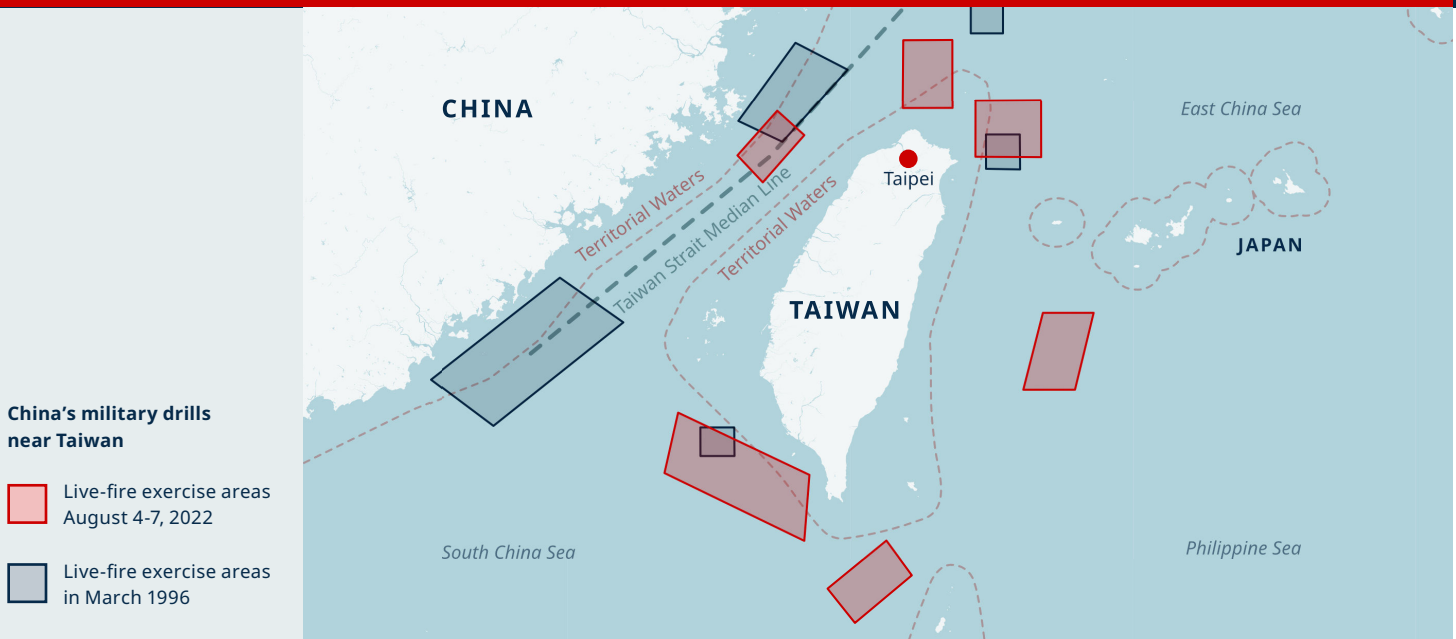


RESEARCH NOTE

Pelosi Visits Taiwan and China Responds: Welcome to the New Normal

AUGUST 9, 2022



Executive Summary

A visit by Speaker Nancy Pelosi to Taiwan triggers a strong reaction from China. Is this a new Taiwan Strait crisis?

China launched unprecedented military exercises around Taiwan in what was perceived as a simulation of a naval and air blockade

Cooperation between China and the U.S. in a number of critical military and civilian areas has been terminated by Beijing. Tension between the two countries is now more difficult to manage

Militarization of the strait is affecting business sentiment, with potential negative consequences for Taiwan's economic dynamism

Background and Analysis

When the news broke in July that House Speaker Nancy Pelosi planned to visit Taiwan in August, the stage was set for a showdown between Beijing and Washington on the critical Taiwan question. Pelosi was the first Speaker to visit the island since her predecessor Newt Gingrich in 1997, but many things have changed since then.

First, China feels much more confident in its own strength than it did 25 years ago. The Pelosi visit took place at a time when the two geopolitical giants are engaged in what President Biden once called “intense competition,” and the margin for agreement and dialogue had already been reduced to the bare minimum. The second critical factor is that China has grown convinced that the U.S. is deliberately eroding the “One

China” policy it committed to decades ago. Statements by President Biden over the past two years have at the very least conveyed an end to the policy of strategic ambiguity on whether the U.S. will intervene to stop a Chinese invasion of Taiwan.

