

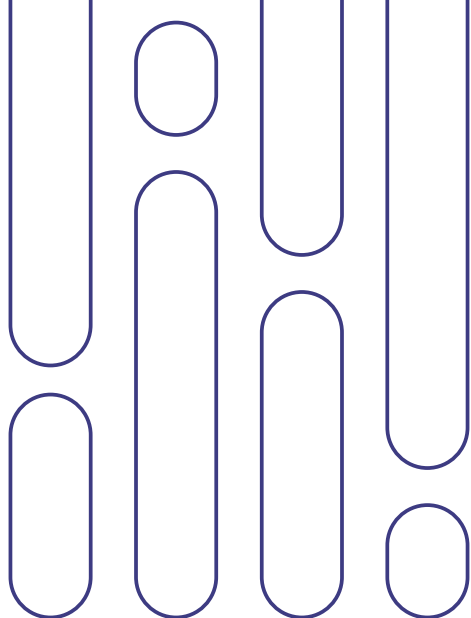
REPORT

Triggering Conflict in the Indo-Pacific: New Taiwanese President Calls for “Two State Solution” Instead of “Once China” Principle

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Amid the growing longstanding conflict between the People's Republic of China and Taiwan, observers interested in the Pacific and Indian Ocean (the Indo-Pacific region) agree that the China-Taiwan conflict has entered a new phase of escalation, which poses a more intense and dangerous threat to regional and international security. Since the powerful speech delivered by newly elected President Lai Ching-te on May 20, 2024, on contentious issues, China has increased its counter-escalation. It conducted military drills that were more intense and conveyed deterrence messages with more significant implications than the intended messages in the two major drills in 2022 and 2023. For the first time, the drills focused on strategies to completely take over Taiwan using coordinated land, sea and air attacks that would lead to total control of the island and its strategic locations after encircling and isolating it from the world.

The escalating tensions between Taiwan and China have garnered global attention. This conflict is not just a regional issue but a critical international concern, reflecting the intensifying competition between the world's two great poles: the United States and China. The region where tensions are brewing is particularly interesting to regional and international powers. This region is home to the world's largest economy in terms of oil and gas imports and agricultural and technological production. The potential for this escalation to lead to a catastrophic world war, further exacerbating the instability caused by ongoing conflicts in Ukraine and Gaza, is of grave concern. Such a scenario would likely lead to additional crises, instabilities, and economic and security ramifications that many war-exhausted countries would struggle to endure. This raises questions about the reasons behind this escalation in the Indo-Pacific region and what possible outcomes it might lead to.

Aspects of the Speech Delivered by the New Taiwanese President

On May 20, 2024, President Lai Ching-te of the Democratic Progressive Party delivered his inauguration speech, which was viewed as openly advocating for the separation of Taiwan from the People's Republic of China. His highly bold separatist rhetoric provoked anger in Beijing, as it was interpreted as a direct challenge to China's redlines and an attempt to achieve separation during his time in office. This has opened the door for a new escalation phase between the two sides. In the subsequent discussion, we will examine the indicators of Lai Ching-te's intent to carry out a tangible separatist agenda. He delivered a speech advocating separatism that resembled a strategic blueprint for his nation's declared independence from China.

- **Contradicting the anti-secession law:** In his [speech](#), President Lai Ching-te clearly and directly asserted his intention to achieve separation from China within his time in office, saying, "When I was young, I was determined to practice medicine and save lives. When I went into politics, I was determined to transform Taiwan. Now, standing here, I am determined to strengthen the nation [...] We also set sail into a new era full of challenges, yet also brimming with limitless hope." He reaffirmed his separatist intention, saying, "The Republic of China and the People's Republic of China are not subordinate to each other." In response, China viewed his remarks as violations of the long-standing historical and geographical facts which confirm the unity of the mainland (China) and Taiwan.

- **Confirming the lack of coherent identity:** Lai Ching-te argues that the differences between Taiwan and China include a lack of territorial unity and identity divergences. He emphasizes that democratic values prevail in Taiwan and that his foreign

policy will focus on strengthening relations with democratic nations, especially Western nations. “As for international affairs, we will continue working with other democratic nations to form a democratic community [...] and allow Taiwan to become the MVP of the democratic world,” he said.

