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REPORT

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This report is a summary of a roundtable discussion that took place on February 26, 2024.

Dr. Dani Belo – Assistant Professor, Webster University

Dr. Stephen Nagy – Professor, International Christian University

Dr. David Perry – President, Canadian Global Affairs Institute

Dr. David Wright – Professor, University of Calgary

Understanding the Taiwan Strait beyond traditional security dimensions

The Taiwan Strait represents one of the most salient contemporary geopolitical issues in the Indo-Pacific region. The prospect of potential military conflict between mainland China and Taiwan and its consequences for the South China Sea and neighboring states has dominated the debate. However, for Canada and its allies, it is important to understand Taiwan and the Taiwan Strait beyond traditional security concerns. Firstly, Beijing indeed has long-standing incentives to ensure its dominance in cross-strait relations and such incentives can extend to the use of force and military escalation over the region. China has long emphasized Taiwan's vital importance to its territorial integrity and national pride under its One China Policy. Taiwan's independence would therefore be seen as challenging China's sovereignty and be met with military intervention. To reinforce this point and as a way to establish its continued dominance, China has, in many instances, sent military aircraft and ships surrounding the Taiwan Strait. This form of military action has been frequent, especially after the visit of US House Speaker Nancy Pelosi in August 2022, an event that Beijing deemed as challenging its territorial integrity.

As a result, international cooperation with Taiwan has often been centered around effective deterrence. However, while deterrence continues to be a priority for the international community, it is important to understand the region beyond this. Indeed, while Beijing has deployed military maneuvers over the Taiwan Strait, large-scale military conflict remains unlikely, at least in the short to medium term. This is largely due to the economic and structural issues that China is facing domestically, making managing domestic concerns a more urgent and pressing priority. Indeed, after decades of rapid growth, China's economy is facing stagnation and potential recession. The negative impact of the COVID-19 pandemic continues to negatively affect the Chinese economy and other issues such as high youth unemployment, weak spending, as well as the ongoing property crisis combined with its aging population add further pressure to the Chinese government. To maintain domestic legitimacy and political stability, Beijing needs to address these economic challenges urgently. Under these circumstances, any large-scale warfare can be costly and would likely intensify economic pressures. On an international level, a global backlash caused by initiating a war against Taiwan could not only impact China's trade but also lead to a collapse of its economic and geopolitical network. As a pragmatic and rational actor, unless it perceives its fundamental territory integrity as being compromised, China is unlikely to escalate tensions and initiate large-scale military conflict. From the Taiwanese perspective, recent public opinion surveys have shown that the majority of the respondents prefer to maintain the status quo rather than push for independence. In this regard, a continuation of the current situation, with occasional tensions, is likely to prevail. As the prospect of war is unlikely, Canada's engagement in the region should go beyond promoting peace and engaging in military deterrence.

Canada's interest in the region

The stability of the region is important for Canada as it holds implications for Canada's promotion of democracy internationally as well as the continued strength of the Canadian economy. The former is evident as Canada's foreign policy and international development assistance indeed prioritize the promotion of democratic values and human rights in different regions of the world. Taiwan underwent a democratic transition at the turn of the century and is now considered a consolidated democracy. Helping Taiwan maintain its democratic structure while also exchanging valuable lessons to reinforce our democracy domestically is therefore an important aspect of Canada's relationship with Taiwan. Moreover, through working with Taiwan, Canada can gain valuable lessons in combating disinformation and foreign election interference as the latter itself has developed effective strategies against these undemocratic forces.

From an economic perspective, Taiwan is not only Canada's sixth-largest trading partner in Asia but also a key part of the semiconductor supply chain, a vital industry supporting the Canadian economy. Indeed, Taiwan is one of the largest producers of semiconductors, an essential component of almost every electronic device, ranging from computers to cars. In other words, Taiwan is a crucial point to ensure the stability of global supply chains and ensure the resilience of the global interconnected economy. Political instability can lead to severe disruptions in the supply of semiconductors, which would then pose a challenge to the production of crucial consumer products. For example, Canada is home to a large automotive industry that relies on a stable supply of semiconductors. A semiconductor shortage would severely impact the production of vehicles and lead to huge losses to the Canadian economy. In reality, the automotive industry is just one of many sectors that rely on a steady supply of semiconductors. In this sense, it is important to recognize that political and economic stability in the Taiwan Strait is directly linked to the resilience of the economy of both Canada and broader regions.

Canada's engagement with Taiwan: the way forward

Given Canada's interests in the stability and economic resilience of the Taiwan Strait, it should engage in the region strategically. Indeed, while maintaining its official support of the One China Policy, Canada should extend support to Taiwan within its economic and military capabilities. Firstly, recognizing its commitment to supporting its allies during ongoing conflicts and acknowledging its limited existing defense resources, Canada needs to identify its advantages and adopt a tailored approach accordingly. In other words, while large-scale direct military support to Taiwan is unrealistic, Canada can seek to offer support in non-traditional ways. From a security perspective, this may entail finding ways to involve Taiwanese in Canadian military training or sharing targeted defensive knowledge in the realm of non-frontline interactions. Economically, Canada should strengthen its existing trade with the region within the framework of its Indo-Pacific Strategy. The signing of a bilateral foreign investment promotion and protection arrangement in December 2023 represents an example of such outreach which can contribute to the economic stability of the region. Moreover, given the resource limitations on an official level, non-state-level exchanges between Canadian and Taiwanese institutes represent a key area of future engagement. Indeed, academic, cultural, or linguistic exchanges can help foster a better understanding of both Taiwan and mainland China beyond official rhetoric. For Canada in particular, obtaining knowledge of the Chinese language and culture can be particularly valuable

in combating misinformation targeted at Chinese diasporic communities. Beyond bilateral engagement, Canada can also leverage its position in existing multilateral partnerships. Specifically, as the rotating chair of the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP), Canada can use its position to promote mutually beneficial trade agreements in the region. Moreover, a minilateralist approach engaging regional actors and Canadian allies on building a tailored initiative that promotes supply chain resilience and political stability in Taiwan while maintaining the members' individual One China Policy may also be an effective strategy.

About the Author

Diya Jiang *is a researcher specializing in International Relations and Foreign Policy Analysis with a focus on supply chain geopolitics and public opinion. Her research focuses on investigating the political, economic, and social consequences of US-China rivalry in Canada and globally. Her current research project examines how de/re-globalization economic narratives surrounding supply chain diversification are perceived and adopted by global elites and the public. She is currently pursuing a Ph.D. in Political Science at McGill University and is a Research Fellow at the Central European Institute of Asian Studies. She holds a Masters in International Political Economy from the London School of Economics and a Bachelors in Quantitative Economics and Journalism from New York University.*

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The Institute was created to bridge the gap between what Canadians need to know about Canadian international activities and what they do know. Historically Canadians have tended to look abroad out of a search for markets because Canada depends heavily on foreign trade. In the modern post-Cold War world, however, global security and stability have become the bedrocks of global commerce and the free movement of people, goods and ideas across international boundaries. Canada has striven to open the world since the 1930s and was a driving factor behind the adoption of the main structures which underpin globalization such as the International Monetary Fund, the World Bank, the World Trade Organization and emerging free trade networks connecting dozens of international economies. The Canadian Global Affairs Institute recognizes Canada's contribution to a globalized world and aims to inform Canadians about Canada's role in that process and the connection between globalization and security.

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