The Biden administration attempted to reduce tensions before the visit, stressing that there was nothing unprecedented in contacts between parliamentarians, but when Pelosi landed at Songshan Airport in Taipei on August 2, it was abundantly clear that Chinese authorities did not share this assessment and were planning a response that was indeed to contain several unprecedented elements.

Key Issues

THE 1995–1996 TAIWAN STRAITS CRISIS

The 1995–1996 Taiwan Strait Crisis was triggered by a private visit by then Taiwanese President Lee Teng-hui to the United States. Despite previous assurances by then U.S. Secretary of State Warren Christopher to Chinese leaders that Lee would not be allowed to visit the country, the Clinton administration agreed to grant Lee a visa. Leaders in Beijing perceived this as a deliberate violation of Washington’s “One China” policy and expressed their displeasure through military exercises and aerial bombings in July and August 1995, involving approximately 40 naval vessels, 260 aircrafts and over 150,000 troops. Just ahead of the March 1996 presidential elections in Taiwan, Beijing conducted another series of military exercises, this time only 22 miles from the coast of northeast Taiwan, disrupting naval shipping and commercial air traffic in those areas for days. In response to Chinese signals, the U.S. carrier *Independence* set sail from the Philippines toward Taiwan, followed by *Nimitz* from the

Arabian Sea. Tensions calmed after Taiwan successfully hosted democratic elections in March 1996. Notably, the 1995–96 Taiwan Strait Crisis played a major role in accelerating China’s military modernization.

THE “ONE CHINA” POLICY AS SEEN FROM WASHINGTON

Washington’s “One China” policy is a diplomatic acknowledgment of China’s position that there is only one Chinese government. Under the policy, the U.S. does not take a stand on the resolution of the cross-strait situation, which is to be determined by the two parties involved, but it opposes either side unilaterally changing the status quo through the use of force. Unlike countries such as Israel or South Africa, which explicitly “recognize” the PRC as the sole legal government representing the “whole of China,” the U.S. only “acknowledges” the Chinese position, indicating that while the U.S. has a “One China” policy, it does not explicitly adhere to the “One China” principle. Implicit in Washington’s ambiguous stance is the thesis that the status of Taiwan is yet to be determined, opening up the space for greater flexibility to manage relations with both Taiwan and China. This ambiguity has also raised questions about whether successive U.S. administrations have changed the U.S. “One China” policy, which was originally formulated to maintain neutrality and equal distance from Beijing and Taipei. In the absence of a diplomatic relationship or defense treaty, the Taiwan Relations Act of 1979 governs U.S. policy toward Taiwan.

What’s Next

The live-fire exercises around Taiwan in the days immediately following the Pelosi visit represented a significant escalation. For the first time, they extended to Tai-

wan's territorial waters and included an area east of the island. Effectively, they simulated the steps to seal off the island through a blockade, a possible indication of the central scenario in a future conflict. Maj. Gen. Meng Xiangqing of the National Defense University in Beijing said one of the locations for China's military exercises around Taiwan "creates conditions to bolt the door and beat the dog," a saying that means blocking an enemy's escape route.¹

On August 5, China announced a number of measures against the U.S. They included terminating the channels of communication between the two militaries and ceasing cooperation on climate policy and anti-drug measures. The expectation that this time China would not limit its retaliatory measures to Taiwan was thus confirmed.

On August 7, Chinese state television reported that the Chinese military will from now on conduct "regular" drills on the eastern side of the median line of the Taiwan Strait, an unofficial line of contact that militaries from both sides have tended to respect.² A new baseline has been established, and the current Taiwan Strait crisis is likely to deepen. On August 8, the People's Liberation Army Eastern Theater Command announced new drills focused on anti-submarine warfare and naval strikes.

Reports of large multinationals planning to move assets and people out of Taiwan have started to circulate. We have heard of a number of such cases. In the wake of Russia's Ukraine invasion, concerns over a

future Taiwan invasion are starting to be taken seriously. Were Taiwan to step up certain defense preparations—something many observers deem necessary—these concerns would be reinforced.

¹ <https://www.nytimes.com/2022/08/03/world/asia/taiwan-china-military-exercises.html>

² <https://www.reuters.com/world/china/china-conduct-regular-military-drills-east-taiwan-strait-median-line-state-media-2022-08-07/>