

Taiwan, Cross-strait Stability and European Security: Implications and Response Options

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Executive Summary

How can Europe respond to the growing tensions in the Taiwan Strait? What is its role in one of Asia's most dangerous conflicts? As the Taiwan conflict has assumed an increasingly international dimension in the context of China's growing assertiveness and US–China strategic competition, these questions have become critical for European security. While China's pressure on Taiwan grows, European capitals are increasingly aware that a cross-strait crisis would have direct political, security and economic ramifications for the European continent. As the 2021 'EU Strategy for Cooperation in the Indo-Pacific' acknowledges, the 'display of force' in the Taiwan Strait 'may have a direct impact on European security and prosperity'. A conflict would also cause enormous disruptions to global supply chains, particularly in the information and communications technology (ICT) and semiconductor sectors. Furthermore, as a self-proclaimed global upholder of democracy, human rights and self-determination, the European Union has an obligation to protect Taiwan's status as a mature democracy of over 24 million people.

As a result, Europe can no longer avoid the Taiwan issue strategically, politically, economically and even militarily. A different approach to Taiwan is needed as China changes the status quo across the Strait. Several European governments have increased their calls for a peaceful solution to the conflict. Others, most notably Lithuania, have also strengthened their ties with Taiwan, triggering political and economic coercion from Beijing. But it is still not clear what European countries and the EU would be willing and able to bring to the table in the case of a serious escalation across the Taiwan Strait.

This report examines the political, economic and military dynamics of European–Taiwanese relations today, and considers how European powers could contribute to maintaining cross-strait stability should they wish to do so. If there is the political will, European countries could make a significant contribution, including providing support in the military domain. Europe has cards that it can play to help deter conflict or end potential cross-strait crises.

The main political challenge for Europe regarding Taiwan is whether it can reconcile its values with its economic interests. On a positive note, European perceptions about Taiwan have shifted considerably from a period when it was perceived as a potential troublemaker for European relations with China, to the current era where Taipei is seen more as a 'like-minded' partner in the context of increasingly difficult relations with Beijing. That said, effectively standing up to China over Taiwan would require willingness from Europe's major powers such as France, Germany and the United Kingdom to lead a collective response. European countries would also need to be willing to incur political and economic costs, if necessary. It is currently not clear that the EU and major European powers have the political will or instruments to muster such a response. The continued adherence of most European countries to a rigid 'one-China policy' also limits the extent to which they can provide Taiwan with greater diplomatic breathing space. European efforts to support Taiwan's meaningful participation in international organisations have thus far failed.

In principle, European acknowledgement of Taiwan's normative like-mindedness and economic value within high-end technology supply chains could lead to a greater decoupling of their Taiwan policies from their China policies. European powers could choose to risk Beijing's political and economic coercion in order to deepen their relations with Taiwan beyond rhetorical support. But this would require a deliberate policy choice and a departure from the current approach of 'muddling through', with largely political-declaratory support for Taiwan but no major concrete initiatives to improve its position.

The main advantage of this approach is the temporary avoidance of potential political and economic disruption in European relations with China. In the short term, it might also avoid adding 'fuel to the fire' given that Beijing is likely to respond strongly to any concrete initiatives, given that it sees unification with Taiwan as

a 'core national interest'. However, this approach only delays the more determined, muscular strategy that is necessary to confront China's growing power and coercion. The Taiwan conflict is just one cornerstone of China's grand strategy to remodel the international order along more authoritarian lines which stand in stark contrast to the values and interests of European states and their allies. The failure to defend Taiwan's vibrant democracy would have disastrous strategic outcomes for Europe and its allies.

The alternative, more determined, option is for Europe to treat Taiwan as an important ideational, political and economic partner in its own right. In doing so, European states would refrain from seeing Taiwan in narrow terms as either a fellow democracy that 'has to be rescued' from the Chinese authoritarian embrace, or simply as a reliable provider of much-needed semiconductors, as expressed in the EU 'Chips Act'. Instead, they would perceive Taiwan as a critical partner in a regional and global collective effort to push back against China's challenge to the regional and international order – including through significant political and economic investment in Taiwan's future.

Obviously, such a policy shift on the part of the EU and European powers would raise the spectre of the significant costs that China would certainly threaten to impose. As the case of Australia shows, however, nations can withstand Chinese coercive pressure. To do so, European countries would need to understand the logic and limits of Beijing's use of coercion as a political and economic instrument.

In this context, European countries and the EU could leverage their economic strengths to help maintain peace and stability across the Taiwan Strait. As this study demonstrates, Europe's economic strengths should be at the forefront of European capitals' minds. Signalling a European economic response could deter Beijing from seeking to unify Taiwan by force. Economic deterrence can work both ways and while the trading relationships between European states and China are strong, China does not dominate Europe's external trade as much as often assumed by policymakers. Indeed, China's importance as a bilateral trading partner is often exaggerated in European debate.

This presents European states with an opportunity to signal to China that its need for foreign investment and

Europe's willingness to import Chinese products and services might be at stake in the event of a Taiwan-Strait crisis. In the event of a major escalation, China would have limited ability to employ targeted sanctions and counter-sanctions against European markets. With a more nuanced understanding of this, European capitals could use their economic ties with Beijing to seek to deter China's potential unification of Taiwan by force. This would require coherent European behaviour and coordination, including a preparedness by major companies to play their part. Whilst it remains impossible to predict Chinese receptiveness to deterrent signalling of potential economic sanctions and whilst economic sanctions are not a panacea, China's concern over economic growth and common prosperity suggests that European capitals should consider wielding their economic hand in order to try and prevent a cross-strait crisis.

Finally, European powers need to contemplate potential military responses to a range of cross-strait scenarios, even if they naturally seek to avoid such thinking. Considering Europe's scarce military capabilities that could be deployed to the Indo-Pacific region, especially with a belligerent Russia on its doorstep, this report confines its examination of a European contribution to the Indo-Pacific to France, Germany, Italy, the Netherlands, Poland, Spain and the UK. The discussion focuses on grey-zone and conventional military scenarios, naval blockade, invasion and missile and air-strike campaigns.

The report argues that most European countries are likely to exercise significant restraint in such scenarios. While it is not impossible that the UK would deploy forces (such as nuclear submarines) into theatre in the event of a major crisis because of its strategic close ties with the United States and Australia, other European powers would likely be concerned about weakening conventional deterrence in Europe vis-à-vis Russia. From a military-operational perspective, the European capabilities and forces that would be most useful in a Taiwan war scenario are by and large those capabilities that would be needed in a high-intensity conflict with Russia in Eastern Europe. These include, among other assets, command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR) systems, cyber-reconnaissance capabilities, precision-guided munitions, maritime strike, medium- and

long-range air-defence systems, electronic-warfare (EW) systems, as well as suppression of enemy air defence and destruction of enemy air defence (SEAD/DEAD) aircraft and weapons. Such systems and capabilities are only available to European countries in small quantities, if at all.

As a result, a sustained and major military commitment to support the United States and Taiwan militarily in a war with China could weaken European and US capacity to deal with a Russian contingency at the same time and erode the credibility of their conventional deterrence postures vis-à-vis Russia. This could be exploited by Moscow and invite military adventurism. The report therefore suggests that European countries that feel more threatened by potential Russian aggression, primarily Eastern European nations, would likely be less willing than other countries to commit military capabilities and forces to the defence of Taiwan. Secondly, unless there is a fundamental shift towards detente in Europe–Russia and US–Russia relations, which seems unlikely at present, European military support of Taiwan in a war in the Western Pacific would be quite limited.

The report concludes that European military power would be best used to help defend Taiwanese networks

from Chinese cyber attacks and to organise a strategic airlift in the event of grey-zone coercion or blockade scenarios. A more demanding option would be to provide air defences, including the deployment of EW capabilities to US bases in the region such as on Okinawa and Guam. Yet, whether more robust kinetic capabilities, for example air-defence systems or naval-strike forces, would be dispatched in the event of a military confrontation in the Western Pacific remains uncertain and dependent on factors beyond military analysis. Europe certainly possesses capabilities for more robust deployments in limited quantities, but the risks and secondary-order effects of such deployments in conjunction with a reduced US military presence in Europe should not be disregarded.

In sum, the report demonstrates that Europe needs a different approach to helping to secure Taiwan’s future and that, contrary to conventional wisdom, it does have the political, economic and even some limited military means at its disposal. Whether European capitals and the EU will use them remains an open question. What is certain, however, is that the Taiwan conflict will remain on Europe’s agenda as a major challenge in this new era of great-power competition.

Introduction

European concern over peace and stability across the Taiwan Strait has notably increased since 2020. European capitals have long framed their Taiwan policies as a sub-strand of their China policies, including in areas such as trade.¹ To a certain extent this remains true. The European Union paused its negotiations with Taiwan for a bilateral investment agreement after it halted negotiations with China for a Comprehensive Agreement on Investment. European relations with Taiwan still fall under their one-China policies. However, by 2022, European public statements of concern for Taiwan's future have increased, and European states are no longer showing the same diplomatic reserve in their handling of Taiwan affairs.

On 19 October 2021, the EU High Representative and Vice President Josep Borrell stated that China's increasing pressure on Taiwan, military presence in the Taiwan Strait and deployment of force 'may have a direct impact on European security and prosperity'.² The EU, according to Borrell, 'has an interest in enhancing relations and cooperation with Taiwan'. In 2021, the European Parliament also sent its first ever official delegation to Taiwan, and published a report on EU-Taiwan relations demonstrating that 'the EU is ready to upgrade its relationship with [its] key partner Taiwan'.³ Outside of the European Union, EU and non-EU countries alike have similarly started discussing publicly how the 'Taiwan problem' concerns countries beyond the Indo-Pacific region. In 2021, the United Kingdom's Prime Minister Boris Johnson stated that the only way the UK could support Taiwan was by supporting US global leadership.⁴ That same year, the UK sent its first warship in over a decade through the Taiwan Strait.⁵

China's own turn towards greater authoritarianism, maturing military capabilities and assertive foreign policies since President Xi Jinping took office in 2013 have heavily influenced European perspectives on and policy directions towards Taiwan. Western countries have imposed sanctions on officials in China over human-rights abuses against Chinese ethnic and religious minority

groups.⁶ The UK for its part, together with like-minded allies, has stated its concern over developments in Hong Kong in 2021, including the outcome of the Legislative Council elections, the imposition of the National Security Law and the shrinking space for political activism and personal freedoms.⁷ The US-China trade war and technological competition has also indirectly made Taiwan's security more pressing for European capitals. Taiwan's monopoly on advanced semiconductor-chip manufacturing has been of particular interest to European capitals seeking to diversify their supply chains.

However, while European capitals and the EU state their concern for cross-strait stability, it is unclear to what extent they have begun to decouple their Taiwan policies from their China policies, and where exactly they can contribute to cross-strait stability moving forward. This report therefore examines the political, economic and military dynamics of European-Taiwanese relations today, and considers how European powers could contribute to maintaining cross-strait stability and security in the future.

The first section considers how Europe-Taiwan relations have shifted over the past two decades, and how EU and non-EU European capitals are balancing their bilateral relations with China and Taiwan. It argues that perceptions about Taiwan have shifted considerably from a period where it was perceived as a potential troublemaker in relations with China to the current era where Taipei is seen more as a 'like-minded' partner in the context of increasingly difficult relations with Beijing. The chapter ends with options for European capitals moving forward: maintaining the status quo or pushing back against Chinese multi-domain coercion in response to deepened European linkages with Taiwan.

The second section examines European powers' trade relationships with Taiwan and China, arguing that while trade with the latter is important, it is also overstated, and that there is room to deepen trade relationships with Taiwan. The chapter then examines whether European powers could leverage economic sanctions to

deter a cross-strait crisis and maintain stability, with a particular view to how Beijing has reacted to economic sanctions historically. Finally, the chapter examines how Beijing might respond with economic statecraft tools of its own, and whether these have been successful in leading to policy changes in the past. Ultimately, the chapter concludes that looking at bilateral trade is just one metric to consider with regards to Europe's ability to leverage its trading relationship with China and Taiwan to deter conflict. Beijing's own inward turn towards reliance on domestic drivers of GDP growth and its bilateral relationship with Russia might weaken European capitals' ability to maintain cross-strait stability.

Lastly, the third section of the report looks at what the realistic demands of European powers in cross-strait conflict scenarios could be. Considering Europe's scarce military capabilities that could be deployed to the Indo-Pacific region, especially with a belligerent Russia on its doorstep, the report confines its examination of a European contribution to the Indo-Pacific to France, Germany, Italy, the Netherlands, Poland, Spain and the UK. The chapter first outlines European Indo-Pacific military and security-related strategies and capabilities. It then considers how four scenarios of cross-strait

conflict might evolve, ranging from grey-zone challenges to a naval blockade, invasion and missile and air-strike campaigns. For each scenario, it discusses how European powers might be able to contribute with regards to defence options, the availability of key assets, the ability to deploy them and inter-operability requirements. The chapter also considers the potential second-order impacts for European security of European military contributions to the Indo-Pacific region in the event of a Taiwan scenario.

Ultimately, the report concludes that while European political unity and political will might remain stumbling blocks for greater political support for Taiwan, European powers are shifting their attitudes towards deepening bilateral and multilateral relations with Taipei in the future. Furthermore, as European states increasingly view cross-strait stability and Taiwanese security as relevant to their own security within a wider context of systemic rivalry with China, they may be more willing to take steps to engage further with Taiwan on political, economic and security issues. As this report concludes, European powers have more resources to do so at their disposal than commonly acknowledged, both ahead of a potential conflict and during one.

Chapter One: The Political-diplomatic Challenge and Response Options for Europe

The Taiwan conflict has reached Europe and is becoming an increasingly unavoidable component of the continent's geopolitical challenges. Just like many other countries, including those in the Indo-Pacific, European nations and the European Union avoided the Taiwan issue for a very long time, ever since the young democracy held its first free elections in 1996. In line with the hope to 'socialise' China into the Western-led, international political and, ultimately, ideational order, Europe focused on developing ever-closer connections to Beijing. The Taiwan 'problem' was largely neglected and if it came up was treated as a diplomatic nuisance. Indeed, a widely held perception in Europe (and elsewhere) was that if anyone threatened to upset the status quo in the Taiwan Strait, it was Taipei, not Beijing. This belief was particularly strong after Chen Shui-bian of the pro-independence Democratic Progressive Party (DPP) was elected as Taiwan's president in 2000 on a ticket of promoting the country's *de jure* independence.

