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# The China-Taiwan Saga

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The Takshashila Position Paper provides an iterative analysis of a particular topic. This is done through constant monitoring and periodically updating our assessments, taking into account any new data that might become available. We also invite readers to discuss and deliberate on developments related to a particular topic, contributing to this process of iterative analysis.

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## Track Changes<sup>1</sup>

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<sup>1</sup> This position paper shall be updated as and when events and ideas shape up with new trends and developments.

## Key Judgements<sup>2</sup>

This Position Paper identifies the primary stressors in the China-Taiwan relations, and studies Taiwanese public opinion on cross-strait unification. Further, the paper debates the idea of ‘reunification by force’, and what India’s options are in the overall cross-strait dynamics. Finally, the paper speculates on some indicators that might be useful to potentially predict when China might be preparing to invade Taiwan. Our examination of these issues leads us to the following key judgements:

- The China-Taiwan relationship continues to develop in a dynamic fashion, with the action-reaction cycle caused by recent events potentially threatening global stability.
- Chinese policies to isolate Taiwan diplomatically, coerce it militarily and interfere in its domestic politics are eroding the status quo in cross-strait relations. American support for Taiwan, including through arms sales and show of force in the region, have further exacerbated tensions, with Beijing arguing that the US was crossing a red line. Taiwan has rapidly become a central issue in US-China strategic competition.
- Taiwanese public opinion, meanwhile, is strongly against any alteration of the status quo, and does not favour unification with China any time soon. Taiwanese businesses too are looking to move their major operations out of the mainland. The space for creative solutions to preserve the status quo, however, is shrinking.
- Even though China has not renounced the use of force, there is no indication that an invasion is imminent. In fact, “peaceful unification” is likely to remain Beijing’s preferred option. This is because the cost of conflict is likely to have severe consequences for China’s economic development goals, which require continued integration in global value chains and access to international capital, talent and markets. This is at the heart of Xi Jinping’s strategic goal of national rejuvenation.
- Instability in the Taiwan Strait has direct implications for Indian interests. India must publicly call for the maintenance of peace and stability and its opposition to the alteration of status quo in the Taiwan Strait. At the same time, India must mobilise developing countries to do the same, as they too would be among the most impacted by disruptions owing to heightened tensions and/or conflict.
- India should also expand its economic and maritime partnership with the island of Taiwan and countries in the region, without basing such a partnership on an anti-China sentiment.

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## Section 1: Introduction

The China (PRC)-Taiwan (ROC) relationship continues to develop in a dynamic fashion, with the action-reaction cycle caused by recent events highlighting the threat to global stability. Active militarisation of the Taiwan Strait has contributed to the deteriorating security situation in the region. Over the past few months, the US has approved large-scale arms sales to Taiwan, with its most recent consignment from March 2023 comprising various anti-aircraft missiles worth US\$619 million.<sup>3</sup> Before this, in September 2022, Taiwan purchased from the US radar systems for anti-air missiles in a consignment worth US\$1.1 billion.<sup>4</sup> The PRC, meanwhile, has continued to perform flybys beyond the Taiwan Strait median line on a daily basis, entering ROC's Air-Defense Identification Zone (ADIZ). These flybys have grown from around 380 in 2020 to over 600 by 2021.<sup>5</sup> Taiwan's Ministry of National Defense has also reported<sup>6</sup> a rapid increase in PLA aircraft and naval vessel activity around the island, and such activity has especially multiplied since the Democratic Progressive Party has come to power in Taiwan in 2016.

The US recognises PRC and regulates its unofficial relations with Taipei by means of its 1979 Taiwan Relations Act. However, increasing American engagement with the island, especially in defence and critical tech such as semiconductors, is viewed by China as a violation of its most important red lines, the 'One China Policy', and that of the provisions of the three Joint Communiqués reached between itself and the US in 1972, 1979 and 1982 respectively. Consequently, China retaliates to American and Taiwanese overtures to each other in a manner that is eroding the status quo across the Straits.

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<sup>3</sup> *Reuters*, "Taiwan's military to get a \$619 million U.S. arms boost as China keeps up pressure," *NBC News*, 2 March 2023, <https://www.nbcnews.com/news/world/taiwans-military-us-arms-boost-china-pressure-rcna73027>.