Being a democratic nation is a privilege for Taiwan and a challenge for China in its quest to rule Taiwan. Western democratic values have been deeply rooted in Taiwan for more than 75 years, more specifically since the Chinese Communist Party took over mainland China, marking the end of the Chinese Civil War in 1949. Mao Zedong proclaimed the establishment of the PRC; the leaders of Kuomintang (the Nationalist Party of China) retreated to Taiwan and announced the temporary capital of the Republic of China. After 75 years of separation, it can be observed that the previous generations with communist values in Taiwan have significantly diminished, leading to a decline in communist ideology. This has resulted in the predominance of liberal thoughts, which contrasts with the prevailing sentiments in mainland China.

- **Promoting the two-states theory:** According to the “One Country, Two Systems” policy, Taiwan is considered a part of China and falls under its sovereignty while maintaining autonomy. However, in his speech, Lai Ching-te used the word “state” in reference to Taiwan and some key aspects of his speech in this context are reviewed as follows:

- He considers Taiwan to be a state just like China, especially when it comes to maintaining security in the Taiwan Strait and East Asia. He said, “I also want to call on China to cease their political and military intimidation against Taiwan, share with Taiwan the global responsibility of maintaining peace and stability in the Taiwan Strait as well as the greater region.”

- He referred to China as “foreign forces” that seek to intervene in Taiwan. He said, “I also want to thank my fellow citizens once again for your support, for refusing to be swayed by external forces, for resolutely defending democracy, for pressing onward without turning back, and for turning a new page in Taiwan’s history.”

- He called on China to deal with his country in terms of equivalence. He said, “I hope that China will face the reality of the Republic of China’s existence, respect the choices of the people of Taiwan, and in good faith, choose dialogue over confrontation.”

• **Bolstering defense capabilities:** Lai Ching-te thinks that Taiwan has established itself as a unique economic model to be emulated in industrial and technological development. The country has emerged as a significant player in global supply chains, technology and AI. To further cement its position, Taiwan seeks to enhance its defense capabilities and establish military and strategic partnerships with developed Western democracies. Lai Ching-te believes that these efforts will contribute to creating a “peaceful global community” capable of demonstrating deterrence power and maintaining peace in the Indo-Pacific region. Additionally, this will also enable Taiwan to build deterrence capabilities against any potential attempts by China to assert dominance over the island.

• **Taking actual steps to achieve international recognition:** In his quest to make his country internationally recognized as an independent state, Lai Ching-te believes that achieving this goal necessitates taking two paths: concluding mutual trade and investment agreements with democracies around the world and officially applying to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and similar agreements.

