

Taiwan in the US-China Strategic Contestation

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Received on: 11-01-2025

Accepted on: 13-02-2025

Abstract

Taiwan has been a subject of considerable attention from the media and scholarly research for many years. Recently, trade and investment between China and Taiwan have fluctuated within the rapidly evolving global geopolitical landscape. While the relations between Taipei and the US have been strengthening economically, militarily, and diplomatically. The growing ties between Taipei and Washington are closely monitored by Beijing, raising concerns about potential long-term implications. Given the escalating strategic competition between the US and China, Taiwan holds a significant position. In line with this, Taiwan is widely viewed as a geopolitical pivot with the potential to disrupt the balance of power in the Asia-Pacific region. The Taiwan Relations Act (TRA) of 1979 explicitly underscores the importance of the US commitment to Taiwan in maintaining regional power equilibrium. This paper explores Taiwan's role/positioning; impact and implications in the power dynamics between the US and China and the region at large. Drawing from realist theory and secondary data, the findings suggest that Taiwan is a pivotal player rather than a mere pawn in the geopolitical tensions between these major powers. Overt reactions from either China or the US to secure this strategic pivot could lead to increased insecurity and instability within the region and potentially beyond. Therefore, this article suggests that constructive engagement among the US, China, and Taiwan to establish a framework for regional stability.

Keywords: Geopolitical environment, US-China rivalry, Strategic pivot, multipolar world order

1. Introduction

Washington and Beijing have been at odds over trade and technology for several decades. President Trump's arrival (47th President, 2024) at the helm of American affairs has further intensified this confrontational approach toward China. Furthermore, China's human rights record, political system, and Taiwan issue have consistently dominated Washington DC's policy horizon. In the growing geopolitical contestation between the US and China, Taiwan holds a significant position for both of the competing powers. China and the US have different

approaches toward Taiwan. Their interests intersect and are deeply intertwined with Taiwan. Consequently, Taiwan appears to be an important factor in Washington's strategy for maintaining a free and open Indo-Pacific and a model for democratic governance. Similarly, China sees its neighboring country as a critical issue for its national territorial integrity. Strategic interference from any external power could be considered a violation of their sovereignty, the One China Policy, and legitimacy. In line with this, Taiwan holds a significant position in the US-China strategic rivalry. Both the contesting powers in the region view Taiwan as a pivot and a pawn in their geopolitical maneuvering. However, the increasing geopolitical tension between China and the US presents Taiwan with risks, uncertainties, and complex interests on three levels: national, economic, and security. This puts Taiwan in a position of extreme vulnerability. Taiwan's future and international relations are at the forefront of US-China relations, serving as a pawn and pivot for both sides in this primary power contest.

Hence, this paper explores the complexities of Taiwan's position in and out of this power struggle, and seeks to know its impact, and implications. This paper is comprised of four sections: First, this section dives briefly into the history of how Taiwan has been seen by America and China throughout the decades of their relations with Taiwan; secondly, it reviews the extant literature on Taiwan and its relations with America and China; thirdly, it explains how research objectives will be/have been achieved, and then it critically analysis as a part of discussion and in last, it concludes this article.

2. Glancing over the History

The circumstances that led to the controversial international contradictions over Taiwan's political status commenced at the end of the Chinese Civil War, which resulted in the establishment of the People's Republic of China (PRC) in mainland China on October 1, 1949, and the flight of the Republic of China's (ROC) government to Taiwan with its de facto government. Hence, this article attempts to explore the positioning of Taiwan in the growing geopolitical rivalry between America and China. Historically, the PRC has viewed Taiwan as a separatist province, which they have threatened to take back by force, but it is under China's de facto control. The United States has long helped to protect Taiwan, based on the U.S.-Taiwan Relations Act of 1979, which commits the US to ensure Taiwan can defend itself (Mastro, 2021). It has played a significant economic role in the global supply chain, especially in the technology sector. It is home to the semiconductor industry. For example, Taiwan Semiconductor Manufacturing Company (TSMC) is critical for world-tech sectors like the US and China. On the one hand, this economic leverage presents both advantages and disadvantages. It gives Taiwan a major strategic asset and reinforces Taiwan's unique status as a swing state in the US-China tech rivalry (Smith, J. 2023). Similarly, China is Taiwan's largest trading partner (export/import). At the core of the issue is Taiwan's incredibly complex economic interrelationship with the mainland, which forces it to weigh the benefits of a financial partnership with China against the potential political and security risks of relying on its main adversary. Over time, the US has recognized the importance of Taiwan's economy, and it has since looked to establish closer trade relations and have Taiwan integrated into larger economic frameworks, like the Indo-Pacific Economic Framework (IPEF).

