

# The Rise of Xi Jinping and China's New Era: Implications for the United States and Taiwan

DREW THOMPSON

*Xi Jinping's rise to power has heralded a new foreign policy that is more assertive and uncompromising toward China's neighbors, the United States, and the rest of the world. This change presents challenges for the United States and Taiwan in particular which must be addressed with a sense of urgency due to Xi Jinping's ambitious objectives and his firm grip on the levers of power which increase the likelihood that the Communist Party and government of China will seek to achieve them without delay.*

*This paper reviews changes to Chinese foreign policy in the Xi Jinping era and argues how the modernization of the People's Liberation Army (PLA) over time has increased the threat to Taiwan, with concurrent risks for the United States. Taiwan and the US can address the challenge presented by China by strengthening their relationship to adapt to the new era under Xi Jinping's leadership.*

*According to CIA (2018), China's economy now stands at approximately US\$12 trillion, second only to the United States (CIA [2018]. World fact book). Unlike in 1978, China's economy today is dependent on access to globally sourced raw materials, and access to overseas consumer markets for its industrial and consumer goods. This dependency on overseas markets has increased China's global presence and interests, driving the need to protect them. The Chinese Government's now ample resources have been allocated to both hard and soft power means toward this purpose. The PLA has greatly benefitted from economic development and the expansion of the Chinese economy, transforming from a backward institution focused on private-sector money-making into the sharpest tool of China's power and influence. Since Xi Jinping came to power in 2012, China's foreign policy and strategy have undergone a dramatic shift away from Deng Xiaoping's focus on increasing domestic productivity and avoiding potentially costly overseas entanglements. The confluence of accumulated national wealth, diplomatic, economic, and military power; and the will to use those levers of*

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*power, has dramatic implications for the United States and China's neighbors. A more assertive China, confident in its wealth, power, and international status, is increasingly unafraid of overt competition with its neighbors and the United States, unwilling to back down or compromise in the face of disputes. This dynamic has resulted in a new paradigm in the Indo-Pacific region that is unlike previous challenges of the past 40 years.*

*The shift in China's foreign policy and the PLA's modernization threaten to challenge the credibility of US security assurances and alliances in the region, making the cultivation and strengthening of the US–Taiwan relationship, and the network of US bilateral alliances in the region an urgent imperative.*

**KEYWORDS:** Xi Jinping; China; Taiwan; People's Liberation Army; foreign policy.

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The period of reform and opening up that began in 1978 brought great changes to China that included the rapid modernization of its military, the dramatic development of its economy, and the expansion of its global influence. Xi Jinping's rise to power since 2012 has heralded equally impactful developments, including a new foreign policy that is more assertive and uncompromising toward China's neighbors, the United States, and the rest of the world. For the United States and Taiwan in particular, these changes present challenges which must be addressed with a sense of urgency due to Xi Jinping's firm grip on the levers of power and ambitious objectives to achieve his China dream to unify the Mainland with Taiwan, pledging that the dispute "should not be passed down generation after generation" (Bush, 2019). This paper will review certain changes in Chinese foreign policy during the Xi Jinping era and argue how the gradual modernization of the People's Liberation Army (PLA) has increased the threat to Taiwan with concurrent risks for the United States. It explores how Taiwan and the US can address these challenges, strengthen their relationship, and adapt to this new era of Xi Jinping's leadership.

Forty years of reform and opening up in China have resulted in an incredible transformation encompassing societal, economic, and military developments that have redefined the regional balance of power. Chinese society from 1949 up until Mao's death in 1976 was characterized by class struggle, systemic violence, and chaos. The economic norm was rural impoverishment even in areas with rich agricultural resources. There was widespread urban poverty, a lack of consumer goods, and gross inefficiency and incompetence throughout the economy. Human security was lacking for the majority of the population for a generation with the constant fear of dispossession, imprisonment, death, or exile to an impoverished countryside. Under the

absolute control and politicization of all aspects of life by work units or communes in a rigidly planned economy, the Chinese people lacked the most basic freedoms.

Forty years of reform and opening up that have been characterized by a relatively stable society as well as steady increases in productivity, incomes, and the Gross Domestic Product (GDP) have fundamentally changed the lives of the vast majority of the Chinese people. GDP growth has averaged almost 10% per year, which is the fastest sustained economic expansion by a major economy in history. More than 800 million people have been lifted out of poverty (Gao & Yan, 2018; Hofman, 2018). China's urban population expanded from 19% of the total in 1980 to 56% in 2015. About 50% of the population now has access to the Internet, and 93.2% of people have mobile phone subscriptions. Per capita income stands at US\$13,345, and China's middle class is growing steadily (United Nations Development Programme [UNDP], 2018). The degrees of wealth, physical and social mobility, and personal freedoms in Chinese society today are astounding when compared to conditions in December 1978 at the beginning of reform and opening up. Those positive social changes have created a degree of domestic stability that, along with a greatly expanded economy, has enabled China's leadership to increasingly turn its attention outward to focus on achieving the complementary objectives of national rejuvenation and the protection of its growing global interests.

China's economy now stands at approximately US\$12 trillion, second only to the United States (The Central Intelligence Agency [CIA], 2018). Unlike in 1978, China's economy today is dependent on access to globally sourced raw materials and to overseas consumer markets for its industrial and consumer goods. The dependency on overseas markets has increased China's global presence and interests, increasing the need to protect them. The Chinese Government's now ample resources have been allocated toward this purpose through the exercise of both hard and soft powers. The PLA has greatly benefitted from economic development and the expansion of the Chinese economy, transforming from a backward institution focused on private-sector moneymaking into the sharpest tool of China's power and influence. Since Xi Jinping came to power in 2012, China's foreign policy and strategy have undergone a dramatic shift away from Deng Xiaoping's focus on increasing domestic productivity and avoiding potentially costly overseas entanglements. The confluence of accumulated national wealth, diplomatic, economic, and military power, and the will to use those levers of power, has dramatic implications for both China's neighbors and the United States. A more assertive China that is confident in its wealth, power, and international status has been increasingly unafraid of overt competition with its neighbors and the United States, and unwilling to back down or compromise in the face of disputes.

This dynamic has resulted in a paradigm in the Indo-Pacific region that is completely unlike the previous challenges of the past 40 years.