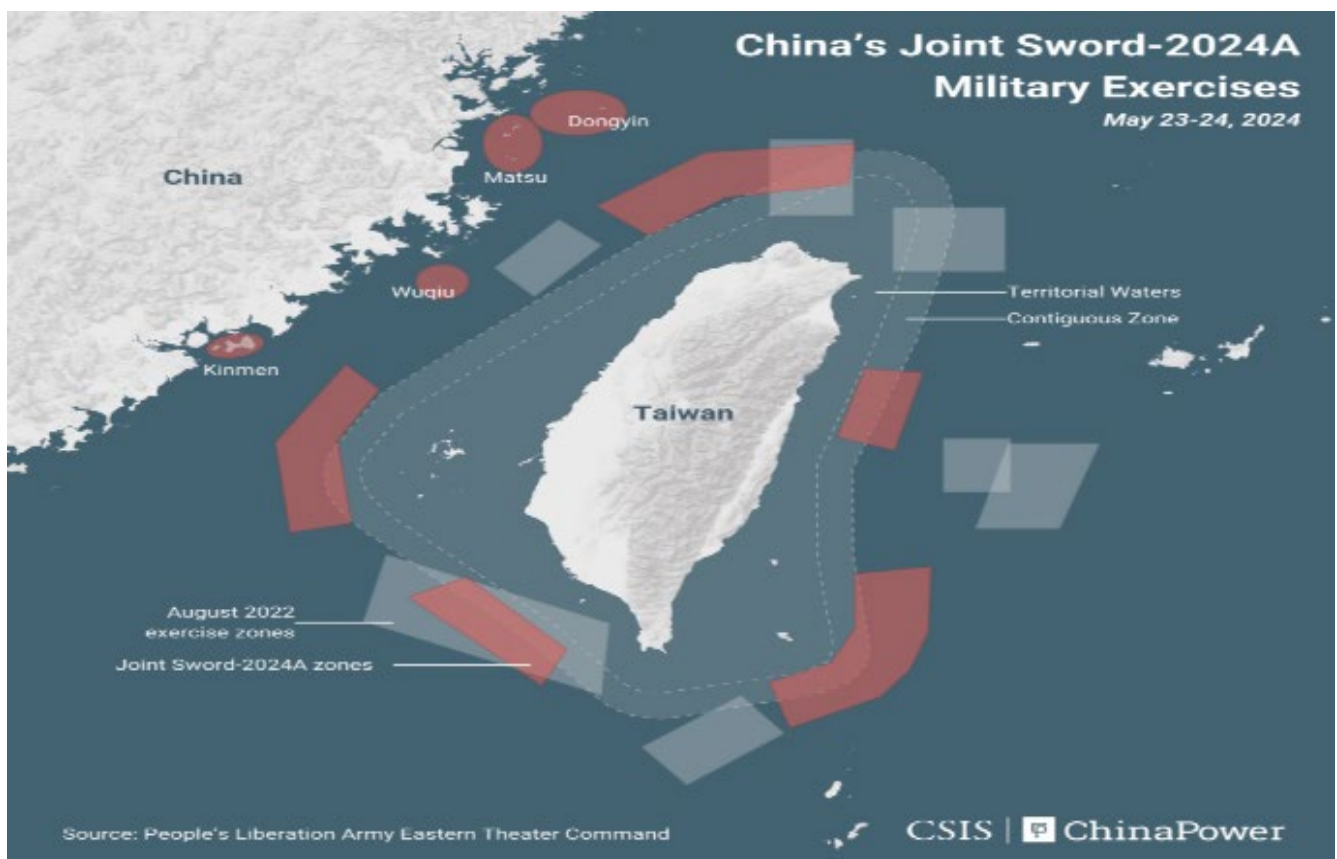
In October 1971, the UN Security Council passed a resolution stating that the only legitimate representative of Chinese territories at the UN is the People's Republic of China, one of the five permanent members. This creates a challenge for Taiwan in achieving international recognition, as the UN recognizes it as part of China with autonomy under the "One Country, Two Systems" principle. Consequently, Taiwan has struggled to achieve recognition from stronger states, with limited acknowledgment mainly from weaker states in the Caribbean and Southern Pacific Ocean, which have minimal impact on regional and international affairs. The number of countries which recognize Taiwan has been decreasing, dropping from 20 to 13.⁽¹⁾ In 2023, Honduras ended its diplomatic recognition of Taiwan and established diplomatic relations with China. This move was seen as a significant win for China in its efforts to gain complete control over Taiwan without resorting to military action. China has been actively encouraging other countries to follow suit by offering financial and technological assistance and increasing investment and trade cooperation. Even the United States, which established diplomatic relations with Beijing in 1979, continues to express its support for the "One Country, Two Systems" principle.

China's Escalation Against Taiwan Following Lai Ching-te Taking Office

After Lai Ching-te's speech, China conducted a military drill called Joint Sword 2024 from May 24 to May 25 in [response](#) to what it considered separatist remarks by Lai Ching-te. During the drill, dozens of air fighters, strategic bombers and warships surrounded Taiwan. The Chinese military demonstrated a sim-

(1) Countries that recognize Taiwan as a sovereign country are St Kitts, Nevis, Paraguay, St Lucia, St Vincent, the Grenadines, Tuvalu, Nauru, Guatemala, Vatican City, Belize, Eswatini and Marshall Islands.

ulated full-scale attack aimed at disabling Taiwan's power, imposing naval, land and air blockades, and targeting foreign ships with bombings. An animated video showing missile firings on the islands of Kaohsiung, Taichung and Hualien was shared on the Chinese messaging app WeChat by the Chinese military. The video concluded with the [phrase](#): "Sacred weapons to kill independence."



The 2024 drill is different from those in 2022 and 2023 in terms of the targets, drill areas, scale and intensity as explained in the following lines:

- **Targets:** The purpose of the drill was to assess the capability of the Chinese army to potentially [take control of Taiwan](#). This aligns with the statements made by lecturer [Chang Chieh](#) from the Academy of Military Sciences, indicating that the national army's drill was intended to cut off the island's energy imports

and isolate it militarily, economically and politically. The goal was also to prevent Taiwanese politicians from leaving the island and prevent US and Western aid reaching the island. The 2022 drill took place after the visit of former Speaker of the US House of Representatives Nancy Pelosi while the 2023 drill followed a meeting between former Taiwanese President Tsai Ing-wen and former Speaker of the US House of Representatives Kevin McCarthy. These drills simulated a siege and complete isolation of Taiwan from the rest of the world.

