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Committee

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**Impact of Recent Developments in the Indo-Pacific Region on Taiwan: Analysis and Response**

**Mainland Affairs Council**

**March 22, 2023**

Honorable Chairman, Members of the Committee, Ladies and Gentlemen:

I'm honored to be invited by this committee to present the report titled the "Impact of Recent Developments in the Indo-Pacific Region on Taiwan: Analysis and Response" on behalf of the Mainland Affairs Council (MAC). Your valuable insights and guidance are deeply appreciated.

**1. The Chinese Communist Party (CCP) has intensified its efforts to intimidate and win over countries in the Indo-Pacific region and has been creating an image of "peacemaker" to gain interests in the region and expand its influence.** In the past year, the CCP and Russia have conducted joint patrols and military exercises in the East China Sea and Western Pacific. This increased strategic cooperation poses threats to Japan, South Korea, and East Asia at large. The CCP also intends to enhance law enforcement and gray zone intimidation in the East China Sea and South China Sea by claiming jurisdiction over the relevant waters. This has put Japan, the Philippines, Vietnam, and Indonesia on heightened alert. In December 2022, Japan amended three security documents and declared mainland China the "greatest strategic challenge." Countries in the South China Sea region have also strengthened defense cooperation with the United States (US) and Japan to counter the CCP's military expansion in the Indo-Pacific region.

Following the 20<sup>th</sup> National Congress of the CCP last year, CCP leader Xi Jinping has been actively pursuing head-of-state diplomacy, promoting initiatives for global peace and development, strengthening political and economic cooperation, and increasing international influence in a bid to stabilize the external environment for its development. At this year's "Two Sessions", mainland China's Foreign Minister Qin Gang emphasized the need for cooperation in Asia to achieve a win-win situation. He stated that China and Japan should be partners in cooperation and that they are not a threat to each other. He also emphasized that China respects the regional cooperation framework centering on the Association of Southeast Asian Nations (ASEAN). China deems that countries in this region should not act as proxies for external

forces or become embroiled in the great power rivalry. Qin further claimed that China's goal is to open up, drive development, and provide new opportunities for the world. In addition, the CCP has been trying to win over Indo-Pacific countries through its Belt and Road Initiative (BRI), the Regional Comprehensive Economic Partnership (RCEP), and bilateral economic and trade cooperation. The CCP's recent re-engagement in diplomatic activities, including Xi Jinping's visit to Russia, is expected to impact the security of the Indo-Pacific region and Europe.

**2. Mainland China and the US are engaged in strategic competition in the Indo-Pacific region, with mainland China seeking to undermine economic and security cooperation between the US and its allies.** The US is escalating competition with mainland China. It seeks to contain and impose restrictions on mainland China in the areas of security, economy, and key technologies. The US has also expanded regional cooperation through the Quadrilateral Security Dialogue (Quad) and the Trilateral Australia-UK-US Partnership (AUKUS) to deter aggressive provocations by mainland China, Russia, and North Korea. The Indo-Pacific Economic Framework (IPEF) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) have deepened economic and trade ties and the connection of industrial supply chains among countries in the region, which are instrumental in counterbalancing mainland China's strategic expansion. In recent years, Beijing has intensified efforts to manage relations with its neighboring countries by encouraging strategic autonomy of those countries to create divisions between the US and its allies. Given the dependence of Indo-Pacific countries on mainland China's market, the CCP is likely to use the incentive of further opening-up to prevent its neighboring countries from leaning towards the US.

During the "Biden-Xi meeting" last year, Xi Jinping emphasized opposition to "building walls and mounting barriers, decoupling and breaking connections, Cold War mentality, and rivalry between blocs." At this year's "Two Sessions," Xi criticized that containment and suppression of mainland China imposed by the US have brought about severe challenges to mainland China's development.

