

## THE CHINA-TAIWAN CONFLICT AND ITS IMPLICATIONS

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### Abstract

*The China-Taiwan conflict is an issue of concern to the international community following a visit of the Chairman of the People's Representative Council of the United States (US), Nancy Pelosi, to Taiwan in early August 2022. The China-Taiwan conflict can openly occur when China uses its military forces to recapture the island. Through this brief study, the implications of the open conflict between China and Taiwan, particularly Indonesia and the regions, is analyzed and focused on the topic. The China-Taiwan conflict, which was rooted in the history of China's internal political conflicts, still contributes towards the relationship between China and Taiwan. The concerns of the international community today is the presence of a highly prepared Chinese military forces to retake Taiwan into its territory. The concern increases as the US military presents in the region, as a way to support Taiwan, which gets hostile response from China. Although for China, the issue is a matter of internal affairs, and the regional countries, including Indonesia, must urge all parties, especially China and the US, to be self-contained and to maintain peace in the region.*

### Introduction

The China-Taiwan conflict becomes one of the issues of the international community which worries the most, especially many East Asia countries, following a visit of the of the Chairman of the People's Representative Council of the United States (US), Nancy Pelosi to Taiwan on August 2-3, 2022. The concern became an issue published in the media until the middle of August 2022 (Kompas, August 15, 2022). The China-Taiwan conflict could have happened openly when China, which claimed

Taiwan as part of its territory, used its military forces to recapture the island territory which had ruled independently since 1949 when the communist leader, Mao Zedong, defeated the Kuomintang Leaders (KMT), Chiang Kai-Shek, who escaped from China and established the Taiwan government. The unification of Taiwan into China's lap has long been President Xi Jinping's dream.

The China-Taiwan conflict has raised the regional concerns, even the international ones, because Taiwan has an important as the



main supplier of the semiconductor (chip) of the world, which is much needed by the electronics and automotive industries (suaramerdeka.com., April 28, 2022). It means that the implications of the conflict between China and Taiwan are interesting to analyze, particularly towards Indonesia and the geopolitical importance of the situation in Taiwan. The implications of the China and Taiwan conflict are analyzed in this brief note, by giving a glimpse of the historical aspects of the China and Taiwan conflicts.

### **A Glimpse of the China-Taiwan Conflict**

The China and Taiwan conflict increases after China held a military exercise in the Taiwan Strait following the visit of the Chairman of the People's Representative Council of the United States (US), Nancy Pelosi, to Taiwan. Long time ago, the relationship between China and Taiwan had heated up several times. The conflict between the two was based on the assumption of China that Taiwan was a part of its country's sovereignty. On the other hand, Taiwan didn't admit the Chinese claim. The conflict between China and Taiwan was certainly based on the past history, when China experienced the Post-Qing Dynasty political turmoil that ruled China and collapsed in 1911 (Maizland: 2022). At the time, two military-political groups with ideologies opposite, competed for the future of China. Both were The Kuomintang Nationalist Party (KMT) and The Chinese Communist Party (PKC).

The KMT envisioned China as a constitutional republic

following a model of western government, while the PKC, which was established in 1921, pursued a communist revolution. However, both decided to work together to fight the Japanese occupation during the 1930's. On December 1, 1943, they saw Japan begin to defeat in World War II, The Chief of China, USA, and the Great Britain signed "The Cairo Declaration," which stated that all areas taken by Japan from China such as Manchuria, Taiwan, and the Penghu islands, would be returned to China (Thim: 2017). After the Japanese surrendered to the Allies in 1945, Taiwan was given back to the China. However, both parties resumed their civil war. The war continued until the PKC leader, Mao Zedong, announced the establishment of the People's Republic of China (RRC) in Beijing on October 1, 1949.

The establishment of RRC, as the PKC victory, pushed the KMT leader, Chiang Kai-Shek, retreat to Taiwan. The KMT under the leadership of Chiang Kai-Shek then declared Taipei on Taiwan Island as the capital city of the Republic of China (ROC) in December 1949, and also stopped contacting with the mainland China which was controlled by the PKC. In 1950, Taiwan became an ally of the US which was fighting against the Chinese Communist in Korea (reuters.com., August 2, 2022). The US also deployed a fleet in the Taiwan Strait to protect its allies from a possible attack of mainland Chinese. In later development, and on the US political calculations that sees China as a permanent member of the Security Council of the United Nation, then the US is pursuing diplomatic relations with

China, however it stays committing to support the Taiwan defense, The US also supports the "One China Policy" which doesn't acknowledge Taiwan as an independent and sovereign state, but the US maintains a trade and military relationship with Taiwan.

As the China-Taiwan relationship grows ups and downs, and there will usually be some tensions when the Democratic Progressive Party which is traditionally pro-independence, wins the elections in Taiwan. The relationship between China and Taiwan is heating up again after the arrival of the chief of the House of Representatives of the US, Nancy Pelosi, to Taiwan (The Jakarta Post, August 11, 2022). The day after Pelosi visit, China deployed a number of planes and fired live missiles directly near Taiwan in military training. On the other side, Taiwan made efforts to maintain its sovereignty, it scrambled the jets to warn the 22 Chinese fighters that crossed the middle of the Taiwan Strait to its air defense zone (wsj.com., August 9, 2022). The concern of today's international community is that the conflict between China and Taiwan is overshadowed by the Chinese which has better equipped military to strike Taiwan, or at least a total blockade action that would make Taiwan's harbor and main airports isolated.