The shift in China's foreign policy and the modernization of the PLA threaten to challenge the credibility of US security assurances and alliances in the region, making it crucial to cultivate and strengthen both the US–Taiwan relationship and the network of US bilateral alliances in the region.

### **Chinese Foreign Policy in the New Era under Xi Jinping**

Deng set the direction of the country through a series of speeches and statements captured and promulgated by the Party's propaganda apparatus in the late 1980s to early 1990s, culminating in the now famous "24-character strategy" which has been translated in varying, sometimes self-serving ways. The essence of Deng's speeches with regard to foreign policy was the directive to "hide our capabilities and bide our time, be good at maintaining a low profile while trying to accomplish something, and never claim leadership." The rationale was to focus on domestic economic development and ensure that social disruptions from the reform process did not cause chaos or the displacement of the Chinese Communist Party from its place of power. Deng's strategy required a peaceful international security environment that included a benign international perception of China, which was conducive to expanded flows of trade, capital, and technology to and from the country. The "keep a low profile" (*taoguang yanghui*; 韜光養晦) strategy was formulated and promulgated at a historic inflection point when the domestic and international environments were unstable and the Party's grip on power in Beijing was potentially at risk. The unrest of June 1989 and collapse of the Soviet Union in 1991 were two events that had existential implications for the Chinese Communist Party, reaffirming a decade-old focus on internal affairs and the eschewing of international entanglements that could derail China's economic growth or draw it into costly arms races or military competition. Deng's strategy of keeping a low profile was sustained throughout both Jiang Zemin and Hu Jintao's tenures as Party General Secretary.

In Hu Jintao's second term, however, it became increasingly apparent that China's overseas interests had grown tremendously since Deng's time, while its military strength and diplomatic prowess had also grown considerably, albeit at a slower pace. The second half of Deng's *taoguang yanghui* clause was *yousuo zuowei* (有所作為), which has been translated as "try to accomplish something" or "make some achievements." Foreign policy debates in the Hu Jintao Era were centered around this yin-and-yang struggle over whether China's foreign policy should be

active or passive. Domestic calls to adopt a more activist and assertive foreign policy to protect overseas interests that included Chinese companies and citizens in geopolitical hotspots were considered and dismissed in favor of sustaining Deng's low-profile strategy. A dominant school of thought was that a more overtly assertive China would be perceived as a threat and invite the alignment of countries against it, especially the US and its Asian allies. A key public champion of maintaining a low-profile approach was Zheng Bijian, a close adviser to Hu Jintao who coined and promoted the concept of China's peaceful rise, writing numerous English-language articles in prominent US foreign policy journals as well as a book at a leading US think tank (Zheng, 2005). The peaceful rise theory did not last long, however, and quickly fell out of vogue after Hu Jintao and other senior leaders stopped using the phrase in major speeches. Its emergence and widespread dissemination as a concept, however, underscored the desire of the senior leadership to characterize China's economic and military development as inherently peaceful and non-threatening to the United States and China's neighbors.

Xi Jinping's rise marks a clear turning point in the reform and opening-up period, if not an outright departure from it. The rapid consolidation of power in his first five years in office, the dispatching of both rivals and potential successors, his dominance over the rest of the leadership, and his veneration by the propaganda apparatus and political society stand in stark contrast to Deng's behind-the-scenes style and the collective leadership approach of Jiang Zemin and Hu Jintao. Purged twice by Mao, Deng sought to shape a government power structure where no one person held absolute power as Mao did. Though he remained active by "advising" and selecting the next two generations of leaders, Deng was able to establish a collective and consensual leadership model with term limits enacted in 1982. Where Jiang and Hu were clearly first-among-equals, there is no question that Xi has created a new paradigm as the dominant leader of the Party.

This contrast between Xi and his predecessors is reflected in a tone that is more confident in domestic matters and more assertive in foreign affairs. Xi has embraced this difference by emphasizing the unique and new character of his reign. The term "new era" has been used incessantly as an adjective to adorn important government pronouncements, reaching a national crescendo with Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era (習近平新時代中國特色社會主義思想; *xijinping xinshidai zhongguo tese shehui zhuyi sixiang*), enshrined in the Chinese Constitution at the 19th Party Congress in October 2017.

Xi Jinping's vision on foreign policy was first conveyed publicly in October 2013 (Xi, 2013). The newly installed General Secretary gave a speech at a conference on diplomatic work with neighboring countries, where he announced a new approach

to foreign policy. *Fenfa youwei* (奮發有為) has been translated as “strive for achievement,” signaling the coming of a more active, assertive diplomacy. While being similar in concept to *yousuo zuowei*, *fenfa youwei* evokes a more active and results-oriented concept. Xi directed that the core objective for diplomatic work in neighboring states be to “serve the cause of national rejuvenation” by seeking to “make our neighbors more friendly in politics, economically more closely tied to us, and we must have deeper security cooperation and closer people-to-people ties” (“Xi Jinping Zaizhoubian,” 2013). Noted Chinese international relations scholar Yan Xuetong has compared Deng’s *taoguang yanghui* approach with Xi’s new *fenfa youwei* strategy, arguing that *taoguang yanghui* limited China to passively adapting itself to changes in the international environment while overly focusing on its domestic economic development. *Fenfa youwei*, on the other hand, “indicates that China will take initiatives to shape its external environment in a favorable direction.” Yan notes that the *fenfa youwei* approach is harder than *yousuo zuowei*, and admits that it can lead to friction:

“It is obviously more difficult for China to shape a favorable external environment for national rejuvenation than to maintain a peaceful environment for economic construction. Compromise is an effective approach to avoid conflicts but it may not be a good method to obtain a favorable environment.” (Yan, 2014)

Yan Xuetong’s assessment that Xi Jinping’s new foreign policy assertiveness precludes compromise is insightful and foreshadows a new era of increased tensions and greater tolerance for friction with other countries in Beijing’s policy-making calculations. Xi Jinping’s new foreign policy prefers cooperation and accommodation by China’s partners while accepting the inevitability of conflict in the pursuit of its goals.