<sup>4</sup> "US approves \$1.1bn Taiwan arms sale, angering China," *BBC News*, 3 September 2022, <https://www.bbc.com/news/world-us-canada-62775544>.

<sup>5</sup> Brian Hioe, "What Do Taiwanese Think of China's Record-Setting Incursions Into Taiwan's ADIZ?," *The Diplomat*, 6 October 2021, <https://thediplomat.com/2021/10/what-do-taiwanese-think-of-chinas-record-setting-incursions-into-taiwans-adiz/>.

<sup>6</sup> Twitter Account of the Ministry of National Defense, Republic of China, <https://twitter.com/MoNDefense>.

In August 2022, following former US Speaker Nancy Pelosi's visit to Taipei, China took extreme measures<sup>7</sup> to respond to it. These included eight countermeasures that cut off diplomatic negotiations between itself and the US in areas such as climate change, defence policy, repatriation of illegal immigrants, cooperation on transnational crimes and curbing narcotics, and maritime security. In addition, China conducted live-fire exercises in six zones off the coast of Taiwan, along with the launching of missiles in the Taiwan Strait.

In April 2023 as well, during Taiwanese President Tsai Ing-Wen's transit through the US, when she met with US House Speaker Kevin McCarthy, China responded in both words and action. For example, Zhu Longjian, spokesperson for the Chinese Taiwan Affairs Office, stated: *"The so-called "transit" by the leaders of the Taiwan authorities is essentially a provocative act of "relying on the United States to seek independence", trying to create "one China, one Taiwan" and "two Chinas" and other incidents that violate the one-China principle; they are looking for opportunities to sell "Taiwan independence" internationally Advocate, and seek the support of anti-China forces in the US."*<sup>8</sup> In its military response,<sup>9</sup> the PLA Navy first deployed its aircraft carrier *Shandong* in the Bashi Channel of the Straits, as well as its *Haixun 06* vessel, for a joint patrol operation. Then, between April 8 and 10, the PLA launched a combat readiness exercise titled 'Joint Sword' to threaten Taiwan. As part of the exercise, the PLA ground forces conducted drills on multi-target precision strikes, while the naval forces conducted live-fire drills around the island.

China also continues to restrict Taiwan's international diplomatic space. Tsai's "transit" through the US was followed by a visit to Guatemala and Belize, and this show of diplomatic strength was undertaken in the backdrop of Honduras severing ties with ROC in favour of PRC on March 26 (ROC currently has 13 nations as diplomatic allies). In response to Honduras's decision, in her statement, Tsai said: *"We will not engage in a meaningless contest of dollar diplomacy with China,"* and that

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<sup>7</sup> Anushka Saxena, "Nancy Pelosi's visit to Taipei: Implications for the US-China-Taiwan Equation," Institute of Chinese Studies, October 2022, <https://www.icsin.org/uploads/2022/10/20/5e39107c0fbb20f106173691c1ef11ae.pdf>.

<sup>8</sup> "国台办：蔡英文“过境”窜美是“倚美谋独”的挑衅行径," Taiwan Affairs Office of the CPC Central Committee, Taiwan Affairs Office of the State Council, 29 March 2023, [http://www.gwytb.gov.cn/m/fyrbt/202303/t20230329\\_12522349.htm?utm\\_source=substack&utm\\_medium=email](http://www.gwytb.gov.cn/m/fyrbt/202303/t20230329_12522349.htm?utm_source=substack&utm_medium=email).

<sup>9</sup> "Eye on China (8-9 April 2023)," The Takshashila Institution, 9 April 2023, <https://eyeonchina.substack.com/p/eye-on-china-8-9-april-2023>.

even though “China has persistently used any and all means to suppress Taiwan's international participation... they cannot erode the Taiwanese people's staunch commitment to freedom and democracy or our determination to engage wholeheartedly with the world.”<sup>10</sup> Additionally, European nations such as Lithuania and the Czech Republic, which have become more sceptical of PRC, are ramping up unofficial relations with Taiwan. For example, in a move irking China, Lithuania opened up a Trade Office in Taiwan in November 2022, which came exactly a year after Taipei opened a Representative Office in Vilnius, the Lithuanian capital. Beijing retaliated<sup>11</sup> by downgrading its diplomatic relations with Vilnius, and blocking imports from the country, which, in turn, led Taiwan to announce an investment of US\$200 million into Lithuania. Then, on March 29, 2023, ministers and parliamentary officials from Czechia signed 11 MoUs with their Taiwanese counterparts on issues pertaining to “parliamentary friendship,” cooperation between business leaders and academics, and supply chain resilience.<sup>12</sup> With Petr Pavel’s appointment as Czechia’s President, the country’s China policy is set to become more antagonistic, given that he is a former NATO General who has said in a recent interview that “China and its regime is not a friendly country at this moment.”<sup>13</sup>