Europe's political neglect of Taiwan only grew during the 2000s given the 'business first' approach it took towards China specifically and the Asia-Pacific region in general. EU-China relations appeared to be moving on an upward trajectory, and when Chen's successor Ma Ying-jeou of the more China-friendly Kuomintang party initiated a period of rapprochement with Beijing after his election in 2008, Taiwan-China relations also seemed to be improving.⁸ However, at the time, several experts already warned that China's objective of unification with Taiwan had not changed and that Beijing was steadily increasing its coercive capacity to force Taipei into accepting its demands.⁹ Moreover, Ma's rapprochement with Beijing lacked sufficient domestic support as more and more citizens identified themselves as Taiwanese, and did not want to surrender the nation's democratic way of life.

Under President Xi Jinping, China has not only become more authoritarian but also more assertive in its foreign-policy ambitions. Furthermore, since the DPP took office, it has increasingly relied on multi-domain

coercion against Taiwan.¹⁰ Beijing has continued to offer carrots to Taiwanese businesses and members of its civil society such as students, but these measures have failed to change Taiwanese perceptions about China's ultimate objective to unify with Taiwan on its own terms. And while Xi has not stated a clear timeline for China's unification with Taiwan, he has made it clear that the issue 'should not be passed down generation after generation'.¹¹

Xi has also declared the 'one country, two systems' formula the *sine qua non* for cross-strait relations, an approach that is considered unacceptable by most Taiwanese and by the DPP government of current President Tsai Ing-wen.¹² Indeed, China's crackdown on civil rights in Hong Kong and imposition of the National Security Law in 2020 bolstered popular support for Tsai's re-election in 2021 and heightened Taiwanese criticism of the 'one country, two systems' formula. A popular phrase circulated across Taiwanese social media platforms: '今日香港, 明日台湾' [Today Hong Kong, Tomorrow Taiwan].¹³ China's increasing strategy of comprehensive coercion against the DPP government across the political, economic, military, ideational and cyber domains has only strengthened Taiwanese resolve to stand firm. As Tsai wrote, 'if Taiwan were to fall, the consequences would be catastrophic for regional peace and the democratic alliance system. It would signal that in today's global contest of values, authoritarianism has the upper hand over democracy.'¹⁴

Europe can therefore no longer avoid the Taiwan issue strategically and politically. As a self-proclaimed global upholder of democracy, human rights and self-determination, the EU has an obligation to protect Taiwan's status as a mature democracy of over 24 million people. A failure to act in the event of a Taiwan-Strait conflict would damage Europe's credibility to defend and uphold democratic values. As the 2021 'EU Strategy for Cooperation in the Indo-Pacific' acknowledges, the 'display of force... in the Taiwan Strait may have a direct impact on European security

and prosperity'.¹⁵ A conflict would cause enormous disruptions to global supply chains, particularly in the information and communications technology (ICT) and semiconductor sectors. Taiwan's high-tech industrial base is an integral part of the global supply chain and it is the market leader in advanced three- and five-nanometre semiconductor chips. Taiwan Semiconductor Manufacturing Company (TSMC) alone accounts for over 50% of global production and is thus critical to European technology and economy advancement, a fact recognised by EU senior representatives. A conflict would also halt EU–Taiwan foreign direct investment flows, which have the potential to support Europe from further falling behind in the innovation and development of emerging technologies.¹⁶

Furthermore, if the United States fails to deter Beijing from an invasion of Taiwan and its offshore territories, US defence planners would likely shift more resources from the North Atlantic towards the Indo-Pacific to address the changed military balance.¹⁷ In such a scenario, a military conflict would draw in Australia, Japan, the US and other regional partners, and thus would not remain local and limited. Washington, as well as Tokyo, Canberra and others, would look towards its European allies for direct political, economic and even military support. Finally, Lithuania's decision to stand up to China by inviting Taiwan to establish a *de facto* embassy in September 2021 – which drew a hefty rebuke and coercive pressure from Beijing – has further catapulted the issue into the heart of European politics; in doing so, a small European country put to rest the widespread notion that no single power remains powerful enough to even cautiously oppose China on a question as sensitive as the Taiwan issue. But China's response to Lithuania's push back – downgrading its diplomatic mission in the Baltic nation and indirectly imposing trade sanctions by coercing companies in other European countries to stop using parts made in Lithuania¹⁸ – also challenges fundamental principles of solidarity and integrity of the single European market.

Enhanced political signalling for Taiwan

Faced with this situation, the EU and individual European countries have moved to increase political support for Taiwan. Within the EU, the main driver for

change has come from the European Parliament, rather than the Commission. Well-known members of the Parliament, such as Reinhard Bütikofer, have argued that European countries must form their own Taiwan policies too, given that Xi's China fundamentally endangers the cross-strait status quo.¹⁹ In October 2021, the European Parliament also passed a non-binding resolution calling for a 'comprehensive enhanced partnership' with Taiwan with a majority 580–26 vote. It also asked the Commission to 'urgently begin an impact assessment, public consultation and scoping exercise on a bilateral investment agreement'.²⁰ Faced with a shifting sentiment in the Parliament, the High Representative for Foreign Affairs and Security Policy Josep Borrell also publicly endorsed enhanced EU relations with Taiwan.²¹ Moreover, for the first time in history, EU parliamentarians embarked on an official visit to Taipei in November 2021, during which delegates promised President Tsai that Europe was 'standing with you'.²²

At the level of European nation states, several Baltic and Central and Eastern European (CEE) countries have become more active in signalling greater political support for Taiwan over the past two years. In August 2020, a delegation of 89 Czech officials, including Senate President Miloš Vystrčil and Prague Mayor Zdeněk Hřib, made an unprecedented visit to Taiwan, despite condemnation from Beijing.²³ In 2021, an unprecedented number of similar activities took place. For instance, in February, President Xi chaired the China–CEE Leaders Meeting (for the then-'17+1' bloc), a task typically assigned to Prime Minister Li Keqiang, in a sign of frostier China–CEE ties.²⁴ Six CEE leaders – those of Bulgaria, Estonia, Latvia, Lithuania, Romania and Slovenia – skipped the meeting (despite its virtual format) in an open rebuke of the '17+1' initiative. In May 2021, Lithuania then officially withdrew from the format and subsequently expanded its ties with Taiwan, which culminated in its September 2021 decision to invite Taipei to establish a *de facto* embassy in Vilnius.²⁵

While Beijing lashed out in response to what it saw as Lithuania's provocations, Taiwan sent a delegation of 66 government officials and business representatives on a tour through the Czech Republic, Lithuania and Slovakia, with the goal of building closer trade ties. The group, led by Taiwan National Development Council

Minister Kung Ming-hsin, for instance signed seven memoranda of understanding with Slovakia to advance cooperation.²⁶ Moreover, the same month, Taiwan's Foreign Minister Joseph Wu was invited for official visits to Slovakia and the Czech Republic and undertook a 'secret' trip to Brussels to discuss the Indo-Pacific with European policymakers.²⁷

At the end of November 2021, despite repeated Chinese warnings, lawmakers from all three Baltic nations met with President Tsai in Taipei to express their support.²⁸ And in early December, a delegation of 43 Slovak government officials, business representatives and academics visited the country.²⁹ Finally, in January 2022, Slovenia became the latest CEE country to break ranks with China when Prime Minister Janez Janša announced plans for Taiwan and Slovenia to set up trade offices in each other's countries, referred to Taiwan as a 'democratic country' and lambasted Beijing's response to Lithuania's relations with Taiwan as 'terrifying' and 'ridiculous'.³⁰ In response, China increased pressure on Slovenian business leaders by threatening to terminate contracts.³¹

In addition, the parliaments of major Western European powers provided signals of greater political support for Taiwan. For instance, the December 2021 coalition agreement of Germany's new government, in contrast to the discourse of previous governments, not only mentioned Taiwan but also stated the expectation that a change to the cross-strait status quo must only happen peacefully and with mutual consent.³² The new German parliament also passed a resolution calling on the government to reassess its Taiwan policy and deepen exchanges with Taipei within the boundaries of its existing 'one-China policy' (where Beijing is seen as the only legitimate representative of full statehood).³³ Moreover, a delegation of six French parliamentarians visited Taiwan in December for a five-day visit, while a delegation from the United Kingdom was scheduled to arrive in February 2022 (this visit was subsequently postponed).³⁴ Finally, in November 2021, the House of Representatives of the Netherlands adopted two motions in support of Taiwan and Lithuania.³⁵

Beyond political signalling?

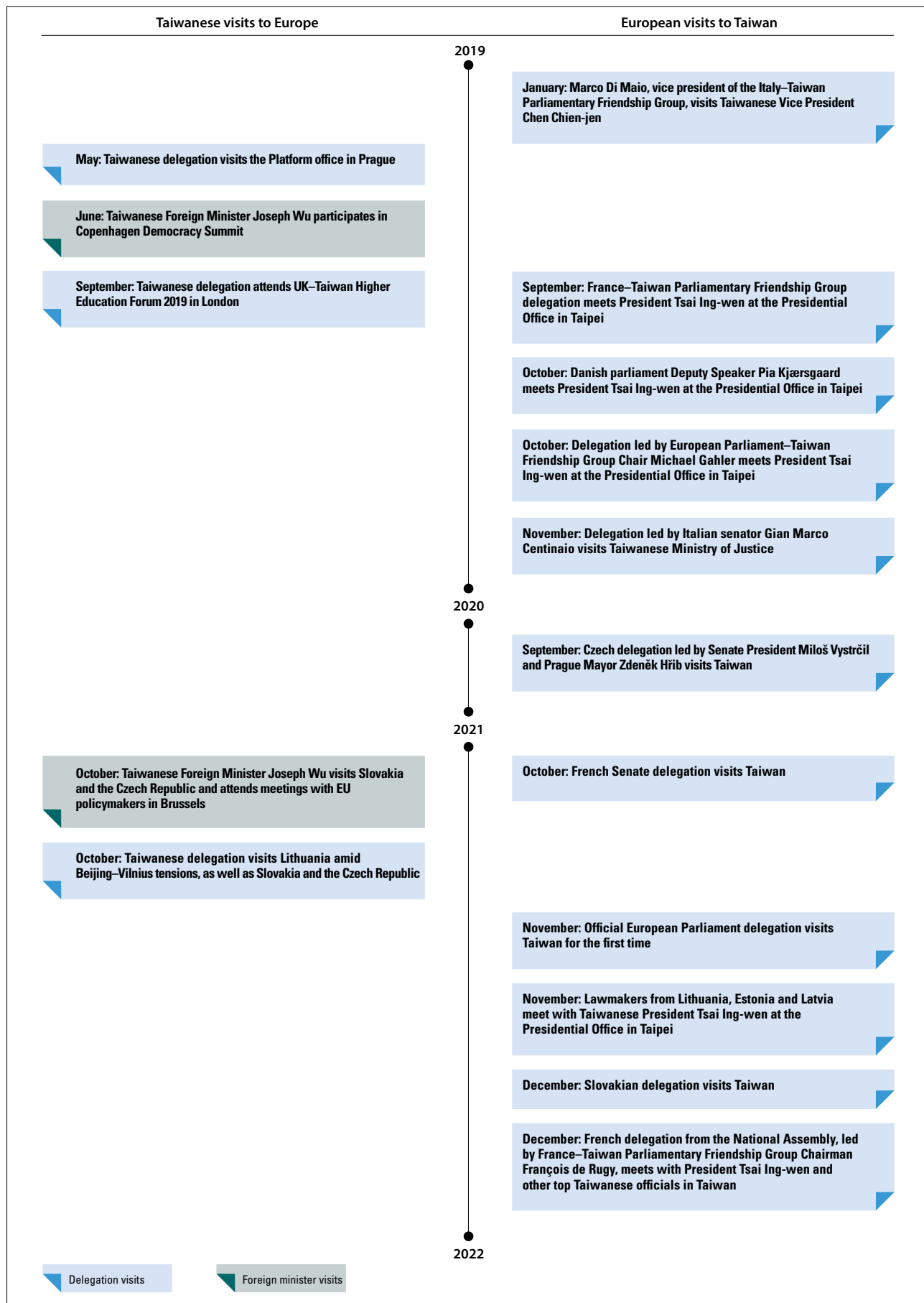
Undoubtedly, the EU and several European countries have recently intensified political signalling efforts in

support of Taiwan. Some analysts therefore concluded that Europe was 'doubling down' on its support for Taipei.³⁶ However, while such support is welcomed from a Taiwanese perspective, the real litmus test for European support is whether the EU and European powers are willing to move beyond mostly political gestures of support. To do so, they would need to address several unresolved tensions in their relationship with China.

The question at the heart of the political China–Taiwan challenge for Europe is whether it can reconcile its values with its economic interests. For the most part, European nations have reassessed their ties with Beijing. China's systematic and severe human-rights violations at home (including harsh censorship of its own citizens; genocidal practices against the Uighur populations; forced assimilation of ethnic minorities in southwest China, Tibet, Inner Mongolia and Xinjiang; and the extension of authoritarian rule over Hong Kong) have become more difficult for liberal democratic European countries to ignore. Furthermore, China's predatory trade practices and its growing resort to multi-domain coercion have triggered alarm bells in Brussels, as evidenced by EU attempts to develop an 'anti-coercion' toolkit. As a result, the EU and major European powers such as France, Germany and the UK now label China a 'systemic rival'.³⁷ EU–China relations have become much frostier, marked by both sides' imposition of sanctions and counter-sanctions against individuals and entities. European policymakers have also called for diversifying trade relationships in the Indo-Pacific to reduce dependencies on the Chinese markets.³⁸

However, the adherence of most European countries to a traditional understanding of the 'one-China policy' also stands in the way of providing Taiwan with greater diplomatic breathing space. For instance, while European government officials repeatedly state their support for Taiwan to join international organisations and bodies where full statehood is not required – such as the World Health Organization (WHO) and Interpol – such a development is unlikely given that China has expanded its influence in international organisations and is sure to veto Taiwan's accession. And it is not evident that European nations are willing to pursue alternative avenues to strengthen Taiwan's participation in the international community.

Figure 1: Selected European and Taiwanese bilateral visits 2019–2021



Source: IISS

This situation points to another critical question for the EU and European powers when dealing with the China–Taiwan nexus: whether they are willing and able to absorb Chinese retaliation. Put simply, the more the EU or European states support Taiwan, the heavier China’s response will be. It is not clear if major European powers such as France, Germany and even the UK are willing to risk what could be a major disruption to their relationship with China. For instance, it is possible that Germany’s new Chancellor Olaf Scholz will continue the China-friendly course of his predecessor Angela Merkel, being more interested in economics than geopolitics. Indeed, in his first call with President Xi after his election, Scholz stressed his interest in deepening economic ties with China apparently without mentioning human rights and other issues of concern.³⁹ That said, the new German government might also adopt a less China-centric approach to its Indo-Pacific affairs and invest more in ties with other regional partners, in which case Berlin might be open to offering greater support for Taiwan.⁴⁰ Such a scenario will largely depend on whether the new Foreign Minister Annalena Baerbock from the Green party will succeed in crafting a more robust German stance on China which moves beyond a purely mercantilist approach. In January 2022, she reportedly asked her Chinese counterpart Wang Yi to stop ‘blackmailing’ Lithuania over the Taiwan dispute.⁴¹ But it remains to be seen to what extent her more China-critical stance translates into greater willingness to support Taiwan.