The security interests of Taiwan are a top priority in the new US-China power struggle. The modernizing and increasingly assertive Chinese military, which has continuously been flying into Taiwan's Air Defense Identification Zone (ADIZ) for months, demonstrates aggressive behavior. The United States is collaborating with Taiwan on defense capabilities through arms sales and military cooperation, aiming to prevent Chinese aggression and maintain regional stability. In the event of a full-blown Chinese invasion, the United States maintains "strategic ambiguity" about its willingness to commit to direct military intervention, which serves both its deterrent value and its ambiguity. To that end, Taiwan has improved its defenses and sought to develop asymmetrical capabilities to fight its enemies (Maizland & Scheffer, 2024).

While few nations officially recognize Taiwan as the independent Republic of China, its informal relations with multiple countries are significant in depth and scope. The United States, Japan, and some European powers have long maintained intricate yet unofficial arrangements with Taiwan through eccentric diplomatic outposts and commercial stations. Taiwan's intense political stratagems center on strategically engaging, where feasible, in global organizations like the expansive World Trade Organization and the vast Asia-Pacific Economic Cooperation—occasionally under the enigmatic name "Chinese Taipei" as a surreptitious workaround to evade Chinese defiance (Goldstein, 2021).

3. Literature Review

Taiwan's growing role in the worldwide technology supply chain, especially semiconductor manufacturing, is remarkable. The Taiwan Semiconductor Manufacturing Company (TSMC) is a global leader as a contract chipmaker, providing core elements to major tech firms and industries everywhere, like the United States and China. This supremacy in technology translates to meaningful economic leverage. With so many economies heavily reliant on Taiwanese semiconductors, Taiwan's stability naturally concerns the international community, motivating support for preserving Taiwan's current situation (Diamond, L. et al., 2013).

Taiwan is dependent on and linked with the major powers—China and America, economically. However, the deeply intertwined nature of these relations makes them difficult to break. As China is Taiwan's primary commercial partner, Taiwan has sought to diversify its trade more widely to avoid reliance on any nation. The New Southbound Policy, which focuses on cultivating Southeast Asia, South Asia, Australia, and New Zealand into alternative markets, is an example of expanding Taiwan's economic horizons while decreasing sensitivity to Chinese fiscal strong-arming. Since 1979, the U.S. has sold Taiwan defensive arms under the Taiwan Relations Act (TRA); it also has maintained a policy of strategic ambiguity as to whether the U.S. will intervene militarily in the event of a Taiwanese declaration of independence. However, arms sales, associated military exercises, and high-level visits regularly demonstrate this ever-increasing security cooperation. This relationship deters Chinese military aggression by potentially increasing the costs it would incur if it forced Taiwan to surrender. Taiwan's close ties with the United States contribute significantly to its geopolitical importance. The US, meanwhile, is Taiwan's most powerful ally, supplying significant military resources and campaigning for the island's international participation. China, on the other hand, considers Taiwan a renegade province and represses

any efforts to confer international recognition on it (Wang, V. et al., 2021).

The US began to support Taiwan through the Taiwan Relations Act (TRA) of 1979 in response to an earlier US change in diplomatic recognition from the Republic of China (ROC) to the People's Republic of China (PRC). However, the TRA requires the US to provide Taiwan with defensive arms and preserve its capacity to resist any resort to force or other forms of coercion that would jeopardize Taiwan's security. The American strategy for Taiwan is to maintain the status quo in the Strait, adhere to the One China Policy, and support Taiwan's self-defense and democratic development. The US is Taiwan's most important arms provider, selling advanced military hardware and technology to shore up its defense. This sale has recently included F-16 fighter jets, Abrams tanks, and many missile defense systems. Military specialists maintain military cooperation, joint exercises, and strategic dialogue to strengthen Taiwan's defense posture. The US security guarantee to Taiwan helps deter Chinese aggression and contributes to regional stability (Brookes, P. 2003; Glaser et al., 2022; Lin, C. Y. 2014; McClaran, J. P. 2000; Christensen, T. J. 2000; Montaperto, R. N. 2004, and Su, C. 2008). Taiwan has maintained the backing of the US in its bid to join international bodies, including the World Health Organization and the International Civil Aviation Organization. This will enable Taiwan to contribute to the world regarding public health, climate change, and airline safety. The US is building up Taiwan's profile overseas through diplomatic channels and high-profile visits by US officials. While providing this support significantly boosts Taiwan's international contact, it also sends a message from the US that it is serious about democratic values and regional stability (Ho, S., & Kao, L. 2002).