Former Taiwanese President and Chairman of the Kuomintang Party (KMT) Ma Ying-Jeou, meanwhile, was also on a trip to China from March 27 to April 7, where he visited Shanghai, Wuhan, Changsha and Chongqing. With his speech at Hunan University, Ma sparked controversy within the Taiwanese Mainland Affairs Council (MAC). He said: “*It is a clear fact that*

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<sup>10</sup> Tweet from the Twitter Account of Tsai Ing-Wen, 26 March 2023, <https://twitter.com/iingwen/status/1639894430131064834>.

<sup>11</sup> Devin Haas, “Why Lithuania and Czechia are pursuing closer ties with Taiwan,” *Emerging Europe*, 8 March 2023, <https://emerging-europe.com/news/why-lithuania-and-czechia-are-pursuing-closer-ties-with-taiwan/>.

<sup>12</sup> “Czech delegation led by Chamber of Deputies Speaker Adamová signs 11 MOUs and statements during visit to Taiwan, deepening the comprehensive partnership with Taiwan,” Ministry of Foreign Affairs, Republic of China (Taiwan), 29 March 2023, [https://en.mofa.gov.tw/News\\_Content.aspx?n=1328&s=100019](https://en.mofa.gov.tw/News_Content.aspx?n=1328&s=100019).

<sup>13</sup> Raphael Minder, “Czech president-elect says west must accept China is ‘not friendly’,” *Financial Times*, 1 February 2023, <https://www.ft.com/content/df41b4a8-97f0-4e20-9ef4-4a53c0ab8f30>.

the constitution of the People's Republic of China (PRC), adopted in 1982, stipulates that "Taiwan is part of the sacred territory of the People's Republic of China".<sup>14</sup> Shortly after, the MAC issued a statement referring to his comments as "belittling".<sup>15</sup>

## Section 2: Public Opinion within Taiwan

- A study of the Taiwanese population is essential to estimate what the nature of reunification will be between the two sides, and whether the people of Taiwan perceive any debate on reunification as favourable or not.
- To begin with, the results of the March 2023 Public Opinion Survey on the "Public's View on Current Cross-Strait Relations"<sup>16</sup> conducted by the ROC Mainland Affairs Council say that an overwhelming 83.6 per cent of the surveyed public disagree with the "one country, two systems" proposed by the Communist Party of China (CPC) which views Taiwan as a local government and special administrative region ruled by the CPC and leaves no space for the existence of the ROC.
- Additionally, 88.9 per cent of the surveyed population<sup>17</sup> leans toward a variation of maintaining the status quo between the two sides, of which about 32 per cent argue for the maintenance of the status quo indefinitely, while 31.3 per cent argue for deciding on independence or unification later and maintaining the status quo now.
- Surveys that are not government-sponsored project a less extreme picture, but essentially reveal a similar popular sentiment. For example, as per a 2020 Pew Survey on public opinion in Taiwan, over 60 per cent of the surveyed

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<sup>14</sup> Chen Yu-Fu, "MAC slams ex-president's 'one China' comments," *Taipei Times*, 3 April 2023, <https://www.taipeitimes.com/News/front/archives/2023/04/03/2003797215>.

<sup>15</sup> Lawrence Chung, "Taiwan's cross-strait council slams former president Ma Ying-jeou over 'belittling' one-China comments," *South China Morning Post*, 3 April 2023, <https://www.scmp.com/news/china/politics/article/3215874/taiwans-cross-strait-council-slams-former-president-ma-ying-jeou-over-belittling-one-china-comments>.

<sup>16</sup> "Summarized Results of the Public Opinion Survey on the "Public's View on Current Cross-Strait Relations"," Mainland Affairs Council of the Republic of China (Taiwan), March 2023, <https://ws.mac.gov.tw/001/Upload/297/refile/8010/6247/76c07916-2840-45ce-898e-fd0f8fb221c3.pdf>.

