



IN DEFENSE OF THE
**LIBERAL
INTERNATIONAL
ORDER**



一般財団法人

鹿島平和研究所

Kajima Institute of International Peace



Institute for Security &
Development Policy

**IN DEFENSE OF THE
LIBERAL INTERNATIONAL ORDER**

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Foreword to “The Liberal International Order”

Last fall, having felt a sense of relief after finishing my first joint workshop on climate change with Sweden’s Institute of Security & Development Policy at a conference in Stockholm, the ever-energetic ISDP Director Swanström suggested yet another joint workshop.

Japan is a country that has been “commended” by climate-change-related NPOs of the world as a backward country on climate-change issues at every single COP so far, and we had to work very hard throughout the duration of the workshop trying to secure Japanese lecturers. Once again, we were made keenly aware that climate change is not one of our Institute’s strengths and that our network of personal contacts in the field is limited. For that reason, I had decided that the next joint research workshop would concentrate on the fields of diplomacy and national security, both of which are recognized by many to be our strengths. While exchanging opinions, it was decided that it would be a three-way joint workshop, including the Prospect Foundation of Taiwan, with which I had been in contact in another workshop. Some also voiced the idea of adding a Finnish think tank, as Finland had applied for NATO membership together with Sweden, thus having two members each from both the East and West, but the number of participants would then be too large, so it was ultimately decided that the study group would consist of three members from each of the three institutes, for a total of nine members.

If only three people from Japan were allowed to participate, however, there would be no room for an amateur such as myself to participate, so I was determined to also draw up a group of experts. The first expert who came to mind was Mr. Nobukatsu Kanehara, a former Deputy Director General of

the National Security Secretariat—where he displayed uncommon shrewdness—who has since retired and is now a professor at Doshisha University, where he has participated in various debate forum. He has also been a speaker at several of our Institute’s workshops, and we were impressed by his deep historical knowledge and clear logic. When we approached him, he agreed to take on the challenge despite his extremely busy schedule of teaching, lecturing, and writing. He invited two of his “comrades-in-arms” from his days at the National Security Secretariat—Professor Shin Kawashima of the University of Tokyo and former JASDF Lieutenant General Jun Nagashima—to form “Team Japan” for this workshop. Also, Visiting Researcher Tatsuo Shikata took on an administrative support role for these busy members.

The workshop was the first of its kind, starting in January instead of April, as a tripartite group created jointly with think tanks in Taiwan and Sweden, and members that did not include any of the Institute’s directors or trustees. Mr. Kanehara was overwhelmingly supported and approved by the board of directors in part to the tremendous backing of his former supervisor at the Ministry of Foreign Affairs of Japan, Director Hiroshi Fukuda, has described him as a “sharp sashimi knife.” Having said that, I conclude my description of the background of the establishment of the workshop.

I will not refer to the contents of the workshop, having just attended it as an observer, as mentioned earlier, but I would like to say a few words about the structure of this booklet. I have spent most of my professional life as a businessperson. A company has goals and strategies (objectives and means), and its stock price and corporate value are determined by an evaluation of how they fit into the external environment and context (customers, competitors, company resources, regulations, and exchange rates). That is to say, the degree to which a company achieves its goals depends on how well it adapts to its external environment and context, and how well it formulates and implements strategies that take advantage of those factors.

This booklet first states the goals in general and specific forms, then examines the various external environments and contexts geographically (Asia, Europe, and the Global South), and finally proposes strategies consistent with the goals, external environments, and contexts. With Hamas’ incursion into Israel, a war involving the entire Middle East may break out depending

on Israel's response, and conflict is also expected to escalate between the expanded BRICS (including Egypt, Iran, Saudi Arabia, and the UAE) and the liberal countries. Amidst those developments, we sincerely hope that this proposal will be further refined and made effective by the opinions of our readers.

October 21, 2023

Nobuyuki Hiraizumi

List of Contributors

Nobuyuki Hiraizumi is the President of the Kajima Institute of International Peace (KIIP), in Japan. He has a BA from Waseda University and an MBA from the University of Virginia and has worked in various positions in Kajima Corp for the past 40 years, including a two-year appointment at Policy Research Institute, Ministry of Finance as Chief Economist. He served as Director of Kajima Corp. between 2012 and 2023.

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Nobukatsu Kanehara is a Professor at Doshisha University, Japan. He was earlier an Ex-Assistant Chief Cabinet Secretary and Deputy Director General of the National Security Secretariat, Government of Japan. He was born in 1959 in Yamaguchi-prefecture and joined the Ministry of Foreign Affairs in 1981 after graduating from the University of Tokyo (Faculty of Law). He served in the Delegations of Japan to the EU and UN, and also in the Embassies of Japan in the US and South Korea. Under the second Abe Administration, he served as Assistant Chief Cabinet Secretary and Deputy Director General of the National Security Secretariat, and he retired in 2019.

Shin Kawashima graduated from Tokyo University of Foreign Studies in 1992 and obtained a PhD at the University of Tokyo in 2000. He has been serving as a Professor at the Graduate School of the University of Tokyo since 2015 and also as Executive Director of Research, at Nakasone Peace Institute since 2022.

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Lars Vargö is the former Swedish Ambassador to Japan (2011-14) and South Korea (2006-11). He holds a Ph.D. in Japanese studies (history) from the University of Stockholm (1982). He graduated from Uppsala University 1972 with a major in sinology. In 1972-76 he was a repeat Mombusho scholar at Kyoto University. As a diplomat, Vargö has returned to Japan four times, but has also served in Libya, Lithuania and the United States. During 2001-2005, he served as an Ambassador and the Head of the International Department of the Swedish Parliament. He has published a number of books on Japan in Swedish, mainly in the fields of history and literature, as well as numerous articles in Swedish, English and Japanese. He has translated Japanese novels, short stories and poetry into Swedish. He is the founder of the Seoul Literary Society.

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Malcolm Davis joined the Australian Strategic Policy Institute (ASPI) as a Senior Analyst in Defence Strategy and Capability in January 2016. He has worked with the Department of Defence, both in Navy Headquarters in the Strategy and Force Structure area, and with Strategic Policy Division in the Strategic Policy Guidance and Strategic External Relations and Education sections from November 2007 to March 2012. Prior to this appointment, he was a Lecturer in Defence Studies with King's College London at the Joint Services Command and Staff College, in Shrivenham, UK, from June 2000 to October 2007. He holds a PhD in Strategic Studies from the University of Hull as well as two master's degrees in strategic studies, including from the Australian National University's Strategic and Defence Studies Centre. His main research focus is on defense strategy and capability development, military technology, and the future of warfare.

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List of Abbreviations

A2AD	Anti-Access/Area Denial
ADB	Asian Development Bank
ADF	Australian Defence Force
AI	Artificial Intelligence
AP4	Asia-Pacific Four (Japan, South Korea, Australia, and New Zealand)
API	Active Pharmaceutical Ingredient
ATACMS	Advanced Tactical Missile System
ATT	Arms Trade Treaty
AUKUS	Australia-UK-U.S. Trilateral Security Partnership
AWD	Air Warfare Destroyers
BRI	Belt and Road Initiative
BRICS	Brazil-Russia-India-China-South Africa
CBDR	Common But Differentiated Responsibilities
CCP	Chinese Communist Party
CDCM	Coastal Defense Cruise Missile
CEE	Central and Eastern European
CFSP	Common Foreign and Security Policy
CMP	Coordinated Maritime Presence
COE	Center of Excellence
CPC	Communist Party of China
CPI	Corruption Perceptions Index

CPIA	Country Policy and Institutional Assessment
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CSDP	Common Security and Defence Policy
DPP	Democratic Progressive Party
DSR	Digital Silk Road
ECS	East China Sea
EDCA	Enhanced Defense Cooperation Arrangement
EDT	Emerging and Disruptive Technologies
EEAS	European External Action Service
EIA	Energy Information Administration
ESPA	Economic Security Protection Act
EU	European Union
EVFTA	EU-Vietnam Free Trade Agreement
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FIMI	Foreign Information Manipulation and Influence activities (FIMI)
FMS	Foreign Military Sales
FOIP	Free and Open Indo-Pacific
FOIPS	Free and Open Indo-Pacific Strategy
FONOP	Freedom of Navigation Operations
FVEY	Five Eyes
GCI	Global Civilizational Initiative
GDI	Global Development Initiative
GDP	Gross Domestic Product
GSI	Global Security Initiative
HIMAR	High-Mobility Artillery Rocket System
I2U2	India, Israel, the UAE, and the U.S.
ICG	International Crisis Group

IMEC	India-Middle East-Europe Economic Corridor
IMO	International Maritime Organization
IPCP	Individual Partnership and Cooperation Programme
IPEF	Indo-Pacific Economic Framework
ITPP	Individually Tailored Partnership Programme
KMT	Kuomintang
LIO	Liberal International Order
MANPAD	Man-Portable Air-Defense System
METI	Ministry of Economy, Trade and Industry
MLR	Marine Littoral Regiment
NAC	North Atlantic Council
NATO	North Atlantic Treaty Organization
NORAD	North American Aerospace Defense Command
NZ	New Zealand
PCA	Permanent Court of Arbitration
PDA	Presidential Drawdown Authority
PGII	Partnership for Global Infrastructure and Investment
PLA	People's Liberation Army
PRC	People's Republic of China
PrSM	Precision Strike Missile
PSG	Policy, Strategy and Global Priority Issues Team
QUIN	Quad Investors Network
RCEP	Regional Comprehensive Economic Partnership
ROC	Republic of China
SCO	Shanghai Cooperation Organisation
SCRI	Supply Chain Resilience Initiative
SCS	South China Sea
SDF	Self-Defense Forces
SDG	Sustainable Development Goals

SEMI	Semiconductor Equipment and Materials International
SLOC	Sea Lanes of Communication
START	Strategic Arms Reduction Treaty
TLAM	Tomahawk Land Attack Missile
TPP	Trans-Pacific Partnership
U.S.	United States
UAE	United Arab Emirates
UAV	Unmanned Aerial Vehicles
UK	United Kingdom
UNCLOS	United Nations Convention on the Law of the Sea
UNCTAD	United Nations Conference on Trade and Development
UNEP	United Nations Environment Programme
USSR	Union of Soviet Socialist Republics
WEU	Western European Union
WTO	World Trade Organization

Executive Summary & Policy Recommendations

This publication—a part of a joint project by The Prospect Foundation (PF), the Institute for Security and Development Policy (ISDP), and the Kajima Institute of International Peace (KIIP)—is an attempt to provide fresh perspectives on the theme “Future of International Order based on Liberalism.” It analyzes the evolving political realities and aims to plug the gaps in current governance models, with special reference to three key areas: (1) A strategic shield vis-à-vis the Taiwan contingency; (2) a new geopolitical equilibrium in the Indo-Pacific; and (3) a new partnership with the Global South. Going forward, it also provides notable policy recommendations.

A Strategic Shield to Taiwan?

1. China’s intentions, capabilities, and cost consideration vis-à-vis a military invasion of Taiwan represent a complex dynamic that can be studied through a structured framework represented as:
“War Calculus = Intention × Capability – Cost.”
2. Examining a Taiwan contingency through this lens highlights those factors like a pessimistic outlook toward peaceful unification, Xi Jinping’s revisionist inclinations, and China’s ascent as a global power have increased China’s readiness to resort to military measures. However, the cost calculation for any military invasion remains multifaceted and often uncertain. Moreover, deterrence could be made more effective by raising the costs of Chinese aggression, particularly given the increasing strength of Taiwan’s defense and international support. Therefore, it can be argued that while China seeks to leverage its growing power to

- achieve reunification, the likelihood of an imminent military conflict remains uncertain.
3. In discussing a potential Taiwan contingency scenario and examining Japan's possible cooperation with Taiwan based on the discourse in Japan and China's Taiwan policy, it is important to consider Taiwan's view of the situation. This must be done while paying attention to China's assessment of its own Taiwan policy and the potential impact of Xi Jinping's extended term on the Taiwan issue. As regards China's Taiwan policy, China is focused on infiltrating and changing Taiwanese society. An assessment of public opinion polls in Taiwan, however, shows that the Taiwanese people remain in favor of maintaining the status quo and China's strategy of pressurizing Taiwanese society will be, at best, challenging to achieve. Nonetheless, speculations abound that if China's current approach is not effective, it may escalate military pressure, leading to a Taiwan contingency. It is unlikely that the policy of reunification of Taiwan will be abandoned for the time being. The national goal for achieving the reunification of Taiwan that is set for 2049 by Xi Jinping is of great significance; it is also necessary to pay attention to the remarks of Chinese leaders concerning the target years of 2035 and 2049.
 4. Therefore, the pre-Taiwan contingency phase merits greater consideration. Stakeholder countries must not only plan for a potential invasion, but discern the trends in Taiwanese society, explore possible ways to cooperate with Taiwan at present, and work toward persuading China. The aim must be to send China (and Xi) a strong message that its idea of "peaceful reunification," i.e., reunification using gray zone tactics and without the direct use of weapons, is not acceptable.
 5. In the event of a Taiwan contingency, regardless of the course it takes, Japan must attain sufficient counterattack capabilities to dissuade China from escalating the Taiwan contingency into a full-scale Japan-China war, which would inevitably involve the U.S. Simultaneously, in the face of China's nuclear intimidation, Japan holds the right to demand that the U.S. enhance its security umbrella.
 6. Importantly, it is also critical to consider a post-contingency settlement for Taiwan. This will need to include a key aspect: Moving away from

the U.S.’ policy of ambiguity and an extension of its nuclear umbrella to Taiwan—thus putting in place a “cold peace” in the region—to prevent further invasions by China.

Euro-Atlantic to Indo-Pacific Security

7. Following Russia’s renewed aggression in the heart of Europe, the European Union sees Russia as the primary threat to its security. Concurrently, the EU’s perceptions of China as a reliable partner have shifted, with mounting fears that bilateral cooperation may come at the expense of the bloc’s economic security and help Beijing to reshape global governance to suit its interests. Beijing’s political support to Moscow has reinforced concerns that a tighter Russia-China alignment could fundamentally challenge the existing Liberal International Order (LIO). To address the Russia-China alignment, Europe has started to bolster cooperation with like-minded partners, equipping itself with defensive tools. Yet, going forward, a defensive posture is no longer sufficient. Russia and China have sought to position themselves as solution providers to the problems of the Global South, both claiming that the problems of emerging countries started in the “West.”
8. The EU should lead efforts to re-engage these countries and invest in an effective counter-narrative and strategy to advance international law and protect the LIO. Taiwan and Ukraine share similarities in facing security challenges from powerful neighbors with territorial ambitions (China and Russia, respectively). To address these, Taiwan is implementing defense strategies, including an extended military service period, rigorous training, and an asymmetric military strategy to transform itself into a formidable defense force.
9. Drawing from its experience of the Ukraine war, the U.S. government is prioritizing preparedness in both the U.S. and Taiwan. It recognizes that while the Taiwan situation remains manageable at present, establishing strategic stockpiles and deploying small, precise, and cost-effective intelligence-oriented weapons—as part of a strong urban defense strategy—can help deter potential aggression from China.
10. For China, the Ukraine war has no doubt been a case of rapid and

effective response by a U.S.-led coalition. Drawing on the developments in Ukraine, Beijing's foremost priority has been to establish a credible nuclear deterrence strategy that dissuades potential U.S. interventions in the Taiwan Strait.

11. It is also obvious that the outcome of the Ukraine war will have a major impact on the future world order, including on the Indo-Pacific regional security primarily due to fears of a Taiwan contingency. Thus, lessons from the war in Ukraine have to be incorporated into the Indo-Pacific security and defense. Cooperative agreements between nations are necessary to build credible defense mechanisms for the areas under threat. So democratic governments should cooperate on establishing a credible shield around Taiwan. Beijing must be made to understand that an invasion of Taiwan will be more costly than beneficial and that the LIO has teeth.
12. In the context of the current geopolitical environment, this volume argues that security in the two theaters of the Euro-Atlantic and Indo-Pacific is highly *interdependent*. Therefore, cooperation among Taiwan, Japan, the U.S., the EU, and the North Atlantic Treaty Organization (NATO), along with the members of the two blocs, is imperative.
13. Apart from militarily counterbalancing the threat posed by China and Russia, there is a critical need to explore avenues for democratic states to work together to consolidate and safeguard the international liberal democratic system. This must be accompanied by more actively countering information warfare, exploring strategies to counter digital authoritarianism, and speeding up decoupling from Russia and China. As global interdependence becomes the norm and threats in cyber, space, and other new domains increase, NATO has started coordinating closely with its global partners on security matters. For example, the Individually Tailored Partnership Programme—a new document that will serve as a strategic framework for key partner countries—is a step toward elevating Japan-NATO relations to a higher dimension. A practical partnership would be beneficial for both sides.
14. Besides cooperation on cyber-defense, including hybrid warfare tactics, and a multilayered security framework, climate action ranks as an

important priority for both NATO and Japan. In cooperation with European countries, Japan can provide integrated public-private cooperation and assistance to the Indo-Pacific by building a security-related “climate alliance.”

Supply Chain Connection to Global South

15. China’s nearly mythical position in the global markets has enabled it to weaponize the economy. Against this background, the stability and security of critical value chains, particularly in areas like rare earth elements and semiconductors, has necessitated increased cooperation between like-minded states such as Japan, Taiwan, and European countries, in the future. Even as diversification has become the need of the times, because of the high costs of such a strategy shift, the idea of “friend-shoring,” or establishing a safe supply chain by teaming up with countries known to be amicable, is gaining traction. Importantly, cross-border supply chain resilience requires all participants at various nodes of the chain to work together on matters like trust, solidarity, and collective decision-making. This can take place through platforms like the Indo-Pacific Economic Framework for Prosperity (IPEF) and the Supply Chain Resilience Initiative (SCRI), as well as by enacting new World Trade Organization (WTO) reforms.
16. The future of the Liberal International Order depends on a realistic understanding of the Global South and strategies that address these challenges. The Global South as a constructive and contributing unified actor remains tenuous at best for a variety of reasons stemming from its heterogeneous membership. The institutional weaknesses, poor governance, economic instability, dependency, and the absence of a common political identity within these nations further limit their capacity to support the Liberal International Order. Without downplaying the importance of the Global South in the Liberal International Order, there is a need for a balanced, pragmatic approach that acknowledges the Global South’s heterogeneity and challenges. In addition, strengthening the Western countries economically, diplomatically, politically, and in terms of security is a pragmatic approach to preserving and enhancing the Liberal International Order.

17. The India-China divide, growing U.S.-China competition, and crisis-ridden Liberal International Order have refocused attention on the Global South. Notwithstanding the complexity of the Global South debates, India and China have become central to the geopolitics around the developing and emerging world. The bitter rivals, which want a majority stake in leading the Global South, are also looking to redefine the parameters of the Western-dominated Liberal International Order through multipolarity. Yet their respective intentions, visions, strategies, and tools for achieving the said goals are certainly a study in contrasts.
18. Through initiatives like the BRI, China has positioned itself as a champion of developing countries. Engaging with the Global South falls under China's vision of building a more Sino-centric world order. While India's Global South approach shares some similarities with China's—including the importance of South-South cooperation and non-Western multilaterals—India's goals are geared toward creating an equitable, sustainable, and representative multipolar world order, rather than pursuing China's zeal for a post-Western order. India and its like-minded partner states (including in the West) must look to adopt a constructive agenda vis-à-vis the Global South, such as catalyzing pending UN reforms, accelerating climate action, and expanding digital access.

Notable Policy Recommendations

A Strategic Shield to Taiwan

1. Taiwan needs to substantially augment and modernize its defense capabilities to be compatible with NATO's Standardized System, and it also needs to stockpile enough arsenal and ammunition for a possible military confrontation with China.
2. We should encourage Taiwan's meaningful participation in international organizations such as the World Health Organization (WHO) for its active engagement in the international arena.
3. Taiwan, Japan, NATO, EU, and other like-minded countries should carefully analyze the possible timing and motivation of Xi Jinping's

adventurous military moves, as well as the declining Chinese economic situation and increasing instability of the Chinese Communist Party (CCP) political leadership.

4. Once a Taiwan contingency is over, all the like-minded countries should set up a post-conflict security arrangement in Northeast Asia in preparation for the next possible contingency—it is important to observe that Russia’s outright invasion of Ukraine in 2022 occurred eight years after Russia occupied Crimea in 2014. A post-conflict security arrangement should include Taiwan to better serve the purpose of deterrence.
5. We should think of “China after Xi” and should study how we can foster an environment for a more liberal and open-minded China to emerge.

A New Geopolitical Equilibrium in the Indo-Pacific

1. Western unity is the key to deter China from resorting to military action against Taiwan and to stand up to China if the deterrence were to fail.

It is critically important to have regular strategic talks among Taiwan, Japan, and NATO, particularly the U.S., the EU, and other like-minded countries. This will help to define their missions and roles and to extend mutual cooperation in the domain of outer space and cyberspace, which have no borders, so that we can counter Chinese and Russian information manipulation.

It is also essential to enhance military communication and coordination among all the parties concerned including South Korea, the Philippines, and Australia in order to increase interoperability between these partners and Taiwan’s military and coast guard through joint exercises and joint training of military/intelligence. The like-minded countries should stockpile enough arsenal and ammunition in preparation for a possible conflict with China.

At the same time, policy dialogue among congressional members of like-minded countries is indispensable.

In addition, we should establish a new multilateral security forum on

managing the Taiwan Strait security among G7 and like-minded countries.

2. Taiwan, Japan, and NATO, particularly the U.S., the EU, and other like-minded countries must be prepared for the sudden disruption of supply chains with China.

In case of a Taiwan contingency, the whole East China Sea and the South China Sea would be in a war zone, where no marine insurance would be covered and no navigation would be possible.

Economic preparation is required not only at the level of governments but also at the private sector level of all of like-minded countries.

Taiwan, Japan, the U.S., the EU, and other like-minded countries should enhance economic security to build up “Blue Supply Chain Networks” to stand up to “Red Supply Chain Networks” dominated by China, and all of the countries should extend mutual cooperation in the development of cutting-edge technologies to compete with China’s technological development.

3. Japan should be prepared for nuclear blackmailing from China and should ask the U.S. to redeploy submarine-based intermediate nuclear cruise missiles in the East China Sea and the South China Sea in order to demonstrate that any tactical nuclear attack against Japan could invite retaliation of the same kind.

Since Japanese ordinary citizens are still very naïve and have a kind of “allergy” to nuclear weapons, the Japanese government as well as experts in military/foreign affairs need to promote public awareness of harsh realities in the Far East.

4. The U.S. should drop its “Strategic Ambiguity,” which could invite Chinese miscalculations to lead to a conventional conflict or even nuclear exchanges, and the U.S. should make it clear that it will definitely intervene in a Taiwan contingency in order to defend not only Taiwan but also the freedom, democracy, rule of law, and fundamental human rights.

“Cold Peace” is a must for establishing a “New Geopolitical Equilibrium in the Indo-Pacific.”

5. North Korea has been rapidly developing nuclear missiles and deploying them in its armed forces. In addition, Russia has been closely associating with China “without limits” while also establishing a close partnership with N. Korea.

We should be very careful of how Russia and North Korea will help China in case of a Taiwan contingency such as a “feint operation” in the North of the Far East and dissemination of fake news among like-minded countries.

A New Partnership with Global South

1. Taiwan, Japan, the U.S., NATO, the EU, and other like-minded countries should invest in developing a genuine and equal partnership with the Global South by taking into consideration their diverse interests and ambitions, as well as criticisms of the West.

The like-minded countries should lead in raising awareness of how Chinese and Russian foreign information manipulation and interference are operating and in countering false narratives spread by China and Russia with proactive/clear counter-narratives to defend the Liberal International Order and to build up democratic resilience.

2. We should push forward the pending reforms in the UN System including the Security Council and General Assembly to fairly represent the interests of the Global South.
3. Minilateralism such as “Quad Plus” is a viable avenue for cooperation with the Global South, including South Korea and Southeast Asian countries. Moreover, India needs to boost its ties with Taiwan, Japan, the U.S., NATO, the EU, and other like-minded countries.
4. Values of Taiwan, Japan, the U.S., NATO, the EU, and other like-minded countries are universal, open, inclusive, and diversified, and they may eventually prevail all over the world including China, so that freedom, democracy, the rule of law, fundamental human rights, and so on will be respected by all governments and citizens.

The Liberal International Order and its Discontent: Addressing the Problems and Finding the Solutions

I-Chung Lai

The Liberal International Order under Assault

The post-World War II international system was founded on the principle of political liberalism and the market economy. Though there was competition between the liberal-capitalist bloc and the socialism/planned economy in the first forty-some years, the end of the Cold War erased the remaining doubt regarding the sustainability of liberalism and the capitalist system. The victory of liberalism then was so absolute that some analysts claimed we were entering the era of the end of history.

What came after the end of the Cold War was unprecedented economic globalization. Democratic values were also charging forward in certain areas as we witnessed the so-called third wave of democratic advancement. Taiwan was regarded as one shiny example of that democratic success story. Russia tried to become a more politically liberal society. There was also the belief that the economic opening of China would eventually make China more liberal and more willing to embrace democratic values. Even Iran was no longer considered a consequential threat to the regional order in the Middle East. Iraq, Iran's arch-rival, became the focus due to its invasion of Kuwait in 1990. The unity demonstrated by the United Nation's response to the Iraqi invasion of Kuwait gave people hope that the UN would finally play a more decisive role in the post-Cold war era.

Thirty years later, the Russian invasion of the sovereign state of Ukraine, China's aggressive behavior against its neighbors and signs that it was growing more willing to use military force to achieve its ends, and Iran's spreading influence across the Middle East, resulting in its becoming the dominant regional power after the 2003 invasion of Iraq, and North Korea's six nuclear tests—with another one expected soon—put such hopes of a bright future to rest. China has also become a formidable voice in the United Nations, so much so that its leader's personal political teachings have found their way into the UN's Sustainable Development Goals (SDGs).

Elsewhere in Southeast, South, and Central Asia, as well as in Africa and in Latin America, democracy has been receding. There is also evidence that state-sponsored activities are challenging the belief in the indispensable role that democracy played in modernizing domestic governance. Even stronger and more established democracies have become the target of malign influence campaigns from outside. These assaults on democracy have contributed to disunity and polarization in those countries. No doubt, the liberal system that helped build the world as we know it is now under relentless attack. While people talk about U.S.-China competition in the context of geopolitical rivalry, the competition actually has at its core the battle of democracy versus autocracy.

Addressing the China-Russia Challenge

The most important task in addressing the assault on the Liberal International Order (LIO) is to tackle the challenge posed by the China-Russia axis head on. The Sino-Russian challenges come on three fronts.

First, China and Russia are willing to use outright military means to coerce countries into submission. Before its invasion of Ukraine, Russia had already attacked Chechnya and Georgia. China has also severely coerced the Philippines, Vietnam, Japan, Taiwan, and India through military means. These two states' willingness to use military force to resolve disputes and even to change the status quo has increased tensions and instability across Europe and the Indo-Pacific.

Second, both Russia and China have engaged in a deliberate campaign against democracies, trying to weaken them from within. They have exploited

the openness of democratic societies to sow the seeds of polarization through very direct and extensive disinformation campaigns. Russian interference in the 2016 presidential elections in the U.S. and China's similar efforts targeting Taiwan in 2018 and 2022 are well documented. But their targets are well beyond the United States and Taiwan. Many countries in Europe and in the Indo-Pacific are also targets of the China-Russian anti-democratic axis. Russia seeks to weaken the European Union and China wants to fundamentally delegitimize democratic values globally.

Third, both Russia and China tend to weaponize economic interdependence for strategic gain. The accepted norms in Western capitalist societies, whereby the economy is independent of politics, is alien to both countries. For Russia and China, the economy is subservient to politics. The globalization process introduces mutual dependence between states. Liberal international norms regard this as a constraint to war between states. However, Russia and China take this as a vulnerability that can be exploited. In response to the realization that economic development and interdependence have not turned Russia and China into responsible stakeholders within the existing international system, democracies have endeavored to establish a trustworthy economic supply chain based on shared values.

This recognition has compelled democracies in Europe and in the Indo-Pacific to face the common challenges together, as exemplified by this Taiwan-Japan-Sweden joint studies project. Facing the tripartite challenges in the military, political, and economic spheres by the Russia-China axis requires fundamental adjustments, not some patchwork fixes. Reflexion on the practices of the current liberal international order and a re-imagining of a new order that reflects the liberal idea will be the major task.

The Global South and its Discontents

The so-called "Global South" is not a new concept, yet it is not clearly defined. It refers to the countries that decolonized after World War II, specifically in Southeast Asia, South Asia, Africa, and Latin America. Although such a concept implies a geographical proximity concentrated in the southern hemisphere, exceptions such as Australia have been regarded as one of the members of the Global North while China falls in the Global South. Given the uneven distribution of resources between the Global North and the Global South

over the course of time, there will be a wide and willing audience in those countries for China's version of an alternative global order and the underpinned political values. Although the lure of Chinese material resources is tempting, the discontent about the current system among many countries in the Global South is the most critical factor.

In light of recent diplomatic summits such as BRICS in South Africa, the G20 in India, the G77+China in Cuba, and the Belt and Road (BRI) meeting in China, it is easy to see what the China-Russia axis is trying to achieve: To draw the Global South in forming a bloc of discontent against the West. They have already obtained a certain level of success. Yet, the China-Russia axis' proposition has also encountered some difficulties more recently. More and more countries that have signed on to the BRI projects have grown frustrated about unmet promises or worse—finding themselves with huge national debts to China. The Russian invasion of Ukraine and the painful COVID-19 pandemic has also led some countries within the Global South to put greater emphasis on trustworthiness and political values as factors for their economic planning.

Although China's various meta-narratives, such as the Global Developmental Initiative, the Global Civilization Initiative and the Global Security Initiative are not as pervasive as they used to be in some countries within the Global South, these discourses nevertheless remain potent. But most important of all, how to address the issue of uneven resource distribution remains the most important one. And the urgency is now amplified by the climate change issue, which makes finding solutions all the more complicated.

Finding Taiwan's Place under the Sun

China's aggressive behavior toward Taiwan has intensified several times over in recent years. This includes a very provocative semi-blockading of Taiwan through military exercises after the visit of the U.S. speaker of the house to Taiwan in August 2022. After the Russian invasion of Ukraine in February 2022, there has been a very real concern that war could break out in the Taiwan Strait sometime in future.

At the same time, Taiwan has also been recognized as a high-tech powerhouse. The international community know acknowledges that Taiwan provides 90 percent of the most advanced semiconductors to the world and

plays a critical role in the semiconductor industry supply chain. Taiwan has also been recognized for its positive contributions to global prosperity during the COVID-19 pandemic due to its successful epidemiological controls as well as its effective economic stabilization. Taiwan has a G-20-scale economy, and a G-7-level international trade volume. Although it is outmanned and outmatched by China in military terms, Taiwan nonetheless has a top-25 military. Therefore, all the recent talk of war in the Taiwan Strait involves the potential for armed conflict on a scale much larger than the current Russia-Ukraine conflict, with an impact on the global economy ten times larger. It is no longer a regional conflict limited to the cross-Strait relationship. The idea that a “Taiwan contingency is a world contingency” now receives much wider world recognition.

But the issue of war in the Taiwan Strait also highlights two distinct issues. On the one hand, such a war underscores a Chinese intention to reconfigure the international system and a desire to change the global order to its own liking. Should China succeed in conquering Taiwan through “peaceful” yet coercive means or through military confrontation, it would usher a new era, one in which China starts to remake this world by military means. On the other hand, a potential war over Taiwan also highlights Taiwan’s unsettled status since World War II. What China claims as the unfinished Chinese civil war on Taiwan, the Taiwanese people regard as an unfulfilled decolonization process which the Taiwanese people were never given the full opportunity to exercise. The Cold War denied the Taiwanese people this possibility. Although Taiwan was successfully marching toward democracy at the end of Cold War, the issue of self-determination remains out of reach.

Ironically, due to its economic success, Taiwan is never considered part of the Global South, but Taiwan’s international political standing is even worse than that of the Palestinian Authority, which has a presence in the United Nations. As the possibility of war on Taiwan gets greater recognition amid China’s attempts to rewrite the post World War II system, people also need to remember that this is also related to the issue of unfinished de-colonization in Taiwan. The question of Taiwan’s place under the sun has been put front and center here as well. This is particularly pertinent in the context of the defense of the liberal international order. Can a liberal world order continue to deny the exercise of the very right inscribed in its principles to another democracy?

Project for Indo-Pacific and Euro-Atlantic

Russia's war against Ukraine and the forming of a China-Russia axis, along with its expansion to Iran and North Korea, has integrated the geopolitical environment between Euro-Atlantic and the Indo-Pacific. Cooperation between like-minded countries in these two regions is crucial for any successful response to this challenge. But this cooperation needs to go beyond geopolitical competition; it also needs to re-imagine a new world order based on liberal values that can better address the uneven resource distribution between the North and South, the climate change issue lurking around the corner, the right balance between existing Western powers and the new emerging powers in the Indo-Pacific, the Middle East, Africa, and Latin America, and finding a new way to address problems of international regimes facing countries like Taiwan.

The solutions to the problems we are facing is not simply the defense of the current liberal order. There are serious structural issues that cannot be met with mere stopgap measures. It demands new and daring, outside-the-box thinking for a new international system. Hopefully this joint study will pave the way for the intellectual exploration of this tremendous—and essential—undertaking.

Introduction

Future of the Liberal International Order: Between Stakes and Strategies

Norah M. Huang, Jagannath P. Panda and Tatsuo Shikata

In recent years, the geopolitical fight for global economic, diplomatic, and institutional control has acutely intensified, accentuating the crisis in the existing post-World War II Liberal International Order (LIO), championed for long by the United States. The primary grounds for the increase in tensions include China's relentless reach for superpower status, the Russia-China anti-West convergence, North Korea's growing nuclear provocations, the U.S.' re-orientation toward its allies and partners, and the rising fortunes of the middle powers.

Moreover, the disruptive authoritarian regimes including in Iran, Myanmar, North Korea, and Russia led by China and their growing intent to coalesce against the LIO are feeding its decline.¹ As a result, the democratic world at large is now increasingly recognizing the need to cautiously stem this growth in authoritarianism, particularly China's attempts to alter the status quo.

Concurrently, even as the world had not come to grips with the ramifications of the COVID-19 pandemic, including in supply chains, the global economic slowdown together with China's stalling economic recovery and high inflation, has been severely impacted by the protracted Ukraine war.² The latest Hamas-Israel war in West Asia will further "fragment" the global economy and, in turn, the geopolitical, order; unfortunately, the lack of international cooperation has been a hallmark of the new brewing Cold War era.³

Of late, the centrality of the developing and emerging world, the so-called Global South is an added dimension that has now been thrust into the spotlight. The liberal order's engagement with the developing world is especially important given China's constant outreach and appeal to the Global South as a leader against Western (U.S.) dominance that is ready to reshape the global order to better suit common (non-Western) interests.

Further, the failure of multilateralism, including the United Nations (UN) system, in stemming traditional and non-traditional security challenges and threats around the world has added fuel to the fire.

Against such a dismal scenario, can the democratic world coalesce in defense of the LIO? What is the role of the Indo-Pacific in this quest? Would building a global coalition in favor of Taiwan be seen as a test-case scenario for the LIO? Could enhanced cooperation including in connectivity, infrastructure development, and supply chains be, at least, part of the answer?

Impact of Current Wars in Ukraine and Gaza on Indo-Pacific Security

The new and emerging geopolitical power dynamics in continental Asia (primarily Eurasia and West Asia) are seeing an almost parallel movement to the U.S.-led Indo-Pacific construct—a term rejected by China as well as other autocratic regimes like Russia and North Korea. Russia's military invasion of Ukraine and lack of an immediate end to the war on Russian terms have highlighted Russian strategic failures and reduced its traditional clout in Eurasia and among partners. Yet that does not reduce the chances of a China-led quasi-alliance among authoritarian regimes. It only strengthens the need for a common anti-West front among primary countries that have been long sanctioned by the West.

While Russia's loss of power has made it more amenable to other autocratic regimes, its growing inability to guarantee defense in its traditional spheres of influence (e.g., the South Caucasian region) has reduced its attractiveness as a security partner.⁴ But China is a serious contender in a move away from the West-centered security cooperation.

For example, the Gulf States like Saudi Arabia and the UAE have been redefining their relationship both with the U.S. and China for some time.

The China-brokered Saudi Arabia-Iran peace deal; China's expanding Eurasian clout; and, the recent spate of expansions within the Shanghai Cooperation Organisation (SCO) and BRICS (Brazil-Russia-India-China-South Africa) have all emphasized the importance of continental Asia in China's Sino-centric "multipolar" world order game plan.

On the other hand, the Hamas-Israel war has further complicated the situation for the U.S., as its ally Israel has rejected U.S. President Joe Biden's (and the UN's) calls for a "humanitarian pause," concretizing the perceptions about the U.S.' declining global power even among allies and partners.⁵ In contrast, Chinese President Xi Jinping has boosted China-Arab ties by echoing support for the Palestinians and called for an immediate ceasefire.⁶

The latest round of escalation in Gaza will certainly impact the recent U.S.-led geopolitical initiatives such as the Abraham Accords (2020) that enabled the UAE, Bahrain, and Morocco to open diplomatic missions in Israel to re-configure American clout in the region.⁷ It has already raised concerns for the U.S.-led economic growth- and connectivity-centered minilateral pursuits of the I2U2 (India, Israel, the UAE, and the U.S.) and the ambitious India-Middle East-Europe Corridor (IMEC; launched at the sidelines of the 2023 G20 Summit).⁸

The recently concluded Xi-Biden meet does bring hope for a truce of sorts, notably with promises to restart military communications that were suspended after the then House Speaker Nancy Pelosi's controversial visit to Taiwan.⁹ Nonetheless, the meet is likely to defer the hegemonic confrontation amid China's plans to upend the international order, and not put it to rest.

Stemming the Taiwan Crisis Critical to LIO's Future?

Reunification with Taiwan is a core concern for the Chinese Communist Party (CCP) led by Xi Jinping: It is not just the CCP's legitimacy at stake but also Xi's ideological legacy and personal power. Therefore, ever since Russia's invasion of Ukraine in early 2022, speculations have been rife about China's accelerated plans to forcefully occupy Taiwan. As a result, fears have, in turn, gripped the Indo-Pacific states about the dangers to regional security as a domino effect of a Taiwan contingency. These fears have been compounded by the growing ideological rift between democracies and autocracies; the East

and the West; and the North and the South, which has forced states to pick sides while maintaining national interests-driven geopolitical compulsions.

Nonetheless, while it must be made clear time and again that Taiwan is not Ukraine, the Russian military experiences will have an impact, albeit limited, on Chinese strategy and maneuvers.¹⁰ Moreover, amid the lack of international cooperation evident, be it during the pandemic, the Ukraine war, or the Hamas-Israel war, legitimate concerns about coalescing support for Taiwan have arisen.

A question that has dogged observers is that in the event of a Taiwan emergency, would the U.S. and its allies and partners resolutely support democratic Taiwan against authoritarian China, and in what form?

States would do well to remember what Taiwanese President Tsai Ing-wen wrote in an article in *Foreign Affairs* in 2021,

... if Taiwan were to fall, the consequences would be catastrophic for regional peace and the democratic alliance system. It would signal that in today's global contest of values, authoritarianism has the upper hand over democracy.¹¹

Not only would the occupation of Taiwan highlight China's global dominance as a military and political power, but it would further diminish the American hold over the Indo-Pacific affairs. Moreover, the loss of territorial sovereignty for the island will expose Japan's security—as emphasized by former Japanese Prime Minister Shinzo Abe that “a Taiwan contingency is a Japan contingency.”¹²

The contingency would also open the floodgates for the already fragile India-China border disputes, not just in the Himalayas but also in the Indian Ocean, including the Bay of Bengal, where China has increased its naval footprint. The disputes in the East and South China Seas will naturally be impacted, with China holding all the cards.

Thus, coalescing international support for Taiwan, including in the Global South, by highlighting the damaging impact of China's multipolar world order vision, as an essentially Sino-centric order with coercive implications for regional and global governance is crucial. If they fail to work collectively on this issue, the liberal democracies will lose credibility as responsible regional stakeholders and endanger the existing world order more than ever.

Taiwan: Democratic New Supply Chain and Technological Linchpin for LIO?

Taiwan's salience lies beyond being a self-governing democratic island that lies at the heart of China's territorial claims: It is continuing to grow as a "digital democracy" and a technological-economic powerhouse that is showing extraordinary promise due to its advanced semiconductor industry.¹³ No doubt, Taiwan's semiconductor prowess has become the center of the U.S.-China technology-focused strategic competition, and it is driving the national security-oriented outlooks for all major and middle powers, including the U.S. and its allies and partners in the Indo-Pacific.

Taiwan is thus key to the (re)building of new supply chains, not just in semiconductors but the high tech and automotive supply chains, too.¹⁴ Overall, Taiwan's centrality in collective regional efforts, primarily of the U.S. and its like-minded partners, to prevent China from weaponizing economic dependencies should be a given.

Moreover, China's attempts to change the status quo in the broader Indo-Pacific, including in the Taiwan Strait, have to be prevented. This particularly important in order to secure the sea lines of communication (SLOCs) and the strategic choke points responsible for a majority of the global maritime trade. This has been a central concern for the states that have already formulated the Indo-Pacific strategies, including the EU, whose latest updated maritime policy highlights the connection between increased regional tensions and European security and prosperity.

However, much more needs to be done, including building a coalition of partners that can aggressively counter such coercive behavior in the Indo-Pacific. The Quad, too, needs to take a bolder approach on Taiwan by allowing for its participation in some form, to begin with at least.

EU's Indo-Pacific Role: A Vital Component for Asian Security and LIO

Besides the Indo-Pacific regional states, the EU and its member-states are an important balancing factor in the China-U.S. strategic competition. Since 2019, Europe, which had for long seen China more as an economic partner, has been gradually aligning itself with the U.S. view of China as a coercive

power—the EU’s sanctions on China over human rights, China’s economic coercion policies against the EU, and China’s stance on the war in Ukraine have all contributed to the deterioration in ties.¹⁵ This sentiment has concretized in the past year despite Europe’s reluctance to de-risk from China; Russia has certainly been relegated as a permanent adversary.¹⁶

In this context, the release of the EU’s Indo-Pacific Strategy for Cooperation in 2021, the Strategic Compass in 2022, and an updated maritime security strategy in 2023, along with the Indo-Pacific strategies released by the EU member-states of France, Germany, and the Netherlands, among others, are milestones for Europe’s comprehensive pivot to the region. Along with its economic capabilities, the EU and its member-states are also crucial for the Indo-Pacific’s technological and maritime security goals.

The ramifications of the Ukraine war on Europe’s economic and energy security along with China’s multi-front (e.g., technological, economic, hybrid, and military) tactics have made the new European approach even more significant. At the same time, the EU’s non-confrontational vision that integrates well with the inclusive regional architecture vision espoused by like-minded partners such as India, South Korea, and ASEAN makes it a partner of choice for the Indo-Pacific states.

Concurrently, the North Atlantic Treaty Organization (NATO) is also seeing a resurgence with transatlantic ties continuing to rebuild and the induction of new members Finland (joined in April 2023) and Sweden (set to join soon). NATO is getting ready for the “long haul” even as stray concerns about disunity due to Hungary’s closeness with Russia still exist.¹⁷

Moreover, the alliance’s growing outreach to Indo-Pacific states like Australia, Japan, New Zealand, and South Korea post Russia’s brutal invasion of Ukraine have highlighted NATO’s commitment to global security needs amid the rise in authoritarian trends.¹⁸ It also indicates NATO’s aim to intensify Europe-Asia security cooperation without actual institutionalization that would immediately destabilize the region’s fragile dynamics.

But whether Europe will be able to fulfill the ambit of its recent pivot could not only revitalize the LIO but also (re)define its parameters.

Reconfiguring Supply Chain Connections for Revitalizing Indo-Pacific

Stemming future supply chain disruptions have become a key issue in the post-COVID-19 pandemic world where industries have continued to bear the brunt of the lockdowns, labor and talent shortages, shortage of semiconductor chips, rising protectionism, and other hindrances.

One of the major outcomes in this post-pandemic era concerns the world's overdependence on China-centered manufacturing and supply chains. This has indeed set the ball rolling for “de-risking.” In other words, U.S.-led partner-states are looking to “reverse long-time policies that have prioritized low costs over security, sustainability, and resilience.”¹⁹ At the same time, such a strategy should not lead to increased U.S.-China competition, global protectionism, or aggravated military aggression in the Indo-Pacific.

For this purpose, a comprehensive and integrated approach is needed, primarily through the involvement of the so-called “like-minded” states, regionally and globally, with common values-based interest in maintaining a rules-based world order. At the same time, such efforts have to be made without endangering the inclusivity (e.g., the ASEAN centrality) that most regional forums like the Quad have continuously claimed to support.

