

Comprehensive Analysis:
China's Escalation of Threats Against Taiwan
and
Interference in Taiwan Elections
(Summary)

National Security Council

September 23, 2019

1. China's escalation of threats against Taiwan and interference in Taiwan's 2020 elections

1.1. Reasons for China's escalation of threats against Taiwan

1.1.1. Beijing is in a state of crisis regarding the Taiwan situation:

China has recently carried out a relentless campaign of military, diplomatic, economic, and political threats and intimidation against Taiwan, primarily for the following reasons:

1.1.1.1. President Tsai's emphatic rejection of the Chinese Communist Party's (CCP) proposed "one country, two systems" model for Taiwan, proposal to amend existing laws and regulations to better protect Taiwan in cross-strait relations, and other countermeasures are seen by China as a challenge to Xi Jinping's core policy toward Taiwan and his personal prestige as China's leader.

1.1.1.2. The escalating protests in Hong Kong sparked by opposition to a proposed extradition bill have shaken the very foundation of "one country, two systems," and Beijing fears that a chain reaction between Taiwan and Hong Kong could impact China's internal

stability. China therefore immediately stepped up pressure on Taiwan when the situation in Hong Kong temporarily stabilized.

1.1.1.3. Political momentum in Taiwan has reversed course since the 2018 elections. That shift has exacerbated China's concerns about the Taiwan situation and led them to expand interference in Taiwan's elections.

1.1.2. Improving Taiwan-US relations have touched a nerve in China:

1.1.2.1. Over the past year, the improving relationship between Taiwan and the US has caused intense concern in China. In just the past few months, the US government approved sale of M1A2 Abrams tanks and F-16V fighter jets to Taiwan, touching a particularly sensitive nerve in Beijing.

1.1.2.2. The escalating US-China trade conflict, together with the US government's linkage of bilateral trade talks with Beijing's intervention in Hong Kong, has stoked nationalist sentiment within China and in turn, led to retaliatory measures against Taiwan.

1.1.3. Domestic developments in China have accelerated Beijing's pressure campaign against Taiwan:

1.1.3.1. The US-China trade conflict and friction on many other fronts, the protest movement in Hong Kong, improving Taiwan-US relations, changes in Taiwan's own situation, and the intractability of China's domestic issues have given the CCP an acute sense that they are under siege by both internal and external forces.

1.1.3.2. Facing these severe internal and external challenges, and with the PRC's upcoming 70th anniversary celebrations on October 1 this year, the Xi Jinping regime is seeking both to alleviate and shift

rising internal pressure, which is why it is stepping up its pressure on and threats against Taiwan.

1.2. Primary goals of China's pressure on Taiwan

1.2.1. Beijing's main goal is to change the structure of cross-strait relations by altering Taiwan's internal situation by pressuring and influencing the people of Taiwan to topple any administration that is unwilling to obey the regime in Beijing, and nurture political forces willing to become accomplices—or vassals—of the Beijing authorities. Beijing is thus attempting to turn the cross-strait "relationship of equals" that Taiwan's government has worked to maintain into a "superior-inferior" relationship, with Beijing in charge.

1.2.2. With President Tsai enjoying a clear advantage in her bid for reelection, Beijing will continue to ramp up its pressure and intimidation tactics to reverse her momentum. The measures that China employs to intervene in Taiwan's elections will also become increasingly diverse and complex. Many feel that China's attempt to sway this upcoming election constitutes the most serious challenge to Taiwan's national sovereignty and democratic political system in the past several decades.

2. China's rapid intensification of threats against Taiwan and interference in Taiwan's elections

2.1. China's emerging "hybrid threat"

2.1.1. Numerous factors are constraining Beijing's threats against Taiwan:

China's most direct and powerful threat to Taiwan is through military action, but any military action would have to consider possible US

government intervention and other variables such as the progress of US-China trade talks. With China now beset by both domestic and foreign concerns, any ill-advised move could set off a domino effect. Therefore, unless Beijing faces extreme circumstances beyond its control, there is little likelihood it will take rash military action leading to a crisis in the Taiwan Strait.

2.1.2. Beijing already presents a hybrid threat to Taiwan:

Given that the risks and potential consequences of direct military action are too great, China has currently adopted a hybrid threat model against Taiwan. That model entails cross-matching concrete tactics, both external and internal, using multiple channels. Externally, it has adopted the comparatively lower-cost military deterrence approach, complemented by the application of intense diplomatic, political and economic pressure. Within Taiwan, it is using the internet and media platforms to disseminate divisive information, manipulate Taiwanese public opinion trends, and strengthen its infiltration of Taiwan society. China's political agents in Taiwan are also undertaking a range of activities designed to affect Taiwanese public morale and interfere in the upcoming elections.

2.2. China does not rule out applying maximum pressure against Taiwan under certain circumstances

2.2.1. If Beijing applies maximum pressure against Taiwan, it would cause an irreparable rift in cross-strait relations and run completely counter to the spirit in which China has promoted cross-strait integration and its "31 measures" to lure Taiwanese talent and investment. Therefore, provided that Taiwan does not deliberately seek a conflict or standoff,

Beijing's vested interest in the long-term development of cross-strait relations should prevent it from taking irrational measures and imposing maximum pressure on Taiwan.