<sup>17</sup> "Percentage Distribution of the Questionnaire for the Survey on "Public Views on Current Cross-Strait Issues"\*," Mainland Affairs Council of the Republic of China (Taiwan), March 2023, <https://ws.mac.gov.tw/001/Upload/297/refile/8010/6247/9f3610e3-9afd-40a2-91f6-e424318c9cee.pdf>.

population holds “unfavourable views of mainland China” and “opposes closer political relations with the mainland.”<sup>18</sup>

- Interestingly, in a recent statement made during his visit to the US on 19 April 2023, Ke Wenzhe, Chairperson of the Taiwan People’s Party, presented anecdotal insights into how the Taiwanese public perceives the idea of the ‘1992 Consensus’ between China and Taiwan.<sup>[2]</sup> He suggested that the mainland should stop adhering to the 1992 Consensus, because “the 1992 Consensus<sup>19</sup> has been stigmatised in Taiwan and it is difficult to promote it.”<sup>20</sup>
- From the lens of cultural identity, the latest survey by the New Taipei-based National Chengchi University’s Election Study Centre is quite telling. As per its results, in 2022, about 61 per cent of the surveyed population identifies itself as ‘Taiwanese’, while only 2.7 per cent considers itself ‘Chinese’. About 33 per cent of the population thinks of itself as ‘both Taiwanese and Chinese’.<sup>21</sup> Clearly, a distinct sense of individual Taiwanese identity is forming within a majority of the population on the island.
- Recent public surveys are also assessing opinion of the Taiwanese on comparisons between their situation with that of the invasion of Ukraine. Even though streams of thought on this are divided, a majority of the local opinion, however, is unified on strengthening the island’s defences and expanding the “willingness to fight” in the face of aggression (close to 70 per cent of the respondents of a 2022 survey by a Taipei-based think tank agree to fight in

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<sup>18</sup> Kat Devlin and Christine Huang, “In Taiwan, Views of Mainland China Mostly Negative,” Pew Research Center, 12 May 2020, <https://www.pewresearch.org/global/2020/05/12/in-taiwan-views-of-mainland-china-mostly-negative/>.

<sup>19</sup> The 1992 consensus refers to a verbal agreement reached between representatives of the Chinese Association for Relations Across the Taiwan Straits (ARATS) and the Taiwanese Straits Exchange Foundation (SEF) in 1992 that there is ‘**One China**’, but the phrase carries different meanings for both sides. For mainland China, it would mean the PRC (reunified with the ‘Special Administrative Region’ of ROC), while for Taiwan, it would mean ROC (founded in 1911) as the de-jure authority over all of China.

<sup>20</sup> “Ke Wenzhe said he had met White House officials to discuss cross-strait issues of Taiwan’s defense,” *ON.CC Hong Kong*, 20 April 2023, [https://hk.on.cc/hk/bkn/cnt/intnews/20230420/bkn-20230420101308415-0420\\_00992\\_001.html](https://hk.on.cc/hk/bkn/cnt/intnews/20230420/bkn-20230420101308415-0420_00992_001.html).

<sup>21</sup> “Taiwanese / Chinese Identity(1992/06~2022/12),” Election Study Center, National Chengchi University, 13 January 2023, <https://esc.nccu.edu.tw/PageDoc/Detail?fid=7800&id=6961>.



the event of an armed attack against the island, as opposed to 40 per cent of the respondents in a 2021 iteration of the same survey).<sup>22</sup>

- Increasingly, now, Taiwanese companies are also worried about the risks of doing business with China due to the pandemic, souring cross-strait relations, and the technological competition between the US and its allies. In this regard, as per a survey of over a thousand Taiwanese businesses conducted by the Washington-based Center for Strategic and International Studies (CSIS), 76.3 per cent of respondents agreed with the statement, “Taiwan needs to reduce its economic dependence on Mainland China,” while 21.2 per cent disagreed.<sup>23</sup>
- Cumulatively, and accounting for the error factors across the abovementioned surveys, the public opinion within Taiwan indicates intensifying hostility towards mainland China, both socio-politically and economically. Culturally, too, the Taiwanese population is no longer willing to identify with their ethnic Han Chinese roots.

