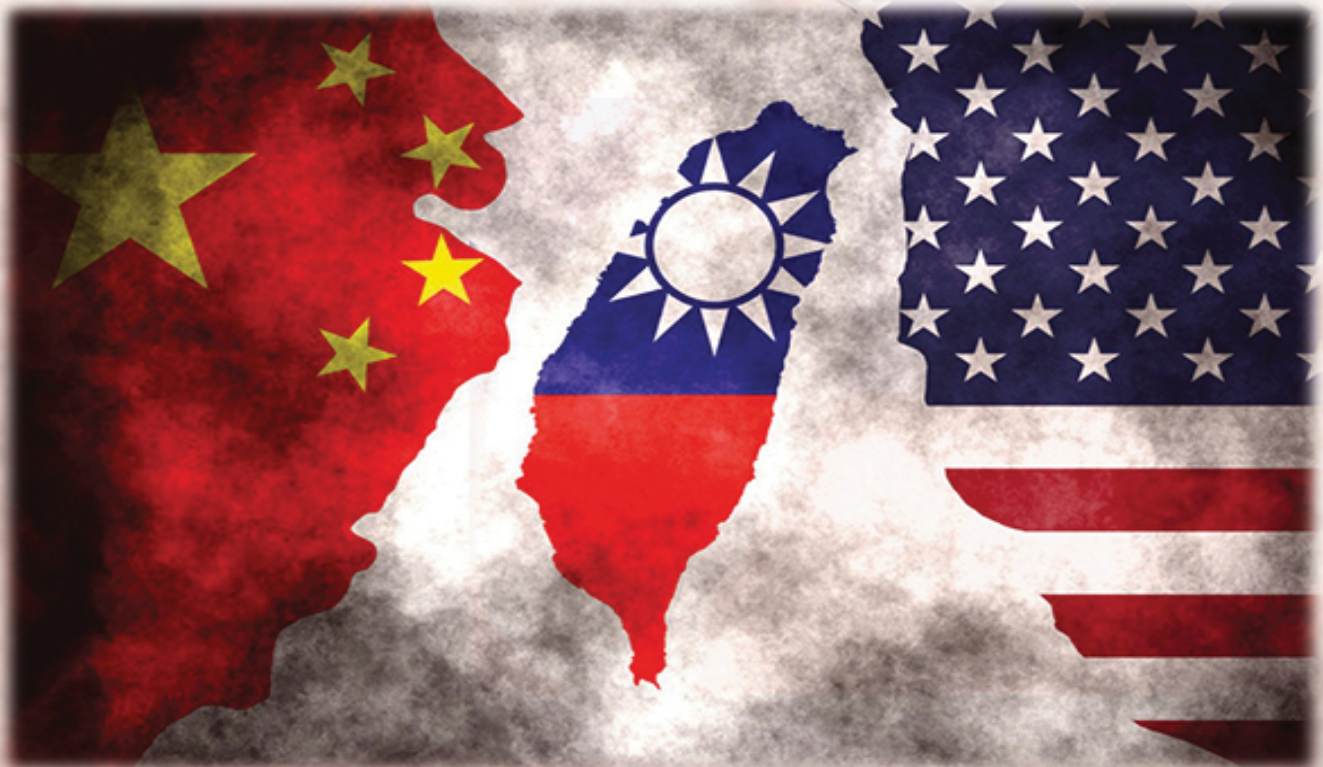


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# The Battle for Taiwan

## The Most Dangerous Island in the World



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## **Books published by Diplomatic Council**

## **References and Notes**

"The twenty-first century will mark the end of the era of Western domination [...] The pandemic could thus mark the start of the Asian century [...] The new world order may paradoxically even be a more democratic one [...] China does not want to export its model. It can live with a multipolar world. The dawning of the Asian century does not necessarily have to be uncomfortable for the West or the rest of the world."

Kishore Mahbubani

Former President of the United Nations Security Council

Note: In this book, the word 'China' is used as the designation for the People's Republic of China (PRC), unless explicitly stated otherwise. In the following, the word "Taiwan" refers to the archipelago, which is officially called "Republic of China", often abbreviated as "R.O.C." for "Republic of China".

