23</sup> Michael J Green, "What Is the US 'One China' Policy, and Why Does it Matter?" CSIS, January 13, 2017, <https://www.csis.org/analysis/what-us-one-china-policy-and-why-does-it-matter>.

<sup>24</sup> "Taiwan: Political and Security Issues," Congressional Research Service, January 10, 2023, <https://crsreports.congress.gov/product/pdf/IF/IF10275>.

reunification with it as the sacred duty of all Chinese people.<sup>25</sup> It resolutely opposes the US's ties with the island and any statement referring that the status of Taiwan is yet to be determined.<sup>26</sup> The PRC uses the phrase 'One-China Principle' and believes that the principle guiding foreign relations with China is based on recognising the government of the PRC as the sole legitimate government representing the whole of China and severing or refraining from establishing diplomatic relations with Taiwan authorities.<sup>27</sup> China views reunification through 'one country, two systems' as the best approach for reunification<sup>28</sup> and has been consistently promoting this standpoint.

While the language used in 'One-China Policy' and 'One-China Principle' have specific interpretations and significance in the context of the US and China, it is not as nuanced for other countries. Apart from only thirteen countries that maintain diplomatic ties with Taiwan authorities, the rest of the world's 'One China' approach recognises PRC as the sole legitimate government of China.<sup>29</sup> Their diplomatic relations with the PRC is based broadly on the premise that they 'recognise' Taiwan as a province or inalienable part of China or they 'acknowledge', 'take note of', 'understands and respects' PRC's stance.<sup>30</sup> While there is no disagreement between the US and China that the PRC is the only legitimate government of China, there are different views regarding the framework of maintaining relations with Taiwan and its future. This unresolved issue has continued to impact their bilateral relations in the past decades and brought them to the brink of conflict during the three Taiwan Strait crises.

## 2.2 *Taiwan's Renewed Significance in the Present Day*

While Taiwan has historically been an important issue, it gained renewed attention with the intensifying strategic competition between the US and China. This has become an integral part of China's nationalist vision. China identified Taiwan as its 'core interest', i.e., a national interest that receives top priority and there can be

<sup>25</sup> National People's Congress (NPC) of the People's Republic of China, "Constitution of the People's Republic of China," November 20, 2019, <http://www.npc.gov.cn/englishnpc/constitution2019/201911/1f65146fb6104dd3a2793875d19b5b29.shtml>

<sup>26</sup> The Taiwan Affairs Office and The Information Office of the State Council, "The One-China Principle and the Taiwan Issue," February 21, 2000, [http://eu.china-mission.gov.cn/eng/zywj/bps/200403/t20040309\\_8301612.htm](http://eu.china-mission.gov.cn/eng/zywj/bps/200403/t20040309_8301612.htm).

<sup>27</sup> The Taiwan Affairs Office and The Information Office of the State Council, "The One-China Principle."

<sup>28</sup> The Taiwan Affairs Office, *The Taiwan Question*, 2022.

<sup>29</sup> Stuti Mishra, "The 13 countries still standing with diplomatic ties to Taiwan after Honduras shuts down embassy," *Independent*, March 28, 2023.

<sup>30</sup> Chong Ja Ian, "The Many "One Chinas": Multiple Approaches to Taiwan and China," February 09, 2023, <https://carnegieendowment.org/2023/02/09/many-one-chinas-multiple-approaches-to-taiwan-and-china-pub-89003>

no ‘compromise or trade’<sup>31</sup>. Reunification with Taiwan also became an integral part of the ‘great rejuvenation of the Chinese nation’ and came to be seen as an event that will eradicate all traces of China’s ‘century of humiliation’<sup>32</sup>. China’s 2022 White Paper on Taiwan reinforced this idea and viewed reunification as a historic mission of the Communist Party of China (CPC) and shared aspiration of all members of the Chinese nation.<sup>33</sup> This position regarding Taiwan can be attributed to China’s remarkable development and progress achieved through four decades of reform and modernisation. This has also increased China’s economic power, technological strength, and national defense capabilities which allowed China to take a stronger position in advocating for reunification and preventing external interference.<sup>34</sup> For China, resolving the Taiwan issue in its own term would demonstrate its strength as a rising power and make scope for greater parity with the US in the Indo-Pacific region.

In the US, the Taiwan issue is tied to its commitment to uphold democracy and rules-based order and stability in the Indo-Pacific region.<sup>35</sup> The US views coercion on Taiwan as a threat to democracy. It alleges China for unilaterally trying to change the status quo. For the US, any change of status quo favouring the PRC will appear as an appeasement towards China at this inflection point of global politics. Moreover, standing up against China’s perceived assertiveness is crucial for assuring allies and partners and reemphasising commitment to the Indo-Pacific region. Thus, the US has continued to increase arms sales, organised high-level visits to show support and conducted activities in the Taiwan Strait which China found provocative.

The current political landscape in Taiwan has an important role in this regard. The Democratic Progressive Party (DPP) authority in Taiwan vastly disagrees with China on several fundamental aspects like its political status and the future of cross-strait relations. DPP has been advocating for defending Taiwan’s sovereignty, democratic way of life and strengthening engagement with the US. China has taken a tougher stance against the actors it labels as “‘Taiwan Independence’ separatist forces” and perceives that the US is colluding with these actors to alter Taiwan’s status as part of China and create ‘two Chinas’ or ‘one China, one Taiwan’ as part of a political

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<sup>31</sup> Hoo Tiang Boon, “Hardening the Hard, Softening the Soft: Assertiveness and China’s Regional Strategy,” *Journal of Strategic Studies* 40, no. 5 (2017).

<sup>32</sup> Hoo Tiang Boon, “Cross-Strait Relations since 2008: Assessing Intra-position Politics,” *International Journal of China Studies* 5, no. 1 (April 2014): 137–151.

<sup>33</sup> The Taiwan Affairs Office, *The Taiwan Question*, 2022.

<sup>34</sup> The Taiwan Affairs Office, *The Taiwan Question*, 2022.

<sup>35</sup> Andrew T. H. Tan, “A New Era in Taiwan Politics and its Implications,” *Asia-Pacific Review* 24, no.1 (2017), 116–139.



ploy to contain China using Taiwan.”<sup>36</sup> China has strongly reacted to such activities and conducts regular air and naval manoeuvring around the island. In this regard, the potential of adopting non-peaceful means to protect China’s sovereignty and territorial integrity is also widely discussed citing the Anti-Secession Law adopted in 2005.”<sup>37</sup> Recently, China reinforced this idea and vowed not to renounce the use of force, and take all necessary measures to guard against external interference and separatist activities. In China’s view, it was poor and weak when foreign powers invaded Taiwan but China is not weak anymore.<sup>38</sup> Hence, demonstrating strength in protecting its core interest has become a key aspect of China’s competition with the US. In this aspect, parallel is often drawn with superpower rivalry in the Cold War period, but Mearsheimer perceives that the Taiwan issue makes it even more intense. He states, “...there was no territorial dispute between the superpowers—Berlin included—that was as laden with intense nationalistic feelings as Taiwan is for China. Thus, it is not hard to imagine a war breaking out over Taiwan...”<sup>39</sup> As a result, with the deteriorating cross-Strait relations, the US-China strategic competition continues to intensify.