For example, the intent to create resilient and sustainable supply chains through initiatives like the Australia-India-Japan-led Supply Chain Resilience Initiative (SCRI); Quad Investors Network (QUIN) including its efforts in the area of clean energy supply chains; Global Gateway; and the Indo-Pacific Economic Framework for Prosperity (IPEF) Supply Chain Agreement—a first of its kind deal on critical sectors like critical minerals, semiconductors, and clean energy technologies—are laudable.²⁰

In addition, the growth of digitalization and digital infrastructure developments in the Indo-Pacific, including undersea cables, will bring about new opportunities and challenges in the supply chains. Undersea cable architecture in particular, which is responsible for not only facilitating more than US\$10 trillion worth of financial transactions every day but is also crucial for national security due to the state's dependence on these networks for strategic communications, is witnessing tremendous upscaling and investment.²¹

At the same time, the vulnerabilities linked to these cables have solidified fears about a new “Iron Curtain” in this relatively new area of geopolitical tensions.²² For example, amid the already existing “new normal” in the Taiwan Strait, in February 2023, Taiwanese authorities accused two Chinese ships of cutting undersea cables—stopping short of pointing fingers at the Chinese government and calling it a “deliberate” act of sabotage—that provide internet connectivity to Taiwan’s Matsu Islands.²³

The event highlights concern about China’s grey-zone tactics and even the island’s fears of isolation in the event of a Taiwan contingency. Moreover, such incidents also bring into focus an increasingly important telecommunications-linked supply chain shortage: namely, the lack of fast, economical, and efficient cable ships for repairs and laying of cables.²⁴ Thus, this is another vital avenue that must be included in the supply chain infrastructure rebuilding plans.

Overall, amid a multitude of minilaterals and initiatives, there is a growing need to effectively integrate or coordinate such projects that can overcome geopolitical vulnerabilities, too. Moreover, states and these forums must ensure sufficient levels of transparency, so as to not undermine the goal of the primary aforementioned intent, namely building resilient, competitive, and sustainable supply chains across the Indo-Pacific and beyond. Hence, “like-minded” coalition building and common interest-oriented multilateralism will need to take into account the multilateral ideals of consensus and inclusivity as well as transparency in connectivity and infrastructure development activities.

About the Volume

This volume is a part of a joint project on the “Defense of Liberal International Order” by the Institute for Security and Development Policy (ISDP), the Kajima Institute of International Peace (KIIP), and The Prospect Foundation (PF). It brings together international experts from Japan, Taiwan, India, and Europe, among others, to provide fresh and nuanced perspectives on this pressing theme.

It aims to confront the evolving political realities and understand the gaps in current governance system(s), with special reference to a) the Taiwan issue, including a few broad policy prescriptions; b) the connections between

European and Asian security; and, c) the potential of new supply chain networks in the Indo-Pacific and the outreach to the Global South.

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I. A STRATEGIC SHIELD TO TAIWAN?

CHAPTER 1

Japan's Grand Strategy on Taiwan

Nobukatsu Kanehara

Introduction

China became a divided nation at the beginning of the Cold War. Two Chinas, the People's Republic of China (PRC) and the Republic of China (ROC), were born under the fictitious legal framework of one China, and they came to compete to be the government representing China. Many Western countries recognized the ROC as the legitimate government, except the United Kingdom. However, the ROC lost this position after the PRC normalized diplomatic relations with Japan and the US, making the PRC government China's representative.

Half a century later, Taiwan achieved remarkable democratization under President Lee Teng-hui, evolving into an island of freedom. On the other hand, China has become a tightly controlled electronic surveillance state with strong ideological colors under President Xi Jinping. It has also become a superpower catching up with the US.

The national power, particularly the military power of the US, which has guaranteed the status quo in the Taiwan Strait, is no longer absolute in the face of China's major military expansion. Now is the time to think of the reality of a war over Taiwan. It is also necessary to work out the details of how a contingency in Taiwan might end and what should the regional security regime in the Northwest Pacific look like in its aftermath.

I. The Birth of a Divided China

(a) The Start of the Cold War and China's Division

After World War II, the world was dominated by the strong magnetic field of the East-West Cold War with Washington and Moscow at the two poles. As a result, several countries where there was a postwar power vacuum experienced the tragedy of being partitioned. A number of them which were at the frontline of the Cold War were divided up despite their being one people, such as China, Korea, Vietnam, and Germany. It was a rare occurrence in world history for so many divided nations to come about in succession.

China became a divided nation. After the fall of the Qing dynasty, China had suffered the upheaval of the rivalry between warlords and the Northern Expedition, the civil war between the Kuomintang (KMT) and the Communist Party of China (CPC), the Mukden Incident, and the Sino-Japanese War under the KMT led by Chiang Kai-shek. After World War II ended, the Soviet Union under Stalin terminated its support to Chiang, who fought against the Japanese army, and shifted its support to the CPC under Mao Zedong, thus reversing the power balance with the KMT. Chiang fled to Taiwan after the Japanese forces withdrew, while Mao's PRC embracing Marxism-Leninism was founded on the Chinese Mainland in 1949.

This was a time when George Kennan, director of the US State Department's Policy Planning Staff, was already warning of the start of the Cold War and the US's policy of long-term containment of the USSR was being initiated. The US placed Taiwan under military administration after Japan's withdrawal. It was unthinkable for the US to hand over Taiwan, where Chiang had fled, to Mao, Stalin's protégé. Therefore, Chiang remained as the ROC president under the US's protection. As a result, a divided China with the ROC based in Taiwan and the PRC, which conquered the mainland China, was created.

However, both Mao and Chiang insisted that there is only one China and their own government represented China. They both refused to accept a divided China. Therefore, a theoretical framework on the divided China was devised asserting that there is only one China and either the PRC (Beijing) or the ROC (Taipei) must be recognized as the legitimate government.

The UK, which was grappling with the Hongkong issue and did not want to offend Beijing, recognized the PRC government in Beijing. It is said that while Japanese Prime Minister Shigeru Yoshida was also interested in recognizing the Beijing government, Japan decided to recognize the ROC government in Taipei with the US. These two countries had no other choice in the face of the start of the Cold War, the outbreak of the Korean War, and the honeymoon between Mao and Stalin. The PRC remained an unrecognized *de facto* state for Japan and the US, which had recognized the ROC government as the legitimate government representing China.

Incidentally, the PRC's position in international law at that time is more accurately defined as an unrecognized state rather than an unrecognized government. The logic behind the recognition of governments in international law is often cited when explaining China as a divided nation. This legal doctrine is meant to prevent the disruption of international peace and stability caused by the premature recognition of a new government during a coup d'état or rebellion by a third country attempting to interfere in the internal affairs of this country. Therefore, applying this doctrine to China, which had become a typical divided nation, is not valid. The same is true for Taiwan's position after the normalization of diplomatic relations with China.

(b) China's Normalization of Relations with the US and Japan and Taiwan's Position

The normalization of diplomatic relations between the US and China in the 1970s was the product of a deal between China agonizing under the China-Soviet confrontation since the 1950s and the United States whose national power was being depleted in the Vietnam War.

At that time, China was extremely impoverished. Under the slogan of "Great Leap Forward" in 1958, Mao Zedong experimented with excessive collectivization of agriculture and industry, resulting in widespread famine. It is said that some 40–50 million Chinese people died of starvation. Mao's China was a China devastated by famine. In the subsequent Cultural Revolution, Mao turned immature young people into Red Guards and ordered them to completely destroy not only the existing education system, but also the social order. This was how Mao, a veteran of power struggles, fought for his own survival amid the disintegration of the state.

In 1969, Mao attacked Soviet territory Damansky Island (Zhenbao Island in Chinese) in the Ussuri River in Siberia. The China-Soviet relationship had deteriorated rapidly after Stalin's death, but the USSR had already become a superpower capable of challenging US nuclear power. Mao's reckless move prompted a major mobilization of Soviet forces. Mao must have been terrified of the six divisions of Soviet army assembled in Mongolia. The Soviet Union was a military state. It was merciless when attacked with armed force, and Mongolia is in close proximity to Beijing. Mao must have shuddered with fear. Apprehension of the Soviet military that might overrun Beijing must have motivated China to normalize relations with Japan and the US.

Japan has released the minutes of Premier Zhou Enlai's meeting with Prime Minister Kakuei Tanaka when he was suddenly dispatched to Japan in 1972. On the very first day of the summit meeting, Zhou stated that he wanted to achieve the normalization of Japan-China relations "in one stroke," thus betraying the Chinese side's anxiousness.

At that time, Taiwan's legal position became a problem. Taiwan ruled by Chiang Kai-shek had consistently been under US influence in the postwar period. It was not possible to resolve the Taiwan issue in disregard of the US's strategy.

The US actually moved toward normalizing ties with China over Japan's head. The top priority strategic issue for the US at that time was to alienate China from the USSR, draw China to the Western camp, and bring an end to the Vietnam War. What happened to Taiwan's position in the process of US-China normalization? The Shanghai Communiqué issued by President Richard Nixon and Premier Zhou during the former's visit to China in February 1972, which signaled the normalization of bilateral ties, states that: "The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position. It reaffirms its interest in a peaceful settlement of the Taiwan question by the Chinese themselves."

This document merely "acknowledges" that both the Beijing and Taiwan governments assert that there is only one China and they represent China and that they both claim Taiwan as their territory. It certainly does not recognize that the island of Taiwan is the PRC's territory and that it is acceptable for the

Beijing government to use force to annex Taiwan. The US simply recognized the Beijing government as China's legitimate government on the premise of maintaining the status quo in the Taiwan Strait. This ended the US-ROC alliance, and the US forces withdrew from Taiwan.

Premier Zhou, who came to Tokyo six months after the Shanghai Communiqué was issued, praised this document as “Kissinger’s masterpiece” at his summit meeting with Prime Minister Kakuei Tanaka. He also said: “I don’t think China will attack Taiwan with force.” Zhou, an astute diplomat, was keenly aware that normalization of ties with the US and Japan is a matter of great urgency in order to resist the Soviet threat. At that time, he must have determined dispassionately that there was no point for a militarily weak China to insist on the improbable goal of annexing Taiwan with forces.

In the Japan-China joint communiqué signed on the normalization of diplomatic ties, Japan also recognized the PRC government as China’s sole legitimate government. However, as to China’s claim that Taiwan is an inalienable part of the PRC’s territory, Japan merely stated that, “The Government of Japan fully understands and respects this stand of the Government of the People’s Republic of China, and it firmly maintains its stand under Article 8 of the Potsdam Proclamation.”

In reality, even after normalizing ties with Beijing, the US has remained committed to Taiwan’s defense under the Taiwan Relations Act enacted by Congress. Japan has also continued to contribute to Taiwan’s peace and stability through the Japan-US Security Treaty.

2. The Reality of a Taiwan Contingency

China’s position today has undergone tremendous changes. The size of its economy is already more than three times that of Japan, and it is fast catching up with the US. Its military spending is more than five times that of Japan, and the People’s Liberation Army (PLA) is now the top-ranking military power in the region. Hongkong’s freedom has been eradicated. Militarization is moving ahead in the South China Sea; China has grabbed the Scarborough Shoal of the Philippines; and Chinese government ships frequent Japan’s Senkaku Islands territorial sea or contiguous zone on a daily basis. Moreover, Xi Jinping is not disguising his ambition to annex Taiwan.

However, if the Western countries unite as one, it is possible to contain China with their combined power. The overall economic size of the European countries plus Japan, the US, South Korea, Taiwan, Australia, and New Zealand is more than two times that of China. The Chinese economy is already peaking out due to low birth rate and an aging population, population decline, and such other constraints as rising labor cost and weak recovery of consumption after pandemic. India, whose economic size is already around half of Japan's, will surpass China's population this year, and the average age of its population is younger by 10 years compared to China (younger by 20 years compared to Japan). The size of the economy of the ASEAN countries has reached 75% of Japan's. Both India and ASEAN are expected to overtake Japan's economy in 10 years. It is necessary to include India and ASEAN in the Western camp's unity.

The US also has the advantage of a global network of allies, which China does not have. Allied forces to be assembled under US leadership are expected to be extremely powerful. Furthermore, overall US military power is still superior to China's armed forces.

However, whether a Taiwan contingency will actually come to pass is up to Xi Jinping alone. If he mobilizes the PLA to spark a contingency in Taiwan, the US no longer has the overwhelming military power to stop China's invasion immediately. While ultimately, Xi will not be able to win a war against the US over Taiwan, he is fully capable of starting such a war. Once a war breaks out, Japan at the frontline will suffer serious damages comparable to Taiwan.

The Chinese military will first paralyze Taiwan's critical infrastructure, such as transportation, electric power, communications, finance, gas, and water supply, with cyberattacks. It will cut off underwater cables in the Pacific to shut down the flow of information to Taiwan, assassinate important leaders through terrorist attacks, initiate massive feed of fake news to stir up social unrest, and set up a puppet administration that will seek assistance from China. Subsequently, military bases will be destroyed completely with missile attacks and strategic bombings.

The PLA will then declare that it will repel any third power's intervention by force and blockade waters near Taiwan. Ships, including commercial vessels, that breach the blockade and approach Taiwan will be seized or sunk. China

will also designate the East and South China Seas inside the First Island Chain as combat zone. There will no longer be ship insurance coverage in these sea areas, resulting in the interruption of maritime transportation in this area. Sea lanes connecting Northeast Asia and the Persian Gulf, Australia, and Europe will have to make a big detour along the Second Island Chain.

The US, China, and Japan are the top three economic powers in the world. Taiwan also has an economic size that is eligible for membership in the G20. A Taiwan contingency will embroil Japan, China, the US, and Taiwan. Taiwan and Japan will be subject to cyber and missile attacks, immobilizing factories and destroying critical infrastructure. Trade and investment between China and the US and Japan will come to a standstill, not to say trade and investment on both sides of the Taiwan Strait. The supply chain networks extending throughout Japan, the US, China, South Korea, and Taiwan will be shut down. The global supply of semiconductors will probably be depleted. Stock prices in the world, not to say in Japan, China, and Taiwan, will suffer a nosedive. There will be a catastrophic depreciation of both the yen and the Chinese yuan.

However, it will be difficult for China to take full control of Taiwan and annex the island in the final phase of a Taiwan contingency. Taiwan is a rocky island with mountains as high as 4,000 meters, such as Niitakayama (called Yu Shan at present). There is only a limited number of locations suitable for amphibious attacks for landing troops. Taiwan has an armed force of 200,000, and they will defend the landing sites to the end. The rule of thumb in military science is that invaders need a force three times that of the defenders. It will not be easy for 600,000 soldiers to cross the 200-kilometer-wide Taiwan Strait. This will require a major operation comparable to the invasion of Normandy.

This will probably be China's Achilles heel. The US Navy, which has been kept at a distance from the First Island Chain as a result of China's Anti-Access/Area Denial (A2AD) strategy, will prevent the PLA from crossing the Taiwan Strait with bombers, long-range missiles, and submarines. In the end, it is highly possible that the Chinese forces will have to opt for a ceasefire without conquering the Taiwan Island.

In a Taiwan contingency, Japan's theoretical courses of action are: 1) provide

military bases to the US under Article 6 of the Japan-US Security Treaty and consent to combat operations originating directly from bases in Japan; 2) provide logistic support to the US forces under the Act on Measures to Ensure the Peace and Security of Japan in Perilous Situations in Areas Surrounding Japan; and 3) designate the situation as one that threatens Japan's survival under the Self-Defense Forces (SDF) Law, order the SDF's mobilization for defense duties, and exercise the right to collective self-defense.

In order to maximize the deterrence provided by the Japan-US alliance, it is necessary to enable the exercise of the right to collective self-defense at any time by designating a situation threatening Japan's survival and ordering mobilization for defense duties to ensure operational readiness. Ironically, the essence of deterrence is to instill in the enemy the idea that the expected counterattack will bring unbearable pain, and deterrence becomes more effective and stability is maintained by heightening tension.

In the event of a Taiwan contingency developing into a contingency in Japan, this will require 4) immediate designation as a situation of armed attack (Japan being subject to aggression) under the SDF Law, ordering the SDF's mobilization for defense duties, and proceeding to exercise the right to individual self-defense to defend Japan.

Regardless of which among options 1) to 4) Japan decides upon, it is essential for Japan to possess counterattack capability on par with China's cyber and missile attacks in order to deter China from attacking Japanese territory directly. Deterrence will not be effective without this capability. As of today (August 2023), Japan's capabilities for active cyber defense and counterattack (mid-range missile capability) are extremely weak. It is necessary to improve these capabilities as expeditiously as practicable. Only with enough counterattack capabilities on Japan's side, it is possible to dissuade China from escalating the Taiwan contingency into a major full-scale war between Japan and China that involves the US.

There is also the risk of Xi Jinping threatening to use nuclear weapons, as Russian President Vladimir Putin did in the Ukraine War. If the Japanese government caves in, this will put serious constraints on the US forces' operations in the West Pacific. Taiwan will be lost. It will not be surprising if Xi attempts to use nuclear intimidation to engineer the political collapse of

Japan's cabinet. "To win one hundred victories in one hundred battles is not the acme of skill." (Sun Tzu). For China, the supreme art of war has always been to win political victory without fighting.

Japan has the right to demand that the US enhance the credibility of its nuclear umbrella in the face of China's nuclear intimidation. It is the Japanese government's obligation to the Japanese people because Japan's accession to the Nuclear Non-Proliferation Treaty was on condition of the US's provision of the credible nuclear umbrella.

In concrete terms, Japan should demand from the US government the redeployment of naval nuclear arms, such as the nuclear Tomahawk, which were discarded after the Cold War. It should revise the Three Non-nuclear Principles to allow free port calls by US nuclear attack submarines equipped with mid-range nuclear missiles. Furthermore, these naval nuclear arms should be allowed on the Maritime SDF's submarines to be operated jointly with American crew members. This will be Japan's method of nuclear sharing.

3. End of Taiwan Contingency and the Future of US-China Superpower Rivalry

Even if the Taiwan side wins at the end of a Taiwan contingency, the result will only be pushing the Chinese forces back to the mainland China. The Kinmen and Matsu Islands on the Mainland side will probably be taken. Taiping (Itu Aba) Island, the largest island in the South China Sea, and the Penghu (Pescadores) Islands may also be taken. The Taiwan government will be left with a devastated Taiwan Island. It will have to prepare for postwar reconstruction and further invasions by China even just after the moment a ceasefire is called.

After a Taiwan contingency, China's PLA will suffer serious damages, and some of its bases will be destroyed. However, the country and economy itself will remain mostly intact. This means that it will still retain tremendous capability to continue to fight a war due to its enormous national power. Taiwan will be like Ukraine today; it will cease to exist sooner or later without the support of the Japan-US alliance and the other Western countries.

In other words, this means that until China gives up on invading Taiwan, the Japan-US alliance and the Western camp need to persist in supporting

Taiwan as a free island. China will only desist from invading Taiwan when it becomes a democracy. This is because the ultimate solution to the Taiwan issue will not be possible unless China enters the democratization stage.

Today, as the dark clouds of a Taiwan contingency are gathering in the horizon, it is necessary to pool our wisdom to contemplate post-contingency settlement for Taiwan. A number of talking points come to mind immediately.

First, after the US-China nuclear parity is established, the US policy of ambiguity (policy of not stating clearly if it will intervene in a Taiwan contingency) must be dropped.

The US government estimates that China will have 1,500 nuclear warheads in 10 years. The ceiling for the deployment of US nuclear warheads is set at 1,550 under the New Strategic Arms Reduction Treaty (New START) that has been suspended temporarily in light of the war in Ukraine. The US and China will enter a mutually assured destruction stage, similar to that between the US and Russia.

A nuclear confrontation is a highly dangerous situation that puts tremendous pressure on the parties involved. To ensure a minimum level of trust and transparency, a framework for nuclear arms control and disarmament and a mechanism for mutual inspection are indispensable. In which case, all shades of ambiguity should be eliminated since nuclear deterrence is premised on transparency and trust.

If there is any ambiguity regarding the US's intent, China may misinterpret this as lack of US will to intervene in a Taiwan contingency for fear of escalation into a nuclear war and may thus plunge into an all-out battle with its superior conventional forces. The US should abandon its ambiguous policy on Taiwan and provide its nuclear umbrella for Taiwan's defense, as in the case of Japan, South Korea, and the Philippines. This will put a "cold peace" in place in the Taiwan Strait.

Second is about Taiwan's position after a ceasefire. As stated earlier, it is a fact that two Chinas, the PRC and the ROC, came into existence after the Pacific War. Because they have both insisted that there is only one China, Japan, together with the US, had recognized the ROC at first and the PRC since the 1970s as the government representing China. That is the legal fiction of "one China."

However, Japan and the US have never approved of any unilateral attempts to change the status quo by force. Taiwan, after being freed from the rule of the Empire of Japan, has remained in the US sphere of influence after World War II under the dictatorial rule of the KMT. The legal fiction of one China is an illusion favored by the Chinese people on both sides of the Taiwan Strait, as Dr. Henry Kissinger wrote into the Shanghai Communiqué.

Japan and the US will only accept this fiction as long as the status quo in the Taiwan Strait and peace and stability is maintained. If this basic premise is trampled upon with unilateral use of force, Japan and the US will no longer be bound by it. The regular armies of the PRC and the ROC will clash in a Taiwan contingency, and international humanitarian laws will apply immediately.

If China fails in its invasion of Taiwan and a ceasefire is established in a Taiwan contingency, the Japan-US alliance and the other Western countries must be prepared to recognize Taiwan as a state and defend it as an independent state in preparation for any further invasions by China.

In which case, it will not be sufficient to revive the US-Taiwan (ROC) alliance; it will be necessary to set up a Northwest Pacific security organization by Japan, the US, Taiwan, and Australia plus New Zealand, the UK, and all the other countries involved in the Taiwan contingency. At the very least, it will be necessary for Taiwan and major US allies in the Pacific to make security agreements.

Conclusion

A Taiwan contingency must absolutely not be allowed to occur. To prevent this from happening, Japan needs to have a comprehensive grand strategy encompassing the diplomatic, information, economic, military, and all other aspects. This must be shared with the people and its allies, and time is running out.

CHAPTER 2

China's Taiwan Policy and Japan: Toward Cooperation with Taiwan

Shin Kawashima

This chapter looks at the issue of “Taiwan contingency,” which has been widely discussed both in Japan and the world, with the aim of examining the possibility of cooperation with Taiwan based on the discourse in Japan on this issue and China’s Taiwan policy. It argues that Taiwan’s view of a contingency in Taiwan and its assessment of the situation needs to be taken into consideration in this process.

The Issue of “Taiwan Contingency”

The question of “Taiwan contingency” was discussed extensively from 2022 to 2023 when this joint research project was in progress. Behind this is the situational awareness that “today’s Ukraine is tomorrow’s Taiwan,” which is premised on the understanding that China, like Russia, is also a “dictatorial state,” so it may well decide to “change the status quo by force.” With this understanding, Japan imposed sanctions on Russia as a member of the Western countries and strengthened its cooperation with NATO. This is meant to gain the Western countries’ support in the event of an “East Asian contingency” in the future. Japan also drafted the so-called “Three Security Documents” in December 2022, in light of which the Fumio Kishida administration adopted the policy of increasing Japan’s defense budget to 2% of GDP.

The tone of the debate in the US has had a major influence on the discourse on “Taiwan contingency” in Japan. There was a tendency in the US to base their arguments on assumptions such as the Xi Jinping regime has issued orders to “liberate” Taiwan by the end of its rule in 2027 or that orders have been issued to be prepared to fight a major war in 2027. For sure, People’s Liberation Army (PLA) officials are known to have commented that it has set the goal of becoming a first-class armed force in the world by 2027, which will mark the 100th anniversary of the PLA’s founding. Yet, how come the specific goal of liberating Taiwan by 2027 has not been confirmed in China’s official documents or in statements by members of the Standing Committee of the Politburo of the Communist Party of China (CPC) and other equally high-ranking officers?

Nevertheless, there is no denying that China is expanding its military power rapidly and poised to possess the military capability needed to liberate Taiwan even if the US deploys its forces in the Taiwan Strait. There is an opinion held by Taiwan’s Ministry of National Defense and others that China is likely to have such a capability around 2025. On the other hand, certain military experts hold the opinion that China is unlikely to possess such capability in the near future.

As seen from the above, there are varying assessments of the situation, many of which are not necessarily based on solid evidence. However, the US has probably decided to make preparations to respond to a possible “contingency” in 2027. It is thought that Japan will be asked to do the same as a US ally, and it has probably decided to meet this request at its own initiative. The year 2027 has been set as the target fiscal year for increasing defense spending to 2% of GDP.

Even in a “Taiwan contingency,” Japan can only act within the bounds of its constitution and domestic laws. For example, when China actually uses military force, the big question is whether the attack is limited to territory ruled by Taiwan (Republic of China) or one involving also parts of Japanese territory, such as Yonaguni Island and the Senkaku Islands. In the latter case, Japan will take direct “defense” actions against China, while in the former case, it will not be able to do so. The second decisive factor is how its ally, the US will deal with a Taiwan contingency. Whether it actually deploys the US Forces in the Taiwan Strait or simply persists in providing logistic support, as

in the case of the Ukraine war, will affect Japan's options significantly. In the former case, Japan will be able to support the US Forces. Although Japan will have a number of options to do so, it is only when the US Forces is deployed in the Taiwan Strait that Japan's direct involvement in the Taiwan contingency is possible. However, in the latter case, it will be difficult for Japan to give direct support to the armed forces of the Republic of China.

China's Taiwan Policy

What seems to be China's policy on Taiwan? Following are the main points.

First, the reunification of Taiwan is often termed a common dream shared by the *Zhonghua minzu* (Chinese nation), and this shows that it is regarded as a "long-cherished dream" of the Chinese people or the CPC and the People's Republic of China (PRC). In that sense, it is unlikely that the policy of reunification of Taiwan will be abandoned for the time being.

Second, since the reunification of Taiwan is often assumed to be the "Chinese nation's dream" and the US presence is considered to be a tangible challenge that prevents the realization of reunification, the national goal for 2049 set by Xi Jinping is of great significance. At the 19th Party Congress in 2017, Xi claimed that by 2049, the 100th anniversary of the founding of the PRC, the "Chinese dream of national rejuvenation" will have been realized, and China will have caught up with and overtaken the US. This means that the target year for achieving the reunification of Taiwan is set for 2049. He also set 2035 as the halfway point in the road to 2049. It is necessary to pay attention to the remarks of Chinese leaders concerning 2049 and 2035.

Third, China is taking various steps toward the reunification of Taiwan. It is a well-known fact that Xi stated in January 2019 that he does not rule out the use of force. There is no denying that China is strengthening its military capability. Taiwan's Ministry of National Defense predicts that China will have the capability to liberate Taiwan by force around 2025, while certain US think tanks put the date at 2027. There are considerable speculations that China will launch a military invasion in 2027, which marks the PLA's 100th founding anniversary and the end of the third Xi Jinping regime. Experts are divided in their opinion of

the level of China's military power and whether this will be capable of confronting the US Forces. However, it appears that the US is making preparations on the premise that China may potentially embark on an armed invasion in 2027. Japan has also set 2027 as the target year to achieve its goal of increasing the defense budget to 2% of GDP based on the Three Security Documents.

Fourth, China is not using its military power immediately. For now, it appears to be attempting to use show of force through military exercises and so forth to turn the majority in Taiwan society who favor "maintaining the status quo" or who are "slightly in favor of independence" into supporters of reunification. For sure, military pressure is not the only type of pressure China is applying on Taiwan. It is also engaged in social infiltration activities in the gray zone between "war and peace" through fake news, public opinion manipulation, cyberattacks, and so forth. The cyberattacks on government and private organizations in Taiwan that coincided with the visit of Nancy Pelosi, speaker of the US House of Representatives, to Taiwan were precisely an attempt to impress upon Taiwan society China's power. The hacking of even the digital bulletin board of a private convenience store was quite memorable. The subsequent "accident" in which submarine cables near the Matsu Islands were cut off by a "civilian" fishing boat also cannot be overlooked. This incident deprived the armed forces and civilians on Matsu Island of Internet connection for several days. On top of military force and infiltrations (attacks) in the gray zone, economic pressure is also an important tool. In this manner, China is using military and other pressures to coerce the Taiwan society in its attempt to forcibly steer them toward "reunification."

Fifth, in China's scenario for the reunification of Taiwan, reunification through cooperation between the Kuomintang and the CPC is no longer contemplated, and it is rather reunification through infiltration into Taiwan society that is being considered. Until the Ma Ying-jeou administration, China might have considered Kuomintang-CPC cooperation, but since the start of the Democratic Progressive Party (DPP) administration under Tsai Ing-wen in May 2016, it seems that China has come to focus on changing Taiwan society rather than cooperating with the Kuomintang, which has lost power. This probably

led to the “Preferential Policies for Taiwan” in 2017-2018 and the recent policies to influence the Taiwan society, such as the integrated development policy. At present, China is applying pressure on Taiwan while also implementing policies for economic integration in its effort to steer the Taiwan society toward “reunification.” However, whether this has been successful is an entirely different question.

Taiwan’s View of Both Sides of the Taiwan Strait

Relationship with China is a major problem for Taiwan. The Taiwan society understands that China regards the reunification of Taiwan as its “long-cherished dream” and that it is rapidly expanding its military power. However, according to data published on the “Formosa” website, even after the Ukraine war broke out, a public opinion poll in March 2022 shows that in answer to a question on whether it is likely that China will embark on a military invasion of Taiwan, 55% of respondents said “no” while 37.4% said “yes.” Although the number of people answering in the affirmative had indeed increased, it was still a smaller number. This does not mean that the Taiwan society feels that China will not unify Taiwan. This rather indicates that the Taiwan society sees that despite the military intimidation, cyberattacks, public opinion manipulation, and economic sanctions Taiwan is subject to on a daily basis, the two sides still maintain close multifaceted economic relations. And with various “enticements” coming from China based on its “integrated development” policy, China is still engaged in infiltration activities to lure Taiwan society toward reunification for now.

Furthermore, while Taiwan has become a focus in the US-China “competition,” and great importance is attached to Taiwan in terms of military security, human rights, economic security, and other aspects, in reality, the Taiwan society is still doubtful of the US’s intent to come to Taiwan’s rescue in a “contingency” even though Taiwan-US military and security cooperation is being enhanced and Taiwan has the international community’s support. Such tendency to be “skeptical” about the US is not entirely the result of China’s opinion manipulation. According to an opinion poll by www.polls.com.tw/Trend Survey in March 2022, 47% of respondents answered “no” and 37% answered “yes” to the question “Do you think the US will really support Taiwan?” Although these figures have changed subsequently,

becoming almost even, they still indicate that compared to Tokyo or Washington, Taiwan's faith in the US is precarious.

The next question is whether China's Taiwan policy will actually be effective. As seen in the opinion poll conducted by the Election Study Center of the National Chengchi University, over 57% of the Taiwan people are in favor of "maintaining the status quo," over 25% are "slightly in favor of independence," while 6% favor "immediate independence," making a total of nearly 90%. This is a situation where it will be extremely difficult to nudge society toward "reunification." For sure, the "Preferential Policies for Taiwan" in the latter half of the of the 2010s did succeed to a certain extent, resulting in public opinion in Taiwan shifting toward "reunification" to a certain extent, with 17% of the people becoming "slightly in favor of reunification." However, since the Covid pandemic, the Taiwan society's opinion of China has deteriorated further. Particularly in light of Xi Jinping's statement in January 2019, China's policy on Hongkong, its handling of the Covid epidemic, and the chartered flight issue amid the Covid epidemic, Taiwan's sentiment toward China is at its worst.

Furthermore, while China voices strong criticism of the DPP's Vice President Lai Ching-te and openly shows its wariness of Lai in the 2024 presidential election, the Election Study Center's polls show that support for the DPP is over 30%. Support for Lai is also over 30%, sometimes exceeding 40%. While it is true that a majority of Taiwanese have no party affiliation, support for the Kuomintang and the Taiwan People's Party is lower than for the DPP. There is no denying that among the presidential candidates, Lai remains the favorite. If China is to engage in reunification maneuvering in Taiwan society, it needs to have a firm grip on the Taiwan society, particularly public opinion.

In economics and trade, it is also becoming difficult for China to put pressure on Taiwan. In the last 10 years or so, dependency on China in the Taiwan trade structure has diminished. China had intended to strengthen economic relations with Taiwan in order to apply economic pressure on Taiwan, but it has not necessarily been successful.

As seen from the above, China's policy on Taiwan is to apply various types of pressure on Taiwan society to steer it toward "reunification." However,

this will be extremely difficult to achieve. The question will probably be what will happen when China decides that its current policy of combining pressure and manipulation towards integration is not effective. It is expected to heighten military pressure, and this may lead to a Taiwan “contingency.” In that sense, it is necessary to pay close attention to China’s assessment of its own Taiwan policy. Furthermore, if the Xi Jinping regime, currently in its third term, is extended into a fourth term, Xi will be at the head of the regime until 2032. In that case, Xi may even remain as the leader of the regime until 2035, which marks the halfway point of the “Chinese dream of national rejuvenation.” It is possible that he will also need to show certain results in the Taiwan issue by then.

On the other hand, it is also necessary to pay attention to the “pre-Taiwan contingency” phase at present. While it is important for the concerned countries to focus on a Taiwan contingency, they must keep in mind that we are currently in a “pre-Taiwan contingency” stage, discern the trends in Taiwan society, consider possible ways to cooperate with Taiwan at present, and work toward persuading China. The advanced nations are keen to promote dialogue with China, as they agreed at the Hiroshima Summit. It is probably important to convey this message to Xi Jinping personally through summit meetings and other channels. Here, it is necessary to use not only the expression “peace and stability in the Taiwan Strait,” but also the language used in the G7 Hiroshima Summit Communiqué, “strongly opposing any unilateral attempts to change the peacefully established status of territories by force or coercion anywhere in the world and reaffirming that the acquisition of territory by force is prohibited.” This is because “peace and stability” alone may send China the message that its idea of “peaceful reunification,” i.e. reunification using the gray zone, which does not directly involve the use of weapons, is acceptable.

CHAPTER 3

A Framework to Analyze China's War Calculus on Taiwan

Pao-wen Li

As a crucial front in countering authoritarian expansion and a pivotal geopolitical hotspot, Taiwan plays a central role in the strategic rivalry between the United States and China. In recent years, the discourse surrounding the potential scenario of a Chinese invasion of Taiwan has pervaded academic circles and the broader political landscape. To illustrate, even publications like *The Economist* have characterized Taiwan as the most dangerous place on the planet.¹ The prospect of conflict in the Taiwan Strait carries extensive implications, stretching from regional stability to the security of the global supply chain. Therefore, this chapter aims to introduce a structured framework for examining China's strategic calculations concerning Taiwan.

The Analytical Framework

Building upon international relations theories, the structured framework encompasses three variables: Intention, Capability, and Cost. Based on a structural realist perspective, balance of power is a fundamental principle for state decision-making regarding warfare.² Therefore, China's military strength serves as the initial factor for a deeper analysis of power dynamics, considering not only China but also Taiwan and other influential players like the United States.

Following this logic, China's decision-making process relying on cost-

benefit analysis is a rational approach frequently employed in the field of international conflict.³ However, material power is not the sole determinant in analyzing the calculus of war. States often balance against perceived threats, which encompass a combination of intention and capability, as proposed by defensive realism.⁴ In this context, a crucial factor to consider is China's inclination and determination to invade Taiwan potentially.

Given the theoretical underpinnings mentioned, this chapter proposes a framework that integrates both subjective and objective factors, which can be represented as:

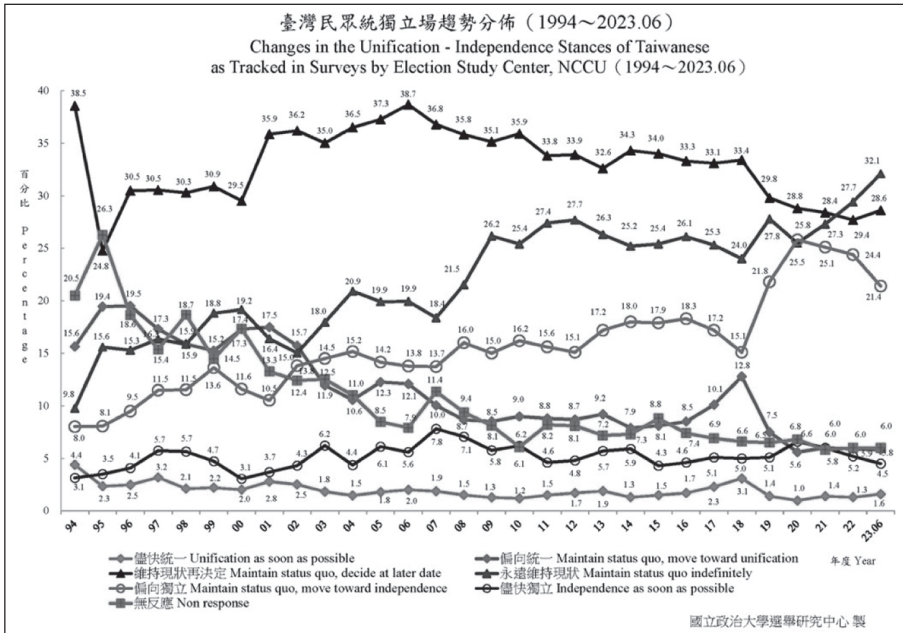
$$\textit{War calculus} = \textit{Intention} * \textit{Capability} - \textit{Cost}$$

China's Taiwan Gambit: From Peaceful Unification to the Shadow of Force

This section delves into China's intentions regarding Taiwan with two critical factors: The prospect of peaceful unification and President Xi Jinping's revisionist preferences. Since 1979, China has consistently articulated its commitment to peaceful reunification with Taiwan under the "One Country, Two Systems" framework. However, this commitment is being reshaped by mounting challenges to peaceful unification and President Xi's inclination toward a more assertive approach. These dimensions contribute to understanding the likelihood of a peaceful resolution versus a more coercive stance in the Taiwan Strait.

In recent years, the prospect of peaceful unification within China's "One Country, Two Systems" framework has encountered considerable hurdles within Taiwanese society. The landscape is shifting, as illustrated by long-term survey data of the Election Study Center at National Cheng Chi University in Figure 1. Only a mere 1.6 percent of respondents advocate unification as an immediate goal, while 6 percent support maintaining the status quo while moving gradually toward unification. Remarkably, more than 50 percent of respondents prefer maintaining the status quo indefinitely or pursuing outright independence. These trends cast a shadow over China's prospects for peaceful unification, as the higher the expectations for peaceful unification, the lower the feasibility of achieving it through military means. A clear trajectory emerges: China's dissatisfaction with Taiwan's current situation is growing, increasing its willingness to employ force.

Figure 1: Changes in the Unification-Independence Stance of Taiwanese



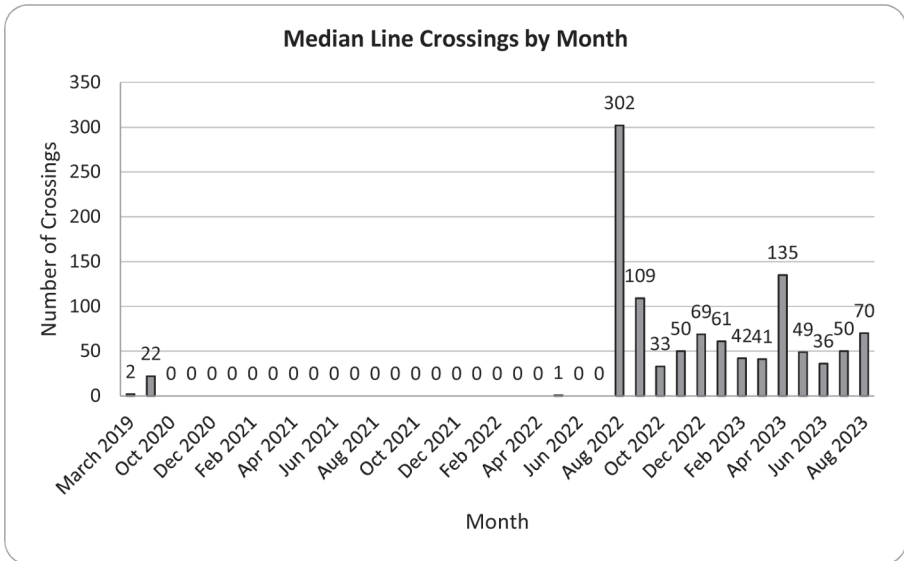
Source: Core Political Attitudes Trend Chart, Election Study Center, National Cheng Chi University.⁵ <https://esc.nccu.edu.tw/upload/44/doc/6962/Tondu202306.jpg>

On a contrasting note, President Xi Jinping has introduced a revisionist dimension to China’s Taiwan policy. Under his leadership, China has emphasized the urgency of the Taiwan issue, framing it as a cornerstone of national rejuvenation. In contrast to Deng Xiaoping’s patient strategies of concealing capabilities and biding time, Xi’s leadership displays ambition in constructing a modern socialist China free from the shadows of a century of humiliation. A surge in the military buildup, heightened naval patrols near Taiwan, and assertive rhetoric underscore Xi’s shift toward a revisionist posture. This transformation redefines China’s commitment to maintaining the status quo and heightens the utility and urgency of employing force against Taiwan.

From Xi’s perspective, Taiwan represents the final piece of the broader puzzle of national rejuvenation. Consequently, the United States’ role takes on a more sinister dimension, with China openly accusing the United States of employing Taiwan as a pawn to contain China, as evident in the 2022 version of the white paper on the Taiwan Question.⁶ Actions such as China’s aggressive median line crossings since August 2022, coinciding with high-

level visits from U.S. officials to Taiwan, have become indicators of China’s discontent with the role of the United States in the Taiwan Strait. This increasing militarization of the Taiwan Strait and China’s actions are closely tied to developments in U.S.-Taiwan relations, such as President Tsai’s meeting with Speaker McCarthy in April and Vice President Lai’s visits to the United States in August 2023, as showcased in Figure 2. Xi’s revisionist leanings have altered China’s approach to the status quo and intensified the inclination to employ force against Taiwan, heightening the prospects of a more assertive stance.

Figure 2: China’s Median Line Crossing Statistics



Source: Gerald C. Brown, Ben Lewis, Alex Kung, Taiwan ADIZ Violations Database, 2023. https://docs.google.com/spreadsheets/d/1qbfYF0VgDBJoFZN5elpZwNTi_KZ4nvCUcs5a7oYwm52g/edit?pli=1#gid=2015900050

China’s intentions regarding Taiwan thus reflect a dynamic interplay of peaceful unification prospects and President Xi Jinping’s revisionist inclinations. While the commitment to peaceful reunification remains, formidable challenges including Taiwan’s resistance and international dynamics cast a shadow over the achievement of this goal. Xi’s revisionist perspective introduces a more assertive dimension, like military intervention. The Taiwan Strait is entering a dynamic phase, where both Taiwan’s resistance to peaceful

unification and Xi's revisionist tendencies point towards a more uncertain future with increasing motivation for China to employ force.

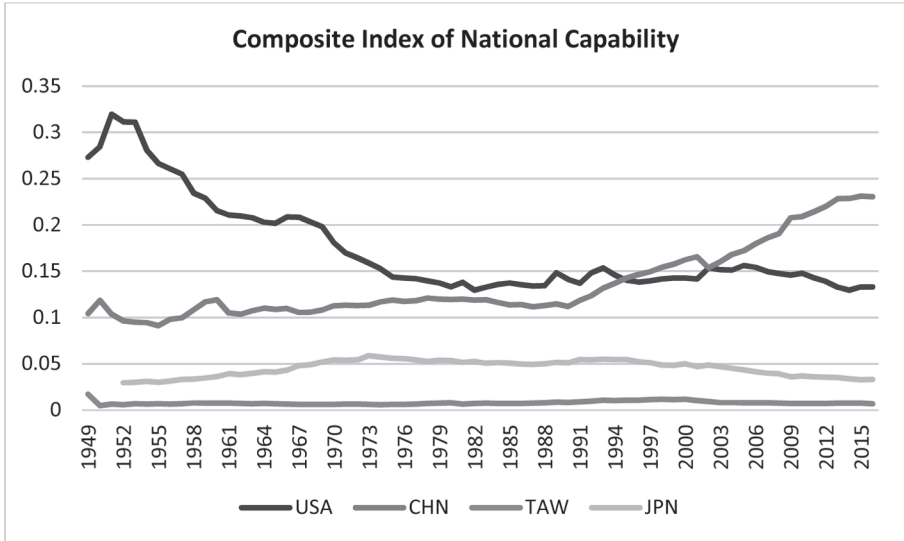
China's Ascendancy: Shifting Power Dynamics in the Asia-Pacific

China's capacity for potential military action against Taiwan is the second critical factor in assessing China's strategic calculus. As a growing regional power, shifting power dynamics significantly influences China's posture towards Taiwan. In essence, China's calculations of cost and benefits hinge on an examination of the evolving balance of power within the Asia-Pacific region. In this region, Taiwan's security is not merely a matter of unification or independence in the cross-strait dynamic but also part of a broader power transition scenario. This scenario centers on the rising Chinese authoritarian order and its challenge to the established U.S.-backed rules-based order.