- **Areas:** The [map](#) of the drill areas indicated five zones for the siege of Taiwan and four smaller zones surrounding Taiwan's remote islands: Kinmen, Wuqiu, Matsu, and Dongyin. These were considered strategic goals. During this exercise, warnings were not issued to the ships and planes entering the five islands, which increased the seriousness of the situation. The previous two drills did not include the small islands highlighted in red on the map. However, the 2022 drill covered seven zones around Taiwan, and the 2023 drill did not specify a certain zone. During these exercises, foreign planes and ships were warned against entering the island to avoid potential mistakes that could lead to conflict.

The drill was held in areas of Chinese strategic and economic strength. The northern region is located near the command centers of Taipei. The eastern region is home to one of the leading international shipping ports in Taiwan. Therefore, gaining control of this port would not only threaten Taipei's energy supplies but would also block a critical exit point for Taiwan's top leaders in the event of a war and prevent the the United States from entering to protect Taiwan. The southeastern region has the waterway — the Bashi Channel, linking the Taiwan Strait

and the South China Sea to the Pacific Ocean, a necessary route for international freight traffic. The southwestern region, located off the coast of Kaohsiung, has several container shipping ports and energy import centers. The western region enables China to control the Taiwan Strait.

- **Scale and intensity:** The 2024 drill was less scaled and intense than the former two drills. However, the risk factor, an incident or miscalculation in this exercise could very well have sparked a conflict. It also conveyed strong deterrence messages for Taiwan and a carefully worded warning: China has the ability to subdue Lai Ching-te whenever it wishes.

China not only conducted the exercises in response to the Taiwanese president's speech but also criticized the countries whose delegations participated in his inauguration ceremony. It deemed those states as violators of the "One Country, Two Systems" principle. China [condemned](#) US Secretary of State Antony Blinken for extending his congratulations to Taiwan's new president, viewing it as a US violation of the "One Country, Two Systems" principle and the three Sino-US joint statements.⁽²⁾ On May 22, 2024, China [sanctioned](#) 12 US defense-related companies and 10 executives over arms sales to Taipei. This was part of a Chinese strategy to counter US support for Taiwan as US-Taiwan relations have grown since the Democratic Progressive Party took power in Taiwan in 2016.

In a rare move with significant implications for a potentially greater Chinese role in Taiwan's future, the Chinese leader host-

(2) The three Sino-US statements on the normalization of their relations: the first statement was in 1979, including the understanding on the two countries respect for the principle of non-interference in internal affairs, and Washington's support for the one-China principle. The second statement was in 1979, which resulted in cementing diplomatic ties and the US declaration on the severance of the official ties with Taiwan while maintaining economic and cultural ties. The third statement in which the US announced its intention to reduce arms sales to Taiwan in a gradual manner was made in August 1979.

ed [former Taiwanese President](#) Ma Ying-jeou, who is affiliated with the Kuomintang and seeks closer ties with Beijing under the “One Country, Two Systems” principle. Ma Ying-jeou described his trip to Beijing as a gesture of “peace” aimed at defusing tensions with Beijing. The meeting held political symbolism as it marked the first time that Beijing had hosted a former president of Taiwan since the Kuomintang moved to Taiwan over 75 years ago. It also signaled China’s desire to strengthen its relations with the Kuomintang, bolster its leverage in Taiwanese society and counter parties advocating for Taiwan’s independence from China.

Interpretations of Chinese Escalation Against Taiwan’s New President

The tone of Chinese rhetoric has changed largely toward Taipei since Lai Ching-te won the presidential election in January 2024. Beijing [called](#) him a “stubborn worker for Taiwan independence” because of his belief and previous political positions on the principle of “One Country, Two Systems,” which is on the agenda of the separatist Democratic Progressive Party. Lai Ching-te believes in the need for the actual implementation of this principle based on the divergences in political identities between Taiwan, which is associated with liberalism and Western democracy, whereas China implements a communist intellectual system that is different from the West’s systems and competes against them. Lai Ching-te is committed to the “two-states theory” and opposes the “One Country, Two Systems” principle. This is evident in his remarks where he described himself as a “[pragmatic worker for Taiwan independence](#).”