The effective end of the reform and opening-up period and the beginning of a new era was heralded with Xi Jinping’s rapid consolidation of power following his ascension at the 18th Party Congress in 2012, the end of term limits, and the enshrining of Xi Jinping Thought in the state constitution at the 19th Party Congress in October 2017. While Party orthodoxy may argue otherwise and refuse to mark the end of one era and beginning of a new, distinct one, Xi Jinping’s approach to both domestic governance and international politics is sufficiently different from his predecessors to merit its own label.

## **Military Capabilities for the New Era**

With more resources at his disposal than his predecessors, Xi has worked toward his political and strategic national objectives by creating a political framework that

enables the application of China's national power both at home and beyond its borders. Sustained economic growth fostered by careful reinvestment in economic development and underinvestment in the military enabled China to accumulate great wealth since 1978, and this capital has subsequently been applied to China's military in increasing amounts since the mid-1990s with little-to-no negative consequences for the country's continued economic growth. The sustained increase in resources provided to the PLA has resulted in the development of military capabilities that now present a challenge to the United States and Taiwan.

China's GDP was estimated by the World Bank to be approximately US\$150 billion in 1978. It recently exceeded US\$12 trillion, reflecting an annual growth rate of just under 10% during the reform and opening-up period (World Bank, 2019). China's defense sector did not benefit from its growing economy in the early years of reform and opening up. Deng Xiaoping famously said that "some people will get rich first," and while he was not specifically referring to the PLA, it was no coincidence that the military was listed last among the four modernizations. China's growing wealth would be reinvested to build up its industry and agriculture, leaving the military to fend for itself with subsistence budgets in the 1980s and 1990s. To placate military leaders and enable it to provide for its soldiers and their families, the PLA was encouraged to participate in the emerging consumer economy by using its capital, human resources, and fixed assets to engage in manufacturing and provide commercial services. PLA-owned facilities were rented out to entrepreneurs, trucks hauled goods for commercial customers, factories made consumer products, and hospitals treated paying civilian patients. PLA businesses were present in almost every sector of the economy, providing much needed revenue to a military which could not sustain itself on its government-provided budget. In 1998, Jiang Zemin ordered the PLA to divest its business interests and focus on developing warfighting capabilities, ending 20 years of commercial activities and beginning a new focus on developing military capabilities and training for war (Mulvenon, 1999).

The focus on domestic economic development and limited resources necessitated neglecting the military with the implicit understanding that it would receive a greater share of the national budget once national resources were sufficient. This approach dovetailed with Deng's strategy of keeping a low international profile and avoiding international conflicts that could negatively impact domestic economic growth. During the periods of Deng, Jiang, and Hu, China placed a greater emphasis on avoiding provocations with neighboring states and made a significant diplomatic effort to settle land border disputes with its neighbors. An inwardly focused PLA suited Chinese foreign policy objectives at the time due partially to the lack of external threats other

than the Soviet Union, which was preoccupied with the US and its Western allies. There was also a lack of confidence in the Chinese political and military leadership that the PLA was ready to project power and take on the United States military. During Ma Ying-jeou's presidency from 2008 to 2016, reassurances from Taipei and cross-Strait détente also lessened the imperative for Beijing to employ credible displays or the threat of force to prevent Taiwan from moving toward *de jure* independence. This does not mean that the PLA's military build-up and training for contingencies on its periphery slowed, but the PLA could continue to focus on its build-up of capabilities and the reform of its inefficient models rather than mounting operations beyond its land borders.

The year 2004 was an important inflection point in China's political and military history. The 100th anniversary of Deng Xiaoping's birth was a time to reflect on his legacy, China's current place in the world, and what the country would need to continue its rise and return to great power status. Jiang Zemin stepped down from his last post as Chairman of the Central Military Commission at the fourth plenary session of the 16th Central Committee, passing the baton to Hu Jintao. Hu fostered an atmosphere of intellectual openness which was unique to his leadership. He encouraged Party theoreticians and top leaders to explore ideas that informed decision-making about the future of the Party and permitted that the parameters of those discussions be made public. Study sessions were held by the Politburo, with government reports and outside experts invited to make presentations. The minutes of those meetings were publicized, spurring lively debate in intellectual and government circles. One notable issue that was discussed was a form of political reform called Intra-Party Democracy which sought to improve governance and accountability of all levels of government, though discussion was limited to building Party capacity and internal checks and balances rather than a more liberal approach to governance such as opposition parties or an independent legal system ("2004 Niandu Shizheng," 2004).

In July 2004, Hu Jintao chaired a study session of the Politburo to explore the coordination of economic development and building the national defense. Hu commented on the need to strengthen defense capabilities and promoted the concept of *fuguo qiangbing* (富國強兵), the fusing of the two concepts of a prosperous nation and a powerful military. In the meeting, Hu noted that Deng Xiaoping had prophesied in 1984 that the military could not be built up until the economy could support it, quoting him as saying:

"The four modernizations must have precedence. Military equipment can only truly be modernized once the national economy has established a relatively good foundation. I think, by the end of this century, we will definitely exceed the goal of quadrupling our economy.



By that time, when our economic power is strong, we can use more money to update our military equipment.” (“Zhongyang Zhenzhiju Tanqiu,” 2004)

The PLA and senior civilian leadership were well aware of the capability gap between the United States military and the PLA. The first Gulf War and the bombing of China’s embassy in Belgrade in 1999 highlighted a technology and capability gap as well as PLA’s inability to protect China’s interests abroad. Hu Jintao’s invocation of Deng Xiaoping was a clear signal that the time had come to increase defense spending and build PLA’s capabilities. This was a key turning point in the evolution of China’s military and foreign policy, marking the beginning of a sustained and concerted effort to develop its military capabilities to enable it to project power and more effectively defend its interests beyond its borders.

The National People’s Congress in March 2017 reported the national defense budget at US\$154.3 billion, a 6.5% increase over the previous year. China has the second largest defense budget in the world after the United States, having doubled it more than once in the past decade. For the last 20 years, defense spending has increased at an average rate of 8% in inflation-adjusted terms. With this steady increase in defense resources, the Chinese military has engaged in a comprehensive, long-term modernization program that has affected all aspects of the force (U.S. Department of Defense, 2018a).