### **Section 3: Debating Reunification by Force**

- For every successive Chinese leader since Mao, reunification with Taiwan has formed a core tenet of the “Great Rejuvenation of the Chinese nation” (中華民族偉大復興).
- As one of its retaliatory measures to Pelosi’s visit last August, China released its third White Paper on Taiwan,<sup>24</sup> the first two having been released in 1993 and 2000, respectively. The paper frames “complete reunification” as the “greatest dream” and “shared aspiration” of the “sons and daughters of China,” and argues that “the differences in

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<sup>22</sup> Anushka Saxena, “Nancy Pelosi’s visit to Taipei: Implications for the US-China-Taiwan Equation,” Institute of Chinese Studies, October 2022, <https://www.icsin.org/uploads/2022/10/20/5e39107c0fbb20f106173691c1ef11ae.pdf>.

<sup>23</sup> Scott Kennedy, “It’s Moving Time: Taiwanese Business Responds to Growing U.S.-China Tensions,” Center for Strategic and International Studies, October 2022, [https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/221004\\_Kennedy\\_TaiwaneseBusiness\\_USChina\\_0.pdf?VersionId=PFusONTFF8iXPXXw8OtEWgTuB6D3d3ju](https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/221004_Kennedy_TaiwaneseBusiness_USChina_0.pdf?VersionId=PFusONTFF8iXPXXw8OtEWgTuB6D3d3ju).

<sup>24</sup> “Full Text: The Taiwan Question and China’s Reunification in the New Era,” *Xinhua*, 10 August 2022, <https://english.news.cn/20220810/df9d3b8702154b34bbf1d451b99bf64a/c.html>.

social system [between China and Taiwan] are neither an obstacle to reunification nor a justification for secessionism.”

- China has actively promoted peaceful means for unification until one of the three ‘ifs’ listed under Article 8 of the 2005 ‘Anti-Secession Law’ come true – “if “Taiwan independence” secessionist forces should act under any name or by any means to cause the fact of Taiwan's secession from China;” or if “major incidents entailing Taiwan's secession from China should occur;” or “if possibilities for a peaceful reunification should be completely exhausted.”<sup>25</sup>
- China may also likely choose peaceful over forceful unification, for two primary reasons:
  - ⇒ Firstly, a situation of conflict would yield undesirable consequences for China’s extensive integration within global supply chains, Taiwan’s massive semiconductor industry, and the overall lives and livelihoods of all military stakeholders involved.
  - ⇒ As pointed out by Jude Blanchette and Gerard DiPippo in a brief for CSIS, “reunification with Taiwan through force would be a pyrrhic victory for China.”<sup>26</sup>
  - ⇒ Secondly, as evident from the public opinion statistics discussed above, the PRC would be attempting to take over a population that is unwilling to accept the dissolution of its existing democratic institutions as well as its sense of identity (predominantly ‘Taiwanese’). That would be a tedious and costly affair.

## **Section 4: India’s Options on the Taiwan issue**

- India will obviously have to brace the consequences of any crisis in the Taiwan Strait, ranging from disruptions in trade to potential aggravation of Chinese manoeuvres along the Line of Actual Control (LAC).

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<sup>25</sup> “China: Law No. 34 of 2005, Anti-Secession Law,” Refworld, 14 March 2005, <https://www.refworld.org/docid/474403752.html>.

<sup>26</sup> Jude Blanchette and Gerard DiPippo, ““Reunification” with Taiwan through Force Would Be a Pyrrhic Victory for China,” Center for Strategic and International Studies, 22 November 2022, <https://www.csis.org/analysis/reunification-taiwan-through-force-would-be-pyrrhic-victory-china>.

