

U.S. Allied and Partner Support for Taiwan

Responses to a Chinese Attack on Taiwan and Potential U.S. Taiwan Policy Changes

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*U.S. Allied and Partner Support for Taiwan:
Responses to a Chinese Attack on Taiwan and Potential U.S. Taiwan Policy Changes*

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The RAND Corporation²

Before the U.S.-China Economic and Security Review Commission

February 18, 2021

As the Biden administration assesses its Taiwan policy, it is important to examine how U.S. allies and partners in the Indo-Pacific may respond to a potential conflict over Taiwan. Support from regional countries will be critical to the U.S. ability to defend Taiwan from an attack by the People’s Republic of China (PRC). This testimony is divided into three sections that explore (1) factors that influence the willingness of U.S. allies and partners to aid Taiwan in the event of a Chinese attack, (2) how regional countries may respond if the United States does not come to Taiwan’s defense, and (3) how U.S. allies and partners may view a U.S. Taiwan policy shift away from strategic ambiguity.

There is very limited publicly available information on whether allies and partners would intervene in a China-Taiwan conflict. Many regional countries view discussing their potential roles in a Taiwan conflict as too politically sensitive. As a result, this testimony is based on discussions with regional experts and insights from a recent RAND study on how allies and partners position themselves between the United States and China and on the influence the United States and China have over countries in the Indo-Pacific.³

¹ The opinions and conclusions expressed in this testimony are the author’s alone and should not be interpreted as representing those of the RAND Corporation or any of the sponsors of its research.

² The RAND Corporation is a research organization that develops solutions to public policy challenges to help make communities throughout the world safer and more secure, healthier and more prosperous. RAND is nonprofit, nonpartisan, and committed to the public interest.

³ Bonny Lin, Michael S. Chase, Jonah Blank, Cortez A. Cooper III, Derek Grossman, Scott W. Harold, Jennifer D. P. Moroney, Lyle J. Morris, Logan Ma, Paul Orner, Alice Shih, and Soo Kim, *Regional Responses to U.S.-China Competition in the Indo-Pacific: Study Overview and Conclusions*, Santa Monica, Calif.: RAND Corporation, RR-4412-AF, 2020, https://www.rand.org/pubs/research_reports/RR4412.html.

Willingness to Aid Taiwan

Although U.S. allies and partners might more readily provide diplomatic assistance (in terms of criticism of PRC use of force) if China attacks Taiwan, there is likely to be variability in their willingness to provide military assistance to Taiwan, and the United States will likely have to shoulder the majority of the military aid to the island. Even some of the closest U.S. allies, such as Japan and Australia, may face constraints that limit their ability to contribute. Five overarching factors would likely influence how allies and partners in the Indo-Pacific might respond to a Chinese attack on Taiwan:

- the specific actions taken by both sides, including the Chinese activity and Taiwan's response
- the importance of Taiwan to the ally or partner, particularly compared with China
- the potential for Chinese retaliation and growing Chinese power
- the ally or partner's relationship with the United States and what the United States can provide
- any potential ally or partner's domestic, legal, foreign policy, or other constraints on use of force or involvement in military conflicts.

According to these five factors, Japan and Australia rank as the two countries most likely to assist the United States militarily in the defense of Taiwan, likely allowing the United States to conduct operations from military bases on their territories and potentially contributing their own troops to the fight. India, the Philippines, Singapore, South Korea, Thailand, and Vietnam fall into the more uncertain category. Countries in this latter group may try to stay neutral or provide limited, less conspicuous forms of assistance, such as intelligence-sharing, support for limited humanitarian military operations (such as noncombatant evacuation operations), or logistics support. Depending on the specific geopolitical context, including actions taken by China and what the United States can offer to incentivize or reassure these allies and partners, countries in this latter group may be willing to contribute more.

Specific Actions Taken by China and Taiwan

How the Chinese attack unfolds and how Taiwan responds will be critical to regional assessments of whether to aid Taiwan. Most regional countries do not have official relations with Taiwan.⁴ Regional countries are cognizant that China (1) views Taiwan as a core national interest, (2) is set on unification with Taiwan, and (3) views any conflict over Taiwan as an "internal affair." This is likely to contribute to more caution in regional deliberations to assist Taiwan.