From a balance-of-power perspective, China's remarkable economic growth and military expansion have significantly shifted the regional power equation. This transformation poses a growing challenge to Taiwan's ability to maintain military parity. To illustrate, when examining the Composite Index of National Capability from the Correlates of War Project—a composite that considers elements like military personnel and expenditures, iron and steel production, energy consumption, total and urban population—it is evident that China's supremacy, particularly concerning Taiwan, is pronounced, as demonstrated in Figure 3. China has held the top spot since 1995 and commands a substantial 23 percent share of global power as of 2016. In contrast, the combined share of the United States, Japan, and Taiwan in 2016 stood at a modest 17.3 percent, and the power disparity between China and its regional counterparts has continued to widen since 2009. The prevailing trend is undeniable: China consistently maintains regional dominance in the absence of the United States. The balance of power has unambiguously tilted in China's favor over the past decade. Significantly, China perceives its growing power relative to other regional actors as enhancing its strategic position. This shift may push China toward considering military action as a means to achieve reunification with Taiwan based on a balance-of-power logic. The role of the United States, as an external balancer, particularly in the form of a cornerstone balancer involving

a sustainable regional coalition, becomes pivotal, rather than merely an offshore balancer that intervenes solely during regional conflicts.⁷

Figure 3: A Comparison of National Capability among Actors in the Region



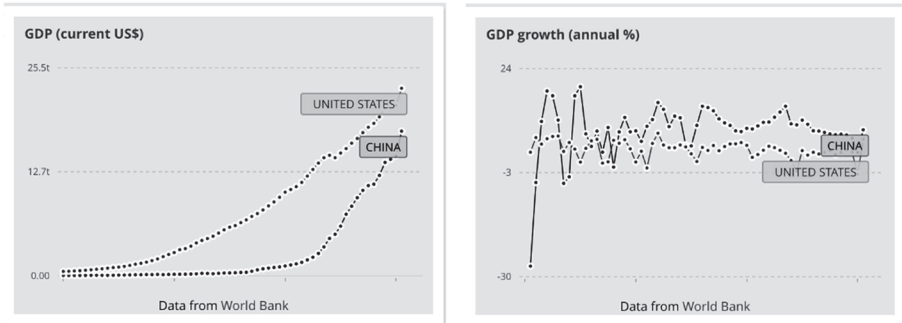
Source: National Material Capabilities (v6.0), The Correlates of War Project. <https://correlatesofwar.org/data-sets/national-material-capabilities/>

In another light, when assessed within the context of power transition theory, the focal point is always a comparison of the rising challenger's gross domestic product (GDP) and the existing hegemon's GDP. Theoretically, the critical juncture for a hegemonic war occurs when the rising power reaches 80 percent of the existing hegemon's power.⁸ According to data from the World Bank, as presented in Figure 4, China's GDP is now approximately 77 percent of the United States' GDP. By the mid-1970s, the Soviet Union held less than 60 percent of the United States' GDP. In essence, the power balance between China and the United States is nearing a critical point, enhancing the potential for military conflict in today's New Cold War compared to its predecessor.⁹

Moreover, China's rapid economic growth in previous years has given it the momentum to catch up with the United States and has set the stage for a power transition scenario. Although Figure 1.4 indicates a recent decline in growth rates, China retains its position as the world's second-largest economy for the foreseeable future. As a result, the dynamics of a power-transition style

conflict remain intense. The increased capabilities of China challenge the U.S. position as the incumbent hegemon, showing in a period of competition across multiple domains, including the security and stability of the Taiwan Strait.

Figure 4: A Comparison of GDP between the United States and China



To sum up, the ascent of China has caused a significant shift in the balance of power both regionally and globally, which increases China's utility of unifying Taiwan by force. China's rise has also introduced the dynamic of a power transition with the United States, contributing to heightened competition and strategic rivalry within the Asia-Pacific region. This yields two critical implications. First, China's capabilities are approaching the threshold for a power transition, indicating a higher potential for military conflict in the current New Cold War scenario compared to its predecessor. Second, the presence of the United States plays a pivotal role in the regional balance of power, particularly in light of the asymmetric power dynamics within the Taiwan Strait, which could encourage China to expect military action to reunify Taiwan. Specifically, the role of the United States as an external balancer, adopting the form of a cornerstone balancer, could significantly contribute to regional stability and the future of Taiwan within the evolving context of shifting power dynamics favoring China.

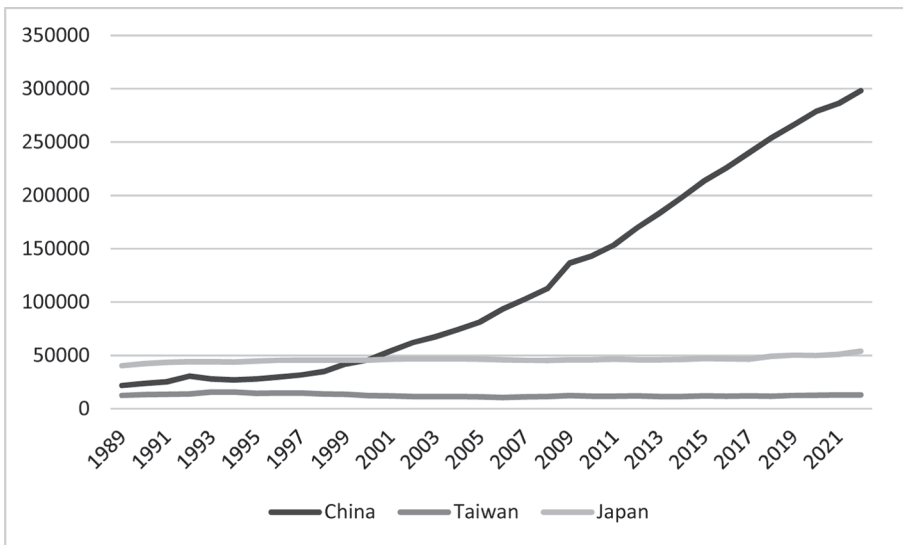
Casting Shadows of Uncertainty: China's Multifaceted Cost Analysis for a Taiwan Invasion

The multifaceted considerations of China's cost consideration regarding the potential military invasion of Taiwan constitute the third component of the

framework. The costs associated with a military invasion of Taiwan are influenced by China's internal readiness, Taiwan's defensive capabilities, and international support. A thorough understanding of these intricate dynamics is vital for assessing China's stance on Taiwan. Ultimately, the duration of Taiwan's ability to resist plays a pivotal role in this calculus, shaping the risks and benefits for all the parties involved.

Concerning China's internal readiness, despite China's modernization of its military forces, the formidable challenges posed by an invasion of Taiwan keep lowering China's utility to use force. Military operations of this scale necessitate financial and legal preparations, particularly for a complex amphibious operation aimed at Taiwan, which may potentially coincide with an air-sea battle involving the United States and Japan. As illustrated in Figure 5, China's military expenditure has experienced exponential growth in comparison to Taiwan and Japan, underscoring China's substantial efforts to convert its economic ability into military preparedness across various domains, ranging from tactical to organizational aspects. In addition to financial

Figure 5: A Comparison of Military Expenditure among China, Japan, and Taiwan



Note: Figures are in USD million, at constant 2021 prices and exchange rates.

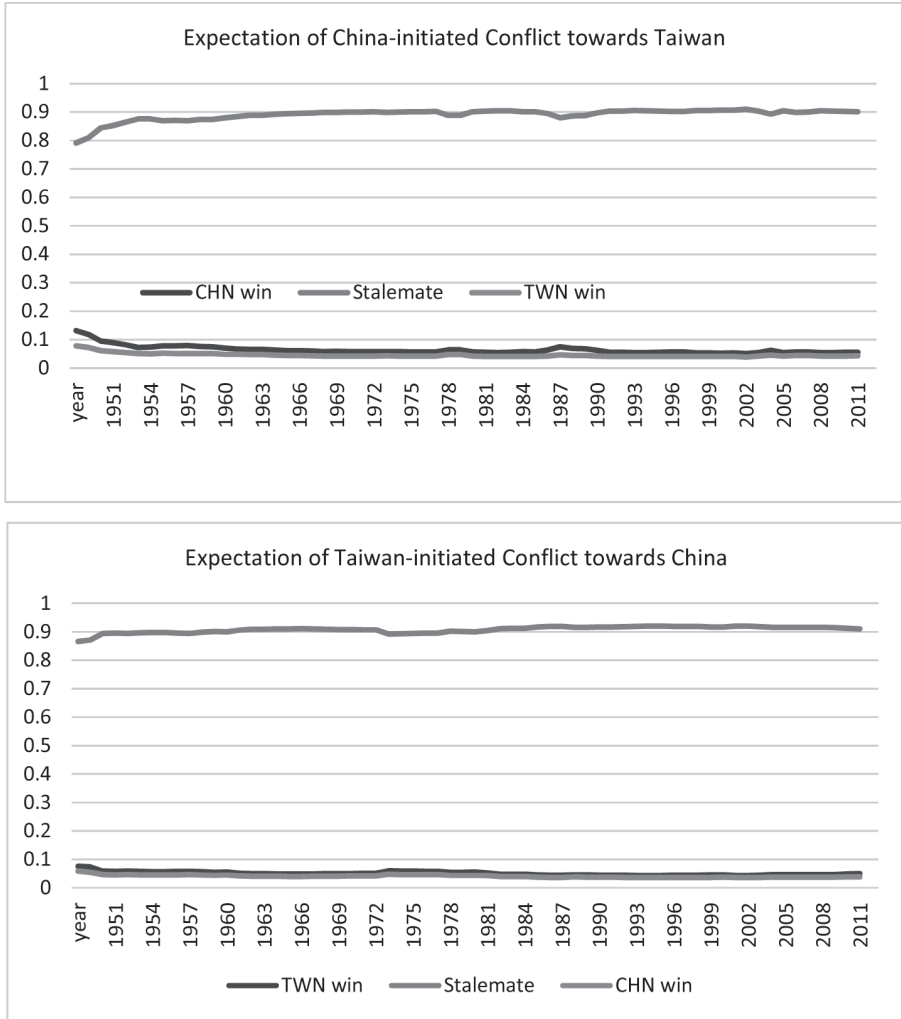
Source: SIPRI Military Expenditure Database. <https://www.sipri.org/databases/milex>

investments, China has recently enacted a revised Reservists Law and an amendment to the Criminal Procedure Law to the Military During Wartime. Furthermore, major cities in China have initiated the establishment of new “National Defense Mobilization” offices. Experts like Pomfret and Pottinger argue that these legal changes signify China’s heightened military preparedness for potential conflicts.¹⁰ Consequently, from both financial and legal standpoints, China’s increasing level of military readiness, particularly with respect to potential conflicts in the Taiwan Strait, has escalated, especially in recent years. This points to China’s apparent efforts to minimize the duration of Taiwan’s resistance or prolong the time of its endurance in a hypothetical war scenario within the Taiwan Strait.

Turning to Taiwan’s military preparedness, evaluating Taiwan’s ability to defend itself is critical in China’s cost calculations. Taiwan has made substantial investments in its defense, acquiring advanced military technology and sustaining a well-trained and capable military force. As reflected in Carroll and Kenkel’s Dispute Outcome Expectations Scores, depicted in Figure 6, the probability of a stalemate in a hypothetical conflict between China and Taiwan exceeded 80 percent before 2012.¹¹ This implies an enormous cost for China in attempting to conquer Taiwan by force and underscores the necessity for China to acknowledge its inferiority in the Taiwan Strait. Of greater significance, this stalemate scenario creates a substantial window of opportunity for the United States and the international community to intervene. While the estimation of scores is limited to data available up to 2012, which makes it challenging to reflect the impacts of Xi Jinping’s revisionist agenda and China’s increasing military buildup for potential conflicts in the region, it does serve as a reminder to China of the formidable cost associated with military invasion. Taiwan’s recent efforts, such as the Indigenous Submarine Program and the extension of mandatory military service to one year, also signal its determination to maintain its defensive advantage.

In light of the mounting threat from China since 2012, the role of the United States in bolstering Taiwan’s defensive capabilities has grown in significance, particularly in light of recent U.S.-Taiwan cooperation efforts to implement the asymmetric strategy aimed at increasing the cost of China’s potential annexation of Taiwan. Under this strategy, Taiwan’s defensive role has shifted from merely repelling a Chinese invasion to delaying China’s

Figure 6: Expectations of Bilateral Conflict between China and Taiwan



Source: DOE SCORES. <https://doe-scores.com/>

military advances in the initial phase. This shift has led Taiwan to invest more in anti-ship missiles, naval mines, and other small, distributable, and affordable weapon systems. Historically, Taiwan ranked as the fourth-largest purchaser of U.S. Foreign Military Sales (FMS) from 1950 to the cumulative figures of 2022.¹² Nonetheless, the conventional FMS process often resulted in concerns that Taiwan’s defensive capabilities lagged behind their intended levels. To

address this lag and implement the asymmetric strategy, the Biden administration, in July 2023, exercised the Presidential Drawdown Authority (PDA) to transfer \$345 million worth of defense items to Taiwan. The shift from FMS to PDA reflects the United States' heightened efforts to bolster Taiwan's defensive posture in response to increasing Chinese aggression. This expanding cooperation between the United States and Taiwan encompasses not only arms sales but also areas such as tactical training, civil defense, and cyber warfare. In essence, Taiwan's defensive capability is a product of its military preparedness and cooperation with the United States. While the military balance between Taiwan and China may experience shifts, the U.S.-Taiwan military cooperation also intensifies in response to China's growing assertiveness. The realization of the asymmetric strategy, focused on delaying China's military advances in the initial phase, has extended both the expected duration of Taiwan's resistance and the cost of China's potential invasion, thereby raising the likelihood of China's defeat.

Regarding international support, U.S. involvement stands out as the most pivotal factor in gathering further support from the international community. U.S. involvement has increased in recent years, transitioning from a policy of strategic ambiguity to a more explicit stance and developing defensive networks with like-minded nations in the region. Historically, the United States maintained a stance of strategic ambiguity, affording flexibility in its approach to Taiwan without a formal commitment to its defense. However, the prolonged practice of strategic ambiguity left Taiwan more vulnerable and emboldened China. In recent years, there has been a subtle shift in the U.S. position on strategic ambiguity, particularly following President Biden's four statements affirming the United States' defense of Taiwan in a China-initiated crisis. Congressional efforts have also reinforced the commitment to Taiwan's defense. These actions indicate a subtle move away from the original position of strategic ambiguity toward a more involved role in a Taiwan contingency. This shift bolsters Taiwan's determination and confidence to confront China's growing assertiveness and heightens the cost of potential military action for China. More significantly, it signals the United States' steadfast commitment to defend Taiwan to regional countries and the international community. This commitment, in turn, encourages more significant support for Taiwan among U.S. allies and partners when faced with China's sanctions, coercion, and military threats.

Concurrently, the United States has also adopted a more networked approach in response to China's Anti-Access/Area-Denial (A2/AD) strategy. Geographically, Taiwan occupies a strategic position within the First Island Chain, situated between two critical channels—the Miyako Strait and the Bashi Channel—which are vital for the Chinese Navy and Air Force. Given its location, the United States has strengthened its existing bilateral security cooperation with Japan and the Philippines, primarily aimed at countering China's naval advances through these channels. For instance, the unveiling of four new sites resulting from the Enhanced Defense Cooperation Arrangement (EDCA) between the United States and the Philippines underscores a clear strategic objective: To impede China's A2/AD capabilities by rapidly deploying small U.S. military units in the Bashi Channel.¹³ Another example is the collaborative effort between Japan and the United States to establish a new Marine Littoral Regiment (MLR) in Okinawa, aimed at impeding China's naval advances in the waters between Taiwan and Japan.¹⁴

Furthermore, alongside strengthening existing bilateral security relationships, the United States has established a series of interconnected binding networks with like-minded countries. These networks serve various functions but converge on the common goal of upholding stability in the Taiwan Strait. Examples of such networks include the Quadrilateral Security Dialogue (Quad), the Australia-United Kingdom-United States enhanced security partnership (AUKUS), and the Five Eyes (FVEY). Established international institutions, such as the Group of Seven (G7) and the North Atlantic Treaty Organization (NATO), also prioritize stability in the Taiwan Strait and the broader Indo-Pacific region as shared interests. With growing concerns about the security of high-tech supply chains, Taiwan has collaborated closely with the United States and like-minded countries, such as Japan, Germany, and the Netherlands. This collaborative effort aims to diversify and reduce the risks associated with overdependence on China in the original supply chain. These joint initiatives signify the internationalization of Taiwan's security interests and the active involvement of the United States in forging a united front. This collective effort raises the cost of Chinese aggression and enhances Taiwan's resilience, particularly in scenarios ranging from blockades to full-scale invasion. Notably, these endeavors are poised to yield even more substantial results with direct Taiwan engagement in these networks.

To sum up, this section delves into China's assessment of the costs in a potential military invasion of Taiwan, considering three key aspects: China's internal readiness, Taiwan's military preparedness, and international support. When these factors are taken together, the resulting effects are inherently uncertain and subject to continual evolution. China's escalating military expenditures and legal reforms signify its strategic commitment to minimize the duration of Taiwan's resistance. Nonetheless, Taiwan's robust defense posture and advancing U.S.-Taiwan cooperation in implementing the asymmetric strategy have created a considerable challenge for China. Furthermore, the United States' shift from strategic ambiguity to a more defined stance, along with the development of defensive networks with like-minded countries, heightens Taiwan's resolve and confidence to withstand China's increasing assertiveness while raising the cost of potential military action for China. As a result, while the analyses of intention and capability have illustrated China's growing willingness to consider military action against Taiwan, the analysis in this section underscores the uncertainty inherent in China's assessment of the cost of invading Taiwan. This uncertainty regarding costs serves as a fundamental deterrent against China's aggression in the Taiwan Strait, as China's calculations become more complex with the increasing levels of Taiwan's military preparedness and international support.

Conclusion: Deterrence in China's Calculations on Taiwan

In summary, this chapter has delved into the complex dynamics of China's intentions, capabilities, and cost considerations regarding a potential military conflict with Taiwan. While China consistently emphasizes peaceful reunification as its goal, a pessimistic outlook on peaceful unification and President Xi's revisionist inclinations have increased China's readiness to resort to coercive and military measures in the Taiwan Strait.

China's ascent as a global power, particularly in terms of its material power and economic strength, has significantly altered the regional balance of power. This shift not only introduces a power-transition dynamic with the United States but also underscores the pivotal role of the United States as a cornerstone balancer in maintaining regional stability, especially in the Taiwan Strait.

The multifaceted cost calculations for a potential military invasion of Taiwan involve China's internal preparedness, Taiwan's robust defense

capabilities, and the level of international support, primarily from the United States. These factors interact in intricate ways, and the uncertain nature of this cost calculation plays a crucial role in deterring China's military aggression. The evolving dynamics of China's intentions, capabilities, and cost considerations can be summarized in Table 1.

Table 1: The Shifting Dynamics of China's War Calculus Toward Taiwan

$$\text{China's War calculus} = \text{Intention} * \text{Capability} - \text{Cost}$$

<i>Variables</i>	<i>Intention</i>	<i>Capability</i>	<i>Cost</i>
Shifting dynamics	<ul style="list-style-type: none"> • Pessimistic prospect of peaceful unification • Xi's revisionist preference 	<ul style="list-style-type: none"> • The rise of China's material power shifting the original balance • China's GDP reaching the power transition threshold 	<ul style="list-style-type: none"> • China's increasing financial and legal support for military conflict • Taiwan's military preparedness and the realization of the asymmetric strategy • The policy shift of the U.S. from strategic ambiguity • The development of defensive networks between the U.S. and like-minded countries
Assessment	Increasing China's utility	Increasing China's utility	Evolving and uncertain

In the end, this chapter presents three scenarios, ranging from the least to the most costly, illustrating China's various actions in the absence or presence of U.S. intervention. As depicted in Table 2, in the absence of U.S. intervention, China's actions before and during the Taiwan contingency aim to compel Taiwan to engage in negotiations over unification with China. Importantly, even within the wartime action category, before initiating the destruction of military objectives, China can exert war-like pressure by blockading Taiwan or seizing remote islands to foster internal divisions in Taiwan and push for negotiations with the precondition of unification. In cases where China cannot rule out U.S. intervention, its actions are geared towards limiting the level of U.S. direct military involvement, with most actions within the wartime and pre-war categories having become part of the new normal in the Taiwan Strait over the years. Once again, Table 2 underscores the significance of U.S. involvement and the subsequent international support, which could assist Taiwan in enduring scenarios ranging from a blockade to the worst-case war situation, thereby increasing the cost of China's military options.

In conclusion, these analyses shed light on the evolving nature of China's

intentions, capabilities, and cost assessments regarding Taiwan. While China seeks to leverage its growing power to achieve reunification, the likelihood of an imminent military conflict remains uncertain. Deterrence continues to be effective by raising the costs of Chinese aggression, particularly given the increasing strength of Taiwan's defenses and international support.

Table 2: The Scenarios of China's Military Action on Taiwan

<i>Scenarios</i>	<i>Action guideline</i>	<i>Actions before the war</i>	<i>Wartime actions</i>	<i>Goals</i>
No hope for peaceful unification	Forcing Taiwan to negotiate with China	<ul style="list-style-type: none"> • UAV operations • Intelligence operations • Disinformation • Manipulation of public opinion • Sabotage of submarine cables 	<ul style="list-style-type: none"> • Targeting leaders and critical infrastructure • Blocking communication • Air and maritime Blockade • Seizing remote islands • Destroying military objectives 	Facilitating the internal split in Taiwan
Great cost of forceful unification				
U.S. intervention	Avoiding direct intervention of the United States.	<ul style="list-style-type: none"> • Military exercises • ADIZ intrusion • Internalization of the Taiwan Strait 	<ul style="list-style-type: none"> • Nuclear escalation • Allying with Russia • Preventing the United States to land Taiwan 	Limiting military involvement of the United States

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CHAPTER 4

Protecting the Liberal International Order: Australia Faces the Taiwan Contingency

Malcolm Davis

‘China will realize reunification, and this is unstoppable.’

—President Xi Jinping on Taiwan,
San Francisco, November 15, 2023

The strategic outlook facing Australia is not one of enduring peace and stability. China’s determination to unify Taiwan with China, if necessary, through the use of force, presents the most likely scenario for the growing risk of major power war in the next decade. President Xi’s comment in a meeting with President Biden on the sidelines of the 2023 APEC summit in San Francisco highlights the tone of a broader discussion on the issue of Taiwan, in which Biden reiterated the importance of keeping the existing status quo and maintaining peace, to which Xi responded “Look, peace is all well and good, but at some point we need to move toward resolution more generally.”¹ With the vast majority of Taiwanese opposed to unification on Beijing’s terms or to support the ‘1992 Consensus’, Xi’s choices will be increasingly limited. A DPP victory in the January 2024 Taiwanese presidential election, that would see President Lai Ching-te assume office in May, would effectively end any prospect of a peaceful unification of China and Taiwan.² This would reinforce Beijing’s incentive to use coercion and if necessary, military force, initially in an air and naval blockade, but ultimately, in a direct invasion.

Debate over timelines, and perspectives on when such a conflict might occur varies, with 2027—the 100th anniversary of the formation of the PLA, and the year that Xi has instructed the PLA to be ready for such an operation—being suggested by some commentators as a possible high risk.³ Oriana Skylar Mastro notes that “...in recent months there have been disturbing signs that Beijing is reconsidering its peaceful approach to Taiwan and contemplating armed unification...whereas Chinese leaders used to view a military campaign to take the island as a fantasy, now they consider it a real possibility.”⁴ Others downplay the imminence of such an attack, pointing to continuity in Chinese official statements emphasizing ‘peaceful reunification’.⁵ Certainly, Xi’s comment to Biden in San Francisco suggests that he is unlikely to wait until 2049, the 100th anniversary of the People’s Republic of China. His statement that “...the U.S. side should take real actions to honor its commitment of not supporting ‘Taiwan independence’, stop arming Taiwan and support China’s peaceful reunification” suggests that Xi wants the Biden Administration to accept China’s implied future control of Taiwan, irrespective of the wishes of the majority of the Taiwanese people, or U.S. security interests.⁶ That does not suggest that Xi is content to see China-Taiwan unification as a distant goal for future decades. Furthermore, taking control of Taiwan is seen by Xi and the Chinese Communist Party as an essential pre-requisite for achieving the ‘China Dream’ of a rejuvenated China that acts as a 21st century Middle Kingdom, that is able to assert its interests and revise the established international order to meet Beijing’s long-term grand strategic goals.⁷

Yet Xi’s window of opportunity to achieve the China Dream is limited by the intensifying domestic economic and demographic risks, and the pace of U.S. and allied military modernization that could constrain the likelihood of success for any Chinese invasion. Those growing domestic risks, and the potential implications of U.S. and allied military modernization may in fact make Xi more willing to be provocative and accelerate any notional timelines for a Taiwan invasion, especially if the 2024 Taiwanese election dramatically diminishes the prospect that China can realize a peaceful unification process with a more cooperative Taiwanese government, or see coercion be successful.⁸

This chapter examines the implications for a Chinese use of force against Taiwan—ranging from blockade through to invasion—from the perspective of Australia and explores the implications for the liberal international order

in the event that such a crisis was to occur, particularly in the short term. In such a scenario, Australia's strategic interests and its security would certainly be in peril, particularly if such an attack against Taiwan were to succeed, in not only in capturing the island and imposing Chinese rule, but also see a retrenchment of U.S. power and presence from the western Pacific. Alternatively, if such a Chinese military operation were contested militarily by the United States and its allies—including Australia—the scenario of protracted major power war, with the risk of escalation across the nuclear threshold, would then confront decision-makers in Canberra. The winner of such a war would be impossible to guess, but the prospect of direct threats against Australian territory and facilities, the potential for heavy casualties and loss of military capabilities in the Australian defense force, as well as long-term disruption of Australia's supply chains is certain, with severe economic and social consequences for the nation.

Deterring China

Any strategy to prevent a Chinese attack on Taiwan must strengthen U.S.-led integrated deterrence and be combined with a degree of assurance to Beijing. Australia, alongside the United States, Japan, South Korea, and possibly India, as well as some key partners in ASEAN such as the Philippines, Singapore, and perhaps Indonesia, need to work together to strengthen integrated deterrence against China in a manner that increases the potential cost and risk of China using force across the Taiwan Straits to unacceptable levels. This should reduce the incentive for China to use force to impose unification on Taiwan, whilst forcing them to accept the status quo as an alternative. At the same time, it is important that the U.S. assures Beijing that it will not move away from its current policy of not supporting Taiwanese independence.

Yet, the risk is that such a strategy might fail to dissuade China from using force, especially if it is decided in Beijing that the status quo is unacceptable amid growing risks associated with economic and demographic pressures. A greater willingness on the part of Beijing to take risks is particularly likely if U.S. 'strategic ambiguity' in relation to Taiwan in any future U.S. administration post-Biden, evolves in a manner that reinforces a perception that the U.S. is unwilling to intervene in support of Taiwan, or would be slow to intervene due to being overextended with other global commitments. For

example, a Chinese perception of weakening U.S. resolve might be linked to observations of U.S. willingness to maintain military support to Ukraine in the coming twelve months, the U.S. ability to restore its already overstretched military-industrial base, as well as the impact of increasingly partisan U.S. domestic politics on foreign policy in general, particularly in a new administration that returns to an ‘America First’ neo-isolationist posture.

As a series of war games run by the Center for Strategic and International Studies (CSIS) demonstrated, a failure on the part of the U.S. to quickly intervene militarily in time to support of Taiwan would see a rapid Chinese victory and a ‘fait accompli’, particularly if the Taiwanese military failed to resist effectively.⁹ Such an outcome could then see China poised and emboldened to assert power, presence and influence across the Indo-Pacific region at U.S. expense.¹⁰ Taiwan should be seen as a geostrategic linchpin for Beijing, not just in terms of being seen as an essential step towards a notional China Dream, but in practical geostrategic terms. In an earlier analysis, I noted that:

“With Taiwan under its control, China has a number of possible opportunities to strengthen its ability to assert power. From bases in mainland China, and also in Taiwan, China can more easily isolate and blockade Japan, cutting off its access to vital maritime trade, and severing essential submarine capabilities providing internet and telecommunications...Pivoting south, China can use Taiwan to control the South China Sea more easily, and directly dominate the essential sea lanes of communication through the Straits of Malacca. This would enable it to have a chokehold on a third of global shipping, and, most significantly, on forty two percent of maritime trade...Control of Taiwan, and bases on artificial islands within the South China Sea would in effect turn this vital waterway into a Chinese lake.”¹¹

For Australia, any Chinese domination of this vast region following a successful seizure of Taiwan, would have immediate implications in terms of the risk of China using coercive measures against our economy by threatening sea lanes of communication running through the Malacca, Lombok, and Sunda Straits, into the South China Sea and through the Taiwan Strait to Japan and South Korea.¹² Furthermore, if the U.S. failed to intervene militarily in support of Taiwan under a future administration, or if a slow U.S. military

intervention was subsequently defeated by successful PLA counter-intervention (aka, 'anti-access and area denial') forces in a manner that then saw U.S. forces retrench from the Western Pacific region, the broad credibility of U.S. security and defense commitments to key Indo-Pacific allies, such as Japan, South Korea, Australia, and the Philippines, would be seriously weakened. This would likely include the credibility of U.S. extended nuclear deterrence security guarantees, which could then see states such as South Korea and Japan move to acquire their own independent nuclear deterrent capability, further accelerating a more complex multi-dimensional nuclear arms race in Asia.¹³

From Canberra's perspective, the prospect of being unable to count on the U.S. in a major crisis, would see Australia far more exposed and vulnerable to future Chinese intimidation in a manner similar to, but more expansive and emboldened than what occurred in the period of 2015 onwards.¹⁴ In this sense it is vital for Australia, along with other key partners such as Japan, South Korea, and the Philippines, to strengthen US led integrated deterrence to reduce the potential for a Chinese attack on Taiwan and also expand defense cooperation to facilitate a rapid U.S. intervention in any future crisis, whilst ensuring U.S. security commitments to the Indo-Pacific remain strong. A stronger Australia-U.S. strategic relationship, underpinned by the ANZUS Treaty and more recently, the 2021 AUKUS Agreement, informs Australia's defense policy choices coming out of the 2023 Defence Strategic Review (DSR), including future capability and force posture development, as well as to ensure expanding access for U.S. forces to Australian facilities in any future war. The scenario where the U.S. *does* intervene effectively raises the prospect of protracted conventional war over Taiwan, and the next section will explore the implications of this scenario. Finally, the chapter will further consider the implications for the liberal international order of a Chinese use of force against Taiwan.

The DSR and Chinese Strategic Ambitions

In spite of the growing risks of potential war across the Taiwan Straits that could have such a devastating impact on Australia's security, the unclassified version of the 2023 Defence Strategic Review, released publicly on April 24, 2023, does not mention Taiwan at all. However, it does acknowledge the

challenge posed by a rising China. It notes the end of a U.S.-led unipolar moment, recognizing that “...intense China-United States competition is the defining feature of our region and our time. Major power competition in our region has the potential to threaten our interests, including the potential for conflict.”¹⁵ It goes on to then explicitly note China’s rapid military buildup, which it labels as “...the largest and most ambitious of any country since the end of the Second World War...” noting that “...this build-up is occurring without transparency or reassurance to the Indo-Pacific region of China’s strategic intent. China’s assertion of sovereignty over the South China Sea threatens the global rules-based order in the Indo-Pacific in a way that adversely impacts Australia’s interests.”¹⁶ Although the DSR does not explicitly discuss the Taiwan scenario (at least in the unclassified version) the approach taken to the proposed force posture of a “focused force” with an emphasis on “impactful projection” as part of a strategy of “deterrence by denial” is clearly aimed at responding to any challenge to Australia’s security interests in a manner that emphasizes power projection rather than a traditional ‘defense of Australia’ military strategy. Importantly, the DSR reinforces the recognition in the previous government’s 2020 Defence Strategic Update regarding the loss of strategic warning time, which “...necessitates an urgent call to action including higher levels of military preparedness and accelerated capability development.”¹⁷

It emphasizes the importance of strengthening the U.S.-Australia alliance, including with force posture initiatives, building on those highlighted in the 2021 and 2022 ‘AUSMIN’ Australia-United States strategic dialogues, which has seen greater U.S. military access to Australian defense facilities, as well as the importance of both pillar one and two of the 2021 AUKUS agreement.¹⁸ Importantly, the DSR emphasizes the importance of long-range strike capabilities as a means to achieve deterrence by denial.

The acquisition of a range of new standoff guided weapons certainly will boost the Australian Defence Force or ADF’s ability to strike targets at greater distance from Australia, yet there are some problems which the DSR fails to address, and which would be highly relevant in a Taiwan contingency. All the capabilities to be acquired under the DSR’s proposed capability acquisition—with perhaps the exception of up to 200 Tomahawk Land Attack Missiles (TLAMs) for deployment on Navy’s *Hobart* class Air Warfare Destroyers

(AWDs)—are constrained in reach by the range of the weapons systems, or by the basing location of the delivery system.¹⁹ For example, the DSR gives the army a new role in amphibious ‘littoral’ warfare, to exploit long-range missile systems such as the HIMARs based ‘advanced tactical missile system (ATACMS) and Precision Strike Missile (PRsM).²⁰ Yet, there is an implicit assumption in the littoral warfare mission that the army can be forward deployed into the archipelago to the north to bring such weapons to bear beyond Australia’s immediate air and naval approaches. If no host nation support is provided by ASEAN members, Australia’s ability to forward deploy such capabilities would be severely constrained, especially if many ASEAN states chose to remain neutral in a Taiwan contingency.

The DSR highlights the importance of protecting vital sea lanes of communication (SLOCs) through which Australia’s essential supply chains flow.²¹ Yet, it is not clear how the ADF will achieve this short of deploying air and naval power well beyond air and maritime approaches, and inside China’s anti-access and area denial (A2AD) envelope, where PLA long-range strike capabilities could hold them at great risk. Such long-range strike capabilities could also hit northern Australian bases, to deny them to the United States, and the DSR points out the absence of a credible integrated air and missile defense capability in spite of decades of study of such a capability requirement.²²

Assumptions that the acquisition of nuclear-powered (but not nuclear-armed) submarines under AUKUS are often suggested to enable ‘impactful projection’ but the first *Virginia* class SSN won’t be acquired from the U.S. until 2033 at the earliest, and the SSN AUKUS boats will not appear until the 2040s. This leaves the ADF short of capability to respond to near-term contingencies that *could* occur across the Taiwan Strait in the second half of this decade.

The shortcomings of the DSR in capability terms are worrying and are matched by the apparent absence of urgency in capability acquisition and in boosting defense spending over a four-year forward estimates period, as well as uncertainty over the future Royal Australian Navy’s surface combatant fleet structure.²³ Even so, Australia has begun a process of responding to the growing challenge posed by China—and implicitly, though not explicitly, preparing for the potential of a Taiwan contingency—through adjusting its defense

policy under the 2023 DSR. But there are serious capability risks, accompanied by a failure to significantly boost defense spending at a critical time; planned capability acquisition and force posture changes are moving relatively slowly in contrast to the apparent urgency of responding to the emerging strategic outlook. Certainly, ADF force posture changes flagged in the DSR do emphasize greater focus on the north, and Australia is strengthening defense ties and cooperation, not only with the U.S. but also other key partners such as Japan, notably with the signing of a reciprocal access agreement and more regular exercises.²⁴ Similar defense diplomacy moves are occurring with the Philippines becoming a more high-profile partner in particular.²⁵ These are good developments for a number of reasons.

Building defense ties with key partners are vital moves in establishing and strengthening the networks between the ‘spokes’ in a U.S.-led hub and spokes security architecture in a manner that both strengthens U.S.-led integrated deterrence, and also mitigates the risks if the U.S. were to be distracted or unable to contribute to responding to a major regional security crisis, such as in the Taiwan Strait. By sharing the burden to a greater degree across the region, the United States together with its regional partners can better reinforce a credible integrated deterrence posture against China, and hopefully avert a Chinese use of military force against Taiwan in the first place. For Australia, this demands we pull our strategic weight to a greater degree, including through enhancing ADF long-range power projection capability—noting the potential challenges mentioned above—and also, equally importantly, support United States strategic interests through enhanced access for U.S. forces to Australian defense facilities.

In a crisis over the Taiwan Straits, that latter aspect—the ability of the U.S. to operate from Australia, much as it did from 1941-45—will relieve the pressure that it faces on relying on forward bases such as Guam and Okinawa, which will be increasingly vulnerable to PLA long-range strike capabilities. As noted in the 2022 CSIS Taiwan wargames, a decisive U.S. intervention sees the Chinese invasion fail, though at great cost to U.S. and allied forces. The likelihood would be that such a conflict could become protracted, and in such an eventuality, ensuring an ability for U.S. forces to operate from a secure rear area would be crucial.

Implications for the Future of the Liberal International Order

The 2022 US National Security Strategy argues that “...we are in the midst of a strategic competition to shape the future of the international order...The People’s Republic of China harbors the intention, and increasingly, the capacity to reshape the international order in favor of one that tilts the global playing field to its benefit...autocrats are working overtime to undermine democracy and export a model of governance marked by repression at home and coercion abroad.”²⁶

Taiwan is a liberal democracy of 23 million people with a vibrant market economy. It represents an alternative model of development to China’s approach to governance based on ‘socialism with Chinese characteristics.’ In being prepared to use force to impose unification, Xi would also be eliminating that democratic model to the Chinese people, and reinforcing the reality that ‘one country, two systems’ is a lie. A failure to deter Chinese use of force, and worse, a failure to defeat such aggression, would then see China geostrategically emboldened to achieve a China Dream through establishing a Chinese-led revised world order—what Beijing euphemistically refers to as a ‘global community of shared future’. In this future, it would be Beijing that sets the rules and at the very least, much more strongly positioned to assert its interests throughout the Indo-Pacific region, particularly if in achieving its goal of unification, Beijing could force a retrenchment of U.S. presence from the Western Pacific.

From Australia’s perspective, this would see at the very least, a more assertive and emboldened China impose its will across its northern air and maritime approaches as in controlling Taiwan, China’s ability to dominate the South China Sea and the archipelagic straits would be strengthened. Beijing would sit astride critical SLOCS and be able to regulate Australia’s access to maritime trade. From a secure ‘near seas’ within the first island chain, China would then be better placed to expand its presence and influence into the Southwest Pacific in a manner that could allow a future forward PLA presence to operate along Australia’s eastern seaboard. That would fundamentally change Australia’s strategic outlook for the worse, demanding much greater investment in defense, to respond to an envelopment of national territory, akin to Wei Qi on a grand strategic level.

Simply put, if a Taiwan Straits crisis saw Beijing emerge victorious, then not only 23 million Taiwanese would be facing an uncertain future, but also Australia's defense and national security would be far more precarious. In turn, a failure by the United States to respond or respond effectively, would leave key Indo-Pacific allies, including Japan, South Korea, the Philippines, and Australia much more exposed to coercion in a Chinese sphere of influence, whilst dramatically reducing its ability to benefit from maritime trade that is so vital to its economic prosperity. If such a development was not reversed, then that would be the end of the United States as a global superpower. The China Dream would be realized, at the expense of the liberal international order.

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II. EURO-ATLANTIC TO INDO-PACIFIC SECURITY

CHAPTER 5

Security Cooperation between the Indo-Pacific and Europe Via the Strengthening of Japan-NATO Relations

Jun Nagashima

Natural Partners

In July 2023, Japanese Prime Minister Fumio Kishida attended a NATO summit meeting held in Vilnius, the capital of Lithuania, where the participants agreed on the Individually Tailored Partnership Programme (ITPP), a new document providing details on cooperation and a step toward elevating Japan-NATO relations to a higher dimension. The ITPP is an update of the more generalized Individual Partnership and Cooperation Programme (IPCP). It will serve as a strategic framework for key partner countries to participate in activities together with NATO, including workshops, joint training and exercises, competence building, and political negotiations. NATO regularly assesses its liaison offices as well as the liaison agreements it has entered into with international organizations and partner countries, and has always worked to determine the form of cooperation that is most appropriate for both sides. In May 2014, former Japanese Prime Minister Abe indicated in an address to the North Atlantic Council (NAC) that he was ready to earnestly strengthen Japan's relationship with NATO as a "natural partner" with whom the nation shares fundamental values. With the increasingly severe security environment in the Indo-Pacific, it remains to be seen whether the newly agreed upon

ITPP can serve as a testimony of Japan and NATO's relationship as "natural partners."

Background of Strengthening Relations

In light of the global proliferation and increasing diversity of international terrorism, cyber-attacks, and other asymmetric threats since the end of the Cold War, NATO has continued to survive by broadening its areas of interest and scope of activities in order to adapt to the changing times. This has resulted in NATO prioritizing the establishment of cooperative frameworks with the Middle East and the Mediterranean regions, with which it has close relations, in its efforts to redefine the Alliance and transform its organization. And now, as the world's attention focuses on security in the Indo-Pacific region, including the circumstances surrounding Taiwan, NATO, which seeks to maintain and preserve the Alliance, has clearly indicated its willingness and intention to be actively involved in the region under its Strategic Concept, which details the Alliance's strategic guidelines.

What is behind this? In June 2023, NATO Secretary General Stoltenberg expressed a strong sense of alarm at the increasingly close relationship over the last few years between China and Russia, both of which have amplified their presence by stepping up their military activities. NATO appears deeply concerned about the global repercussions of mainland China moving to take control of Taiwan, while, as a regional alliance, still avoiding any mention of the possibility of direct intervention in conflicts outside of its own region. NATO's concern is that Russia's attempt to forcibly change the status quo in Ukraine might encourage China, which is deepening its military ties with Russia, to do the same in East Asia, and that, if this were to succeed, it could trigger a chain of similar situations around the world. In addition, as global interdependence becomes the norm and threats in cyber, space, and other new domains increase, for NATO to maintain its cohesiveness as an alliance, it is considered essential for it to coordinate closely with its global partners on security matters unfettered by regional boundaries.

Global Partnerships

NATO invited Japan, South Korea, Australia, and New Zealand (the "Asia-Pacific Four" or "AP4") for the first time as global partners to the summit

held in Madrid in June 2022, providing a formal opportunity to exchange views. There, the AP4, which is expected to function as a security platform with shared threats and values, did not attend simply to provide Ukraine with further support or to share perceptions of China. A wide range of issues were likely discussed, including security in the cyber, space, and cognitive domains, coordinated action to address the impact of climate change, and implementation of emerging and disruptive technologies (EDTs) such as artificial intelligence (AI) and quantum computing, which will have a significant impact on future equipment systems. Going forward, in light of NATO's status as a consensus-based regional organization, it is unlikely that NATO will approach partner countries located outside of Europe in a manner beyond its existing framework for cooperation. If Japan believes that further involvement by NATO in Indo-Pacific security is necessary, then Japan should bolster its outreach to NATO, elicit further interest and involvement from NATO in the region, and proactively strengthen the relationship between Japan and NATO. Achieving these aims will require the global transmission of Japan's strategic message, and the three security-related documents formulated by the Japanese government in December 2022—the National Security Strategy, National Defense Strategy, and Defense Buildup Program—are expected to play roles in communicating this message. Prime Minister Kishida also mentioned the ability to address new domains such as space, cyberspace, and the electromagnetic spectrum, the ability to counterattack airborne threats, and the ability to defend the southwestern region with an awareness of the threat posed by China, as new abilities to bolster in relation to these three security-related documents. In particular, efforts to bolster Japan's ability to respond to new domains highlight the importance of practical partnerships with European countries, which are working to build a response framework across the region.

Deterrence through Partnerships

If China were to annex Taiwan, the main focus of its military operations would likely be on hybrid offensives, primarily aimed at paralyzing Taiwan's military defense capabilities and isolating it internationally within all political, diplomatic, economic, and military domains. In addition to sabotaging command and control-related satellite activities and severing submarine cables

leading to Taiwan, China's hybrid offensive will also make use of cyber-attacks and electromagnetic attacks, as well as disinformation and other forms of cognitive warfare to decouple Taiwan from the outside world, maximize domestic vulnerability, and weaken resilience. To these ends, China is highly likely to launch preemptive strikes via outer space and cyberspace against neighboring and related countries where U.S. forces are stationed as a means of increasing the effectiveness of its anti-access and area denial (A2/AD) efforts. At such time, various circumstances originating from within China would also undoubtedly have a significant impact on neighboring countries, including Japan. As such, unlike operations in conventional domains, this will require a response that emphasizes not only the Japan-U.S. alliance but also multinational coordination and cooperation based on partnerships.

In addition, in January 2023, the Japan-U.S. Security Consultative Committee (Japan-US "2+2") confirmed that as space-related attacks are deemed clear challenges to the security of the alliance, in certain cases, these attacks would trigger Article 5 of the Japan-U.S. Security Treaty. The April 2019 Japan-US "2+2" already clarified that cyber-attacks fall under the category of armed attack set forth in Article 5 of the Japan-U.S. Security Treaty, and this year's Japan-US "2+2" has further added attacks in the space domain to that category. This suggests that attacks or sabotage by China against a third country in a new domain as part of its invasion of Taiwan could also satisfy the requirements for invoking the right of collective self-defense, in the case that such attacks cause serious damage. This is due to the current state of affairs in which operational domains are integrated and fighting seamlessly between domains has become the norm, as connectivity between virtual and real space increases and their boundaries continue to overlap and blur. Therefore, serious damage caused by attacks in space and cyberspace is now also likely to be recognized as a trigger for invoking the right of collective self-defense.

Since 2014, NATO members too have agreed that cyberspace and outer space are defined as operational military domains and that a serious attack within these domains is a requirement for invoking the collective defense clause (Article 5) of the North Atlantic Treaty. However, attribution of such serious attacks is difficult to determine, and the environment is not considered sufficiently prepared to substantiate such attribution and justify attacks. The

specific requirements for attacks will likely be worked out in the future, as NATO holds in-depth discussions either within the alliance or among volunteer countries, organizes contingencies, and prepares full-scale responses. The European Union (EU), which is bolstering European security efforts including in non-military domains, also views cyber-attacks and disinformation campaigns as existential threats to the stability of Europe, and has begun to develop its own defense posture, including establishing the Center of Excellence (COE) to serve as an independent core research institute relating to hybrid threats. Such efforts by stakeholders are thought to have aided the United States, NATO, and other Western countries in reducing the impact of the Russian invasion of Ukraine, which began on February 24, 2022, through direct and indirect military technical assistance based on partnerships symbolized by the Comprehensive Assistance Package for Ukraine. This is primarily due to the fact that multinational cooperation pertaining to new domains, which has continued since the annexation of Crimea in 2014 and encompasses cyber defense and the provision of commercial satellite imagery that contribute to counter-hybrid operations, has neutralized the impact of Russian hybrid attacks. This is precisely the manner of hybrid warfare defensive posture that is now also required in the Indo-Pacific, which is facing increasing instability.

