

URGENT STEPS TO DEFEND TAIWAN

ATT POTTINGER

EDITED BY

to come of Trustees of the Leland Stanford Junior University Ul rights use

Europe's Job Now

ANDERS FOGH RASMUSSEN AND JONAS PARELLO-PLESNER

"Ukraine today, Taiwan tomorrow." Such ominous messages flooded Taiwanese social media immediately after Russia's full-scale invasion of Ukraine on February 24, 2022. The Taiwanese were filled with concern for both Ukraine's future—and their own.

For the Taiwanese, the parallels with Russia and Ukraine are hard to ignore. Living next door to an aggressive authoritarian regime is a dangerous place to be. Russia's war in Ukraine has destroyed the last remnants of naïveté about the threat posed by dictators like Vladimir Putin. For years Putin denied Ukraine's right to exist beyond Russia's sphere of influence. On February 24, we saw the reality of those words.

In the Taiwan Strait, Xi Jinping has been equally clear about his intent to take over Taiwan by whatever means necessary, including a military assault. Since the onset of war in Ukraine, the Chinese navy and air force have ramped up exercises around Taiwan. Chinese warplanes enter Taiwanese air space on an almost daily basis. These sorties are both to degrade Taiwan's capabilities and to undermine the country's morale.

Despite the words of China's leaders and the actions of its military, many European leaders continue to ignore the peril Taiwan faces. Even at the NATO summit in Vilnius in June 2023 where Europeans went further than usual in their China strategy, Taiwan remained a taboo word.

In terms of value systems, Taiwan and China are night and day. After more than a decade in power, Xi Jinping and his autocratic state ideology—"Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era"—has made China increasingly repressive. Meanwhile, Taiwan has become a beacon of democracy in the region, scoring 94 out of 100 in the Freedom House index—higher than most EU members.¹ As Taiwanese president Tsai Ing-wen stated: "Democracy has become a non-negotiable part of our identity."²

Like Putin, however, Xi is clear in his ambitions to reunite the motherland—which, for him, includes Taiwan—by whatever means necessary. Over the last decade, the Chinese military has massively ramped up spending, expanding its footprint and attempting to neutralize American military strength in the region.

European leaders must not make the same mistakes with Xi Jinping that they did with Vladimir Putin. To prevent Taiwan from becoming the next Ukraine, it's time that NATO and European Union (EU) member states stand up for their values and help a small democracy face an aggressive autocratic neighbor. They have the power to do so—but only if they act now.

There are three key themes upon which to draw lessons from the war in Ukraine and to prevent one happening in the Taiwan Strait.

1. Finding Europe's Strength in Economic Deterrence

Ultimately it is the United States that has the military strength and global reach to prevent a Chinese attack on Taiwan. However, there is more than one way to influence Beijing's calculations and deter a war. Together with the global democracies of the Group of Seven (G7) and beyond, European leaders should signal that any Chinese military aggression would be met with forceful sanctions, just as they did with Russia following the invasion of Ukraine.

In such a scenario, China would see itself cut out of the globalization that it has benefited from. The threat of economic sanctions will carry greater weight with Chinese Communist Party leaders than it did with their Russian counterparts, as the party's legitimacy rests on continuously rising living standards. China's growth has been fueled partly by exports, leaving it far more reliant on global supply chains than Russia. That is why it is vital that EU and NATO members state clearly the severe economic consequences of any attack. There should be no ambiguity—any attack on Taiwan would come at an immense cost for China.

For Europe, this means starting a frank conversation with the business community. Many European companies have now pulled out of Russia entirely, going beyond what's legally required by sanctions. Most were taken by surprise when Putin launched a full-scale war of aggression, and some, particularly in the German business community, still dream of a return to the world of yesterday.

Fortunately, at least some German politicians have woken up to the new reality. Foreign Minister Annalena Baerbock said it clearly in September 2022 in a speech aimed at German industry dealing with China: "Simply keeping our fingers crossed and thinking it won't be all that bad with these autocratic regimes is a mistake we can't afford to make a second time."³

This matters because Germany accounts for almost half of the EU's exports to the Middle Kingdom, with cars, machinery, and chemicals leading the way.

European reliance on Chinese imports is an even greater concern. We cannot end our nefarious dependence on Russian gas only to end up reliant on China to power the green transition. From solar cells to batteries for electric cars, China has used immense state subsidies to dominate new industries. The current battle line is on electric vehicles and windmills where Chinese state-driven companies seek to dominate the European market, much as China's subsidized solar-panel industry was fatal to European players. Meanwhile, Chinese control of critical raw materials leaves Europe in a position of weakness.