Besides the nationalist and normative visions, there are also geopolitical dimensions that dominate both the US and China’s strategic thinking. First, Taiwan is part of the ‘first island chain.’ This is a hypothetical defensive parameter drawn by the US strategists in the 1940s to secure against the Soviet Union’s and PRC’s maritime approaches. It stretches roughly from the Kurils, the Japanese ‘home islands’ and the Ryukyus to Taiwan, the Philippines, and Indonesia.<sup>40</sup> The countries along this chain are mostly allies where the US has military bases or maintains a military presence. This helps to deter any threat from the Pacific and keep the US territories secured. The island chain concept has been reemphasised in recent times as the conventional deterrence against China is eroding. The PLA Navy exceeding the US Navy in fleet size<sup>41</sup> has also become concerning for the US. The Pacific Deterrence Initiative has been launched to strengthen regional deterrence and invest in Guam’s missile defense as a priority. As Taiwan is located in the middle of this island chain, it is extremely important for the US to have linkages with the island. On the other hand, breaking this chain is important for China’s ‘far seas’ ambition. Having control over Taiwan

<sup>36</sup> The Taiwan Affairs Office, *The Taiwan Question*, 2022.

<sup>37</sup> “Anti-Secession Law adopted by NPC,” March 14, 2005, [https://www.chinadaily.com.cn/english/doc/2005-03/14/content\\_424643.htm](https://www.chinadaily.com.cn/english/doc/2005-03/14/content_424643.htm).

<sup>38</sup> The Taiwan Affairs Office, *The Taiwan Question*, 2022.

<sup>39</sup> John J. Mearsheimer, “The Gathering Storm: China’s Challenge to U.S. Power in Asia,” *Chinese Journal of International Politics* 3 (2010): 381–396.

<sup>40</sup> Wilson VornDick, “China’s Reach has Grown; so Should the Island Chains,” Asia Transparency Initiative, October 22, 2018, <https://amti.csis.org/chinas-reach-grown-island-chains/>.

<sup>41</sup> Brad Lendon, “Expert’s warning to US Navy on China: Bigger fleet almost always wins,” *CNN*, January 17, 2023.

would allow China to solidify its position in the ‘first island chain’, gain access to the Pacific and operate eastwards. Experts perceive that this would change the strategic balance in the Western Pacific in China’s favour and facilitate its submarine warfare, long-range attacks and ocean surveillance capabilities.<sup>42</sup> This makes Taiwan a critical factor in the strategic calculation of the two competing countries.

Second, the Taiwan Strait is one of the busiest sea lanes of communication. It is the primary maritime trade route between East Asia, the US and Europe.<sup>43</sup> The alternative is to navigate through the Luzon Strait, but this remains vulnerable during the typhoon season in the South China Sea.<sup>44</sup> Thus, maintaining freedom of navigation through the Taiwan Strait is of crucial importance. However, there are differences in opinion between the US and China regarding the status of this waterway. The US considers that high-seas freedom of navigation operations and overflight is applicable in Taiwan Strait as it is in accordance with international law.<sup>45</sup> Nevertheless, China disagrees stating that the waterway is “...divided into several zones including internal waters, territorial sea, contiguous zone, and the Exclusive Economic Zone. China has sovereignty, sovereign rights and jurisdiction over the Taiwan Strait.”<sup>46</sup> Thus, China is critical of foreign warships transiting through these waters and this issue frequently causes tension between the two countries.

Third, Taiwan dominates the global semiconductor supply chain and 92 per cent of the world’s most advanced semiconductor manufacturing capacity.<sup>47</sup> The role of Taiwan Semiconductor Manufacturing Company Ltd (TSMC) is critical in producing military and civilian electronic equipment. For China, semiconductor from Taiwan is integral for maintaining its position as the global manufacturing powerhouse for semiconductor-enabled electronic products.<sup>48</sup> For the US, semiconductor supply is connected to its national security as reflected in the ‘CHIPS Act’.<sup>49</sup> The US

<sup>42</sup> Brendan Rittenhouse Green and Caitlin Talmadge, “Then What? Assessing the Military Implications of Chinese Control of Taiwan,” *International Security* 47, no. 1 (2022): 7–4.

<sup>43</sup> Kevin Varley, “Taiwan Tensions Raise Risks in One of Busiest Shipping Lanes,” *Bloomberg*, August 2, 2022,

<sup>44</sup> Varley, “Taiwan Tensions Raise Risks.”

<sup>45</sup> “US warship sails through Taiwan Strait following China war games,” *Reuters*, April 17, 2023.

<sup>46</sup> Ministry of Foreign Affairs of the People’s Republic of China, “Foreign Ministry Spokesperson Wang Wenbin’s Regular Press Conference on June 13, 2022,” [https://www.fmprc.gov.cn/mfa\\_eng/xwfw\\_665399/s2510\\_665401/2511\\_665403/202206/t20220613\\_10702460.html](https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/202206/t20220613_10702460.html)

<sup>47</sup> Yimou Lee, Norihiko Shirouzu and David Lague, “T-Day: The Battle for Taiwan,” *Reuters*, December 17, 2021.

<sup>48</sup> Roy C Lee, “Taiwan’s China dependency is a double-edged sword,” *East Asia Forum*, July 06, 2021.

<sup>49</sup> “FACT SHEET: President Biden Signs Executive Order to Implement the CHIPS and Science Act of 2022,” August 25, 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/08/25/fact-sheet-president-biden-signs-executive-order-to-implement-the-chips-and-science-act-of-2022/>.

perceives that China's control of Taiwan's industry would threaten the US military and technological leadership, especially in using Artificial Intelligence in advanced defence systems. It is perceived that cutting off US's access to this industry would allow America's adversary to gain an upper hand in every domain of warfare.<sup>50</sup> Thus, politics surrounding semiconductor supply chain has become one of the definitive features of current US-China strategic competition. These new realities based on nationalist, normative and geopolitical grounds have made the Taiwan issue much more complex than any time before.

### 3. Potentials of Escalation and Possible Scenarios

The intensifying geopolitical competition in the Indo-Pacific region and Taiwan's renewed significance at present has made different stakeholders in China, the US and its allies prepare for a potential escalation in Taiwan Strait. Frequent wargames and simulations are conducted by relevant military departments, think tanks and also media houses to test policies and guide preparations. Several predictions are made and different timelines are drawn. Although preparations are underway, there are varying opinions regarding whether a conflict in Taiwan Strait is imminent.