# Preface

For years now, the political tensions between the USA and China have been undeniable. To be more precise, the situation has been coming to a head for years. The reason for this is simple: the People's Republic of China is no longer prepared to unquestioningly accept the United States of America's claim to the role of the one and only true superpower. China is fighting its own way to the top. The battle for global supremacy has already begun and further escalation is in the offing over the next few years.

This battle takes place at many levels, geopolitically, militarily, economically, technologically, logistically - in many regions on earth and increasingly also in space. This is basically nothing new, although it is no less threatening.

Russia's invasion of Ukraine has now made it clear just how quickly such tensions can surmount to a violent confrontation and ultimately to war. It has further become clear that the USA is not content with the role of spectator, but is intervening militarily in an extremely active way, involving its European allies in the conflict as a matter of course. The delivery of heavy weapons from the Federal Republic of Germany for use against Russian troops is an example of the direct and comprehensive participation of the West in the proxy war between Russia and the USA in Ukraine.

It is to be expected that the USA will also use the same alliance against China that it has put in place against Russia,



should this seem sensible and opportune to maintain or expand its own global dominance. In other words, if we have been engaged in some kind of "indirect war" against Russia since February 2022, a similar scenario is pending when the China-US conflict takes on a military dimension. There are many indications that the conflict over the comparatively small island has the potential to degenerate into a proxy war between the United States and the People's Republic, at worst even into a Third World War.

## **Fundamental confrontation China versus USA**

In order to assess this impending development, one must analyse the fundamental confrontation between the USA and China. This is exactly what this book deals with. The "battle for Taiwan" is merely the spearhead of a clash between Earth's only true superpower at present and an ascending superpower that wants to advance to the forefront.

When and to what extent the conflict between China and the USA in Taiwan or possibly elsewhere on earth - or in the struggle for supremacy in space - will escalate militarily, can hardly be predicted. However, the period within which this is to be expected seems to be pre-programmed: before 2049.

China will celebrate on 1 October 2049. Exactly 100 years earlier, Mao Zedong had proclaimed the People's Republic of China. His successor Xi Jinping <sup>1</sup> is determined to bring the country, which is one of the oldest advanced civilisations of humankind (written records of Chinese culture date back 3,500 years), to the top of the world by then.



This plan to make communist China the "superpower number 1" by 2049 is essentially hindered by "only" *one* other country: the United States of America, today's "superpower number 1". A competition for global supremacy has evolved, from which no other country – even in Europe – can escape. The struggle for the top takes place at all levels: politically, economically, technologically and possibly also militarily. And it takes place everywhere and on all paths: on land (with the states of Europe as a "pawn"), at sea and under the sea, in the air and increasingly in a kind of space race.

At 9,596,960 km<sup>2</sup> (China) and 9,833,517 km<sup>2</sup> (USA), both countries are roughly the same size, but the gross national product as a measure of the size and importance of the USA is about 50 percent higher than that of China (14.34 trillion) at 21.43 trillion dollars. With its 1.4 billion inhabitants, China is about four times superior to the USA (328 million) in terms of population. However, the rivalry between the two superpowers is less about numbers and more about influence and dominance – far beyond their own country.

## **Who will lead the world into the future?**

The question is who will lead the world into the future. Since a "peaceful settlement" can probably be precluded, it is not an exaggeration to speak of a new "Cold War" between China and the USA. Basically, we can only hope that this war will actually remain "cold" – and not lead to a battle for Taiwan. It may be recalled that the last Cold War between the Western bloc, led by the United States, on the one hand, and the Eastern bloc, led by the Soviet Union, on the other hand, was several times close to destroying half or even the whole world, bearing in mind the nuclear destruction potential of both sides. The United States of

America has clearly won this power struggle "USA versus USSR" (some say, for the time being). The Soviet bloc has basically imploded, it has disintegrated from within (attempting a "comeback" since 2022) - thus leaving the USA as the victorious power. This does not at all mean that the USA will emerge victorious against China in the "battle for the world" - or even just for the small island of Taiwan. The "Cold War 2.0" has already begun.