### **Implications for Indonesia and the Regions**

The conflict of China and Taiwan can have even worse implications than the Ukraina-Russia war. The reason is that the conflict between China and

Taiwan will involve the US The Fiscal Policy Agency (BKF) of the Ministry of Finance considered that the conflict between China and Taiwan was an exotic risk, but it still needed to be warned. The BKF's chief, Febrio Nathan Kacaribu, stated that Indonesia would not be affected directly. However, Febrio mentioned that there was a significant risk of continuing the conflict against the Indonesian economy (bisnis.com., August 8, 2022).

The potential tardiness effect of the conflict may be on trade and investment mobility. As you know, China and the US are Indonesia's trade partners, so the distraction from each side and both of them could have an effect on the Indonesian trade. A similar condition has affected to investment as well. The matter is, that China and the US are among the top 10 countries that invest in Indonesia in the last few years. If the two countries are involved in a conflict, the flow of investment can be impeded. Reflecting the conflicts between Russia and Ukraine that didn't involve Indonesia but the impact of its impact was profound, even globally. Therefore, the escalation of the conflict in Taiwan still has to be caution.

In the meantime, the Minister of Foreign Affairs, Retno LP Marsudi said that the potential conflict between China and Taiwan would be an additional challenge for Indonesia and the regions. Indonesia is very concerned about the stability in Taiwan and beyond. Therefore, Retno along with other Ministers of Foreign Affairs were very worried about the tension

escalation on the Taiwan Strait, and so she requested all parties as strongly as possible, to restraint, to refrain from provocation, as well as respecting the UN charter and the ASEAN Friendship and Cooperation Treaty. Indonesia's anxiety is very reasonable, because 410,000 Indonesians live in East Asia, as much as 300,000 people live in Taiwan. If there is a war, their evacuation will be complicated. As the illustration, to evacuate 200 Indonesians from Ukraine, required a cross-country operation for nearly a month (Kompas, August 15, 2022).

Indonesia is also strongly bound to East Asia. The income of US \$228 billion of Indonesia's exports throughout 2021, US \$83 billion was from exports to Taiwan and beyond. The value of Indonesia's exports to Taiwan was equivalent to 7% of Indonesia's gross domestic product (GDP) in 2021. According to the World Bank, Indonesia's GDP in 2021 has reached USD\$1.18 trillion. The value of Indonesian exports to and around Taiwan are higher than Indonesia's GDP growth which has always decreased by 6% in recent years (Kompas, August 15, 2022). The data shows at least the importance of Taiwan for Indonesia, and Indonesia certainly hopes the Taiwan crisis does not continue in the direction of open conflict.

In addition, there are two other factors that further strengthen Taiwan's position for Indonesia and, surely for the regions, which are its global supply chain and shipping routes for Indonesia's export. The global trade chain has made some of Indonesia's export goods to be shipped to other countries for

processing. Next, The processed results were sent by Taiwan and the surrounding countries. As for pursuing cost economics, a part of Indonesian exports to East Asia and other areas uses intermediate ports. Beside in Southeast Asia, Indonesia's export intermediate ports are located in China and South Korea. Exports directly and indirectly will be difficult to transmit if there is a war or just tension in Taiwan, as the transport ships are not available (cnnindonesian.com., August 5, 2022).

It was already proved when China held the war training in the first and second weeks of August 2022 as a response to the Pelosi trip to Taiwan. The routes of hundreds of planes and commercial ships were forced to be rerouted. Most planes and ships have been canceled in or out of Taiwan. The rerouting was an appeal to the People's Liberation Army (PLA) or the Chinese Army. Before the training starts, the PLA appealed to all PLA unoperated aircraft and vessels to stay away from the training site. If it stayed through, the flight attendants and aircraft were assumed to have understood the risks of training using real rockets and missiles. The Taiwanese, on the other hand, holding the same Chinese military training was the same as the naval blockade and air and have violated the Taiwan's territorial waters and surrounding zones.

As known, the Taiwan strait, which divides the Taiwan Island and the Asian continent are major trade routes for ships carrying goods from and to major economic countries in East Asia, such as China, Japan, South Korea, and other countries around the

world. Military ships were also no exception through this region. Therefore, the shutdown of the route in the Taiwan Strait by China has not only affected trade, travel, and the economy patterns in the future, but it will also affect on defense and security. The US, as a major and influential country in the region, with the reason for freedom of navigation in international waters, its warships often cross the Taiwan Strait. If there is tension between China and the US in the Taiwan Strait, therefore, the conflict between China and Taiwan, will also involve the US, which will affect the regions security.

### Closing

The China-Taiwan conflict which has been backgrounded by the political internal conflict history, represented by competition between the PKC and KMT, and now the Progressive Democratic is traditionally the Pro-Independence Party, which still ties Chinese and Taiwanese. The concerns of the international community and the region today is, the presence of Chinese military forces under the leadership of the President Xi Jinping is absolutely well prepared to take charge and "take back" Taiwan to become a part of its territory. The growing concern as the US military presence in the region, as a favor to Taiwan, got an opposing response from China which has caused tension.

Escalation of increasing tension, much less until open conflict occurs, would have a negative impact on the region, including Indonesia which has an economic interest towards Taiwan. Although the Taiwan issue for

China is an internal problem, but the regions, including Indonesia with ASEAN, and through parliament diplomacy, must remind to all parties urgently, especially China and the United States, to be self-contained and to stay away from provocation, as well as to respect the UN charter and ASEAN's friendship and cooperation treaty, and also to support as much as possible on the importance of maintaining security and peace at the regional and global levels.

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