The US Department of Defense (DoD) identifies Taiwan contingency as a pacing scenario.<sup>51</sup> Some US experts predict that China's political and military preparations indicate that the country is going towards a pre-war mode.<sup>52</sup> In a December 2021 testimony, Ely Ratner, Assistant Secretary of Defense for Indo-Pacific Security Affairs, stated that the PLA is preparing to forcefully unify Taiwan and deter, delay, or deny third-party intervention on Taiwan's behalf.<sup>53</sup> The former US Indo-Pacific Command Commander Admiral Philip S. Davidson predicted such an attempt by 2027.<sup>54</sup> The US DoD is sceptic that the realisation of PLA's 2027 modernisation plan would give China credible military tools to pursue 'unification with Taiwan'.<sup>55</sup>

<sup>50</sup> National Security Commission on Artificial Intelligence, "Final Report," accessed April 02, 2023, <https://www.nscai.gov/wp-content/uploads/2021/03/Full-Report-Digital-1.pdf>.

<sup>51</sup> Terri Moon Cronk, "Testimony: DOD Is Laser Focused on China Pacing Challenge, Meeting Our Commitments Under the Taiwan Relations Act," US Department of Defense, December 08, 2021, <https://www.defense.gov/News/News-Stories/Article/Article/2867003/testimony-dod-is-laser-focused-on-china-pacing-challenge-meeting-our-commitment/>

<sup>52</sup> Robert Blackwill and Philip Zelikow, *The United States, China, and Taiwan: A Strategy to Prevent War* (New York: Council on Foreign Relations, February 2021), 31.

<sup>53</sup> "The Future of US Policy in Taiwan," Foreign, Relations Committee December 08, 2021, <https://www.foreign.senate.gov/hearings/the-future-of-us-policy-on-taiwan120821>

<sup>54</sup> Cancian, Heginbotham et al., *The First Battle*, 12.

<sup>55</sup> US Department of Defense, *Military and Security Development Involving the PRC, Annual Report to Congress*, (Washington DC: Office of the Secretary of Defense, 2022)

However, the current Indo-Pacific Commander Admiral John C. Aquilino<sup>56</sup> indicated the likelihood of such an event occurring is much faster.<sup>57</sup> General Michael A. Minihan of the US Air Force foresees the US engaging in a war with China over Taiwan in 2025.<sup>58</sup> China's military modernisation, statements of President Xi and political discourse in Taiwan are taken into consideration while determining these timelines. China's use of force in Taiwan would be a major threat to US's interest in the Indo-Pacific. Thus, in the US, discussions are based on military preparedness and the need for policies to address different scenarios.

While the above statements indicate a looming conflict in the Taiwan Strait, not everyone agrees with this line of thought. Many experts do not perceive that there is sufficient evidence indicating China's intent to use force, acceleration of timeline, or urgency for reunification.<sup>59</sup> They do not perceive that China has an immediate need to use force and risk escalation with the US. In the latest hearing of the Senate Intelligence Committee, the US Director of National Intelligence Avril Haines shared an assessment that China "benefits most by preventing a spiralling of tensions and preserving stability in its relationship with the US."<sup>60</sup> Scholars like Wang and Jonghyuk opine that China's cost of going to war is very high as it would undo decades of progress, threaten its stability and put President Xi's legitimacy in question.<sup>61</sup> In this regard, many view that China would strive for peaceful reunification. China's 2022 White Paper indicated national reunification by peaceful means as the first choice and shared its readiness to engage with Taiwan to resolve political differences based on One China Principle and the 1992 Consensus.<sup>62</sup> Some view that China would continue to strive for a neo-functional approach. During the Kuomintang (KMT) rule in Taiwan under Ma Ying-jeou from 2008 to 2016, China adopted a European-style neo-functional approach where it was expected that "economic integration will eventually lead to political accommodation and integration."<sup>63</sup> Some assess this as a preferred approach and this might receive renewed emphasis if KMT returns to power.

<sup>56</sup> "China threat to invade Taiwan is 'closer than most think,' says US admiral," *The Guardian*, March 23, 2021.

<sup>57</sup> Helen Davidson, "China's plans to annex Taiwan moving 'much faster' under Xi, says Blinken," *The Guardian*, October 18, 2022

<sup>58</sup> Dan Lamothe, "U.S. general warns troops that war with China is possible in two years," *The Washington Post*, January 27, 2023.

<sup>59</sup> William Yang, "Will China's emboldened Xi Jinping take a gamble on Taiwan?" *DW*, August 11, 2022.

<sup>60</sup> Jeremy Herb and Zachary Cohen, "US intel chiefs say China likely to press Taiwan and seek to undercut US," *CNN*, March 08, 2023.

<sup>61</sup> Linbin Wang and Lee Jonghyuk, "A Taipei Moment Next?" *IDSS Paper* IP22005 (February 2022).

<sup>62</sup> The Taiwan Affairs Office, *The Taiwan Question*, 2022.

<sup>63</sup> Gang Lin, "Beijing's New Strategies toward a Changing Taiwan," *Journal of Contemporary China* 25, no.99 (2016)

Opinions supporting the low possibility of conflict were also reflected during the KIIs conducted for this research. According to one of the academicians interviewed, the main fulcrum of current status quo in US-China competition is the focus on the large middle class of both countries. They would not engage in a conflict that would impact their economy and affect this large group. For Taiwan, the fulcrum is the semi-conductor industry and its advanced technology sector. This fuels Taiwan's economy and is also highly connected with the US and Chinese supply chains. As long as the semiconductor industry remains the fulcrum, no one would trigger it.<sup>64</sup> Another academician also emphasised on importance of Taiwan's economic security. Taiwan is heavily dependent on the mainland for its economic growth. China is its leading trade partner since 2016 and even under the current DPP rule, export and import with China did not experience a significant shift.<sup>65</sup> Therefore, Taiwan's need to retain stable cross-Strait relations for sustaining its economy is highly emphasised.<sup>66</sup> Based on these economic factors, it seems the status quo is likely to continue in the coming days. Although the interviewees do not foresee conflict breakout to be a likely scenario, they agree that the US-China tension would heighten and there would be an increased demonstration of China's strength and the US's arms supply to Taiwan. In such a situation, one interviewee opines that an accidental incident can lead to a conflict breakout.<sup>67</sup> Another practitioner viewed that although a possibility of a US-China conflict is sporadic, if a situation arises where Taiwan suffers a mass casualty, the US would get involved or get dragged in.<sup>68</sup> In sum, it can be argued that a conflict cannot be ruled out in the coming days.

