

China-Taiwan tensions drive military exercises

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Taiwan will hold military exercises in late May and early June in response to Chinese manoeuvres. *David Li* examines three scenarios for how the cross-strait political backdrop is likely to develop

Key Points

- Chinese and Taiwanese military build-up and training exercises are highly likely to escalate in frequency and provocation.
- A growing US presence in the Asia-Pacific region has increased China's threat perception and its perceived need to protect its interests.
- Beijing and Taipei are very unlikely to engage in direct military conflict because of the economic and political repercussions.

On 26 April, Chinese People's Liberation Army Air Force (PLAAF) aircraft conducted an encirclement drill around Taiwan. This followed live-fire drills conducted by China around the coast of Fujian on 18 April. Liu Jieyi, director of China's Taiwan Affairs Office, noted that the exercise was a warning against any "attempt to split" in Taiwan.

In response, Taiwan announced that it would hold a five-day military exercise to test its defence capabilities from 4 June. Taiwanese Minister of National Defence Yen Teh-fa told Taiwanese media on 30 April that he expected China to increase the scope of its long-distance combat training to boost its armed forces' capability against Taiwan.

China's relationship with Taiwan has deteriorated since President Tsai Ing-wen's electoral victory in 2016, marked by increasingly confrontational rhetoric and a notable drop in official diplomatic interactions. In June 2016, China suspended the official channel for cross-strait communications, as a response to the refusal of Tsai's Democratic Progressive Party (DPP) government to acknowledge the 'One China' policy.

In a report released in December 2017, the Taiwanese Ministry of National Defence made specific references to the increase in frequency of Chinese military activities, having recorded 14 military aircraft exercises close to Taiwan's air defence identification zone (ADIZ) from July to December 2017, compared to only two from January to June. Taiwan has also raised concerns about Chinese reconnaissance of its military bases and refused to grant China the use of the M503 civil flight route in January 2018, describing China's unilateral expansion of the route as a destabilising measure.

The US has increased military support to Taiwan, including the April 2018 approval of licences for the joint development of submarines. Moreover, in March, US President Donald Trump signed the Taiwan Travel Act, enabling high-level diplomatic visits between Taiwan and the US.

The increased Chinese military presence around Taiwan is likely to have been spurred by the growing US presence in East Asia, which will have increased China's threat perception. In addition to its support for Taiwan, the US has also challenged China's territorial claims in the South China

Sea by conducting freedom of navigation operations near Chinese-controlled features in the Spratly Islands, and provides ongoing support to regional allies such as Japan.



Shiyu, or Lion Islet, one of Taiwan's offshore islands, faces the Chinese city of Xiamen on 20 April 2018. In late April, China carried out live-fire military drills – the first since 2016 – in the Taiwan Strait, an exercise interpreted as a show of force and a message to Taiwan. (Carl Court/Getty Images)

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China's military drills near Taiwan are highly likely to be part of a sustained campaign aimed at training its personnel, assessing Taiwanese defences, and normalising such activity. Underlining this trend, the PLAAF conducted another encirclement drill on 11 May.

The frequency of Chinese military exercises near Taiwan's ADIZ and also close to other US allies around the East China Sea – particularly near Japan's Miyako Strait and the Bashi Channel – is likely to increase over the coming year.

Any Chinese aircraft entering Taiwan's ADIZ would lead to an increased war risk, but this would be very unlikely to escalate into direct military conflict. Significant escalations, such as a repeat of China's 1996 testing of ballistic missiles near the Taiwanese ports of Keelung and Kaohsiung, remain very unlikely because of the trade disruption that they would cause and the negative effect that this would have on China.

However, closer Taiwan-US relations and alignment of US allies through regional co-operation agreements such as the Quadrilateral Security Dialogue (or Quad, an informal strategic dialogue between Australia, India, Japan, and the US) will increase China's threat perception in Asia-Pacific and increase the likelihood that it will take a harder line against Taiwan.

Political risk (Moderate, 1.2)

Taiwan's political risk level is moderate as it approaches local elections on 24 November 2018, which will be the first test for President Tsai Ing-wen since she was elected in 2016. The DPP is one of two major parties in Taiwan, the other being the Kuomintang (KMT) or Nationalist Party of China, and is generally more sceptical about Chinese influence. The party gained significant popularity after 2012, when the China-Taiwan Cross-Strait Service Trade Agreement (CSSTA) provoked opposition from younger voters and triggered the 'Sunflower Movement', the largest display of anti-China sentiment in Taiwan since the mid-2000s.

Nevertheless, the Tsai government faces significant pressure on domestic issues, including low real wage growth, pension reform, and modernisation of labour regulations. Slowing economic growth and low incomes in comparison to property prices have led to dissent among the younger Taiwanese population.

Although support for the DPP is highly likely to remain stronger than for the KMT in the near future, the local elections will provide an indication of the degree of support for Tsai's DPP government and her ability to maintain power after the 2020 general election.

External risk (Moderate, 1.5)

Although the DPP's stance is generally more pro-independence, Tsai's administration is highly likely to seek to maintain a cordial cross-strait relationship. In addition to the risk of military invasion by China, Tsai's government is also aware that Chinese investment is vital for reviving Taiwan's economy.

China is almost certain to continue its approach of exerting economic influence alongside military build-up and diplomatic isolation, including propaganda to promote reunification in Taiwan, although majority opinion remains unlikely to shift towards a pro-China stance. An outright invasion of Taiwan by China is very unlikely; however, the increasing frequency of military exercises around Taiwan and the military build-up on both sides increase the risk of escalation.

Taiwan is also involved in territorial disputes over the Senkaku/Diaoyu Islands in the East China Sea and the Spratly Islands in the South China Sea. However, these disputes pose a lower risk to Taiwan's external security. Taiwan is highly likely to try to strengthen its relations with the US, notwithstanding what is likely to be a high degree of uncertainty within the Taiwanese government over the policy direction of the Trump administration.

Internal security risk (Moderate, 0.8)

Issues relating to cross-strait relations have historically drawn the largest and most emotional protests, but these are generally small-scale, peaceful, and not a threat to internal security. Popular protests are likely to centre around specific domestic issues such as public-sector retirement benefits and affordable housing for low-income citizens.

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