Indo-Pacific Security

In response to China's recent rise in military power, multinational cooperation in security continues to make concrete progress, and Japan has clearly indicated its willingness to ensure peace and prosperity throughout the region through the Free and Open Indo-Pacific Strategy (FOIPS) and the Quadrilateral Security Dialogue or Quad. It would not be realistic to establish a collective security organization under a NATO-like framework in the Indo-Pacific region, which is characterized by its diversity. Instead, deterring and responding to any and all threats with a multi-layered approach that combines frameworks for cooperation among diverse regions such as FOIPS, Quad, and the Australia-UK-U.S. Trilateral Security Partnership (AUKUS), in addition to the existing bilateral alliances such as the Japan-U.S. Alliance and the Five Eyes intelligence alliance, is required. This should lead to eliminating vulnerabilities as well as to securing resilience within social systems throughout the region, leveraging

the force multiplier provided by a multilayered security cooperation framework. In addition, if participants wish to engage in security cooperation with partner countries more effectively in the future in order to ensure new environmental changes and free access to international public goods in the space, cyberspace, and electromagnetic domains, then it will be necessary to establish an environment that enables continuous multinational cooperation, including the establishment of a secretariat, regular summit meetings, and a system for disseminating agreements and joint statements.

One of the lessons from the recent Russian invasion of Ukraine is that, in a protracted armed conflict, the major challenge is securing the ability to continue the war. In the West, reductions in military logistical reserves caused by large-scale depletion of ammunition and missiles on the battlefield resulted in more serious national security problems in the countries providing support than were caused by political decisions regarding the provision of tanks, artillery, and other front-line equipment to Ukraine. This means that the West's defense industry, which had not experienced international warfare since World War II, has not only exposed the limits of its physical manufacturing capabilities, but has also revealed its vulnerabilities in the production and supply of modern equipment, amidst a trend toward incorporating semiconductors and other technology-intensive components into missiles and other ammunition. NATO responded to this situation by considering the establishment of a system in which member-nations promote the commonization and standardization of ammunition and missiles and coordinate supply chains between members so that their surplus stockpiles and production increases can be shared within the Alliance. This could be considered a European strategy for securing mutual complementarity among volunteer countries through ensuring safe supply chains for ammunition, maintenance, supplies, and goods within Western countries in the event of an emergency, and through enhancing latent capabilities related to the ability to continue conducting war. Japan is also not considered fully prepared in terms of rearward logistical supply and operational support in the event that an incident aimed at changing the status quo via military force occurs and becomes protracted in the nation's southwestern region or on its islands. In such case, Japan would be required to think flexibly along with Australia, New Zealand (NZ), South Korea, and other partner countries to increase supply chain

resilience in anticipation of contingencies by promoting the commonization of ammunition and equipment, with reference to the new rearward logistical support initiatives being considered by NATO. It is also desirable to develop supply chains together with European countries in advance in order to improve military interoperability for items such as semiconductors and ammunition, with a view to increasing opportunities to cooperate with Europe on security in the future. Such efforts could increase the feasibility of creating a community in the Indo-Pacific region that is diverse and laterally connected in terms of environment, economy, and security by addressing the escalating impact of climate change, rebuilding supply chains for critical components, and providing One Belt, One Road countries with democratic infrastructure assistance.

Conclusion: Cooperation through Climate Change

In the future, the Indo-Pacific is expected to be one of the regions most damaged by the impact of climate change, along with the Arctic and Sub-Saharan Africa. In addition to the physical damage caused by extreme weather events and rising sea levels, there are also concerns that turmoil associated with social unrest will increase in severity and scope, triggered by hunger, drought, and population displacement brought about by climate change as a crisis multiplier, resulting in the Indo-Pacific region falling into long-term instability. The Indo-Pacific region overlaps with many areas under China's One Belt, One Road initiative, and China is working to boost its influence in multiple ways by providing and granting renewable energy technologies and products through wind and solar power generation projects, as well as by providing the region with financing, developmental assistance, and health-related aid. This could make the Indo-Pacific a region in which major powers compete for control in technologies to mitigate the effects of climate change.

At the same time, in Europe, NATO has accepted the Secretary General's report "Climate Change and Security Impact Assessment," and has decided on a specific goal of a 45 percent reduction in greenhouse gases by 2030 and achieving net zero by 2050, in order to address the impact of climate change. Continuity and stability have always been of utmost importance in military operations and actions, and the use of renewable energy sources instead of fossil fuels has been considered difficult to incorporate in terms of their

versatility and acquisition stability. The Ukrainian military, which has been putting up a strong resistance in the recent Russian invasion of Ukraine, has been actively incorporating the use of drones and civilian assets in addition to conventional equipment systems such as tanks and armored vehicles, as it continues to fight an asymmetrical war against the massive Russian force. Amidst clashes in the war, the lessons learned from intensive attacks on the vulnerabilities of supply functions in both armies, including fossil fuels, have led to the shared battlefield challenge of switching energy sources to become less dependent on fossil fuels. Thirty NATO member-countries have agreed to address climate change, and mutual agreement on the need for irreversible efforts aimed at decarbonization and improving the energy consumption of equipment is expected to boost the military's efforts to address the impact of climate change. Under these circumstances, cooperation with NATO, for which the immediate implementation of countermeasures against global warming is a pressing issue, is unquestionably desirable for the Indo-Pacific region, which faces the severe impact of climate change, as it will also be beneficial in terms of enabling Japan-Europe joint responses to the increasingly serious issue of climate change for which time is of the essence.

In June 2021, G7 leaders agreed to begin providing infrastructure assistance to developing countries on a global scale with a view to strategically competing against China, and indicated their clear opposition to China's promotion of the One Belt, One Road initiative. This could refer to cooperation and competition as two sides of the same coin in terms of global responses to climate change, with international cooperation on one side and direct aid and deployment of technologies related to climate change on the other as regional axes of conflict. It is thought that Japan, which has taken a proactive stance on climate change politically as well, should provide integrated public-private cooperation and assistance in the Indo-Pacific region, based on cooperation with European countries that share the values of freedom, democracy, and the rule of law, and while maintaining the goal of building a security-related "climate alliance." The accumulated results of such steady efforts will surely result in the establishment of a security relationship between Europe and Japan based on coordination and cooperation on a range of global issues, from mutual sharing of regional affairs through to new domain operations, advanced technologies, and climate change.

CHAPTER 6

The Revival of the Archaic Mindset: Lessons from Russia's Invasion of Ukraine

Lars Vargö

Russia's invasion of Ukraine on February 24, 2022 has not only threatened the existence of Ukraine as an independent country but also the existing world order. A large majority of UN member-states have expressed their dismay at what is going on and it is obvious that the outcome of the war will have a major impact on the coming world order.

The invasion and the ongoing war has also introduced new aspects to the way war is conducted. Neither Russia nor Ukraine has established air supremacy over the areas contested. The former due to the relatively efficient air defenses in the areas attacked and the latter due to lack of resources. This has led to a warfare which more resembles the battle over trenches during World War I rather than quick and decisive conquests of territory with the help of existing military technology. However, one significant new technology has been introduced, and it has been quite effective, both for the aggressor and the victim of the aggression, namely drones.

Unmanned drones have been used, inter alia, for reconnaissance, for helping wounded soldiers and for attacks. They come in all shapes and forms, from cheap handheld sizes, which can drop small but lethal bombs, to more expensive, larger 'kamikaze' drones in the shape of small aircrafts and speedboats. Drones can direct artillery fire and they can deliver first aid kits

and necessary supplies to soldiers in the field. There are very few limits to what they can do, and this has started a new race for better and more advanced drones, not only among the combatants, but all over the world. A logical future development will be drones fighting drones. Their significance will only grow. A frightening scenario could, of course, be if AI would take over the decisions how and when to use drones and those decisions would be void of regard for human life.

Another aspect of Russia's aggression is that its leadership has shown disregard and utter contempt for international law and agreements. The unprovoked invasion goes against the very core of the UN Charter, but as one of the permanent members of the Security Council Russia can stop any condemnation by the Council. Knowing this fully well, Russia has in effect made a key function of the UN obsolete. The UN was set up as an international organization which should be able to stop aggressive behavior of this kind. Now Russia has endangered the very existence of the UN and made the world a more dangerous place.

Russian disregard for human rights and values has also been illustrated by the way the invasion has been carried out. War crimes have been committed on a daily bases and civilians have been targeted, in spite of the fact that intentional attacks on civilians, or attacks that do not distinguish between military targets and civilians, are prohibited under international humanitarian law. Moreover, the Russian leadership has shown utter disregard for the well-being of its own soldiers. Wave after wave of Russian soldiers has been forced to move to certain death, thus making them cannon-fodder in tactics that resemble the way wars were fought several centuries ago. Instead of motivating their soldiers, the leadership has used executions and threats of executions as a method to force their soldiers to obey. In contrast, the Ukrainian soldiers have been highly motivated from the start of the war, by the simple fact that they know that they are defending their own country from annihilation.

One of the most obvious consequences of the Ukraine war is Sweden's and Finland's rapid application of membership to the NATO, only a few months after the start of the invasion. Both countries have had centuries-old policies of staying out of military alliances and prior to the invasion, there were many in those countries who for various reasons opposed membership. However, Russia's aggression came as a shock and created new conditions for

defense and national security. The applications probably did not come as a surprise to Russia, who must have calculated that such a development was worth it. Article 5 of NATO increases the security of all member-states and although Sweden's membership has yet to be ratified by all members, the fact that NATO has officially approved of the application, the Baltic Sea has in all practical terms been turned into an inland sea surrounded by NATO members. Kaliningrad's isolation as an exclave has increased and any operation emanating from Russian bases there have been made more difficult.

Discussions about the role of NATO and the need for membership has underlined the value of that defense alliance. What has more or less disappeared from the discussions when national security is in focus is the mutual defense clause of the EU. What is always mentioned is that an attack on one NATO member will be viewed as an attack on all the members of the alliance, a one-for-all and all-for-one principle. Similar mechanisms have been discussed and to a certain extent realized among EU member-states. The Treaty of Lisbon (2007) strengthened the solidarity between EU member-states in dealing with external threats by introducing a mutual defense clause [Article 42(7) of the Treaty on European Union]. This clause provides that if a member-state is the victim of armed aggression on its territory, other member-states have an obligation to aid and assist it by all the means in their power. This obligation of mutual defense is binding on all member-states even if it does not affect the neutrality of certain member-states and is consistent with the commitments of countries that are NATO members. Member-states are also obliged to act jointly where one of them is the victim of a terrorist attack or a natural or man-made disaster.

Article 42(7) takes its inspiration from the Brussels Treaty (as modified in 1954), which set up the Western European Union (WEU), a defense alliance of 10 Western European countries, alongside the NATO and served as the main guarantor of European security after the Second World War. In the year 2000, the WEU agreed to gradually transfer its capabilities and tasks to the EU's common security and defense policy. The WEU finally ceased to exist in June 2011.

It would be difficult to deny that a Russian invasion of Ukraine would hardly have taken place had Ukraine been a member of NATO. However, the same could be said had Ukraine been a member of the EU. A Russian attack

on an EU member-state would no doubt lead to some kind of collective defense, although a NATO led response would perhaps be more logical since most EU member-states are also NATO members.

The EU members also have a Common Security and Defence Policy (CSDP), which is an integral part of their Common Foreign and Security Policy (CFSP). It includes the progressive framing of a common EU defense policy, aimed at allowing the EU to enhance its military capacities and deploying missions outside the EU for peace-keeping, conflict prevention, and strengthening international security in accordance with the principles of the UN Charter. The CSDP is supposed to respect the obligations of certain member-states which see their common defense realized in NATO.

The European Council furthermore agreed in June 2017 “*on the need to launch an inclusive and ambitious Permanent Structured Cooperation (PESCO)*” to strengthen Europe’s security and defense and to help reach the level of ambition expressed in the EU Global Strategy published in 2016.

As for the Nordic countries, there were discussions among four of them right after the Second World War to create a Nordic Defense Union. In the end, Denmark, Norway, and Iceland opted instead for NATO membership, becoming founding members, while Sweden and Finland preferred a policy of neutrality. Finland’s situation was especially precarious, since it shared a 1,300-kilometer long border with the Soviet Union and had had to defend itself twice against Soviet military aggression. It was, more or less, forced to sign a treaty of amity and friendship with the Soviet Union in order to survive as an independent country.

The Russian invasion of Ukraine has effectively put an end to any thought about neutrality among Swedish and Finnish decision-makers. Russia is now considered as a rogue nation and an international outcast, and even if the war would end tomorrow and Russia would change course, it will take decades to change that perception.

As for China, another permanent member of the UN Security Council, the quick response of the United States and the EU member-states in supporting Ukraine, both politically and militarily, combined with the severe sanctions on Russia, ought to make the leadership in Beijing a bit more hesitant when it comes to plans of invading Taiwan. If China had not expected this

reaction from the West, in the same way Russia probably had not expected it, it must now probably evaluate in a different way the chances of other nations supporting the island nation if an invasion occurs. It must also take into calculation how effective and valuable the will to resist is among the population. If China were to try to occupy Taiwan, its military forces would most likely be met by a hostile population and a highly motivated defense force. This is, of course, no guarantee that China will abstain from trying, which makes it all the more necessary for other nations, especially the United States, Japan, and the EU, to clearly signal that it would be very supportive of Taiwan in such a situation and that economic relations with China would be disrupted. China must be made to understand that an invasion is a very bad idea before it becomes a reality.

The differences between Ukraine and Taiwan are, of course, striking. While Ukraine is a recognized sovereign country and a member-state of the United Nations, there are very few countries that recognize Taiwan as a sovereign country under the “One China” policy. The Qing dynasty in China took control over the island during the 17th century, but the present rulers in Beijing, the Chinese Communist Party, has never ruled over Taiwan. It was under Japanese rule (1895-1945) and has since been part of the “the Republic of China”. The Taipei government also recognizes Taiwan as being part of China, albeit not the “People’s Republic of China”. So, under international law, it is doubtful if Taiwan can be considered a “breakaway province” of the People’s Republic of China, which Beijing claims. It is after all in total control of its territory, has a legitimate government and displays all the requirements of an independent state—except that it is not widely recognized as such.

The Republic of China has not declared itself as an independent state in Taiwan, but it was a founding member of the United Nations before it was expelled and replaced by the People’s Republic in 1971. The civil war between the Communist forces and the forces of the Republic of China ended in 1949 with the latter forces fleeing the mainland and establishing themselves and their government in Taiwan. It is doubtful if the civil war can be considered as an ongoing conflict, but even so, the People’s Republic, as a member of the United Nations, has committed itself to solving conflicts by peaceful means.

Ukraine has been a member of the United Nations from the very

beginning. It signed the Charter of the organization as the Ukrainian Soviet Socialist Republic in 1945 and changed its name to Ukraine in 1991.

Russia's invasion of Ukraine has not only brought immense destruction to Ukraine, it has also opened up a new phase in global geopolitical history. By its actions, Russia has effectively made the United Nations and its Charter something of the past. Instead, it has opened up a new kind of confrontation, which is not only about territory, but also about the existence of liberal ideas in the global world order. When Xi Jinping and Vladimir Putin talk about a multipolar world, it should be interpreted as a world dominated by China and Russia. Most likely, this scenario will not be realized, due not least to the strength and influence of the United States, Europe, and the countries in the Indo-Pacific region, but it certainly is a threat to the attractiveness of liberal ideas in the Global South.

“De-risking” has become a term describing ways for the market economies to avoid becoming too dependent on Chinese raw materials and goods, and Russian gas and oil. It is certainly wise to look for alternatives, but de-risking is also important in that it makes a more radical de-coupling from China and Russia less of a shock to the world economy if other sources can be found. De-risking could, therefore, also serve as an important signal to Beijing and Moscow that there will be consequences to, for instance, a Chinese invasion of Taiwan.

As for the mutual defense clause of the Treaty of Lisbon, it might serve in a similar way as an important signal to Russia that any attempt to invade any of EU member-states will lead to a united response. However, there is more logic to building the defense of Europe on NATO's shoulders, especially since Finland, and hopefully soon Sweden, have joined. With an expanded NATO, it will become easier to plan for a more rational defense of northern Europe, building also on the qualities of the Finnish and Swedish defense forces. Instead of a looser security structure under the EU, Europe can move towards a more effective security structure under NATO.

Coming to NATO's presence in other parts of the world, one as to remember that NATO is a north Atlantic organization, most of all centering on the defense of the Western world on both sides of the Atlantic, not a military version of the United Nations, encompassing the whole world. However, there has recently been developments showing enhanced cooperation

between NATO and its partners in the Indo-Pacific, namely Japan, Australia, New Zealand, and the Republic of Korea. This does not necessarily mean that NATO troops will become active in the Pacific region, but should rather be interpreted as a sign that countries abiding by the liberal world order will learn from each other's strengths and cooperate in areas where it is possible, in order for them to stay free. In a joint statement on January 31, 2023, by the Secretary General of the NATO and the Prime Minister of Japan it was stated that Japan and NATO were "reliable and natural partners, who share common values of freedom, democracy, human rights, and the rule of law, as well as strategic interests." The two also recognized that "the security of the Euro-Atlantic and the Indo-Pacific is closely connected".

In NATO's Strategic Concept, adopted in Madrid in June 2022, it is stated that NATO will "retain a global perspective and work closely together with our partners, other countries and international organizations, such as the European Union and the United Nations, to contribute to international peace and security." It also states that "we want to live in a world where each country can choose its own path, free from aggression, coercion or subversion. We will work with all who share these goals."

The threat coming from Russia and China is certainly not only limited to military aggression, but also consists of attempts to control the flow of information and make democracy less attractive. Both Moscow and Beijing have actively filtered information coming from the outside world, while spreading their own versions of reality to their citizens through official and social media. In the United States and other countries of the West, it is unfortunately also possible to see how facts can easily be distorted through social media and thereby undermine the concepts of democracy and liberalism. It is, therefore, important that there is a comprehensive view of what is at stake and in international agreements together build defenses around the key pillars of democracy.

In June 2023, the European Commission and the High Representative published a Joint Communication on a European Economic Security Strategy. The strategy proposed to carry out a thorough assessment of the risks to economic security that existed, "in particular risks to the resilience of supply chains, including energy security; risks to physical and cyber security of critical infrastructure; risks related to technology security and technology leakage;

and risks of weaponization of economic dependencies or economic coercion.” A similar approach could be seen in Japan’s Economic Security Protection Act (ESPA) of February 2022. The key features of that law included the establishment of a system that ensured the stable supplies of critical materials; a system that ensured stable provision of services using critical infrastructure; a system that supported the development of critical technologies; and, a secret patent system.

Democratic governments are well aware of the threats that exist to the liberal world order and cooperative agreements between nations as well as national laws are necessary to build credible defense mechanisms for areas that are under threat. This should also include cooperation on establishing a credible shield around Taiwan. Beijing must be made to understand that an invasion of Taiwan will be more costly than beneficial and that the liberal world order has teeth.

CHAPTER 7

Lessons from the Ukraine War for China, the U.S., and Taiwan

Cheng-Yi Lin

Introduction

While the war in Ukraine may be geographically distant from the Taiwan Strait, it's becoming increasingly evident that global attention is shifting towards Taiwan. The U.S. has issued warnings, indicating that China possesses the capability and is making preparations for potential military action in 2027. In response, China has accused the U.S. of setting a trap and leveling unfounded accusations regarding its alleged military invasion plans concerning Taiwan. Nevertheless, China's military maneuvers have further escalated tensions in the region. Following a visit by Speaker of the House of Representatives Nancy Pelosi to Taiwan, China conducted a series of provocative actions, including the launch of 11 ballistic missiles around Taiwan. Additionally, military aircraft and warships have crossed the central line of the Taiwan Strait and approached to within 24 nautical miles of Taiwan's shores. The ongoing conflict in Ukraine has not only influenced the decision-making and military planning of the U.S. and Taiwan in relation to China but has also impacted the positioning and deployment of U.S. forces in key strategic locations such as the Okinawa Islands adjacent to Taiwan's northeast and Luzon Island in the Philippines, Taiwan's southern neighbor.

China's Lessons from the Ukraine War

Beijing has been notably surprised by the rapid and effective response of the U.S.-led coalition to Russian aggression in Ukraine and the somewhat lackluster performance of Russian forces on the battlefield. A case in point is the significant support extended to Ukraine by the U.S., with \$43.2 billion allocated for security assistance and an additional \$2.9 billion for humanitarian aid as of September 2023. European Union member-states have also exceeded initial expectations by actively working to reduce their dependence on Russian oil. Moreover, the Group of Seven (G7) nations have demonstrated their economic resilience by implementing a pricing mechanism designed to restrict Russia's gains from crude oil and petroleum products while maintaining energy market stability. Beijing has been closely monitoring the comprehensive economic sanctions imposed by Western powers on Russia, including measures affecting energy, media, diplomacy, transportation, airspace, ports, asset freezes, financial restrictions, and more. There is a growing perception that similar sanctions could be applied to China in the event it were to undertake military actions against Taiwan.

The People's Republic of China (PRC) has made efforts to maintain a stance of neutrality in the context of the war in Ukraine but has shown sympathy towards Russia. This has become evident through China's increased trade with Russia, particularly in terms of higher imports of Russian oil and natural gas. Chinese top leaders have also not shied away from engaging with Volodymyr Putin, and in return, Putin has reciprocated by strengthening ties with Xi through two visits to China, one in 2022 and another in 2023.

Furthermore, China has supported Russia by replenishing Russian drone supplies and potentially providing other essential components such as low-end microchips, possibly through a third-party intermediary. China's voting records in the United Nations General Assembly have revealed a reluctance to condemn the Russian invasion of Ukraine or to urge Moscow to withdraw its forces from Ukraine. This has placed China in a minority camp within the organization, a departure from its usual alignment with the vast majority of UN member-states. This stance on the Ukraine war could potentially have negative repercussions on Xi Jinping's stance on the Global Security Initiative, as it diverges from the prevailing sentiment within the international community and may impact China's diplomatic objectives.

In February 2023, Beijing released a 12-point statement outlining “China’s Position on the Political Solution to the Ukrainian Crisis.” Notably, these points appear to emphasize broad principles rather than specific peace plans. It’s important to highlight that these principles seem to be more directed at countering potential U.S. intervention in a Taiwan contingency rather than directly contributing to the peace efforts in Ukraine. Some of the key principles in this statement include respecting the sovereignty of all countries, abandoning the Cold War mentality, halting unilateral sanctions, and ensuring the stability of industrial and supply chains. China’s pro-Russia stance in the context of the Ukraine war has, to a certain extent, affected its perceived credibility as a neutral mediator capable of offering a functional peace proposal.

Beijing has been closely monitoring the developments in the Ukraine war and the U.S.’ response to Speaker Nancy Pelosi’s visit to Taiwan. China has noted that these events have led to the U.S. strengthening its military, economic, trade, and technological ties with Taiwan, making its “strategic clarity” in its Taiwan policy more evident. Beijing tends to believe that the Russia-Ukraine conflict is unlikely to alter the U.S. determination to pursue its Indo-Pacific strategy. In response, the U.S. is expected to accelerate the formation of alliance and partner systems, with a particular focus on enhancing the military offensive capabilities of nations like Japan and Australia. China, on its part, continues its military pressure campaign against Taiwan by deploying PLA fighter jets and navy vessels to encircle the island.

Beijing’s foremost priority remains centered on establishing a credible nuclear deterrence strategy to dissuade any potential U.S. interventions in the Taiwan Strait, taking cues from Russia’s strategy in the Ukraine war. China has sharply expanded its nuclear stockpile and is now holding some 500 operational warheads and predictably reaching over 1,000 warheads by 2030. The People’s Liberation Army (PLA) has subtly indicated the potential use of nuclear weapons against any nation that attempts to disrupt China’s military operations. However, this position appears to contradict Xi Jinping’s previous pledge that nuclear warfare is not a viable option and that nuclear weapons should not be employed in the context of the Ukraine conflict. This contrast underscores the complexity and nuances of China’s approach to nuclear deterrence and its response to international conflicts.

In a Taiwan contingency, the PLA is of the belief that it can capitalize on vulnerabilities within the U.S. strategy while optimizing China's strengths, particularly in areas such as the sustainability of its manufacturing industry, its substantial reserves, and its advantageous geographical proximity to the conflict theater. The PLA is acutely aware of the pivotal significance of the initial battle, emphasizing the need for unwavering determination in any potential confrontation with Taiwan to avoid the risks associated with protracted warfare. Swift and rapid response are paramount in this context. To this end, the PLA has significantly enhanced its tactical capabilities through the expansion of air-launched precision-guided munitions, the deployment of unmanned aerial vehicles (UAVs), and the utilization of remote rocket launchers. These strategic developments were evident in two major exercises surrounding Taiwan conducted by the PLA in August 2022 and April 2023, all aimed at securing a tactical advantage and reinforcing China's military preparedness in the region.

The PLA recognizes the vital importance of preparing for worst-case scenarios and conducting accurate assessments of the strengths and capabilities of both Taiwan and the U.S. in the event of a potential invasion of Taiwan. It's understood that decapitation strikes aimed at Taiwan's leadership may not guarantee success, and favorable forecasts may not materialize, as seen in the case of the Russian invasion of Ukraine. Commander Wang Haijiang of the Western Theater Command, in May 2023, emphasized the significant attention being devoted to the development of cutting-edge technologies, including artificial intelligence, information networks, and aerospace drones. The PLA is actively leveraging these advanced technologies to bolster its combat capabilities.¹ This includes the reinforcement of training for unmanned, networked, and aerial forces, as well as the adoption of new technologies, equipment, and tactics. This strategic approach reflects the PLA's commitment to staying at the forefront of technological advancements to ensure its preparedness and effectiveness in potential military engagements.

Lessons for the U.S. from the Ukraine War

The U.S. has been actively promoting the formation of an international united front aimed at strengthening the cohesion of organizations like NATO and the European Union. This effort involves leveraging advantages in technology,

financial markets, and the U.S. dollar to effectively counter Russia's use of energy and food supplies as geopolitical tools. The G7, during the May 2023 Hiroshima Summit, demonstrated strategic coordination on matters of economic resilience and security. This development has given rise to what can be likened to an "economic version of NATO" in response to Russia and potential adversaries like China. President Joe Biden has aptly described this as "Natoization instead of Finlandization." The U.S. has also elevated concerns about the "China threat" and is pursuing a strategy of "binding China and Russia" to potentially disrupt international peace and stability.

Both Washington and Tokyo have reached the conclusion that the growing military cooperation between China and Russia in Northeast Asia, as evidenced by their increased collaboration in the Indo-Pacific's maritime and aerial domains, presents substantial challenges to the U.S. Indo-Pacific strategy. This situation, which was once a nightmare scenario, places President Biden in the position of managing two closely aligned authoritarian leaders concurrently, highlighting the complexities of contemporary global diplomacy and security.

The Biden administration has shown restraint in not pursuing direct military intervention in ongoing global conflicts with the exception of the Israel-Hamas war. It has become apparent that even substantial military assistance may not be enough to shift the local power balance in favor of regions like Ukraine or Taiwan. However, the U.S. acknowledges that its interests in Taiwan extend beyond its commitments to treaty allies. Taiwan holds a strategic significance not only for regional stability but also for global economic vitality, particularly due to its critical role in the supply chains of high-end semiconductors technology. These advanced semiconductor components are essential for a wide range of industries and technologies, making Taiwan's stability and security a matter of global economic importance. The U.S. Congress, particularly the House of Representatives, holds the view that China, specifically the Chinese Communist Party, could pose an existential threat to global security and the United States. Also, as stated in the National Security Strategy released in October 2022, "The PRC, by contrast, is the only competitor with both the intent to reshape the international order and, increasingly, the economic, diplomatic, military, and technological power to advance that objective."

Imposing economic sanctions on China in response to its invasion of Taiwan is expected to be significantly more challenging for Western countries when compared to sanctions against Russia. The primary reason for this challenge is China's status as the world's second-largest economy and its extensive economic integration with global trade networks. Sanctioning China would have far-reaching economic consequences due to the interdependence of global markets. However, should a conflict erupt involving Taiwan, the costs associated with such a scenario would be substantially higher than in previous instances. As mentioned by U.S. Director of National Intelligence Avril Haines in May 2023, a Chinese invasion of Taiwan would have a massive impact on the global economy. The estimated global annual economic loss resulting from such a conflict is projected to be between US\$600 billion and US\$1 trillion. This underscores the grave economic implications and challenges associated with responding to a Taiwan crisis, emphasizing the need for careful consideration and diplomacy in managing such a scenario.

It's a valid assessment that many UN member-states may choose to remain silent in the event of Chinese aggression against Taiwan. Just as we've seen with Russia's actions, many nations might choose to abstain from condemning China's military activities in Taiwan, which is not even a UN member as Ukraine. This could result in Taiwan not receiving the same level of global support and condemnation as Ukraine has received in response to Russia's actions. It's crucial to consider that the U.S. is unlikely to engage in direct military confrontations with nuclear-armed adversaries like Russia and China.

The ongoing conflict in Ukraine has prompted a debate within the U.S. about how to allocate resources and prioritize strategic objectives. Notable figures like John Walters and Elbridge Colby, who head influential American think tanks, have been actively engaged in this discussion. The central question revolves around whether the ongoing Ukraine conflict will divert U.S. attention and resources away from addressing the tensions in the Taiwan Strait. Their perspective differs from the more optimistic stance held by top-ranking officials and officers in the Biden administration.

For instance, U.S. Indo-Pacific Commander John C. Aquilino emphasized in April 2023 that the military's support for Ukraine does not detract from its efforts to assist Taiwan. Kurt Campbell, the coordinator for Indo-Pacific affairs,

has also affirmed that despite the war in Ukraine, the U.S. remains committed to maintaining its focus on the Indo-Pacific region.

Prior to the Ukraine war, military leaders like Philip Davidson, Indo-Pacific Commander, and Mark Milley, Chairman of the Joint Chiefs of Staff, issued warnings in 2021 suggesting that China might consider the use of force against Taiwan by 2027. However, opinions vary on how the Ukraine war will affect China's calculus with respect to Taiwan. While some former U.S. officials like Hillary Clinton, Joseph Nye, and James Stavridis believe that the Ukraine war may give China pause in considering an invasion of Taiwan, other security experts have a different perspective. Mike Gallagher, a member of the House Select Committee on Strategic Competition with the Chinese Communist Party, holds the view that a Chinese military invasion of Taiwan is an imminent and pressing concern. He emphasizes that the U.S. cannot afford to wait and must take proactive measures to address this potential threat by sending "battalion- or brigade-sized units to the island in regular rotations."² Another school of thought does not rule out the possibility of an accidental military conflict and has suggested that the U.S. must prepare for the more immediate cause of a crisis in the Taiwan Strait.

The U.S. government is prioritizing thorough preparedness in both the U.S. and Taiwan, recognizing that the situation in Taiwan remains manageable at present, as opposed to hasty crisis response, such as in the case of the Ukraine war. There is a belief that Taiwan can draw valuable lessons from the conflict in Ukraine. Deploying numerous small, precise, and cost-effective intelligence-oriented weapons can be crucial in safeguarding both Ukraine and Taiwan. It is considered urgent to establish strategic stockpiles for Taiwan, which fall under the presidential drawdown authority. As an example, in July 2023, President Biden announced the provision of \$345 million in military aid to Taiwan using this authority, followed by nearly \$130 million in foreign military financing grants to the island. For the U.S., the implementation of strong urban defense strategies on Taiwan is seen as the most effective way to deter potential aggression from China.

Taiwan's Lessons from the Ukraine War

Taiwan and Ukraine share some similarities in their situations, as both face the challenge of dealing with powerful neighbors with territorial ambitions.

In both cases, political compromise does not always guarantee lasting peace. To garner international support, Taiwan must demonstrate its determination to resist any potential Chinese military invasion, much as Ukraine has shown resilience in the face of Russian aggression. Taiwan took immediate action by joining Western economic sanctions against Russia, which included measures such as banning exports of microchips and other sensitive materials. Despite the absence of formal diplomatic relations with Ukraine, Taiwan allocated budgets and coordinated donations for humanitarian purposes to assist Ukraine and its western neighbors. The Tsai Ing-wen administration has emphasized that supporting Ukraine in its time of need is a priority that supersedes Taiwan's own interests. Taiwan underscores the importance of U.S. commitment to Ukraine, as the survival of Ukraine is seen as intertwined with the security and survival of Taiwan and the fall of Ukraine would likely embolden China's ambitions in the Taiwan Strait.

The Tsai administration has taken a series of defense preparations in the shadow of the PRC since the Ukraine war. These measures include extending military service from four months to one year, starting in 2024. In addition to the extended service period, Taiwan has implemented more rigorous training for those youths who are recalled back to barracks, which includes combat mission training, war gaming, and other relevant exercises. Article 27 of the Enforcement Law for the Act of Military Service System stipulates those reservists who have been dismissed from the armed forces within eight years may be mustered up to four times for a maximum of two weeks each time. The reserve force in Taiwan serves as a key component of territorial defense, characterized by principles of mobility, decentralization, and survivability. The significance of Taiwan's reserve force should not be underestimated, as their ability to delay a potential Chinese invasion plays a critical role in preventing China from achieving victory in any conflict.

Taiwan, with guidance from the U.S., has adopted an asymmetric military strategy to transform Taiwan into a formidable defense force, often referred to as a "porcupine." This strategy prioritizes the acquisition of large inventories of low-cost, short-range precision-guided munitions, as well as mobile coastal defense cruise missiles (CDCMs). These CDCMs include systems like the harpoon coastal defense systems (HCDS), man-portable air-defense systems (MANPADS), and mobile anti-armor weapons such as the high-mobility

artillery rocket systems (HIMARS). Learning from Ukraine's experience in battlefield management, Taiwan has made the strategic decision to acquire thousands of commercial drones and military-grade uncrewed air vehicles.³ This move is aimed at enhancing its military capabilities, surveillance, and reconnaissance, ultimately strengthening its defense and security posture.

Taiwan, like Ukraine, finds it difficult to safeguard their security independently, given the power and intentions of their neighboring giants. This underscores the importance of international alliances, support, and diplomatic efforts to ensure the security and sovereignty of smaller nations facing such challenges. The U.S. has traditionally served as the primary security guarantor for Taiwan, as reflected in the legislated Taiwan Relations Act of 1979. However, the Biden administration, since 2021, has been pursuing innovative foreign policy approaches that seek to engage other like-minded states, with a particular focus on Japan, in addressing the growing Chinese threat to Taiwan. A Taiwan contingency could potentially lead to emergencies affecting Japan or even a Japan contingency. Both Prime Ministers Shinzo Abe and Fumio Kishida drew correlations and parallels between the Ukraine war and potential developments in Taiwan or the broader Asian region. In May 2022, President Biden and Prime Minister Kishida issued a joint statement that "reiterated the importance of peace and stability across the Taiwan Strait as an indispensable element in security and prosperity in the international community." They also expressed support for the peaceful resolution of cross-Strait issues.

Taiwan's security has indeed evolved into a global concern, particularly in the aftermath of the Ukraine war. This shift has been evident in a series of high-level meetings and discussions involving prominent world leaders. Building upon U.S.-initiated policy foundations, various forms of diplomacy, including bilateral, trilateral (involving the U.S., Japan, and South Korea), and multilateral summits (such as the G7 and the European Union), have featured joint statements that include identical sentences regarding the situation in Taiwan. These statements serve as a warning to Beijing, conveying the potential international security consequences associated with actions related to Taiwan.

Taiwan has a longstanding history of preparing for possible military contingencies through its annual island-wide military exercises that cover a

wide range of scenarios. The recent developments, including the Ukraine war and Beijing's reactions to Speaker Pelosi's trip to Taiwan, have prompted numerous think tanks in the U.S., such as the Center for New American Security, the Center for Strategic and International Studies, the United States Institute of Peace, as well as Japan's Sasakawa Peace Foundation and Japan Forum for Strategic Studies, to conduct successive war games focusing on Taiwan. Additionally, the House Select Committee on Strategic Competition with the Chinese Communist Party has organized two war gaming exercises, serving as a reminder of the potential defense and financial impacts that could arise in the event of a Taiwan contingency. These exercises and simulations play a critical role in understanding, planning for, and addressing the complex security challenges surrounding Taiwan and the broader Indo-Pacific region.

Concluding Remarks

Observers raise important questions about how the Ukraine war might influence China's calculus regarding Taiwan. The immediate reasons for China to resort to the use of force, its economic conditions, and various other factors are subjects of differing perspectives among leaders and policy analysts. The global attention and preparations surrounding both situations do create a complex backdrop for decision-making. The comparison of Taiwan and Ukraine as thorns in the flesh and potential targets for expansionist neighbors highlights the complex geopolitical dynamics at play. However, it's clear that Taiwan, like Ukraine, faces the reality that in the event of a direct military invasion, it would largely have to rely on its own preparedness and defense capabilities. China's ability to exert pressure on Taiwan, including through military attrition tactics, underscores the core challenges faced by Taiwan's security.

Taiwan must prepare itself for potential worst-case scenarios and direct military invasions. The outcome of such situations and the performance of the PLA relative to the Russian Army are influenced by numerous factors, including political, economic, and military considerations. These factors may be beyond Beijing's complete control, and it is incumbent upon Chinese leadership, including Xi Jinping, to draw lessons from recent global events, such as Russia's actions in Ukraine, as they make strategic decisions.

NOTES

- 1 Amber Wang, “Chinese General Calls for Military to Prepare for ‘Hybrid’ Modern Warfare,” *South China Morning Post*, May 15, 2023.
- 2 Mike Gallagher, “Taiwan Cannot Wait: What America Must Do to Prevent a Successful Chinese Invasion,” *Foreign Affairs*, February 1, 2022. See also Michele Flournoy and Michael Brown, “Time Is Running Out to Defend Taiwan: Why the Pentagon Must Focus on Near-Term Deterrence” *Foreign Affairs*, September 14, 2022.
- 3 Jono Thomson, “Taiwan Defense White Paper Outlines Plan for 7,700 Drones,” *Taiwan News*, September 12, 2023; *ROC National Defense Report 2023* (Taipei: Ministry of National Defense, 2023), p. 75.

CHAPTER 8

Can a Transactional Friendship Really Threaten the Liberal International Order? A European Lens on Sino-Russian Relations

Zsuzsa Anna Ferenczy

Introduction

Russia's full-scale invasion of Ukraine in February 2022 plunged Europe into its largest conflict since World War II. As the fighting continues, the EU sees Russia as the primary threat to its security, while China continues to position itself to benefit from the conflict—and from an increasingly dependent Russia for its economic survival. Since the invasion, Moscow's reliance on Beijing has indeed drastically increased. On the sidelines of China's Belt and Road Forum held in October 2023, Chinese leader Xi Jinping met his Russian counterpart. For Europe, their meeting was another attempt from Beijing to prop up Russia diplomatically and economically, and yet another indication that Europe can't rely on China's support to end the aggression anytime soon.

In light of the strengthening Russia-China strategic friendship, perceptions of China as a reliable partner and predictable market have shifted across the EU, with a growing realization that bilateral cooperation may come at the expense of the bloc's economic security, and help Beijing reshape global governance to suit its own interests. The perception of China as an unfair competitor and “systemic rival” has strengthened, with the EU shifting towards

economic and political de-risking. Most importantly, Beijing's political support to Moscow's aggression has alarmed Europeans of the implications of the Russia-China strategic partnership regarding the international order.

In her keynote address on EU-China relations delivered days before her joint visit to China with French President Emmanuel Macron on April 3, European Commission president Ursula von der Leyen stressed that China is changing and moving into "a new era of security and control", which calls for change in the EU's China policy.¹ In her address, the Commission president also made it clear that "how China continues to interact with Putin's war will be a determining factor for EU-China relations going forward".

This chapter maintains that given the deepening of their coordination, a tighter Russia-China alignment could fundamentally challenge the existing liberal global order. Beijing's efforts to reshape global governance will determine not only the future of EU-China relations, but that of the international order. Therefore, rebalancing relations with China must remain a priority for the EU, as it seeks a new *modus vivendi* with Russia.

To address the Russia-China challenge, Europe has committed to reinforcing its resilience by reducing its strategic dependencies, mindful that in a new geo-economic reality, being dependent is a major security threat. At the same time, as strategic relations around the world are being redefined, for Europe the relevance—and support—of developing countries in the so-called Global South has increased. Their positioning since Ukraine's invasion has made it clear that the West can no longer take the support of developing countries for granted.

The EU has started to reinforce cooperation with like-minded partners, equipping itself with defensive tools designed to help identify threats and articulate common responses. At the same time, the EU remains interested in cooperation with China, committed to "ensure diplomatic stability and open communication", in the words of the Commission president.² This chapter argues that going forward a defensive posture, namely simply defending the status quo, is no longer sufficient to effectively push back against authoritarian threats. The EU and its like-minded partners must jointly invest in an effective counter-narrative and strategy that advances international law in partnership with developing countries, thus enlarging the global coalition defending the vision of a liberal, rules-based order, and strengthening democratic resilience.

Russia and China have both sought, in their own ways, to position themselves as solution providers to the problems of the Global South that Beijing and Moscow claim to have started by the “West”. This chapter maintains that the EU should lead efforts to re-engage countries in the developing world, listen to legitimate criticism and concerns among the international community, and ensure that emerging economies are partners in advancing the international order. Only a renewed strategic approach can enable democratic countries to discredit alternative authoritarian visions for an international order.

The Russia-China Challenge

Twenty days before Russia launched its full-scale invasion of Ukraine in February 2022, Beijing and Russia declared a ‘no limits’ friendship that “surpasses an alliance” because it has “no forbidden areas”.³ While bilateral relations are complex, in recent years, Russia and China have significantly reinforced relations, based on shared threat perceptions that Washington and its allies seek to undermine them. They have aligned their positions in order to jointly fight the U.S.-led world order, a strategic alignment that constitutes the core of their friendship. They reject the U.S.-dominated global order because it constrains their ambitions and threatens their domestic authoritarian rule, hence their shared interest in creating an order that is friendlier—and safer—to their regimes.

In March 2023, the two leaders met again and cemented their ‘no limits’ friendship.⁴ They called for “responsible dialogue” to resolve the Ukraine “crisis”, declaring that as part of their deepening strategic partnership they were driving geopolitical change around the world, change the world has not seen “for 100 years”.⁵

Marking exactly a year to the aggression, Beijing also released a position paper calling for the “Political Settlement of the Ukraine Crisis”, calling for dialogue and claiming it would play a constructive role in finding a solution.⁶ Beijing published this paper just as American President Joe Biden visited Kyiv, his first visit to the country since the invasion, declaring in a joint statement with Ukrainian President Zelenskyy that “Putin’s war of conquest is failing”, while Russia’s economy is “a backwater, isolated and struggling”.⁷

On the one-year anniversary of the war, the EU also committed to stand with Ukraine, denouncing Russia's aggression and false narrative.⁸ EU member-states committed to working with partners to provide assistance to those most in need. The divergence in these statements issued by Washington and Brussels on one hand, and Moscow and Beijing on the other, couldn't be any more striking. In reality, their positions on Russian aggression are indicative of the divide between their visions, with the former supporting the rules-based international order and the latter advancing an alternative vision at the expense of it. Putin's invasion of Ukraine made the intensifying contest between competing visions for the international order a reality.

The Russia-China Rhetorical Alignment

While over the years Russia-China strategic cooperation has materialized in security and military terms with regular bilateral military consultations and joint exercises, their rhetorical and strategic alignment has also steadily strengthened through cooperation across economic and diplomatic fields. It is due to this consistent growth in cooperation, albeit not without friction, that Russia can still afford relying on China following its aggression against Ukraine, just as the EU and its allies have united to isolate it.

Still, below the Sino-Russian rhetorical convergence, significant differences exist. While Russia is inclined to act as a spoiler to defy the international order and reclaim regional influence, China seeks stability as a means to guarantee the longevity of its political system. While too much Russian disruption might worry Beijing, too much Chinese power might be cause for concern for Moscow. For now, despite the lack in mutual trust, an alignment against the democratic "West" serves the interests of both.

Moreover, China has not only offered diplomatic support to Russia and amplified its anti-NATO, anti-American discourse, it has helped it economically by procuring energy resources from Russia. Therefore, following the aggression, China did not distance itself from Russia. Instead, it insisted it would remain neutral, while it benefited from Russia becoming its junior partner needy of support, including for things such as electronic components and technologies used in its military, effectively helping Russia to circumvent the international sanctions imposed by the West. Research shows that in 2022 alone, Russia's defense industrial base received micro-electronics shipments

worth more than USD 500 million, from shell companies in third countries and Hong Kong of crucial importance.⁹

Russia continues to count on Beijing's support knowing that they share a strategic goal, namely to undermine democratic governance. The EU has identified their foreign information manipulation and interference as a key threat to democratic resilience, and has started to observe and document their activities in order to understand their harmful consequences.

Research conducted by the European External Action Service (EEAS) has shown that both Russia and China have engaged in information manipulation mostly to distract and distort; to direct attention to a different actor or narrative and to shift blame.¹⁰ For years, Russia has used a whole playbook of information manipulation and interference with the aim to sow divisions, denigrate democratic processes and institutions and rally support for its imperialist policies. Ukraine has been the main target of Russia's information operations: The 2022 full-scale invasion being the culmination of its years-long efforts seeking to undermine its sovereignty and territorial integrity. Russia has also sought to undermine international support for Ukraine and to break the global resolve to condemn the war.