Meanwhile, French President Emmanuel Macron’s China policy has been characterised by conflicting rhetoric and an emphasis on not potentially putting economic interests at stake. While he called on Europeans to end their ‘naivety’ about China, Macron also cautioned that the EU should not ‘gang up’ on Beijing with the United States. He has also avoided condemning Beijing’s human-rights violations, leading to criticism in the French parliament, which adopted a resolution in January 2022 to join the UK Parliament in calling China’s treatment of the Uighur minority a ‘genocide’.

Effectively standing up to China over Taiwan would require willingness from Europe’s major powers such as France, Germany and the UK to lead in an effective, collective response. It would also require a willingness

to incur some economic costs. Beijing’s coercive pressure on Lithuania and Slovenia is a test for Europe’s resolve and cohesion; it must decide how to respond to what should be an unacceptable interference in the self-determination of individual European countries and the integrity of the European single market. It is not clear at present that the EU and major European powers have the political will and instruments to muster such a response.

Admittedly, in early 2022 the EU (joined by Australia, Taiwan, the UK and the US) filed a case against China in the World Trade Organization (WTO) in response to what it saw as ‘discriminatory trade practices’ against Lithuanian goods.⁴² As previously mentioned, it is also in the process of developing an ‘anti-coercion’ toolkit to deal with similar cases in the future. That said, though significant in terms of its political signal, the repercussions for China of a negative WTO ruling would be limited.⁴³ Furthermore, the planned anti-coercion measures will take considerable time to be negotiated and agreed upon among the 27 EU member states. If they only apply to officially declared sanctions, they would be ineffective against China’s use of murkier, indirect economic punishments. Media reports that German business leaders had pressured Lithuania to change course over its Taiwan policy because of Chinese pressure do not bode well for a coherent European approach to Chinese coercion which would be based on greater unity between national governments and multinational companies.⁴⁴

Options

It is prudent to assume that the Taiwan issue will continue to occupy European capitals and the EU. China’s coercion against the de facto independent democratic country is likely to grow and a peaceful solution is not in sight. The few carrots that Beijing can offer are insufficient to make the vast majority of Taiwanese people surrender their democratic way of life in return for living under Chinese authoritarianism. Considering this, Europe has at least two political options for approaching the China–Taiwan nexus.

The first option would be a continuation of the current cautious approach of ‘muddling through’, whereby European states and the EU largely declare political

support for Taiwan without implementing major concrete initiatives to improve Taipei's position. The main advantage of this approach lies in its temporary avoidance of potentially major political and economic disruption to European relations with China. In the short term, this approach might also avoid adding 'fuel to the fire' given that Beijing is likely to respond strongly to more direct approaches since it sees unification with Taiwan as a 'core national interest.' The disadvantage with this approach, however, is that it would merely delay the more determined, muscular strategy that is necessary to confront China's growing power and coercion. The Taiwan conflict is just one cornerstone in China's grand strategy to remodel the international order along more authoritarian lines which stand in stark contrast to Europe's and its allies' preferences. As the new German Minister of State in the Federal Foreign Office Tobias Lindner stated in a public speech in February 2022, the 'disagreements with China touch the core of European values and interests – not addressing this now will cost us dearly in the long run'.⁴⁵ In this context, the Taiwan issue is a test case for whether Europe can stand up to China on issues of key principles and interests.

The alternative option would be to treat Taiwan as an important ideational, political and economic partner in its own right. This approach would move beyond considering Taiwan in narrow terms as a fellow democracy that has to be rescued from the Chinese authoritarian embrace through well-meaning political-declaratory statements of support without further action – as reflected during the EU delegation visit to Taiwan in November 2021. It would also look beyond Taiwan's role as a reliable provider of much-needed semiconductors, as expressed in the EU 'Chip Act'. Neither of these perspectives will provide Taiwan with the diplomatic and economic breathing space that it needs to withstand Chinese coercion.

Instead, such an approach would value Taipei as a mature Asian democracy, which is ideationally congruent with most European powers. This is a significant concern to the Chinese Communist Party (CCP), which seeks to demonstrate that the 'Chinese way of life' is incompatible with Western conceptions of liberalism and the rule of law. Furthermore, according to this approach, Europe would perceive Taiwan as an

important partner in a collective effort to push back against China's challenge to the regional and international order. This would mean significantly ramping up political and economic investment in Taiwan and inviting Taiwanese companies to do the same in Europe. Major European powers would then also need to remove European travel restrictions for cabinet-level Taiwanese government leaders and senior policymakers. The European Commission would also need to give up its resistance to substantially upgrading trade relations with Taiwan for fear over Chinese retaliation.⁴⁶ Enhancing political and economic ties with Taiwan would send powerful messages to China that Europe is indeed committed to upholding Taiwan's status as a de facto independent democratic country. Such a move would not automatically conflict with European countries' adherence to their declared 'one-China' policies, although as European policymakers assert, these do not mean they agree with China's interpretation about its rightful jurisdiction over Taiwan.

Obviously, such a policy shift on the part of the EU and European powers would raise the spectre of the significant costs that China would certainly threaten to impose. As the case of Australia shows, however, nations can withstand Chinese coercive pressure. To do so, European states need to understand the logic and limits of Beijing's use of coercion as a political instrument. Coercive diplomacy or, as Thomas Schelling famously called it, the 'power to hurt' is a psychological concept designed to influence another party through 'the *threat* of damage, or of more damage to come, that can make someone yield or comply'.⁴⁷

In other words, it is the *fear of* a potential Chinese punishment that has prevented European policymakers from engaging more comprehensively and effectively with Taiwan, rather than the *actual* response from Beijing. And there is reason to assume that presented with a united, cohesive European push to develop closer relations with Taiwan, China's response might not be as drastic for European countries as widely expected. China needs access to the European single market and to European technology for its own economic advancement. Dealing with a united bloc of 27 EU member states (or the core of its most powerful members, plus the UK) would be a significant undertaking even for

China, which might then face simultaneous pressure from the US and allies in the Indo-Pacific.

This alternative option for dealing with the Taiwan issue might be a step too far at present for most European governments. The case of some CEE countries shows, however, that the conflict over Taiwan has

reached Europe's shores and that a return to the cross-strait status quo will remain just wishful thinking in some European capitals. As such, Europe needs to collectively find a new political strategy to deal with the China-Taiwan issue, which could otherwise become a seriously divisive conflict for the continent itself.

Chapter Two: Economics as a Deterrence

Though discussions around Taiwan's foreign relations have recently highlighted Taipei's normative role in the global rules-based international order, European capitals have traditionally viewed and conducted their bilateral relations with Taiwan through an economic lens. Similarly, European relations with mainland China since Beijing's opening-up reforms in 1978 have also been heavily focused on economics. Both China and Taiwan are vital hubs within the global supply chain. Taiwan is an important supplier of advanced information and communications technology (ICT) components and semiconductors, while China's manufacturing industry and large consumer base have made it both a supplier and key market for European industry and business. However, European capitals trade more within the European Union than they do with the People's Republic of China (PRC). Conversely, the importance of the European market for China is often underestimated. The growing concern in European capitals about a potential crisis across the Taiwan Strait raises the question of what resources European states could deploy to the Indo-Pacific theatre to assist in maintaining peace and stability there, while still ensuring European security at home. Leveraging Europe's economic strength should be at the forefront of European capitals' minds and signalling a strong European economic response could help deter Beijing from seeking to unify Taiwan by force.

This section will therefore explore the bilateral trade relationships between European states, Taiwan and China in closer detail. It will then examine how European capitals can leverage signalling of economic sanctions to deter military action, and provide examples of how Beijing has historically responded to sanctions. Lastly, the chapter considers factors that might limit European economic actions to deter China, such as European political unity and the fear of Chinese counter-actions. The chapter concludes that while it remains impossible to predict Chinese receptiveness

to deterrent signalling of potential economic sanctions, China's concerns over economic growth and common prosperity mean that European capitals should consider wielding their economic hand in order to try to prevent a cross-strait crisis.

Taiwan's position in global trade

Due to its political status as a state with limited diplomatic recognition, Western governments have largely engaged with Taiwan through their trading relationships, which have in the past been considered less sensitive areas of engagement. Taiwan's upward economic-growth trajectory commenced in the 1960s, when Taiwan represented one of the Asian Tiger economies or newly industrialised economies in the region alongside Hong Kong, Singapore and South Korea. Alongside the other Asian Tiger economies, Taiwan prioritised export-oriented industrialisation policies, particularly in the lower end of the manufacturing-value chain. In the early 2000s, Taiwan began moving its labour-intensive production to mainland China, where Taiwan today remains one of the largest foreign direct investors. Today, Taiwan's former low-end manufacturing profile has evolved into one of specialised electronics products and components.⁴⁸

Taiwan now plays a dominant role in global high-end technology supply chains, with a particular strength in advanced semiconductor chips. Taiwan Semiconductor Manufacturing Company (TSMC) is the largest semiconductor foundry in the world and accounted for 54% of semiconductor foundry revenue globally in 2020.⁴⁹ Taiwanese companies more broadly accounted for 63% of semiconductor manufacturing revenue globally in 2020.⁵⁰ TSMC furthermore has a leading edge in producing the world's most advanced chips. Together with Samsung, it dominates the production of five-nanometre (nm) semiconductors and TSMC aimed to commence production of the latest generation 3-nm chips in 2022.⁵¹

Cross-strait trade has remained important to the Taiwanese economy and, including trade with Hong

Kong, accounts for roughly 40% of Taiwan's exports. In 2010, Taiwan signed the Cross-Strait Economic Cooperation Framework Agreement in an effort to 'put Taiwan on an equal footing in foreign trade, institutionalize cross-strait economic exchanges, further motivate other countries to sign free trade agreements with Taiwan, and promote closer linkages with the world'.⁵² The deal would cover phasing out of tariffs on 539 products from Taiwan and 237 products from China. The agreement had initial success and resulted in USD900 million in savings for Taiwanese exporters to the mainland.⁵³ However, in 2014, 200 Taiwanese activists stormed the Legislative Yuan in protest of the Cross-Strait Services Trade Agreement (CSSTA), which would further deepen economic integration between the Chinese mainland and Taiwan. Over 100,000 Taiwanese protesters also gathered in a rally against what they considered an opaque ratification process put in place by the Kuomintang-led government headed by then-president Ma Ying-jeou for a policy that would lead to unequal economic growth on either side of the Strait in Beijing's favour and pull Taiwan even deeper into Beijing's economic and political orbit.⁵⁴

Ratification of the CSSTA has since stalled, and the change in political leadership in Taiwan in 2016 to the Democratic People's Party (DPP) government headed by President Tsai Ing-wen also changed the focus of Taiwanese economic growth. Tsai's government aims to support '5+2' innovative industries (Internet of Things, biomedicine, green energy, smart machinery, defence, new agriculture and circular economy) in Taiwan, diversify Taiwan's trade relationships to reduce dependence on trade with the mainland and incentivise Taiwanese businesses operating on the mainland to move their businesses back to Taiwan or elsewhere in the Indo-Pacific.⁵⁵ Taiwan has sought to become increasingly integrated into global and multilateral trade regimes. Taiwan became a member of the Asia-Pacific Economic Cooperation (APEC) in 1991 and a member of the World Trade Organization (WTO) in 2002. Taiwan is also a member of the Asian Development Bank, Pacific Economic Cooperation Council, Pacific Basin Economic Council and Central American Bank for Economic Integration. Taiwan has already signed free trade agreements (FTAs) with Panama in 2003, Guatemala in 2005,

Nicaragua in 2006 and El Salvador and Honduras in 2007. Although El Salvador and Panama no longer diplomatically recognise Taiwan, the bilateral FTAs remain in place.⁵⁶ Taiwan also signed Economic Cooperation Agreements with New Zealand in 2013, Singapore in 2013, Paraguay in 2018, Eswatini in 2018 and with the Marshall Islands in 2019. The latter still awaits final approval by Taiwan's Legislative Yuan.⁵⁷

It has become even more important for Taiwan to join additional trade agreements considering China's own economic integration in the Indo-Pacific region. While the ratification of China's Comprehensive Agreement on Investment (CAI) with the EU has stalled, China has applied to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and is a member of the recently concluded Regional Comprehensive Economic Partnership (RCEP) with 16 other economies across the Indo-Pacific region, excluding Taiwan. Under Tsai's presidency, Taiwan has also advocated for a bilateral investment agreement with the EU.⁵⁸

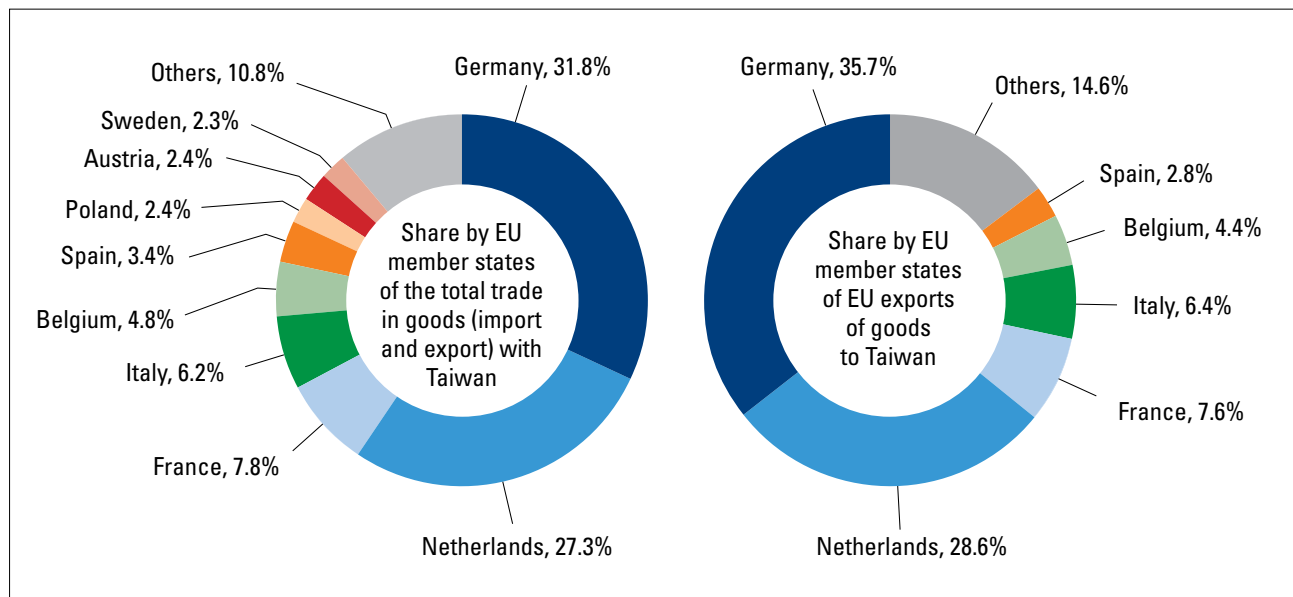
European trade with Taiwan and China

Taiwan

Direct trade between Taiwan and the EU, though lower than that with the PRC, remained robust throughout 2020 and the coronavirus pandemic. Between 2019 and 2020, Taiwan became the EU's 14th largest trading partner, with trade totalling EUR49.3 billion. This puts Taiwan behind other Indo-Pacific economies such as China, India, Japan and South Korea for its trade in goods with the EU. The EU remained a vital trading partner for Taiwan in 2020, and is Taiwan's fourth largest trading partner following China, the United States and Japan. Although the coronavirus pandemic decreased bilateral trade between the EU and Taiwan between 2019 and 2020 by 3.2%, this was far below the reduction of 10.5% in trade in goods between the EU and the world.⁵⁹

The EU's trade in goods with Taiwan totalled EUR49.3bn in 2020, with an overall deficit in trade in goods. Taiwan's imports of EU goods totalled EUR22.9bn and were primarily dominated by machinery, chemicals and transport equipment. Taiwan's

Figure 2: EU–Taiwan trade, 2020



Source: European External Action Service

exports to the EU totalled EUR26.4bn and were dominated by ICT products (41.6%), machinery (16.1%) and transport equipment (11.1%). However, trade in services increased from 2019 to 2020, thereby reducing the overall trade deficit between Taiwan and the EU from EUR3.8bn to EUR3.5bn. In 2020, bilateral trade in services totalled EUR9.4bn. Of this, the EU exported EUR5.3bn while Taiwan exported EUR4.1bn-worth of services. In terms of investment, the EU is Taiwan’s largest source of foreign direct investment (FDI), while Taiwan’s FDI into Europe remains low. In 2020, the EU’s investment into Taiwan totalled USD3.6bn, while Taiwan invested USD1.5bn into the EU.