The cause of the Chinese attack on Taiwan is likely to shape regional and international responses. U.S. allies and partners are likely to assess which side is more to blame for the unfolding conflict. Did China launch a bolt from the blue? Did Taiwan take a bold new action or

⁴ Taiwan currently has 15 diplomatic allies: Marshall Islands, Republic of Nauru, Palau, Tuvalu, Eswatini, Holy See, Belize, Republic of Guatemala, Haiti, Republic of Honduras, Nicaragua, Republic of Paraguay, St. Kitts and Nevis, Saint Lucia, and St. Vincent and the Grenadines. See Ministry of Foreign Affairs, Republic of China (Taiwan), "Diplomatic Allies," webpage, undated, <https://en.mofa.gov.tw/AlliesIndex.aspx?n=1294&sms=1007>.

move toward independence against Chinese warning? Who is seen as being at fault and how aggressive China has been in the Indo-Pacific region at large are likely to influence whether allies and partners are willing to support Taiwan.

The scale and damage of the Chinese attack is also a determining factor. A massive Chinese military attack on Taiwan resulting in significant casualties, such as launching an amphibious invasion of the main Taiwan island, could generate more regional willingness to assist Taiwan, particularly if significant numbers of allied and partner citizens are killed in such an attack⁵: The Philippines and Vietnam, for example, are two of the countries with the most citizens in Taiwan, and each have over 100,000 citizens working or studying on the island.⁶ A more limited attack, such as military action against less populated Taiwan offshore islands, could result in a more muted regional response.

Regional countries are also likely to consider how Taiwan responds to the Chinese attack. Allies and partners may be more inclined to come to Taiwan's defense if the island's response is limited to countering the assaulting People's Liberation Army (PLA) forces, compared to Taiwan engaging in some type of countervalue retaliation (such as striking Chinese cities) that results in significant Chinese civilian deaths that could cause Beijing to further escalate its use of force.

If the conflict widens and escalates, regional countries could become involved if their territories (or claimed territories) are attacked by China or used by China to attack Taiwan. China, for example, could seek to deter or cripple large-scale U.S. and allied intervention by striking early at U.S. or allied military bases. China could also seek to launch attacks on the United States, Taiwan, or coalition members from assets based on disputed South China Sea (SCS) territories and expand Beijing's control of the SCS. Such an expansion of activities in the SCS could draw such countries as Vietnam and the Philippines into the conflict.

Taiwan's Importance

A major factor that allies and partners will likely consider is how important Taiwan is for their country strategically and what Taiwan offers. This could involve assessments of whether maintaining a democratic and independent Taiwan is important for the ally or partner's security and the importance of trade and other exchanges with Taiwan.

Security

On the security side, there is not a common, shared view of the degree of security risk or threat a Chinese attack on Taiwan poses to the Indo-Pacific region. Although regional countries might view an attack as representing Beijing's increased assertiveness and willingness to use force to achieve its objectives, most allies and partners do not view an attack on Taiwan as directly and significantly threatening their security. Many are well aware of the decades of cross-

⁵ In the event of a Chinese attack on Taiwan, one of the first responses from regional countries may be to evacuate their citizens from Taiwan. How the United States, China, and Taiwan aid such efforts may influence regional decisions to assist Taiwan. This could involve some degree of regional coordination or deconfliction with China.

⁶ Keoni Everington, "Migrant Worker Count in Taiwan Climbs to 706,000, Indonesians Largest Group," *Taiwan News*, June 3, 2019.

Strait tensions and China's One China Principle, which claims Taiwan as part of China. Regional allies and partners may believe that how China uses military force to address what Beijing perceives to be an "internal issue" (Taiwan) is likely different than how China conducts foreign policy and considers use of force against other countries.

A key exception is Japan, which is geographically located close to Taiwan. A Chinese takeover of Taiwan could have significant implications and complicate Japan's security situation. Beijing's control of Taiwan could enable the PLA to use Taiwan as a forward military presence to increase military activities around the Senkaku/Diaoyu Islands, an ongoing territorial dispute between Japan and China. Chinese occupation of Taiwan brings PLA forces closer to Japanese territories and waters and could threaten the security of Japan's maritime trade and energy routes.