Based on the above analysis, this section would take both views into account and portray three broad scenarios focusing on the US and China's approaches towards Taiwan. The purpose of this section is not to predict an outcome, rather to indicate the major ways the current nature of US-China competition might evolve and the preparedness that is being taken by both sides to respond to these situations. These are hypothetical scenarios based on publicly available resources mentioned in the methodology of this paper. In fact, the prognosis of an issue loaded with such nationalist, normative and geopolitical significance is not easy to assess. There are several uncertainties involved and the fluidity of events can guide the trajectories beyond the scenarios visualised here and the study acknowledges these limitations. Despite the limitations, scenario building is an important tool to build awareness

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<sup>64</sup> Based on interview with an academician.

<sup>65</sup> "It is time to divert Taiwan's trade and investment from China," *The Economist*, March 06, 2023.

<sup>66</sup> Based on interview with an academician.

<sup>67</sup> Based on interview with an academician.

<sup>68</sup> Based on interview with a practitioner.

regarding probable courses of events. This would help to identify the potential implications for Bangladesh and indicate the areas of preparedness in case of rising tensions, crises and conflicts.

### 3.1 *Heightened US-China Tension*

In anticipating potential escalation, the first scenario is based on the current status and both the US and China are strengthening their respective approaches. In this scenario, China is likely to continue its strategy of mixing hard and soft approaches. This two-pronged strategy was widely practiced during the Hu Jintao era where on one hand China offered flexible economic policies to attract its compatriots in Taiwan and on the other, it took hard measures to suppress the ‘pro-independence’ forces. In the current context, China seems to be strengthening both approaches which came to be known as ‘hardening the hard and softening the soft’<sup>69</sup>. As part of this China has been directly engaging with civil society and the Taiwanese population and calling for cross-Straits exchanges and cooperation. On the other hand, it has been adopting strict policies against the ruling authority and ‘separatist forces’ in Taiwan to deter them from taking actions unfavourable to China. This includes frequently entering Taiwan’s Air Defense Identification Zone (ADIZ), extensive military drills testing combat capabilities, island seizure and blockade exercises, strong political messages, and restrictive measures on Taiwan’s export industries dependent on China’s consumer market.<sup>70</sup> China is also strengthening its counter-intervention capacity to prevent external actors from coming to Taiwan’s defence. Such actions heighten cross-Strait tensions and also impact China’s relations with the US.

The US has also taken considerable efforts to strengthen its relationship with Taiwan and support Taiwan’s international engagement.<sup>71</sup> This was reflected in the recent meeting of Taiwan’s leader Tsai Ing-wen with Speaker Kevin McCarthy on US soil. The exchange of such high-level visits is likely to be more frequent in the coming days. At the same time, the US is taking necessary preparedness to address growing uncertainties in cross-Strait relations. In the NDAA for Fiscal Year 2023, Taiwan is mentioned 467 times which is multiple times higher than in previous years.<sup>72</sup> In

<sup>69</sup> Boon, “Hardening the Hard, Softening the Soft.”

<sup>70</sup> US-China Economic and Security Review Commission, *2022 Report to Congress* (Washington, DC: US-China Economic and Security Review Commission, 2022).

<sup>71</sup> “Supporting Taiwan’s Participation in the UN System,” October 16, 2021, <https://geneva.usmission.gov/2021/10/26/supporting-taiwans-participation-in-the-un-system/>.

<sup>72</sup> Congress.Gov, “James M. Inhofe National Defense Authorization Act for Fiscal Year 2023,” <https://www.congress.gov/bill/117th-congress/house-bill/7776/text>.

this NDAA, the statement of policy on Taiwan is to maintain capacity to resist a fait accompli i.e., a situation where China uses force on Taiwan and seizes control before the US can effectively respond. To resist such an attempt, the NDAA suggests a long list of measures to provide financial support and necessary assistance to strengthen Taiwan's defence readiness. It proposes conducting military exercises with Taiwan and also invite it to participate in the Rim of the Pacific exercise in 2024. It also aims to enhance Taiwan's resilience and capability to delay, degrade and deny China's attempts at grey zone activities, blockade, or lodgement of islands administered by Taiwan. The NDAA also considers the possibility to establish a regional contingency stockpile of necessary defence articles for Taiwan. Within one year, the Secretary of Defence is expected to conduct a national tabletop exercise to assess different aspects in case of military contingency involving Taiwan. Strengthening deterrence capability is also a key consideration. The concept of 'integrated deterrence' was highlighted in the US's NDS 2022. This includes proposals to develop 'new operational concepts and enhanced future warfighting capabilities against potential PRC aggression', enhance joint capability with allies and partners through multilateral exercises, strengthen intelligence and information sharing, co-develop technologies and combine planning.<sup>73</sup> Gaining access to new bases close to Taiwan also appears to be a part of this approach. This was reflected in the recently publicised locations of four new military bases in the Philippines.<sup>74</sup>

As part of the US's deterrence strategy, different restrictive measures are in consideration as well. It involves exploring economic and financial measures that can be deployed to deter and if required respond to a Taiwan contingency. However, unlike the wide-ranging sanctions on Russia, imposing strict measures on China will be very complex owing to its strong interconnection in global economy. Thus, it is expected to be very targeted. Some predict that the military is likely to be the focus and arrangements would be made to disrupt it from sustaining operations in Taiwan in case of a contingency. In the 2022 Report, the US-China Economic and Security Review Commission recommended creating an interagency committee to formulate plans and options to impose sanctions and relevant measures based on different possible scenarios of Chinese actions. Adoption of such plans is likely to provoke China to take reactive measures. Thus, it can be realised that US-China tension is likely to considerably intensify over Taiwan. Although a crisis is not foreseen in this scenario, preparation for it is underway on both sides.

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<sup>73</sup> US Department of Defense, 2022 *National Defense Strategy of The United States of America*, (Washington, DC: US Department of Defense, 2022).

<sup>74</sup> Brad Lendon, "US gains military access to Philippine bases close to Taiwan and South China Sea," *CNN*, April 4, 2023.

### 3.2 *Crisis Returns in Taiwan Strait*

Heightened tension between the US and China can lead to another Taiwan Strait crisis. Several factors can lead to this apprehension. First, it can arise from activities that China perceives as provocations. China's 2022 White Paper states that, it "will only be forced to take drastic measures to respond to the provocation of separatist elements or external forces should they ever cross our red lines"<sup>75</sup>. Second, it can arise from any attempt to change the status quo. Related to this, Article 8 of the Anti-Secession Law gives an indication of the grounds in which China will be considering the use of force. It states that China can employ non-peaceful means to protect China's sovereignty and territorial integrity under the following event: "'Taiwan independence' secessionist forces" should act under any name or by any means to cause the fact of Taiwan's secession from China, or that major incidents entailing Taiwan's secession from China should occur, or that possibilities for a peaceful reunification should be completely exhausted"<sup>76</sup>. However, the US DoD perceives that these circumstances of using force have evolved over time and remain ambiguous.<sup>77</sup> Thus, the conditions under which China might use force can be broader than the ones stated.

