





# THE THREE PLAYERS

## A. China

- Wants unification and now can do something about it
- Traditionally constrained by fears of U.S. pushback
- Lingering doubts about PLA loyalty and economic resilience

## B. Taiwan

- Boasts democratic polity, leading chip industry, key location at center of first island chain
- But suffers from low national resilience, fed by toxic politics, poor civil military relations
- Further undermined by aggressive, pro-China fifth column

## C. U.S.

- Has played key role as Taiwan protector since its entry into Korean War, June 1950
- But that might be about to change under Trump's America First regime, which sees Taiwan as unimportant, and maybe not even willing to defend itself

# A CHINESE INVASION?

## A. Xi tells PLA to be ready by 2027 amid large defense expenditures

## B. But this looks unlikely

- Even without fear of U.S. pushback, economic implications are daunting
- Difficult even in ideal circumstances, this amphibious invasion would have to contend with severe seasonal limitations and a significant dearth of landing spots
- Most important of all, it may be unnecessary as China's present strategy for Taiwan seems to be working well





# THE GREY ZONE, SHORT OF WAR STRATEGY

**A. The strategy creates incremental facts on the ground, aiming to erode Taiwan's morale and so prompt its low resistance society to try to get the best possible deal with Beijing**

## **B. History**

- Begins in earnest in 2020 with big increase in Chinese incursions of Taiwan's ADIZ
- After Pelosi Taiwan visit August 2022 morphs to effectively eliminating informal strait median line
- December 2024 exercises show that China can surround Taiwan with air and sea assets and threaten area access denial against U.S., Japanese forces

# WHAT HAPPENS NOW?

## A. The Leninist Aphorism – Push the bayonet in until it encounters steel

- Big increase in ADIZ violations
- PLA overflights of Taiwan
- Chinese demands for Taiwan flight plans from foreign air carriers
- Chinese inspections of foreign ships serving Taiwan ports
- If no pushback, gradual escalation from selective quarantine to full-scale blockade until Taiwan surrenders



# IMPLICATIONS

- A. Big increase in shipping insurance premiums amid credible threats of disruption
- B. Potential threat to high-end chip supply chain
- C. Vast increase in Chinese ability to project naval power east of first island chain towards Guam and Hawaii
- D. Strong incentives for U.S. Asian allies like Japan and South Korea to make their own deals with Beijing
- E. The end of the world's only Sinitic democracy
- F. The end of the American Century

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# Taiwan Strait Risk Report