There is also increasing concern in Australia about the security and larger geopolitical implications of a Chinese attack on Taiwan. Similar to their Japanese counterparts, Australian strategists are worried that a Chinese attack on Taiwan could further enable the PLA to project power beyond the First Island Chain,⁷ allowing the PLA to be more active and more assertive in the Indo-Pacific, including by operating in areas closer to Australia.⁸ Australia, as well as Japan and other regional countries, may also view a Chinese attack on Taiwan as a challenge to the existing rules-based international order and a threat to democracies in the Indo-Pacific. As a sign of Taiwan's growing importance, Australia and the United States "re-affirmed Taiwan's important role in the Indo-Pacific" in a joint high-level statement that summarized discussions at the July 2020 Australia-U.S. Ministerial Consultations.⁹

Regional countries that have territorial disputes with China, such as India, Japan, the Philippines, and Vietnam, are also likely to recognize that if China were to successfully take Taiwan by force, Beijing could turn more attention to and direct more military resources toward "resolving" territorial disputes against them. It is unlikely, however, that this consideration by itself is sufficient to encourage regional allies and partners to militarily assist Taiwan, particularly given the potential for Chinese retaliation.

Trade and Investment

Beyond security concerns, regional countries are also likely to examine the extent to which Taiwan is important for their economic development. Overall, regional countries are more dependent on China economically than on Taiwan. Regional countries trade significantly more

⁷ The First Island Chain consists of islands that extend from Japan to Taiwan, the Philippines, and Malaysia. See Andrew S. Erickson and Joel Wuthnow, "Barriers, Springboards and Benchmarks: China Conceptualizes the Pacific 'Island Chains,'" *China Quarterly*, Vol. 225, March 2016.

⁸ See, for example, Alan Dupont, "Might Taiwan Be the Next Franz Ferdinand Moment?" *The Australian*, November 22, 2020.

⁹ U.S. Department of Defense, "Joint Statement on Australia-U.S. Ministerial Consultations (AUSMIN) 2020," July 28, 2020.

with China, and most also receive more investment from China than from Taiwan.¹⁰ Tables 1 and 2 in the appendix provide a more detailed breakdown of trade and investment.

Potential for Chinese Retaliation and Growing Chinese Power

A critical factor that is likely to discourage allies and partners from assisting Taiwan is the fear of potential Chinese retaliation or punishment. Intervening, particularly militarily, is a strong signal that U.S. allies and partners have picked a side and that they have decided to align with the United States against China. The ally or partner's degree of intervention is likely to determine the extent of PRC retaliation.

China has a wide range of cards to play to punish U.S. allies and partners for supporting Taiwan. Allies and partners may worry that China could increase coercion or pressure against them politically, economically, and militarily. Examples of activities China could undertake include limiting cooperation with allies or partners on issues of top priority or importance to them (e.g., limiting cooperation with South Korea on North Korea); intervening in the domestic affairs of allies and partners (e.g., supporting separatist or violent extremist groups or increasing PRC influence operations); limiting educational and cultural exchanges, trade, or investment; or escalating tensions over disputed territories.¹¹ Allies and partners may also fear that China could engage in military strikes against their territories or embrace other types of military operations to limit their ability to support Taiwan or punish them for aiding the island.

There is also regional concern that if China's power (especially its military power) continues to grow, it would be very difficult and costly to defend Taiwan. It might not be in the ally or partner's interest to partake in a costly conflict against a more powerful China. Even if the United States and allies and partners were able to successfully counter an initial PRC attack on Taiwan and deny China from achieving its immediate objectives, Beijing could still remain committed to unification with Taiwan. China could wage a protracted conflict over Taiwan that would challenge and impose significant costs to countries defending the island.

Relationship with the United States

If the United States does not take action to assist Taiwan, it is unlikely that other regional countries would be willing to do so and bear the brunt of potential Chinese retaliation without U.S. support. Because U.S. leadership is necessary to form a coalition to defend Taiwan, U.S. allies and partners are likely to assess their willingness to assist Taiwan in the context of their relationship with the United States. They are likely to consider both the costs and benefits, as follows:

¹⁰ Beyond trade and investment, it is also worth noting that Taiwan plays a critical and dominant role in its ability to make leading-edge semiconductor chips, which are used widely across industries. A Chinese attack or takeover of Taiwan is likely to significantly disrupt this supply. U.S. allies and partners, however, are recognizing their dependence on Taiwan and are taking measures to reduce this dependency, including by asking Taiwan to increase investments in their territories. See Alan Crawford, Jarrell Dillard, Helene Fouquet, and Isabel Reynolds, "The World Is Dangerously Dependent on Taiwan for Semiconductors," Bloomberg, January 25, 2021.