While these are considered to be important conditions, there are debates whether Taiwan would make such an attempt. During the KIIs, some interviewees emphasised that there can be a rise of hyper-nationalist sentiment but it is not likely to translate into real action as Taiwan's survival depends on economic growth connected to China. The populist narrative is rising globally and it is also reflected in Taiwan. China will not be provoked based on this as it understands that political narrative is influenced by external actors.<sup>78</sup> However, if there is an actual attempt to change the status quo by Taiwan, China will not compromise on its core interest. This is also reflected in recently published China's 2022 White Paper. Moreover, there is an immense domestic pressure in China regarding this issue. According to Boon, taking a strong position on the Taiwan issue is a critical task for all leaders as flexibility on the issue risks political oblivion and accusations of being a traitor.<sup>79</sup> Thus, any attempt to change the status quo is likely to see a repetition of a Taiwan Strait crisis.

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<sup>75</sup> The Taiwan Affairs Office, *The Taiwan Question*, 2022.

<sup>76</sup> "Anti-Secession Law."

<sup>77</sup> US Department of Defense, *Military and Security Development*.

<sup>78</sup> Based on interviews with academicians.

<sup>79</sup> Boon, "Cross-Strait Relations since 2008."



How China would initiate its use of force is hard to determine. The element of surprise is a key part of the strategy; hence, it is difficult to predict the first move. Nonetheless, this sub-section would attempt to draw a scenario where there is limited use of force along the Taiwan Strait. In the recently published report on China, the US DoD perceives that the PRC may adopt military options ranging from “an air and/or maritime blockade to a full-scale amphibious invasion to seize and occupy some of its offshore islands or all of Taiwan”<sup>80</sup>. For the convenience of preparedness and testing capabilities, strategists have provided a breakdown of these scenarios and potential responses. Most US-based war games start by visualising China’s limited use of force on the outlying islands like Matsu, Kinmen, Pratas/Dongsha, or Penghu islands.<sup>81</sup> Through such attempts, China is likely to compel Taiwan to reverse its actions or come to negotiation regarding reunification. A custom quarantine of Taiwan is also considered a possibility in this scenario.

In such circumstances, the US is likely to first respond through non-military measures like placing economic sanctions or trade embargoes. It might lead to a global campaign to condemn Chinese actions. The US may call on its allies and partners to isolate China economically and diplomatically.<sup>82</sup> This has a possibility to strengthen cooperation among the Quadrilateral Security Dialogue (Quad) countries as it would trigger their existing tensions with China.<sup>83</sup> In this stage, it is unclear whether the US would directly intervene in this matter. For long, the US maintained ‘strategic ambiguity’ regarding Taiwan i.e., a situation where the “US purposely creates uncertainty about the conditions for, or nature of, its possible intervention in a conflict between China and Taiwan”<sup>84</sup>. This intentional lack of clarity is expected to deter China from using force on Taiwan and simultaneously, discourage Taiwan from announcing independence. For China, it entails that “coercion is a dangerous solution because the US is likely to defend Taiwan while simultaneously trying to persuade Taiwan that formal independence is dangerous because the US is not likely to defend it”<sup>85</sup>. While the US is likely to demonstrate power by deploying carrier strike groups like the previous Taiwan Strait crises, anything beyond it remains ambiguous.

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<sup>80</sup> US Department of Defense, *Military and Security Development*.

<sup>81</sup> Legue and Murray, “T-Day: The Battle for Taiwan,” Chris Dougherty, Jennie Mutuschak, and Ripley Hunter, *The Poison Frog Strategy* (Washington, DC: Center for New American Security, October 2021).

<sup>82</sup> Dougherty, Mutuschak, and Hunter, *The Poison Frog Strategy*.

<sup>83</sup> Dougherty, Mutuschak, and Hunter, *The Poison Frog Strategy*.

<sup>84</sup> Hoo Tiang Boon and Hannah Elyse Sworn, “Strategic ambiguity and the Trumpian approach to China–Taiwan relations,” *International Affairs* 96, no. 6 (2020).

<sup>85</sup> Brett V. Benson and Emerson M. S. Niou, “Public opinion, foreign policy, and the security balance in the Taiwan Strait,” *Security Studies* 14, no. 2 (April–June 2005): 283.

Worldwide, Taiwan crisis is likely to generate intense debates and discussions. In response, Beijing is likely to demand that the international community support China's standpoint and refrain from interfering in its internal affairs. The course of events in this phase will determine whether it would escalate to a conflict.

### 3.3 *Escalation to a Conflict with Potential Engagement of External Powers*

Any future crisis on the Taiwan Strait would have global implications much more severe than previous events. China's involvement in global economy at the moment is incomparable to the 1990s. Thus, there would be strong efforts from many Asian and European countries to de-escalate any crisis and call for dialogues. The inability to do so would risk a conflict eruption between the US and China. Conflict can also arise accidentally, or from miscommunication and misinterpretation of deterrent activities. According to a key informant interviewee, if a conflict breaks out between the US and China, it will be an accidental war.<sup>86</sup> Graham Allison warned of accidents during the heightened tension surrounding Nancy Pelosi's visit. He opined that a collision between Chinese and American naval vessels or aircraft could provide the spark that ignites a great fire.<sup>87</sup> Apart from accidents, crisis can also escalate if China attempts to forcefully reunify through amphibious landing on Taiwan's offshore islands or/and Taiwan proper. Understanding the nuances of China's strategic culture is important in this regard. Lee argues that an important aspect of CCP's strategic culture is based on cultural moralism rooted in the Confucian preference for a benevolent image and non-violent approaches. But this aspect can also be used to justify the use of force when it is seen as morally justified.<sup>88</sup> Since Taiwan is considered to be a core issue in China, actions centring it can be seen through such interpretation of its strategic culture.

In envisioning China's potential use of force, many experts predict the first approach to be a blockade to isolate Taiwan.<sup>89</sup> This would put pressure on the

<sup>86</sup> Based on interview with an academician.

<sup>87</sup> Allison, "Taiwan, Thucydides, and US-China War."

<sup>88</sup> Jonghyuk Lee, "Understanding China's Strategic Culture: A Clash of Realpolitik and Cultural Moralism" April 27, 2023, <https://www.rsis.edu.sg/rsis-publication/rsis/understanding-chinas-strategic-culture-a-clash-of-realpolitik-and-cultural-moralism/#.ZE0ERXZBy3B>.