As a response, in the EU and among other democratic countries, we must establish our own internal supply chains that reduce dependence on China. This does not mean ending all trade. But Europeans must have secure supply chains for sensitive technology, critical infrastructure, and access to vital raw materials. This should be based on allied circulation and on free trade among free nations.

That is the direction that Ursula von der Leyen, president of the European Commission, proposed in a speech on EU-China relations on March 30, 2023. She called for Europe to "de-risk" its trade and investment relations from China. The term has even caught on in Washington policy circles, a rarity for Brussels-bubble terminology. De-risking—if done well—spells a much-needed farewell to starry-eyed economic dependence on autocratic China.⁴

European companies should recognize this new reality and adapt their supply chains accordingly in concert with the United States and other democratic partners globally. Any company with significant dealings with China needs to have contingency plans for a potential future attack on Taiwan.

China is also preparing to sanctions-proof its economy, denominating a growing portion of its trade in yuan in an attempt to de-link China's financial system from the US dollar. US and European sanctions in 2024 might not have the same impact in 2027 and onward. A Taiwanese military expert has told us that in his estimation China might not venture to attack Taiwan until 2035, when it expects to have secured its energy independence through Russia and other land-based sources.

The major difference between Russia's invasion of Ukraine and a potential war in Taiwan would be the size of the economies at play. Chinese trade flows dwarf those of Russia, meaning the economic reverberations would be enormous. This would be damaging for the West but catastrophic for China itself, which still relies heavily on export-led growth. This makes it even more important to put China on alert now, so that the threat of economic carnage can act as a deterrent.

Some still dream of European neutrality, to shield or at least mitigate the damage to our economies. This is deeply misguided. In the event of a conflict in the Taiwan Strait, Europe would immediately feel the economic consequences. Because almost 50 percent of global maritime trade passes between mainland China and Taiwan, significant disruption there would send shock waves around the world. Meanwhile, Taiwan's position as the global leader in advanced microchips means that an attack on the island would affect all of us who use the latest iPhone or technological device in our work or private life. The same goes for supply chains weaving through China. Ultimately, there is no mouse hole big enough for Europeans to crawl into to escape the economic consequences. Far better to act and prepare now.

Are European populations more prepared for this reality than companies? Would they back curbing trade with China if the country launched an attack on Taiwan? According to some polls, yes, they would. In a major annual survey conducted by the polling company Latana on behalf of the Alliance of Democracies Foundation, a majority of respondents in half the countries surveyed favored cutting economic ties with China if it were to invade Taiwan.⁵ These countries include many of China's top trading partners, such as the United States, Japan, South Korea, and Germany, which collectively account for over 53 percent of China's annual trade, or \$2.3 trillion.

That's a clear message of unity that should compel Chinese leaders and military planners to think twice. European leaders should listen to their populations. They should begin planning for this scenario and make sure that China understands what the full consequences of its actions could be.

Being caught off guard by Russia's invasion of Ukraine was bad enough, but repeating the mistake would be unforgivable.

2. Ensuring Ukraine Wins and Stepping Up European Security Burden Sharing

Another important way to deter a Chinese move on Taiwan is to ensure a Ukrainian victory over Russia in the current war.

If Russia can permanently gain territory and establish a new status quo by force, it will set a precedent. Dictators everywhere from Beijing to Tehran will conclude that ultimately military aggression works and that the democratic world chooses appeasement over confrontation.

The lesson we learn from history is that appeasing dictators does not lead to peace. On the contrary, it leads to war and conflict.

That is why Europe should make sure that Ukraine wins by providing the country with all the arms and munitions it needs for a military victory with no "ifs," "ands," "buts," or caveats. Ukrainians continue to demonstrate their will to fight despite hundreds of thousands of casualties on each side of the war; we must give them the means to do so. Ukrainians are not just fighting for their own freedom; they are fighting for all of ours.