2.2.2. However, if China faces extreme circumstances and becomes mired in internal struggles or chaos, or if its leadership subjectively determines that it can completely reverse Taiwan's current electoral situation, it would not rule out applying maximum pressure against Taiwan in the short term and gradually curtailing that pressure after the upcoming elections.

3. Possible trends in China's escalation of its threats against Taiwan

3.1. Diplomatic pressure meant to intimidate

China is using every conceivable means to suppress Taiwan's diplomatic space, aiming to erase the Republic of China's (Taiwan) international identity. At the same time, Beijing is also pressuring international organizations, NGOs, multinational enterprises and airlines to comply with the "one China principle," and downgrade their designation of Taiwan. This malicious bullying has created a strong backlash among Taiwanese and great concern in the international community.

3.1.1. Ongoing international pressure campaigns:

- Non-stop efforts to persuade Taiwan's allies to break diplomatic ties with Taiwan and switch recognition to China. In addition to poaching Solomon Islands and Kiribati, China is sparing no expense to buy off Taiwan's remaining diplomatic allies or otherwise induce them to break ties and create a diplomatic crisis for Taiwan.

- Continued obstruction of our participation in international organizations and hosting of international events.
- Pressuring multinational companies and international airlines to downgrade their designation of or references to Taiwan.
- Forcing Taiwan's NGOs to change their names and constraining their privileges in participating in INGOs and international cooperation and exchange events.
- Requesting that government agencies (including local bodies) in countries where Taiwan has missions, or where a Taiwanese mission in a neighboring country has representative jurisdiction, change their designation for Taiwan in identification they issue.

3.1.2. Possible avenues for increasing pressure on Taiwan in the international community:

- Expanding its continuing efforts to pressure Taiwan's diplomatic allies to change recognition to China, with the possibility of forcing an additional one to two defections by the end of 2019.
- Voicing strong opposition to any form of support for Taiwan issued by the US, Japan, the EU and other friendly countries.
- Suppressing international action that supports Taiwan at the United Nations, the International Civil Aviation Organization, the International Criminal Police Organization, the UN Framework Convention on Climate Change, and other forums.

3.2. Suffocating economic pressure

Beijing has consistently believed that offering economic benefits is

the most effective means to influence elections and political trends in Taiwan. China has thus worked to expand its influence through Chinese tourists, students, and investors in Taiwan and instituting measures to attract Taiwanese businesses to China. To undermine what it views as hostile political forces in Taiwan, during the politically sensitive run-up to Taiwan's 2020 election, Beijing is severely limiting cross-strait economic and commercial exchanges to suffocate targeted economic sectors in Taiwan, thereby influencing voters focused on the economy.

3.2.1. Existing economic restrictions:

- Across-the-board reductions in the number of Chinese visitors to Taiwan; as of September 2019, independent visitors and tour groups are down by 80-90%.
- Restrictions on professional exchanges, business travel, and travel to Taiwan for medical examinations.
- Substantial reductions in the number of self-funded students and a cutback in students studying for a degree in Taiwan.
- Restrictions on procurement from or related economic and trade exchanges with Taiwan.
- Limits on Chinese capital entering Taiwan.
- Reductions in cross-strait flights.
- Requiring that Taiwanese products destined for China be labeled as made in "Taiwan, China" and imposing various nontariff barriers.
- Pressuring Taiwanese businesspeople working in China to declare their political position.

3.2.2. Potential measures that would further restrict commerce and trade:

- Further reductions in mainland Chinese visitors, students, and capital entering Taiwan.
- Further reductions in cross-strait flights.
- Suspension of cross-strait currency clearing mechanism and restrictions on financial transactions.
- Making an example of key Taiwanese businesspersons and heavyweight industrialists by demanding they declare their political positions.
- Threatening to terminate the ECFA.

3.3. Intensifying divisiveness through political manipulation

China is deliberately sowing divisiveness between Taiwan's pro-unification and pro-independence camps. They believe that intensifying political divisions within Taiwan, and shaping dichotomies—such as "green camp vs. blue camp," "pro-independence vs. anti-independence," and "war vs. peace"—will help pro-China political forces win the election. Beijing is therefore using any and all possible means and resources to foster divisiveness and tensions, hoping to affect election results.

3.3.1. Continuation of ongoing political manipulation:

- Manipulating the issue of Taiwanese independence and linking issues like Taiwan-US-China relations and the situation in Hong Kong to promote the idea that Taiwan may be moving toward "independence" and thereby face the threat of war.
- Supporting third-party candidates to draw votes and funding

away from the DPP.

- Boycotting the Golden Horse Film Festival and Awards and certain cross-strait exchanges to foster divisiveness and increase tensions across the Taiwan Strait.
- Influencing Taiwan's domestic elections by backing legislative candidates who are PRC nationals married to Taiwanese or associated with pro-unification groups and by compelling candidates to declare their political position.
- Mobilizing Taiwanese businesspersons working in China to support and finance certain political parties and candidates.
- Utilizing its political agents operating in Taiwan to stir up public opinion and attack the ruling party.
- Waging cognitive warfare against Taiwan using disinformation, fake opinion polls, and underground betting operations to influence elections.