Since leaving the EU, the United Kingdom has maintained a strong economic relationship with Taiwan and has stated its intention to deepen bilateral ties.⁶⁰ By the end of Q3 2021, Taiwan was the UK’s 28th largest trading partner compared to the same point the previous year and accounted for 0.6% of total UK trade.⁶¹ As with the wider EU–Taiwan trading relationship, Taiwanese exports of goods and services to the UK outweigh the imports from the UK to Taiwan, while the UK had a trade in services surplus of GBP1.5m with Taiwan by Q3 2021. Taiwan is the UK’s 27th largest export market and 31st largest import market of goods and services. While the UK exports mainly beverages, cars, medicinal and pharmaceutical products, chemicals and scientific

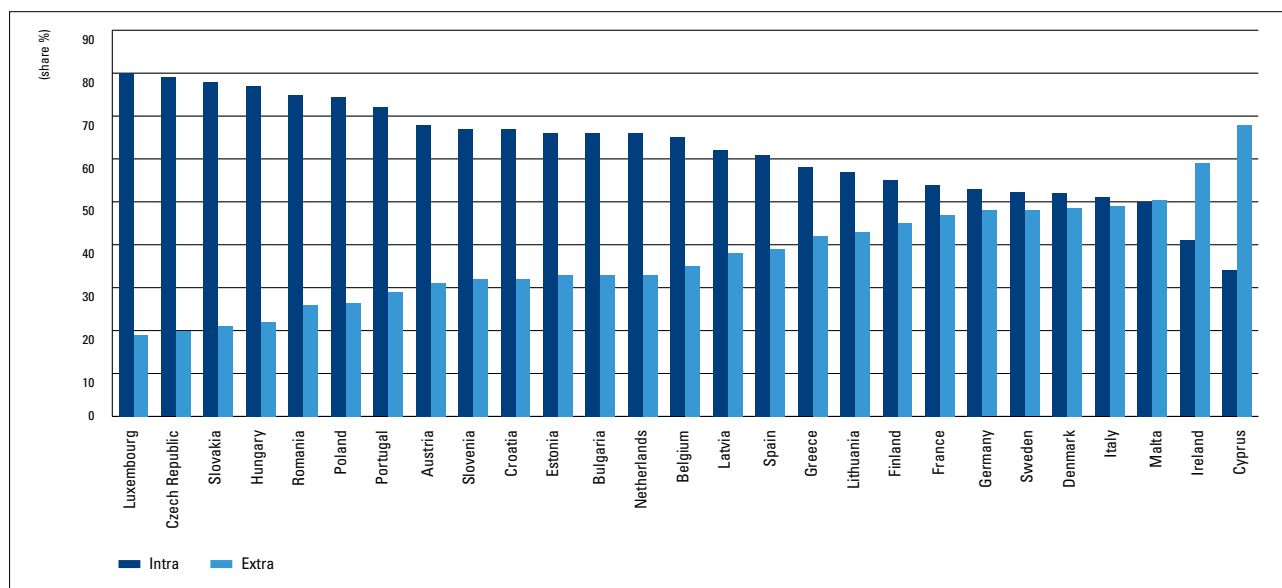
instruments to Taiwan, it imports mainly telecommunications and sound equipment, metal manufactures, office machinery, consumer manufactures and road vehicles other than cars.⁶²

Certain EU member states and the UK have pointed to deepening their trade relationship with Taiwan. For example, the UK is already active in Taiwan, holding bilateral dialogues in areas such as ICT, financial services, pharmaceuticals and offshore wind.⁶³ Taiwan’s monopoly on semiconductor research, design and manufacturing, particularly of advanced microchips, is particularly interesting to European capitals. In 2021, Lithuania stepped up its trade relationship with Taipei, following which Taiwan announced USD200m in funds to invest in Lithuania’s strategic sectors and a USD1bn-credit fund to bolster Lithuania following a trade embargo imposed by Beijing on the Baltic state.⁶⁴ The credit fund will reportedly focus on areas of cooperation at the centre of US–China trade competition: semiconductor talent, semiconductor development, biotechnologies, finance, satellites and scientific research.

China

Comparatively, mainland China remains the EU’s largest source of exports and imports in the Indo-Pacific region, with the former totalling EUR202.6bn and the

Figure 3: **Export of goods: intra-EU and extra-EU, 2020**



Source: Eurostat

latter totalling EUR383.4bn. The EU's total trade with mainland China in 2020 was 11.8 times greater than its trade with Taiwan. However, the EU's trade deficit with the PRC is also larger than that with Taiwan, at EUR-180.8bn and EUR-3.5bn in 2020 respectively. The EU has a trade deficit of EUR-0.9bn with India and of EUR-0.4bn with Japan. The EU had a trade surplus with Hong Kong, Singapore and South Korea in 2020.

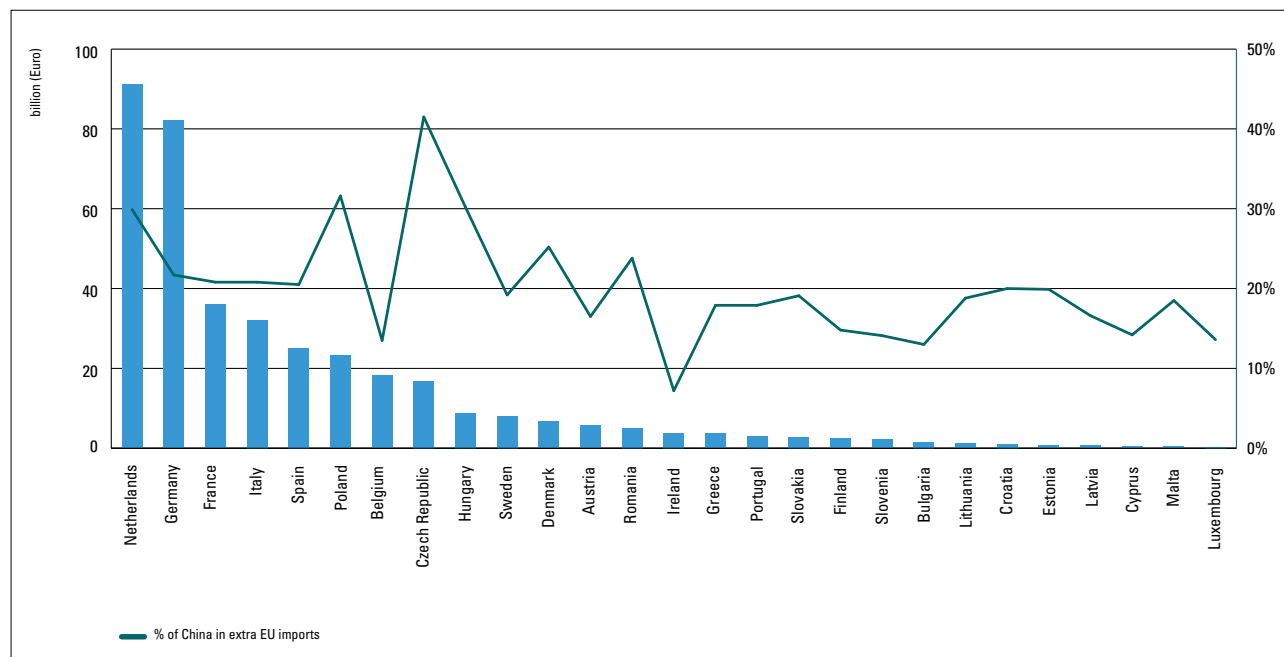
While the main areas of import and export from and to China differ between member states, the EU generally performs strongly in exporting motor vehicles and components, machinery, medicine and pharmaceuticals, measuring and other instruments, and electrical and other types of machinery to China. Chinese exports to the EU are dominated by telecommunications equipment, automatic data-processing machines, textile and other materials, electrical machinery, household equipment, electronic tubes and other equipment, among types of goods to the EU.⁶⁵

However, while mainland China is a significant trading partner for the EU, it is not the Union's largest trading partner; this relationship therefore warrants further analysis. Indeed, while China ranked at the top of the EU's partners for total trade in goods, this position is not the same for imports and exports. Indeed, the EU's largest destination of goods exports in 2020 was the US, at EUR352.9bn, followed by the UK at

EUR277.7bn and China in third place at EUR202.6bn. China was, however, the EU's largest partner for import of goods, at EUR383.4bn, followed by the US at EUR202.6bn and the UK at EUR167.3bn. Although news media stated that China had become the EU's top trading partner globally, this does not take into account the EU's trade in services. Indeed, in 2020, the EU exported EUR183.2bn-worth of services to the US, while it only exported EUR16.9bn in services to China. Taken together with export of goods to the US and China, the EU's largest extra-EU export partner was thus the US at EUR536.1bn, with China totalling EUR249.5bn in exports comparatively.⁶⁶

Intra-EU trade in goods and services in 2020 also surpassed the bloc's trade with China. In 2020, intra-EU exports of goods to other EU member states reached EUR256bn, and most member states had a share of intra-EU exports of between 50% and 75% relative to extra-EU exports.⁶⁷ The outliers here were Cyprus, Ireland and Malta, for whom extra-EU exports were higher than intra-EU exports. Intra-EU exports of services reached EUR852.6bn in 2020. Combined, intra-EU exports of goods and services thus far outweighed both the EU's exports of goods and services to the EU and China combined. This, however, does not consider indirect trade with China through third markets.

Figure 4: Imports of goods from China by EU member states, 2020



Source: Eurostat

The importance of the Taiwanese and Chinese markets to member states

While the EU manages the bilateral trade relationship between the Union and global partners, each of the EU's 27 member states has a varying degree of exposure to the Taiwanese and Chinese markets. In 2020, Germany conducted the largest proportion of total trade in goods between the EU and Taiwan measured in value, with a share of 31% or EUR15.7bn. The five next largest EU member states together accounted for over 80% of the total value of trade in goods between the EU and Taiwan, including the Netherlands (27.3%; EUR13.5bn), France (7.8%; EUR3.8bn), Italy (6.2%; EUR3.1bn), Belgium (4.8%; EUR2.4bn) and Spain (3.4%; EUR1.7bn).⁶⁸ Furthermore, in 2020, 13 member states increased their bilateral trade in goods with Taiwan, while 17 increased their exports of goods to Taiwan from the previous year. Compared with Taiwan, more EU member states held trade deficits with mainland China in 2020 – 24 member states out of 27 – with the largest deficits held by the Netherlands (EUR75.3bn), Poland (EUR20.2bn) and Italy (EUR19.2bn).⁶⁹

European capitals often frame discussions regarding national and EU-level China policies based on the strength of the Chinese market for European companies and the subsequent importance of the Chinese economy

for EU member states' economic growth. However, the share of trade between individual member states and mainland China compared to other trading partners is often overstated when direct bilateral trade is considered. When considering the value of the total trade relationship between China and EU member states, China does not always feature as the largest trading partner. For example, in 2020 China was the second largest destination for German exports and the first source of imports to Germany.⁷⁰ In terms of overall trade, China ranked as the largest trading partner for Germany, followed by the Netherlands, US, France and Poland. France's main trading partners are the EU, the US and China. However, China ranks 7th in France's list of top export destinations globally and 6th as a source for imports.⁷¹ China ranks as the Netherlands' 9th largest destination for exports and 2nd largest source of imports after Germany.⁷² Finally, China was the UK's 6th largest destination for exports in 2020 and its 2nd largest source of imports.

In all of four of these cases, China's ranking varies. However, what is striking is that in all four cases, China ranked much higher in the country's top sources of imports than it did as a destination for exports. This was particularly the case in Germany, for which China ranked as the second largest source of imports.

Table 1: Top ten trading partners for selected EU member states by value of exports, 2021

Ranking	Netherlands	France*	Germany	UK
1	Germany	Germany	US	US
2	Belgium	US	China	Germany
3	France	Italy	France	Netherlands
4	UK	Belgium	Netherlands	Ireland
5	US	Spain	Poland	France
6	Italy	UK	Italy	China
7	Spain	China	Austria	Belgium
8	Poland	Netherlands	UK	Switzerland
9	China	Switzerland	Switzerland	Italy
10	Sweden	Poland	Belgium	Spain

*Statistics for France were only available for 2020
Sources: Statistics Netherlands; Ministry for Europe and Foreign Affairs of France; Federal Statistical Office of Germany; United Kingdom Office for National Statistics

Table 2: China's top destinations for exports, 2020 (USD, billion)

Destination	USD, billion	Destination	USD, billion
US	451.7	Germany	86.8
Hong Kong	272.6	Netherlands	79.0
Japan	142.6	UK	72.6
Vietnam	113.8	India	66.7
South Korea	112.5	Taiwan	60.1

Source: National Bureau of Statistics of China

However, as the table above shows, three European states feature in China's top ten destinations for exports in 2020. These include Germany in 6th place, as well as the Netherlands and the UK in 7th and 8th place, respectively. In total, EU27 (excluding Cyprus) imports from China made up nearly 16% of China's total exports in 2019. If the total of Chinese exports to like-minded countries (Australia, Canada, India, Japan, South Korea and the US) is added to this, the EU26 and like-minded countries' imports of Chinese goods in 2019 totalled 49% of all Chinese exports that year.