The US and Taiwan have solid commercial links, with trade spanning a variety of products and services. One of the most important trades between the US and Taiwan is semiconductors. Taiwan is a critical ally and partner for the US, and it is its best leverage against mainland China. Economic initiatives, like the potential US-Taiwan Trade and Investment Framework Agreement (TIFA), aim to boost economic cooperation and reduce trade barriers. One must recognize the importance of these economic connections; they are crucial for Taiwan's financial sustainability and its involvement in the global economy (Smith, T., et al., 2022).

Strangely, China has occasionally used trade as a lever to influence Taiwan's political decisions. The communist regime's military intimidation of Taiwan remains a daily threat. The People's Liberation Army (PLA) often stages war games near Taiwan. Chinese military improvements, including advances in missile technology and sea power, have increased the likelihood that Beijing may use force against Taiwan. This approach could potentially push Taiwan to seek military support from the US. Notably, warming periods led to the thawing of cross-strait relations, the signing of multiple economic agreements, and the launch of more people-to-people exchanges, such as the Economic Cooperation Framework Agreement (ECFA) in 2010. However, political distrust and the overarching issue of imperial prerogative remain significant obstacles to long-term reconciliation. People on the island of Taiwan, hoping to preserve Taiwan's democracy and autonomy, are increasingly leaning towards a 'no change' option. Taiwan widely disapproves of all unification efforts under Beijing's terms. (Smith et al., 2022).

4. Research Methodology

This study relies on qualitative research, interpreting secondary data to comprehend Taiwan's role in the geopolitical competition between the US and China. This research analysis employs non-numeric data, concepts and opinions, as well as books and articles, to explore an understudied phenomenon. Indeed, secondary data provides a wealth of information, providing textual insights and leading to logical conclusions once the data is interpreted. Hence, this article explores the positioning of Taiwan in the ever-increasing geopolitical power rivalry between Washington and Beijing.

5. Critical Analysis

A. Taiwan in the US-China Strategic Calculus

The US is concerned about its strategic interests in Taiwan, which is the lynchpin to stability in the Asia-Pacific region. Peace in the Taiwan Strait is crucial because a hotter conflict would engage some top regional powers and block global trade supplies. Ultimately, a commitment to stability supports the deterrence of aggression and the peaceful resolution of Taiwan's status, taking into account the will of the Taiwanese people. The U.S. also supports Taiwan's self-governance and an economy that prospers without coercion. The U.S. provides this assistance through arms sales and military cooperation, aiming to enhance Taiwan's defense capabilities. Economic security is another priority interest. Taiwan serves as a nexus for Huawei, and the Chinese technocracy is in a panic. It is a more critical player in the US-driven global technology supply chain, particularly semiconductor fabrication. Keeping Taiwan economically strong protects the resilience of global supply chains. (Ho et al., 2002).

Measures such as taking Taiwan off the Special 301 "watch list," the Visa waiver program, and promoting a US-Taiwan Free Trade Agreement (FTA) are among the areas in which the US has been asked to help enhance Taiwan's international profile. These measures can potentially uplift Taiwan's global positioning and US economic engagement. Therefore, the potential Chinese counteraction and its implications for overall US-China relations may balance these measures.

Technically, the US prioritized its economic interests, which included stabilizing supply chains and trade; considering a US-Taiwan Free Trade Agreement; and safeguarding the Taiwanese tech ecosystem. The attempt to solely rely on rationality for economic gain, while neglecting international cooperation, could have detrimental effects and lead to backlash and diplomatic fallout from other countries. These actions can seriously threaten fundamental principles of equity and justice. The US must negotiate international concessions and deals to accomplish these objectives and fulfill its international pandemic security obligations. This entails managing alliances and avoiding alienation from other partners by appearing too pro-Taiwan. It's crucial to focus diplomatic efforts on maintaining positive relations with Taiwan and other nations and ensuring that US actions align with a stable and democratic environment rather than being a self-aggrandizing endeavor.

China has consistently made efforts to apply military, economic, and diplomatic pressure to Taiwan. Meanwhile, the US commitment to stability and peace calls for opposition to these pressures without risking war to meet them. These efforts include bolstering regional multilateral partnerships, improving Taiwan's overall defense readiness, and engaging diplomatically with waivers of tension.

The reasonable interests of the United States in Taiwan include regional stability, autonomy, economic security, and assisting in the global advance of democracy. However, these steps could also entail complex policy implications that require a delicate balance between self-serving and international spirit. This involves considering factors such as arms sales, diplomatic engagements, and trade agreements that can enhance US-China relations. Bridging this fragile equilibrium is critical to a productive, positive US-Taiwan dynamic, and it is essential to support Taiwan in maintaining its stability, robustness, and liberal democracy amid ongoing geo-strategic rivalries.