¹¹ It is important to note that China's ability to engage in some of these activities may be limited in a U.S.-China conflict.

- What are the costs to the ally or partner if it does not assist the United States?
- What benefits or assurances could the United States provide the ally or partner if it joined the coalition to defend Taiwan?

A U.S. decision to use military force to intervene and defend Taiwan is a significant decision, and U.S. political and military leaders would likely have to consider worst case scenarios: that such intervention could result in a larger U.S.-China conflict that could reshape the Indo-Pacific region and beyond. Should the United States decide to use military force to assist Taiwan, the United States is likely to request contributions from allies and partners, given the gravity of the decision. On the military side, the United States may be particularly interested in being able to operate from military bases in Japan and the Philippines because of both allies' proximity to Taiwan.

Costs

Although existing mutual defense treaties do not explicitly require allies to assist the United States in a China-Taiwan conflict (or in any other specific conflict that the United States becomes involved in), U.S. allies are likely to assess that there is a lot for them to lose if they do not side with the United States.¹² Allies may worry that their alliance and relationship with the United States would suffer if they do not contribute, and the United States might scale back military exchanges, training, and aid, as well as general support and cooperation. U.S. partners have similar concerns but to a lesser degree than allies.

U.S. allies and partners may also have to consider the implications to their security and the larger Indo-Pacific region should the United States fail to deter China from escalating a Taiwan conflict or lose a war against China. A U.S. loss, for instance, could lead to the decline of U.S. power and influence in the Indo-Pacific region, and the region could become more dominated by and reshaped to Chinese preferences. U.S. public opinion could also turn against significant U.S. military commitments to the Indo-Pacific region, resulting in the further weakening of U.S. alliances and partnerships. Regional countries might respond to the decline in U.S. influence by investing more in advanced military capabilities, including nuclear weapons programs. These changes could have profound and destabilizing regional ramifications that U.S. allies and partners wish to avoid. Allies and partners may find it is in their best interest to support the United States to ensure a U.S. victory.

Benefits and Assurances

An additional factor that allies and partners would likely consider is what benefits or assurances they may obtain by working with the United States to defend Taiwan. If allies and partners decide to assist Taiwan, they could use their contributions to improve relations and seek preferential treatment or other advantages from the United States. The United States has used political, economic, and military incentives to help convince allies and partners to join U.S.-led military coalitions before. These incentives include, for example, providing allies and partners

¹² For some of the concerns from Australian experts on this issue, see Paul Dibb, "Australia and the Taiwan Contingency," *The Strategist*, February 6, 2019.

with geopolitical support; economic aid, trade, and investment; and military aid, sales, or training.¹³ Similarly, allies and partners are likely to ask for assurances from the United States, including measures the United States could take to defend the ally or partner if China retaliates (e.g., is the United States able to help intercept potential PLA missiles that might strike the ally or partner’s cities or military bases?). These discussions and negotiations are likely to occur via quiet diplomacy and could help encourage U.S. allies and partners to contribute.

Other Domestic Constraints

Finally, allies and partners might face domestic legal or other foreign policy limitations on use of force or involvement in military conflicts. On one hand, for example, any Vietnamese military assistance to Taiwan is likely very difficult and would require Vietnam to discard its Three Nos defense policy of no military alliances, no aligning with one country against another, and no foreign military bases on Vietnamese soil.¹⁴ On the other hand, U.S. requests to access its military bases in Japan for combat operations is likely but not automatic. Although Japan is the U.S. ally or partner in the Indo-Pacific region that is most likely to contribute troops to defend Taiwan, Tokyo’s use of its Self-Defense Forces to aid Taiwan would still have to meet three conditions: (1) that the Chinese attack “threatens Japan’s survival and poses a clear danger to fundamentally overrun people’s right to life, liberty, and pursuit of happiness,” (2) “there is no other appropriate means available to repel the attack and ensure Japan’s survival and protection of its people,” and (3) “the use of force will be limited to the minimal extent necessary.”¹⁵

Responses If the United States Does Not Intervene

Although the 1979 Taiwan Relations Act (TRA) does not explicitly guarantee that the United States would use force to defend Taiwan in the event of a Chinese attack, the United States is Taiwan’s closest strategic partner and security provider. Regional allies and partners are likely to view U.S. inaction as a sign of declining U.S. influence and power in the Indo-Pacific and would likely also question how committed the United States is to defend them and other countries. Regional countries could also see U.S. inaction as signaling acquiescence to rising Chinese power and a potential acceptance of a Chinese sphere of influence in the Indo-Pacific. As mentioned earlier, regional countries might respond to a perceived decline in U.S. influence by investing more in advanced military capabilities.