Leveraging Europe's economic weight to deter or respond to a cross-strait crisis

European powers are increasingly looking to the East as the driver of economic growth and centre of geopolitical competition. The EU, France, Germany, the Netherlands and the UK have each published Indo-Pacific strategies, 'notes' or included the Indo-Pacific more prominently in larger strategic policy directions in the last two years. These strategies do not necessarily mark a sea change

in European thinking about the region, but European leaders have begun to publicly discuss China in a more critical light.⁷³ European strategies on the Indo-Pacific go beyond their strategies on China. They reflect a recognition that stability in the Indo-Pacific region has a direct impact on European prosperity and security. Contributing to peace and security in the Indo-Pacific region by maintaining the rules-based international order in the region, as well as openness of the high seas are common threads of all the strategies, though the UK's strategy goes further in stating that it seeks to shape the rules-based international system. As discussed in the next section, European actors would be able to leverage their military capabilities in various ways in the Indo-Pacific region, though they will still be limited compared to the capabilities that the US can deploy. Given this, Europeans will likely focus on other areas of security cooperation and engagement, such as on climate change, organised crime, piracy or cyber security. Regarding economic engagement, the strategies emphasise the intention to diversify trade relationships with countries throughout the Indo-Pacific, provide infrastructure investment alternatives to China's Belt and Road Initiative and invest in emerging and disruptive technology research and development with regional partners.

While European capitals have a limited ability to play an active military role in a Taiwan Strait crisis, they can leverage other strengths to deter a crisis from happening, or to respond to a crisis if and when one erupts, including trade relationships with both sides of the Strait. It can be argued that European trade relationships with China reflect high dependence on the Chinese market and that European states therefore have limited political will to criticise China on various aspects of its domestic and foreign policy. However, European capitals and the EU (particularly the European Parliament) have become more vocal about their disagreements with Beijing and cautious support for Taiwan.⁷⁴ While the trading relationships between European states and China are strong, China does not dominate Europe's external trade and China's importance in bilateral trade relationships with European states has been overstated in European debates. Furthermore, the imbalance of trade relationships between European states and China

is often in favour of China. This presents European states with an opportunity to signal to China that its need for foreign investment and Europe's willingness to import Chinese products and services might be at stake in the event of a Taiwan Strait crisis.

This would be most impactful as a deterrent message to Beijing in the lead-up to a crisis. Once a Taiwan crisis has started, experts estimate that the damage to the global economy would be significant. The US has also already started signalling these messages to Beijing. On 4 May 2021, US National Security Council Coordinator for the Indo-Pacific Kurt Campbell stated that a cross-strait conflict would extend geographically beyond just the Taiwan Strait. At a *Financial Times* Global Boardroom event, he argued that a conflict across the Strait 'would broaden quickly and it would fundamentally trash the global economy' in unpredictable ways.⁷⁵ While open-source analysis on the exact consequences of a cross-strait conflict currently lacks detailed insight, experts largely agree that such a conflict would have long-lasting down-stream impacts on the global economy. These range from a halt to global supply chains (particularly of semiconductors if Taiwan maintains its monopoly on cutting-edge technology), China's potential removal from the global financial SWIFT system, the rise of an alternative to the US dollar and even a return to an agrarian economy reminiscent of the Mao-era for China.⁷⁶ In 2019, McKinsey estimated that between USD22 trillion and USD34trn of economic value (equivalent to about 15–26% of global GDP by 2040) could be at stake, depending on the level of engagement between China and the world.⁷⁷

Targeted sanctions as a deterrence

To deter a Taiwan conflict, European states could signal their intention to impose economic sanctions on Beijing following any attempt to unify the island with mainland China by force. The European Union and European capitals did so recently against Russia following its invasion of Ukraine in February 2022.⁷⁸ The EU, alongside Canada, the UK and the US, already has some experience in placing sanctions on China too. It imposed an arms embargo on China that remains in place today, following the brutal crackdown on and killing of Chinese protesters on 4 June 1989 on Tiananmen

Square in Beijing. The US also imposed wide-ranging sanctions against China following the massacre, including export and financial restrictions.⁷⁹ More recently, the European Union imposed travel bans and asset freezes on four Chinese individuals and one entity in response to serious human rights violations and abuses, with the UK and Canada implementing similar actions.⁸⁰ The US went beyond this, sanctioning Chinese telecommunications and ICT firms that it alleges are tied to China's surveillance state and repression of ethnic and religious minority groups in China, as well as Chinese defence companies that it views as being engaged in missile technology proliferation activities.⁸¹

European capitals could take similar actions against China if unification by force looks imminent. However, the question remains as to whether such deterrent messages would have an impact on Beijing and whether, if imposed, sanctions would change Beijing's behaviour. Indeed, in the case of Russia, the EU and US have been hesitant to extend the economic sanctions to Vladimir Putin or to an exclusion of Russia from SWIFT.⁸² So far, the sanctions have also been criticised for not preventing conflict or altering Putin's decision to invade Ukraine. However, as US President Joe Biden has stated, 'no one expected the sanctions to prevent anything from happening... it's going to take time'.⁸³ How China would react to sanctions in the lead-up to a Taiwan crisis similarly is similarly uncertain.

China has historically acted differently depending on whether the sanctions imposed upon it were strategic or tactical. Strategic sanctions are defined as broad-ranging sanctions that are imposed by a country in order to 'target and undermine key security interests of the target country' with the objective to 'delegitimize, contain, undermine or even topple the regime of the target state'.⁸⁴ Tactical sanctions conversely do not seek to undermine the target country's security interests. Historically, China has viewed strategic sanctions, such as those imposed by the US in response to the Tiananmen Square massacre, as broad in nature, with the ultimate goal of undermining China's political system. In response, China acted defiantly, and Washington's pressure did not significantly impact domestic repression levels in China.⁸⁵ When sanctions were regarded as targeted and specific, however, China responded more cooperatively.

For example, in the 1980s the United States imposed sanctions on companies and individuals involved in the transfer and exports of technology related to weapons of mass destruction.⁸⁶ China's leadership understood that these sanctions were limited to specific actors and that they would be lifted if the entities involved discontinued the activities of concern. This analysis suggests that in response to these limited sanctions, the Chinese government increased its regulatory capacity over the companies that export military or dual-use products.⁸⁷

This could imply that sanctions could have an impact on Chinese behaviour, depending on the type of sanctions imposed. However, direct application of lessons from these historical examples should be treated with caution. Firstly, the relationship between China and the United States has changed dramatically since the 1980s, from cooperation to competition. Policy responses by the Chinese government today might therefore be different, now that Beijing is able to leverage its larger political, economic and military role on the global stage.

Secondly, the current targeted sanctions by governments on China, for example in response to the persecution of religious and ethnic minority groups, have not elicited cooperative responses. Instead, China's policies with regard to Xinjiang have not changed and in June 2021, China imposed counter-sanctions on European and American individuals and think tanks.⁸⁸ The current environment in China is one of heightened securitisation, as reflected in the 2015 National Security Law (中华人民共和国国家安全法, 2015). This law applies the concept of national security to Beijing's political, military, economic, cultural and social affairs within China and abroad.⁸⁹ According to Beijing, sanctions imposed on China for its policies in Xinjiang are considered as interference in domestic affairs 'using human rights as a pretext'.⁹⁰ Given that Beijing regards Taiwan as part of its domestic affairs and a core issue, it is possible that even targeted sanctions will not guarantee cooperation from Beijing.⁹¹

Thirdly, while targeted sanctions may have a greater chance of soliciting a cooperative response from Beijing, it is important to keep in mind the duration of such sanctions is an important deciding factor. The imposition of sanctions following the Tiananmen Square massacre has continued in part until today through the

arms embargo. However, China's economic rise in the 1990s and the pull of the Chinese market still strengthened trade and financial ties between the US, European countries and China in the last three decades. Similarly, while Washington threatened to revoke or condition China's Most Favoured Nation (MFN) status following the Tiananmen Square massacre, the George W. Bush administration renewed China's MFN status every year after 1989 and then-president Bill Clinton dropped the policy of linking China's MFN status with human-rights issues two years after his inauguration.⁹² For sanctions to have a strong deterrent impact, European capitals will have to signal that they will not be fleeting.

Preparing for counter-sanctions

Agreeing to coordinate sanctions measures against China to deter its unification with Taiwan by force would require significant political will and unity from European capitals. Misconceptions about the importance of the Chinese market for economic growth persist in European capitals and may prove to be an obstacle to this. Furthermore, European capitals will have to contend with the possibility of potential Chinese retaliation in the economic domain. While the former has already been addressed in the analysis above, the latter requires further examination.

As early as 2010, reports emerged that highlighted China's ability to wield economic coercive measures in order to dampen foreign states' criticism of its policies and activities.⁹³ In recent years, China has indeed used economic measures against states in retaliation to criticism. In 2017, Beijing forced the closure of many supermarkets of the South Korean Lotte Group across China after the company agreed to a land swap that enabled South Korea to install a US Terminal High Altitude Area Defense (THAAD) system.⁹⁴ In 2021, Australian barley, wheat and coal became the targets of Chinese tariff hikes in response to what Beijing referred to as a 'list of grievances'. These grievances included 'incessant wanton interference in China's Xinjiang, Hong Kong and Taiwan affairs'; 'spearheading the crusade against China in certain multilateral forums'; Australia's passing of laws to counter foreign interference that China viewed as targeting Beijing; Canberra's funding of an 'anti-China thinktank'; and Australia's call for an independent

inquiry into the origins of COVID-19.⁹⁵ Lithuania, similarly, has seen a dramatic decrease in trade with China following an announcement that it would deepen ties with Taipei. China has not just decreased trade with Lithuania, but gone further, also blocking EU imports that include Lithuanian components.⁹⁶ These tactics are not new. In 2010, China blocked rare earth-mineral exports to Japan following the detention of a Chinese fishing vessel's captain by the Japanese coast guard.⁹⁷ In the same year, China imposed additional import controls on Norwegian salmon following the award of the Nobel Peace Prize to Chinese dissident Liu Xiaobo. Canada, the Philippines, Taiwan, the US and some multinational companies such as H&M and Nike have similarly faced economic repercussions for their policy decisions with regards to China.

There is no denying that the Chinese government has leveraged economic tools to coerce acquiescence from or policy change in target countries and companies. However, the economic impact of such measures has also been limited and, once imposed, more often than not they did not lead to policy change in these countries. The South Korean case may be an exception; China's economic coercive measures over the deployment of THAAD to South Korea heightened public criticism of China, but ultimately made the Moon Jae-in government more hesitant to take decisions that appeared to take sides between Beijing and Washington.⁹⁸ Nevertheless, details about Chinese economic coercion tactics show that Beijing has in the past been highly selective about which industries to target and that measures have not been long-lasting.

Firstly, Chinese coercive activity targets areas of trade that are important to the target country but not vital to China. However, the target countries also have ways to absorb these measures. For example, while Lotte's retail business in China did suffer, the company was able to shift its business to other markets, such as Vietnam and Indonesia, instead. Furthermore, other key South Korean businesses that trade with China did not suffer. South Korean semiconductor exports to China and South Korean oil companies operating in China reported no irregular disruption from 2017 onwards throughout the duration of the Chinese ban. Likewise, while China targeted Australian coal, it tellingly did not

target iron-ore exports to China, which China depends on much more and which would have had a significant negative impact on the Chinese economy.⁹⁹ Similarly, while China's coercive measures against Australian beef, wine, barley, lobster and coal did have an impact on bilateral trade in these areas, Australian producers were able to shift their exports to other markets relatively quickly. In the case of Australian rock lobster, for example, exports to Hong Kong increased by 2000%.¹⁰⁰

In other cases, reporting on Chinese import bans on foreign goods fails to acknowledge the relatively minor role that the Chinese market plays within overall trade for specific products. Such was the case with the Chinese ban on Norwegian salmon. Although Chinese imports of Norwegian salmon dropped by 61.8% in 2010 following the imposition of the ban, China only accounted for 1.66% of total Norwegian salmon exports.¹⁰¹ The main Norwegian fish exporter to China, Marine Harvest, replaced its sale of Norwegian salmon to China with Scottish salmon.

Lastly, Chinese sanctions have not proved to be long-lasting. The ban placed on South Korea's Lotte lasted two years before the municipal government of Shenyang gave Lotte permission to resume work on a Lotte Town shopping and leisure development worth USD2.6bn in 2019.¹⁰² Similarly, although China banned Norwegian salmon from three major Norwegian areas in 2015 because of concerns about the presence of salmon anaemia and other variants of the virus, by 2018 China had lifted its ban on farmed Norwegian salmon and by the second half of 2018, exports of Norwegian salmon to China had tripled since the ban was lifted.¹⁰³

Further considerations

Should they wish to, European capitals have options to leverage their economic ties with China in order to deter military conflict. While sanctions have proved somewhat effective in the past, further research should be conducted on how changing economic policies within China may change the potential impact of sanctions on Beijing. Beijing is concerned about slowed economic growth and outwardly critical of the possibility of decoupling. Simultaneously, however, President Xi has pushed forward a policy of dual-circulation, whereby China's economic growth should be driven more by

domestic consumption rather than foreign trade.¹⁰⁴ China is also seeking to diversify its dependence on certain imports. An example of this is the announcement of a 30-year contract to supply Russian gas to China via a new pipeline, which would bolster energy relations between China and Russia at a time of heightened tensions with the West.¹⁰⁵

Lastly, considering the changing political dynamics within Beijing under President Xi, the question remains as to how much pain Beijing would be willing to endure to achieve unification with Taiwan. Beijing believes that 'the United States is playing the Taiwan card to contain China'.¹⁰⁶ Xi has made it publicly clear that unification with Taiwan is non-negotiable. In his 2019 New Year address, he stated that 'reunification is the historical trend and it is the right path' and that 'Taiwan's independence is a reversal of history and a dead-end road'.¹⁰⁷ Considering the importance of unification for China to achieve the 'China Dream', European capitals should be prepared for Beijing to be willing to accept longer-term economic and financial consequences for unification with Taiwan by force if it considers that there is no alternative.