Concerning China's information operations, the EEAS has found that its activities include public diplomacy, intimidation and harassment of critical voices with the aim to suppress information outside its borders, often reinforced by other means of interference, such as economic coercion. EEAS research also found that Russia's aggression against Ukraine has provided further evidence of China's and Russia's convergence in the information space. Chinese state-controlled media and official social media channels have amplified selected pro-Kremlin conspiracy narratives, and on occasion have provided a platform for sanctioned Russian media outlets.

China's Alternative

Russia's attack against democracy has served Beijing's strategic agenda to reshape global governance to suit its own interests as its pro-Russia neutrality suggests.¹¹ Russia did not only invade a sovereign state, it attacked the foundational principles of the post-World War II order, a sign of intensifying authoritarian revisionism. According to the 2023 Munich Conference Security Report,

Russia's invasion is the "most brazen" attack on the liberal, rules-based international order. Therefore, Russian aggression and China's tacit support, and China's own military posturing to assert its sphere of influence in the Indo-Pacific while promoting an alternative governance model, are all elements that embody the broader autocratic challenge.¹²

Motivated by a sense of vulnerability and insecurity, China considers the U.S. its key security threat, which has driven its decision to modernize its military and prioritize its securitization efforts against both foreign and domestic threats. Beijing has ramped up pressure on Taiwan endangering peace and security in the Taiwan Strait, which it claims as its own although it has never ruled it, suggesting it might be preparing for forced unification. China has at the same time emerged as a norm entrepreneur, investing in different sources of power with the aim to expand its normative influence and discourse power.

In this process, the Chinese leadership has maintained that it supports the aspects of the Westphalian order centered on norms of sovereignty, territorial integrity, noninterference in the domestic affairs of states and self-determination, but not components of the liberal international order as dominated and perpetuated by the West, such as shared sovereignty, the rule of law, the international promotion of human rights and the overall U.S. alliance system.¹³ The latter elements are in tension with the Chinese Communist Party's goal to achieve great power status for the PRC, hence Beijing's consistent call to reshape global governance to help advance its own interests.

China has thus engaged in systematic efforts to undermine the international human rights regime, through which it seeks to weaken liberal democratic global governance, seeing it as fundamentally threatening to its regime.¹⁴ Beijing has promoted its state-centered approach to human rights instead, subordinating individual rights to national interest. Supported by Russia, Beijing has been leading the authoritarian pushback against institutions supporting human rights, with information manipulation as a key tool to impose its own alternative. The concept of 'Community of Common Destiny for Mankind' has been central to this grand plan.

Slogans and Initiatives

The phrase, first included in Hu Jintao's political report to the 18th National Congress of the CCP in 2012, now central to the Xi Jinping Thought on Diplomacy, has signaled embracing a proactive Chinese foreign policy designed to create a new framework of international relations and to improve global governance.¹⁵ His proactive foreign policy is also designed to help realize the "Chinese dream" or the "great rejuvenation". Guided by this concept, Beijing has put forward several policy initiatives, namely the Belt and Road Initiative in 2013, which was projected as an infrastructure-building project, the Global Development Initiative (GDI) first outlined in 2021, the Global Security Initiative (GSI) released in February 2023, and the Global Civilizational Initiative (GCI) launched in March 2023.

All of these are meant to "tell China's story well, disseminate China's voice well, and strengthen our discourse power internationally", with the core mission to denounce Western narratives and promote China's alternative; to compare "China's order" with "chaos in the West".¹⁶ Being mutually reinforcing and projecting a comprehensive vision of a new global governance system, these initiatives serve as a blueprint to transform the global order with China leading the international community. Therefore, asserting China as a leader is the core of Beijing's plan to appeal to developing countries that have been themselves calling for reform in international political norms and practices.

Through its GDI, Beijing aims to build global partnerships targeting developing countries in the Global South, so that "people will have a greater sense of happiness, benefit and security, and achieve well-rounded development", while caring about "the special needs of developing countries".¹⁷ The GSI, launched a year after Russia's invasion of Ukraine, puts forward a common, comprehensive, cooperative and sustainable kind of security, one that delivers, unlike the Western-led governance system, projecting China as the greatest source of stability. These initiatives help externalize China's internal policies by projecting a positive image of China, or the China Model as inspiration in contrast with the decaying West, with the aim to build anti-Western multilateral platforms. As of April 2023, the Group of Friends of the GDI received the support of more than 100 countries and international organizations.¹⁸

Building up Defense

In light of Russia's challenge to the most fundamental principles of the international order, Europe's awareness of the threat and sense of urgency to act to defend its interests have increased. The EU has started reinforcing cooperation with like-minded partners to better understand the challenge and develop the capacity to effectively counter it, thus strengthening its democratic resilience. At the same time, Beijing has doubled down on both presenting a new narrative and new measures to play a more relevant global role, while it has amplified Russia's disinformation to sow doubt about who the aggressor is, accusing NATO and the U.S. of attempts to encircle and contain Russia with Ukraine.

Its Position Paper on Ukraine clearly exemplifies Beijing's embrace of a proactive foreign policy that is guided by its GSI, promoting core principles such as the paramount importance of state sovereignty and territorial integrity. As its initiatives suggest, Beijing has grown assertive in positioning China as an alternative model to the Global South. China has also used BRICS, the forum of five major emerging economies—Brazil, Russia, India, China and South Africa—as a tool to expand its role in the developing world.

The 2023 BRICS summit saw its enlargement with six new members, namely Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates, an expansion which might make it harder to turn the BRICS into an influential political force. It could turn the BRICS into a theater of contestation itself, instead of shaping a new theater of contestation with the West.¹⁹ The Chinese leadership has institutionalized cooperation with developing countries through other forums such as the Forum on China-Africa Cooperation, provided substantial foreign assistance, including through the 2015 establishment of the South-South Cooperation Assistance Fund, and invested in public diplomacy to disseminate its official narrative and project a positive image of China, including through social media platforms.

Questions remain however as to whether China's efforts to impose its alternative model as superior to the Western model have been effective in rallying developing countries to support its vision. At the same time, it remains to be seen how effectively Europe and its like-minded partners can defend the principles underpinning the rules-based international order. So far, Russia's

aggression has led to an unprecedented level of unity among democratic allies: Ukraine's democracy has strengthened, Western unity has been reinforced and NATO members converged in their understanding that the security of Europe and the security of Asia are joined.

As a sign of growing convergence, leaders of Australia, Japan, New Zealand, and South Korea participated at the 2023 NATO summit. In their Communiqué, the allies noted that China's "stated ambitions and coercive policies challenge our interests, security and values", adding that they remain open to constructive engagement with China.²⁰ Similarly, the 2023 G7 Summit under Japanese presidency also invited a series of leaders, including those of the G20 troika, namely Indonesia, India and Brazil, given their growing relevance in defending the liberal order.

These efforts signal joint interest to reinforce resilience in the face of threats that the China-Russia strategic coordination presents. It was already in 2020, that for the first time the EU named China, in addition to Russia, a source of online disinformation linked to the coronavirus aimed at undermining Western democracies, sowing internal divisions and projecting a distorted view of China's response to the pandemic.²¹ This marked a significant shift in Europe regarding its perceptions of China.

The shift towards a more realist approach to China has enabled the EU to adopt defensive measures to protect European interests. Regular discussions in Brussels on the economic, technological and political threats China and Russia pose have guided reflections on Europe's geopolitical positioning in the world. Member-states have converged around the need to de-risk its economy, in order to strengthen the strategic sectors in which it is too reliant on other countries. De-risking entails equipping the EU with the right tools to defend its interests, while seeking close alignment with its partners.

Counter-narratives in Partnership with Emerging Countries

In this spirit, in June this year, NATO members agreed to confront "systemic challenges posed by the PRC to Euro-Atlantic security" and respond to China together by boosting shared awareness, enhancing resilience and preparedness, and protecting against China's coercive tactics and efforts to divide the Alliance.²² At the 2023 Summit, G7 countries reaffirmed the importance of peace and stability across the Taiwan Strait as indispensable to security and

prosperity in the international community, stressed that there is no legal basis for China's expansive maritime claims in the South China Sea, and called on China not to conduct interference activities aimed at undermining their security and safety, and the integrity of democratic institutions.²³

Given the magnitude of the ever-growing authoritarian threats to the future of the liberal global order, a defensive posture is however no longer sufficient. Europe and its like-minded partners must reengage developing countries and effectively address efforts by China and Russia to build a bigger anti-Western front. Europe should work more closely in particular with partners in the Indo-Pacific region, including India, Japan, the Republic of Korea, Taiwan and ASEAN countries. The Indo-Pacific is the region where China's coercion has been most serious, with a growing number of countries being victims of its economic coercion, intimidation and military posturing. It is also a region home to emerging economies with great relevance to the future of the liberal order. As such, India has used its G20 presidency in 2023 to reinforce its ties with developing countries by declaring its ambition to be "the voice of the Global South". Japan has signaled its support of an inclusive vision, by inviting eight guest countries to the Hiroshima Summit under its G7 presidency.

The EU and like-minded partners should, therefore, invest in developing a genuine and equal partnership with countries of the Global South, and develop a strategy that takes into consideration their diverse interests and ambitions, as well as their criticism directed at the West, which they have articulated as hypocrisy and double-standards, and a failure to deliver or live up to the rules itself. Together they should identify effective responses to threats, including information manipulation and influence operations that seek to impose alternative governance models at the expense of the international order. Europe should lead efforts to propose a counter-narrative with the buy-in of developing countries, which rests on the core pillar of equal partnership through strategic investment rather than development aid, while countering developing countries' dependence on China and Russia for economic security.²⁴

China has been investing generously and consistently in promoting its alternative vision to the liberal order in its engagement of the Global South, while claiming that it was building equal partnerships that would secure their

well-being. In reality, by engaging the developing world, China has promoted its own alternative narrative on global governance that prioritizes state sovereignty and state control at the expense of fundamental freedoms, backed by its pro-active foreign policy initiatives such as the GDI and GSI, seeking to increase its influence. As part of this process, Beijing has relied heavily on state-funded and state-backed media channels and has used public diplomacy.

Going forward, the EU should lead efforts to raise awareness of how Russian and Chinese foreign information manipulation and interference operate, by building on its research and activities that it has been carrying out since 2015 following Russia's annexation of Crimea supported by massive state-funded and state-backed information manipulation and influence operations. Through the establishment of its Strategic Communications unit in 2015, the European External Action Service (EEAS) runs several task forces to counter foreign disinformation inside the EU and its neighborhood, namely in the Eastern Partnership, in its Southern Neighborhood and the Western Balkans.

The unit also includes a specific China focus within its Policy, Strategy and Global Priority Issues Team (PSG) that has the mandate to identify and analyze Chinese disinformation and foreign information manipulation and influence activities (FIMI).²⁵ This team helps design responses to Chinese manipulative activities via policy development, exposure and awareness raising. Such research has contributed to developing much needed China competence across the EU. Countering false narratives coming out of Russia and China with pro-active and clear counter-narrative will be key to not only defend the liberal order, but to build up democratic resilience, key to the sustainability of the order in the long run.

Going Forward

There is a shared sense of awareness across the EU of the threats associated with continuous close cooperation with China. As such, in its first national security policy, Germany, China's top trading partner in Europe, declared that China poses a growing threat to global security, indicative of Berlin's shift in its approach to security. Germany has its own China strategy, based on the premise that its approach to China needs to change because China has changed, aiming to "reshape the existing rules-based international order",

“calling principles of international law into question”.²⁶ Overall, EU member-states have started to change their perceptions of China.

China’s support to Russian aggression was a watershed moment in EU-China relations, reflected in strong-worded statements coming out of Brussels. EU High Representative Josep Borrell said it would be a “red line” for the EU if China sent arms to Russia.²⁷ Yet, the EU never explained what this would entail in practical terms. The reality is, while EU member-states have converged on the need to respond jointly to Russian aggression, they continue to diverge on how to go forward with China. Mindful that securing internal convergence on China will remain a challenge, better managing differences must, therefore, remain a priority for the EU, if it is serious about leading global efforts to re-engage developing countries and protect the liberal international order.

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CHAPTER 9

How Can Taiwan, Japan and U.S. Cooperate with EU and NATO in the Great Power Competition? A Taiwanese Perspective

Liang-chih Evans Chen

Introduction

The war in Ukraine, and the need to deter further Russian aggression in Eastern Europe and the EU and NATO) countries has triggered a debate about security in the Taiwan Strait and the ability of the United States-led democratic alliance to adequately resource a much-needed rebalance to Indo-Pacific. These also push democracies to reconsider prioritizing their strategic competition with China. For some, Ukraine is a dangerous distraction that Washington should avoid getting bogged down in lest it incentivize Beijing to engage in opportunistic aggression in Asia. According to this logic, deterrence in Asia, and the security of the United States' Indo-Pacific partners, hinges on U.S. restraint in Ukraine and in Europe more broadly. However, others contest that a hot war and the prospect of further military aggression will inevitably compel the United States to strengthen its posture in Europe in the foreseeable future. And the possibility of China's invasion of Taiwan will be also increasing traumatically for sure.¹

As we are in the context of the American-Chinese “great power

competition” context, this chapter considers a realistic picture of U.S.-China competition in two dimensions—both two powers struggle not only for geopolitical (geostrategic) and balance-of-power but also regime type and ideological value and belief. In this regard, I define the competition as a “dual complex competition.”² Due to the severe struggle for power, interest, and national security, I argue that security in the two theaters or arenas of Euro-Atlantic and Indo-Pacific is highly *interdependent* today. In response to that situation, cooperation among Taiwan, Japan, and the U.S. with their EU and NATO partners is critical and necessary today.

Security in Euro-Atlantic and Indo-Pacific are Interdependent Today

In this chapter, I raise a set of research questions as follows:

1. *Should Asia and Europe concern about their security with each other?*
2. *Is Taiwan’s security critical to Europe?*
3. *Is European security critical to Taiwan?*
4. *How can Taiwan, Japan, the U.S. and EU-NATO states work together in responding to their security challenge?*

As I mention in the introduction, we are living in a context of American-Chinese great power competition today. But one thing has to be clarified that today’s great power competition is not just merely in between two great powers—the United States and China, but among two *blocks* of states following a line based on different regime types, ideologies, political values and beliefs, and lifestyles. In general, it is a contest between democracy and authoritarianism, which is considered as a revisionist power trying to reset the international order since the end of World War II.

Regarding the concept of block, the key is China and Russia preserve the “no limit” strategic partnership confronting the U.S.-led democracies. Because of the linkage of Beijing and Moscow’s alignment, the Euro-Atlantic and Indo-Pacific areas are correlated and that is why we say “today’s Ukraine, tomorrow’s Taiwan” or “Ukraine today, Taiwan tomorrow.” In the same way, if war took place in the Taiwan Strait first, perhaps we would say “today’s Taiwan, and tomorrow’s Ukraine” or “Taiwan today, and Ukraine tomorrow.”

Here, I would prefer to use the “counterfactual” concept to look at the correlations between Euro-Atlantic and the Indo-Pacific. First, let’s assume that if Putin *won* in Ukraine, what would it be in the Indo-Pacific, for Taiwan, Japan, the U.S., and others? Certainly, the situation would be more challenging for Taipei, Tokyo, and Washington because China would be encouraged and become more aggressive in its plan of invading Taiwan. Second, instead and in the same logic, if Xi *won* in Taiwan, what would it be in the Indo-Pacific, for Taiwan, Japan, and the U.S., and what would it be in Europe for EU and NATO? As expected, the situation would be more challenging for Taipei, Tokyo, and Washington because they lost the advantage to Beijing, and it would be more challenging to EU and NATO as well since Moscow would be more inspired and become more invasive about intruding Ukraine.

Based on the arguments above, I move further to develop two sets of theoretical hypotheses examining correlations between the Euro-Atlantic and the Indo-Pacific as follows:

One, from the perspective of Atlantic-Europe to Indo-Pacific

Hypothesis 1: If Putin wins in Ukraine, Xi will be encouraged to invade Taiwan.

Hypothesis 2: If Putin loses in Ukraine, Xi will be discouraged to invade Taiwan.

Hypothesis 3: If Putin loses in Ukraine, Xi will be discouraged but will increase and accelerate to invade Taiwan, since opportunity in loss.

Discussion: Hypothesis 1 seems very reasonable and pretty certain because China, like the argument above, will be encouraged and become more aggressive to conduct its invasion plan of Taiwan. And certainly, this will place great pressure on Taiwan, Japan, and the U.S. In contrast, Hypothesis 2 also seems to be reasonable since China will tend to be more conservative and hesitant to launch a war in the Taiwan Strait. Most interestingly, Hypothesis 3 is more likely and reasonable too because China will be discouraged and frustrated by Russia’s loss. But Beijing will increase and accelerate to invade Taiwan since it considers the window of opportunity of reunifying the island

as closing. Therefore, it is better to launch a war with Taiwan as early as possible, rather than delaying or postponing the plan.

Two, from the perspective Indo-Pacific to Atlantic-Europe

Hypothesis 1: If Xi wins in Taiwan, China will further increase and project its power abroad, and Putin will be encouraged to achieve his ambition.

Hypothesis 2: If Xi loses in Taiwan, Putin will be discouraged to achieve his ambition.

Hypothesis 3: If Xi loses in Taiwan, Putin will be discouraged but will increase and accelerate to achieve his ambition, since opportunity in loss.

Discussion: In this section, Hypothesis 1 is very reasonable in that China's real intention is not just only to reunify Taiwan, but also to defeat the U.S. in the West Pacific. Thus, Beijing will continue to challenge Washington in the region. Certainly, preserving and controlling Taiwan is a great advantage for China in the conduct of its strategic competition with the U.S. and this is absolutely a great encouragement for Russia. In contrast, Hypothesis 2 will see Russia discouraged and frustrated, and it will tend to be more conservative and hesitant to launch a war in Ukraine, and has a relatively disadvantage in competing with NATO. With regard to Hypothesis 3, most interestingly and in the same way, if China loses in Taiwan, Russia will be discouraged and frustrated too, but it will increase and accelerate to achieve its ambition of invading Ukraine and struggling with NATO on the other hand, instead of putting the plan on hold. The logic is just like Hypothesis 3 in the first section because Russia will reconsider that the opportunity for accomplishing its ambition is fading away. In response to that, it is better to launch a war with Ukraine as early as possible, rather than delaying or postponing the plan, even though Moscow is relatively weaker than China overall.

Cooperation among Taiwan, Japan, the U.S. with Their EU and NATO Friends

Since security in both theaters of Euro-Atlantic and Indo-Pacific is highly interdependent today and the Taiwan Strait is the center in the East arena,

different avenues of cooperation for Taiwan, Japan, the U.S., and the EU and NATO partners are recommended in this chapter.

Military

First of all, from the perspective of military, I have recommendations as follows:

1. *Taiwan and its democratic allies/partners must look for military cooperation with each other.* They need to know the following questions: (1) What will it take, and how, for them to strengthen their collective defense mechanism, and what and how can Taiwan participate? (2) What military strategy can they use to work together to construct a common deterrence and denial to China's military threat? and (3) What military capability can they build together for operations in the future battlefield? Taiwan and democracies need to convince each other to start dialogues, communications, and exercises of mutual defense cooperation, and *in practice* rather than conversation.
2. *Taiwan and its democratic allies/partners can start with track 2.0 or track 1.5 dialogues first.* Taiwan can be and should be an observer attending a series of joint military meetings and exercises of/by Japan, the U.S., and the EU and NATO. Japan, the U.S., and the EU and NATO have to preserve independence to develop their own strategy without any fear of China's anger. Therefore, sharing defense intelligence is a good start, as information is critical either for their assessment of the situation or a future military operation against an attack by China.
3. *Establish a new Freedom of Navigation Operations (FONOPs) of Taiwan and its democratic allies/partners in the Taiwan Strait.* The democratic alliance has to develop a security mechanism copying the example of the U.S. 7th Fleet's patrols in the Taiwan Strait during the Cold War and continuing FONOPs to form various multinational naval transits, including Taiwan's navy, in the Strait, rather than current trips by U.S. and Canadian warships alone. The greater the internationalization of the Taiwan Strait, the stronger political-military signals for China to cross the Strait. This conduction can be applied to the South China Sea (SCS) and the East China Sea (ECS) as well.

4. *Set up a Joint Command Center and send standing military staff to Taiwan.* Japan, the U.S., and the EU and NATO can establish a full or semi-joint operation command center whether the mechanism chooses to set up its headquarters or not. Standing military staff of each member can be sent to the center to carry out staff assignments for operations. The organizational size of the command center is flexible depending on how critical the situation. The more dangerous the situation, the larger the unit structure. Additionally, Taiwan and its democratic allies/partners also need to define the role of the command unit and clarify its relationship with the U.S. Indo-Pacific Command.³
5. *Conduct a series of joint Taiwan—Japan, U.S., EU and NATO war games and military exercises.* The democratic alliance can conduct a series of war games and military exercises based on the joint staff assignments. This operation can increase democracies' mutual defense energy and generate a great deterrence against China as well as simulating and testing the democratic allies' war plan and preparations in a real situation.⁴

Non-Military

From the perspective of the non-military, I propose cooperation with/including Taiwan on protecting and strengthening *democracy* for their mutual defense of security.⁵ Some strategies are suggested as follows:

1. *Japan, U.S., EU and NATO and Taiwan have to strengthen their dialogues and communication on how to conduct democracy protection and consolidation.* They need to realize that preserving a liberal-democratic system is indeed critical for their lifestyle, including at home and overseas. Therefore, they need to summarize, outline, and prioritize key issues to protect democracy under authoritarian and revisionist powers' threats.
2. *Reconsider copying the manner of China and Russia's political warfare initiatives to develop democracies' political warfare.* In a reality, it seems that democratic states do not conduct political warfare strategy/tactic to attack or counterattack China and Russia although they also

- promote international propaganda. By taking a similar approach, democracies and Taiwan need to target people and societies of authoritarian and revisionist states to shake their foundation of power.
3. *Actively fighting the information war is important.* This is highly related to the political warfare initiative above. There is always a significant difference between authoritarianism and democracy—that is authoritarian regimes can control media and social network of the countries but democracies cannot. Democracy is open and respects for freedom of speech though it still prohibits misusing of that freedom. I suggest that Taiwan, Japan, the U.S., EU and NATO could switch to use a concept of “public education” to convince their people to build up and consolidate relatively mature civil societies. In doing so, people should learn to know who the real enemy is and how to protect the democracy.
 4. *Taking the measure to strike authoritarian systems with highly digital technology.* So-called the “digital authoritarianism” already develops a mighty approach to monitor and control their people. Not only can it found what the dictator wants to let the people know about the truth, but also it can watch and seek to cut off any dissent or opposition immediately. This does tend to strengthen the authoritarian regime and raise difficulties for democracies to influence or transform the political system.⁶
 5. *Taiwan, Japan, the U.S., EU and NATO can consider striking and frustrating Russia and China’s expansion of the internet.* The World Wide Web is a critical foundation for information circulation and it places a plenty of room for the authoritarian governments both to intervene in democracies and non-democracies and to control information within their territories. The situation is that authoritarianism or revisionist powers are easily able to know and manipulate public opinion and policy-making in democratic countries, but in contrast, democratic countries are uneasy to leverage their understanding to influence authoritarian regimes. Thus, apart from re-emphasizing the need to protect the internet and cyber networks, Taiwan and other democracies could consider another measure preemptively, that is

separating the web from that of authoritarianism. Within the liberal-democratic web, data and information stream freely and separation would greatly decrease authoritarianism's manipulation of democracies.⁷

6. *Taiwan, Japan, the U.S., EU and NATO need to work together to speed up their decoupling with Russia and China.* As we know, globalization and economic interdependence has led to economic development for the rising powers, particularly for China. Although the global economy is *interdependent*, authoritarianism and revisionist powers use economic measures as leverage to influence another state or democracy's economy and society, as well as domestic politics and foreign policy. Therefore, on the one hand, democracies have to greatly decrease their *dependence* on Russia and China, including resources, goods, capitals, and human power; and on the other hand, democracies need to search for alternatives to make up for the shortage of separating (decoupling) from authoritarianism and revisionist powers. This certainly includes restructuring supply chains for democracies, strengthening "strategic industries" of democracies such as AI, big data, unmanned vehicles, and so forth. It is important to act rapidly to establish a free-world and democratic economic cooperation framework. That network could assist democracies in reducing and shouldering any risks or costs of authoritarianism's economic revenges.
7. *Taiwan, Japan, the U.S., EU and NATO have to assist each other in improving the quality of democracy.* It has been almost 50 years since the spread of the Third Wave of Global Democratization, defined by Professor Samuel Huntington in the 1990s. At that time, since the collapse of the former Soviet Union and the end of the Cold War, there was much optimism about the victory of liberalism and democracy and people tended to believe it is the "end of history." Yet, it is not. In the past decades, democracy all over the world has still encountered a great challenge from many dimensions, including political extremism, corruption, government failure, bad governance, economic recession, societal turbulence, and manipulation of sharp power from its authoritarian and autocratic counterparts. In response

to that democratic recession and threats placed by authoritarian regimes, democratic states have to reorganize together to strengthen and consolidate their political systems. Repurifying the rule of law, openness and transparency, check-and-balance for a better democracy is vital, as well as promoting public education and communication to preserve a relatively mature *civil society* against authoritarianism's encroachment.

Conclusion

It is clear that security in the two theaters or arenas of Euro-Atlantic and Indo-Pacific is highly interdependent today and the system of democracy is being seriously challenged and threatened; not only in the United States alone but also democratic states all over the world. Additionally, it is clear that no matter whether democracy is weak at home and/or abroad, authoritarianism and revisionist power is relatively strong and takes any chance to erode democracy. On this matter, I conclude that great power competition between the United States, the dominant power, and China and Russia, rising powers, is not merely the struggle for their geopolitical interest in terms of hard power and materials, but it is also a contest for belief in and value of their political system. Strategic competition between great powers covers nearly all aspects of life, from geopolitics, economy, military, culture, high-tech, and ideology, to lifestyle.

This chapter definitively argues that cooperation among Taiwan, Japan, and the U.S. with their EU and NATO partners is critical and necessary today. While we already spend a lot of time in discussing how to counterbalance China and Russia's threats from the perspective of military strategy and mutual defense cooperation, I also concentrate on the prospect of democracy and seek any measures for Taiwan and other democracies, Japan, and the U.S. with their EU and NATO, to work together in preserving and consolidating the liberal-democratic system. Taiwan, Japan, and the U.S. with their EU and NATO share common values and beliefs and democracy per se is the cornerstone not only for sustainability of the nation and society, but also for democracies' common belief, value, and lifestyle. Certainly, an emphasis on rebuilding democracy and looking for a strong democratic alliance against

authoritarian regimes does not imply that the democratic alliance under Washington's leadership is going to promote democracy in the region and in the world by costly military actions, like the wars in Iraq and Afghanistan through the 2000s and 2010s. Instead, today's focus is to protect and strengthen democracy by resisting threats placed by authoritarianism. This is an important lesson for Taipei, Tokyo, Washington, Brussels and Luxembourg.

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CHAPTER 10

U.S.-China Rivalry, Europe, and the Evolving Transatlantic Security Cooperation

Jan Hornat

The brief period at the turn of the millennium when the United States aspired to socialize China into becoming a “responsible stakeholder” within the Liberal International Order (LIO) has definitely passed.¹ Today, even the “postmodern”, confrontation-avoiding European Union is officially considering Beijing to be a “systemic rival”.² As a consequence of China’s failed socialization, the transatlantic relationship has been balancing two countervailing tendencies. On the one hand, China’s growing economic, military, political and technological clout is pulling the United States’ focus toward the Indo-Pacific and out of Europe. On the other hand, for its Indo-Pacific pivot to be successful, the U.S. needs support from its European partners, who—especially in the context of Russian aggression in Ukraine—get uncomfortable when Washington speaks of rebalancing its resources toward Asia at the expense of European security. This particularly applies to Central and Eastern European (CEE) states, who will tend to increasingly “make themselves useful” for Washington in exchange for its continuing attention and security pledges to the region.³ These tendencies are expected to cause tensions between the core Western EU member-states and the CEE and within the transatlantic partnership itself—this loss of cohesion would ultimately benefit the actor that is causing the said developments, China. Bridging these

rifts is a transatlantic challenge likely to be resolved by the traditional mechanism—the operationalization of *values*.

China's Challenge to the LIO and the Division of Transatlantic Responsibilities

While during the late 1990s and early 2000s U.S. policy toward China seemed to be guided by the belief that Beijing would eventually accept responsibilities for upholding the order that enabled its political and economic rise, that vision became increasingly blurred by 2004. In the process of the 2004 US Global Posture Review, it was already clear that Washington would be reorienting its force posture toward the Asia-Pacific, prioritizing it over Europe.⁴ The Obama administration's subsequent "pivot" only proved this lingering rebalance in a more public manner. When in 2012 Washington made the decision to pull out two permanently stationed brigades from Germany to create a "smarter" and "leaner" presence in Europe, the step was interpreted as part of the Asian pivot.⁵ The resulting "neglect" of Europe was hence viewed as an invitation for Russian "adventurism" in Ukraine.⁶ Furthermore, President Trump's lamentations about the obsolescence of NATO, his reluctance to address Article 5 commitments and the administration's decision to withdraw 12,000 troops from Germany as a punishment for Berlin's "delinquency", all contributed to a general decline in trust in U.S. commitments to European security.⁷

The rough rhetoric surrounding Trump's decisions relating to European security was intended to pressure Europe into taking more responsibility and building capacity to protect itself. Incidentally (and partly in reaction to the Trump presidency), Europe was reinvigorating its debate about "strategic autonomy" and launched programs like PESCO and the European Defense Fund in 2017 to boost its domestic production and integration in the defense sector. However, as during the ESDP/CSDP⁸ debates in the late 1990s, European attempts to build more "autonomy" were received rather critically in Washington and viewed as duplicating NATO initiatives and creating an autonomous European defense identity.⁹ The need to strike a perfect balance between European security autonomy and U.S. commitments to the continent's security further illustrates the slightly schizophrenic nature of transatlantic security interdependence.

Regardless of the “schizophrenia”, the strategic logic of U.S. reorientation toward the Indo-Pacific and the parallel European “responsibilization” is straightforward. If Europe builds capacity to defend itself and act as a security provider in its own region, the U.S. will be able to fully focus on the preservation of the LIO where it is most needed—the Indo-Pacific. This region is crucial for the future of the liberal international order, because it harbors a state power that has the potential and capability to foster a regional order. The emergence of an order built around China would then tend to expand and slowly chip away at the norms and institutions of the LIO. If the scenario of a regional order is contained—prevented—the LIO will be preserved.

Nevertheless, the U.S. does not expect Europe to stand idly by and passively assist in the defense of the LIO by merely taking care of its own security. Europe is increasingly asked to take active part in the endeavor by following the U.S. lead on numerous fronts. The Biden administration’s Indo-Pacific strategy calls on Europe to intensify its engagement with the region, acknowledging “the strategic value of an increasing regional role for the European Union” and dedicates itself to “build bridges between the Indo-Pacific and the Euro-Atlantic”.¹⁰

Current EU and U.S. Security Cooperation in the Indo-Pacific

Technological advancements in the last decade have refashioned our understanding of security—it is clear that states are not only concerned with physical/territorial security, but also with cyber security, security of critical supply chains, security of information flows/disinformation, etc. In this sense, the question of where a state’s security begins is fuzzy. Coupled with the imperative of defending the LIO, it is easier for European states to justify to their domestic constituencies that state resources are needed to focus on a region as far away as the Indo-Pacific.

Take, for example, the Czech Republic—a small, land-locked state, which has been among the first EU member-states to publish an Indo-Pacific strategy. The strategic document subtitled “Closer than we think”, notes in a section devoted to maintaining a rules-based order that “Some of the region’s countries violate international and human rights law, including political and civil rights. They call into question universal democratic principles..., attempt to redefine

human rights and they commit human rights violations.”¹¹ The document further outlines that Czech activities in the Indo-Pacific will focus on “promoting the transatlantic link, and cooperating with the United States in the region”.¹² The nexus between the state of affairs in the Indo-Pacific and the survival of LIO is made more explicit in the French Indo-Pacific strategy, which claims that “The United States and China are engaged in global strategic competition where the main areas of interaction are located in the Indo Pacific.” The “Chinese American strategic competition and the behaviour of certain regional actors...contribute to the breakdown of the international order”.¹³

To physically protect the rules-based order, it is mostly France and the United Kingdom that have capacity to work by the side of the U.S. in deploying assets to the Indo-Pacific. Both countries have been routinely conducting freedom of navigation operations in the South China Sea, often as a joint effort along with the Dutch, Italian and U.S. navies.¹⁴ Though there have been calls to expand French cooperation with U.S. forces in the Indo-Pacific, relations between Paris and Washington are still recuperating from the AUKUS debacle and there has been little development on this front since 2021.¹⁵ However, the mutually beneficial cooperation is likely to grow as it will help in fulfilling the EU’s strategy of having a “meaningful European naval presence in the Indo-Pacific” and building the Coordinated Maritime Presences (CMP) concept.¹⁶ The first EU-US joint naval exercise was held in March 2023 and both sides intend to take new steps to advance practical maritime cooperation in the Indo-Pacific region.¹⁷

Containing the possible effects of cyber and disruptive technologies—especially if these are in the hands of a “systemic rival”—is also an aspect of transatlantic security cooperation connected with the Indo-Pacific. Since 2014, the U.S. and the EU hold annual cyber dialogues focused on joint threat assessments and capacity building. Within the framework of the EU-U.S. Dialogue on China and the EU-U.S. High-Level Consultations on the Indo-Pacific, the two sides announced in June 2023 the intention to “initiate dedicated efforts under the annual EU-U.S. Cyber Dialogue to foster joint actions related to cyberspace issues in the Indo-Pacific via activities supporting cyber capacity-building and confidence building measures”.¹⁸ The efforts should assist regional states in enhancing their cyber security, but also improve resilience against disinformation.

As the Biden administration gives more attention to outbound FDI screening and export controls related to U.S. technology and software used in the Chinese semiconductor industry, Europe seems to be following suit. The Dutch government passed export controls on semiconductor equipment in June 2023¹⁹ and the German government is discussing export controls on chemicals used in chip production.²⁰ These decisions are presented as addressing questions of national security, aiming at limiting China's technological advancements and maintaining the U.S. partners' competitive edge in the semiconductor industry's supply and production chains.

The security of supply chains has practically and rhetorically become a more intrinsic component of national security since the COVID-19 pandemic and the EU has been engaging in dialogues on the matter with its Indo-Pacific partners. The U.S. has launched a first-of-its-kind international "Supply Chain Agreement" as part of the Indo-Pacific Economic Framework (IPEF), whereby the IPEF members agreed to identify items that are at risk of supply chain disruption and continually share this information. A similar monitoring mechanism has emerged as a result of the newly established EU-U.S. Trade and Technology Council and the EU is in parallel including debates about supply chain security in its strategic dialogues with regional partners such as South Korea and India. However, as Françoise Nicholas points out, "While EU's and U.S.' goals appear to be clearly aligned on the need to enhance supply-chain resilience through cooperation with IP partners, the difficulty will lie in the operationalisation or the definition of the measures to be put in place to achieve the set goal."²¹

The developments in Ukraine have also prompted European officials to acknowledge the possibility of a similar scenario unraveling between China and Taiwan. As a result, numerous delegations of lawmakers and representatives of EU member-state governments—including from Germany, France, Spain, Austria, Czech Republic, Lithuania, and others—have visited Taipei between 2022 and 2023 to strengthen ties and express support for the status quo. The increased contacts have, of course, stressed Beijing, but pleased Washington, which has been urging European partners to show more support for Taiwan. In addition to the increased frequency of bilateral visits, NATO has held its first debate dedicated solely to the question of China's threat to Taiwan.²²

The question of arms sales to Taiwan from EU member-states is more precarious. The EU maintains an embargo on weapons sales to China and according to lawmakers in most EU countries, selling arms to Taiwan would constitute a breach of the One China principle.²³ Still, despite angering China, France has recently agreed to provide an upgrade to Taiwan's Lafayette frigates, which Taipei acquired from Paris in the early 1990s along with Mirage fighters (a deal that later led China and France to negotiate an agreement in 1994 with France pledging to cease arms sales to Taipei).²⁴ Speculation has also spread in early 2023 that the Czech Republic would supply hundreds of missile trucks and self-propelled howitzers to Taiwan,²⁵ but the information has not been officially confirmed and the respective Czech producer discredited the news.²⁶ In an early 2023 visit to Taiwan, German lawmakers made clear that arms sales to Taiwan are off the table.²⁷

Diverging Interests among EU Member-states

As hinted in the previous section, although U.S. and EU interests in the Indo-Pacific region mostly align, the partners do not always agree on the tools to be employed to assure those interests and diverge in their threat assessment of China. This divergence emerges either because the U.S. threat perception is more emotional and thus overly politicized and securitized or because French and German trade interests obfuscate their geostrategic vision. Despite the assumed "lessons-learned" from Russian aggression in Ukraine, a growing divide seems to be emerging between most CEE EU member-states and the core Western members—divide about how to approach China and about how much the EU should follow U.S. footsteps in the Indo-Pacific.

The current EU Commission seems to prioritize the block's position in great power competition, but despite its official labeling of China as a "systemic rival" and its observable impatience with Beijing (notably during the April 2022 China-EU Summit, which was defined by Vice-President of the Commission Joseph Borrell as a "dialogue of the deaf" given the two sides' inability to hold a constructive conversation on key issues), Berlin and Paris continue to consider Beijing as a key player in maintaining the current liberal international (trading) order. This was demonstrated in the recent 3rd China-Germany High-Level Financial Dialogue, where both sides committed themselves to "improving international economic governance, combating trade

protectionism, and supporting the rules-based ... multilateral trading system with the WTO at its core”²⁸, but also in Macron’s interview during his April 2023 visit to China. Macron noted that “the great risk” Europe faces is getting “caught up in crises that are not ours, which prevents it from building its strategic autonomy”. He continued with stating that “If the tensions between the two superpowers heat up ... we won’t have the time nor the resources to finance our strategic autonomy and we will become vassals.”²⁹

Core Western EU states like France and Germany have much more complex and multi-tiered trade and geopolitical ties to the Indo-Pacific region and to China itself than most CEE countries. Thereby, they are not interested in across-the-board confrontation with Beijing and willing to practice only selective decoupling. Germany’s exchange with China constitutes 20 percent of its overall trade³⁰—a level of dependence that concerns analysts and some lawmakers as it can be weaponized by Beijing to sway broader EU policy. After initial hesitations in its reaction to Russian aggression in Ukraine, Berlin accepted the premise that security often comes with economic costs, but the trade-off has been painful and politically destabilizing for the Scholz government. Were Germany asked to adopt the same measures against China as it did against Russia in the hypothetical scenario of a security crisis in the Taiwan Strait, the ensuing deliberations would send shockwaves across Europe and ultimately disturb EU cohesion.

The challenge to EU cohesion will also arise out of the CEE states’ inclination to drift closer to U.S. positions in the Indo-Pacific. Though bilateral trade in goods between CEE states and China has been growing, inbound and outbound investments—with perhaps the exception of Hungary—are either negligible or politically problematic.³¹ Beijing mostly failed to deliver on the promised investments to the CEE states assembled in the 17+1 format (currently 16+1) and these have sobered from a certain form of naiveté induced by China’s charm offensive, which culminated around the year 2016. For instance, Prague and Bucharest banned Chinese companies from tenders to build nuclear power plants and a broader coalition of countries signed a Memorandum of Understanding with the U.S. restricting companies like Huawei from building 5G networks in the CEE region.³²

Furthermore, CEE states will struggle to keep U.S. attention on NATO’s Eastern Flank. In exchange, they will be more prone to “make themselves

useful” and support and mimic U.S. policy toward the Indo-Pacific and China—in a way, this is the position of Europe vis-à-vis Washington that Macron warned about in the aforementioned interview. The postures of CEE states like the Czech Republic and Lithuania will make it more difficult to find consensus in the EU’s external action—in private debates, representatives of these states do already feel “ostracized” from Brussels’ political debates on China due to their countries’ “extreme” positions.³³

It must be noted, though, that while China policy in Washington is a bipartisan issue and unlikely to dramatically change course after midterm or presidential elections, European political parties are more diverse in this regard and any election can cause significant shifts in the respective country’s China policy. Needless to say, China’s own miscalculations can alienate the EU core. Beijing has already “squandered Europe’s goodwill through its ‘wolf warrior’ diplomacy” and its refusal to cooperate with international efforts during the COVID-19 pandemic.³⁴ The more it will weaponize interdependent trade relations and attack Europe’s value system, the more public pressure will be mobilized against strengthening relations with Beijing. For example, when China’s ambassador in Sweden attacked local media, unfavorable views of Beijing rose to 83 percent in 2022 (from 40 percent in 2002).³⁵

Conclusion

As most relationships, the transatlantic one has always had its share of disputes, misunderstandings and rifts. With regards to the Indo-Pacific threat assessment, U.S.-EU perspectives cannot be labeled as unified—both in discourse and practice. Still, Washington finds partners in Europe (mostly among the CEE, post-communist states), who share and support its perspectives on the challenges arising from the region. These states have been more willing to make economic sacrifices in exchange for increased security in the recent past and consider similar trade-offs when it comes to China and any potential crises in the Taiwan Strait.

Finding such convergence among the core EU member-states, which maintain a greater dependence on trade with China than the CEE, is more problematic. As demonstrated, there are several joint initiatives in the broader security realm that the EU and individual member-states are involved in alongside Washington. However, it is the scope, the speed and the resolve of

the U.S. in carrying out and building these initiatives that makes core EU partners wary and foments divergence.

A remedy to the situation may emerge through the functionality of values in the transatlantic relationship, which has historically served as a glue that transcends political rifts. The current Biden administration approaches its trade policy vis-à-vis China from the perspective of managing U.S. technological dominance. Emerging technologies will have a real impact not only on how the traditional transatlantic values are upheld both in the EU and the U.S., but also how they are protected and spread globally. Questions related to surveillance, data privacy, non-discrimination, and basic freedoms all converge in debates surrounding artificial intelligence. The EU is among the first movers in AI regulation, but it lags behind the U.S. and China in investment, research, and the monetization of these new technologies. A more concerted effort by the U.S. and the EU in the realm of AI regulation and investment/development could tip the hesitant core EU states to further converge with Washington's Indo-Pacific outlooks. Emphasizing and demonstrating how the loss of technological dominance of the U.S./West may further lead to an unraveling of the LIO through the incremental global imposition of Chinese technologies and their inherent values is a strategy that the U.S. will likely pursue to urge its partners to be more active in the region—it is also the strategy that might bring the most success in persuading the Europeans.

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CHAPTER 11

The Middle East's Crucial Role in Indo-Pacific Security: Navigating Skepticism in Defense of the Liberal International Order

Brendon J. Cannon

The statements issued in Moscow by Middle East officials in mid-November 2023 had a strangely familiar ring. Their demands for a ceasefire in Gaza between Israeli forces and Hamas contained references to international law, humanitarian legal provisions, and the injustice of the strong preying on the weak.¹ Such language would also find a comfortable home within the concept of the liberal international order (LIO), a U.S.-led order that broadly privileges the rule of law to promote peace, stability, democracy, free trade, and development. The perceived peculiarity in these statements arises from the Middle East's skepticism towards the LIO, which is associated with what many see as the LIO's proponents' double standard, and best encapsulated by: "do as I say, not as I do."

Using the case study of the Arab Gulf states, this chapter seeks to navigate and explain the roots of the Middle East's historical and current skepticism about the LIO. In turn, it will answer questions related to what role, if any, this important region can play in determining the LIO's future and upholding security in the Indo-Pacific in an age of great power competition.

The Middle East and the Arab Gulf states

The Middle East is a vast region that militates against simplistic categorizations.² Nonetheless, for analytical reasons as well as broad cultural, linguistic, confessional, and regional security dynamics, the states that form the Middle East are generally classed together despite massive socio-economic-political differences between, for example, Turkey and Yemen and the United Arab Emirates (UAE) and Syria. But there is also good reason for considering the Middle East as a region for security and geopolitical reasons. It occupies some of the most world's most strategic geography at the nexus of Asia, Africa, and Europe. Shipments of its hydrocarbon resources that remain fundamental to powering the world's economy pass through three maritime chokepoints: the Suez Canal, the Bab el-Mandeb Strait, and the Strait of Hormuz.³

For the purposes of this chapter, a regional sub-zone, the Arabian Peninsula states bordering the Gulf, will be used to answer questions related to the Middle East's role in Indo-Pacific security and, relatedly, the region's views of the LIO. The Arab Gulf states are useful for three primary reasons. First, the Gulf states—Saudi Arabia, the UAE, Bahrain, Oman, Qatar, and Kuwait—are interconnected by geographic proximity, share broad cultural and historical contexts, common security concerns, and collectively possess much of the world's hydrocarbon wealth in the form of oil and natural gas. This means they are major exporters to the Indo-Pacific's biggest economies: China, India, Japan, and South Korea as well as Southeast Asian states. Arab Gulf states thus possess influence when it comes to global energy markets, to include providing security of supply to meet critical demand. In short, they are fundamental to the working of much of the world economy and thereby assist in the provision of resources that run the engines producing national power.