¹³ Geopolitical support could include, for example, helping allies or partners join key organizations, providing allies and partners with more access and intelligence, and elevating or increasing diplomatic exchanges to raise the ally or partner’s profile. For how the United States offered incentives to build a wartime coalition, see Barbara Slavin, “U.S. Builds War Coalition with Favors – and Money,” *USA Today*, February 25, 2003; and David E. Sanger, “Meanwhile, Back at the Ranch,” *New York Times*, May 28, 2003.

¹⁴ For a discussion of Vietnam’s defense policy, see Derek Grossman and Christopher Sharman, “How to Read Vietnam’s Latest Defense White Paper: A Message to Great Powers,” *War on the Rocks*, December 31, 2019; and Derek Grossman, *Regional Responses to U.S.-China Competition in the Indo-Pacific: Vietnam*, Santa Monica, Calif.: RAND Corporation, RR-4412/6-AF, 2020, https://www.rand.org/pubs/research_reports/RR4412z6.html.

¹⁵ Jeffrey W. Hornung, *Japan’s Potential Contributions in an East China Sea Contingency*, Santa Monica, Calif.: RAND Corporation, RR-A314-1, 2020, p.98, https://www.rand.org/pubs/research_reports/RR4314-1.html.

It is important to note that the reverse is not necessarily true: U.S. intervention to defend Taiwan may not cause all or most regional countries to develop closer ties with the United States. Although some countries might seek closer ties with the United States in hopes of strengthening security ties and to assure that the United States would similarly defend them from China, others may wish to maintain their existing relationships or even desire greater independence or distance from the United States to avoid becoming dragged into a U.S.-China conflict over Taiwan.

Responses to Changes in U.S. Policy on Taiwan

There are several ways the United States could change its long-standing policy of “strategic ambiguity” to strengthen its commitment to Taiwan. On one hand, the United States could de facto change how it operates, supports, and engages with Taiwan without publicly announcing a shift in U.S. Taiwan policy or revising the TRA. This could involve, for example, expanding military exchanges and increasing arms sales to Taiwan or bolstering U.S. military presence in the Indo-Pacific region to defend the island. Some of these U.S. activities that increase Taiwan’s capabilities and U.S. presence could be relatively low-key or conducted without clear association with Taiwan. They could attract less Chinese and international attention and could be viewed as more-incremental increases in U.S. commitment to Taiwan. As a result, China may not feel compelled to respond to every U.S. action and may only react to select U.S. activities that attract more public attention or are more significant.

On the other hand, the United States could embrace higher-profile approaches to increasing support for Taiwan by publicly clarifying U.S. commitments to Taiwan, a position that some high-ranking former officials have recently argued in favor of. This could be in the form of issuing a public statement,¹⁶ upgrading the U.S.-Taiwan relationship or diplomatically recognizing Taiwan,¹⁷ revising the TRA, or signing a new document or mutual defense treaty with Taiwan. A public statement, whether by U.S. leaders, the White House, or the State Department, could lay out how the administration views Taiwan and any changes to U.S. policy. China, however, might question whether the change would endure for the next or future U.S. administrations. In contrast, the latter options would likely appear to China as more enduring and significant changes in U.S. Taiwan policy. Diplomatically recognizing Taiwan would signal that the United States no longer abides by its One-China Policy, which Beijing views as a precondition for formal U.S.-China diplomatic relations.¹⁸ Such steps as revising the TRA or

¹⁶ This could involve fewer changes in U.S. Taiwan policy than recognizing Taiwan or revising the TRA, depending on the nature of the public statement. For example, see Richard Haass and David Sacks, “American Support for Taiwan Must Be Unambiguous,” *Foreign Affairs*, September 2, 2020; and Idrees Ali and David Brunnstrom, “Pompeo Lifts Restrictions on U.S.-Taiwan Relationship as Clock Turns on Trump Administration,” Reuters, January 9, 2021.