Tensions between mainland China and the US escalated due to the balloon incident earlier this year; in response, Wang Yi claimed that if the US insisted on escalating the situation, China would go toe-to-toe to the end. He also criticized the US Indo-Pacific strategy as an Asia-Pacific version of the North Atlantic Treaty Organization (NATO) and emphasized that the strategic competition between China and the US has not abated. In addition, Beijing has demanded that the US adhere to the "one China" policy and warned against US interference in the Taiwan issue, which it continues to view as a red line. However, the US continues to support Taiwan. Japan, South Korea, New Zealand, Australia, European nations, and other countries also increasingly voiced concerns over the CCP's coercive actions against Taiwan and emphasized the importance of peace in the Taiwan Strait.

**3. The CCP remains consistent in its stance on Taiwan. It continues to employ a carrot-and-stick approach of "opposing separatism and foreign interference and promoting integration and exchanges."** In recent times, the CCP has continued to emphasize the implementation of its Overall Strategy on Taiwan, reaffirming the "one China" principle and other established policy positions and frameworks towards Taiwan. It has also recently intensified its Taiwan work by advocating "consultations on unification" with the people of foresight in Taiwan and by frequently inviting political party members, head of local governments, business representatives, farmers and fishermen, grassroots individuals, and members of religious groups to visit mainland China. Moreover, the CCP has taken advantage of interactions with Taiwanese businesspeople and youth based in mainland China to promote its unification policy and offer to lift bans on the imports of certain Taiwanese products. In addition, the CCP has been conducting coercive military activities regularly in areas surrounding Taiwan while luring away Taiwan's diplomatic allies in an attempt to hinder international interaction with Taiwan and obstruct other countries from expressing concern over the situation in the Taiwan Strait.

The CCP's approach towards Taiwan is affected by regional developments and China-US relations. Its current priority is to maintain a stable domestic and

external environment for its development. The Beijing authorities will continue to deploy the “carrot-and-stick” strategy, and promote "consultations on unification" and "opposition to Taiwan independence and support for unification" through cross-Strait exchanges. These moves are aimed at waging cognitive warfare against the international community and Taiwanese society, dividing the people of Taiwan, weakening Taiwan’s morale, and impeding international support for Taiwan. Moreover, mainland China's political and economic development is complex and sensitive. A weak economic recovery, financial debt risk, and insufficient innovation in core technologies have posed severe challenges that will have implications for the region and the situation in the Taiwan Strait. The MAC will closely monitor and safeguard against the potential risks of escalation in the CCP's united front campaign, diplomatic suppression, and economic coercion to ensure national security and sustainable development of Taiwan's economy.

**4. The government is committed to maintaining the status quo of peace and stability in the Taiwan Strait, standing firm on our "Four Commitments," and ensuring healthy and orderly exchanges and security management.** Positive cross-Strait interaction is the shared responsibility of both sides. The government is committed to maintaining peace in the Taiwan Strait and gradually restoring healthy and orderly exchanges to ease cross-Strait tensions. Over the past months, the MAC has been monitoring the situation and comprehensively assessing the state of cross-Strait interactions and the rights and interests of the people. Following the assessment, restrictions on the entry of individuals from mainland China, Hong Kong, and Macau have been progressively relaxed; scheduled and charter flight services across the Taiwan Strait have also been restored for certain flight points. The government will reopen the Mini-three-links passenger transit service for Taiwanese nationals this week. It will also strengthen safety management mechanism for exchanges to protect Taiwan's best interests.

In the face of changing situation, threats, and challenges in the Taiwan Strait, the MAC will carefully assess the CCP’s movements, enhance risk

management, and respond properly to prevent the CCP's divisive united front actions, interference, and infiltration and firmly safeguard national sovereignty and dignity. The government also stands firm on the "Four Commitments" and pledges to strengthen our "Four Resiliences." President Tsai has reiterated that on the basis of rationality, equality, and mutual respect, Taiwan is willing to work with the Beijing authorities to find a mutually acceptable way to preserve peace and stability in the Taiwan Strait and resolve differences through pragmatic communication. She called on the CCP authorities to adjust their negative coercive thinking and actions towards Taiwan, and shoulder the joint responsibility of maintaining regional peace and improve the well-being of the people on both sides of the Taiwan Strait.

This concludes my report. I welcome any feedback from the committee members.