Second, events in the Middle East are increasingly shaped by the policies and actions of the states that line the Gulf. Structural and systemic changes have shifted power south and east away from the region's traditional centers of Damascus, Baghdad, and Cairo. This means that economic, diplomatic, and political power now rests in Abu Dhabi, Doha, and Riyadh. It is the Gulf states that decide "... much of the regional security architecture in terms of which states take the lead in confronting regional adversaries, define the ideological fault lines, and are the foci of diplomatic tête-à-têtes."⁴

Third, Arab Gulf states are part of, or adjacent to, what is now termed the Indo-Pacific, the maritime Indian and Pacific Ocean region stretching from East Africa to the western shores of the Americas. This bounded geography is both an imagined region and a body of norms and strategies by like-minded states such as India, Australia, Japan, and the U.S.⁵ They are increasingly coordinating security activities and policies about China. In doing so, they have broadly pushed what former Japanese Prime Minister Shinzo Abe termed the “free and open Indo-Pacific” (FOIP).⁶

This body of norms and strategies that privileges the rules-based order, free flow of trade across the world’s oceans and freedom from coercion and predation within the international system has many features that resemble the U.S.-led LIO. While some of these norms are broadly shared in the Arab Gulf and Middle East states such as theories of free trade, others are viewed less charitably for several reasons. An understanding of the similarities and differences between the LIO and the FOIP is therefore in order.

Differentiating the Liberal International Order and the Free and Open Indo-Pacific

There are basic differences between the LIO and the FOIP, but confusion over where one begins and the other ends is understandable. The LIO is a broader concept that encompasses global governance principles. It has generally been conceptualized as resting on the pillars of economics such as competition, open markets, free trade, and democracy, to include values like the rule of law and human rights.⁷

The FOIP, as originally conceived during Abe’s tenure (2006-2007; 2012-2020) is more region-specific (the Indo-Pacific) and aims to uphold Japan and the wider region’s economic prosperity and state sovereignty through a combination of policies, strategies (military, economic and privileging the maritime Indo-Pacific), and norms in what Tokyo refers to as the “rules-based order.” Like the LIO, the FOIP broadly promotes and aims to strengthen America’s presence in and range of security assurances to states like Japan, the Philippines, and India in the Indo-Pacific. It also seeks to uphold and enforce international law, particularly in the maritime realm.

At its fundamental level, the FOIP aims to prevent predation and coercion,

particularly by large states such as China against relatively smaller, weaker states. It was and remains a reaction to China's territorial claims in East, Southeast, and South Asia and seeks to address "challenges in an Indo-Pacific way" by promoting global commons such as the world's oceans, infrastructure such as cyberspace and submarine cables, and enhancing maritime domain awareness. It is, therefore, not a reaction to China's economic and political power, *per se*, but instead to China's increasingly bellicose actions, aims, and words under President Xi Jinping (2012-present).⁸

Undergirding the FOIP are a variety of strategies to counteract aggression by China in the Indo-Pacific from Arunachal Pradesh to the Senkaku Islands. This separates it from the LIO, which came of age in the U.S. during the Cold War, blossomed in the 1990s, but was smashed on the rocks of national interests and security demands after the 9/11 al-Qaeda attacks. The point is that the FOIP's principled regionalism is a product of its time and finds its relevance in Tokyo, Delhi, and Canberra depending on China's words and actions. This makes it narrower and more straightforward than the LIO but hampers its adoption by states geographically distant from China like those in much of the Global South.

The FOIP has increasingly promoted normative principles for peace and prosperity, connectivity, and sustainable and fair development.⁹ This is, in part, to downplay criticism that it is somehow inherently anti-China. Japanese Prime Minister Fumio Kishida's "new" FOIP has been particularly vocal on this front and aimed at engaging the so-called "Global South" to share responsibility for global governance in an "Indo-Pacific way." This clarion call to expand cooperation for the FOIP, enhance societal resilience and sustainability, and achieve an "equal partnership" among all states is where the FOIP most closely resembles the LIO, albeit minus the latter's emphasis on democracy as a critical variable in achieving world peace. Instead, Kishida's new FOIP seeks voluntary, grassroots support from states in Africa, the Caribbean, and the Middle East to defend "freedom" and the "rule of law" while respecting "diversity," "inclusiveness" and "openness."¹⁰ Despite Kishida's best efforts, a combination of history and perception in the Middle East seem to militate against their acceptance.

Explaining Middle East Skepticism

When it comes to the LIO, leaders of Arab Gulf states seem more cautious than skeptical. Much of what is taken, for example, as axiomatic in the West to be part of the LIO—free trade, unimpeded movement of goods—is also broadly supported in Abu Dhabi, Muscat, and Manama. Human rights (or dignity), religious tolerance, and democracy also have been locally applied in various forms with states like the UAE taking the lead. “Desert democracy” that prizes consultation and consensus, for instance, is best illustrated by the UAE’s Federal National Council and other consultative mechanisms such as Youth Circles. These are simply the formalization of what has been a centuries-old *shura* or consultative system of government.¹¹

When it comes to the FOIP, its normative aspects are also broadly supported across the Gulf. The FOIP’s aim to proactively address the negative impacts of climate change, cybersecurity challenges, and promote multi-layered connectivity is similar to the goals found in the UAE and Saudi Arabia’s separate Vision 2030 documents.¹² Yet, Prime Minister Kishida’s visit to the both states in July 2023 failed to produce joint statements that featured the words Tokyo desired such as “free and open.”¹³ Instead, the official report from his UAE visit noted: “Prime Minister Kishida emphasized that, from the standpoint of defending the free and open international order based on the rule of law, he will never allow any attempt to unilaterally change the status quo by force anywhere in the world. In response, His Highness [UAE President] Sheikh Mohamed [bin Zayed Al-Nahyan] expressed his support, saying that any aggression against national sovereignty is unacceptable.”¹⁴

Similar to the LIO, there are valid reasons why Arab Gulf states and the Middle East, more broadly, are cautious with the FOIP. First, its resemblance to the more “liberal” aspects of the LIO that privilege human rights and democracy are perceived as incongruent with state and societal norms in the Gulf and aspects have, at times, been resisted.¹⁵ The chasm between Western societal norms and those in the Gulf—the emphasis on religious tolerance in the UAE notwithstanding—means that some Gulf Arabs view the West as broken and debauched. Instead, they look to states like Russia as alternative partners. When compared to the West, Russian society is perceived as deeply religious and family oriented.¹⁶ This, despite data showing that over 60 percent

of Saudis polled would prefer to live in Europe or the U.S. than Russia (4 percent) or China (7 percent).¹⁷

Second, Arab Gulf states and their counterparts in the Middle East perceive China as an opportunity not a threat. They do not share Japan's or other East Asian states' concerns of armed aggression over territory.¹⁸ When asked about possible membership in or alignment with the FOIP's Quad Plus initiative, for instance, a senior Turkish official drily noted, "We are here [in the Middle East]; the Indo-Pacific is way over there. Why would we be interested?"¹⁹ The same official added that he and many in the Middle East perceived the FOIP and its supporting architecture such as the Quad Plus as part of a U.S.-led effort against China. "[We] doesn't want to be part of an anti-China front."²⁰

Gulf Arab leaders remain unswayed by the FOIP's call to "...collectively reaffirm and promote the minimum basic principles that the international community should uphold..." and oppose "any unilateral changes to the status quo by force anywhere in the world" – despite the Ukraine War and Gaza conflict.²¹ They also have their own experience of forceful territory seizures—most notably Iran's illegal occupation of three Emirati islands since 1971. This, nonetheless, draws no sympathy for smaller parties involved in territorial disputes in East Asia. Gulf *Realpolitik* about Taiwan would see it sacrificed on the altar of their vital, albeit quotidian, interest in exporting oil and gas to East Asia. Any conflict would, Gulf leaders rightly assume, severely curtail their major source of national wealth and power. In addition, the ugly head of "do as I say, not as I do" resurfaces insofar as the U.S., Japan, and Europeans officially agree with Beijing's "One China" policy on the one hand but plan to resist any forcible attempts to retake the island by China, on the other.²²

Third, Arab Gulf states see how American and European officials regularly use nomenclature associated with the LIO as a cudgel and a shield. Human rights" are selectively applied in what one organization termed the West's "staggering show of blatant hypocrisy and double standards."²³ Uganda's removal from the African Growth and Opportunity Act—a major trade deal—and U.S. visa bans coupled with Europe's open door for Ukrainian refugees and its opposite for refugees also fleeing war in Libya, Afghanistan, and Syria are two recent examples that have left a lasting, negative impression. The West seems only too willing to push its version of a rules-based order by

asking states to issue statements and join treaties only to jettison the concepts behind the order if they conflict with more pedestrian national interests. A case in point is Israel's response to Hamas' early October 2023 depredations. Despite Israel's months-long military retaliation in Gaza having resulted in the deaths of thousands of Palestinians, they have been unequivocally endorsed by Western conservative elites. The U.S. also has refused to become a signatory of UNCLOS, the Arms Trade Treaty (ATT), and withdrew itself from the nascent and mammoth Trans-Pacific Partnership (TPP) free trade deal.

Finally, the Arab Gulf states and the Middle East, in general, suffered their historical traumas at the hands of the West. These occurred at roughly the same time as China experienced its "century of humiliation" and much of the Global South was ruled from London or Paris. For the Middle East's Arabs, Persians, and Turks, the West was and remains the *biggest* problem. America and Europe have shown themselves to be untrustworthy partners. They can be useful, however. In this they resemble China: Beijing is not trusted either, but it has amply shown its utility in serving the interests of Middle East states.

The Middle East's Role in Indo-Pacific Security

The Arab Gulf states' role as hydrocarbon producers and exporters remains a cornerstone of East and South Asia's economies and thus global security. Mostly resilient and secure politics and societies in the Gulf have attracted investment, particularly in Dubai, Abu Dhabi, and Doha. As Dubai played host to COP28 in late 2023, it seems increasingly likely that the Gulf will be a center for renewable energy and its future such as blue and green hydrogen.²⁴ Yet, its bright future is not mirrored elsewhere. Yemen's protracted civil war, Egypt's near-constant fiscal and political problems, Turkey's identity and economic crises, and Iran's potential as a regional stabilizer or revolutionary spoiler militate against much hope. The latter states' roles in Indo-Pacific security architecture and directions are likely to be minimal as they attempt to address a host of domestic threats.

The combination of Iran, Egypt, Saudi Arabia, and the UAE joining the BRICS in 2023 may show a subtle shift in the wind's direction rather than a sea change. Apart from Iran, all three rely on the U.S. as a security provider. Their embrace of organizations and fora that are non-West—but not necessarily

anti-West—is therefore telling. Dollar dominance and the ability of Washington to apply far-reaching (and hard biting) sanctions are roundly resented even as Cairo and Riyadh continue to depend on U.S. support. This means that simply because America maintains the Fifth Fleet in Bahrain and massive firepower in Qatar, the UAE, and the wider region does not mean that it is either appreciated or liked. Like many, these states and their rulers wish to conduct truly sovereign foreign policies independent of any security provider—even if they explicitly understand that this is currently impossible.

The Middle East will ultimately play a peripheral role in Indo-Pacific security given the limited military capabilities of the Arab Gulf states—despite attempts to build-up indigenous defense industries—and their corresponding lack of political will to explicitly support the FOIP agenda and norms. Their support to uphold what Indo-Pacific security means for Japan, the U.S., and the West, writ large, is therefore unlikely to materialize. While Tokyo and Washington would like to see a more pliant Middle East that issues Indo-Pacific outlooks like those issued by the EU or ASEAN, they are not holding their breath. Correspondingly, while there may be disappointment in Japan and resignation in the U.S. about the increasing coziness of China-Arab Gulf relations, upholding of the rules-based order in the Indo-Pacific is not contingent or reliant on the Gulf's support or that of the Middle East. Limiting Chinese territorial expansion and curtailing aggression will be done within existing bilateral, trilateral, and quadrilateral arrangements in the Indo-Pacific such as the Quad and AUKUS.

For the time being, Gulf monarchies can continue to export hydrocarbons to China and its competitors, engage in China-led organizations like the BRICS, and court Chinese investment without upsetting the apple cart of U.S. security assurances. Where the Arab Gulf states are likely to feel the squeeze is in the event of a major conflict in East Asia. Should a Taiwan crisis become a reality, and regardless of their bilateral relations with the U.S., oil and gas flows going east from the Gulf are likely to be curtailed or cut off altogether—either by a combination of the U.S. and Indian navies or by the Chinese navy seeking to stop exports to other belligerents such as Japan and South Korea.

Conclusion

The Arab Gulf states cautious stance vis-à-vis the LIO and, by extension, the FOIP can broadly be applied to the Middle East. This reflects complex geopolitical realities, competing societal pressures, and regime priorities which, oddly for the Middle East, largely align in their skepticism of the West. The statements issued during the 2023 Gaza conflict and referenced at the beginning of this chapter, revealed a familiarity with LIO nomenclature and norms coupled with a deep understanding of their political utility. Yet the rulers of Arab Gulf states and those of the wider Middle East remain wary of publicly committing to a “free and open international order based on the rule of law.”²⁵

The fundamental security relationship with the U.S. shared by Arab Gulf states, Egypt, and Jordan is complicated by their embrace of Chinese investment, technology, and a worldview that resents (and seeks to overturn) Western dominance and dollar hegemony. Saudi Arabia, Egypt, and Oman’s rulers thus must find a delicate balance that lends broad support for free trade and maritime security but eschews the narrower aspects associated with both the LIO and the FOIP such as human rights, democracy, and perceptions of China as a threat. In this intricate landscape, the Middle East’s role in Indo-Pacific security remains peripheral and will depend on how regional priorities are reconciled with the evolving dynamics of global governance and shifting distributions of power across the Indo-Pacific.

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CHAPTER 12

The Israel-Hamas War and the Liberal International Order: A Geopolitical View

Gedaliah Afterman and Alexander Radzyner

Introduction

This chapter explores the Israel-Hamas conflict that erupted on October 7, 2023, following the murderous terrorist attack launched by Hamas against Israel.¹ This is examined through the strategic and tactical objectives of key regional and global state actors. The current conflict comes as the international system and the Middle East are transitioning from relative bipolar stability to multipolar turbulence amid intense superpower competition, adding to the risk of the escalating conflict spiraling into broader regional violence and having a substantial impact on power dynamics in the region and beyond. Regional and global powers often seek to manipulate such conflicts to advance their own strategies and interests. The Israeli-Palestinian conflict, and the current Israel-Hamas war, are particularly significant in this context. They encompass a range of socially constructed concepts that resonate globally, such as clash of civilizations, critical race theory, antisemitism, conspiracy theories, racism, colonialism, intersectionality, U.S. dominance, and the dichotomy of democracy versus authoritarianism.² These discourses, as we have seen, have been unfolding across the world since the outbreak of the Israel-Hamas war, and are often more emotionally articulated through the

Israeli-Palestinian conflict than any other localized dispute, providing leaders with strong incentives to influence this war's development and outcome to suit their strategic objectives.³

Background: The Israel-Hamas Conflict—Between Ideologies and Pragmatism

The 2023 Hamas-Israel war commenced on October 7 with a surprise attack by Hamas, targeting Israeli civilians which left more than 1,200 people dead, thousands injured and about 240 taken hostage by Hamas and other groups to Gaza. The well-prepared attack carried out by an estimated 3,000 Hamas fighters overwhelmed the Israeli border observation posts, which were ill-prepared for an assault of such magnitude, despite Hamas' conspicuous training for such an attack. The brutality of these attacks, including rape, torture, and murder of young families, women, children and the elderly were broadcast live by the perpetrators, intending to terrorize the Israeli population and provoke a violent response. Hamas' immediate political objectives were to refocus international attention on the Israeli-Palestinian conflict and disrupt the normalization process between Israel and Arab states, especially Saudi Arabia. This strategy aimed to weaken Israel's political standing, damage its defense and intelligence reputation, and mobilize the Arab Street against leaders seeking to normalize relations with Israel. The timing was chosen to prevent a trilateral agreement between the U.S., Israel, and Saudi Arabia from being formalized which would permanently relegate Palestinian aspirations down the priority list of key conflicts to be resolved. While Hamas risked its military capacity and political control over Gaza the potential broader political gains were deemed sufficient to justify the attack.⁴

Hamas' long-term objective is the elimination of Jewish presence from Israeli-Palestinian territory, by the destruction of the Jewish and democratic state of Israel and the Zionist ideology underpinning it. Negotiations, ceasefires, and prisoner exchanges are tactical measures, subordinate to Hamas' and the Muslim Brotherhood's overarching goals. Hamas' ideology, aligned with that of the Muslim Brotherhood, seeks the demise of the Jews and ultimately the establishment of a worldwide authoritarian religious regime.⁵ These organizations and objectives are in plain contradiction with the Liberal International Order (LIO), and align with states opposing the basic principles

of the LIO, human rights, and liberal democracies, and favor authoritarian models like those promoted by Iran, Russia, and China.⁶

Beyond regional and ideological factors, the Israel-Hamas war must be viewed in a broader context. The conflict and its developments have profound implications for Israel, the Palestinians, the region, and the global geopolitical landscape. Its effects are already influencing regional dynamics and could impact other international hotspots, including the conflicts in Ukraine and the Taiwan Strait.⁷ Understanding this war and its potential implications and formulating effective strategies for the day after, therefore, requires a holistic approach that considers superpower rivalries, shifting regional politics, and the intricacies of the conflict, vital for those concerned with global stability.

The Israel-Hamas conflict, rooted in the broader Arab-Israeli conflict, traces its origins to the post-World War I disintegration of the Ottoman Empire. Key events, including the Six-Day War, the First and Second Intifadas, Israel's withdrawal from the Gaza Strip in 2005, and Hamas' subsequent ascension in Gaza following the 2006 elections, have significantly shaped its trajectory. Hamas, emerging from the anti-West Muslim Brotherhood movement, has refused to recognize Israel's right to exist, a stance in contrast to the Palestinian Authority. However, Hamas has in the past also signaled a pragmatic approach including a potential acceptance of Israel's *de facto* existence by means of a long-term "Hudna" or armistice.⁸

Israel, for its part, has under the leadership of Prime Minister Benjamin Netanyahu, perceived Hamas' governance in Gaza as a counterbalance to what it viewed as a weak Palestinian Authority, allowing it to manage the conflict at a tolerable level of violence. This perception has led to indirect engagement with Hamas through mediators like Qatar and Egypt. However, Israel's miscalculation of Hamas' intentions and capabilities, especially regarding the potential for large-scale attacks, has exposed gaps in its perception of Hamas and its objectives as well as its military preparedness and led to what many consider the biggest military and intelligence failure in the history of the state.⁹

Navigating a New Regional Landscape in the Middle East

Even before the recent escalations, the Middle East was experiencing profound shifts in its geopolitical landscape, driven by U.S. policy setbacks in Iraq and

Afghanistan, perceived American disengagement, and the influence of global events like the rise of Asia, China's growing influence in the region, and the war in Ukraine. These changes have prompted regional actors to adopt pragmatic approaches, balancing ideological stances with strategic aspirations.¹⁰

Wealthy Gulf states such as Saudi Arabia, the UAE, and Qatar have emerged as influential regional players, superseding traditional powerhouses like Egypt and Syria. Their rise is characterized by a strategic balancing act, navigating a rapidly evolving, multipolar global and regional environment. These states are grappling with challenges including their own domestic ambitions and needs, regional instability, the evolving role of the United States, the growing role of China in the Middle East, and the resurgence of the region as a crucial geostrategic area.¹¹

Saudi Arabia and the UAE are navigating complex dynamics, marked by a thaw in relations with Israel driven by mutual concerns over Iran's regional influence. Their strategic balancing involves maintaining traditional Arab allegiances while pursuing new strategic interests, particularly in technology and defense cooperation with Israel. However, they remain cautious of internal and external risks, particularly those associated with the Israeli-Palestinian conflict.

The Abraham Accords, brokered under U.S. mediation between Israel, the UAE, and Bahrain, signify another major shift in Middle Eastern geopolitics.¹² While these accords have fostered détente between Arab and Israeli elites, they have also worsened Israeli-Palestinian relations. The rise of extremist ideologies and the establishment of a far-right government in Israel, incorporating extremist Jewish parties and ministers, heightened tensions around Jerusalem's holy sites, have all provided Hamas with opportunities to strengthen its position in the Arab and Muslim world.

Furthermore, two major non-Arab Muslim powers, Iran and Turkey, are actively pursuing leadership roles in the Middle East with distinct strategies. Iran, a predominant Shia power, has focused on expanding its influence by bolstering Shia populations and creating militias under the control of the Iranian Revolutionary Guard Corps.¹³ Concurrently, it seeks to break its isolation caused by Western sanctions related to its nuclear program.

Turkey, leveraging its unique geographical position at the crossroads of East and West, is projecting power across the region. Despite its formal

integration into NATO and aspirations for EU membership, it often adopts policies at odds with those of its allies. President Erdogan positions Turkey as the defender of Muslim values within NATO and the EU, pursuing an independent course in conflicts like the Ukraine-Russia war and the Israel-Hamas conflict.

By supporting Hamas and the Muslim Brotherhood, Turkey seeks regional leadership through a blend of historical and religious narratives. Erdogan's vocal support for Hamas and harsh criticism of Israel's actions highlight his strategy to champion Muslim interests, complicating Turkey's relationships with NATO, the EU, and Arab states.¹⁴

Saudi Arabia's recent diplomatic engagement with Iran reflects shared economic interests, particularly with China, but does not diminish long-standing strategic differences.¹⁵ Saudi and Iranian leaders have held several calls regarding the Israel-Gaza War, and Iranian President Ebrahim Raisi participated in an emergency OIC/Arab League summit in Riyadh in mid-November to discuss the crisis.¹⁶ While the recent rapprochement could indicate a growing understanding among Arab Gulf states that a military solution to the Iran nuclear issue might no longer be feasible, Iran's ambition to lead revolutionary changes in Arab countries and expand its influence remains a direct threat to Saudi Arabia's vision for the region.¹⁷ This was made clear by Iran's use of the Houthis in Yemen, at war with Saudi Arabia, to launch attacks against Israel during the current war.¹⁸

These evolving dynamics underscore the Middle East's transition into a region of multipolarity, where traditional alliances are being reassessed and new more tentative partnerships are being established amidst emerging global and regional turbulence.¹⁹ The actions and strategies of key regional players will significantly influence the future geopolitical landscape of the Middle East.

Superpower Dynamics in the Middle East

The United States

In the Middle East, a region historically shaped by superpower intervention, the United States has played a pivotal role, often stepping into mediation

roles aligned with its broader strategic interests including maintaining peace and stability in the region, ensuring the security of key allies like Israel, and navigating the complex landscape of regional politics and conflicts. The US' commitment to these strategic objectives in the Middle East has been perceived as weakening in recent years together with its position as a global leader in diplomacy and defense

Amidst these changes, the U.S. has been compelled to reassess and reconfigure its strategy, partly influenced by a downturn in relations with Saudi Arabia and the rising influence of China in the region. The U.S. strategy aims to broaden the scope of the Abraham Accords, fostering peace and cooperation between Arab states and Israel. Additionally, the U.S. is keen to strengthen the I2U2 partnership, comprising India, Israel, the UAE, and the United States. From an American perspective, this partnership is envisioned as a platform for enhancing economic and geopolitical ties, counterbalancing China's growing influence, and reaffirming the U.S.' commitment to the region. At the same time, the U.S. would like to reduce its military footprint, passing more responsibility for the military aspects of ensuring stability to its allies in the region.

The recent Hamas attack represented a significant interruption to U.S. efforts aimed at redefining its policy in the Middle East, which had been increasingly focused on fostering regional cooperation.²⁰ This shift in U.S. policy is occurring amidst a broader landscape of de-escalation and diplomatic re-engagement in the region. Notable developments in this context include the China-mediated rapprochement between Saudi Arabia and Iran in March 2023, alongside an Assad-led Syria's reintegration into the Arab League.²¹ Additionally, improved diplomatic relations have been observed between the UAE and Iran, the UAE and Turkey, and Saudi Arabia and Turkey.²² These developments signal a tentative but growing emphasis on economic diplomacy and regional stability, following over a decade of upheaval and instability linked to the Arab Spring and its aftermath.

In the lead-up to the October 7 attack, Washington seemed optimistic about the direction of regional dynamics, particularly regarding the progress made on the Saudi Arabia-Israel normalization track. This strategy, as articulated by U.S. National Security Advisor Jake Sullivan, is founded on the principles of partnerships, deterrence, diplomacy, de-escalation, integration,

and adherence to values.²³ The Biden administration views the I2U2 framework as a key mechanism for connecting South Asia, the Middle East, and the United States through trade, technology, and diplomacy.²⁴ A notable advancement in this direction was the announcement of the ambitious India-Middle East Economic Corridor (IMEC) at the G20 meeting in New Delhi.²⁵ The IMEC is designed to establish a new trade and connectivity corridor linking India with the Middle East and Europe, potentially offering an alternative to China's expansive Belt and Road Initiative (BRI).

Following the October 7 Hamas attack, the U.S. responded swiftly by deploying significant military capabilities, including two carrier strike groups, to the Middle East. This response served multiple purposes: bolstering Israel's deterrence capabilities, which were perceived as being compromised by the attack; deterring Iran and its regional proxies from escalating the conflict further; and reinforcing America's strategic position in the region as a security guarantor. Alongside these military maneuvers, the U.S. has also conducted targeted strikes against Iranian proxies in Syria and Iraq, further emphasizing its commitment to regional stability and security.

Simultaneously, U.S. officials, led by President Biden, have taken an active role in supporting Israel's right to defend itself and to neutralize Hamas' military capabilities. Concurrently, there is a concerted effort to promote a return to the two-state solution as a long-term resolution to the Israeli-Palestinian conflict. This approach is part of a broader strategy to continue regional integration efforts, including advancing relations between Israel and Saudi Arabia.²⁶

China's Growing Role

Amidst the shifting balance of global power, China has in the past decade transitioned from a peripheral player to a significant stakeholder in the Middle East, deploying its technological prowess and more recently, diplomatic weight.²⁷

For many countries in the Middle East, the relationship with China has a strategic rather than opportunistic character. China's ability to provide infrastructure and technology aligns well with the regional leaders' visions for their future. China's growing focus on technology and trade is already reshaping

the nature of its regional engagement. This cooperation is occurring without any uncomfortable strings attached, contrary to the U.S. push for political and human rights reforms in the region after September 11, 2001.

The unexpected renewal of diplomatic relations between Iran and Saudi Arabia in Beijing in March 2023 has revitalized the discussion about China's burgeoning influence in the Middle East.²⁸ This coincides with the growing perception of the United States' waning presence in the region.²⁹ China's narrative as a mediator strategically positioning itself for fostering peace and stability underscores its message to the United States, the Middle East, and beyond, that Beijing is seeking to expand its imprint as a decisive global influencer.

Yet despite China's effort to position itself as a regional mediator, its initial response to the Hamas attack on October 7 was reserved, adhering to its traditional stance of urging both sides to demonstrate restraint and condemning the targeting of civilians. Notably, China refrained from directly condemning Hamas for the atrocities committed on October 7, avoiding any specific mention of the group by name. This led to disappointment and even anger in Israel.

Beijing's approach gradually shifted to advocating for a ceasefire and implementing a two-state solution, hinting at a possible future mediation role. As the conflict progressed, China's critique, led by Foreign Minister Wang Yi, increasingly targeted Israel, framing the United States as an enabler of Israeli military actions in Gaza, which were resulting in large civilian casualties.

In Chinese state media, coverage has been markedly anti-Israel, with a notable uptick in articles espousing antisemitic rhetoric. This trend, more pronounced on Chinese social media platforms, appears to be a deliberate effort to foster an anti-American and anti-Western sentiment among the Chinese public.

China's diplomatic response to the conflict contrasted starkly with that of the United States and other Western nations. While many countries dispatched their leaders and high-ranking officials to the region, China's approach was more subdued. Middle East envoy Zhai Jun was sent on a 'listening tour', notably excluding Israel from his itinerary. For Beijing, the focus is less on the

Israeli-Palestinian dynamics and more on enhancing China's regional standing, aligning with Arab countries and Iran, and positioning itself in relation to the United States. China's strategy appears to be one of aligning with the interests of the Arab world while differentiating its stance from that of the U.S. China's role as the current president of the UN Security Council (November 23), has seen increased Chinese-led diplomatic activity aiming to align with regional players such as the UAE, Saudi Arabia, Egypt, and other Global South and BRICS countries. This is a strategic play to isolate the United States and showcase cooperation with these nations.

While China's actions so far have not signaled a strong desire to actively engage in the conflict, there remains potential for Beijing to assume a role, albeit likely not as a direct mediator between Israel and the Palestinians. China could leverage its regional influence and relationships to support specific missions, especially on the humanitarian front. This may include urging Iran to refrain from intervening, collaborating with Qatar, Egypt, and other regional actors to secure the full release of the hostages held by Hamas, and providing much-needed aid to the people of Gaza.

The recent steps towards a thaw in China-U.S. relations, marked by the meeting between Xi Jinping and President Biden, combined with the concerns of China's key regional partners about the conflict's escalation, might prompt China to take a more proactive role. This could involve facilitating a more permanent ceasefire and participating in region-led post-war reconstruction efforts in Gaza.

Russia's Strategic Calculations

Russia's strategic objectives in the Middle East include exploiting perceived U.S. intentions to reduce military commitments outside the Far East. Russia also aims to capitalize on the volatility of oil and gas prices, which are influenced by instability in the region, to finance its military campaign in Ukraine. Moreover, Russia is keen on fostering relations with nations in the Global South, many of whom are wary of aligning with the U.S. in the context of the Russia-Ukraine conflict, to undermine the effectiveness of western sanctions.³⁰ However, these pursuits have strained Russia's relations with Israel and other regional actors concerned about Iran's expanding military influence.

The Hamas-Israel conflict presents an opportunity for Russia to leverage tensions within NATO and the EU³¹ but also the risk of losing influence by aligning too closely with Iran.³² Russia portrays Israel as an instrument of U.S. foreign policy, aiming to divert attention and resources from its conflict in Ukraine. Russia also anticipates that prolonged conflict in the Middle East may fuel domestic opposition to U.S. and European support for Ukraine, potentially leading to divisions within NATO and the EU regarding burden-sharing.

The Path Forward in the Middle East

At the time of writing and given the complexities of the current geopolitical landscape, much remains uncertain. However, it is becoming increasingly clear that the most viable way forward likely involves a U.S.-led regional solution, including real progress not only towards Israel-Saudi normalization but on the two-state solution which initially requires strengthening the ability of Palestinians for self-rule. This approach could incorporate elements of the Saudi initiative, emphasizing joint actions towards a two-state solution. While China and Russia currently seem reluctant to play constructive roles, their positions could evolve in the future.

It is important to acknowledge that a perceived U.S. weakness in handling the situation in the Middle East could have far-reaching consequences, potentially influencing scenarios in Ukraine and Taiwan. Therefore, it is in the broader interest of the West to advocate for a robust solution that aligns with these considerations.

The complex dynamics of the Middle East, amidst heightened China-U.S. tensions, have prompted both Beijing and Washington to re-engage with the region on a larger scale. China has effectively utilized ambitious initiatives like the Belt and Road Initiative (BRI) and the Digital Silk Road (DSR) to solidify its stance as a leading economic power in the region. The U.S. for its part has moved to leverage the opportunities created by the Abraham Accords to establish new regional and cross-regional partnerships. In 2021, it led efforts to establish the I2U2 group, a strategic minilateral alliance comprising the U.S., Israel, India, and the UAE.

Furthermore, the UAE and Israel are actively exploring the creation of

new multilateral partnerships with Asian counterparts. Notably, trilateral cooperation among Israel, Japan, and the UAE is being fostered across government, academic, and business sectors. The announcement of the IMEC by President Biden at the G20 meeting in New Delhi in September further underscores the economic and strategic potential of such cross-regional collaborations. A return to such cooperative endeavors could be pivotal in navigating the geopolitical complexities of the Middle East. These emerging inter-regional partnerships present unique opportunities for larger powers like India, as well as smaller nations like Israel and the UAE, to establish platforms for cooperation beyond strategic differences. These could still be advanced despite the recent upheaval. For the US and the West, this represents a chance to reshape its regional engagement and rebuild trust thereby countering Russian and Chinese influence in the region.

In the wake of the war, the Israeli government must absorb the painful lessons from internal strife and the events of October 7 shaping them into a pivot toward a combined grand strategy taking account of major regional and global developments. Moving away from maintaining the status quo, Israel should reinvent the Abraham Accords and its peace treaties with Jordan and Egypt. A creative and dynamic approach aimed at a peaceful two-state solution should be pursued, coupled with active diplomacy to garner support from Middle Eastern and Asian partners, and backed by the U.S. Identifying potential spoilers like Iran, Russia, China, and Erdogan's Turkey, and preparing for any disruptive attempts, will be crucial for Israel to ensure lasting peace and stability in the region.

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CHAPTER 13

Canada, Indo-Pacific, and the Defense of Liberal International Order

Joe Varner

Introduction

Canada has a long history of global engagement and protection of the liberal-democratic rules-based order having served in the First (1914-1918) and Second World War (1939-1945) and dating back to the League of Nations (1920) and the formation of the United Nations (1945). The Canadian government was among the first to send land, sea, and air forces to the Korean Peninsula in 1950 and served in the Korean Conflict for the next three years. Canada invented the concept of peacekeeping during the Cold War (1947-1991) with the Suez Crisis in 1956 and carried out several missions over the next several decades including Cyprus in 1964, the former Yugoslavia in 1992, Somalia in 1992, Rwanda in 1994, Kosovo in 1998, and Haiti twice in 1997 and 2011, and Mali in 2012. Canadians served in the First Gulf War (1990-1991) and went to fight terrorism in Afghanistan (2001-2012) and Iraq and now proudly leads the NATO mission to protect Latvia.¹ It is very likely that in the event of a war between the U.S. and its allies in the Pacific and China over Taiwan that the Canadian government would want to deploy the Canadian Armed Forces to protect the rule of law in the Indo-Pacific.

Canadian interests in peace and stability in the region are just too great. At the very least Canada's closest military allies are the U.S., the UK through NATO, the U.S. again through NORAD, and the U.S., UK, Australia, and

New Zealand through the Five Eyes alliances. A war in the Pacific over Taiwan is likely to drag in most if not all of Canada's principal military allies, Japan, and South Korea who have bilateral defense ties with the region. The U.S., UK, and Japan are in Canada's top five trading partners as is China. South Korea is ranked as number eight. It is important to note that Taiwan is as integral to Japanese security as Japan is to U.S. security in the region. Canadians have bristled at China's hostage diplomacy over the 'two Michaels', and foreign interference in Canadian general elections in 2019 and 2021 now the subject of a public inquiry.² Chinese foreign interference hit a further high point when it emerged that they had threatened the family of a human rights critic, sitting Canadian Member of Parliament, and King's Privy Councillor, Michael Chong.³ Like other Western countries Canada joined the pivot to the Indo-Pacific with the launch of its Indo-Pacific Strategy and it made that pivot knowing Taiwan was a potential flashpoint that could lead to war that is best deterred by forward engagement in the Western Pacific.

Indo-Pacific Strategy

In late November 2022, the Trudeau government released its long-awaited Indo-Pacific Strategy to great interest among Canadians.⁴ The strategy framework, set out Canada as a Pacific nation with broad interests throughout the increasingly important region. Those broad interests included national security, economic prosperity, respect for international law and human rights, democratic values, public health, protecting the environment and promoted enhanced Canadian engagement in the region with partners to shape those interests. The strategy was based in realism, concentrating on protecting Canadian interests and values as the starting point and noted that Canada would invest almost \$2.3 billion in the Indo-Pacific region over the next five years. To advance Canada's security interests, the Government planned to spend \$720.6 million, including \$492.9 million to reinforce military and naval presence and participation in regional military exercises and \$47.4 million to develop cyber security capacity in select regional allies.⁵

The document was uncharacteristically blunt regarding the rise of an increasingly aggressive China. In the Indo-Pacific Strategy, China was described as "an increasingly disruptive global power" that could not be ignored because of its social and economic power. The document warned that the Canadian

government needs to be “clear-eyed” about China’s objectives in the Indo-Pacific and the greater world at large. The Canadian framework further cautioned “China’s rise, enabled by the same international rules and norms that it now increasingly disregards, has had an enormous impact on the Indo-Pacific, and it has ambitions to become the leading power in the region.”⁶ Foreign Affairs Minister, Melanie Joly, warned that “we will continue to enforce the international rules-based order when it comes to the Taiwan Strait. And that’s why also we had a frigate going through the Taiwan Strait ... along with the Americans, [and] we’re looking to have more frigates going through it.”⁷

Former Minister of National Defence Anita Anand said, “as a Pacific nation, Canada is deeply committed to upholding global stability and prosperity in the Indo-Pacific region.”⁸ Recently, Canada demonstrated with its military forces its interest in stability and peace in the Taiwan Strait and the South China Sea. In October, a Canadian H-92 maritime helicopter was flying off the deck of the frigate HMCS Ottawa over international waters east of the Paracel Islands when Chinese fighter planes began circling the helicopter, firing flares and at one point passed within about 30 meters of the aircraft. Shortly thereafter HMCS Ottawa joined the U.S. destroyer USS Rafael Peralta for their third joint transit through the Taiwan Strait and were aggressively followed by three Chinese warships.⁹ Canada has been quick to support freedom of navigation operations in the Taiwan Strait and the South China Sea, but it is more waving the flag with one of two occasional warships participating than a concerted forward presence backed up by a middle power’s modern war machine.

The Chinese Military

China has built a modern military force that can challenge the U.S. and its allies in the Indo-Pacific and beyond. The People’s Liberation Army (PLA) has more than 2.1 million active-duty military personnel, the world’s largest military, as well as the world’s largest arsenal of missiles. The PLA Navy at more than 400 warships is the world’s largest navy but half the tonnage is in smaller ships. The PLA Air Force has some 3,100-combat aircraft and is the third largest air armada in the world. China’s PLA Rocket Forces nuclear stockpile surpassed 400 warheads in 2021 and is on track to reach 1,500 by 2035. Taiwan’s unification with China is “unstoppable,” Secretary-General

Xi Jinping said after the Chinese leader met President Joe Biden in California on November 15, 2023.¹⁰ Cui Tiankai, China's longest-serving ambassador to the U.S. warned that "The Taiwan question is a matter of national sovereignty, territorial integrity, and national unity. So, this is something like a life-or-death question for China...there's no room for concession."¹¹ U.S. CIA Director William Burns has said Chinese President Xi Jinping has instructed his country's armed forces to be ready to invade by 2027.¹²

China routinely over the last several years has staged joint military exercises around the island of Taiwan to rehearse a joint blockade, sea assault, and land and air combat involving the use of its most advanced weaponry. The goal of the exercises is to demonstrate China's ability to surround the island with naval forces, to destroy the country's air defenses and air forces, and to use Beijing's advantages in missiles and rockets to destroy Taipei's best defense infrastructure. There have been drills with the PLA's J-20 stealth fighter jet, H-6K bomber, J-11 fighter jet, aircraft carriers, cruisers, destroyers, frigates, corvettes, and amphibious units, including militarized civilian roll on roll off ferries and its missile forces rehearse for war with Taipei. The PLA has conducted training including live-fire drills in six large maritime areas and their air space surrounding the island of Taiwan, to the north, northeast, east, south, southwest, and northwest.¹³ The most likely scenario for a future war would be that China would establish a sea blockade followed by targeted missile and air strikes to suppress Taiwan's air and coastal defenses and simultaneously strike U.S. and allied bases in the region and attempt to destroy U.S. and allied surface and air forces before they can intervene to save the island from collapse. It is very likely even in the event that Canada decided to stay out of the fight that Canada's forward deployed forces would be targeted by China at the outset of hostilities.

By most analysis except perhaps China's, a PLA blockade of Taiwan would likely fail, and a direct military invasion of the self-ruled island would be extremely difficult for Beijing to carry out successfully. Ely Ratner, U.S. Assistant Secretary of Defense for Indo-Pacific security Affairs, said a blockade would give Taiwan's allies time to mobilize: "It would likely not succeed, and it would be a huge risk of escalation for the PRC, where it would likely have to consider whether or not it was willing to ultimately start attacking commercial maritime vessels."¹⁴ Based on a Chinese amphibious invasion of

Taiwan in 2026, military experts ran 24 war game scenarios. They found that in four weeks of high intensity fighting simulation, the U.S. lost hundreds of aircraft, two aircraft carriers, up to two dozen other surface warships, and the bulk of its attack submarine fleet. U.S. bases in Guam were devastated, Taiwan and its economy suffered heavy damage, and Japan was forced to enter the fighting. However, China lost more than 100 warships and tens of thousands of soldiers were killed, wounded, or captured. In the scenario where the Taiwanese and their allies won most decisively, the Chinese amphibious and transport fleet lost 90 per cent of its ships.¹⁵ Needless to say, with losses like these the U.S. and its Indo-Pacific allies will call on Canada for military support and direct participation in the fight or in breaking the blockade.

The Canadian Forces

So what military options are available to Canada in the event of a conflict between the United States and China over Taiwan. The Canadian Armed Forces are currently some 16,000 personnel short of their planned strength and with the Canadian Army looking for another 10,000 troops, the Royal Canadian Navy down over 1,000 people including skilled trades and the Royal Canadian Air Force down to 45 trained fighter pilots and like the navy critically strained in key trades.¹⁶ Canada's fighter aircraft the CF 18 goes back to the early 1980, the Canadian patrol frigate goes back to the late 1980s and early 1990s, and submarines go back to the late 1980s and spend more time out of the water than they do in the water.

In terms of the Canadian army, it has a mission to lead a brigade in Latvia for the foreseeable future and is struggling build its battle group strength unit in place there now to a strength of 2,200 people, which it is not projected to be able to do for another two years. A little over a decade ago, for the war in Afghanistan Canada had deployed ground forces and an air element to Southwest Asia. Today, the Canadian army lacks, modern air defense, anti-tank missiles drone and counter-drone capabilities, and a tactical communications command control system that will allow it to speak to its allies, and that will shield it from electronic warfare. In short, there is very little the Canadian Army could produce and send to the Pacific to support operations in the defense of Taiwan outside of its small but very professional

special forces units that are already over-subscribed in Europe, and other priorities.¹⁷

The CF-18 is essentially at the end of its service life. Its current electronic warfare suite is obsolete and cannot be upgraded leaving them extremely vulnerable against fourth and fifth generation fighter aircraft and modern air defenses. A recent study of the CF-18 fleet by the United Kingdom's Royal United Services Institute found that they would not be suitable for use in a modern combat environment in Europe or the Pacific in a conflict with China.¹⁸ Canada could provide logistic support in terms of strategic airlift with its C-17 and tactical support with the modern C-130J Hercules, but they would provide limited assistance given the brigade commitment to Latvia. Depending on the speed at which they are converted and made operational Canada could provide some strategic tanker capability in terms of its newly acquired Airbus fleet.¹⁹

The Royal Canadian Navy has a fleet of 12 30-year-old Halifax-class frigates but they have suffered more than 10 smoke and fire incidents since 2018.²⁰ The ships have been upgraded but the ability to deploy and sustain three frigates over a period is challenging and would involve forces from both coasts, leaving NATO commitments in a lurch.²¹ Canada had three frigates forward deployed to the Western Pacific exercising with the U.S. and Japanese navies and the Chief of Defence Staff General Wayne Eyre has warned that it is increasingly difficult to sustain the warships given the current limitations on the defense budget.²² Canada has four conventional-powered Victoria-class patrol submarines which are 30 years old that suffer from several issues, including very intensive maintenance issues, which makes it unlikely that more than one could be sustained on a station at any given time.²³ The only support ship is a militarized civilian vessel without an ability to defend itself in modern naval combat and is unlikely to be sent into a war zone.²⁴ There are a series of patrol ships which could not defend themselves in a modern combat environment, and therefore would be little use in a modern war in the Pacific.

Therefore, in real terms, Canada can produce up to three Halifax-class frigates and sustain them and one or two Victoria-class submarines, and some air logistics support, and that would likely be its sole contribution to the defense of Taiwan. In the event of a war over Taiwan where China's long-

range anti-ship cruise and ballistic missiles are going to play havoc with allied forces, Canadian ships will likely be lost and not be replaced quickly even if damage is minor. The lack of warship repair facilities will be a thorn in the west's side which Canada could provide assistance with as another potential aid to its allies, but West Coast capacity is limited in this regard too. The Canadian forces are increasingly not ready for modern war in Europe or the Pacific. If the chips were down and our allies' needed assistance in a war over Taiwan, Canada would likely offer up everything it has to help, but the big question is for our U.S.-led allies whether is it more of a liability than an active aid and participant in battle. A clue rests in the fact that to date Canada has not been invited to join the Quad or AUKUS and was even shut out of recent U.S.-Pacific trade talks.²⁵

In conclusion, while Canadians see themselves as peacekeepers, peacemakers, and globally engaged, they are increasingly not, and only have a few people on peacekeeping duty now around the world. The government is pivoting to the Indo-Pacific, but has very little combat power to put behind it in times of a crisis and war, particularly with China over Taiwan. Canada likes to talk about its status as a diplomat and a convenor in times of crisis but the heydays of Canadian soft power as seen from the Trudeau government's recent straddling of the Israel-Hamas war, are well behind us. Soft power flows from hard power, just as smart power does, and Canada's hard power currency is very limited. Its G7 status is increasingly under scrutiny from the U.S. with Republicans questioning who can replace us. The history of Canadian defense policy is one of unpreparedness ahead of conflict. Traditionally, Canadians join their allies and take their lumps in the field, in the air, and on the sea and pay the price in lives and treasure. Canadians will likely do it again if their government says go and our allies say come along, we will look after you. There are hopeful signs that Canada knows that it is between 'a rock and a hard place' and that it must rearm. It has agreed to purchase the already mentioned F-35 fighters, accompanying weapons, and is in the process of taking possession of strategic tankers. The long-expected Defence Policy Update is expected to talk a great deal about NORAD modernization and a fleet of eight to twelve quiet modern conventional-powered submarines, a most welcome commodity to challenge a Chinese invasion or blockade of Taiwan, but even with political will, new submarines

not to mention long-awaited new surface combatants are a decade away and Taiwan likely does not have that kind of time.