As mentioned, the tone of Chinese rhetoric has stepped up

since the inauguration speech of the new Taiwanese president, which marks the beginning of a new juncture of Chinese escalation against Taipei. The Chinese authorities deem Lai Ching-te's speech as reflecting an executive action program to implement separation on the ground and believe that it expressed the denial of the new president of Taiwan's dependence on the Chinese mainland and his refusal to reunify or annex Taiwan to China. The new president also described the central Chinese state as a foreign country or power exercising external aggression against Taiwan.

The significant shift in Chinese rhetoric toward Taipei is evident in the strident tone of senior Chinese officials against Lai Ching-te, which leads to the likelihood that China will resort to violent force against the Taipei regime. This shift signifies China's prospective actions to suffocate and blockade Taipei, which will herald a new and more serious escalation and threat to East Asian security during Lai Ching-te's term. Chinese Foreign Minister Wang Yi clearly condemned Lai Ching-te in his speech at the high-level meeting of the Shanghai Cooperation Organization by [saying](#), "the scandalous behavior of Lai Ching-te and others who betrayed the nation and ancestors" and portended that all Taiwan separatists will be nailed to the "pillar of shame" in history. Chinese Foreign Ministry Spokesman Wang Wenbin also [warned](#), "Taiwan independence forces will be left with their heads broken and blood flowing."

China's recent rhetoric, including phrases like "their heads are broken and blood flowing," represents a departure from its usual calm and diplomatic language. This change reflects China's deep concerns about what it sees as clear separatist moves by the new Taiwanese president, and it is maintaining military

pressure on Taiwan. According to US, Western and Taiwanese intelligence, the Chinese military's actions indicate a plan to potentially take back Taiwan by 2027. This timeline is based on a statement by Chinese President Xi Jinping, who has ordered the People's Liberation Army to modernize and enhance its combat capabilities by 2027. Western and Taiwanese intelligence interpret this directive as preparation for a possible invasion of Taiwan in 2027.

Conclusion

The aforementioned discussion reveals that the Sino-Taiwanese escalation has entered into a new phase that is more dangerous to the security and stability of the Indo-Pacific region. This is due to the strong separatist sentiments of the new Taiwanese president and his belief in the need to establish the two-states principle. China's great pessimism and reiteration that his goal violates the "One Country, Two Systems" principle, leaves it with no choice but to use violent military force against Taipei. Therefore, China will likely continue its large-scale military activities around the islands to flex its muscle to deter Taiwan and the United States, demonstrating that it can decisively resolve its conflict with Taiwan by military force. China may opt for larger geographical scale operations than the former drills, stimulating invasion in a manner that will enable China to engage in inspections, disrupt commercial traffic in the Taiwan Strait, or even isolate Taiwan's remote islands from Taipei.

Any escalation between Beijing and Taipei will likely involve the United States, the strategic supporter of Taiwan. The US and Chinese poles realize that controlling Taiwan will help lead the world during the 21st century. As Washington believes that the

continued separation of Taiwan from China is a symbol of the continuity of unilateral US dominance over international leadership, Beijing insists that winning the battle will end the era of unipolarity and turn the United States into a counterbalance rather than an international hegemon, establishing a multipolar international system. This is due to the fact that the island is located in a region significant to global actors, offering whoever controls it the chance of economic dominance. It possesses huge wealth and strategic corridors for international trade, vital waterways such as the Taiwan and Malacca straits, in addition to the fact that half of the world's merchant marine tonnage passes through the South China Sea. It also has the major Asian economies such as China, the world's second largest economy after the United States, the Indian economy, and the economies of the emerging ASEAN countries along with South Korea and Japan, the major buyers of oil and gas and exporters of trade globally. Taiwan is also a starting point for dominance in the two oceans, and a center for manufacturing electronic chips, a core element of future industries. US military leader Douglas MacArthur likens its strategic importance to an aircraft carrier that will unlikely sink.

The current events in Ukraine and the implications of the war in Gaza may divert the world's attention away from the situation in the Indo-Pacific region, but the acceleration of events in that region raises fear of the onset of a global crisis that will not only affect the Indo-Pacific region, but will also extend to all countries because of the great influence and significance of the region for the global economy.