<sup>89</sup> Oriana Skylar Mastro, "The Taiwan Temptation. Why Beijing Might Resort to Force," *Foreign Affairs*, (July/August, 2021); Lawrence E. Grinter, "Chinese Military, Scenarios Against Taiwan: Premises, Options, Implications," *The Counterproliferation Papers*, Future Warfare Series No. 19, USAF Counterproliferation Center; Charles Hutzler, "China Drills around Taiwan Give Hints about Its Strategy," *Wall Street Journal*, August 4, 2022.

ruling authority and at the same time, prevent external intervention from coming to Taiwan's support. The next stage is likely to be coordinated missile strikes in Taiwan and an attempt of an amphibious landing. In such a scenario, Taiwanese military is likely to engage in defending the island. Whether the US will shift from its position of 'strategic ambiguity' is still unclear at this point. However, in the face of an amphibious attack, it would be very difficult for Taiwan to defend itself without external support. Accordingly, there is a growing call from certain sections of US experts to commit to defend Taiwan. At this juncture, a parallel is often drawn with US's approach towards Ukraine in the ongoing war. CSIS's Wargame Report suggests that the Ukraine model where the US supported the former with equipment and supplies instead of directly sending troops cannot be replicated in Taiwan. The US troops would need to engage from the beginning as delays would make the process difficult, rise casualties and raise the risk of further escalation. Thus, a shift in US's position from strategic ambiguity to clarity may arise in the future.

If the US chooses to directly involve itself, then it will be highly dependent on its allies in the region like Japan, Australia, South Korea and the Philippines. Using military bases in Okinawa would be a key asset for the US and this may pull Japan into the conflict. Japan's recently published security and defence strategies indicate the country's apprehension of military build-up in its vicinity and possibility of a contingency similar to Russia-Ukraine in East Asia.<sup>90</sup> In such a scenario, China would need to simultaneously fight Taiwan on one side and the US and its allies on the other. CNAS's war game simulates tit-for-tat attacks where both the US and China target each other's assets. This can include the possibility of China's pre-emptive strikes on US bases in Japan, Guam and even reaching as far as to Hawaii. A further escalation might also lead to the US targeting Chinese ports and selected facilities in Chinese territory, creating a grave risk.<sup>91</sup> In such a scenario, the possibility of China using a nuclear threat like Russia in the Ukraine War is also not ruled out.<sup>92</sup>

In discussing this scenario, there are calls from US security community to assess if the US has adequate preparation to conduct such a large-scale campaign. The CNAS study recommends the DoD to bolster its posture in the Indo-Pacific region by obtaining additional basing access and strengthening existing bases to facilitate US operations in such situations. Securing supply chain is also critical

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<sup>90</sup> Ministry of Foreign Affairs of Japan, *National Security Strategy (NSS)* (Tokyo: Ministry of Foreign Affairs of Japan, 2022).

<sup>91</sup> Stacie Pettyjohn, Becca Wasser, and Chris Doherty, *Dangerous Straits: Wargaming a Future Conflict over Taiwan* (Washington, DC: Center for a New American Security, June 2022).

<sup>92</sup> Pettyjohn, Wasser, and Doherty, *Dangerous Straits*.

in such circumstances. The 2022 Report of the US-China Economic and Security Review Commission identified US's heavy reliance on China for critical materials and recommended to create a dedicated 'Supply Chain Mapping Unit' to track supply chains of semiconductors, rare earth, casting, forgings and medications.<sup>93</sup> It also recommended to conduct a study of the feasibility and operational requirements of conducting an effective blockade of China-bound energy shipments around the Strait of Malacca in case of a military conflict with China.<sup>94</sup>

While such a conflict is easily visualised in the war games, a Chinese amphibious attack is much for complex than imagined. The interviewees of this research also share such scepticism. In a KII, an academic shared that China would only send troops when geo-economic and geopolitical riddle is solved. Even if there is a footing of PLA soldiers in Taiwan, the US would not send troops. It would depend on Japan and South Korea to respond. But this will not be easy either. Unless Japan feels that China would undertake similar actions targeting it, it will be reluctant to intervene. Similar is the case with South Korea. Both countries know the difficulties China would face in engaging on three fronts. Thus, this is unlikely. But, in case there is involvement, situation would escalate very quickly leading to the possibility of another world war. However, it does not appear to be a likely scenario at the moment.<sup>95</sup>

There are scepticisms among some US experts as well. Some experts dismiss the possibility of China's amphibious attack by questioning its capability to conduct such extensive military operations.<sup>96</sup> However, experts like Mastro suggests that China has made unparalleled advances in its military and doubting its capabilities would be a 'dangerous misperception'. She states, "Although a Chinese invasion of Taiwan may not be imminent, for the first time in three decades, it is time to take seriously the possibility that China could soon use force"<sup>97</sup>. Another expert states that China's great stride in military modernisation has narrowed the gap in capability and eroded US's traditional advantage in Asia.<sup>98</sup> These experts urge more attention to prepare for responses in the event of such campaigns. Thus, a conflict may not break out due to

<sup>93</sup> Deborah Rosenblum, "U.S.-China Competition in Global Supply Chains," US-China Economic and Security Review Commission, June 09, 2022 [https://www.uscc.gov/sites/default/files/2022-06/Deborah\\_Rosenblum\\_Testimony.pdf](https://www.uscc.gov/sites/default/files/2022-06/Deborah_Rosenblum_Testimony.pdf).

<sup>94</sup> Rosenblum, "U.S.-China Competition in Global Supply Chains."

<sup>95</sup> Based on interview with an academican.

<sup>96</sup> Rachel Esplin Odell and Eric Heginbotham, "Don't Fall for the Invasion Panic," *Foreign Affairs*, September/October 2021; Bonny Lin and David Sacks, "Force is Still a Last Resort," *Foreign Affairs*, September/October 2021.

<sup>97</sup> Mastro, "The Taiwan Temptation."

<sup>98</sup> Medeiros, "The Changing Fundamentals of US-China Relations."

several internal and external considerations, but not due to the alleged limitation of China's capability.

From the above discussion, three scenarios are evident i.e., heightened tension; increasing likelihood of crisis in Taiwan Strait; and potential conflict with engagement of external actors. Discussion of all three scenarios shows that a conflict centring Taiwan within a very proximate timeline might not be inevitable as some experts forecast, however, preparedness is well underway on all sides. It can be seen that while there remain varied opinions and conditionalities regarding the second and third scenarios, there is very less doubt regarding the first scenario. In fact, the heightening of tension is ongoing and countries are already starting to assess the implications. As Bangladesh has a strong partnership with both the US and China, it is pertinent to take a closer look at this evolving issue and develop a prognosis of how different scenarios of escalation might have effects on the key sectors of bilateral cooperation with the two countries.

#### **4. Potential Implications for Bangladesh**

Over the past years, Bangladesh's bilateral relations with both the US and China have strengthened considerably. The strategic partnership of cooperation with China has deepened and the country has become a key partner in several large-scale infrastructure projects in Bangladesh.<sup>99</sup> Relation with the US has elevated from cooperation to partnership and the sectors of engagement have increased manifold.<sup>100</sup> While Bangladesh continues to pursue these two bilateral relations, any escalation in strategic competition between these two great powers may have implications for Bangladesh. The issues centring Taiwan indicates such a possibility. At this point, it needs to be noted that, although Taiwan issue is not a new topic, the present dynamics of the issue are very different than previous times. The US-China strategic competition was not as complex before and the US interests in the Indo-Pacific were not as threatened. Bangladesh's connection with both countries was not as intricate either. Hence, heightening of tension and possible eruption of conflict may have certain implications for Bangladesh.