¹⁷ Eric Chang, “US Should Fully Recognize Taiwan, Pressure China: John Bolton,” *Taiwan News*, July 3, 2020; and Michael Mazza, “Assessing the Arguments for Immediately Extending Diplomatic Recognition to Taiwan,” *Global Taiwan Brief*, Vol. 5, No. 10, May 20, 2020.

¹⁸ Bonnie S. Glaser and Michael J. Green, “What Is the U.S. “One China” Policy, and Why Does It Matter?” Center for Strategic and International Studies, January 13, 2017.

signing a mutual defense treaty require Congressional action and are likely to remain in place across U.S. administrations.

U.S. allies and partners are likely to view these approaches differently. They are likely to be more supportive of more-incremental and lower-key options as less likely to result in greater regional tensions. Although U.S. allies or partners are unlikely to publicly criticize U.S. Taiwan policy, they might harbor private reservations of higher-profile, public options. They would more likely be concerned that China could respond strongly and negatively, which could increase cross-Strait tensions and U.S.-China tensions and could contribute to greater regional instability. At the same time, allies and partners might view a higher-profile option as a signal of a stronger and more enduring U.S. commitment to Taiwan.

Looking beyond how regional allies and partners may respond, it is important to note that higher-profile options risk escalating U.S.-China tensions and undermining cross-Strait stability more than maintaining it. This is because China is set on controlling and unifying with Taiwan and will likely view the new U.S. policy as supporting Taiwan's independence. Chinese leaders may feel no choice but to respond by increasing pressure or escalating against Taiwan and the United States.

There are likely only marginal gains to be had from clarifying the U.S. defense commitment to Taiwan versus maintaining the current U.S. policy of strategic ambiguity in terms of deterring China from attacking Taiwan. Under the current U.S. policy of strategic ambiguity, China has already taken into consideration the possibility of U.S. intervention in its military planning and, as a result, has amassed significant military capabilities opposite of Taiwan and continues to invest in rapid military modernization.¹⁹ Although China cannot know for sure that the United States will defend Taiwan, its military planners cannot afford to assume the United States will not.²⁰ In other words, the current U.S. Taiwan policy of strategic ambiguity is probably already playing as large a role as it can in deterring China from attacking Taiwan. Publicly strengthening and clarifying the U.S. commitment to Taiwan would likely only reinforce Chinese planning for U.S. intervention and could strengthen Chinese incentives to strike first against the United States or potential coalition members in a potential Taiwan contingency.²¹

¹⁹ For an assessment of how China's military capability has grown with respect to its ability to engage in a conflict over Taiwan, see Eric Heginbotham, Michael Nixon, Forrest E. Morgan, Jacob L. Heim, Jeff Hagen, Sheng Li, Jeffrey Engstrom, Martin C. Libicki, Paul DeLuca, David A. Shlapak, David R. Frelinger, Burgess Laird, Kyle Brady, and Lyle J. Morris, *The U.S.-China Military Scorecard: Forces, Geography, and the Evolving Balance of Power, 1996–2017*, Santa Monica, Calif.: RAND Corporation, RR-392-AF, 2015, https://www.rand.org/pubs/research_reports/RR392.html; and Roger Cliff, *China's Military Power: Assessing Current and Future Capabilities*, New York: Cambridge University Press, 2015.

²⁰ Timothy R. Heath, "Chinese Political and Military Thinking Regarding Taiwan and the East and South China Seas," testimony presented before the U.S.-China Economic and Security Review Commission on April 13, 2017, Santa Monica, Calif.: RAND Corporation, CT-470, 2017, <https://www.rand.org/pubs/testimonies/CT470.html>.

²¹ Chinese President Xi Jinping has repeatedly called on the PLA to be prepared for the worst and to be prepared for war. In recent years, as U.S.-China tensions increased and the United States embraced several higher-profile measures to strengthen its ties with Taiwan, there is growing perception in China that the United States is taking a more aggressive approach toward China that requires China to be more militarily prepared for a potential U.S. intervention. In January 2021, for example, Chinese military aircraft simulated an attack on a U.S. aircraft carrier as

An increased U.S. commitment to defend Taiwan does not shield Taiwan from elevated Chinese coercion. There are many ways that China can ramp up political, economic, and military pressure on Taiwan without resorting to a military attack.²² Beijing is likely to increase such pressure to punish Taiwan if the United States takes significant steps to strengthen its commitment to the island.

