



# *Scenarios for Cross-Strait Tensions: An Indian Interests Assessment*

TAKSHASHILA INTELLIGENCE ESTIMATE 2021 - 01

V1.0, 03 November 2021

## *Executive Summary*

This assessment on tensions between People's Republic of China (PRC) and Taiwan discusses three possible scenarios relevant for Indian policymakers and analysts. The first scenario of status quo between PRC and Taiwan is best suited for India. Maintaining this status quo requires a two-pronged policy of deterring the PRC, while cautiously engaging with Taiwan but also discouraging ambitions for independence. Second, Taiwan declaring independence will change status quo and would destabilise Indo-Pacific. Hence, New Delhi should dissuade Taiwanese officials from moving in the direction of independence. If Taiwan still declares independence, India's diplomacy should seek to contain escalation. Lastly, if China invades Taiwan, it might result in three distinct potential war scenarios. A decisive PLA campaign that ends with 'reunification' and a protracted conflict involving regional and extra-regional powers are not ideal scenarios for Indian interests. A short and indecisive conflict is likely the best-case outcome from an Indian perspective. In this case, New Delhi should ideally join the international community in condemning the PRC's aggression, while refraining from military signaling.

# *Introduction*<sup>1</sup>

There has been a spike in tensions across the Taiwan Strait over the past few years. While conflict is not imminent, there is today greater probability that Beijing could use force to achieve reunification. This is evident in Xi Jinping's rhetoric, efforts by the Communist Party to constrain Taiwan's international engagement, and the intensification of PLA activities in Taiwan's vicinity. For instance, on more than one occasion, Xi has said that the Taiwan issue cannot be passed down from generation to generation. Interpreting recent events, Taiwan's Defence Minister, Chui Kuo-cheng, has claimed that the China-Taiwan relations are at their lowest in the past 40 years, and Beijing would be fully capable of launching an assault as early as 2025.

Deepening tensions along the Taiwan Strait impinge on Indian interests. It limits India's ability to engage with Taiwan bilaterally and at multilateral fora. It also impacts India's trade and commerce flowing through the East Asian region. If China pursues reunification with Taiwan successfully, it cements PRC hegemony over East Asia. Finally, it may also embolden the PRC to seek forceful solutions with regard to other territorial disputes, including India.

With this in mind, this assessment discusses three possible scenarios relevant for Indian policymakers and analysts.

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<sup>1</sup>*This document is prepared for the purpose of discussion and debate and does not necessarily constitute Takshashila's policy recommendations. To contact us about the research, write to [research@takshashila.org.in](mailto:research@takshashila.org.in)*

# *Scenario 1: The Status Quo*

***Key Insight: Continuation of the status quo is the best-case scenario for India. However, the status quo increasingly appears to be under pressure. Maintaining the status quo, will require a two-pronged Indian policy of working towards deterring the PRC, while cautiously engaging with Taiwan but also discouraging ambitions for independence.***

The People's Republic of China considers Taiwan as a renegade province that "must and will be" reunified with the mainland. Taiwan, however, maintains de facto independence. This arrangement has worked for decades, with occasional PRC aggression. The existing circumstances, however, indicate an intensification of the cross-Strait tensions, with the risk of conflict increasing. Given the PRC's posture, it appears that a return to the pre-Xi Jinping era of peaceful cross-Strait ties is highly unlikely. At the same time, conflict could engender immense uncertainties and could lead to broader escalation with regional and extra-regional powers getting involved. This could negatively impinge on India's strategic implications.

Given this, the challenge for Indian policymakers is to ensure that the status quo sustains. This will require a two-pronged policy of deterring the PRC, while cautiously engaging with Taiwan but also discouraging ambitions for independence.

Deterrence will require India to first deepen its engagement with Taiwan, while also signalling that India will back the international community in imposing costs on the PRC if it seeks to undermine the status quo.

In this context, India should first de-hyphenate its relations with Taiwan from the PRC. In other words, India-Taiwan relations should be independently pursued irrespective of the status of China-India relations. This doesn't mean moving away from the One-China policy. But New Delhi should explore avenues to deepen its economic cooperation with Taiwan. In particular, it should focus on deeper technology, health-related engagement and intelligence sharing with Taiwan, along with focussing on people-to-people and academic exchanges. India should also step-up unofficial political engagement with Taiwanese officials. India should also increase its engagement with countries that still recognise Taiwan.

Second, India should support Taiwan's participation in international forums that do not have statehood as a membership criterion. New Delhi should work with like-minded partners towards this end. Quiet public signalling should be part of this effort.

## *Scenario 2: Taiwan Declares Independence*

***Key Insight: Such a scenario would imply a fundamental change in the status quo and will likely provide a pretext for PRC military action. In fact, it might become politically untenable for the Xi Jinping-led Communist Party to eschew the use of military force in such a scenario. While expanding engagement, it is important that New Delhi continues to dissuade Taiwanese officials from moving in this direction. In case of such an eventuality, India's diplomacy should seek to contain escalation.***

The US has maintained a policy of strategic ambiguity with regard to cross-Strait relations. It dissuades China from seeking forceful 'reunification' but it also discourages Taiwan from declaring independence. However, there is evidently a debate underway in Washington about shifting from strategic ambiguity to strategic clarity. This means that the US would pledge support for Taiwan in the event of a conflict with the mainland. It is possible that such a public commitment could embolden those in Taiwan who desire a formal declaration of independence.