- For Indian interests, the indefinite maintenance of status-quo between China and Taiwan is the best-case scenario. Either Taiwanese declaration of independence, or Chinese disruption of status-quo by means of an invasion, create a cause of concern for India.
- Moreover, even if Taiwan is peacefully reunified with China, it may not be in India's best interests, given that it dissolves any counter the US can provide to Chinese military hegemony in the region, which it has been doing consistently through the Taiwan front. India seeks to balance Chinese and American supremacy in the region and keep the former in check by means of hedging with the latter, and a successful reunification will significantly deprive India of this opportunity.
- In this light, it is essential that India takes a clearer approach on its Taiwan policy, and effectively articulates and communicates to the Chinese side its concerns surrounding any disruption of status quo in the Straits.
- Analysts also suggest that India can cooperate with the Global South, Quad, and European Union countries to strengthen supply chains to deal with disruptions emerging specifically from a crisis in the Straits.<sup>27</sup>
- India's outreach to developing countries, too, must continue to insist on peace and stability in the Taiwan Strait, and to convince them that any conflict in the area will eventually hamper all of their interests. India may lead an initiative to study in-depth the potential economic fallout of such a conflict to present evidence to its counterparts in the developing world.
- If such an effort succeeds, Global South countries could together convince China to make peace and stability in the Taiwan Strait a part of the agenda of Xi Jinping's flagship Global Development and Global Security Initiatives (GDI and GSI), also making them more appealing for target countries to sign on.
- In the event of a Chinese invasion of Taiwan, India may also consider lending logistical assistance to the US, in case the latter chooses to deploy its naval warships and carriers to the Straits. India can do so by providing it access to coastal bases for refuelling and resupply.

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<sup>27</sup> Vijay Gokhale, "What Should India Do Before the Next Taiwan Strait Crisis?," Carnegie India, 17 April 2023, [https://carnegieindia.org/2023/04/17/what-should-india-do-before-next-taiwan-strait-crisis-pub-89515?utm\\_source=carnegieemail&utm\\_medium=email&utm\\_campaign=announcement&mkt\\_tok=ODEzLVhZVS00MjIAAAGLLHMUEbkhf7cMlzU9Lmg8ia-gAeKwyUIhZmzD3OY3\\_UwWvW\\_-88jmq7dGWSIWcG1oh1a01EKX-1O3CuOKCt5sZp572SAe4sXdf59E](https://carnegieindia.org/2023/04/17/what-should-india-do-before-next-taiwan-strait-crisis-pub-89515?utm_source=carnegieemail&utm_medium=email&utm_campaign=announcement&mkt_tok=ODEzLVhZVS00MjIAAAGLLHMUEbkhf7cMlzU9Lmg8ia-gAeKwyUIhZmzD3OY3_UwWvW_-88jmq7dGWSIWcG1oh1a01EKX-1O3CuOKCt5sZp572SAe4sXdf59E).

- India must also leverage its relationship with Taiwan, and seek new avenues of cooperation. Government-to-business ties are especially important in this regard, and need not be based on an anti-China sentiment.
  - ⇒ As of 2021, India's trade with Taiwan stands at US\$5.7 billion, which pales in comparison to its trade with China (US\$125 billion in 2021). Also, in the two-decade period up to 2022, India has received US\$815 million in Taiwanese FDI, which constitutes less than 1 per cent of the total FDI inflow in India.<sup>28</sup>
  - ⇒ The main areas of attraction for Taiwanese businesses to invest in India, include EV manufacturing and battery swapping, chemicals, and less strategically important sectors such as footwear and garments.<sup>29</sup>
  - ⇒ Perhaps the most significant area of cooperation that may emerge in the years to come, if India is able to provide Taiwanese investors with the relevant monetary and infrastructural assurances, is in electronics and semiconductor manufacturing. Taiwanese giant Foxconn has already invested in expanding Apple production lines in India, and in February 2022, Foxconn and India's Vedanta Ltd. signed an MoU to form a joint venture for establishing a display fabrication and semiconductor facility in India.<sup>30</sup> The deal, though materialised, is yet to yield results.
  - ⇒ India is also not a priority destination for coveted investments by Taiwanese Outsourced Semiconductor Assembly and Test Companies (OSAT) because of a lack of consistent policy efforts to complement the high financial incentives being offered, as well as India's high import tariffs on products required to make chips. Hence, India can leverage Taiwan's chipmaking strengths by mending its own tariff and tax policies.<sup>31</sup>
  - ⇒ There is some scope for cooperation in maritime intelligence, surveillance and reconnaissance, since both India and Taiwan are perfecting their own Maritime Domain Awareness tech, but this may be constrained due to lack of political will induced by concerns surrounding Chinese aggression. Regardless, there exists

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<sup>28</sup> "India-Taiwan Relations," Invest India, <https://www.investindia.gov.in/country/taiwan-plus>.

<sup>29</sup> Ibid.

