

## Chapter 4: Heightened Uncertainty in US-China Relations and the Situation in the Taiwan Strait

### ◆ Escalation of US-China competition and shifts in diplomatic balance

President-elect Trump, buoyed by his achievement of a trifecta, is concentrating power in his own hands and creating an environment that facilitates the smooth implementation of his preferred policies. The new administration is likely to be led by hardliners on China and is expected to push forward a strong US-China decoupling policy, including imposing a 60% tariff on Chinese goods. With a focus on economic and advanced technology competition, this administration is anticipated to take an even tougher stance against China than in its first term.

Even though China has prepared to a certain extent for a renewed Trump administration, the new lineup and its corresponding policies could exceed China's expectations in their hawkishness. While retaliating against US tariff measures, China will remain hopeful that the new Trump administration will allow some flexibility (room for maneuver) in trade negotiations.

Despite forecasts of intensified US-China competition, there is no clear prospect that guardrails will be established to prevent a direct clash. President-elect Trump may well suspend the Biden administration's initiatives, which were emphasized in its later years, to manage US-China competition via intergovernmental dialogue mechanisms (in areas such as military affairs, economics/finance, commerce, drug enforcement, AI, and climate change). This could drastically reduce channels of communication between the two countries.

Meanwhile, several Chinese experts believe the adverse effects of Trump's "America First" policies will be felt more keenly by US allies, potentially creating diplomatic opportunities for China. Capitalizing on a possible weakening of US influence, China may intensify its outreach toward US allies and step up diplomatic offensives in regions where US engagement is waning.

Nonetheless, the fundamental fact that neither the United States nor China desires a large-scale war between major powers is unlikely to change during Trump's second term. Still, as indicated in a report by the Stockholm International Peace Research Institute (SIPRI), China is rapidly enhancing its military capabilities, including its nuclear forces, and the gap in military power between the two countries is steadily narrowing. Even with sluggish economic growth, China is expected to continue boosting defense expenditures at a high level through 2025.



(Photo: Aflo)

### ◆ Tensions over Taiwan and ongoing incremental changes to the status quo

Since the inauguration of the Lai Ching-te administration in Taiwan on May 20, 2024, China has kept a close watch on President Lai's governance and domestic developments in Taiwan. Meanwhile, it has intensified its efforts on multiple fronts – reaching out to the Kuomintang, conducting military exercises encircling Taiwan, and so forth – to tighten its grip on the Lai administration. Regarding Taiwan's inter-

national status, China has also been working to consolidate the narrative that the “One China” principle based on UN General Assembly Resolution 2758 (the “Albanian Resolution”) is recognized by the United Nations. This approach will likely continue as Beijing seeks to prevent any elevation in Taiwan’s global standing or memberships in international organizations.

At this stage, China does not appear to have met the rational conditions necessary to opt for a military invasion; it is expected to maintain a wait-and-see attitude while observing the new Trump administration’s policy direction. Nevertheless, China has proclaimed its intention to achieve the “great rejuvenation of the Chinese nation” by around 2049, the centennial of the People’s Republic, and is steadily preparing militarily to make unification with Taiwan feasible.

On the US side, it remains unclear how firmly President-elect Trump intends to support Taiwan’s defense. Although he initially appeared to favor “strategic ambiguity,” he declared during the election campaign that if China were to invade Taiwan, the United States would respond with economic sanctions (raising tariffs on Chinese goods to 150–200%) while indicating that US military intervention would be unnecessary. Such remarks risk sending misleading signals to China. The ultimate direction of Trump’s Taiwan policy may depend on the makeup of his foreign and security team, yet the basic objectives will likely be to preserve peace and stability in the Taiwan Strait and simultaneously demand greater defense contributions from allies such as Taiwan and Japan.

Although the likelihood of a direct military clash between the United States and China over Taiwan remains low, some observers see rising tensions around the “3T” issues (Trade, Technology, and Taiwan). Continued or expanded US arms sales to Taiwan, visits by high-level US officials to Taiwan, or invitations for Taiwanese leaders to visit Washington could trigger Chinese backlash, sparking another shift in the “status quo” to China’s advantage. Professor Jia Qingguo of Peking University has warned that, were President-elect Trump to invite President Lai Ching-te to the White House, or if the US Secretary of State were to visit Taiwan, “China might downgrade or even sever diplomatic ties with the United States. It would be a highly dangerous provocation, leading to comprehensive confrontation between the two nations and an extreme escalation of tensions in the Taiwan Strait” (*Asahi Shimbun*, September 30, 2024).

#### ◆ Recommendations

- Japan should continue emphasizing the importance of peace and stability in the Taiwan Strait, help create a regional environment that deters China from deciding on military action, and promote both dialogue and deterrence. Japan should also communicate to the international community that a potential Taiwan conflict would have catastrophic global impacts, including on economies, energy security, and supply chains. Diplomatic efforts to heighten European and Global South interest in collaborating to maintain stability in the Taiwan Strait are crucial.
- Currently, both China and Taiwan are seeking to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). At the same time, diplomatic offensives aimed at impeding each other’s accession, as well as China’s efforts to block Taiwan from expanding its international space and to intensify information and cognitive warfare against Taiwan, are expected to accelerate.

To avoid deepening cross-strait frictions and sparking disputes among CPTPP member states due to this accession issue, Japan should show leadership in devising and implementing mechanisms and procedures that enable both China and Taiwan to participate constructively in the CPTPP framework.

(November 29, 2024, Yumi Iijima,  
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