Conclusion

Taiwan is a relatively small trading partner for European states when compared to China. Nevertheless, Taiwan's current strengths in critical high-tech components within the global supply chain, and its ambition to become a global high-tech innovation hub make it a valuable trading partner, with room for growth within bilateral and multilateral trading relationships. While China's market is of importance to European business, Europe can also leverage its strong trading relationship

with China as a foreign-policy tool. If politically willing to do so, European capitals could use their economic ties with China to seek to deter unification by force. Firstly, while media reports often point to the importance of China's market for European business, Europe's most important market is in fact intra-EU trade. Furthermore, Europe is an equally important market for Chinese businesses, and thus one that Beijing may not want to risk. Secondly, European capitals could use their economic ties to China to signal to Beijing that economic sanctions may be on the table should a cross-strait crisis erupt. Here, European states would have to consider what type of sanctions may be most effective, keeping in mind not just what has been effective in the past, but also the changing context of Chinese domestic and foreign policy under President Xi Jinping. Lastly, Europe will have to consider potential counter-actions by Beijing. However, as this study shows, while China has used its trade ties to enact pressure on foreign governments before, or threatened to do so, the impacts of such measures have not yet been overwhelmingly detrimental to either a company or a sector and have not been successful in changing policy direction in target countries. Ultimately, European unity and political will to act will be vital, and both Taiwan and China will watch how European capitals continue to respond to Russia's invasion of Ukraine in February 2022, including how long the sanctions imposed take to have impact, what their impacts are and how long they remain in place. Further research should explore the changing dynamics within Chinese economic policy and how these could alter the impact of European sanctions on Beijing, as well as the further intricacies of European-China indirect trade through third markets.

Chapter Three: European Military Capabilities and Options for Defending Taiwan

Whilst European states do not have a formal military commitment to Taiwan akin to the Taiwan Relations Act in the United States, they are nonetheless likely to come under considerable pressure from allies and regional partners to contribute to the collective defence of Taiwan in the event of a military confrontation with the People's Republic of China (PRC).

The principal burden of any such contribution is likely to fall upon a relatively small number of European militaries. Seven countries (France, Germany, Italy, the Netherlands, Poland, Spain and the United Kingdom) collectively accounted for over 80% of the combined defence budgets of Europe's NATO members in 2021, as well as the bulk of the continent's expeditionary military capability and all current national Indo-Pacific strategies.¹⁰⁸

The scale of any military commitment made at present is likely to be limited by at least two significant, competing demands in Europe's near abroad: a deterrence requirement against Russia in Eastern Europe and ongoing insurgent and jihadist violence in the Sahel and the Middle East. From a military-operational perspective, the capabilities and forces most useful in a Taiwan conflict scenario are, by and large, the same capabilities that would be of key importance in a high-intensity conflict with Russia in Eastern Europe. These include, among other things, command, control,

communications, computers, intelligence, surveillance and reconnaissance (C4ISR) systems, cyber-reconnaissance capabilities, precision-guided munitions, long-range air and maritime strike, medium- and long-range air-defence systems, electronic-warfare (EW) systems, as well as suppression of enemy air defence and destruction of enemy air defence (SEAD/DEAD) aircraft and weapons. As a result, any European move to significantly support the US and Taiwan militarily in a conflict with China would to some extent weaken Europe's capacity to deal with a Russian contingency at the same time, unless there is a fundamental shift towards detente relations between Russia and the West.

Despite this, European militaries *can* contribute to the defence of Taiwan if required, even if only to a limited degree. Many European states still possess capable expeditionary forces, along with enabling capabilities that would facilitate their deployment to the Indo-Pacific theatre, although the lack of established forward-operating locations poses significant challenges to European power-projection capabilities to the region.

Perhaps the most challenging issue for European military planners in the event of a Taiwan conflict would not, however, be generating their own forces for deployment, but rather the likely reduction in available US reinforcements for a simultaneous contingency in Europe or its near abroad.

Europe's Indo-Pacific presence

France and the UK are the only European countries with a permanent military presence in the Indo-Pacific region, and both remain primarily postured for low-intensity local contingencies. For higher-intensity operations, both countries would be dependent on rotating additional forces into theatre from bases in Europe or the Middle East, but neither currently has its own basing and support capabilities in the Pacific on the scale required to sustain major combat operations.

France

The French military presence in the Indo-Pacific is two-fold. Forces are deployed on a permanent basis to support the exclusive economic zones (EEZ) of France's overseas territories in the Indian and South Pacific oceans. These forces are further tasked with conducting counter-narcotics missions and providing humanitarian assistance and disaster

relief to the region. Split between regional commands, approximately 6,000 personnel operate several vessels, with *Floréal*-class frigates and *d'Entrecasteaux*-class patrol ships being the most notable, as well as maritime surveillance aircraft, transport aircraft and helicopters.¹⁰⁹

France regularly deploys further naval combat forces from the French mainland to the Indo-Pacific in order to portray France's ability to project hard power in the region and to train with partner defence forces for operational deployments. An amphibious group is regularly deployed to the region within the framework of the *Mission Jeanne d'Arc*.¹¹⁰ Similarly, a carrier group, centred around the aircraft carrier *Charles de Gaulle*, was deployed to the region as part of *Operation Clemenceau* in 2019 and 2021.¹¹¹ A 2021 patrol of the South China Sea by a French nuclear submarine and a naval support vessel was also promoted by France as proof of its ability to deploy naval assets for the long-term support of allied forces in the region.¹¹²

During their 2021 missions, both the French amphibious and carrier groups took part in numerous exercises with partner nations. Notably, the *Tonnerre* amphibious assault ship led *Exercice La Pérouse*, a so-called 'Quad-plus' event, with Australia, India, Japan and the US, in the Bay of Bengal to enhance inter-operability between the respective forces.¹¹³ French land forces based onboard the *Tonnerre* additionally participated in the *ARC21* exercise alongside Australian, Japanese and US troops to practise joint amphibious and urban warfare operations, the latter being designed to simulate the environment of remote islands.¹¹⁴ The *Charles de Gaulle* participated in *Exercice Varuna* with the Indian Navy and temporarily took command of the US Task Force 50 in the Arabian Sea, but did not cross into the Pacific Ocean.¹¹⁵

France also has the ability to deploy air assets to the region in the short term, with combat aircraft, helicopters and tactical transport aircraft positioned in the United Arab Emirates and Djibouti.¹¹⁶ A notable example of this capability is the PEGASE 2018 deployment of a detachment of *Rafale* combat aircraft and accompanying tanker and transport aircraft to Australia and Asian partners to participate in various exercises.¹¹⁷ In 2021, another detachment of *Rafales* and accompanying support aircraft deployed to Polynesia, simulating combat in contested airspace within a 48-hour mission time frame. Following this, the French aircraft moved on to fly training sorties with US F-22s in Hawaii, further demonstrating France's ability to support the US forces in the Indo-Pacific at short notice.¹¹⁸

The United Kingdom

The UK's permanent military presence in the Indo-Pacific is also quite limited, with the bulk of its locally stationed forces composed of a Gurkha infantry battalion and an Army Air Corps utility helicopter squadron in Brunei.¹¹⁹ The UK's recent military footprint in the region has instead been characterised by frequent rotational deployments of Royal Navy warships, most notably the deployment of a UK Carrier Strike Group (CSG) in 2021 centred around the aircraft carrier the *HMS Queen Elizabeth*. The CSG was joined by a Dutch frigate and a US destroyer as well as a US Marine Corps squadron operating F-35B aircraft.¹²⁰ Whilst in the Indo-Pacific, the CSG conducted exercises to further inter-operability with several partner nations, including Australia, Canada, India, Japan, New Zealand, Singapore and South Korea.¹²¹

In late 2021, the UK deployed two Batch-2 *River*-class offshore patrol vessels on a long-term basis to the region.¹²² An amphibious Littoral Response Group is planned to be deployed to the Indian Ocean in 2023, while the offshore patrol vessels are expected to be replaced by more capable Type-31 frigates when the latter enter service later in the 2020s.¹²³

The UK is also a member of the Five Power Defence Arrangements (FPDA) along with Australia, Malaysia, New Zealand and Singapore, and regularly participates in the group's annual exercises. In 2019, the Royal Air Force deployed a flight of *Typhoon* combat aircraft to Malaysia to take part in the FPDA Exercise *Bersama Lima*.¹²⁴

Scenarios

The precise nature of the demand of any Taiwan contingency on European militaries is dependent on the operational approach, or approaches, adopted by China. The US Department of Defense has identified four principal options open to Beijing: a coercive cyber and information operations campaign; a dedicated air and maritime blockade of Taiwan; a stand-off campaign of air and

missile strikes; and an invasion of Taiwan's outlying islands or of the main island itself.¹²⁵ The following section will outline each of these scenarios and the ways in which European powers could respond to them.

Each of these options would require a different combination of capabilities to be deployed in response. The physical constraints facing European countries' provision of these capabilities can be grouped

into three categories: availability, deployment and inter-operability.

- *Availability requirements:* These include the quantities of troops, platforms and weapons systems in key areas held by selected European states; considerations over their levels of operational readiness; competing defence priorities; and likely warning times.
- *Deployment requirements:* These include the challenges associated with deploying forces into theatre and sustaining them while there, including strategic air and sealift, logistical support and basing.
- *Inter-operability requirements:* These include assessments of the levels of integration of weapons systems, platforms and formations, as well as general operational, logistical and other support processes between European militaries and those of the US, Taiwan and other relevant regional actors.

Table 3 below shows key areas of military capability that European states might be asked to provide in each scenario and assesses the relative level of stress that their provision would cause according to each of the three categories identified.

The scenarios do not include potential nuclear dimensions of a Taiwan conflict. Chinese leaders remain sceptical about the possibility of limited nuclear war and controlling nuclear escalation. There is also documented evidence that they believe that a military confrontation

with the US, Taiwan and its allies will most likely not escalate to the use of nuclear weapons.¹²⁶ This hypothesis may be ill founded and may blind Chinese leaders to the dangers of inadvertent nuclear escalation, but, as a result, the scenarios discussed below focus on conventional aspects of a military confrontation in the Western Pacific.

1: Grey-zone activities

China would likely use sub-threshold coercion in the grey-zone – clearly hostile activities below the threshold of armed attack – directed at non-military targets and across war-fighting domains including air, sea, cyber and space. For example, China’s People’s Liberation Army (PLA) could use military aircraft to continuously intrude into Taiwan’s air defence identification zone (ADIZ), forcing Taiwanese interceptor fighters to be scrambled on a near-daily basis and draining the Taiwanese Air Force’s resources and personnel. Indeed, the rate and intensity of Chinese incursions into Taiwan’s ADIZ reached an unprecedented level in 2021.¹²⁷ The most likely scenarios that might engage possible military responses from Taiwan would involve large numbers of Chinese fishing boats or merchant ships being deployed close to Taiwan or even in Taiwanese harbours with a mission to disrupt shipping traffic.¹²⁸ Other options might include civilian aircraft flying without permission to airfields in Taiwan. Further options less likely to provoke a military response would include large-scale information operations, including cyber sabotage attack and cyber-influence operations designed to undermine social cohesion in Taiwan and provoke civil unrest to try to force the institution of martial law. Conventional sabotage of Taiwan’s critical infrastructure (for example power plants and hospitals) and further targets, such as the landing stations for undersea cables and ground stations for satellites, could also be employed to force concessions.¹²⁹ In recent years, Taiwan has been a particular target of Chinese cognitive warfare campaigns aimed at manipulating Taiwanese public opinion.¹³⁰

European options

Availability, deployment and inter-operability requirements for European armed forces would be low in this

Scenario	Key capability areas*	Availability requirements	Deployment requirements	Inter-operability requirements
Grey-zone activities	Cyber defence and information warfare operations	Low	Low	Low
Air and maritime blockade	Airlift (civilian)	Low	Medium	Low
Air and missile strikes	Air and missile defence	High	Medium	High
Invasion	Air and maritime strike	High	High	High

*Cyber offense and defence operations are applicable in all scenarios
Source: IISS

scenario. However, any European support to help combat Chinese grey-zone activities would need to begin before the start of a military crisis. Firstly, European partners alongside Taiwan could actively cooperate in helping establish norms of behaviour that could help stigmatise Chinese grey-zone coercion. European countries would be ideally suited for this task, given their norm-setting powers and influence in international organisations.¹³¹ Secondly, select European powers and Taiwan could informally conduct bilateral exchanges and partnerships between their respective coast guards with a special emphasis on countering coercion in the grey zone. These could include joint exercises by European and Taiwanese special-operations forces to practise countering grey-zone coercion in the maritime domain in and around Taiwan as part of regular military exchanges.

Thirdly, Europe could support Taiwan by helping to fend off Chinese attacks in the cyber domain. Despite lagging behind the US, some European countries – most notably France, the Netherlands and the UK – retain strong military-cyber capabilities and could provide operational experience in cyber warfare. Both France and the UK have conducted successful military-cyber campaigns against terrorist groups in the Sahel and the Sahara, as well as against the Islamic State (ISIS) terrorist organisation in Iraq and Syria. A recent net assessment by the International Institute for Strategic Studies has assessed the UK and France as being on a par with China and Russia in terms of overall cyber capabilities. The UK and other European nations are likely already covertly engaged in cyber espionage against Chinese military targets that would be involved in a Taiwan crisis. The UK has more than 50 years of experience in collecting military intelligence on China. This capability is magnified by the operations of the ‘Five Eyes’ intelligence alliance (an intelligence-sharing arrangement comprising Australia, Canada, New Zealand, the UK and the US) and of the UK’s own Secret Intelligence Service, which is largely responsible for the collection of human intelligence.

Not all European powers would necessarily need to go on the offensive against the PLA in the cyber domain. They could confine their role to helping defend Taiwanese networks instead. For example, Germany

is known to operate effective computer emergency response teams (CERTs); specifically, their military Computer Emergency Response Team Bundeswehr (CERTBw) could help protect Taiwanese networks and support their defence operations. This would require deeper peacetime cooperation between Taiwan and Germany and a willingness to share critical intelligence in a timely manner, which could prove difficult given previous high-profile intelligence leaks within Taiwan’s armed forces. While bilateral mechanisms do exist, it remains to be seen whether such a mechanism to share critical cyber-intelligence data between select European countries and Taiwan could be established and the likely trust deficit overcome.

If such cooperation were established, the UK, France and other European cyber powers could engage more actively with Taiwan bilaterally and, for example, offer select capabilities to help map PLA military networks. Individual European military and intelligence cyber operators could also more actively share PLA network vulnerabilities with their Taiwanese counterparts. Notably, none of the European countries selected has so far officially participated in cyber exercises with Taiwan. For the first time in 2019, participants from the Czech Republic, Japan, Malaysia and the US took part in Taiwan’s Cyber Offensive and Defensive Exercise (CODE), which had been running since 2013.¹³² These realistic exercises were designed to prepare Taiwan’s cyber professionals and relevant infrastructure for Chinese cyber attacks. Future iterations of the exercise could include other European powers.