B. China's Perspective on Taiwan

Taiwan shares a complex history with mainland China. Since the civil war in 1949, China has claimed Taiwan as a historical part of its territory, even though the island has been self-governing. It views Taiwan's recovery as a patriotic aspiration and historical duty—one of the necessary elements to fulfill its dream of a unified China. Language and history share the cultural links between Taiwan and mainland China. They are a large part of what China uses to make its case for reunification, emphasizing that it is a cultural-historical whole.

Beijing considers Taiwan a breakaway province, which it has vowed to achieve reunification with by force. Any move toward independence in Taiwan directly threatens Chinese sovereignty and territorial integrity. Beijing says the island is part of the mainland and has been seeking reunification with China for centuries. This principle leaves little to no room for tolerance. People have invoked it to support diplomatic and financial sanctions on countries and institutions—or even Hong Kong residents living in Taiwan—that interact with Taiwan as a distinct entity.

The Taiwan question stems directly from the source of legitimacy for Chinese authorities and the reclaiming of China's historic glory by the CCP, which can also be viewed as a narrative. Weakness on the Taiwan question damages national unity and the party's power. Under Xi Jinping, the Chinese leadership gradually allowed Taiwan to become more independent. The leadership believes that a complete loss of control over Taiwan could spread to other separatist groups within China, such as the Tibetans and Uighurs, who aspire to their state and potentially trigger an internal crisis for China. Taiwan remains an essential economic conductor with China despite political differences. Trade and investment across the strait are significant, with Taiwan the primary supplier of high-tech goods and capital to the mainland. Economic integration between Taiwan and mainland China has deepened, and the status quo benefits both sides. Such a disruption would mean acute economic setbacks for Taiwan in any case, but it could also damage the Chinese economy, especially in sectors that rely on Taiwanese technology. This economic sway has even extended to the hope of using it to influence Taiwan's political decisions, offering incentives such as economic sweetness to Taiwanese businesses or sourness when political tensions escalate. Bringing the technology sector and beneficial trade ties from The Port of Consciousness to China can lift China dramatically higher on the pedestal of world industrial and technological superiority when paired with Chinese industrial knowledge and workforce.

China has amassed a large number of military assets around Taiwan, going so far as to routinely stage military exercises and fly bombers into Taiwan's air defense identification zone (ADIZ). The move served as a demonstration of China's strength and a reminder to the

US of its military superiority. The People's Liberation Army (PLA) is one step ahead in modernizing its operations for potential Taiwanese contingencies. However, a sizeable invasion has significant military, economic, and diplomatic risks.

More than that, Taiwan is strategically important for China. Taiwan could be crucial in maintaining national security and projecting regional influence. Beijing believes having Taiwan would allow China to project power in the Pacific, extend its reach beyond the first island chain, and challenge US military primacy. China fears Taiwan, with its backing from the United States and its armed forces, could push for independence. The juxtaposition between American military power in the region and Taiwan's defenses makes China's strategic calculations more difficult.

China is making an all-out diplomatic push to prevent other countries from recognizing Taiwan's breakaway state as a sovereign state. China employs a combination of economic incentives and sanctions to diplomatically isolate Taiwan. Beijing is outright opposed to Taiwan's inclusion in international organizations and activities, considering any nod to sovereignty an insult to China's claims. China views the US-Taiwan relationship as a significant concern for its territorial claims. Key irritants include U.S. arms sales to Taiwan, high-level visits by U.S. officials, and support for Taiwan's inclusion in international bodies. Beijing appears resolute in maintaining its firm stance on an issue, while China is cautious about its approach to US-China relations. One key concern is the risk of armed conflict over Taiwan, and both sides must find a way to deal with it forcefully.

Conclusion

Consequently, the study notes that the US regards Taiwan as a critical strategic asset due to perceived economic and geographic interests (regional stability, autonomy, economic security in Taiwan, and democratic values). A delicate balance of policy decisions around arms sales, official visits, and trade agreements is required to protect these interests. In contrast, China sees Taiwan as a part of its territory, as well as its national pride and territorial integrity. For China, any move on the part of the US for Taiwan's independence would be considered an existential threat to its control over the island in light of Taiwan's use of the standard currency, international trade, news, and telecommunications. China aims to uphold domestic stability while simultaneously asserting its regional influence. It has served as a linchpin in America's conflict with China, with US backing for Taiwan on the one side and Beijing's increasingly self-confident attitude towards the island. The US also offers Taiwan vital military, economic, and diplomatic aid that helps it maintain a secure position internationally, even as China attempts to freeze the self-governing island from the international market. Hence, this study concludes that Taiwan's position in the US-China strategic competition appears to be a central pivot rather than a pawn. The island is a geopolitically significant fulcrum in shaping the Asian balance of power, which calls for calibrated diplomacy and policy management on the part of all three actors to exercise care in what emerges as a triangular relationship on the rise.

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