First, Bangladesh is likely to face difficult foreign policy choices. Escalation of tensions between the US and China may lead to formation of bloc politics. In the past

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<sup>99</sup> Ministry of Foreign Affairs, Bangladesh, "Bangladesh, China hold 12<sup>th</sup> Foreign Office Consultations."

<sup>100</sup> Sheikh Pasha Habib Uddin, *BIISS Roundtable Discussion with Senior Director Eileen Laubacher, Senior Director for South Asia, US National Security Council* (Dhaka: Bangladesh Institute of International and Strategic Studies, January 09, 2023).

decade, there have been several debates regarding whether conventional approaches to balance of power against rising China are visible among Asian countries as per the expectation of Western realists.<sup>101</sup> But under present geopolitical realities, there seems to be a gradual change of approach in selected countries. Countries in the Indo-Pacific region like Australia, India and Japan appear to be adopting measures of internal and external balance against China. In this regard, Walt's 'Balance of Threat Theory' is visible where states tend to ally against the power they feel threatened by.<sup>102</sup> This is reflected through strengthening of an existing hub and spoke alliances, forming arrangements like the Quad and trilateral security pacts such as Australia, United Kingdom, and United States (AUKUS) and the US elevating the status of its partners. Heightening of tension is likely to lead to expansion of the 'quasi-alliances',<sup>103</sup> building coalitions and issue-based functional minilateral initiatives. Although it is still early to predict whether a large number of Asian countries would be comfortable joining a balancing coalition against China,<sup>104</sup> the acceleration of efforts towards such direction is likely to become more visible. Due to its strategic location in the Indo-Pacific region, Bangladesh is likely to be encouraged to participate in such an endeavour. Under such circumstances, Bangladesh's approach to maintain a non-aligned position would become much more complex than the present time. In case there is a conflict in cross-Strait relations, there may be diplomatic pressure to voice support for one side and condemn the actions of the other, as seen during the Russia-Ukraine War. Moreover, Western countries are likely to view it as a polarisation between democracy and autocracy and call to take sides. In such circumstances, Bangladesh may face complexities in its foreign policy choices.

Secondly, there may be implications for the defence sector. Heightened tensions in the region are likely to make countries emphasise on defence capability development, increase defence expenditure and engage in competition to acquire sophisticated weapons.<sup>105</sup> Such actions usually intensify security dilemmas among countries. As a resident country of the Indo-Pacific region, Bangladesh may experience some of the paradoxes as well. Bangladesh would need to carefully evaluate how it would want to keep up with its military advancement plans without involving in this race. In case the US-China competition escalated to a conflict centring Taiwan, it is likely to be based on an Air-Sea battle. This is visible in

<sup>101</sup> David C. Kang, "Getting Asia Wrong: The Need for New Analytical Frameworks," *International Security* 27, no. 4 (Spring 2003): 57–85.

<sup>102</sup> Stephen M. Walt, "Alliance Formation and the Balance of World Power," *International Security* 9, no. 4 (Spring, 1985): 3–43.

<sup>103</sup> Frederick Kliem, "Why Quasi-Alliances Will Persist in the Indo-Pacific? The Fall and Rise of the Quad," *Journal of Asian Security and International Affairs* 7, no. 3 (2020): 1–34.

<sup>104</sup> Muthiah Alagappa, "Managing Asian Security," in Alagappa ed. *Asian Security Order*, 571–606.

<sup>105</sup> Based on an interview with an academician.

the preparations of both the US and China. For the US, the support of the allies and partners in the Indo-Pacific would be essential. The US would need military installations, access to facilities and logistical support for its fleets from the littoral countries in the Indian Ocean. This is reflected in the recommendations from war games. Needless to say that Bangladesh's geographical location is an important factor in this regard. The US has shared its eagerness to get Bangladesh's support in realising its visions for the region as indicated in the Indo-Pacific Strategy (IPS). The US has also been discussing the Acquisition and Cross-Servicing Agreement (ACSA) with Bangladesh for some years. Consequently, persuasion of such military agreements is likely to grow stronger. It is important to observe how Bangladesh chooses to proceed at this point as this may have an influence on its relationship with China. This is going to make it harder for Bangladesh to maintain a balanced relationship with both sides.<sup>106</sup>

In case of escalation to a conflict, ensuring defence supply will be crucial for Bangladesh. The country's dependency on China for military hardware is quite high.<sup>107</sup> Since the 1980s, military hardware trade with China has considerably increased, mainly because of its affordability. In case restrictive measures are placed on China, arrangements need to be made to sustain and ensure the readiness of the current stock of Chinese equipment. Supply of spare parts, overhaul and maintenance are also critical. Moreover, if the US imposes sanctions on China targeting its military, Bangladesh may face fear of secondary sanctions. This was seen when the US initiated the Countering America's Adversaries through Sanctions Act (CAATSA) and imposed sanctions on a few countries for purchasing missile systems from Russia. The Russia-Ukraine War renewed the fear of such sanctions as Indonesia and the Philippines scrapped selected purchase deals.<sup>108</sup> Bangladesh also experienced this complexity in trading with Russia. In the event of US-China strategic competition escalation centring Taiwan, Bangladesh may face even more complex challenges. Keeping the second and third scenarios in mind, Bangladesh would need to plan ahead to continue essential military hardware trade with China. Simultaneously, it is important to consider defence supply diversification. Bangladesh has already started to procure advanced equipment from new sources like Turkey. Now it is important to plan for additional sources keeping this broader context in mind. Bangladesh may also consider joint productions with new countries and also look for scopes to develop the indigenous defence industry in the long term.

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<sup>106</sup> Based on an interview with a practitioner.

<sup>107</sup> Pieter d. wezeman, alexandra kuimova and siemon t. wezeman, "Trends in International Arms Transfer, 2020," *SIPRI Fact Sheet*, accessed March 2021.

<sup>108</sup> Jim Gomez, "Indonesia and Philippines scrap deals with Russia," *The Diplomat*, July 28, 2022.