Such an announcement would be immensely destabilising. First, it will in all likelihood lead to a military response from Beijing. In such a scenario, Beijing would also potentially have greater diplomatic support from members of the international community for an aggressive response. Second, a declaration of independence by Taiwan will place before New Delhi the question of recognition. This will inhibit India's ability to engage with Taiwan bilaterally and at multilateral fora.

Therefore, it is recommended while expanding engagement, New Delhi should dissuade Taiwanese officials from moving in the direction of independence. India should, in fact, make it clear to interlocutors in Taiwan that it will not offer formal recognition if independence is declared. Support for Taiwan's international engagement could also likely ease some of the related domestic pressures for Taiwanese leaders.

However, if such a scenario does come to pass, it is advisable for New Delhi to reiterate its stated position on the one-China policy. At the same time, India needs to work with partners like the US, Japan and Russia to urge restraint from the PRC. In doing so, India should support actions taken by partners with greater capacity and influence to deter the PRC. But it should refrain from aggressive military signalling.

## *Scenario 3: China Invades Taiwan*

***Key Insight: This assessment envisions three distinct potential war scenarios - a short and decisive campaign that ends with 'reunification'; a short and indecisive conflict, which ends in a stalemate; and a broader conflict involving regional and extra-regional powers. Among these, the second scenario of a short and indecisive conflict is likely the best-case outcome from an Indian perspective if war were to break out.***

A PRC campaign to seize Taiwan is far from an optimal scenario for India. This assessment envisions three distinct potential war scenarios.

First, the PLA could launch a short and decisive campaign that ends with successful 'reunification,' with minimal cost. At one level, such an eventuality will adversely affect Indian interests. It allows the PRC to break out of the first island chain. It strengthens the Communist Party's domestic legitimacy. The PRC will also gain control of Taiwan's technology assets and expertise. Finally, in the long run, it emboldens the PLA to seek forceful solutions with regard to other territorial disputes, and cements PRC hegemony over East Asia.

On the other hand, depending on the reactions of the US, Europe, Japan and Russia, the PRC could face international opprobrium and sanctions. Considering the current direction of Sino-Russian relations, it is unlikely that Moscow would be party to any punitive action against the PRC. Another factor to note is the possibility of violent resistance by the Taiwanese population. In such a scenario, while India's options are limited, its policies should be aimed towards ensuring that Beijing's diplomatic effort and the PLA's energies remain focussed in the waters off China's eastern shores. The longer the PRC remains occupied there, the greater its interest will likely be in ensuring calm along the Western frontiers. New Delhi should be using this window of opportunity to pursue capability development.

The second conflict scenario that we consider is a short but indecisive conflict. Given the PLA's overwhelming superiority over Taiwanese forces, such a scenario is only likely if Beijing merely desires to signal its intent and coerce Taiwan into "peaceful reunification" or if the PLA's efforts to seize Taiwan are thwarted by regional and extra-regional actors. The latter could be a product of Taiwan's improved defence capabilities, allowing it to hold the line until third-party intervention.

Such a scenario could potentially be beneficial to India, provided it does not escalate into a broader war. New Delhi should ideally join the international community in condemning the PRC's aggression, while refraining from military signalling. A failure to seize Taiwan would likely deflate PLA morale, which could lead to a reassessment of assertive policies along China's Western frontier. In addition, such a misadventure is also likely to have a destabilising effect for Xi Jinping's leadership of the Party. This could result in domestic instability and engender greater volatility in the PRC's foreign policy. Nevertheless, a frustrated stalemate, owing to intervention by external powers, would ensure that the PLA's strategic energies remain focussed towards the east.

The final scenario that we consider is a broader, protracted conflict involving regional and extra-regional powers. This is the worst-case scenario for all parties concerned, including India. Such a conflict could have a deeply destabilising effect on international trade and commerce and the world order. Consequently, it would adversely impact India's economic development and strategic autonomy.

# *Conclusion*

With the deepening of China-Taiwan tensions, this assessment discusses three possible cross-strait scenarios for the Indian policymakers. The continuation of the existing cross-strait status quo is the best-case scenario for India. But maintaining it would require a two-pronged Indian policy of working towards deterring China and also cautiously engaging with Taiwan. But India should discourage Taiwan from declaring independence as such a scenario would imply a fundamental change in the status quo and likely provide a pretext for PRC military action. However, if China invades Taiwan, a short and indecisive conflict is relatively the best-case outcome from an Indian perspective as it lowers the PLA morale and keeps China occupied in the east away from the Indian borders.

Over the coming year, the probability of conflict remains extremely low, with the Winter Olympics scheduled for February 2022 and the 20th National Party Congress expected to be held in October. However, the cross-strait tensions are likely to remain tense, and friction is likely to intensify in the run-up to the 2024 elections in Taiwan.