## **Situation similar to before WWI**

The American scientist John Mearsheimer compares the current situation in his book *The Tragedy of Great Power Politics*<sup>2</sup> with the situation before the First World War. At that time, Germany rose economically and politically. At an early stage, this was regarded by Great Britain, the then dominant superpower, as a threat to be addressed militarily.

In fact, there are astonishing parallels to the initial situation, but hopefully not in the subsequent course of the conclusions. On the penultimate page of his work, Mearsheimer warns:

*"Neither Wilhelmine Germany, nor imperial Japan, nor Nazi Germany, nor the Soviet Union had nearly as much latent power as the United States had during their confrontations. But if China were to become a giant Hong Kong, it would probably have somewhere on the order of four times as much latent power as the United States does, allowing China to gain a decisive military advantage over the United States."*

Accordingly, US Secretary of State Anthony J. Blinken stated in his inaugural speech in March 2021: *"China is the only country with the economic, diplomatic, military, and*

*technological power to seriously challenge the stable and open international system - all the rules, values, and relationships that make the world work the way we want it to, because it ultimately serves the interests and reflects the values of the American people.*

*Our relationship with China will be competitive when it should be, collaborative when it can be, and adversarial when it must be."*<sup>3</sup>

His words echoed a warning from Richard Nixon, who cautioned in his memoirs that the USA should "*devote itself to China, promote and develop it in the coming decades, even while it was developing its strength and potential as a nation. Otherwise, one day we would be faced with the most remarkable adversary in the history of the world*".<sup>4</sup>

This book does not purport to be exhaustive. It explicitly does not include the millennia-old, advanced civilisation, originated in today's Henan province under the Xia Dynasty (approx. 2000 BC) and which produced the first pictograms on oracle bones as precursors of today's Chinese characters. It does not shed light on the myth of the three primeval emperors: Fuxi, Shennong and finally the Yellow Emperor Huang Di as the actual creator of culture, nor does it shed light on the 16 earthly and heavenly emperors who preceded them. This book does not include the written records of Chinese culture dating back more than 3,500 years. Nor is it about the Empire, nor about the Mao Revolution and the founding of the People's Republic of China in 1949.

Rather, this book is entirely devoted to the dispute between the People's Republic of China and the United States of America - using Taiwan as an example, but also going far beyond it. Historical references are only made to

the extent that they appear to be of immediate importance for today's and, above all, for future development. This applies in particular to the intensified multilateralism after 1945 and the decline of this form of interstate communication in the last ten or more years.

This book deliberately focuses on the analysis of the present geopolitical situation, the economic, technological, social and military options of the present People's Republic of China in the struggle for supremacy with the United States of America and the presumed prospects up to 2049.

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# Taiwan, Province of China

Taiwan is the name known around the world, but in fact the small island state with an area of only 36,179 km<sup>2</sup> - roughly the size of Baden-Württemberg - in the western Pacific officially calls itself the Republic of China. In Austria and Switzerland, it bears the official name Republic of China in Taiwan. Taiwanese authorities also use the name Taiwan in texts addressed to international audiences, and auxiliary structures such as 'Republic of China on Taiwan 'or' Republic of China (Taiwan)'. Goods produced on the island often bear the designation of origin "Made in Taiwan, R.O.C." (whereby R.O.C. stands for Republic of China) or "Made in Taiwan".

However the island republic, which consists of the main island of Taiwan (99 percent of the land area) and a few small islands, is only recognised as a diplomatic state by a handful of countries in East Asia.

This is directly related to the so-called one-China policy. The term describes the political premise of the People's Republic of China that there is only one China, namely , the PRC itself. This "only China" includes, in addition to the mainland China controlled by the People's Republic, Macao and Hong Kong as well as Taiwan. All states wishing to maintain diplomatic relations with the People's Republic of China must recognise this premise. The People's Republic of China regards adherence to this one-China policy as a prerequisite for peaceful reunification.

## Taiwan like "the small village of indomitable Gauls"

But in this scenario Taiwan is somewhat reminiscent of the comic series "Asterix & Obelix", in which it is well known that not "all Gauls" submitted to the Romans, but "a small village of indomitable Gauls" resisted – just as Taiwan is by no means willing to submit to the People's Republic of China.