The build-up and modernization of all branches of the PLA directly affect Taiwan’s security. Hu Jintao’s exhortation in 2004 that the PLA prepare for “New Historic Missions” has not diminished its focus on a Taiwan contingency as a key driver for its transformation ([Taiwan Ministry of National Defense, 2017](#)). The expansion and modernization of China’s army, air force, missile force, and strategic support force are dramatic and relevant, but it is the sequencing of that modernization process and key acquisitions made by the PLA Navy that should cause concern in Taiwan. The PLA Navy’s transformation from the year 2000 to today has exceeded any military build-up since World War II, rivaling only the United States Navy in the 1980s during its arms race with the Soviet Union ([Fanell, 2018](#)). Of particular relevance is the sequencing of that modernization process and how the choice of which capabilities to expand and modernize first should affect the strategic calculations of Taiwan, the US, and China’s neighboring countries.

China has long had the ability to hold the main island of Taiwan at risk through conventional strike capabilities launched from standoff distances, particularly ballistic and land-attack cruise missiles. China’s ballistic missile program began in the 1950s with support from Soviet technology and scientists. Test launches of domestically produced ballistic missiles took place throughout the Cultural Revolution. China’s first

satellite was launched in 1970, a key milestone in the development of its ballistic missile program. The United States Department of Defense reported in 2003 that China had approximately 450 short-range ballistic missiles that could strike Taiwan, noting that land-attack cruise missiles were being developed. In 2016, the Department reported that China possessed approximately 1,200 short-range ballistic missiles. Authoritative estimates of China's ground-, air-, and ship-launched land-attack cruise missile inventory are not publicly available, but what can be confirmed from open sources is that China would likely use both ballistic and cruise missiles to attack critical infrastructure targets in Taiwan, particularly air force bases, command and control centers, early warning radars, and critical civilian and military infrastructures that include power and communications. It is possible that missile strikes would also be used against population centers to sap Taiwan's will to fight and force its political leaders to sue for an early peace. Ballistic and cruise missiles also provide a critical strike capability against US and allied air bases in the region and the United States Navy surface action groups that would be central to an intervention in the event of a Taiwan contingency.

The earliest focus of China's build-up of maritime capabilities was centered around the development and fielding of what the United States Department of Defense described as anti-access/area-denial (A2AD) capabilities that primarily targeted US military capabilities that would be critical in a conflict in the Western Pacific. These investments began in the late 1990s and early 2000s and included imported advanced Russian weapons such as guided missile destroyers, diesel-electric attack submarines, and fighter aircraft. China has assimilated Russian and international military technologies since then, combining them with indigenous research and development to field its own domestic weapon systems that bolster the capabilities of its navy, air force, and strategic rocket force. China's navy has enlarged its surface fleet by building and deploying six new classes of vessels in large numbers. The 107 surface ships armed with surface-to-air, surface-to-surface missiles, and anti-submarine weapons now in the fleet include the Type-052D *Luyang III* destroyer, the Type-054A *Jiangkai II* frigate, and the Type-056 *Jiangdao* corvette. The newly launched Type-055 *Renhai* destroyer is currently undergoing trials and expected to join the fleet in 2019. According to the United States Department of Defense, China currently operates 56 nuclear and diesel-electric submarines which are expected to increase to somewhere between 69 and 78 submarines by 2020 (U.S. Department of Defense, 2018a). With great fanfare, China has also launched its first two aircraft carriers with a third under construction. These surface and subsurface systems are complemented by ballistic missiles

such as the DF-21D, designed to target moving capital ships and air- and surface-launched anti-ship cruise missiles with long ranges and modern seekers.

Until 2006, the PLA Navy's expansion appeared to neglect amphibious warfare capabilities in favor of missiles, aircraft, submarine, and surface vessels that could provide air defense, anti-submarine, and anti-surface capabilities. This was to hold US forces in the Western Pacific at risk in what PLA strategists call a counter-intervention strategy. For decades, China military-watchers in the United States and elsewhere derided China's amphibious invasion capabilities, calling annual amphibious training exercises for PLA conscripts the million-man swim. In 2014, the United States Department of Defense noted in its annual report to Congress on China's military activities that, "The PLA Navy currently lacks the amphibious lift capacity that a large scale invasion of Taiwan would require. . . . An attempt to invade Taiwan would strain China's armed forces and invite international intervention. . . . China does not appear to be building the conventional amphibious lift required to support such a campaign" (U.S. Department of Defense, 2014).

The delivery of the first Type-071 *Yuzhao* Amphibious Transport Dock in 2006, however, was a little-noticed event indicating that greater resources were being directed to the PLA's amphibious warfare capabilities. The PLA Navy has since taken delivery of five Type-071 vessels with a sixth being fitted out. Displacing more than 20,000 tons, the Type-071 can carry four medium lift helicopters and four Type-762 *Yuyi*-class air-cushioned landing craft (LCAC) in its submersible well deck which could deploy up to 800 embarked marines or soldiers in a ship-to-shore mission. The newest class of amphibious warfare ships is the 40,000-ton-displacement Type-075 Landing Helicopter Dock, a helicopter assault ship with a well deck for landing craft and full flight deck running the length of the hull, similar to a United States Navy Wasp-class amphibious assault ship. The first Type-075 built in Shanghai was launched in September 2019. To ferry its troops in their tanks and armored vehicles, the PLA Navy has invested in air-cushioned landing craft. China purchased two Zubr-class hovercraft from Ukraine in 2009, which are two of the world's largest and can carry three main battle tanks or eight infantry fighting vehicles. Two more have been manufactured under license in China. China has also built six Type-762 LCACs which are slightly smaller than the Zubr-class LCACs but still able to rapidly land tanks and armored vehicles beyond the surf line. One can presume that the PLA Navy will manufacture additional LCACs as lift capacity from new amphibious vessels comes online. For follow-on forces in the instance where the LCACs may become attrited during the initial waves of a beach assault, the PLA boasts amphibious tanks and infantry fighting vehicles that can propel themselves through calm waters directly from the well deck of a ship.

The PLA has also invested in the personnel that would be called upon to conduct an amphibious invasion. Training for joint operations and amphibious power projection has not been neglected over the last decade, adding to the PLA's credibility and confidence to carry out a Taiwan mission. Annual and periodic exercises such as Stride, Mission Action, and Firepower focus on improving and demonstrating joint capabilities, including maneuvers over considerable distances and between different regional commands, making these exercises relevant to both Taiwan and other contingencies on China's periphery.