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III. SUPPLY CHAIN CONNECTION TO GLOBAL SOUTH

CHAPTER 14

Japan, Taiwan, and EU in a Global Supply Chain Partnership?

Niklas Swanström and Mrittika Guha Sarkar

Given the current state of geopolitical affairs and the volatility of the global economy, the need for strengthened ties among major economic entities is more pressing than ever. The European Union (EU), Japan, Taiwan, and other like-minded powers, such as the United States (U.S.), face a common challenge: Reducing reliance on China. There also has been an intense backlash against Russia's full-scale invasion of Ukraine, particularly in Europe. A late but essential realization is that networks of like-minded states must be established to lessen supply chains' reliance on autocratic regimes.¹

This imperative has emerged as a critical security consideration, especially as Europe grapples with its internal divisions and varying approaches to these issues. Increasing collaboration with partners in the Americas, Africa, and Asia is strategic and fundamental to ensure manufacturing reliability. Such partnership aligns with the goals of green development, environmental sustainability, integration into global high-tech value chains, and the shared principles of democracy and economic transparency.

The significant role of Taiwan in global manufacturing, particularly its dominance in the semiconductor industry, underscores the economic benefits of such collaboration. Taiwan's leadership in this sector, combined with Japan's technological and manufacturing expertise and the EU's expansive market and advancements in renewable energy and pharmaceuticals, creates a powerful

economic dynamic. This trilateral partnership is poised to foster diversification, mitigate the risks associated with reliance on a single source, and enhance the overall resilience of the global supply chain.

Strategically, Taiwan's critical position in key global shipping lanes complements Japan's stature as a technological leader and a strategic ally to Western nations. This trilateral collaboration would form a formidable alliance when combined with the EU's diplomatic influence and economic might. It underscores the imperative of securing global trade routes, counteracting regional hegemonies, and fostering a stable international trade environment. This collaboration is essential not only for maintaining a balanced global power structure but also for advancing the interests of democratic and economically transparent societies.

In this context, this chapter seeks to explore and elucidate the potential for greater collaboration between Japan, Taiwan, Europe, and like-minded Asian states. Recognizing the limitations inherent in trilateral cooperation, the focus is now shifting towards bolstering the regional network in Asia. Such efforts are critical for building a more resilient and diverse supply chain that can withstand the complexities of modern geopolitical challenges.

Strategizing Diversification Ahead of an Authoritarian China

China has been discernibly successful in securing a key position in crucial and essential industries, which has helped advance its strategic objectives. However, the private sector and public policy approaches of significant powers in the EU and the U.S. have long prioritized efficiency and low costs over security, resilience, and sustainability, pushing the powers towards more significant supply chain risks. As a result, Beijing now accounts for 30 percent of global manufacturing, with major powers around the world relying on the country for critical supply chains in areas like semiconductor production, large-scale battery production, essential minerals and materials, and pharmaceuticals and active pharmaceutical ingredients (APIs), where the majority faces a single-source risk—China.

For more than three decades, China has held a nearly mythical position in the global market, with many companies raving about the potential of the Chinese market despite lacking any complex data to back up their claims.²

However, China's status as a significant export hub is shifting, and the country's economy is growing less rapidly and losing some of its allure due to the increased politicization of economic interaction. In fact, China has lost ground in key consumer categories such as clothing and accessories, footwear, furniture, and travel goods, according to data shared with CNBC by transport economics firm MDS Transmodal in October 2022, while it is also seeing declines in its share of exports ranging from minerals to office technology.³ Indeed, despite Beijing's hopes and the country's extensive background in industrial production, China is no longer the primary export market. Nonetheless, considering its enmeshed and significant position in the supply chain network, complete decoupling is neither pragmatic nor desirable in the case of China. Given China's continued prominence on the global stage, it is in everyone's best interest for the country to be able to continue participating in the international economic system, but within the context of a secure and open regional environment that takes into account the importance of preserving stability on both sides of the Taiwan Strait.

Nevertheless, China's economic weaponization, evident in its use of economic policies as political tools (e.g., trade disputes with Australia and investment restrictions), underscores the need for a 'Blue Supply Chain' (in contrast to a red supply chain dominated by China). This initiative is crucial to mitigate risks associated with China's growing economic influence and to promote a more balanced and secure global supply chain, safeguarding the economies of democratic states from unpredictable disruptions and political manipulations. The clothing industry, for example, is less critical and could continue to operate in more authoritarian states while more resources are allocated to home-shoring essential industries. While success has been achieved in some areas, such as semiconductors, deemed crucial to national security by lawmakers, leaving China has been difficult for most non-critical industries. Low-tech, low-margin goods like clothing, footwear, home goods, and luggage are challenging to manufacture in countries other than China due to a lack of factories equipped with the necessary equipment and skilled laborers.⁴ As a result, China will continue to be home to non-critical industries and local markets despite the growing awareness of the need to diversify.

In this context, the diversification process would have to include more than just a change in production; it would also have to involve different kinds

of study, mining, manufacturing, and delivery. The semiconductor, battery, and healthcare industries, among others, cannot stress this enough. The costs of such a strategy shift are high, and that is why the idea of “friend-shoring,”⁵ or establishing a safe supply chain by teaming up with countries known to be amicable, is gaining traction. In this regard, the May 23, 2022, introduction of the Indo-Pacific Economic Framework (IPEF) has been significant. IPEF convened 14 nations to discuss building a robust economic foundation. However, excluding China from producing all critical materials is difficult and not necessarily in the interest of the international community. The United States must keep in touch with China and push for a change in Beijing’s approach to trade and international finance, while Japan, Taiwan, and Europe work with the United States and bolster economic security policies.

Supply Chains: The Long and Short of It

The modern economy’s success can undeniably be attributed in large part to the efficiency and effectiveness of its extensive supply chains. Longer supply chains may even be considered the foundation of modern globalization. This is because improved profitability has been achieved by focusing on the cheapest manufacturer, material, and transport, resulting in highly long supply chains in terms of geography and numerous hubs and spokes, increasing the insecurity of the modern supply chain.⁶ The fragility of the iPhone 14 supply chain, for example, becomes prominent when one considers that it involves over 50 different states and 200 different hubs (companies), not to mention local and international transportation.⁷

However, supply chain security and reliability continue to be of paramount importance and depend on various factors, such as the collaboration of different actors and the removal of superfluous hubs and spokes. When it comes to minerals, transportation, and essential components, almost anyone can threaten a single link in the supply chain, delaying or even halting production. China, for example, has made unprecedented progress in weaponizing supply chains/links, especially by protecting national sovereignty by limiting access to rare earth minerals, exports, transportation, and maritime routes.⁸

In this context, Japan and Taiwan are integral to reinforcing the resilience of global supply chains, with Japan leading the world in robotics and automotive components, delivering 45 percent of the global supply of industrial

robots as of 2022,⁹ and Taiwan maintaining its pivotal role in semiconductor manufacturing, a sector anticipated to have reached record sales of \$117.5 billion in 2022.¹⁰ The European Union, in its quest to diversify supply sources and strengthen supply chain security, as outlined in its European Industrial Strategy,¹¹ stands to gain significantly from a cooperative framework with these two technologically advanced nations. This trilateral partnership, by providing alternative sources for critical components and reducing dependency on single-source suppliers, aligns with the EU's strategy for resilient supply chains [European Commission, Trade Policy Review, 2021].¹² Such collaboration not only enhances supply chain resilience but also contributes to a more balanced global economic landscape, marking a strategic move towards a more diversified and secure global supply network.

Therefore, it would be beneficial if Japan, Taiwan, Europe, and other similar countries worked together more closely to improve supply-chain resilience. China's over-concentration of production in a few key areas is a cause for concern, and encouraging further policy unity could help alleviate those concerns. On the other hand, cross-border supply chain resilience improvement calls for intense effort from all supply chain participants and requires broaching touchy subjects like trust, solidarity, and collective decision-making. Greater coordination is necessary to assess supply chain risks in light of the growing strategic dependence on China. Actions like mapping the critical players in supply chains and spreading knowledge about supply chain vulnerabilities and bottlenecks are crucial first steps in this direction. When it comes to mission-critical supply chains, stress testing is even more important than its general applicability.¹³ The three partners must now identify areas of capacity shortfall.

Shorter Supply Chains but More Extensive Networks

In September 2020, Taiwan, the EU, Japan, and the U.S. hosted a “supply chain restructuring forum” where they announced their commitment to secure key industries in the post-pandemic world following the disruption of supply chains.¹⁴ While expressing in no uncertain terms that supply chain security is part and parcel of national security, the Taiwanese Ministry of Foreign Affairs stated its intention to establish industrial ties with like-minded partners based on shared values and freedom from political coercion.¹⁵

Regardless of the type of institution in question—democracy, economic transparency, legal foundations, etc.—they all lay the groundwork for cooperation and, more importantly, the stability of the relationships between states. The economies of Japan, Taiwan, and the European Union are intertwined in many ways despite their different legal systems, levels of democracy, and levels of economic transparency. When it comes to international organizations, the United States and Europe primarily use the World Trade Organization (WTO) to deal with the threats to supply chain resilience.¹⁶

The WTO and its rules were established to facilitate traditional trade, such as purchasing and selling goods and raw materials. However, current regulations are insufficient to address the challenges posed by modern supply chains (which are characterized by trade in intermediate inputs and fragmentation of production across multiple countries). The WTO's reform would be a significant step in that direction. The organization is a critical coordination platform for avoiding the need for emergency export controls. The first step is for WTO members to debate whether the organization's current rules on export restrictions should be strengthened. In times of crisis, enhancing the WTO's trade-policy monitoring function is critical.¹⁷

Further, the United States and China are just two of the countries that have launched domestic and international initiatives to strengthen and restructure the semiconductor supply chain for offensive and defensive purposes. The U.S. CHIPS and Science Act of 2022 authorized nearly \$50 billion in investments to increase domestic semiconductor production capacity.¹⁸ With the new "K-Chips Act" in South Korea, corporations and individuals in the semiconductor industry will pay much less in taxes.¹⁹ The European Union, Japan, and India have all announced initiatives along these lines.²⁰ These adjustments highlight the growing significance of policy in conjunction with market forces in shaping the future of the global semiconductor industry. In addition to economics, national security and technological sovereignty concerns drive current and proposed policies (and related subsidies). In light of these revolutionary changes, policymakers must evaluate the Indo-Pacific region's significance to semiconductor supply chains.

As it stands, technological and economic constraints have spawned a highly specialized and intricate semiconductor supply chain. No nation has yet

succeeded in becoming fully self-sufficient in semiconductor manufacturing despite persistent efforts on their part.²¹ U.S. policy should seek to develop a robust semiconductor ecosystem in which allies and partners play a crucial role in successfully fortifying the U.S. supply chain position and mitigating risk. The CHIPS Act relies heavily on this mechanism, and the Department of Commerce has already acknowledged the same. Implementation of the CHIPS Act is led by the Department of Commerce's CHIPS office, with primary goals including the coordination of investment and incentive programs, the promotion of knowledge exchanges and collaboration, and the facilitation of cross-border commerce.²² To avoid making the same investments twice, build on each nation's domestic industry's comparative strengths, and reduce the risk associated with critical dependencies, it is crucial to keep the lines of communication open with key allies, especially in the Indo-Pacific.

The three partners would do well to plan for shared strategic reserves of necessities to establish safety nets. The European Union has already proposed stockpiling of essential medical equipment as an area for increased transatlantic cooperation, and this is a natural place to start in the context of the COVID-19 pandemic.²³

Further, the Five Eyes intelligence alliance—comprising United States, Canada, New Zealand, and Australia—could serve as a springboard for improving supply-chain resilience.²⁴ The group could lay the groundwork for creating a strategic economic relationship for essential raw materials like rare earths, an area where China currently dominates. In fact, the former Australian Prime Minister Scott Morrison has announced that the Five Eyes alliance will be used to create “trusted supply chains.”²⁵ Many have advocated for Japan to join a more extensive alliance along the lines of the Five Eyes.²⁶ In addition, the Supply Chain Resilience Initiative (SCRI) launched in April 2021 by Australia, India, and Japan would benefit from including the United States.²⁷

Case Study: Maneuvering through Potential Semiconductor Supply Chain Trilateral Partnerships

The semiconductor industry is crucial to the production of consumer electronics. The competitiveness of significant economies in terms of technology and the quality of life for ordinary citizens would be negatively

impacted if the semiconductor industry's supply chain were disrupted. These essential parts of the technology on which modern society has come to rely are supplied by dispersed networks that span the globe.

Damage to the semiconductor supply chain could have severe consequences for security and critical infrastructure. The military's ability to defend itself and wage war depends on cutting-edge semiconductor technologies, which are difficult to come by without government support. With only Taiwan and South Korea having the infrastructure to mass produce semiconductors at 7 nm or smaller, the supply of high-end semiconductors to the military forces of the United States and the European Union is currently at risk (nm).²⁸

Taiwan has emerged as a major cutting-edge manufacturing center among the world's top semiconductor producers.²⁹ Along with Taiwan's rising prominence, foreign investment in the country's semiconductor industry has also increased. Not only have companies like Qualcomm and semiconductor material producer Entegris recently increased their presence on the island, but Micron Technology, a major and long-term investor that has acquired and operates several memory fabs there, is another example.³⁰ According to the Semiconductor Equipment and Materials International (SEMI) trade group, Taiwan was the largest purchaser of semiconductor equipment in Q1 2023. During the time period in question, Taiwan spent \$6.93 billion on semiconductor equipment, which was up 42 percent year-over-year but down 13 percent quarter-over-quarter.³¹ Still, as local businesses in Taiwan expand their production capacities and update their technologies, the country's high level of equipment spending has been maintained. For the next few years, at least, Taiwan will be the undisputed leader in the semiconductor equipment market.

TSMC is essential to the development of the semiconductor industry on the island. As the world's largest foundry chipmaker, the company can produce around 13 million 12-inch equivalent wafers annually.³² TSMC is at the forefront of technological innovation and uses a wide variety of technologies, from the more traditional 2 microns to the most advanced 3 nm.³³ The domestic competition from TSMC and other companies has helped Taiwan increase its share of the international foundry market. By the end of the first quarter of 2023, four Taiwanese companies (TSMC, UMC, Vanguard, and

Powerchip) controlled a combined 69 percent of the global foundry market.³⁴ Taiwan also accounted for a sizable percentage of the global IC industry's total capacity as of December 2022. More than 90 percent of the world's manufacturing capacity for the most advanced semiconductors—with transistor sizes (nodes) below 10 nanometers—is located in Taiwan, according to the Boston Consulting Group.³⁵

In light of the recent escalation in the technology dispute between the United States and China, however, it is more important than ever for Taiwanese semiconductor companies to strengthen their partnerships with similar businesses to guarantee the safety and reliability of their supply chains. That's why TSMC is putting forth an unprecedented effort to expand its chip manufacturing operations abroad, with an increasingly positive outlook in Japan as a production base. An \$8.6 billion fab is currently being built in a chipmaking hub on the island of Kyushu, and it is expected to begin producing mature-technology chips in 2024, boosting the company's confidence in Japan. The chipmaker is considering building a second fab in Japan while ensuring the first fab's ramp-up goes smoothly. A partnership between Taiwan and Japan in semiconductor manufacturing would be a natural and mutually beneficial partnership that could help TSMC expand its operations beyond Taiwan, which is limited by a lack of land, power, water, and labor. Higher costs across the business and concerns about the macro environment have contributed to TSMC's interest in developing global semiconductor manufacturing partnerships, pushing capital expenditure to \$36 billion in 2021 from \$10 billion in 2018. TSMC could also benefit from Japan's proximity to Taiwan, shared work values, and an extensive network of chip equipment and material suppliers to forge a more effective and efficient collaboration.³⁶

Likewise, in August 2023, TSMC invested 3.5 billion euros (\$3.8 billion) in its first European factory in Germany, capitalizing on massive state support for the \$11 billion plant as the continent strives to bring supply chains closer to home. Berlin's goal of fostering the domestic semiconductor industry to remain globally competitive remains at the heart of the plant, which is supposed to be TSMC's third outside of traditional manufacturing bases in Taiwan and China. In a broader sense, the collaboration between TSMC and Germany aids the EU's European Chips Act, a 43-billion-euro subsidy planning to

double its chipmaking capacity by 2030. This is part of the EU's effort to catch up to Asia and the United States after shortages and high prices caused havoc for the continent's automobile and machinery manufacturers during the COVID-19 pandemic. If anything, this would cement Germany's position as Europe's primary semiconductor manufacturing hub, highlighting the importance of globally resilient production structures, Europe's continued vitality, and Germany's central role in both.³⁷

Besides, with the completion of its new Arizona fab, TSMC will be able to produce more than 20,000 wafers per month using its 5 nm process, doubling the company's previous monthly production record. Beginning in 2021, construction on the fab will continue until 2024, when production is scheduled to begin. Given that most of TSMC's business is still conducted in Taiwan, this only accounts for a small fraction of the company's global footprint. Estimated to cost US\$12 billion in 2020, the TSMC fab will be a sizable foreign investment for the United States and one of the most cutting-edge facilities in the United States. Arizona's semiconductor industry would benefit significantly from the addition of the new fab, which would also create between 1,800 and 2,000 jobs in the state.³⁸

Consequently, the Japanese Minister of Economy, Trade, and Industry Yasutoshi Nishimura and the European Commissioner for the Internal Market Thierry Breton met in Tokyo in July 2023 and agreed to strengthen their cooperation on semiconductors by establishing an "early warning" system on problems in the chip supply chain.³⁹ China's announcement of export restrictions on two metals crucial to some parts of the chip industry largely prompted this agreement, further inflaming global tensions in the technology trade war and highlighting the supply chain vulnerabilities in the semiconductor industry. Plans for cooperation in R&D of next-generation chips and human resource development are outlined in the pact, along with plans for sharing information on government subsidies.

Japan is investing billions of dollars in domestic semiconductor projects funded by Taiwanese, Japanese, and American companies, as well as in a buyout of JSR Corp, the world's leading manufacturer of chipmaking compounds. Like other developed nations, Japan is trying to enhance its economic security by developing robust supply chains to protect its national interests from weaponized interdependence. In order to accurately identify

which technologies are essential to Japan's national interests and protect them from interference by China, the government is promoting partial decoupling, which involves relocating production to Japan or countries with proximity while closely examining critical and highly vulnerable products that have an enormous impact on economic activity and people's lives.

The Ministry of Economy, Trade and Industry (METI) has examined critical materials in supply chains to determine the degree of import dependence and substitutability.⁴⁰ When it comes to manufactured goods, Japan relies on foreign suppliers the most for computers (63.4 percent of all imports) and smartphones (94 percent of all imports).⁴¹ According to research analyzed by the Cabinet Office, in value terms, 1,133 of some 5,000 imported items, accounting for 23 percent of the total, were found to have more than a 50 percent dependency on China, a much higher rate compared to the U.S. at 18 percent⁴² and Germany at 8.5 percent.⁴³ Due to the interconnected nature of global value chains, finding suitable alternatives to China's shipments is challenging in the event of a disruption. Therefore, METI is eager to ensure a reliable domestic supply. METI has recently introduced subsidy programs to encourage Japanese businesses to broaden and consolidate their supply bases. There are two goals for the program. The first is encouraging domestic investment by relocating overseas manufacturing facilities to Japan. The second is to build solid supply chains involving ASEAN member-countries to entice Japanese firms to relocate or set up shop in these areas. The program has been characterized as an attempt to wean Japanese businesses off China as a production hub.⁴⁴

However, although Japanese companies know China's influence on economic security, this awareness may not be reflected in corporate behavior. According to a survey by the Development Bank of Japan, although Japanese companies are restructuring their supply chains by diversifying and decentralizing procurement sources, standardizing products and parts, and strengthening mutual aid systems with other companies, they continue to invest actively in China.⁴⁵ Over the past 10 years, the number of company withdrawals from China has been around 3 percent, just slightly higher than in other regions. In the past, Japan, as a development-oriented nation, promoted strong industrial policies and guided private companies; however, as Japanese companies became internationally competitive, they have been

able to ignore or defy state regulations.⁴⁶ The Japanese government is using subsidies and other means to encourage Japanese firms to review their supply chains and withdraw from China, but firms may not act accordingly.

Businesses in Japan are struggling to adapt to the government's policies meant to strengthen the country's economy. Seventy-five percent of Japanese companies cited "uncertainty in the U.S.-China relationship" as an issue affecting economic security in a survey on financial security conducted by the Asia Pacific Initiative in 2021, and 60.8 percent said their businesses were "affected" by the U.S.-China rivalry. Furthermore, 98 percent reported being aware of economic security issues, and 86.9 percent reported taking action. But, 33.3 percent "have a goal of increasing their sales in China", while 41.9 percent "have a goal of increasing their sales in the United States."⁴⁷ The agreement also emphasizes the EU's openness to Japanese semiconductor companies operating within the bloc, highlighting the region's commitment to boosting its semiconductor industry and reducing reliance on external sources.

Critical Nods of the Trilateral Partnership

As mentioned earlier, developments have paved the way for cooperation among the European Union, Japan, and Taiwan. The institutions that serve as the backbone of their economies are a strength of their partnership. Democracy, openness, legal norms, and commonly held values in business and government contribute to a more stable and predictable environment. By incentivizing their respective business sectors to adopt a network that encourages critical and sensitive manufacturing to be home-shored (or, more pragmatically, friend-shored), the EU, Japan, and Taiwan can lay the groundwork for a blue supply chain of democratic and like-minded states.

Therefore, the European Union, Japan, and Taiwan should work together to stabilize the supply chains of petroleum and petrochemicals, automobiles, steel, pharmaceuticals, textiles and garments, marine products, financial services, information technology services, tourism and travel services, and the development of human capital. The proposed Critical Raw Materials Act would further allow the European Union to strengthen its engagement with Japan and Taiwan and designate crucial sectors.⁴⁸ As part of their cooperation on economic security, the EU, Japan, and Taiwan can work together to fill in

gaps in their blue supply chain partnership. Firstly, this will strengthen the already robust cooperation between Japan and Taiwan in building resilient semiconductor supply chains. Secondly, the EU's participation in a minilateral economic framework in which Japan participates will close the gap in economic security cooperation between the EU and Japan and may even pave the way for the EU's eventual ascension into the Indo-Pacific Economic Framework for Prosperity (IPEF).

Conclusion

In conclusion, the imperative for strengthened collaboration in the realm of global supply chains has never been more evident. The partnership between Japan, Taiwan, and the European Union, together with like-minded nations, represents a pivotal step towards ensuring the stability and security of critical manufacturing processes. This trilateral alliance offers a beacon of hope in an era marked by geopolitical volatility and challenges such as China's economic influence and the fragility of semiconductor supply chains. With Taiwan's leadership in semiconductors, Japan's technological prowess, and the EU's vast market and commitment to sustainability, this partnership forms a powerful synergy. It diversifies supply sources and counters authoritarian influences, promoting transparency, fairness, and mutual respect in international trade.

The shift towards diversification is imperative, given China's growing economic influence and tendency to wield economic policies as political tools. While complete decoupling may not be practical, establishing a "Blue Supply Chain" and strengthening partnerships with friendly nations is essential. This approach aligns with the concept of "friend-shoring," wherein countries collaborate with amicable partners to secure supply chains. Initiatives like the IPEF and the SCRI exemplify this strategy. By maintaining communication, mapping key players, and identifying areas of capacity shortfall, the trilateral partners can enhance supply chain resilience and prepare for unforeseen disruptions.

The modern global economy's success is intricately tied to efficient supply chains. However, the extensive length and complexity of these supply chains have also rendered them vulnerable. The semiconductor industry, vital to modern technology, exemplifies this fragility. Taiwan's dominance in

semiconductor manufacturing and its increasing collaboration with nations like Japan and the EU offer a ray of hope. Still, challenges persist, and the focus should shift towards bolstering regional networks in Asia. To this end, coordination and stress testing are essential, and the trilateral partnership should strive to create shared strategic reserves. Moreover, international organizations like the WTO should be reformed to address modern supply chain challenges, ensuring the resilience of global trade routes. In these efforts, Japan, Taiwan, and the EU can play pivotal roles in shaping a more diversified and secure global supply network.

NOTES

- 1 The concept of “likeminded states” is complex and, in practice, only outlines what the author would like it to encompass. Despite the fact that all states and, by extension, sub-state actors, have their own goals and perspectives, this term refers to a collection of states that are cooperating for a common purpose. Here, the common purpose center on China and other authoritarian states becoming more assertive and aggressive. Please read, Andreas B. Forsby, “How ‘Like-Mindedness’ Became the Key Attribute of the China Containment Strategy.” *The Diplomat*, February 9, 2023, <https://thediplomat.com/2023/02/how-like-mindedness-became-the-key-attribute-of-the-china-containment-strategy/>.
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CHAPTER 15

Advantage Global South: The China-India Divide Amid the Crisis-ridden Liberal Order?

Jagannath Panda

Introduction

The rise of the “Global South” – a term that has found increased resonance despite eliciting much debate – has been accompanied by an ongoing crisis in the US-led liberal international world order.¹ Even as the countries from the marginalized (primarily non-Western) world, typically including Africa, Asia, the Caribbean, Latin America, and Oceania, among others that identify as part of this heterogeneous grouping, are struggling to prioritize the economic and environmental challenges, they have also realized that the geopolitical quandaries of the new crises-ridden era cannot be resolved without their collective might.

It is important to mention that the Global South includes the economically rich but politically sidelined states of West Asia.² These states, too, have now begun to exercise their political leverage through new memberships in significant platforms such as the China-dominated Shanghai Cooperation Organization (SCO), BRICS (Brazil-Russia-India-China-South Africa), the US-initiated I2U2 (India-Israel-US-UAE), or the India-Middle East-Europe Economic Corridor (IMEC) – creating a new arena of influence-jostling.³

The complexity of the Global South debates notwithstanding, as the

cynosure of the developing and emerging world, India and the People's Republic of China (PRC) are undoubtedly at the heart of this astounding double transition in global geopolitics, which has found new momentum in the recent past.

Not only do both neighboring countries are bitter rivals want a majority stake in leading the countries of the so-called Global South, they also want to redefine the parameters of the Western-dominated liberal world order through multipolarity. Yet their respective intentions, visions, strategies, and tools for achieving the said goals are certainly a study in contrast. But in what ways are the Chinese and Indian perspectives of the Global South different? How does the Global South factor into the rebuilding of the international order, if at all? Can India act as a bridge builder between the West and the Global South?

China's Evolving Stance: Securitizing South-South Bonhomie?

In 1998, Deng Xiaoping alongside Brazilian President José Sarney delivered the “dialogue of the century” in which he proclaimed that:

China maintains that developing countries must, on the premise of self-reliance, enhance solidarity, support and help each other through South-South cooperation. They should also use South-South cooperation to promote North-South cooperation and bring the world toward greater multipolarity.⁴

Under Deng Xiaoping, therefore, China was already re-envisioning the graph for the so-called “third world” countries via the “East, West, South, and North” theory, viewing the North-South ties as essential for peace/security while South-South relationships as necessary for development and economic growth minus any “revolutionary” need to alter the post-war global order.⁵

A quarter of a century later and after more than a decade of “personalistic” rule and authoritarian control by Chinese President Xi Jinping, who has sought to redraw the boundaries of not just domestic but global governance, China is looking to upturn and transform its South-South cooperation approach. Xi's interconnected triple initiatives of the Global Security Initiative (GSI), the Global Development Initiative (GDI), and the Global Civilization Initiative (GCI) take forward his vision expounded in his first term, namely “building a community with a shared future for mankind.”⁶

It also extends globally Xi's chauvinistic "Asia for Asians" concept,⁷ which called for the creation of "an Asian security mansion" to meet security challenges and foster common, sustainable development; the obvious implication was to limit the US role in Asia's security landscape.⁸ Thus, behind the lofty-sounding rhetoric, in essence, Xi's approach to the Global South has been to create a viable alternative to the existing US-led liberal international order by helping securitize the developing world against the dangers of "the unending clash of civilizations," as well as other challenges like climate change, and in turn, using the Global South as a tool to enhance China's international clout.⁹

Despite its status as the world's economic superpower that only rivals the United States, China continuously refers to itself as "an ex-officio member of the Global South and will always be a member of the big family of developing countries," promoting solidarity and cooperation – a link that China would be loath to forsake because of the immense leverage it provides.¹⁰ Since the Bandung Conference in 1955, China felt bound to other countries that had endured imperialism and colonialism and saw an opportunity to share its experience of revolution.¹¹ Xi Jinping has acknowledged the Global South's contribution in terms of the PRC gaining the United Nations' (UN) recognition back in 1971, and time and again reiterated that "China has always been a member of the big family of developing countries."¹² This solidarity with the Global South has grown over time and now primarily centers around shared aspirations to achieve multipolarity amid Xi's relentless intent to build a "new world order" under China's leadership.¹³

Beijing's Global South Diplomacy: Key Narratives

Today, there is an expectation from the Global South for a multipolar world that looks different from the existing rules-based international order, and China's diplomacy with Global South countries is driving this ambition.¹⁴ Moreover, China's narratives toward the Global South emphasize their connection through shared historical experience and future ambitions, advocating for greater inclusion in the international order.

Additionally, China's efforts toward South-South cooperation – a key driver of many initiatives – are focused on promoting mutually beneficial development but often through channels designed by China. In particular, China has been plugging the Belt and Road Initiative (BRI) as a key

opportunity for other developing countries to experience the extraordinary success of China's economic development with Beijing as the foremost provider of access to this model.¹⁵ Nonetheless, with the BRI facing credibility issues due to "debt traps," geopolitical manipulations, and corruption allegations, as well as lack of financing due to China's current economic woes, China has its work cut out in the Global South states.¹⁶

Through the Group of 77 (G77) and China – the largest intergovernmental organization of developing countries in the UN – the PRC has positioned itself as the champion of developing countries within global governance and is using this leadership to provide alternative solutions and aid for developing countries who continuously view the West as lacking in its duties. For example, regarding climate change mitigation and adaptation, the Global Climate Fund has been overlooked by developed nations, so China announced a South-South route of cooperation with its own Climate Fund worth US\$3.1 billion – far greater than what any developed country has pledged to the cause.¹⁷ However, clear details about whether or how much the fund has benefited are not available, nor is there any deadline.¹⁸

Nonetheless, these types of initiatives show that Beijing is increasingly keen to use its economic resources to provide alternatives to other developing countries. Moreover, for some, the Chinese policy of "non-interference" would be preferable to the political and economic conditionalities that accompany traditional Western aid. Many believe that aid and economic development assistance have now become a serious battleground of competition between China and the West.¹⁹

For this reason, along with enhanced economic assistance, China has deepened its attack on the West by calling out the US-led liberal order's lacunae and advocating for "fairness and justice" in world governance, particularly in international forums.²⁰ Such Chinese efforts to engage with the Global South are considered critical for building the Chinese vision of "a community of shared destiny of mankind" – also interpreted as a more Sino-centric world order. Behind China's diplomacy and outreach to the Global South, there is a strategy to promote pro-China narratives, which redouble Beijing's foreign policy efforts.

Through its "discourse power," China intends to shift global opinion in

its favor; in other words, it aims to compel the world to become more receptive to changes that will ultimately lead to a Sino-centric world order, and minimise resistance to a more confrontational Chinese foreign policy.²¹ The Chinese foreign policy has factored the Global South as leverage to help facilitate the dissemination of such Chinese Communist Party (CCP) narratives, as well as to allow China to exercise leadership and use it to constrain the US and expand Chinese influence.²²

The expanding influence is especially visible in China's new outreach to continental Asia (including West and Central Asia). For example, in 2023, Xi brokered a landmark deal between rivals Saudi Arabia and Iran that has set back the US efforts to reinvigorate its declining influence in West Asia. In Central Asia, too, China has capitalized on Russia's fading influence as a security provider by boosting the economic, connectivity, and security incentives through the BRI and its new security ventures, primarily the GSI.²³

Importantly, the new wave of expansions in the SCO (Iran, with Belarus in the pipeline) and BRICS (Saudi Arabia, Iran, Ethiopia, the UAE, Argentina, and Egypt), which includes countries in West/Central Asia, Africa, and Latin America – all regions where China's stronghold is in ascent – highlight that China's financial clout will propel its new world order aims – a clash of projected multipolarity versus inescapable Sino-centrism.²⁴

Chinese State Media Rhetoric: Drawing Battle lines

Chinese officials and media frequently concentrate on emphasising the common grievances that China and the Global South share against the West and the US in particular. One aspect that Chinese media tends to reiterate is how the US is responsible for the Global South's suffering, and how hegemony and unilateralism have negatively affected Africa and other regions of the Global South. Globalization and more recently "slowbalization" are used to demonstrate that the US will continue to reap the benefits of its "exorbitant privilege" by leveraging its currency and technological advancement, without considering developing countries who will mostly likely be worse off.²⁵ Such rhetoric conveniently disregards that China itself has been the beneficiary of the US-led globalization era.

In contrast, China is highlighted as a benign power disinterested in using

the Global South as an arena of great power rivalry, but only as an inspirational model of modernization and development that is pushing forward developmental goals.²⁶ Despite the irony of the PRC having benefited and grown within the neoliberal globalised economic world order, these messages resonate with the Global South that disapproves of the stark inequalities between the Global North and South, which are seen by-products of the current economic order.

The Ukraine war is currently a burning issue that is used by Chinese diplomats and the media to further bind China with the Global South. Over the last year, Global South countries have been reluctant to become involved in the escalating war, which is primarily being seen as a conflict between the West and Russia.

It is true that the Global South is rankled by the West's double standards: the West's concerted response to the war in Ukraine in contrast to its ambivalence or flailing approach to multiple flash points and wars elsewhere (e.g., the Syrian war, the crises in Afghanistan, in Libya, or in Yemen). However, the Chinese media dials up the hypocrisy of the West (primarily the US), for example, by emphasizing that the US looks upon the Global South as "not full-fledged decision-makers, but rather as obedient decision-takers."²⁷

At the World Peace Forum in July 2023, Chinese officials even accused the West of intentionally prolonging the conflict, holding it responsible for the soaring energy and food prices that have disproportionately affected the Global South.²⁸ China has been using such arguments to rally the developing countries to not just weaken the existing US-led liberal order but also support a new China-led international order. For example, Beijing sees BRICS as an extremely valuable forum where the design for an "alternative" world order can be built with consensus and without the influence of the West.²⁹

From this perspective, although the Global South's so-called "indifference" or "ambivalence" to the war in Ukraine is propelled by their own significant challenges including economic, health, and food insecurity as well as climate change, it is certainly hurting Western centrality and building the momentum for a new China-centered, China-created world order.³⁰ At the same time, the developing and emerging world would be rightly wary about the prospect of another skewed world order, irrespective of which state leads it.

Can the US-led allies and partners, including India, overturn such Chinese diplomatic efforts through constructive agenda?

India's Global South Outreach: Toward Human-Centric, Equitable Partnership(s)

India's endorsement of the Global South follows a similar perspective to China and so they are aligned in some ways; but the two states are also competitors for the leadership of these countries. Is the alignment superficial? Can India engender the wherewithal to challenge China's leadership of the Global South?

Fortuitous Commonalities

Both China and India have a common ambition for a new world that is not Western-centric and encompasses the changing distribution of global power, granting a place for emerging economies. Both share experiences of colonialism and non-alignment that bind them to developing countries looking for guidance, inspiration, and proactive but rooted partnerships for not just similar upward growth trajectories but as political allies in an unequal world order. Together, China and India have at times chosen to combine their new negotiating power on behalf of the Global South, for example, with regards to Common but Differentiated Responsibilities (CBDR) principles in climate change governance.

Moreover, they both emphasize the importance of South-South cooperation and the value of non-Western minilaterals like BRICS or the SCO, which are being courted by the Global South countries, especially when multilateralism as exemplified by the UN system is undergoing a significant decline primarily due to absence of reforms including for diverse representation. The Indian External Affairs Minister S. Jaishankar has stated that "BRICS is no longer an 'alternative,' it is an established feature of the global landscape," highlighting that groupings such as BRICS that amplify the Global South representation will be used to take forward India's multipolarity and strategic autonomy aims.³¹

Disparate Endgames: True vs. Projected Multipolarity

At the same time, the Indian and Chinese approaches to both Global South could not be more contrasting. India's goals are geared toward creating an

equitable, sustainable, and representative multipolar world order, primarily by reforming the global governance institutions and seeking greater accountability, rather than upending the liberal world order or pursuing the revolutionary zeal for a “post-Western” order – a defining characteristic of the new Chinese goal.

In the aid of the motto of “*Vasudhaiva Kutumbakam*” (One Earth, One Family, One Future; popularized during the 2023 G20 presidency), the Indian developmental cooperation model comprises multiple approaches including grant-in-aid, line of credit, capacity building, and technical assistance in varied fields depending on the priorities of the partner countries.³² It is more in line with the Japanese and South Korean models of ODA assistance that encourage specificity rather than blanket policies – with the added advantage that India does not view the South only through the developmental aid lens – than the incentives-based Chinese model underpinned by the debt-inducing BRI.³³ However, the huge disparity in financial strength, including greater trade and connectivity prospects, does favor China’s power, compared to India’s fledgling resources, at least in the short term.

Nevertheless, as a leading member of the Global South, one of the most important aspects of India’s geopolitical objectives has been to act as a facilitator to amplify the South’s voices in a bid to establish India’s leadership credentials, particularly as a “bridge” between developing countries, as also the North and the South.³⁴ For this purpose, the Modi government organized the Voice of Global South Summit soon after its G20 presidency to build a cooperative, consensus-based approach for sustainable, resilient economic growth, climate action, and poverty reduction.³⁵ The result of this consultative effort was reflected in the G20 agenda and results, including the African Union’s accession into the G20, which championed the Global South’s economic and empirical concerns.³⁶

So not only is India’s approach different from China’s in that it encompasses consultative, cooperative mechanisms. India’s multi-alignment multidirectional strategy has ensured that it is seen as more of a bridge between the West and Global South. Moreover, India has sought to combine its “deep intersection with the West in terms of strategic goals and values” with India’s roots in the Global South.³⁷ As a result, New Delhi’s burgeoning engagement with the West, including its strengthened cooperation with the G7 states, defense- and

technology-oriented deep dive with the US, and an enhanced cooperation with the European Union (EU) and its member states, has seen India become the central stakeholder in the emerging Indo-Pacific security architecture through expanded roles in minilaterals like the Quadrilateral Security Dialogue (Quad). In this context, India's approach to Global South also reflects and aligns well with its Indo-Pacific vision and strategies that call for an inclusive, cohesive, rules-based order.³⁸

Further, India's strategic importance to the West and its own escalating border dispute with China since the 2020 Galwan attack have allowed New Delhi to carve out a unique position that Beijing cannot replicate. Moreover, Beijing's own growing dissonance first with the US and now even with the European countries – the latter are increasingly aligning with the US's confrontational stance on China citing coercive, illiberal economic and political behavior – will not play well with the conflict-weary South.³⁹ Consequently, the combination of such factors will allow both India and the West to counter China's aggressive actions collectively.

Overall, India's deft diplomacy in multiple international fora (both China-dominated and the US-led) at the very least has showed that a constructive agenda through consultative channels is a veritable way for the rebuilding of a new more inclusive and equitable order. And it is not limited to the much publicized G20, in the BRICS Summit too, the expansion has not dimmed India's diplomatic fervor but only expanded the avenues of cooperation with the South. Much of the developing world is not in favor of drawing hard lines against the West, and therein lies India's advantage.

Importantly, amid its power projections, India has not anointed itself as a benevolent partner-state that is not looking out for its own benefits, quite the contrary, and the centrality has been accorded to the Global South – as it ideally should be.

Broad Policy Pointers

- One of the most urgent needs if the West is serious about involving Global South to strengthen the liberal world order is to push forward the pending reforms in the UN system, including the Security Council.
- In this context, India needs to boost ties with countries that favor its

stand like Japan and EU member states like Germany. It must also collectively work on the differences with other like-minded states like South Korea to give new momentum to the consensus-based approach.

- India must give priority to two challenging areas of climate action and expanded digital access for the Global South. For this purpose, it must facilitate and strengthen regional cooperative initiatives with like-minded partners like Japan, South Korea, the Association of Southeast Asian Nations (ASEAN), and the EU.
- Ties with the EU, which is a big proponent of effective multilateralism, should be enhanced to cover third-country cooperation in non-traditional security spheres in South Asia and Southeast Asia to begin with. The idea should be to not only work toward common causes like mitigating poverty and climate action – the need of our times – but also give momentum to regional integration.
- In this context, minilaterals are a viable avenue for cooperation in priority areas: for example, the Quad Plus format should be formalized, with the inclusion of South Korea and the Southeast Asian countries, which have been sidelined in the regional security architecture, partly due to their own inhibitions, but have repeatedly stressed on the Quad's reliability and compatibility with ASEAN in surveys.⁴⁰ It will strengthen the ASEAN regional multilateralism and in turn the liberal order characterized by strong multilateralism.
- Such constructive agenda, not bombastic rhetoric, will pave the way for a more equitable, stronger, inclusive, rules-based world order.

NOTES

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CHAPTER 16

Vietnam, the South China Sea, and the New Supply Chain Connect

Lai Thai Binh

The South China Sea stands as a critical geopolitical region, encompassing vital maritime routes and abundant natural resources. Vietnam, located on the eastern edge of this sea, has emerged as a significant player in the global supply chain. In recent years, various geopolitical shifts and economic transformations have led to a reconfiguration of supply chains, with Vietnam gaining prominence as a crucial hub. This chapter delves into the interplay between Vietnam's strategic positioning, the South China Sea disputes, and the evolving landscape of global supply chains.

Geopolitical Significance of South China Sea

The South China Sea holds immense geopolitical importance due to its maritime routes, energy resources, and fishing grounds. According to the United Nations Conference on Trade and Development (UNCTAD), around 80 percent of global trade by volume and 70 percent by value is transported by sea. The South China Sea is a vital waterway for global shipping, connecting East Asia with Europe, the Middle East, and Africa. Data from the International Maritime Organization (IMO) showcases the high traffic of cargo ships passing through this sea. On the other hand, the U.S. Energy Information Administration (EIA) estimates that the South China Sea holds significant oil and natural gas reserves, with potential resources reaching around 11 billion barrels of oil and 190 trillion cubic feet of natural gas. It is said that

the overlapping territorial claims in the South China Sea are primarily due to the rich energy resources found in the area. Last but not least, the South China Sea is a major fishing area, providing a significant source of food and livelihood for millions of people. The Food and Agriculture Organization (FAO) notes that the region supports a large portion of the world's fishing activities, contributing substantially to global fish production.

The overlapping territorial claims by multiple nations have resulted in ongoing tensions and disputes. Although the United Nations Convention on the Law of the Sea (UNCLOS) serves as the primary legal framework for maritime disputes, various countries have overlapping claims over islands, reefs, and maritime boundaries within the South China Sea, leading to conflicting territorial assertions. The Permanent Court of Arbitration (PCA) in 2016 ruled in favor of the Philippines in a case against China's claims in the South China Sea, stating that China's historical rights had no legal basis under UNCLOS. This ruling intensified tensions and disputes among claimant countries. Continuous military and naval activities by various nations, including the construction of military facilities and patrols, reflect the heightened tensions and competing claims in the South China Sea. Diplomatic statements, official communications, and negotiations among countries involved in the disputes often highlight the complexities and ongoing nature of the territorial disagreements.

China's assertiveness in claiming sovereignty over a significant portion of this sea has led to international concerns and strategic recalibrations. Reports from defense departments, think tanks, and reputable news agencies document China's increased military presence in the South China Sea. This includes the construction of artificial islands, deployment of military assets, and establishment of air and naval bases in disputed territories. Statements and protests by neighboring countries, such as Vietnam, the Philippines, Malaysia, and Indonesia, as well as international bodies like ASEAN (Association of Southeast Asian Nations), have expressed concern over China's assertiveness and its impact on regional stability and freedom of navigation. The PCA's 2016 ruling also sparked international discussions and raised legal questions about China's assertive claims. China's assertive claims combined with nontraditional security challenges have contributed to heightened threats in the South China Sea. Studies from environmental organizations and research

institutes emphasize the ecological damage caused by land reclamation, overfishing, and pollution in the South China Sea, impacting marine biodiversity and the livelihoods of coastal communities. Reports from maritime security agencies and international bodies like the United Nations Environment Programme (UNEP), International Maritime Organization (IMO), and International Crisis Group (ICG) highlight concerns about the safety of navigation and the risk of accidents or clashes due to increased military activities and the presence of naval vessels in the region.

Vietnam's Role and Positioning

Vietnam, with its extensive coastline along the South China Sea, has strategically positioned itself as an emerging economic power in the region. Vietnam's strategic location along the South China Sea facilitates trade and access to maritime routes. Data from the World Bank and Vietnam's General Statistics Office showcase the country's economic growth and increasing GDP (according to the World Bank, annual GDP growth in 2022 reached 8 percent), largely influenced by its coastal access and trade activities in the South China Sea. Reports from the Asian Development Bank (ADB) and Vietnam's Ministry of Transport highlight the development of ports and infrastructure along Vietnam's coastline, enabling efficient trade connectivity and logistics. Statistical data from the IMO and trade databases illustrate the significant volume of goods transported through Vietnamese ports, underscoring the country's role as a maritime trade hub.