Indeed, the island republic of Taiwan, which includes the smaller islands of Penghu, Kinmen and Matsu, holds a special status. The controversy over Taiwan's political status is a consequence of the Chinese civil war and the subsequent division of China into the two present-day self-governing units of the People's Republic of China (PRC; commonly known as 'China') and the Republic of China (ROC; commonly known as 'Taiwan').<sup>5</sup>

The question is whether Taiwan should remain in the PRC as a de facto separate, self-governing territory, whether it should become part of the PRC under the 'one country, two systems' concept, whether a de jure independent Taiwanese state should be established, whether it should unite with mainland China under the government of the PRC, or whether it should unite with mainland China under an alternative political arrangement. The status of Taiwan is simply undefined, apart from the fact that all the opponents involved have so far declared their support for a "One-China policy", i.e. a status quo, also called strategic ambiguity.<sup>6 7</sup> Any shake-up of this ambiguity can spark a serious military conflict between the two superpowers. Taiwan relies entirely on US security guarantees. For the goodwill of this island republic, the United States did not have to advertise for long.

## **The dwarf-giant**

The population of around 23.5 million people is as small as the island is manageable. But geopolitically and economically, Taiwan is a giant: as one of the most important suppliers of electronic chips to the global economy and as a bone of contention between the People's Republic of China and the United States of America. As a non-recognised underdog, Taiwan cannot become a member of the United Nations. It is necessary to take a look at history to understand how Taiwan became "the indomitable village".

The Republic of China was proclaimed after the Xinhai Revolution (named after the year Xinhai in the Chinese Lunisolar calendar from 30 January 1911 to 17 February 1912) in Mainland China on 1 January 1912 in Nanjing. The revolution began in the autumn of 1911 and ended with the renunciation of the throne by the six-year-old Emperor Puyi on 12 February 1912. The first Chinese Republic was founded on 1 January 1912. The end of the reign of the last Manchu emperor Puyi from the Qing Dynasty marked the end of the more than 2100-year-old Chinese Empire, which had existed since 221 B.C. over many dynasties. Both the Republic of China on the island of Taiwan and the People's Republic of China on the mainland regard themselves as the legitimate successors to the Xinhai Revolution.

The island of Taiwan, under Chinese rule from 1683 to 1895 and under the rule of the Japanese Empire from 1895 to 1945, did not fall to the Republic of China until the end of World War II. In 1949, after the defeat in the 22-year civil war against the Communist Party and the establishment of the People's Republic of China on the mainland, the government, elites and armed forces of the Republic of China withdrew to the island of Taiwan. There, the state



party Kuomintang, led by Chiang Kai-shek, established a one-party rule lasting several decades, while maintaining the state of emergency. The second half of the twentieth century was characterised by high economic growth, and towards the end of the 1980s the Kuomintang initiated a gradual democratisation. According to various democratic scales, the Republic of China is now one of the most democratic states in Asia, alongside Japan, comparable to Germany and Switzerland.<sup>8</sup>

Even after the proclamation of the People's Republic of China in 1949, the government of the Republic of China initially represented the Chinese state at the United Nations and was a permanent member of the UN Security Council. However, as a result of the People's Republic's one-China policy, more and more states broke off their diplomatic relations with the Republic of China, which was forced to surrender its membership of the United Nations to the People's Republic in 1971 by UN Resolution 2758. With the Taiwan Relations Act, the United States of America also broke off its relations with the Republic of China, i.e. with Taiwan, pro forma, after the USA had established official diplomatic ties with the People's Republic of China under President Jimmy Carter on 1 January 1979. Since then, however, the USA has never made a secret of the fact that its political sympathy lies with the democratic republic, not with the communist People's Republic.

## **One of the fastest ageing societies**

Taiwan's population grew from seven to 23 million between 1950 and 2015, significantly more than in the People's Republic of China. But the situation has now changed: the population growth rate is now only 0.2 percent annually. The average age is around 40 years. The birth rate

in 2016 was one of the lowest in the world, with 1.12 children per woman (comparative figures for other Asian countries in 2015: Hong Kong 1.20, South Korea 1.24, Singapore 1.24, Japan 1.46). Taiwan is therefore one of the fastest ageing societies in the world. By 2050, the average age could rise to 56, which – as in other ageing societies – is likely to pose a major challenge to pension and healthcare systems.