While the troops called upon in the event of a Taiwan contingency would come from throughout the PLA enterprise, the number of troops and units specialized for amphibious operations is increasing. According to the United States Department of Defense in its most recent report, the PLA Marine Corps is notably tripling in size:

“One of the most significant PLAN structural changes in 2017 was the expansion of the PLAN Marine Corps (PLANMC). The PLANMC previously consisted of 2 brigades, approximately 10,000 personnel, and was limited in geography and mission (amphibious assault and defense of South China Sea outposts). By 2020, the PLANMC will consist of 7 brigades, may have more than 30,000 personnel, and will expand its mission to include expeditionary operations on foreign soil, as PLANMC forces are already operating out of the PLA's base in Djibouti. A newly established Marine Corps headquarters is responsible for manning, training, and equipping the expanded Marine Corps and, for the first time, the PLANMC has its own commander, although it is still subordinate to the PLAN. The PLANMC may also incorporate an aviation brigade, which could provide an organic helicopter transport and attack capability, increasing its amphibious and expeditionary warfare capabilities.” (U.S. Department of Defense, 2018a)

In addition to the PLA Marines, the Army has historically fielded two Amphibious Mechanized Infantry Divisions in the East and Southern Theater Commands. There is speculation that these two units will be reorganized with some brigades being transferred to the PLA Marines in an effort to bring their strength up to 100,000 personnel in the future (Chan, 2017). In a relatively short period of time, the PLA has invested heavily in building a sizeable amphibious invasion capability that would be able to conduct operations on China's periphery using modern systems instead of a rag-tag flotilla made up of obsolete military vessels and conscripted civilian ships.

The development of credible power projection capabilities that includes the ability to invade Taiwan has changed the cross-Strait security balance and has significant implications both for Taiwan's defense and the US security guarantees that underpin regional stability.

## **Implications for Cross-Strait Relations and US Security Commitments**

While the threat of a missile attack, blockade, and invasion hang over Taiwan like a dark cloud, cross-Strait and US–China competition continues to take place below the threshold of the use of force, making official statements and perceptions of intent especially important. In an environment of rising tensions, there is a greater risk that the policies, actions, and intentions of China, Taiwan, and the US will be misinterpreted, potentially fueling a spiral of distrust or escalation that could lead to miscalculation. Bilateral tensions between the United States and China at this point in time, however, are driven by great-power rivalry and respective domestic narratives of injustice and inequality, rather than frictions caused by Taiwan's domestic politics or changes in the network of US alliances in the region. Beijing's more assertive and uncompromising foreign policy contributes to increased tension across the Taiwan Strait which Taipei must grapple with. The United States, of course, is deeply invested in the cross-Strait relationship and the maintenance of cross-Strait stability. The United States' commitment to Taiwan's security is closely watched by US allies, both as a barometer of US willingness to stand up to China and as an indicator of the credibility of US security guarantees to allies in the region. For senior US and Chinese officials discussing Taiwan, every utterance is therefore carefully parsed for clues about policy shifts and intent, with any variation from past statements causing widespread analysis and speculation. The US official narrative on its approach to Taiwan has not changed in the Trump administration, though the frank, overt discussion of great-power rivalry and the challenge presented by China's behaviors is novel. That said, any changes in practice, such as President-elect Donald Trump's phone call to President Tsai Ing-wen in December 2016, have been viewed by diverse stakeholders with either great concern or great satisfaction, despite Washington's admonition that US policy is unchanged and remains based on the three joint Sino-US communiqués and the Taiwan Relations Act. Beijing, of course, sees US actions to support Taiwan as destabilizing and counter to stated policy while viewing itself as having a consistent and rational policy toward Taiwan. In periods of heightened tension, consistency of policy and its faithful, predictable implementation is particularly important for all parties.

Despite his declared change to a more active foreign policy, Xi Jinping has articulated China's perspective on Taiwan in relatively conventional terms, emphasizing a common heritage and cultural identity, shared interests in peaceful unification, and a shared desire of people on both sides for closer relations. President Xi and his officials responsible for cross-Strait relations continue to stress as their forebears have

done that the one-China principle manifested in the 1992 Consensus forms the basis for the relationship and that China in the “new era of socialism with Chinese characteristics” will continue to pursue peaceful reunification under the formula of One Country, Two Systems.

Soon after coming into office, however, Xi Jinping expressed impatience over the slow pace of reunification and began to apply pressure to the people and political leadership of Taiwan, noting to the Taiwan delegation at the 2013 Asia-Pacific Economic Cooperation (APEC) meeting in Indonesia that “The issue of the political divide that exists between the two sides must step by step reach a final resolution and it cannot be passed down from generation to generation” (Ng, 2013). At the end of President Ma’s second term, faced with a January 2016 election in Taiwan in which the independence-leaning Democratic Progressive Party was likely to win, President Xi took the unconventional move of meeting President Ma Ying-jeou in Singapore in the first meeting between the leaders of both sides since 1945. President Tsai Ing-wen’s resounding victory in January 2016 demonstrated that Xi’s overtures to President Ma and his attempts to influence the people of Taiwan did not have the desired effect of shifting public opinion in favor of Beijing. Following President Tsai’s inauguration, Xi Jinping began to apply increased diplomatic and political pressure on Taiwan while continuing to lay out Beijing’s conditions and intent for the relationship with consistent rhetoric. Xi Jinping’s report to the 19th Party Congress in October 2017 reiterated past themes succinctly, linking reunification with Taiwan to his signature goal of national rejuvenation:

“We must uphold the one-China principle and the 1992 Consensus, promote the peaceful development of cross-Straits relations, deepen economic cooperation and cultural exchange between the two sides of the Straits, and encourage fellow Chinese on both sides to oppose all separatist activities and work together to realize Chinese national rejuvenation.” (Xi, 2017)

Mentioning Taiwan 15 times in his speech, he went on:

“We must uphold the principles of ‘peaceful reunification’ and ‘one country, two systems’... The one-China principle is the political foundation of cross-Straits relations. The 1992 Consensus embodies the one-China principle and defines the fundamental nature of cross-Straits relations; it thus holds the key to the peaceful development of relations between the two sides of the Taiwan Strait... Blood is thicker than water. People on both sides of the Taiwan Strait are brothers and sisters; we share the bond of kinship.” (Xi, 2017)