2: Air and maritime blockade

For greater coercive effect, China could choose to implement an air and maritime blockade, potentially paired with information-warfare operations to force political concessions from Taipei. This has been described in PLA documents as forming part of a Joint Blockade Campaign (大型岛屿联合封锁作战).¹³³ This could include a blockade of the main island or a blockade of smaller territories such as the Matsu Islands. If it wishes to remain sub-threshold, Beijing could implement such a blockade informally, such as by imposing a ‘customs quarantine’ by proclaiming an expanded Chinese ADIZ over Taiwanese airspace and requiring

airlines and commercial shipping companies to have Beijing’s approval to enter Taiwan, for which they would have to submit cargo and passenger manifests.¹³⁴ This would allow China to leverage Taiwan’s economic supply lines for political gain and further limit the degree to which critical defence equipment could be brought into Taiwan.

China could also opt to implement a full-scale blockade of mainland Taiwan in an attempt to completely isolate the island. Maritime shipping and cargo airlines would be completely banned from entering Taiwan and would risk being sunk or shot down if they attempted to do so. Limited kinetic strikes could be conducted against select targets and the island’s submarine communication cables could be cut. Taiwan’s Ministry of National Defense currently considers the PLA to be already capable of blockading key ports, airports and logistical supply lines.¹³⁵ A maximal blockade such as this could be seen as a precursor to a large-scale invasion of the island nation and would likely trigger a significant response from Taiwan’s allies.¹³⁶

European options

In the case of an informal blockade, such as the ‘customs quarantine’ concept outlined above, availability, deployment and inter-operability requirements for European armed forces are assessed to be low, medium and low respectively. This judgement is made under the assumption that European countries would seek to avoid the situation escalating to direct military confrontation if possible. Instead, they could choose to organise or participate in an international airlift to break the blockade by requisitioning civilian cargo planes (see Table 4).

In order to emphasise its non-military nature, this could be coordinated by the EU’s Emergency Response Coordination Centre (ERCC) or through an ad hoc arrangement between participating European nations. Notably, most aircraft listed below are commercially operated, so any such operation would require an agreement between commercial operators and respective European governments. This could be part of the ERCC’s contingency planning. Agreements between the US Department of Defense and commercial operators for the US Civil Reserve Air Fleet – contracted to contribute to emergency airlift capabilities when the

Table 4: Civilian cargo aircraft in service per country (commercial aircraft)

Country	Number of cargo aircraft with maximum take-off weight of over 100,000 kg	Number of cargo aircraft with maximum take-off weight of less than 100,000 kg
France	19	0
Germany	88	4
Italy	9	3
Netherlands*	4	0
Poland*	1	13
Spain	11	27
UK*	54	7

* Data from 2019
Source: Eurostat data for 2020

need for airlift exceeds the capability of military airlift – could serve as useful blueprints in this regard.¹³⁷

As long as this activity is not overly military in nature, China, having chosen to pursue a sub-threshold approach, may be unwilling to escalate to direct military action by attacking civilian cargo planes en route to Taiwan. The logistical operation could be accompanied by coercive diplomacy and the threat of the imposition of economic sanctions and a boycott of a select number of Chinese goods. European countries could also respond to Chinese aggression in the cyber domain and conduct tactical cyber operations to spoof or manipulate Chinese naval C4ISR systems. As previously discussed, this would require closer cooperation between European and Taiwanese military cyber specialists and willingness on the part of the United States to share intelligence on cyber vulnerabilities of PLA naval platforms.

Breaking a full-scale blockade actively enforced by the PLA would present a greater challenge and would likely require the deployment of military air and naval platforms in significant numbers, either to run the blockade directly, or to pressure Beijing by imposing a counter-blockade of Chinese ports. Given that Beijing’s adoption of such a blockade could be seen as a key indicator of an impending invasion, it would likely be accompanied by the build-up of contingency air and maritime combat forces and air- and missile-defence assets in the region. Capability requirements and constraints for European countries in this case would therefore likely be analogous to those discussed in the ‘invasion’ scenario below.

3: Air and missile strikes

Under the Joint Fire Strike Campaign (大型岛屿联合火力突击作战) concept, the PLA could choose to conduct missile attacks and air strikes against select targets in combination with offensive cyber operations to degrade Taiwan's defences and force the island into submission. Such a campaign might be conducted independently or could be combined with offensive cyber operations and a blockade as described above for greater coercive effect or as the prelude to an invasion. In the latter case, operations are likely to be of relatively short duration, but very high intensity. If the strikes are carried out as an independent operation, they may be conducted at a lower intensity over a longer time frame for greater coercive effect.

Beijing's primary tool for such an operation would be the PLA Rocket Force's (PLARF) extensive and well-documented short-range ballistic-missile inventory.¹³⁸ These ground-launched missiles would be supplemented by additional stand-off land-attack cruise missile and anti-ship missile strikes conducted by the PLA Air Force (PLAAF) and Navy (PLAN). The PLA is also in the process of expanding its land-attack missile arsenal by adding new high-speed cruise missile (CJ-100), hypersonic glide vehicle (DF-17) and air-launched ballistic-missile designs to its inventory.¹³⁹

Taiwanese forces may conduct air and missile strikes of their own against Chinese targets in response and, if the campaign is aimed at enabling a subsequent invasion, the PLA might also choose to attack US bases in the region, such as those in Guam, Japan and South Korea, in addition to Taiwanese sites.

European options

Availability, deployment, and inter-operability requirements for European armed forces under this scenario are assessed to be high, medium and high respectively. This assumes that European planners would focus on avoiding Taiwanese capitulation while deterring China from escalating its actions to a full-scale invasion.

Whilst European militaries could choose to join Taiwanese (and potentially US) forces in attacking Chinese targets, such a move would be highly escalatory and is therefore only likely to be considered if PLA invasion preparations are already under way.

Table 5: Selected European long-range air-defence systems and operators

Country	System	Number of batteries
France	SAMP/T	10
Germany	M902 Patriot PAC-3	12
Italy	SAMP/T	5
Netherlands	M902 Patriot PAC-3	3
Spain	M901 Patriot PAC-2	3
TOTAL		33

Source: Military Balance+

A potentially less escalatory way to offer military assistance in such a scenario would be by airlifting air- and missile-defence systems and ground-based EW systems into Taiwan in the run-up to a military conflict. Whilst European countries only possess a limited number of long-range surface-to-air missile (SAM) batteries (see Table 7), they have in the past been able to deploy some of these abroad for operations, most notably in NATO's *Active Fence* mission in Turkey from 2014.

High demand for these assets in a potential Russia contingency would result in only a small number being made available for deployment: perhaps 4–5 *Patriot* batteries from Germany, the Netherlands and Spain collectively. Additionally, allowing for a portion of France's force being allocated to protecting elements of Paris's nuclear deterrent, France and Italy could likely add 2–3 SAMP/T batteries to this total, although this might pose inter-operability challenges with existing Taiwanese systems of US origin.

Even moving a relatively small force such as this, however, would consume large portions of Europe strategic airlift capabilities. By comparison, the US would likely need between 15 and 20 C-5Ms or C-17As to airlift a single *Patriot* or THAAD battery in a single mission. Since the primary heavy-lift aircraft available to European powers, the A400M, has a smaller transport capacity than either the C-5 or the C-17, moving even two *Patriot* batteries in a short time frame might require between 50 and 60 flights. Whilst Europe does have access to aircraft with a larger transport capacity via the UK's C-17 fleet and the multinational Strategic Airlift Capability (SAC) and Strategic Airlift International Solution (SALIS) consortia, these constitute only a small proportion (16 aircraft) of the total fleet (see Table 6).

Table 6: European military strategic airlift capabilities by country

Country	Medium transport aircraft	Heavy transport aircraft
France	22	18
Germany	8	37
Italy	33	0
Netherlands	4	0
Poland	5	0
Spain	0	10
UK	14	28
Multinational (SAC/SALIS)	0	8
TOTAL	86	101

Source: Military Balance+

Perhaps even more so than by transport capacity, such a deployment would likely be constrained by inadequate warning time. The PLA would almost certainly retain operational surprise and there would therefore not be enough time to deploy the systems (notwithstanding the escalatory nature of such a move in crisis times).

A small number of British, French and Italian surface combatants fitted with the *Aster 30* SAM systems could also theoretically be deployed in the missile-defence role. Of the 21 hulls currently in service, the majority are likely to be held for task-force operations, but perhaps 2–3 might be available for a Pacific deployment. However, warning and travel time for such a deployment would be even more challenging than for a SAM airlift.

If a deployment to Taiwan itself is deemed to be impractical, European militaries could instead offer to reinforce US military bases in the region, as well as those of regional allies, although this would require bilateral agreements between the respective European countries and the host governments. Strengthening US and allied force posture in the Western Pacific would constrain China's ability to further escalate its actions. European militaries could focus on the same defensive assets identified in the Taiwan option above, or could be expanded to include air, maritime and ground-based EW or combat capabilities if required.

Operations in the electromagnetic spectrum (EMS) could be used for a number of tasks including supporting the tracking of PLA missile launchers via electronic intelligence, capturing frequencies of communications and locations of target acquisition radars, obtaining

additional operational intelligence about the disposition of PLA forces, as well as jamming and spoofing PLA intelligence, surveillance and reconnaissance (ISR) capabilities.

In the air domain, F-35A/B *Lightning* II aircraft, currently operated by select European countries including Italy, the Netherlands and the UK, possess advanced electronic-warfare capabilities.¹⁴⁰ Other combat aircraft with electronic-warfare capabilities that theoretically could be deployed are the French *Rafale* and the German and Italian (soon to be retired) *Tornado* ECR. The Italian *Gulfstream* G550 CAEW or the French *Beechcraft* King Air 350 VADOR turboprop aircraft would be suitable for Electronic Support Measures (ESM) deployment.¹⁴¹ Deploying these assets would, however, require the use of a substantial amount of air-refuelling capabilities.

In the maritime domain, French *Horizon* and FREMM and British Type 45 surface combatants come equipped with a range of EW capabilities supplied by Thales.¹⁴² While these primarily encompass ESM capabilities, relevant Radar electronic countermeasure (ECM) capabilities such as the *Scorpion 2* decoy system could additionally bolster Taiwanese missile-defence efforts. Additional specialised signals intelligence ships could be supplied by European nations, such as the German *Oste*-class and the French *Depuy de Lôme* ships.¹⁴³

European forces could further supply several ground-mobile EW systems that can rapidly be deployed in the land domain. French tactical EW systems comprised of multiple mobile units would be suited to provide ESM, ECM and electronic-attack capabilities to Taiwanese forces, with the mobile and rapidly deployable SAEC ESM station being a notable example.¹⁴⁴ The 14 Signal Regiment of the British Army utilises SC *Jackal* and FV439 vehicles capable of ESM and electronic attack, which are to be replaced by EW capable *Boxer* platforms.¹⁴⁵ Additionally, the German Bundeswehr could supply mobile TPz *Fuchs* vehicles for ESM purposes.¹⁴⁶ Variants of the TPz *Fuchs* operated by the Netherlands can provide ESM and electronic-attack capabilities, while *Bushmaster* vehicles configured for ESM and ECM could further be deployed.¹⁴⁷

Future equipment purchases such as the French plan to obtain *Falcon 8X Archange* signals intelligence aircraft or Germany's reported planned acquisition of EA-18G

Growler aircraft will enhance potential European contributions with regards to EW in a Taiwan conflict.¹⁴⁸ French ambitions to develop a single EW suite for joint use across all service branches of the military and similar UK investments in its maritime EW capabilities underline that European EW capabilities will continue to grow.¹⁴⁹

If air-based EW capabilities are needed, access agreements to facilitate the use of air bases in the region would also be required. Given range limitations of aircraft, air bases in Japan, in particular Kadena Air Base in Okinawa, would be the most logical choice.¹⁵⁰ In the event of maritime assets with ballistic-missile defence or EW capabilities being deployed, naval bases in Japan, including Sasebo and Yokosuka naval bases, would need to be able to host European ships.¹⁵¹ This assumes that these bases would be operational and not under Chinese missile attack. In a scenario where US bases in Japan were already the target of Chinese missile volleys and therefore rendered unusable, military bases in Australia could be alternative options for the deployment of European military capabilities in the region. In either scenario, the relative lack of current European forward-operating locations will significantly constrain European power-projection capabilities in the event of a crisis.

4: Invasion

The PLA plan for an amphibious invasion of Taiwan and its outlying islands primarily falls under its Joint Island Landing Campaign (大型岛屿联合登岛作战) concept. This would require air and naval superiority and involve military operations across all warfighting domains. Given the operational and logistical difficulties of invading the heavily defended Taiwanese mainland, the PLA might opt to instead seize one or more of Taiwan's island territories, such as the Kinmen, Penghu, Matsu or Wuqiu island groups. Following missile and artillery barrages to disable the air defences of the smaller islands' garrisons, amphibious and air transports could rapidly land ground forces to seize the island before Taiwan is able to react. By presenting Taiwan with a *fait accompli*, China could hope to squeeze Taipei's leadership and force unification negotiations.

In a scenario involving a full-scale amphibious invasion of Taiwan's main island, PLA preparations would likely combine elements of the approach outlined in all

three previous scenarios. A high-intensity series of missile and air strikes, coupled with EW and offensive cyber campaigns, would aim to destroy or degrade Taiwanese air defences and command-and-control nodes as well as troop assembly areas and logistical hubs. Meanwhile, other air and maritime forces would be tasked with isolating Taiwan from reinforcement. Once Taiwanese air defences and anti-ship capabilities have been sufficiently degraded, the bulk of the invasion force would be landed via air and sea. Chinese soldiers would likely disembark on beaches in the north or southwest of Taiwan, while airborne troops would be dropped behind enemy lines to seize strategic chokepoints, key port facilities and critical transport hubs. Special-operations forces or fifth columnists would be tasked with assassinating or capturing Taiwan's political and military leadership to disorganise and demoralise Taiwanese defenders. As before, Beijing is likely to either use the threat of long-range missile strikes on US and allied military bases in the wider Western Pacific to deter outside intervention, or, failing that, to delay the arrival of US reinforcements into theatre with pre-emptive strikes.

European options

Whilst a successful *fait accompli* conducted against an outlying island might not prompt any direct military response by Taipei or its external allies against China, a full-scale invasion almost certainly would. Although warning times for a full-scale invasion would likely be longer than in the previous two scenarios, more capabilities would need to be deployed in response. Availability, deployment and inter-operability requirements for European armed forces in this scenario are therefore all assessed to be high.

Amphibious forces would be at their most vulnerable in the initial phases of an operation, either in transit or before an initial beachhead was secured. The success of such an operation would largely be predicated on the PLA achieving air and sea control around Taiwan for the duration of the operation. Key capability demands on European militaries in this scenario are therefore likely to centre on providing part of the air and maritime combat power necessary to challenge this control, as well as the requisite enablers and support capabilities required to sustain these forces.