<sup>30</sup> Mathieu Duchâtel and Sana Hashmi, "An Alternative Supply Chain in India? Taiwan's Experience," Institut Montaigne, 26 October 2022, <https://www.institutmontaigne.org/en/expressions/alternative-supply-chain-india-taiwans-experience>.

<sup>31</sup> Surajeet Das Gupta, "From electronics to semiconductor, MNCs in search of policy stability," *Business Standard*, 21 May 2023, [https://www.business-standard.com/companies/news/from-electronics-to-semiconductor-mncs-in-search-of-policy-stability-123052100672\\_1.html](https://www.business-standard.com/companies/news/from-electronics-to-semiconductor-mncs-in-search-of-policy-stability-123052100672_1.html).

scope for collaboration in curbing dark shipping in the South and East China Seas, which both India and Taiwan are reliant on for trade.<sup>32</sup>

Finally, Indian policymakers must not see any cooperation with Taiwan or support to the US on the Taiwan issue as factors that can curb Chinese aggression across the LAC. This is a misplaced expectation, given that China has shown no signs of relaxation of its claims on the Indian border, and is only strengthening the capabilities of the PLA's Western Theatre Command. What India can expect is to hedge between US and China to enable maintenance of status quo in the Taiwan Straits, without proactively securitising the issue.

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<sup>32</sup> Anushka Saxena, "Assessing Potential India-Taiwan Security Partnership in the Indo-Pacific," Center for Land Warfare Studies, 4 March 2022, <https://www.claws.in/assessing-potential-india-taiwan-security-partnership-in-the-indo-pacific/>.

## ANNEX: Watching out for the Signs

Predictions by various stakeholders, especially in the US, project different timelines for when China might be ready to invade Taiwan and face its consequences. For example, Central Intelligence Agency (CIA) Director William J. Burns has argued<sup>33</sup> that Xi has ordered his military forces to be ready to conduct an invasion of Taiwan by 2027, which is when the PLA celebrates its centennial. This was also reiterated in March 2021 by the former Commander of the US Indo-Pacific Command, Admiral Phillip Davidson. Similarly, in a memo sent to his generals in February this year,<sup>34</sup> US Air Mobility Command Head Gen. Mike Minihan urged them to prepare for a war with China over Taiwan in just two years, i.e., by 2025. Some scholars have also highlighted that, apparently, intelligence officers in the US are predicting that China will invade Taiwan as early as 2024, when national elections are due on the island.<sup>35</sup> In such a scenario of rampant speculation, it becomes essential to monitor some signs that could potentially enable us to empirically theorise, if not rightly predict, when China may be preparing to invade Taiwan.

***Please note:*** The arguments highlighted in this section are speculative and are not, in any way, tell-tale signs of when China might be preparing to invade Taiwan. These have emerged from extensive discussions among researchers at The Takshashila Institution, and are liable to be further deliberated on, assessed and critiqued.

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<sup>33</sup> Jorge Hernández, “US predicts date that China will invade Taiwan,” *Diario AS*, 6 March 2023, [https://en.as.com/latest\\_news/us-predicts-date-that-china-will-invade-taiwan-n/](https://en.as.com/latest_news/us-predicts-date-that-china-will-invade-taiwan-n/).

<sup>34</sup> Tweet from the Twitter Account of Mike Black, 27 January 2023, <https://twitter.com/MikeBlack114/status/1618975443595718656?s=20&t=2NOuTyd7yPEVplSIF3tnAA>.

<sup>35</sup> John Culver, “How We Would Know When China Is Preparing to Invade Taiwan,” Carnegie, 3 October 2022, <https://carnegieendowment.org/2022/10/03/how-we-would-know-when-china-is-preparing-to-invade-taiwan-pub-88053>.