While Xi Jinping’s rhetoric has remained consistent, the political and military pressure that has been applied to Taiwan since President Tsai Ing-wen’s inauguration in May 2016 has become more pronounced. Beijing has successfully prevented Taiwan from participating in multilateral international organizations such as the World Health Assembly, the International Criminal Police Organization, and the International Civil

Aviation Organization, all organizations that have welcomed Taiwan's participation in the past. Beijing has also induced five of Taiwan's diplomatic allies to switch their recognition. China has forced US and European companies to change their websites and marketing materials to reflect its preferred nomenclature for Taiwan. PLA exercises and operations focused on Taiwan have been widely publicized and have included major live-fire exercises in the Taiwan Strait, deployments of H-6K bombers that have circumnavigated Taiwan, and cruises of the Liaoning aircraft carrier off Taiwan's East and West Coasts.

President Tsai entered office in 2016 as Xi Jinping cemented his power in the final year of his first term. With a strong mandate from the voters of Taiwan, she sought to strike a balance between voters who expected her to stand up to Beijing and Xi's requiring her acceptance of the 1992 Consensus and the one-China principle as a precondition for a positive relationship. President Tsai sought a middle road with Beijing in her inauguration speech, mentioning "1992" three times as she recognized that there were "acknowledgments and understandings" reached at meetings between the two sides, but she stopped short of agreeing that the 1992 Consensus was the foundation for the relationship. Faced with internal constraints and public pronouncements for his already established position, Xi Jinping felt that there was no room for compromise and proceeded to apply diplomatic, military, and economic pressure on Taiwan in response.

President Tsai has sought to mitigate the pressure from Beijing, being mindful of public opinion at home while also avoiding antagonizing the United States as Taiwan presidents have done in the past. One key aspect has been a diplomatic strategy that features diversifying Taiwan's foreign relations. A New Southbound Policy was announced soon after the inauguration with the intent of reducing Taiwan's dependency on the China market by deepening economic relations with South and Southeast Asian markets. While not a novel approach, President Tsai has called it Taiwan's new regional strategy for Asia and has allocated financial resources to expand trade, tourism, education exchanges, and increased funding for development assistance in South and Southeast Asia. Taiwan has also sought to expand its unofficial relationship with Japan by focusing on trade, tourism, and security issues.

To address the military challenges posed by the PLA in the new era, Taiwan has taken a three-pronged approach. The first is maintaining the robust US-Taiwan security relationship, consistent with the Taiwan Relations Act. US-Taiwan security relations are comprehensive and include dialogs between senior military leaders and provision of arms and defense services. The provision of services refers to training and exchanges in a wide range of disciplines that include joint combat training by all

services, sending Taiwan students to programs in US military schools, and holding exchanges between subject matter experts. Second is increasing self-reliance by building up Taiwan's indigenous defense capabilities, so Taiwan can make weapons and munitions that are tailored for its specific requirements. Third is adopting an asymmetric defense strategy known as the Overall Defense Concept that leverages Taiwan's advantages and challenges the PLA when and where they are most vulnerable (Thompson, 2018). If implemented effectively, this new defense strategy will continue to deter China from using force to compel unification by imposing tremendous costs on a PLA invasion force and increasing Taiwan's survivability in the event of an attack, therefore buying additional time for third-party intervention and an international response.

While the United States and its commitment to Taiwan's security is indeed a central factor in the cross-Strait relationship, Washington has its own relations with Beijing that are independent of Taiwan. This dynamic engenders deep-seated insecurity in Taiwan including concerns that the United States may someday abandon Taiwan as it did in 1979, or otherwise seek a grand bargain with China by trading Taiwan for an undetermined form of compensation. This sentiment is not unique to Taiwan, as other US allies have at times expressed their own concerns that the US may seek to accommodate China at their expense. The lack of trust and cooperation between Beijing and Washington, however, makes the likelihood of a grand bargain inconceivable. US policy toward Taiwan is underpinned by the expectation that a Taiwan made strong and confident by diplomatic and military support from the US will enable Taipei to engage Beijing from a position of relative security to reach a consensus that is acceptable to people on both sides of the Strait.

The Trump administration has been transparent about its view of China in the new era of Xi Jinping, pledging to compete across all domains to maintain US advantages and build American strength. The National Security Strategy released in 2017 observes that the US will respond to growing political, economic, and military competitions, identifying China and Russia as two countries who are challenging American power, influence, and interests. The Strategy pronounces China's intent to displace the United States in the Indo-Pacific region, noting that an era of great power competition has returned while committing the United States to maintain strong ties with Taiwan to provide for its defense in keeping with the Taiwan Relations Act (White House, 2017). Such an overt, authoritative declaration is intended both to provide reassurance to allies and to assure China of US intent.

Strengthening unofficial diplomatic and security relations with Taiwan has been made more urgent by China's growing assertiveness and its increasingly capable



military. Diplomatically, the United States will continue to support Taiwan's constructive role in world affairs, including its involvement in international organizations where statehood is not a requisite for participation. At the same time, there is little the US or Taiwan can do to prevent or deter China's use of diplomatic coercion to isolate Taiwan. While the potential loss of Taiwan's remaining 15 diplomatic allies or exclusion from international organizations is against US interests, it does not pose an existential threat to Taiwan. Taiwan can respond by carefully calibrating its response to Beijing's continued efforts to entice the remaining countries that recognize Taiwan to stay allies. It can accomplish this by building unofficial relations with the small countries that had formerly recognized it, just as it does with the United States, Japan, India, and other partners. Likewise, Taiwan can and should continue to set a positive global example, uphold international norms, and make contributions to international organizations where possible.