The country's economic reforms, investment-friendly policies, and skilled labor force have attracted significant foreign direct investment (FDI), transforming it into a manufacturing and export hub. The FDI inflows to Vietnam have increased in recent years, especially after Vietnam signed on to a variety of bilateral and multilateral free trade agreements (FTAs). In the 2015-2019 period, total registered FDI capital into Vietnam expanded from USD 22.7 billion in 2015 to USD 38.95 billion in 2019, while the number of distributed capital also increased from USD 14.5 billion in 2015 to USD 20.38 billion in 2019. The number of newly registered FDI projects also rose from 1,843 in 2015 to 3,883 in 2019.¹ The remarkable growth of Vietnam's manufacturing sector, which has become a key contributor to the country's GDP, is driven by FDI inflows. There's a surge in Vietnam's exports, particularly

in textiles, electronics, footwear, and agricultural products, largely attributed to FDI-driven manufacturing. Studies and reports from educational institutions and international organizations acknowledge Vietnam's investments in education and vocational training, contributing to the development of a skilled workforce. The increasing productivity and efficiency of Vietnam's labor force make it an attractive destination for manufacturing.

Vietnam's participation in various trade agreements and its proactive approach in enhancing infrastructure and industrial capabilities have contributed to its growing importance in global supply chains. Analyses by the WTO and regional economic organizations like ASEAN highlight Vietnam's active participation in trade agreements, enhancing its economic integration and leveraging its coastal positioning. Vietnam's involvement in various FTAs, such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), EU-Vietnam Free Trade Agreement (EVFTA), and Regional Comprehensive Economic Partnership (RCEP) helps to make it one of the most open countries in the region to different international trade agreements. Statistical records from the World Bank and Vietnam's General Department of Customs indicate the surge in trade volumes following the implementation of these trade agreements, highlighting Vietnam's integration into global trade networks.

Shifting Supply Chain Dynamics

The disruptions caused by geopolitical tensions, trade conflicts, and the COVID-19 pandemic have accelerated the reconfiguration of global supply chains. Geopolitical tensions and trade conflicts, such as the U.S.-China trade war, prompted companies to reassess their sourcing strategies, leading to diversification and relocation of production centers. Tariff escalations and trade policy uncertainties resulting from geopolitical tensions influenced companies to reconsider their supply chain configurations, seeking resilience and cost-efficiency. People find it easy to agree with each other that the COVID-19 pandemic disrupted global supply chains, revealing vulnerabilities and dependencies on specific regions or suppliers. The pandemic-induced demand fluctuations and inventory shortages also prompted companies to rethink inventory management strategies and supply chain resilience. There is an increased interest among companies in reshoring or nearshoring certain

manufacturing operations due to the disruptions caused by geopolitical tensions and the pandemic. Companies also accelerated digital transformation efforts, embracing technologies like AI, IoT, and blockchain to enhance supply chain visibility and agility in response to disruptions.

Companies seeking to diversify and mitigate risks associated with overreliance on a single manufacturing base have turned to Vietnam as an alternative destination. This shift is evident across industries, including electronics, textiles, and automotive manufacturing, among others. Reports from consulting firms like Kearney and PwC highlight a global trend of companies diversifying their manufacturing bases away from China, with Vietnam emerging as a preferred destination due to its lower labor costs, improving infrastructure, and strategic location. Vietnam's participation in trade agreements like the CPTPP and EVFTA has increased its attractiveness as an investment destination due to trade facilitation and tariff advantages. The Vietnamese government is also pursuing certain policies, such as tax incentives, land lease support, and streamlined investment procedures, aimed at attracting FDI and supporting companies looking to establish or expand manufacturing operations. Corporate announcements and press releases from multinational companies like Samsung, Nike, and Foxconn detail their plans to shift or expand production facilities to Vietnam, citing factors like cost-effectiveness and diversification strategies. They would also like to diversify their supplier networks and leverage Vietnam's manufacturing capabilities.

While international relations are still complicated and multilateral or bilateral efforts are still limited, efforts are being made to strengthen grouping cooperation and take advantage of the important role of countries involved in the supply chain like Vietnam. The global power balance is shifting, with emerging powers challenging traditional hegemonic structures. This creates complexities in diplomatic relations and strategic alliances. Conflicts and tensions in regions like the Middle East, the South China Sea, and Eastern Europe create diplomatic challenges, impacting global stability and alliances. Increased economic interdependence amplifies the impact of economic decisions on international relations. Trade disputes, sanctions, and economic policies can strain relations between countries. Competing for technological dominance (e.g., AI, cybersecurity) shapes relations, leading to concerns about espionage, intellectual property, and economic advantages. Non-traditional

threats like cyberattacks, disinformation, and hybrid warfare challenge traditional security paradigms, requiring new cooperation and responses. Shared global challenges like climate change and pandemics demand collective action, impacting diplomatic ties and priorities. Differences in political systems, values, and ideologies (e.g., democracy vs. authoritarianism) create tensions and affect cooperation. Cultural differences and identity politics can lead to diplomatic frictions and affect international relations. Changes in leadership and foreign policy directions in key countries can disrupt established alliances and strategies, creating uncertainty. Nations often form ad hoc alliances based on specific issues, complicating traditional geopolitical blocs.

Challenges and Opportunities

While Vietnam presents promising opportunities for businesses seeking to relocate or expand their operations, it also faces challenges. Infrastructure limitations, environmental concerns, labor issues, and geopolitical tensions in the South China Sea pose potential obstacles to sustained growth. However, proactive measures by the Vietnamese government, coupled with collaborations with international partners, offer avenues to overcome these challenges. Vietnam's infrastructure, including transportation networks and utilities, is still developing, leading to potential bottlenecks in logistics and operations. Rapid industrialization has led to environmental issues like pollution and resource depletion, which could impact sustainability and regulatory compliance. While Vietnam has a relatively young and dynamic workforce, concerns over labor rights, skill gaps, and wage inflation can affect business operations and workforce management. The territorial disputes in the South China Sea create geopolitical uncertainties, potentially impacting trade routes, investments, and regional stability.

The Vietnamese government has been proactive in addressing these challenges, implementing infrastructure development projects, environmental regulations, and labor reforms to improve the business environment. Partnerships and collaborations with international organizations, foreign governments, and multinational corporations offer avenues for expertise, investment, and technology transfer to overcome infrastructure and skill development challenges. The government's focus on sustainability measures, including renewable energy initiatives and stricter environmental regulations,

aims to address environmental concerns and attract responsible investments. Meanwhile, Vietnam's active engagement in regional forums and diplomatic dialogues aims to manage geopolitical tensions, promoting stability and ensuring continued access to vital maritime routes.

There are opportunities amidst challenges. Vietnam's strategic location in Southeast Asia and connection with the South China Sea provides access to regional markets and trade corridors, offering businesses a foothold in an economically vibrant region. The government's commitment to economic reforms, coupled with trade agreements, creates an attractive investment environment for businesses seeking growth opportunities. Collaboration with international partners can foster innovation, skill development, and technological advancements, addressing infrastructure and labor challenges. With a complicated history in the region, including the experiences of dealing with cooperation and struggles in the South China Sea, Vietnam can join the international community in helping to enhance the supply chain rebuilding and reconnecting in order to meet with the changing geopolitical landscape around the world and in the region.

Recommendations

Enhancing cooperation between Vietnam and other countries is essential for fostering robust supply chain connections. There are certainly some recommendations that could help facilitate and strengthen this cooperation. By implementing these following recommendations, Vietnam can strengthen its ties with other countries, create a more resilient and efficient supply chain network, and contribute significantly to the global economy.

In the context of a complicated geopolitical situation, fierce competition with major powers and many difficulties in economic recovery, close coordination between governments is needed. Regulations and policies across countries need to be harmonized to simplify cross-border trade and investment. Vietnam will also have to keep close government-to-government dialogues by encouraging regular dialogues and negotiations between governments to address issues and create a conducive environment for trade and investment. South China Sea developments and issues are certainly important topics in such dialogues.

Vietnam, regional countries and international partners should continue promoting trade agreements by encouraging and negotiating bilateral trade agreements with key partner countries to reduce tariffs and trade barriers, facilitating smoother movement of goods and services. We should continue strengthening ties within regional trade blocs like ASEAN to foster intra-regional trade and cooperation. Vietnam should develop joint strategies with partner countries to diversify supply chain sources and reduce dependency on single suppliers, mitigating risks from geopolitical tensions or disruptions; in the meantime, it should conduct joint risk assessments and develop contingency plans to handle disruptions effectively.

International cooperation for capacity building is important for Vietnam (and other regional countries as well) to help dealing with complex developments in the South China Sea and the supply chain challenges. Collaboration with foreign investors and international organizations is important to improve Vietnam's infrastructure, including ports, roads, and logistics networks, to streamline the movement of goods within and outside the country. Vietnam should continue partnering with technologically advanced nations to transfer knowledge and expertise for developing high-tech infrastructure and manufacturing capabilities. Skill development and education can be also upgraded by establishing joint programs between Vietnamese educational institutions and international partners to enhance skills in areas relevant to the evolving demands of supply chains, such as technology, logistics, and management and by facilitating exchanges of professionals and experts between Vietnam and other countries to share best practices and innovative techniques. Environmental standards must be enhanced by collaborating on setting and adhering to environmental standards across supply chains to ensure sustainability and reduce environmental impact as well as jointly investing in research and development projects focused on sustainable practices in manufacturing and resource utilization.

As an important channel that is prevailing to help further development in many countries, public-private partnerships can foster collaborations between Vietnamese businesses and international corporations to create synergies, technology transfers, and knowledge sharing. The formation of industry clusters that involve collaboration among companies, academia, and government bodies should be encouraged to drive innovation and efficiency.

Last but not least, in the time of global disruptions (including the danger to the Internet cable system in the South China), the efforts to help enhance digitalization and connectivity are much welcomed. To support the adoption of Industry 4.0 technologies, facilitating smoother communication and operations across borders, investment in digital infrastructure and cybersecurity measures should be increased. Besides, the development of digital platforms can be fostered to connect businesses, suppliers, and customers, enabling seamless transactions and information sharing.

NOTES

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CHAPTER 17

Need for an Inclusive Narrative to Defend the Western Liberal International Order

Filippo Fasulo

With China's economic rise, its posture towards the liberal international order has also changed. To enable legitimate requests weigh more, revisionist demands of the international liberal order have been added, carried out with complex theoretical structures, and with the gradual creation of political and economic institutions to complement the existing ones that constitute the heart of the liberal international order. China justifies its international rise as functional to creating greater wealth at home. Strengthening its presence abroad is functional to protect Chinese economic interests and simplify its economic development path. However, if the first Chinese claims to modify the international liberal order may have appeared unrealistic, China's present economic weight is such that it can influence international economic structures, both from the point of view of the structure of commercial relations and of the development of new international governance mechanisms.

The current state of affairs depends on the combination of several factors. First, there is the growth in the capacity and quality of Chinese industry, resulting from specific policy initiatives promoted over the last two decades. Next, we need to consider the policies aimed at the internationalization of Chinese industrial policy. Finally, the accompanying narratives of the increased Chinese presence abroad must be analyzed, especially starting from the Belt

and Road Initiative. These three dynamics led to a reaction from Western countries, which was articulated through different phases: 1) Trump's trade war, 2) the contrast with other infrastructure plans, 3) the promotion of the Indo-Pacific, 4) the contrast between democracies and autocracies, and 5) the rise of the new Washington Consensus. To understand the possible Chinese challenge to the international liberal order, we must consider all these elements.

China's Economic Rise through Industrial Policies

To analyze China's positioning as an economic hegemon capable of questioning the international liberal order, we must start by observing the growth path of Chinese industrial policies.

The traditional Chinese growth model, the one that ensured the economic miracle since the start of market reforms, was based on exports in the 1980s, 1990s, and 2000s. It was also thanks to China's entry into the World Trade Organization (WTO), but after the 2008 financial crisis the decline in international demand led the government to resort massively to public investments. In 2014, there was a first attempt to stimulate consumption and improve production quality to reduce debt and dependence on international demand. This strategy took the name of the New Normal. In 2020, due to geopolitical variables, the focus was once again on consumption and production quality as a reduction of economic and political dependence—which affects supplies—on foreign countries through the Dual Circulation Strategy.¹

Xi Jinping, who came to power in 2012, played a crucial role in reshaping the Chinese economic model. Emphasizing quality over quantity, he sought to balance economic growth by reducing industrial overcapacity in sectors like finance and commodities while capturing a larger share of global high-value production. Xi Jinping's policies reflect a shift towards greater self-sufficiency and domestic production. Through stricter regulations, technology-focused funding, and the consolidation of state-owned enterprises, the Chinese government has gradually strengthened its control over the economy. The economic rise of China has been significantly shaped by the implementation of the "Made in China 2025" strategic plan,² which represented a wake-up call for the West. Launched in May 2015 by the Chinese State Council, this

plan represents a transformative shift in the country's industrial policies. Since 2006, China has been actively pursuing industrial policies focused on indigenous innovation, with targets set for 2020, including R&D expenditure at 2.5 percent of GDP, a 30 percent reduction in dependence on foreign technology, and an increase in productivity contributing to 60 percent of total GDP growth.³ However, the push for innovation became even more critical with the introduction of "Made in China 2025" to boost domestic production of critical technologies ranging from biotechnology to microchips. Crucial sectors such as decarbonization and semiconductor production were identified as strategic targets for self-sufficiency. This strategy has proven successful in solar panel production and electric vehicles, where China has become the principal global producer and exporter.

Exporting Industrial Capacity

China's economic presence abroad has experienced significant growth, driven by strategic initiatives such as the Belt and Road Initiative (BRI). During the Belt and Road Forum for International Cooperation held in May 2017, President Xi Jinping highlighted the principles crucial for the initiative's success, focusing on achieving prosperity through industry, finance, and infrastructure.⁴ While the industry's role is sometimes underestimated, it has become a pivotal force in shaping the BRI. Premier Li Keqiang emphasized a new mode of Sino-foreign cooperation, termed "production capacity cooperation," during his visit to Kazakhstan in December 2014. This concept gained momentum in 2015 with the issuance of the "Guiding Opinions on Promoting International Cooperation in Industrial Capacity and Equipment Manufacturing" by the State Council of China.⁵ The plan combines China's industrial and capital advantages with foreign demand to promote economic development.⁶

Critical sectors identified for international cooperation include iron and steel, nonferrous metals, building materials, railways, electric power, chemical industry, textile, automotive, communications, mechanical engineering, aerospace, and marine and ocean engineering. This industrial cooperation aligns seamlessly with the BRI, especially in building infrastructure along the new Silk Road countries, addressing overcapacity issues in sectors like steel. Beyond merely addressing domestic concerns, international industry capacity

cooperation has broader objectives. It seeks to industrialize developing countries with abundant labor but weak capital and technology, aligning with China's vision of a new economic globalization. Premier Li Keqiang actively promoted this plan through visits to various countries, securing significant deals in Europe, Central Asia, Africa, South Asia, and Latin America.⁷

The implementation of this strategy involved the creation of dedicated funds for international cooperation in industrial capacity. Funds such as the Silk Road Fund, China-ASEAN Investment Cooperation Fund, China South America Fund, and China-Africa Industrial Capacity Cooperation Fund were instrumental in exporting China's production capacity to regions with more favorable economic conditions.⁸ Provinces within China play a crucial role in tailoring agreements to their economic characteristics and using these funds to achieve their production capacity cooperation targets. Provincial-level initiatives, such as Hubei's Forum on Global Production Capacity and Business Cooperation, exemplify the concerted effort to promote competitiveness, cut costs, and achieve de-capacity and de-stocking. Hubei's international production capacity cooperation projects, totaling 43 and mainly situated along the Belt and Road countries, underscore the provincial-level alignment with national policies and the supply-side structural reform targets.⁹

In summary, China's economic expansion abroad is strongly linked to its industrial capacity cooperation strategy, a vital component of the BRI. This approach addresses domestic economic concerns and fosters economic development in partner countries, embodying the principles of win-win cooperation and mutual benefit central to the BRI's global objectives.

The Role of Narrative for China's Challenge to the Western Liberal Order

The BRI represents a massive investment plan and a powerful narrative promoting economic investments abroad. The Chinese narrative emphasizes the BRI's cooperative and mutually beneficial aspect, portraying China as a global development partner interested in sharing prosperity and expanding economic opportunities. At the core of the Chinese narrative is the idea that the BRI offers an opportunity for regional and global economic integration, fostering cooperation between China and the involved countries. The narrative underscores China's inclusive approach, presenting the BRI as a platform

open to diverse nations and cultures. Furthermore, the Chinese narrative seeks to position the BRI as an alternative to traditional Western hegemony, proposing a new model of international economic cooperation based on equality and resource sharing.

A key narrative element is the emphasis on “win-win cooperation.” China seeks to convey the notion that the investments and partnerships proposed by the BRI are not only in its interest but also bring significant benefits to host countries. The narrative highlights the potential economic benefits arising from infrastructure projects, local industry development, and new jobs. Moreover, China uses the BRI to address internal industrial overcapacity. The narrative suggests that international cooperation in production capacity is essential for redistributing global value chains and supporting shared industrial development. The BRI, therefore, is not just a means to export infrastructure but a vehicle to transfer technologies, skills, and production capabilities.

However, the BRI narrative has faced challenges and criticisms. Concerns about transparency, the financial sustainability of projects, and the risk of excessive debt for involved countries have influenced international perception. In response to such concerns, China has sought to strengthen the narrative by emphasizing its commitment to the financial and environmental sustainability of the BRI since the Second Belt and Road Forum for International Cooperation in 2019.¹⁰ Therefore, the BRI is not only an infrastructure project but a complex narrative that seeks to shape China’s image as a responsible and cooperative actor on the international stage. The narrative aims to build trust and stimulate economic investments abroad, presenting the BRI as a vehicle for international cooperation based on mutual benefits. It also addresses the issue of Chinese industrial overcapacity, seeking solutions through international cooperation in production capacity. The project aims to reorganize global value chains, coordinating industrial policies among the involved countries to distribute industrial chains transnationally. The Chinese narrative promotes the idea of a “win-win cooperation” that brings benefits to the “community of shared destiny.”

Despite changes over time and facing criticisms, China has reinforced its narrative with initiatives like the Global Development Initiative (GDI), Global Security Initiative (GSI), and Global Civilizational Initiative (GCI). These proposals are China’s attempt to build international consensus as a positive

actor in development and security. The GDI focuses on sustainable development goals, the GSI addresses international security issues, and the GCI addresses the cultural and human rights dimension. These initiatives are presented as alternatives to the traditional Western narratives, seeking points of shared interest with Global South countries. The Chinese narrative emphasizes the inadequacy and alleged bias of the Western-dominated global security architecture. Additionally, the GSI could be used as a basis for bilateral discussions with smaller countries, offering them political adherence to the Chinese worldview in exchange for security or economic development agreements. In conclusion, the Chinese narrative plays a crucial role in shaping the international perception of the BRI and related initiatives, serving as a tool to build consensus and support the Chinese vision of international cooperation based on shared values and development.

The West Response: Strong on Economics, Weak on Narrative

The rise of China as a leading player in the international economy has sparked numerous reactions, especially from an economic point of view, almost completely ignoring the narrative aspect. The first action in this sense was the 2018 Trade War that unfolded as a series of escalating trade tensions and tariff impositions between the United States and China.¹¹ This economic conflict was rooted in longstanding issues such as trade imbalances, allegations of intellectual property theft, and concerns about forced technology transfer. The trade war officially commenced in July 2018 when the U.S. imposed tariffs on Chinese goods worth \$34 billion, triggering reciprocal measures. In subsequent months, both nations engaged in multiple rounds of tariff increases. The U.S. targeted Chinese imports worth hundreds of billions of dollars, and China responded with tariffs on U.S. goods. A primary focus of the trade war was addressing what the Trump administration, particularly President Donald Trump, perceived as an unfair trade relationship with China, characterized by a substantial trade deficit in favor of China—the imposition of tariffs aimed to rectify this perceived imbalance.

Central to the U.S. grievances were allegations against China for unfair trade practices, including intellectual property theft and the forced technology transfer from U.S. companies operating within China. The conflict prompted

companies to reassess their supply chains, with some seeking to diversify away from China to mitigate the impact of tariffs and uncertainties. At that time, the debate over decoupling started to emerge. In January 2020, the U.S. and China signed a Phase One trade deal.¹² This agreement saw China committing to purchasing additional U.S. goods and addressing some intellectual property concerns, while the U.S. agreed to reduce tariffs on certain Chinese imports.

Contrary to some expectations, the Biden administration has not retreated from confronting China. However, the new President has introduced a slightly different approach, diminished the transactional dimension, and incorporated a more significant ideological component into the competition with China, framing it as a clash between democracies and autocracies. This reevaluation has added an “existential” dimension to the relationship with China, transforming the competition into a structural issue and reinforcing the strategic focus on the concepts of economic security to prevent China from weaponizing trade and technologies against the U.S. The confrontation with China has evolved beyond a clash of economic models to encompass differences in political systems.

Over the subsequent two years, the Biden administration has consistently taken political actions, summarized in three key strands:¹³

1. Enhancing internal capacity through industrial policies like the CHIPS and Science Act and the Inflation Reduction Act;
2. Establishing networks with “like-minded” countries, exemplified by the Chips4 Alliance (comprising the U.S., Taiwan, Japan, and South Korea) or the Indo-Pacific Economic Framework (IPEF); and,
3. Restricting Chinese technological advancements through export controls, as evidenced by measures announced on October 7, 2022.

On April 27, 2023, U.S. National Security Advisor Jake Sullivan outlined the main theoretical principles of Biden’s international economic agenda.¹⁴ His core argument is that the “Washington Consensus”¹⁵ is being reassessed. Consequently, the international economic agenda’s primary focus has shifted from expanding market institutions to ensuring economic security. According to this perspective, the economy and national security have become increasingly intertwined. The post-World War II economic paradigm based on interdependence has faltered due to the pandemic and the war in Ukraine,

exposing the West to the risks of overdependence on foreign authoritarian countries willing to exploit such interdependence. Additionally, the economic model of past decades has adversely affected the U.S. working class by favoring deindustrialization and the outsourcing of manufacturing, issues addressed by Biden's Foreign Policy for the Middle Class.¹⁶

What Narrative for the New Washington Consensus?

While China's attempt to create an economic network was firmly based on the BRI narrative and its concept of mutual benefit aimed at appealing to the Global South, the Western effort to counter the BRI was mainly focused on a more pragmatic component. Indeed, since the BRI was proposed, numerous attempts have been made to compete with the Chinese plan, especially from an infrastructural point of view. Significant proposals are the Global Gateway launched by the European Union, the Partnership for Global Infrastructure and Investment (PGII, formerly Build Back Better World) pushed by the United States and the G7, and the India-Middle East-Europe Corridor (IMEC), while at the level of individual state initiatives, noteworthy are the Clean Green Initiative launched by the UK government and the Japanese Partnership for Quality Infrastructure. Those projects, however, do not challenge China's ambition to set a global narrative to sustain its economic outreach.

The Indo-Pacific construct is currently the primary narrative to counter China, and is the source for several new or renewed institutions such as Quad, AUKUS, and the IPEF. However, the concept of Indo-Pacific has a regional dimension and cannot be extended to compete with the global outreach of the BRI or the three recent global initiatives (GDI, GSI, and GCI).

Regarding global narratives to frame the international scenario, the Summit for Democracy in December 2021¹⁷ marked a pivotal moment by delineating a division between democracies and autocracies. This narrative, reinforced by the declared "no-limits" friendship between Xi Jinping and Putin during the Winter Olympic Games in Beijing, portrayed autocracies like Russia and China as threats, prompting calls for democratic nations to reduce economic ties to mitigate strategic leverage. In response, China, who was already seeking to reshape the international order according to its norms through its initiatives and narrative, strengthened this goal with a new set of initiatives (GDI, GSI,

and GCI) and aimed at strengthening consensus for Chinese economic activities abroad, emphasizing “win-win cooperation,” and presenting China as an alternative governance model. With them, China aspires to establish an organic economic development and security cooperation system, challenging the prevailing Western-led liberal world order. At the same time, China pushed for a successful relaunch of the concept of the Global South, mainly through the enlargement of the BRICS proposed in 2022 and obtained in 2023. While the U.S. promoted the “autocracy vs. democracy” narrative, China focused on the divide between the Global North and Global South. While the former is exclusive, the latter is inclusive—at least from the point of view of developing and emerging countries.

Conclusion

The Chinese challenge to the international liberal order passes from a gradual repositioning in global value chains to trying to redefine global governance according to its own vision. China’s economic rise was consolidated through the adoption of national industrial development plans, which led to supremacy in several critical sectors and the relaunch of industrial policies in all the major advanced sectors. At the same time, Beijing has explicitly promoted the creation of international supply chains by exporting excess production capacity. These actions were accompanied by a substantial investment in the narrative of China as a development actor, particularly for poorer countries.

Western countries have reacted to China’s growth as a hegemonic player in crucial sectors by reviewing their economic model. To counter China’s use of industrial policies to gain a competitive advantage, advanced economies have adopted the same tool, revising a pillar of the Western liberal order, namely the Washington Consensus. The updated Washington Consensus promotes economic security over interdependence and aims to create networks of like-minded countries to reduce China’s capacity for economic coercion. The narrative of the “economic security of democracies” thus competes with the “mutual benefit for the Global South” proposed by China. However, if the latter has an optimistic perspective, the former has an optimistic perspective and is less effective. The Chinese formula in proposing an alternative governance model depends on more than just the success of an economic model based on industrial policies and the export of production capacity. A

central element is that the narrative of this formula is innovative in ensuring shared well-being for developing countries.

For this reason, the defense action of the international liberal order should not only strive to combine economic security—i.e., the main component of the New Washington Consensus—with the market economy—i.e., the main component of the traditional Washington Consensus. Effective action should build an optimistic narrative that can present itself to the Global South as a utilitarian model or a model based on a contrast such as democracy vs. autocracy. The narrative should focus on a promise of development for emerging countries. The Indo-Pacific is the central terrain in which this confrontation takes place, and there is a risk that the Western effort to preserve the liberal order will be seen only as an anti-Chinese action and in defense of the status quo. For this reason, it is necessary to accompany this effort with an inclusive and optimistic narrative.

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CHAPTER 18

The Global South and the Liberal International Order: Conceptual Challenges and Structural Limitations

Stephen Nagy

The *Global South*, a term used to describe countries that are less developed or emerging economies compared to the Global North (Western countries led by the U.S.), is often seen as a unified entity in international relations. It denotes unity of purpose, a shared worldview, and an alternative to the present rules-based order sometimes called a Liberal International Order (LIO). The problem with this formulation is that this monolithic representation is inherently flawed due to its oversimplification of the complexities and heterogeneity within these countries.

This chapter will critically examine the concept of the Global South and explore why its current structure and characteristics limit its ability to support a LIO. It will use Global South interchangeably with developing countries, a term that the author feels is less political and more accurate when speaking of the heterogeneous group of countries that falls under the contentious term Global South. Moreover, this chapter argues that the developed countries of the so-called West should self-strengthen their own economic, political, diplomatic, and security pillars to outcompete authoritarian states such as China, Russia, and Iran and non-state actors that are interested in revising the current rule-based order, seemingly in consideration of the needs of the developing world.

Flawed Concept of the Global South

The Global South as a concept tends to homogenize a vast and diverse range of countries, with differing political, economic, and social realities. To illustrate, India, China, Nepal, Kenya, Brazil, Kenya, and the Pacific Islands are just some of the countries that make up the Global South. Some are functioning democracies, others are flawed democracies while others are kingdoms, theocracies, or authoritarian states.

Various scholars have critiqued this oversimplification, which fails to capture the complexities of these countries. As Timothy Shaw observes, the term Global South, despite its popularity, is “an unsatisfactory catch-all phrase which is neither geographical nor necessarily representative of the realities of power and diversity within the developing world”.¹ Others argue that use of the Global South typology is a false narrative to pit a fabricated Global South against the West.²

In reality, the Global South encompasses countries with different degrees of economic and political development, from emerging markets like Brazil and India to less developed nations in Sub-Saharan Africa. Moreover, the political systems within these countries range from liberal democracies to autocratic regimes.³ This diversity complicates the idea of a unified Global South that can collectively support the LIO.

Among this motley crew of developing states, there are varying degrees of support for the current liberal hegemon of the existing LIO. According to the June 2023 PEW survey on opinions of the U.S., we see those developing countries that have favorable views of the U.S.⁴ For example, 74 percent of Nigerians, 63 percent of Brazilians, 65 percent of Indians have favorable views of the U.S.

Another survey was conducted for the Stanford Center on ‘China’s Economy and Institutions’ by the Freeman Spogli Institute for International Studies and Stanford Institute for Economic Policy Research on “How Do the Chinese People View the “West”? Divergence and Asymmetry in China’s Public Opinion of the U.S. and Europe,” they found 29 percent and 49 percent of Chinese polled have somewhat unfavorable or unfavorable views of the U.S.

The Afrobarometer re-enforces the plurality of views on the US and the

current LIO showing in an April 2023 poll that both China and the U.S. is losing popularity in Africa.⁵ In short, the Global South as a constructive and contributing unified actor in international relations remains tenuous at best for a variety of reasons stemming from its heterogeneous membership.

Institutional Weaknesses and Poor Governance

In terms of contributing to the LIO, institutional weakness and poor governance are limiting factors in the Global South's ability to be a critical united force. Good governance, characterized by transparency, accountability, adherence to the rule of law, and effective institutions, is a precondition for meaningful participation in the LIO. However, many countries in the Global South grapple with corruption, weak rule of law, and institutional fragility. These problems impede these nations' capacity to fully engage in the LIO, and to contribute constructively to global decision-making and dialogue.

Corruption, and the absence of effective rule of law and accountability mechanisms not only hinder economic development and social progress, but also discourage foreign investments, thereby further isolating these nations from the international community. It has been shown repeatedly that institutional weakness and corruption undermine economic growth, deter foreign investment, and limit social development.⁶ These issues hamper their ability to uphold the norms and principles of the LIO and pose significant challenges to the Global South's integration into the LIO.

To illustrate, according to Transparency International surveys on corruption, the "Global South" countries continue to find themselves at the bottom end of the ranking system.⁷ The organization's Corruption Perceptions Index (CPI) showed that "124 countries have stagnant corruption levels, while the number of countries in decline is increasing. This has the most serious consequences, as global peace is deteriorating and corruption is both a key cause and result of this."

The ability for the Global South to contribute to the liberal or other international order, an order made of rules, is proportional to the order these states can deliver to their domestic constituents without the use of violence or state coercion.

The World Bank's 2023 Country Policy and Institutional Assessment

(CPIA) argues for best practices in developing countries that effectively deal with inflation, currency management, financing, growth, social protection, transparency, and accountability and require robust and sustained institutional investment. Western countries can create a platform for states in the so-called Global South to do more in contributing to the LIO by enhancing good governance and institutional integrity.

Economic Instability and Dependency

Economic instability and dependency on developed countries further limit the Global South's capacity to support the LIO. The COVID-19 pandemic and war in Ukraine has further amplified economic and food insecurities among developing countries.

This is unfortunate as many of these countries are heavily dependent on external aid or remittances, which can lead to economic vulnerability.⁸ In addition, their economies are often reliant on a limited range of exports, making them susceptible to global market fluctuations. This economic instability and dependency undermine their bargaining power in international negotiations, limiting their ability to shape the LIO in ways that reflect their interests and needs.

By way of example, food security in many African countries has been impacted negatively by a disruption in grain supplies and fertilizers inculcating more economic insecurity into the daily lives of ordinary citizens. With already a track record of poor governance and weak institutions, developing countries are not able to adeptly manage their own economic and food security issues. This has the effect of pushing citizens to rely on informal networks and corruption to secure food and money for their families.

Absence of a Common Political Identity

The absence of a common political identity or shared strategic interests among Global South countries impedes their ability to form a unified front in support of the LIO. In fact, countries identifying with being part of the Global South such as India and China have competing visions of who should lead the Global South and what its relationship should be with the U.S. and the West. China sees the Global South as a useful grouping to rally against the U.S. and the West in its efforts as Tsinghua University's Yan Xue Tong writes:⁹

“China will work hard to shape an ideological environment conducive to its rise and counter Western values. For example, the United States defines democracy and freedom from the perspective of electoral politics and personal expression, while China defines democracy and freedom from the perspective of social security and economic development. Washington should accept these differences of opinion instead of trying to impose its own views on others.”

In contrast, India as Ashley Tellis wrote in his recent *Foreign Affairs* essay titled “America’s Bad Bet on India: New Delhi Won’t Side With Washington Against Beijing”, India is charting out its own future; prioritizing a multipolar world in which India is a major player and a representative of the Global South not necessarily the leader of the Global South.¹⁰ Part and parcel of that objective is not deferring leadership to China in the Global South or in organizations such as the Shanghai Cooperation Organisation (SCO) or enlarged BRICS grouping by joining these organizations to ensure they do not proceed on a trajectory contrary to India’s interests.¹¹

Unlike the Global North, which has shared political and economic interests and is institutionalized in groups like the G7 or NATO, the Global South lacks similar cohesive structures making it an ineffective and divided actor in supporting or resisting the LIO.¹²

Strengthening Western Economies: A Pragmatic Approach

Given the aforementioned challenges associated with the Global South concept and its unity, I argue that strengthening Western countries economically, diplomatically, politically, and in terms of security is a pragmatic approach to preserving and enhancing the LIO. This does not suggest a dismissive stance towards the Global South, but rather recognizes the need for a robust core of nations capable of driving reforms and fostering dialogue within the LIO.

Economically strengthening Western nations goes beyond ensuring a competitive edge; it also involves creating the capacity to assist other nations in their development efforts. A financially robust West can provide aid, technology transfer, and investment, aiding Global South nations in overcoming their developmental challenges.

The Japan-EU Infrastructure and Connectivity Agreement, the Supply

Chain Resilience Initiative (SCRI) between India, Japan and Australia, and initiatives deployed through the Quadrilateral Security Dialogue or Quad are concrete examples of the kind of minilateralism that is needed to focus resources on developing countries and their development needs while at the same time using their comparative advantages to build more dynamism into their economies by helping build infrastructure and connectivity. This would inculcate more strategic autonomy into these regions through more robust growth and forming economic partnerships.

Expanding trade partners in 21st century trade agreements such as the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) to include more members creates virtuous economic activity that strengthens the West's collective ability to compete with authoritarian regimes.

Similarly, the Indo-Pacific Economic Framework (IPEF) is an inclusive, a-la-carte economic framework that includes four core sets of issues organized across four verticals, or Pillars. These overarching Pillars encompass a large variety of issues in Trade, Supply Chains, Clean Economy, and Fair Economy, respectively. If successful, the IPEF's efforts will produce a new generation of economic and business rules for the Indo-Pacific region. As Palit and Iyer write "rules implemented across the Indo-Pacific—the most economically vibrant region of the world—can, over time, become global rules in their respective spheres. As some of the world's largest and major economies—both developed and developing—start engaging economically on a common set of rules, the latter can evolve into benchmarks for upcoming as well as existing economic frameworks."¹³

Diplomatic and Political Strengthening of Western Nations

In addition to economic bolstering, the diplomatic and political strengthening of Western nations is paramount. The LIO is predicated on multilateral diplomacy and the promotion of democratic values. Western nations, with their longstanding democratic traditions and substantial diplomatic networks, are ideally positioned to champion these efforts.

The fortification of diplomatic ties and political stability in Western nations can also promote a more inclusive dialogue within the LIO. It can facilitate the sharing of best practices and capacity-building efforts in the Global South.

Investing in more problem-solving minilaterals are part of the self-strengthening process. Large scale multilateralism, whether it be through ASEAN, the G-20, EU or UN have fallen prey to the lowest common denominator of agreement.¹⁴ Innovative new problem solving minilaterals such as the Quad, AUKUS, the SCRI, and the latest Japan-South Korea-U.S. partnership based on the Camp David Principles are examples of designing Western cooperation in particular functional areas to deliver meaningful and sustained results. These minilaterals can and they do deliver their cooperation in various spheres and in various regions depending on the area of functional cooperation.

The Quad, for instance, is working on emerging technologies, COVID-19 and health security, infrastructure and climate change. AUKUS in contrast is focusing on AI, quantum computing, hypersonic technologies, and deterrence with the objective of ensuring emerging technologies are governed by rule of law and transparency. SCRI is providing the infrastructure and connectivity needed for sustainable development and the new agreement between Seoul, Tokyo, and Washington aims to deal with the security challenges associated with weapons proliferation on the Korean Peninsula as well as other contingencies in the Indo-Pacific.

Security Strengthening: Maintaining Stability in the LIO

Lastly, the strengthening of security in Western nations is crucial in maintaining LIO stability. Responding to global threats such as terrorism, cybercrime, and climate change necessitates a comprehensive and coordinated approach. The advanced military capabilities and technological prowess of Western nations play a pivotal role in this regard.

Russia's invasion of Ukraine has demonstrated that great powers like Russia are willing to use military force to achieve their political objectives. Most recently, the Hamas, although a non-state actor, has demonstrated it is willing to inflict terror and carnage on its neighbor Israel to promote its cause. Many in the region echo Japan's Prime Minister Kishida Fumio comments at the 2022 Shangri-la Dialogue, "Ukraine may be the East Asia of tomorrow."

Only through building strong deterrence capabilities, robust minilateral and multilateral diplomacy amongst like-minded countries can the West

protect the LIO. To get a buy-in for this order, they will need to enhance their capabilities comprehensively, build and deepen existing partnerships and importantly be consistent on when and where they deploy those resources.

Conclusion

The concept of the Global South is flawed due to its oversimplification of the heterogeneity and complexities within these countries. The institutional weaknesses, poor governance, economic instability, dependency and the absence of a common political identity within these nations further limit their capacity to support the LIO. While it is crucial to engage with these countries and support their development, it is equally important to acknowledge these limitations. The future of the LIO depends on a realistic understanding of the Global South and strategies that address these challenges.

This chapter does not seek to downplay the importance of the Global South's engagement in the LIO. Instead, it argues for a balanced, pragmatic approach that acknowledges the Global South's heterogeneity and challenges while recognizing the critical importance of strengthening Western countries. This approach does not negate the role of the Global South but rather seeks to reinforce the foundation of the LIO and create a more conducive environment for dialogue, cooperation, and mutual growth.

Preserving and strengthening the LIO is about creating an international order that is open to evolution and dialogue, capable of addressing global challenges, and committed to shared prosperity. To achieve this, it is vital to ensure that all nations, regardless of their geographical or economic position, are equipped to contribute to this common endeavor. Therefore, the strengthening of Western nations economically, diplomatically, politically, and in terms of security is not merely an option, but a necessity for the future of the LIO.

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Afterword

The divide between the democratic world and the authoritarian world has enlarged post the COVID-19 pandemic. This growing divide has brought several debates into the limelight: Whether the influence of the democratic world is receding, to what extent the authoritarian powers are building their influence in global politics, how can liberal democracies revitalize themselves, and more importantly, if the Russia-Ukraine war has created a permanent and enduring divide between the democratic and authoritarian powers. Central to most of these debates is how to protect, defend, and strengthen the existing liberal international order that has been key to international peace and stability so far.

The Institute for Security and Development Policy (ISDP) is fortunate to partner with the Kajima Institute of International Peace (KIIP) in Japan and The Prospect Foundation (PF) in Taiwan to carry out a year-long policy-oriented study covering such a critical theme. The project titled “In Defense of the Liberal International Order” is an exciting and timely study that involves experts from Japan, Taiwan, India, Europe, and elsewhere to write and debate on such a critical issue. It involves former diplomats, seasoned subject experts, and critical analysts who cover a broad range of issues that are significant to the future international order. No matter how uncertain the future international order may appear at present, the challenge is to strengthen the existing order and make future politics more equitable where peace and stability should lead the course ahead of conflicts and wars and the best way to do this is to engage in free and open debate on the subject.

This impressive study looks at many pressing issues such as the future of Taiwan in world politics, peace and stability in the Indo-Pacific, and unity among the liberal world that has been threatened for some time. Additionally,

it also critically examines the rise of China's power, the combined and threatening Sino-Russian strategic posture, and the recent conflicts and political instability in the Middle East that are imposing more challenges and threats to the liberal international order. It also opens up many thoughts on the United States as the most prevailing power in world politics, or if the Chinese have risen to minimize or eclipse the space of the United States in world politics. Crucially, this book also analyzes the strategies and influence of a range of middle powers such as Japan, India, Australia, etc. It notes how institutional weakness and poor governance are limiting factors in the ability of the Global South—covering Latin America, West Asia, Africa, and Asia, among others in the developing and emerging world—to be a critical united, or uniting, force.

During the year-long study, a major subject of debate across geographies was the issue of a Taiwan contingency. Discussion on Taiwan's security situation gained momentum after the second Russian invasion of Ukraine war began in February 2022, and parallels were drawn to Taiwan. While opinions differ, it does appear that 2027 is seen by some in the U.S. as a possible timeline for a Taiwan contingency, even if Chinese officials have claimed there is no timeline to retake Taiwan. Japan's decision to set 2027 as the year for increasing defense spending to 2 percent of GDP is telling in that there are concerns that the time is more limited than Beijing would be open about. China is becoming more aggressive in its military intimidation tactics in the Taiwan Strait, and it is well known that Xi Jinping has stated that he does not rule out the use of force. But Beijing is also engaged in social infiltration activities in the gray zone between "war and peace" through fake news, public opinion manipulation, cyberattacks, and so forth so as to improve support for reunification and weaken Taiwanese institutions, and the popular support for Taiwanese independence.

The prospect of conflict in the Taiwan Strait carries extensive implications, stretching from regional stability to the security of the global supply chain. It is also a factor in the challenge to the stability of the liberal international order. In the Indo-Pacific, where the effects of the changing global order are more than apparent, states are reorganizing and increasingly coalescing with like-minded partners via smaller, voluntary, non-binding minilateral forums to secure their interests and hedge against the geopolitical tensions marked by

the U.S.-China rivalry. The groupings range from the U.S.-led Quadrilateral Security Dialogue (Quad)—a forum with a wide ambit from global health to maritime security—and AUKUS (Australia-UK-US) defense pact to the China-dominated Shanghai Cooperation Organization (SCO) and BRICS (Brazil-India-Russia-China-South Africa).

The competition between the United States, the dominant power, and the EU on one side and China and Russia, challenging authoritarian powers, on the other side is not merely a conflict in terms of geopolitical hard power and materials, but it is also about contesting for beliefs and political values. China has amped up its economic, military, and technological advances with the intent to undermine the U.S.-led existing order and to create a new China-led international order. For this purpose, China is looking to rebuild partnerships across the world, particularly in the Global South. While China's influence has been on the rise among these states, its ties in Europe have been deteriorating primarily due to China's coercive economic and diplomatic policies, but also Beijing's indirect support for the Russian invasion of Ukraine. The EU, on its part, has started to reinforce cooperation with like-minded partners, equipping itself with defensive tools designed to help identify threats and articulate common responses. In this context, the growth in transatlantic ties could be crucial to rebuilding an effective, representative liberal international order that is relevant in the new era, but equally important is the broader cooperation with small and medium sized like-minded states and increased engagement in the Global South to offer alternatives to authoritarian values and systems.

The study aimed to examine the extent of the decline of liberal internationalism in global governance, and whether it can resurge. The latest spark is the terrorist attack by Hamas on Israel and the Israeli response, which while primarily regional, holds profound implications for the liberal international order by challenging its foundational principles: Human rights, international law, and global stability. The relevance of the study at its close was exponentially more: Even as the crisis in global governance took roots amid superpower competition, seemingly localized conflicts are now threatening global order, emphasizing the indispensable role of proactive regional and international cooperation in sustaining regional and global stability.

This book will certainly be of interest to a wider spectrum of audiences such as policymakers, analysts, media representatives, and young students and scholars dreaming of a future in a very uncertain world. The merit of this study is manifold. *First*, such a study allows us to ponder over how to prepare for a world that looks very uncertain with plenty of conflicts and unexpected wars that many democratic countries would not be expecting or unaware of. *Second*, such a study allows us to think about the significance of the Indo-Pacific and its centrality in current and future world politics. *Third*, this study has allowed us to deliberate over why and how territorial integrity and sovereignty are the most critical issues of current world politics.

The research outcome presented in this volume is the result of many policy deliberations. Online brainstorming, serious deliberations through the exchange of critical views, and holding webinars have been the main pillars of this study. Each of the chapters deals with a critical issue and covers an in-depth analysis of the issues at present. The chapters have been divided into broad sections covering Taiwan, war and conflicts between Euro-Atlantic to Indo-Pacific security, supply chain connect, and the Global South and the emerging order. Key policy suggestions have been put together to facilitate further future discussion and action.

I take this opportunity to congratulate the heads of the two institutes—the KIIP and the PF—for offering their support and being a privileged partner of the ISDP. Compliments go to all the contributors for their specialized writings which are the main crux of this study, and a special thanks to the editors, Jagannath Panda, Tatsuo Shikata, and Norah Huang, for an outstanding effort and an authoritative contribution to the ongoing debate about the future of the liberal order. I am convinced this study will draw the necessary attention for future research and policy deliberations among specialists, policymakers, and thinkers.

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