All those who believe in a democratic Taiwan and a rules-based international order must work to ensure that Ukraine prevails. That is also the reality some young Taiwanese felt when they joined the Ukrainian foreign legion to fight for Ukraine in 2022. "If we don't stop them, we will be next," as Jack, a young Taiwanese volunteer soldier, told the Copenhagen Democracy Summit in May 2023.⁶

Europeans are now supplying most of the military assistance to Ukraine. The value of European military aid reached \$53 billion while US military aid accounts for \$44.2 billion as of November 2023, according to Kiel Institute for the World Economy and the US Department of State.⁷ Regarding total contributions, Europeans have spent a total of \$140 billion, which includes the recently approved \$53 billion Ukraine Facility by the European Union. Total contributions from the United States stand at approximately \$113 billion as of September 21, 2023, according to the Committee for a Responsible Federal Budget.⁸

A surge of American military assistance to Israel following the Hamas terrorist attacks of October 7, 2023, and the rising threat of a Chinese attack on Taiwan mean that Europe needs to shoulder an even greater part of the burden for Ukraine. NATO and EU allies of the United States should expect Washington to reallocate military platforms, troops, and munitions to Asia from Europe in the event Beijing initiates a crisis in the Taiwan Strait. That would entail European forces stepping up in their own neighborhood. A similar revised burden sharing also applies to NATO commitments in Europe, where Europeans should expect to pay more overall in defense expenditures and to contribute more to European exercises and joint operations.

We have no illusions that Europe—apart from France and potentially Great Britain—will have the military capabilities to play a significant military role in the Taiwan Strait. In the event of a Taiwan war, it would be Taiwan and the United States and Washington's Pacific allies Japan and Australia that would play the primary military roles. Right now, Europeans are not adequately preparing for that scenario, as the British Parliament's Defense Committee pointed out in a report in October 2023, warning bluntly that "China intends to confront Taiwan" and that "the UK's regional military presence in the Indo-Pacific remains limited and the strategy to which it contributes is unclear."⁹

Europe would play a minor role in any military scenario due to lack of capabilities. Yet its contribution to economic deterrence combined with military burden sharing in Europe would amount to a substantial contribution.

3. Urging an Audacious Taiwan Policy from Europeans

Just as the United States has shown itself essential to European security, European countries must work more closely with the United States, Taiwan, and democracies in the Indo-Pacific.

Although European countries maintain "one China" policies that extend diplomatic recognition to the People's Republic of China, there is room to maneuver to increase support for democratic Taiwan.

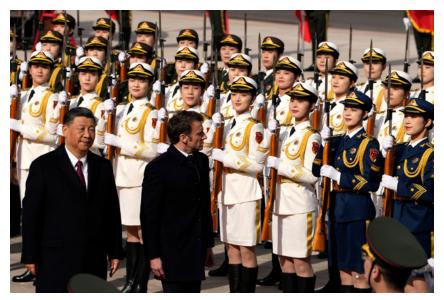
European politicians should be much clearer and provide unequivocal support for Taiwan being given the opportunity to maintain its democratic system and its free way of life. That should be our valuebased starting point, especially when Taiwan is peaking at the top of global democracy rankings and China descends further into autocracy and repression. That reality needs to be spelled out to citizens across European countries.

In Europe, there is a vanguard of leaders prepared to stand up for Taiwan. These hail primarily from Central and Eastern Europe. Lithuania's prime minister Ingrida Šimonytė and foreign minister Gabrielius Landsbergis led the way and were willing to risk the country's entire trade with China to increase interaction with Taiwan in 2021. Even after strong Chinese trade sanctions, Lithuania stayed on this course. In October 2023, the Lithuanian speaker of Parliament led a large delegation to Taiwan to the consternation of the Chinese government and party apparatus. Under President Zuzana Čaputová, Slovakia has also increased its cooperation with Taiwan. However, the election of the pro-Moscow and pro-Beijing prime minister Robert Fico will likely torpedo this progress. There are more positive signs in neighboring Czechia, where President Petr Pavel has taken large steps toward a rapprochement with Taiwan. He was elected in January 2023 and shortly afterward did something unprecedented for a European leader. He spoke with Taiwanese president Tsai Ing-wen and promised to meet with her at a later stage. China condemned the conversation, accusing the president of violating China's "one-China principle." Pavel signaled clearly that he was elected in a free country and has the right to talk to whomever he wants. The Czech government has also invited the Taiwanese foreign minister to visit and expanded military exchanges. Czech officials also tell us that the years of courting China led to little economic benefit. Taiwan is a bigger investor in Czechia than is China.

Pavel's example should set the standard for the European Union's Taiwan policy so that everyone is clear about the democratic right to free exchanges with Taiwan. It must not be the autocratic leaders in Beijing who decide the yardstick for elected politicians in Europe on their interactions with Taiwan. The former British prime minister Liz Truss also brought that message when she visited Taiwan in May 2023 as the first former UK prime minister to visit the island since Margaret Thatcher.

Some people allege such actions and statements are "provocative" toward China. In reality they are stabilizing because they demonstrate how much Taiwan matters, economically and geopolitically, to world order. Publicly affirming the importance of Taiwan and its security is a prerequisite to effectively deterring Beijing.