For its part, Washington will continue to provide for Taiwan's defense needs in the face of growing PLA capabilities. Maintaining cross-Straits deterrence is a critical interest of the United States, which will continue to provide both discreet and concrete diplomatic and military support to enhance Taiwan's security as well as overt actions that reassure Taiwan and signal to Beijing the certainty of US support for Taiwan, including intervention in the event of aggression. Washington and Taipei will likely have different perspectives about how and when to use political deterrence measures such as port calls, participation in major exercises, the wearing of uniforms, or other overt demonstrations of support for Taiwan's defense, but it is Washington that will determine what actions to take and when to take them based on its assessment of Beijing's perceptions and the perceived need to enhance deterrence measures. The divergent interests of Taipei and Washington also complicate their utility. Policy-makers in Washington will undoubtedly remain cautious about several aspects of political deterrence, not least of which is concern about how Beijing might respond. Over-reassurance could lead to an emboldened Taiwan willing to provoke China, particularly if politicians seek to gain favor with the minority of Taiwan citizens who have expressed a preference for *de jure* independence. Taiwan's desire for overt demonstrations of support is also driven by domestic sentiments that include a need to compensate for the lack of diplomatic recognition by making public displays of cooperation a proxy for international legitimacy, and this runs counter to Washington's policies, and sometimes its interests as well. Washington also recognizes that such visible displays will invite escalation by China, leading it to be cautious as to when and how often to make use of them. Taiwan has an opportunity to make a compelling case for political deterrence actions by informing Washington's assessments. Success

is unlikely, however, if Taiwan rationalizes to Washington that it wants a specific measure of political deterrence to satisfy its domestic constituencies. A more positive outcome could be achieved if Taiwan were able to explain how a particular measure affects Beijing's calculus of the deterrence equation, which would therefore enhance Taiwan's security in keeping with US interests.

Some Asia-watchers have asserted that the stakes for the United States are too high to intervene in a Taiwan crisis, noting that China is too powerful, too influential, and too economically integrated for Washington to risk a conflict with the world's second-largest economy. With all the trade, investment, and mutual interests between the US and China, Taiwan is not worth fighting for and a grand bargain should be sought, as the argument goes (Glaser, 2015). This perspective might hold true in isolation if all other US interests in the Indo-Pacific region are ignored and only the cross-Strait dynamic is considered, but it fails to take into account US interests in the stability of the entire Indo-Pacific region. US support for Taiwan's defense is a critical indicator of Washington's credibility to support and defend its alliance partners in the region. In the event that Xi Jinping in the absence of Taiwanese provocation chooses unification by force, the US would be compelled to intervene in order to preserve the rest of its alliances in the region.

The consequences of the US failing come to the defense of Taiwan or its other allies would be dire. There would likely be uncontrolled militarization across the region as US security guarantees are devalued and collective security is abandoned. China may criticize US alliances as outdated Cold War thinking, but the prospect of the rapid militarization of its neighbors in the aftermath of unprovoked aggression is antithetical to its own interest and an outcome that the US will actively seek to avoid. The US National Security Strategy, National Defense Strategy, and statements by US officials about their intention to compete with China should also be interpreted as an assurance that the US will stand up to China and uphold its security commitments to partners in the face of pressure from Beijing (U.S. Department of Defense, 2018b; White House, 2017).

## Conclusion

Taiwan's people and elected officials are rightfully proud of their democratic accomplishments, which stand in stark contrast to the totalitarian culture that has become a characteristic of Xi Jinping's new era of socialism with Chinese characteristics. Having successfully transitioned from a military dictatorship to a mature

democracy with three peaceful transitions of power, Taiwan's leaders consistently highlight their democratic values as a bulwark against China and a common value with the United States and neighboring democratic countries. Commenting on how Taiwan was responding to Chinese pressure, President Tsai remarked, "We [Taiwan and other countries] need to work together to reaffirm our values of democracy and freedom in order to constrain China and also minimize the expansion of their hegemonic influence" (Tsai, 2018). Shared values provide Taiwan with greater opportunity to strengthen its relations with other democracies, but merely having common political systems is unlikely to measurably improve its security or deter aggression from Beijing, unfortunately.

Taiwan's security would be more effectively assured in two ways: greater economic integration with democratic partners such as the United States, Japan, India, and the European Union (EU); and deepening its military relationship with the United States. Economic integration with other countries is critical to lessen Taiwan's dependence on China and is a stated goal of the New Southbound Policy. Success, however, will require not just redirecting Taiwan's outbound foreign investment from China to Southeast Asia and the United States, Japan, and Europe, but also undertaking market reforms that attract more international investment in Taiwan. Despite being one of the most open economies in the Indo-Pacific, Taiwan's reluctance to open specific markets to US and Japanese products have cost it influence with key partners. Investment restrictions such as limits on foreign control in many industries and non-tariff barriers in the form of lengthy and opaque approval processes have deterred some investors. In addition to the Economic Cooperation Framework Agreement with China, Taiwan has free-trade agreements with Panama, Guatemala, Nicaragua, El Salvador, New Zealand, and Singapore, but none with major powers. Greater international investment in Taiwan, particularly from major economies who would be called upon to back Taiwan if it were coerced, is a way to increase its security while improving the economy and livelihood of its people.

While it is a challenge, deepening security relations with the United States, Japan, India, and other like-minded countries is a challenge that is ultimately the surest means of deterring China. The US–Taiwan security relationship is mature, but there are still opportunities for expansion. US arms sales will remain critical symbols of overt support, but as Taiwan transitions to building up its indigenous defense industry, the size and rate of US arms sales will invariably decrease. One area ripe for expansion is training exchanges, including train-the-trainer programs that can develop and expand a cadre of experts in the Taiwan military who can have an impact system-wide. Taiwan should also consider stationing soldiers and systems in key US bases for

long-term training to ensure proficiency in the operation of US-supplied weapon systems. Should Taiwan acquire new fighters or M1A2 tanks, the United States Department of Defense could encourage Taiwan to station an appropriate number of those platforms and personnel in the US for long-term training, to help develop doctrine specific to Taiwan, and to build institutional relationships and connectivity with their US counterparts. Exchanges can and should expand in areas critical to Taiwan's new Overall Defense Concept, including asymmetric strategies and competencies central to the concept such as improving the resiliency and survivability of its military.

Other countries are unlikely to play a comparable role in Taiwan's defense, but there are opportunities to deepen security relationships with countries such as Japan and India. Taiwan can potentially be a provider as well as a recipient of security goods. Military analysts of the PLA in Taiwan have great experience and perspectives which could be beneficial to partners. Taiwan's development of asymmetric strategies, technology, and doctrine may also be of value to other countries grappling with the rapid growth and modernization of the PLA. Its geostrategic location as the anchor of the first island chain gives it critical situational awareness of the air and sea domains connecting the South China Sea with the East China Sea, creating opportunities to exchange intelligence on PLA operations which have been increasing both in their volume and proximity to Taiwan.