Population forecasts for 2060 range between 17.3 and 19.7 million; that would be about as many inhabitants as Taiwan had in the early 1980s. According to these forecasts, the working-age population (15-64 years) will fall from 17.2 million to 9.6 million between 2022 and 2060, while the number of pensioners (over 64 years) will rise from 3.2 million to 7.2 million.

The dramatic development of the demographic pyramid is also due to the fact that the island state has pursued a restrictive immigration policy for a long time since 1949. It was only after democratisation in the early 1990s that immigration to Taiwan gradually increased. Between 1992 and 2015, the number of non-Taiwanese citizens living in Taiwan increased from about 44,400 (about 0.2 percent of the total population) to 637,800 (about 2.8 percent).

The government of President Tsai Ing-wen, who was elected in 2016, presented the New Southbound Policy, which was intended to intensify relations with 18 Southeast Asian countries, including the ASEAN countries, Australia, New Zealand and India, and from there facilitate immigration to Taiwan. On the one hand, this seemed inevitable in view of the demographic situation, but on the other hand, like any offensive migration policy, it led to political and social disputes within the country – all the more so since it is already felt to be "crowded" in Taiwan. The

Republic of China has the second highest population density in the world after Bangladesh, with about 640 inhabitants per square kilometre. Due to the high mountainous terrain in Taiwan, the population is concentrated in the western plains as well as in the north of the island around the capital Taipei. The urbanisation rate is correspondingly high there, with an increasing concentration on the agglomeration in the capital Taipei. Further settlements are located around Taichung and Tainan along the west coast to the southern port city and the second largest metropolis of Kaohsiung. Around 75 percent of the population lives in the cities.

## **Taiwan: world's chip metropolis**

Taiwan's significance goes far beyond its historical development or geographical location; this is mainly related to a company, the Taiwan Semiconductor Manufacturing Company (TSMC, Chinese: 台灣積體電路製造股份有限公司 / 台湾积体电路制造股份有限公司).<sup>9</sup>

Founded in 1987 in Hsinchu, TSMC is today the third largest semiconductor manufacturer in the world, after Intel and Samsung, and the world's third largest independent contract manufacturer for semiconductor products, a so-called foundry. This is the term used to describe operators of chip factories that produce microelectronics on behalf of other companies that do not have their own semiconductor manufacturing facilities.

If you look at TSMC's customer list, you can see the enormous importance of Taiwan's Foundry for the global economy: AMD, Apple, Qualcomm, Nvidia and Broadcom are just a few of TSMC's customers. In other words, if semiconductor production in Taiwan ever comes to a

standstill, half of the world will also be at a standstill, because the chips "made in Taiwan" are contained in almost all electronic products around the globe. Cars, machines, systems, smartphones, desktop computers, servers - without Taiwan, hardly anything works anymore.

TSMC Chairman Mark Liu made it clear in 2022: "No one can control TSMC by force. If you use military force or an invasion, the TSMC factory will no longer be operational. As such a sophisticated manufacturing facility, it relies on real-time connections with the outside world, with Europe, Japan and the USA, from materials to chemicals and spare parts to technical software and diagnostics." Liu compared a potential conflict in Taiwan to Russia's invasion of Ukraine, saying that while the two conflicts were very different, the economic impact on other countries was similar.<sup>10</sup>

The increasing electronification, computerisation and digitisation of virtually all economic sectors and areas of life in all industrialised nations - and not only there - has created an unhealthy dependence on the controversial and in the future possibly contested island state, which could plunge large parts of the world into chaos in the event of an armed conflict or even a war around the island.

For this reason, it is entirely justified to call Taiwan 'the most dangerous island in the world'. It poses the risk of a military escalation of the dispute between the USA and the People's Republic of China, with potentially devastating consequences for economies around the globe. And there is much to suggest that the confrontation between the absolute superpower claim of the USA and the equally absolute claim of the PRC to the island in the struggle for Taiwan will escalate.