Despite these positive examples, Europe is still not speaking with one voice when it comes to China and Taiwan. That was made abundantly clear by the state visit of French president Emmanuel Macron to China in April 2023. While enjoying the pomp and pageantry laid on by Xi Jinping, Macron conspicuously failed to bring up Taiwan with the Chinese leadership. This was even more galling given that China announced renewed military exercises around Taiwan while the



An honor guard greets President Emmanuel Macron during his stay in Beijing in April 2023. *Ng Han Guan — Pool via Getty Images*

president was visiting. Asked by *Politico* about his stance on Taiwan during the trip, President Macron said it was important that Europe "did not get caught up in crises that are not ours."¹⁰

President Macron's comments rightly caused outrage on both sides of the Atlantic. In the United States, politicians questioned why Washington should continue to subsidize European security when its leaders undermine US interests in the Indo-Pacific. In Europe, leaders from Poland, Czechia, and Lithuania all reaffirmed their support for Taipei. Even in Germany, Chancellor Olaf Scholz was clear that Beijing would face consequences if it attempted to change the status quo in Taiwan by force. Foreign Minister Baerbock also paid a speedy follow-up visit to Beijing with the same warning message to China.

President Macron did eventually qualify his remarks, but in many ways the damage was already done. Rather than a strong show of unity, China got what it wanted—a weak and divided response from the democratic world. You cannot declare yourself neutral when it comes to the front line of freedom—in Donbass or in the Taiwan Strait. Macron should have learned from his diplomatic efforts with Putin regarding Ukraine that with dictators only military and economic deterrence have an impact, not diplomatic coffee chats.

With democratic values and the rules-based international order increasingly under threat, the democratic world needs to draw closer together, not pull itself apart. The war in Ukraine has shown that when we are united, the free world remains a formidable force. In the face of an increasingly aggressive China, we need a similarly unified approach.

Nowhere is that clearer than in Taiwan. If we want it to be based on freedom, then we must show resolute support for Taipei's democracy and speak clearly to Beijing. If we fail to do so, the world's dictators will gain ground. As Chinese military activity increases around Taiwan, the danger of escalation or miscalculation grows. If we send mixed signals, we heighten these risks.

Even if European troops were not directly involved in a war in the Taiwan Strait, any conflict there would have huge ramifications for our continent. That is why it is vital that Europe takes actions now to deter any attempt by China to change the current status quo by force. If Europe can shoulder more of the burden for its own defense, lay out the economic consequences of an attack on Taiwan, and speak clearly and with one voice to Beijing, it will lessen the risk of conflict. That is not just in Taiwan's interest but in the entire world's.

NOTES

- 1. Freedom House, "Taiwan," Freedom in the World 2022, accessed November 21, 2023.
- Tsai Ing-wen, "Taiwan: An Integral Partner of the Global Democratic Alliance," speech, Office of the President Republic of China (Taiwan), Taipei, June 10, 2022.
- Annalena Baerbock, "Speech by Foreign Minister Annalena Baerbock at the Business Forum of the 20th Conference of the Heads of German Missions," Federal Foreign Office, Berlin, June 9, 2022.
- 4. Ursula von der Leyen, "Speech by President von der Leyen on EU-China ree lations to the Mercator Institute for China Studies and the European Policy Centre," European Commission, Brussels, March 30, 2023.

246

- 5. The Democracy Perception Index, the world's largest annual study on democe racy, covers more than fifty countries representative of more than three-quarters of the world's population; Alliance of Democracies, "Global Democracy Poll: Western Support for Ukraine Holds, Democracy at Home Is under Pressure," press release, May 10, 2023.
- 6. Alliance of Democracies, "Global Democracy Poll."
- 7. Pietro Bomprezzi, Yelmurat Dyussimbinov, André Frank, Ivan Kharitonov, and Christoph Tresbesch, "Ukraine Support Tracker," Kiel Institute for the World Economy, accessed November 22, 2023; Bureau of Political-Military Affairs, "U.S. Security Cooperation with Ukraine," US Department of State, November 20, 2023.
- 8. Committee for a Responsible Federal Budget, "Congress Approved \$113 Billion of Aid to Ukraine in 2022," blog, January 5, 2023.
- 9. UK Parliament, House of Commons, Defence Committee, *UK Defence and the Indo-Pacific*, October 2023.
- 10. Jamil Anderlini and Clea Caulcutt, "Europe Must Resist Pressure to Become 'America's Followers,' Says Macron," *Politico*, April 9, 2023.