Third, there may be implications for international trade. In case there is a crisis in Taiwan Strait, Bangladesh would face direct and indirect ramifications. Bangladesh depends on China for several items including raw materials, consumer goods and various types of machinery. Consequently, the magnitude of impact would depend on the severity of the crisis. Sea trade is likely to face obstacles. Majority of Bangladesh's import and export are carried through waterways. Any disruption in the sea lanes of communication will have long-term consequences. As discussed before, Taiwan Strait is a critical waterway and restricted navigation would affect global trade. In case of an escalation, the air traffic and vessel would face temporary obstacles in passing through that route. During the military drills conducted by China in response to Nancy Pelosi's visit, three areas in or near the Taiwan Strait were blocked off, causing ships and planes to cancel or reroute transportation.<sup>109</sup> If the situation escalates, overflight and sea trade might be obstructed for a longer time. This would increase the freight cost, insurance fee and travel time. Furthermore, Bangladesh's trade with East Asia i.e., Japan and South Korea may be impacted and trade with Taiwan will also face difficulties. According to Bangladesh Banks Import Payment 2021–2022, Bangladesh imported goods worth 9539.1 crore Taka from 'Taiwan: Province of China', with the highest product being plastic comprising around 37 per cent.<sup>110</sup> Other top products include machineries, iron and steel, mineral fuels and mineral oils, etc. Bangladesh exports selected products like fish, vegetables, fruits, and bakery items. These trades may be hampered in a crisis and conflict situation. The South China Sea routes may also face indirect effects.<sup>111</sup> This is critical as Bangladesh is heavily reliant on transshipments through Southeast Asian ports. In a crisis, Bangladesh would not have the flexibility to alter routes as per convenience. This was seen during the early days of Covid-19 when the container crisis led to prolonged shipping time, uncertainty and losses.<sup>112</sup> It is noted that Bangladesh is vulnerable to any disruption in the transshipment route in Southeast Asia as it would hamper the supply chain.

The Ready-made Garments (RMG) sector is another area that may also experience obstacles. Bangladesh imports raw materials from China and exports finished goods to the Western market. It is worth to mention that China is one of the largest suppliers of raw materials. Bangladesh's RMG sector is heavily reliant on

<sup>109</sup> Sara Hsu, "Potential Logistical and Operational Costs of a China-Taiwan Conflict," *The Diplomat*, August 17, 2022.

<sup>110</sup> Bangladesh Bank, *Annual import payment of Goods and Services 2021–2022* (Dhaka: Statistics Department, Bangladesh Bank), xxviii.

<sup>111</sup> Based on interviews with practitioners.

<sup>112</sup> Mitoon Chowdhury, "Bangladesh to directly ship apparel exports to Europe," *bdnews24.com*, February 05, 2022,



the yarn and fabric imported from China.<sup>113</sup> China is also a source of cotton imports. These materials are used to make the garment products which are then exported to the US and European markets. Restrictive measures on China in case of tension escalation and conflict may impact Bangladesh's trade with the West using raw materials from China. This concern was visible in June 2022 centring on the Uyghurs in Xinjiang Province.<sup>114</sup> When the US restricted importing products manufactured wholly or in part in Xinjiang on the allegation of forced labour, there were concerns in Bangladesh as well. Bangladesh Garment Buying House Association (BGBA) shared the apprehension with relevant stakeholders that producing garments with raw materials sourced from Xinjiang would affect Bangladesh's export to the US. This concern was also shared by the then Chinese Ambassador to Bangladesh, Li Jiming.<sup>115</sup> However, the ban was only on materials from one province, so due diligence in sourcing prevented major impacts.<sup>116</sup> In case, restrictions are wider, it would put countries like Bangladesh in difficult positions as the cost of raw materials would significantly go up and the supply chain would face obstacles.<sup>117</sup> Decisions regarding economic arrangements like Indo-Pacific Economic Framework for Prosperity (IPEF) may also have an influence on the supply chain policies. Moreover, the number of US corporations shifting from China to South and Southeast Asian countries likely to increase as an outcome. Bangladesh thus needs to take all these into consideration while choosing its trade-related policies in the coming days.

Having discussed all three scenarios, it can be seen that there may be implications for Bangladesh. As stated by one of the interviewees, implications for Bangladesh are not necessarily dependent on whether there is troops mobilisation in Taiwan. Rather, complexities in foreign and defence policy-making would start much before. Some of the complexities are already visible on different levels. With the subsequent course of events, the situation may become more difficult. Thus, the relevant stakeholders need to closely monitor the situation and stay psychologically prepared for tension escalations and potential conflict eruptions. Under such circumstances, Bangladesh would need to carefully strategise considering both immediate and long-term scenarios.

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<sup>113</sup> Md Imran, "Will the US ban on Chinese cotton impact Bangladesh's garments industry?" *Dhaka Tribune*, September 13, 2022.

<sup>114</sup> "US ban on materials from Xinjiang may hamper RMG exports," *Dhaka Tribune*, June 26, 2022.

<sup>115</sup> "BGBA alerts members to using Xinjiang fabrics," *The New Age*, June 25, 2022.

<sup>116</sup> "RMG exports to US may face setback," *The Financial Express*, June 26, 2022.

<sup>117</sup> Based on an interview with a practitioner.

## 5. Conclusion

Taking in to account Taiwan's immense nationalist, normative and geopolitical significance, there is little doubt that the island will remain a dangerous flashpoint in US-China strategic competition. As discussed, there are several opinions on whether, how and when conflict would erupt centring Taiwan. There is no denying that both the US and China face difficult calculations in their respective countries. For China, engaging in a conflict would impact its economy and growth. But Taiwan is part of its core interests, so the threshold to tolerate any actions that it deems provocative is very low. For the US, mobilising national and international support and fear of entrapment will be important considerations. The stakes of failed attempts and danger of escalation between nuclear powers would influence thought processes on both sides. Both countries realise the risks and thus have been engaging in discussions. However, owing to the immense ideological connection and strategic significance of the island, the cost of losing it would be very high as well. Thus, escalation to a conflict may not be inevitable but possible, so it is important to take all scenarios into account.

In Bangladesh, the Taiwan issue should not be considered a distant topic anymore. The implications of possible escalations in US-China competition centring Taiwan may be higher than any other conflicts. It needs to be realised that conflict might not be evident but heightened tensions and crises are likely to be more frequent. It is important to understand the sensitivities of both sides regarding Taiwan and evaluate the US and Chinese policies based on these sensitivities. If there is a conflict, it can escalate very quickly leaving less time to prepare. The Ukraine crisis is a good learning case in point. There may be implications for Bangladesh in all scenarios. Thus, there needs to be psychological preparedness among policymakers and relevant stakeholders regarding the difficult foreign policy choices Bangladesh might face. In this regard, Bangladesh may consider strengthening relations with countries in the region that are facing similar complexities, especially in Southeast Asia. This can include advocacy for multilateralism, inclusiveness and a culture of peace and stability in the Indo-pacific region. Relevant stakeholders may consider taking necessary preparations to diversify the supply of defence equipment and raw materials, especially for the RMG sector. It is also important to closely monitor the situation and observe if there is any policy shift from the US's 'strategic ambiguity,' or visible attempts from any side of the cross-Strait to change the status quo. No doubt it is difficult to discern the intentions of great powers but owing to its high dependency, it is important for Bangladesh to be prepared beforehand to avoid shocks and minimise disruptions.