3.3.2. Political operations that may be escalated:

- Ramping up its infiltration of Taiwanese society and the activities of its political agents and increasing the political operations cited above to intensify across-the-board antagonism between Taiwan's two major political parties.
- Manufacturing incidents that threaten public security and may incite emotional public reactions and affect elections.

3.3.3. Extreme measures that may arise due to special circumstances:

- Stipulating a timetable for unification with Taiwan and formulating a concrete "one country, two systems" model for Taiwan.

- Enacting legislation directed against Taiwan (e.g., rules for implementing the Anti-Secession Law or a "National Unification Act").

3.4. Threats through military intimidation

Beijing engages in targeted military intimidation against Taiwan, aiming to undermine both military and civilian morale. Its military aircraft and vessels frequently patrol the Taiwan Strait and circle both the waters and airspace around Taiwan. Its intention is to turn the Taiwan Strait into its own "inland sea" and send a warning to the United States, Japan, and other countries.

3.4.1. Military operations already underway:

- Increasing frequency of PLA bomber patrols in the Taiwan Strait.
- PLA vessels circling Taiwan and transiting through the Taiwan Strait and surrounding waters.
- PLA aircraft and vessels engaging in joint training exercises and long-distance training in the waters and airspace around Taiwan.

3.4.2. Military activities that may be escalated:

- Threats to Taiwan may increase through China's October 1 military parade and the Beijing Xiangshan Forum in late October.
- Continued training exercises targeting Taiwan.
- PLA warships may deliberately enter Taiwan's contiguous zone.
- Drawing up restricted zones during military exercises in the

waters around Taiwan.

4. Taiwan government's response and countermeasures

4.1. Staunchly defending sovereignty and democracy

4.1.1. Faced with China's growing threats and intense involvement in Taiwan's elections, President Tsai has emphasized on numerous occasions that we must staunchly defend our sovereignty and democracy and make the sovereignty of the Republic of China (Taiwan) our bottom line, allowing Taiwan's 23 million people to maintain their free and democratic way of life and the freedom to decide their own future.

4.1.2. President Tsai has repeatedly stressed that we resolutely oppose the "one country, two systems" model and reject any provisional arrangements that would forcibly move Taiwan toward annexation.

4.2. Promoting diverse diplomatic relations

4.2.1. Defend the international consensus of maintaining the peaceful, stable cross-strait status quo, working with friendly nations throughout the Indo-Pacific region to ensure that this status quo remains unchanged.

4.2.2. Continue to make good use of an international atmosphere that is well-disposed toward Taiwan and increase capacity to bring international friends together. In particular, Taiwan will strive to consolidate existing diplomatic relations and strengthen relations with like-minded nations like the US, Japan, and European countries, countering China's attempts to destroy the Republic of China's sovereignty and striving to safeguard our national sovereignty.

4.3. Bolstering national defense capabilities to safeguard national

territory and sovereignty

4.3.1. In keeping with a military strategy of "resolute defense, multi-domain deterrence," Taiwan will continue to increase its defense budget in steady increments and improve the overall combat effectiveness of its armed forces, which will defend national territory and sovereignty, safeguard freedom and democracy, and ensure regional peace and cross-strait stability.

4.3.2. In the medium to long term, Taiwan's armed forces will continue to strengthen combat effectiveness while also engaging in military cooperation with allies to effectively counteract any aggressive military advances by the PLA.

4.4. Strengthening countermeasures to combat infiltration and disinformation, protecting national security

4.4.1. Improve the legal underpinning of Taiwan's national security network and strengthen measures to counter China's attempts to infiltrate and divide Taiwan, and implement united front tactics.

4.4.2. Strengthen measures to counter cognitive warfare, preventing China's attempts to manipulate public opinion and disrupt domestic elections across the Taiwan Strait through cyberattacks, disseminating false information, and influencing a portion of media outlets through various means.

4.5. Matching China's economic pressure with our own incentives

4.5.1. In response to China's continuing pressure and restrictions on economic and trade exchanges, Taiwan's government should be assisting and protecting any industries and individuals that may be harmed. Therefore, the relevant agencies must fully understand and

evaluate the nature and scope of China's restrictive measures and use their findings to formulate assistance or compensatory measures for the affected industries. In principle, in the medium to long term, the government should assist the transformation and upgrading of those industries and make them more resilient. In the short term, however, to prevent a broader impact, the government must at the very least respond with measures that are equally powerful or similar in scale to offset China's restrictions and minimize their impact.

4.5.2. Strengthen outreach and use various means of communication to counter China's economic pressure and psychological intimidation. In particular, use the economic pressure China has applied to Hong Kong in reaction to the anti-extradition protests to prove how the authorities in Beijing are using similar means against the people of Taiwan.

4.5.3. Actively promote and publicize a new economic model that strengthens domestic demand, increases employment and wages, and enhances quality of life, thus promoting economic growth and vitality and strengthening the people's confidence in Taiwan's future economic development.