Publicly clarifying a change in U.S. Taiwan policy also has little impact on whether U.S. allies and partners are willing to defend Taiwan from a Chinese attack. Regional countries are likely to base their calculations to assist Taiwan on the factors discussed earlier.

Given the importance of Taiwan to China, publicly clarifying the U.S. position on Taiwan also risks undermining the overall U.S.-China relationship. The United States still seeks to work with China on a variety of issues in the Indo-Pacific region and beyond. U.S. leaders would need to weigh the marginal benefits of a clearer security guarantee to Taiwan versus the loss in Chinese cooperation (and potential rise in Chinese obstruction) internationally.²³

Implications and Recommendations for the United States

The variability and, to some extent, uncertainty in regional allied and partner willingness to defend Taiwan complicates U.S. defense planning for a potential Chinese attack against Taiwan. Allies and partners may not readily provide requested military assistance, and the United States may need to offer incentives and assurances to regional countries to encourage them to do so. As China continues to increase pressure on Taiwan, the United States would benefit from having more, regular, frank, and private discussions with allies and partners over what they may be willing to contribute in the event of a large-scale Chinese attack on the island. Consultations with key allies and partners will be critical if the United States moves to clarify its security commitment to Taiwan.

The United States should also continue to encourage allies and partners to do more to support Taiwan during peacetime. This could involve allies and partners lobbying for Taiwan's participation in international organizations,²⁴ increasing or coordinating economic activities with

the aircraft flew into Taiwan's air defense zone. See "U.S. Aggressive Attitude to China Threatens World Peace: Scholars," *Xinhua News*, July 26, 2020; Ben Westcott, "Chinese President Xi Jinping Tells Troops to Focus on 'Preparing for War,'" *CNN*, October 14, 2020; and Kathrin Hille and Demetri Sevastopulo, "Chinese Warplanes Simulated Attacking US Carrier Near Taiwan," *Financial Times*, January 29, 2021.

²² Beijing could, for example, significantly restrict cross-Strait trade and exchanges, pressure other countries to further limit exchanges or engagements with Taiwan, increase a variety of military operations near or over Taiwan, quarantine or militarily blockade Taiwan, or seize one of Taiwan's offshore islands.

²³ International issues on which the United States has sought cooperation with China include climate change, counterterrorism and defeating violent extremist organizations, countering the spread of weapons of mass destruction (particularly in North Korea and Iran), stabilizing the global economy, and managing the outbreak of global infectious diseases.

²⁴ Keoni Everington, "Canada's Trudeau Supports Taiwan's Involvement in WHO," *Taiwan News*, January 30, 2020.

Taiwan,²⁵ and selling defense equipment and capabilities to Taiwan.²⁶ The United States could work with not only allies and partners in the Indo-Pacific but also European countries and Canada.

The United States should continue to stand by Taiwan to support a fellow democracy and to maintain U.S. credibility and influence in the Indo-Pacific. If China attacks Taiwan, there is regional expectation that the United States would defend Taiwan even though the United States does not have a treaty obligation to do so. U.S. inaction would have larger consequences beyond Taiwan and could negatively affect assessments of U.S. commitment to the Indo-Pacific region, willingness to counter Chinese aggression, and willingness to defend regional allies and partners.

The 1979 TRA and the long-standing U.S. policy of strategic ambiguity have been successful in and remain critical to deterring China from attacking Taiwan. Any U.S. move to clarify its relationship with or commitments to Taiwan should involve a comprehensive weighing of the potential costs and benefits to Taiwan and to larger U.S. regional and global interests. As part of this assessment, Congress could require in the annual National Defense Authorization Act that the Department of Defense provide an assessment of Taiwan's progress toward achieving its Overall Defense Concept and of the state of U.S.-Taiwan defense ties.²⁷

Should U.S. leaders decide to shift U.S. Taiwan policy away from strategic ambiguity, embracing lower-key options that do not involve discarding the U.S. One-China Policy or revising the TRA are likely to lead to a lower risk of cross-Strait and U.S.-China tensions. If the United States decides to publicly clarify its Taiwan policy, it may want to do so after Taiwan has taken more steps to strengthen its resilience against Chinese military pressure and potential Chinese political and economic coercion.²⁸

The United States should not take any step to clarify its Taiwan policy without first consulting and coordinating with Taiwan. Clarifications should be accompanied by a clearer understanding or agreement between the United States and Taiwan on what Taipei needs to do for its defense. This could involve asking Taiwan to spend more on defense via smart investments,²⁹ increasing U.S. consultations with Taiwan to ensure that increased expenditures are effective and in line with the stated goals of Taiwan's Overall Defense Concept, or (as in the case of prior administrations) asking the island to refrain from certain types of activities that may unnecessarily provoke China.