Xi Jinping and the people of China likewise have every right to be proud of the momentous accomplishments that have been achieved since the beginning of reform and opening up in 1978. China's economic growth, rising standards of living, military modernization, and technological advancements should all be sources of pride for Chinese citizens, sentiments that the Chinese Communist Party is keen to support its legitimacy as the sole political power in China. Xi's rise to power, however, has been described as a new era. In style and substance, it does indeed feel different than what has come before. Xi Jinping's new era of socialism with Chinese characteristics is dramatically different from the polity established by Deng Xiaoping and subsequently carried out by Jiang Zemin and Hu Jintao. His assertive foreign policy, the elevation of the Party's role in all aspects of society and the economy, the aggregation of personal power, the rejection of collective rule, and the effective end of term limits on his power mark a clear departure from the internal balances of the reform and opening-up framework that he inherited. With these changes comes a greater risk to internal and external stability. Absolute power and a firm grip on the Party apparatus that dominates all walks of life has resulted in Xi Jinping accepting the risk of internal and external tensions in his all-out effort to achieve his Chinese dream of national rejuvenation.

Domestically, political risk has increased. A growing middle class may become dissatisfied by the lack of civil protections brought on by the curtailment of freedoms caused by pervasive surveillance technology, an opaque and capricious legal system, and the abuse of power by a massive internal security apparatus with nothing to check it. Within the Party, Xi risks opposition from colleagues threatened by his aggregation of power and the politically-motivated anti-corruption campaign which has endangered their security and the wealth of their families. Without a collective leadership to share responsibility, foreign or domestic policy failures can be placed squarely at Xi Jinping's feet, which is a potential explanation of why he has appeared to take inflexible and uncompromising positions on difficult matters. Economic tensions with the United States have been worsened by this domestic fragility and inflexibility, evidenced by commentators ominously warning that Xi would look weak if he were to seek compromise, therefore concluding that the US must accommodate or risk conflict.

A more powerful and loyal PLA is unlikely to pose a threat to Xi's leadership, but its relatively newfound force-projection capabilities make it a potentially destabilizing policy tool. There is now a confluence of power concentrated in the Party, in the PLA, and most importantly in Xi himself that increases the cost of compromise or acting with restraint. The implications of this power dynamic for relations with the United States and China's neighbors are considerable. For example, should President Xi call on the PLA to deploy its power to coerce or use force on its periphery, international opinion about China and its power would inevitably shift, causing a realignment of international interests resulting in the forming of both hard and soft alliances against China. Smaller countries may not feel powerful enough to stand up to China overtly, but they will undoubtedly increase their hedging behavior to ensure that their interests are protected.

China's soft power has considerable limits and is unlikely to dramatically change public opinion in Taiwan in Beijing's favor. Opinion polls show that the people of Taiwan overwhelmingly support the maintenance of the current status quo and have relatively positive perceptions of China, but the number of people identifying themselves as Chinese or seeking eventual unification is slowly shrinking, and a majority object to Beijing's campaign of military and diplomatic pressure. Xi Jinping has thus far offered little inducement to bolster unification sentiments in Taiwan other than economic opportunities and an appeal to ethnic unity. China's handling of political discourse in Hong Kong bodes ill for Taiwan should it join China in a federation, particularly with the recent decision to ban opposition parties and gradual erosion of freedoms enjoyed by Hong Kong's citizens. This confirms that Beijing has no

tolerance for dissent, freedom of expression, or democratic freedoms in any jurisdiction under its control, regardless of past commitments or assurances. Ending freedoms in Hong Kong decades before they were supposed to sunset raises doubt about the credibility of any long-term assurances that Beijing might offer Taiwan. The massive campaign to subject Chinese citizens in Xinjiang to political re-education without due process likely foreshadows a dystopian Taiwan pacification campaign should the island ever come under Beijing's control. Under these political conditions, the prospect of peaceful unification seems remote.

Militarily, China may now be closer than ever to having the means to achieve its political objectives for Taiwan. Coupled with an assertive and uncompromising foreign policy, the possibility of an intentionally initiated conflict over Taiwan is therefore higher now than at any time since the beginning of the reform and opening-up period. In this new era under Xi Jinping, however, Taiwan is not without options. The stark but fundamental cross-Strait choice of accommodation and integration or resistance and separation which Taiwan has always faced still applies, but Xi Jinping's uncompromising approach bodes ill regardless of which course Taiwan and its people choose. The third choice of maintaining the status quo may not be sustainable indefinitely as political and military power and pressures of nationalistic public opinion shape Xi Jinping's determination with regard to the urgency or necessity of reunification. Taiwan can shape Beijing's evaluation of Taiwan's vulnerability by increasing defense spending, implementing its Overall Defense Concept, strengthening economic and security ties with the United States, and diversifying its economic relationships.

The United States has clearly and authoritatively articulated its concerns about China's actions and what is perceived as its intent. China is viewed in Washington as wielding its power both at home and globally without restraint and at the expense of others. Its efforts at projecting soft power such as Confucius Institutes or development assistance are being increasingly viewed with suspicion. China's soft power is limited to certain economic opportunities from its large market, but industrial policies that favor Chinese companies over foreign ones and the lack of reciprocal market access is undermining even that advantage, leading to a trade war between the world's two largest economies. US declaratory policy has shifted from support for a strong, stable, and prosperous partner to the recognition (belatedly, some argue) that China is now a strategic competitor. This is not the outcome sought by successive US administrations since President Richard Nixon. The United States has never sought to contain China, despite what many in Beijing have long feared and sometimes claim. Unfortunately, Xi Jinping's vision for China's national rejuvenation has seemed increasingly

incompatible with liberal internationalism, which President Trump is also content to abandon in the midst of rivalry with China. While Taiwan is at risk of having its interests subordinated in this great power rivalry, this is by no means inevitable. Through the strengthening of bilateral relations based on mutual interests, smart defense planning, and the opening and diversification of its economy, Taiwan will be able to survive and thrive in an increasingly complex and dangerous Indo-Asia-Pacific.

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