European air forces lack dedicated long-range bomber aircraft. Instead, Europe’s combat air power consists of short-range tactical aircraft such as the Eurofighter *Typhoon*, *Rafale* or F-16 *Fighting Falcon*, armed with air-launched cruise missiles and other precision-guided munitions (see Table 7). Most of these squadrons would likely not be available for a Taiwan contingency, being earmarked instead for retention in the European theatre or, in France’s case, for the nuclear deterrent role. Even the largest recent deployment of European combat air power, the 2011 Libyan air campaign, only saw the equivalent of ten squadrons deployed by European militaries at its peak, including naval aviation. Nonetheless, it is possible that select European countries could collectively supply a smaller, but still substantial, air power to the Indo-Pacific, perhaps six squadrons, as long as adequate basing capacity and enabling support were available in the region.

The availability of these bases and enablers is far from clear, however. Relying on short-range combat aircraft would require the use of substantial air-to-air refuelling capabilities – which European air forces only have in limited numbers – both to transfer these aircraft from Europe to the Western Pacific and to support their operations once deployed (see Table 8).

Although US bases in Okinawa or mainland Japan would likely be preferred to minimise the flight time to operational areas near Taiwan, they may not have the capacity to accommodate additional European aircraft given the likely surge of US combat aircraft into theatre, even if they have not been rendered non-operational by Chinese missile attacks. Basing elsewhere in the region would result in substantially increased transit times, with commensurate increases in air-to-air refuelling requirements. It may also present substantially increased logistical and inter-operability challenges, depending on the host country.

The distances involved, as well as the relative lack of low-observable and signature-management capabilities of most European combat aircraft, are likely to result in a focus on long-range stand-off operations, at least until PLA air defences have been substantially degraded. The F-35s currently operated by Italy, the Netherlands and the UK would be more capable of operating in non-permissive environments, but these would still

Table 7: European combat aircraft squadrons

Country	Modern combat aircraft type(s)	Squadrons
France	<i>Rafale</i>	8
Germany	Eurofighter <i>Typhoon</i>	8
Italy	Eurofighter <i>Typhoon</i> /F-35	5
Netherlands	F-16/F-35	3
Poland	F-16	3
Spain	Eurofighter <i>Typhoon</i> /F/A-18	7
UK	Eurofighter <i>Typhoon</i> /F-35	8
TOTAL		42

Source: Military Balance+

Table 8: European air-to-air refuelling aircraft by country

Country	Tanker and tanker/transport aircraft
France	20
Germany	3
Italy	4
UK	10
NATO MMF	5
TOTAL	42

Source: Military Balance+

be dependent on vulnerable tanker aircraft, which would not be, thereby limiting their operational range. While several European countries currently possess air-launched land-attack cruise missiles, such as SCALP EG, *Storm Shadow*, JASSM-ER or *Taurus* KEPD 350, inventory numbers are believed to be relatively small (as is the case for most European precision-guided munition stocks). This would likely be a significant limiting factor for European air operations early in a conflict.

In addition to combat air power, European countries could also deploy surface naval forces in the vicinity of Taiwan for surface-warfare operations against the PLAN, land-attack missions or ballistic-missile defence. Attack submarines could be used against PLA naval assets and to conduct sea-launched land-attack strikes (see textbox). The combined navies of France, Germany, Italy, the Netherlands, Spain and the United Kingdom possess a considerable number of large surface combatants (see Table 9). However, only a fraction of these hulls could likely deploy on short-notice operations in the Western Pacific, given NATO commitments and existing maintenance and repair cycles.

A joint European aircraft-carrier group with accompanying submarine escort, and possibly an additional

Table 9: Selected European naval surface combatants

Country	Aircraft carriers	Destroyers	Frigates	Fleet replenishment oilers
France	1	3	18	2
Germany	0	3	8	5
Italy	2	4	11	1
Netherlands	0	4	2	1
Spain	0	5	6	2
UK	2	6	12	3
TOTAL	5	25	59	14

Source: Military Balance+

amphibious group, could likely be assembled for a major Taiwan contingency, comprising perhaps a dozen hulls in total. Whilst operating from aircraft carriers would theoretically resolve some of the time and distance challenges associated with land-based combat aircraft mentioned above, the quantity and quality of Chinese anti-ship capabilities would make this an extremely risky prospect early on in a conflict.

In the maritime strike role therefore, a stand-off posture, employing land-attack cruise missiles is therefore

likely to be prioritised. However, only a very small number of European hulls are currently armed with such systems. Notably, the French Navy's six FREMM frigates are fitted with the MdCN cruise missile and the UK Royal Navy's six *Trafalgar*- and *Astute*-class submarines are fitted with *Tomahawk* Block IV missiles. The first of France's MdCN-equipped *Suffren*-class submarines is also expected to enter service later in 2022. These vessels all also have substantially smaller numbers of available launchers and missiles of these types when compared to their US equivalents, further limiting their strike capacities.

If these offensive limitations are deemed to overly limit the utility of a major European maritime task force in the Western Pacific, an alternative might be for European countries to offer to replace US naval assets currently assigned to the 5th Fleet in the Middle East in the event of a conflict, allowing the US to more rapidly reinforce its own naval forces in the Western Pacific. This would also reduce the potential logistical burden on European navies, as they have greater existing support infrastructure in the Middle East and Indian Ocean.

European submarine capabilities for a Taiwan conflict ¹⁵²

While the PLA remains relatively weak in anti-submarine warfare, submarines would comprise an important part of any European naval deployment in the event of a conflict. The UK currently fields six nuclear-powered attack submarines (SSNs), including two *Trafalgar*-class and four *Astute*-class hulls, while France currently operates four *Rubis*-class SSNs, which are to begin being replaced by the new *Suffren*-class later in 2022. Allowing for four hulls likely to be unavailable due to maintenance and refit, and one each additionally deployed by both France and the UK to protect their sea-based nuclear deterrent, four hulls would remain available for deployment. Of these, existing commitments in the European theatre would likely require at least two hulls, leaving two more that could potentially be deployed to the Western Pacific. Germany, Italy, the Netherlands and Spain could also field a total of 21 more conventionally powered attack submarines (SSKs), although the operational distances involved may limit their capacity to operate around Taiwan itself. Readiness and operational factors, along with concerns regarding European maritime capabilities in the Atlantic and maintenance cycles, would of course play a role in limiting the number of both SSNs and SSKs that can be deployed to the Indo-Pacific. Notably, there has been some concern over the combat readiness of European submarine forces in recent years.¹⁵³

In the event of the crisis building over several weeks, European militaries could potentially deploy air-defence systems to Taiwan itself, along with other systems and platforms including electronic-warfare capabilities as outlined in the scenario above. However, in this scenario, European countries may also need to

provide land- and sea-based air and missile defence to support their own combat forces in theatre, which would severely limit their capacity to simultaneously deploy to Taiwan.

European countries could also deploy special-operations forces to help protect key civilian and military

Table 10: Selected European strategic military sealift capabilities by country

Country	Principal amphibious ships	Landing ships
France	3	0
Italy	3	0
Netherlands	2	0
Poland	0	5
Spain	3	0
UK	2	3
TOTAL	13	8

Source: Military Balance+

installations on the island, in close cooperation with Taiwanese forces. These could also act as a strategic

reserve or serve as a deterrent in the run-up to a conflict if pre-deployed before the outbreak of hostilities. The deployment of European ground forces in larger numbers to Taiwan is, however, an unlikely proposition, given that the European strategic military sealift and airlift capacity is quite limited (see Tables 6 and 10) and that the PLA will be well positioned to deny external access to Taiwanese ports and airports. In the event of a successful PLA occupation of Taiwan, it is possible that substantial numbers of European ground troops would be deployed to support US efforts to retake the island, although this lies outside the scope of the present scenario.

Europe–Taiwan defence cooperation

The US has remained the dominant provider of military equipment to the Taiwanese military. However, European powers have in the past provided Taiwan with defence equipment, and some private industry actors maintain low-key support for Taiwan’s defence programmes. Under President Tsai Ing-wen, the Taiwanese government has sought to increase funding for Taiwan’s domestic defence industry in order to decrease Taiwan’s dependence on foreign arms providers. Chinese pressure on foreign arms providers has in the past caused existing deals to fall through. However, Tsai’s policy to support Taiwan’s domestic defence industry also led to the collapse of some existing deals with foreign companies, such as a deal in 2014 between the Taiwanese firm Aerospace Industrial Develop Corporation and the Italian defence contractor Leonardo-Finmeccanica to co-build a new fighter for the Taiwanese Air Force.¹⁵⁴

Taiwanese defence procurements from European powers since 1950 have included arms exports from Denmark, France, Germany, Italy, the Netherlands and the UK.¹⁵⁵ The number of European arms exports to Taiwan dropped significantly following the United Nations’ recognition of the PRC as the legitimate government of China in 1971. However, they began to increase towards the end of the Cold War as a result of international backlash towards the PRC following the Chinese Communist Party’s crackdown on the Tiananmen Square protests in 1989.

France has been a significant European provider of arms to Taiwan. In the 1990s, Paris provided Taipei with *Lafayette*-class frigates and *Mirage 2000-5* combat aircraft.¹⁵⁶ In April 2021, Taiwan announced a deal with France worth around USD27 million to upgrade the missile interference systems of these six frigates, reportedly with the acquisition of *Dagaie* MK2 decoy launchers from the French DCI group.¹⁵⁷ This modernisation effort is intended to add to Taiwan’s air-defence capabilities over the Taiwan Strait.

Furthermore, European states are playing a crucial role in Taiwan’s efforts to replace its ageing submarine systems, of which two were purchased from the Netherlands in the late 1980s.¹⁵⁸ Formally named the Indigenous Defense Submarine Program, the project aims to provide eight diesel-electric submarines to enhance Taiwan’s ‘asymmetric-warfare capabilities’ when defending against a potential Chinese seaborne invasion.¹⁵⁹ The UK has reportedly been a principal supplier of key equipment and software for the project, with the number of export permits for submarine technology from the UK growing rapidly in the last years.¹⁶⁰ Taiwan has additionally recruited engineering and technical talent, as well as former naval officers, for the programme from the UK and Spain, as well as from other non-European countries.¹⁶¹ A German company was also involved in the project, but withdrew following pressure from its parent company that held significant business interests in China.

Defending Europe

A key assumption in all the above scenarios is that Europe would not be acting alone, but as part of a US-led coalition, probably including regional partners. The US

would be widely expected to contribute the majority of military capability to any external action in support of Taiwan. Any high-intensity conflict with China in the Western Pacific would significantly reduce US military

capacity in Europe and other regions of the world, resulting in issues for European military planners.

Whilst existing US military forces in Europe may be left in place, there would be little or no capacity to surge additional forces into theatre from the US, either because these forces would be needed in the Pacific, or because the requisite sealift and airlift assets would no longer be available. Not only would the US Armed Forces have reduced logistical capacity to support larger troop movements in Europe, there would likely also be a relative shortage of munitions, in particular precision-guided missiles, with few options to quickly replenish depleted arsenals. Given the likely attrition resulting from a war between China and the US, this reduction in capacity would likely last for several years after the conclusion of hostilities, even if the US were successful.¹⁶² One study concluded that it would take the US an average of 8.4 years to return to the current inventories of major defence-acquisition programmes.¹⁶³ It would take three to eight years to replace a single US Navy ship depending on its type and class.¹⁶⁴

European capitals would therefore need to be able to respond to threats from Russia, the Sahel and the Middle East without significant US support. This would be particularly problematic in key capability areas in which European militaries have historically been dependent on US support, including:

- Strategic airlift

- Space-based ISR
- Long-range air-defence systems
- Subsurface/Surface maritime strike
- Anti-submarine warfare and maritime patrol aircraft
- ISR and EW aircraft and uninhabited aerial vehicles
- Airborne early warning aircraft
- Air-to-air refuelling aircraft
- Suppression of enemy air defence/destruction of enemy air defence (SEAD/DEAD) aircraft and weapons
- Cyber reconnaissance¹⁶⁵

At the same time, as mentioned in the introduction, if European countries were required to dispatch some of their most capable military assets to the Western Pacific to support US military operations, this would further reduce European capacity to respond to a military crisis along NATO's eastern flank or in the Mediterranean. Overall, unless there is an accelerated push to procure the capabilities listed above in large quantities, a conflict in Taiwan would significantly weaken conventional deterrence in Europe vis-à-vis other potential near-peer adversaries such as Russia. European policymakers and planners will therefore need to grapple not just with generating the forces necessary for a Taiwan contingency, but also with increasing their own contributions to the defence of Europe itself.

Conclusion

European powers have in the last two decades been hesitant to strengthen their bilateral relationships with Taiwan for fear of Beijing's political or economic retaliation or of risking their access to the Chinese market. However, growing European criticism of Chinese authoritarian domestic policies and more assertive foreign policies has created space for European powers to more actively deepen their bilateral relationships with Taiwan. Considering Beijing's growing military power and its ability to exert this beyond the first island chain, European powers have become more vocal in their concern for cross-strait stability and Taiwan's security. Despite this concern, however, they are yet to develop, or publicly acknowledge, their thinking on how to play a meaningful role ahead of or during a Taiwan-Strait conflict.

This report has outlined key areas of political, economic and military concern for European states, both within the European Union framework and outside of it. The report concludes that political will and political unity will be important in formulating effective European policies on Taiwan and that Europe does have cards that it can play to help deter conflict or end potential cross-strait crises.

In the political domain, European acknowledgement of Taiwan's normative like-mindedness and economic value within high-end technology supply chains could lead to a greater decoupling of European Taiwan policies from their China policies. To put it simply, European powers could choose to risk Beijing's political and economic coercion in order to deepen relations with Taiwan beyond rhetorical support.

In the economic domain, European powers could play a role in leveraging the importance of the European market for Chinese economic growth in order to deter a cross-strait conflict. Historically, European states have already shown willingness to impose sanctions on Beijing for human-rights abuses on multiple occasions. However, whether these sanctions would have their desired impact would depend on how they are formulated, as well as the domestic climate in Beijing at the time. Furthermore, whilst European capitals have feared economic coercive retaliation from Beijing in the past, China has often not reacted as severely as expected.

Lastly, select European powers could provide limited military support to the United States and Taiwan in the event of a military conflict in the Western Pacific. European contributions, depending on the specific cross-strait conflict scenario, could include providing cyber intelligence and defence capabilities, conducting a civilian strategic airlift, dispatching naval task forces and combat aircraft for SEAD/DEAD missions, as well as air lifting air-defence capabilities into theatre. It should be noted that both in the US and Europe, existing capacities as well as capabilities for conducting a high-intensity military campaign are limited. If a war were fought in the Western Pacific against China, Europe in particular would likely be deprived of key US enabling capabilities for many years to come. This would leave European powers without the agency to forcefully react to other military contingencies should they arise. Policymakers should therefore not underestimate the second-order effects of such a conflict for European security, even if European states decide to limit their involvement.

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