²⁵ U.S. Department of Defense, "Joint Statement on Australia-U.S. Ministerial Consultations (AUSMIN) 2020," July 28, 2020.

²⁶ "Focus on COVID-19 Battle, France Tells China After Taiwan Warning," *Reuters*, May 13, 2020.

²⁷ Lee Hsi-min and Eric Lee, "Taiwan's Overall Defense Concept, Explained," *The Diplomat*, November 3, 2020.

²⁸ For some of the measures Taiwan could take to increase its military resilience, see Michael A. Hunzeker and Dennis L. Weng, "The Painful, but Necessary, Next Steps in the U.S.-Taiwanese Relationship," *War on the Rocks*, September 24, 2020.

²⁹ For examples of smart investments, such as highly mobile coastal defense cruise missiles, short-range air defense, defensive naval mines, small fast-attack craft, mobile artillery, and advanced surveillance assets, see David F. Helvey, "Closing Keynote Remarks," U.S.-Taiwan Defense Industry Conference, October 6, 2020.

Appendix: Taiwan and Chinese Trade and Investment with Select Allies and Partners

Table 1 shows trade between select regional allies and partners with Taiwan and mainland China.³⁰ Regional countries trade significantly less with Taiwan than with China. Singapore and Japan have the most trade with Taiwan as a percentage of trade with China, while India has the least.

Table 1. Select Allied and Partner Trade with Taiwan and Mainland China, 2019

Country	Total Trade (in \$millions)		Trade with Taiwan as a Percentage of Trade with Mainland China
	With Taiwan	With Mainland China	
Australia	14,994	162,525	9%
India	5,832	85,616	7%
Japan	69,874	303,943	23%
Philippines	5,179	36,571	14%
Singapore	48,752	100,748	48%
South Korea	31,429	243,463	13%
Thailand	12,177	79,949	15%
Vietnam	19,543	116,935	17%

SOURCE: International Monetary Fund, Direction of Trade Statistics database, accessed January 20, 2021.

NOTE: Total trade includes imports and exports. Total trade for Mainland China does not include trade from Hong Kong or Macau.

The picture is more mixed when examining foreign direct investment (FDI). Table 2 shows the FDI stock that Taiwan and China have in select allies and partners. With the exception of Japan, the Philippines, and Vietnam, China invests more in regional countries than Taiwan does. However, if we also accounted for allied and partner FDI in China versus investments in Taiwan, the picture for Japan changes: Japan has significantly more invested in China (FDI stock of \$130 billion in 2019) than in Taiwan (FDI stock of \$16 billion).³¹

³⁰ If trade with Hong Kong and Macau was added to this total, the total trade figure for China would increase. Of note, Singapore's trade with Taiwan as a percentage of trade with China would decrease, from 48 percent to 33 percent. For most other countries, the change is not significant.

³¹ See Japan External Trade Organization, "Japanese Trade and Investment Statistics," accessed January 20, 2021, <https://www.jetro.go.jp/en/reports/statistics.html>.

Table 2. Taiwan and Mainland China FDI Stock in Select Allies and Partners, 2019

Country	Total FDI Stock (in \$millions)	
	From Taiwan	From China
Australia	3,187	38,068
India	789	3,610
Japan	9,219	4,098
Philippines	2,144	664
Singapore	14,252	52,637
South Korea	1,578	6,673
Thailand	4,066	7,186
Vietnam	10,980	7,074

SOURCES: Taiwan FDI from Ministry of Economic Affairs, Investment Commission, "Monthly Report (December 2020)," January 20, 2021. Chinese FDI from Ministry of Commerce, People's Republic of China, *Statistical Bulletin of China's Outward Foreign Direct Investment*, Beijing: China Commerce and Trade Press, 2020.