## Military Signs

- Firstly, we could see amassing and deployment of China's most important equipment for an amphibious assault and urban warfare scenario within coastal provinces like Jiangsu and Guangdong provinces, where the PLA Eastern and Southern Theatre commands are posted, four to six months prior to the actual date of invasion. Such equipment would include Type 075 amphibious assault ships, Type 052D guided-missile destroyers, Type 055 large warships, aircraft carriers, Type 054A guided missile frigates, etc.
- The PLA Rocket Forces' mobile ICBM brigades, which house the DF31/ DF31A missiles, will also likely be moved closer to the coast from the cities like Yuxi and Shaoyang that they are currently deployed in.<sup>36</sup>
- There will also be a concealed loading up of amphibious tanks, not in a single large armada, but split into multiple cross-regional armadas, which will, although, be visible through intelligence.
- We would also see, through geospatial intelligence, extensive building of field hospitals and emergency units like shipyards close to bases in the Eastern and Southern Theatre Commands. Russia, for example, built a field hospital close to fifteen miles away from the Ukraine border<sup>37</sup> a few weeks before its war with Ukraine, and it was well visible through sat-int.
- We would see mobilisation of contingency reserves and contingency logistics support brigades that are modular ad hoc units to provide rapid comprehensive logistics support in a main operational direction. Reserve forces,<sup>38</sup> both provincial-level and cross-regional, would be mobilised alongside requisitioning from civilians (not just forces, but also civilian facilities like hospitals and emergency units). Albeit, that could be a last-minute indication and not necessarily something that would be witnessed months prior to D-Day.

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<sup>36</sup> Hans M. Kristensen and Matt Korda, "Chinese nuclear weapons, 2021," 15 November 2021, <https://www.tandfonline.com/doi/full/10.1080/00963402.2021.1989208>.

<sup>37</sup> Julie Coleman, "This new satellite photo appears to show a sign Russia has been readying for war as its forces surround Ukraine, experts say," *Business Insider*, 16 February 2022, <https://www.businessinsider.in/international/news/this-new-satellite-photo-appears-to-show-a-sign-russia-has-been-readying-for-war-as-its-forces-surround-ukraine-experts-say/articleshow/89602048.cms>.

<sup>38</sup> Kevin McCauley, "China's Military Reforms and Modernization: Implications for the United States," U.S.-China Economic and Security Review Commission, 15 February 2018, [https://www.uscc.gov/sites/default/files/McCauley\\_Written%20Testimony.pdf](https://www.uscc.gov/sites/default/files/McCauley_Written%20Testimony.pdf).

- There would be increasing monitoring and strengthening of the implementation of the PLA's Internal Affairs Regulations and Regulations on Civilian personnel in the PLA, especially their clauses on use of the social media and internet. Soldiers' incompetence in cases like these, where they may feel the need to share their excitement over readying of equipment and new bases before war, may lead to leaking of sensitive national security information. To control that, the CMC will exercise greater precaution over how their soldiers use social media – especially chat groups and personal accounts, and censors will be placed on high alert to prepare for such an eventuality.

### **Economic Signs**

- Since the CCP will be in possession of dollar reserves to the tune of over US\$3 trillion, it might look to convert some of them into gold. This could be because gold is still a coveted commodity globally, and if China needs currency in exchange for gold, it could undertake such a transaction. However, since trade with the Chinese government and Chinese firms in dollars would be sanctioned, it is unlikely that this would yield significantly beneficial results in the long run, and neither would the world come to a position where it halts its trade with China completely.
- The Chinese People's Bank (PBoC) could liquidate assets from the New York Federal Reserve Bank, which would likely be frozen in the face of sanctions. Such a withdrawal or liquidation would be unusual because there wouldn't be an economic exigency to address (like the Pandemic, when Chinese banks did withdraw their reserves from the NY fed).
- There will also be greater restrictions exercised over the outward flow of capital from the country.
- There might also be a change observed in the country's long-term FDI and FII policy, wherein to reduce dependence on foreign sources of funding, China might place restrictions on new flow of investment to the country.
- There could likely be changes in the ownership structure or top operational structures of the giant firms functioning in the US, because their assets would be the first to be seized in the event of a conflict. It is hard to comment on what exactly these structural changes would look like, and might also include redirection of their most critical resources to third countries.



## Others

- Since it is likely that the US intelligence community will start picking up on the signs weeks before D-Day, they could incentivise Taiwanese chipmaking and high-technology talent to leave the island and protect key intellectual property.
  - Taiwanese semiconductor giants like TSMC might also see greater hacking attempts on their servers by Chinese sources.
  - At the same time, China will preserve its own talent and critical nodes of knowledge, potentially through exit bans, which may be part of a harsher implementation of its revised Anti-Espionage Law.
  - Finally, there will be a gradual, continued narrative shift domestically within China, wherein CCP officials and party-backed news platforms would talk about the need for the people of the country to unite, prepare for revolution and reunification, and at the same time, focus on preparing for hard times socially and economically.
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