

Rightsizing Taiwan's Strategic Value

by Raffaella Bruno

Euro-Atlantic policymakers frequently fail to fully grasp the significance of defending the *status quo* across the Taiwan Strait to their vital national interests, partly due to abstract framing of complex security issues. Yet since World War II security in Euro-Atlantic and Indo-Pacific regions has been interconnected. Assessing in aggregate Taiwan's military value to both China and the West, the island's geo-strategic value in the new cold war is immense. As such, preserving a global balance of power favourable to European interests, if not the survival of the rules based international order, will be inextricably linked to the fate of Taiwan.

Even eloquent and prescient policymakers with skin in the game struggle to articulate why Western powers should be prepared to deploy military force to defend the *status quo* across the Taiwan Strait. Former US Deputy Secretary of State and National Security Council Indo-Pacific Coordinator Kurt Campbell's invocation of a quartet of democratic values, alliances, semiconductors and Taiwan's geostrategic location¹ – without specific accent on military and strategic value – failed to gain much traction in Washington, the capital of Beijing's main rival, let alone mobilise public opinion across the Atlantic. Given that Taiwan's fate during a new Cold War could change the global balance of power such that conflict between the superpowers may trigger a Third World War – in contrast to the first Cold War during which NATO's steadfast defence of Berlin spanning four decades was primarily symbolic² – this conceptual disconnect is all the more surprising.

In the fundamental military domain, want of strategic clarity is partly attributable to a narrow focus on the tactical implications that control of the island has for particular weapons systems. While simplification is inevitable in policy debates, tunnel-vision can be dangerous if it engenders quick-fixes. A case in point is a recent

¹ Campbell, Kurt, *Statement to the US House Select Committee on the Strategic Competition between the United States and the Chinese Communist Party*, Hearing on Deterrence amid Rising Tensions: Preventing CCP Aggression on Taiwan, 15 May 2025, <https://www.congress.gov/119/meeting/house/118257/witnesses/HHRG-119-ZS00-Wstate-CampbellK-20250515.pdf>

² Freedman, Lawrence, *Kennedy's Wars. Berlin, Cuba, Laos, and Vietnam*, New York, Oxford University Press, 2000, p. 45-112.



In order to rightsize Taiwan's strategic value, we need to compare and contrast Western and Chinese perspectives on the island's strategic utility

article depicting Taiwan as a geopolitical Jenga block that could be discarded to preserve US surface naval capabilities on the myopic premise that, tactically, transposing anti-access/area denial (A2/AD) bubbles by the width of the Taiwan Strait would negligibly impact the military balance.³ In order to rightsize Taiwan's *strategic value*, this paper proceeds by comparing and contrasting Western and Chinese perspectives on the island's strategic utility. Second, it assesses in aggregate the island's *military value*, in order at the level of grand strategy; with respect to the undersea balance involving anti-submarine warfare (ASW); the strategic nuclear balance; as a link in the 'kill chain' due to the emplacement of sensors with respect to the likelihood of anti-satellite (ASAT) warfare; as a producer of military-grade semiconductors; and finally from the perspective of information warfare. Notwithstanding the immense challenge of preserving Taiwan's autonomy in the face of concerted aggression by the People's Republic of China (PRC), the island possesses *sui generis* geostrategic and military value such that appeasing the PRC by ceding Taiwan would ultimately render attempts to uphold the rules-based international order across the Euro-Atlantic and Indo-Pacific theatres more, not less, dangerous and costly.

1. WESTERN STRATEGIC CONVENTIONAL WISDOM

Western strategists have a long tradition of conceptualising Taiwan's significance. General Douglas MacArthur, who oversaw US military operations in the Pacific front during World War II (WWII) and beyond, famously described the island as an "unsinkable aircraft carrier and submarine tender".⁴ Qua enabler of Chinese power projection, Admiral Ernest King's analogy of Taiwan's role during WWII as the "cork in the bottle", whose autonomy prevented Chinese naval, air and amphibious forces from surging past the "first island chain", was subsumed into the three 'island chain' strategy conceived to contain communism in the Western Pacific. Popularised by Secretary of State John Foster Dulles at the outset of the Cold War, the strategy conceived of a US defence posture in three eccentric circles, each coinciding with imaginary lines connecting groups of islands that

³ The notion of an A2/AD bubble connotes the area in which freedom of manoeuvre is denied due to the range of a given missile system. See Caverley, Jonathan D., "So What? Reassessing the Military Implications of Chinese Control of Taiwan", in *Texas National Security Review*, Vol. 8, No. 3 (Summer 2025), p. 28-53, <https://tnsr.org/2025/06/so-what-reassessing-the-military-implications-of-chinese-control-of-taiwan>. According to the author who is a professor at the US Naval War College, "If, following an invasion attempt, Taiwan remains free but much of the US Seventh Fleet is at the bottom of the ocean, the United States would conceivably be in worse operational shape, compared to Chinese possession of Taiwan and an intact US Navy." *Ibid.*, p. 30.

⁴ MacArthur, Douglas, "Memorandum on Formosa", in *Foreign Relations of the United States*, 14 June 1950, <https://history.state.gov/historicaldocuments/frus1950v07/d86>.



Taiwan is deeply embedded within Chinese strategic thought

could be framed as single operational naval fronts. Taiwan was – and still is – part of the first island chain, which extends from the Kurils in the north through Japan's main islands down to the Philippines and Borneo.⁵ Despite preceding the era of precision-guided ordinance, artificial intelligence and Chinese revanchism, distinguished experts and practitioners argue that these dynamics are more relevant than ever today.⁶ According to Yoshihara and Holmes, “if the island is a guard tower in an offshore Great Wall, then its offensive value is unmatched”.⁷ Echoing the bi-partisan sentiment of his predecessor Ely Ratner, former assistant Secretary of Defence Randall Schriver vividly labelled Taiwan as “today's Indo-Pacific Fulda Gap”.⁸ Based on a deep dive into the ASW problem set, Green and Talmadge starkly conclude “Indo-Pacific power hinges on Taiwan”.⁹

2. CHINESE STRATEGIC PERSPECTIVES

To only examine the importance of Taiwan in Western strategic thought would be to run the risk of mirror-imaging. Nuanced analysis of authoritative writings by the People's Liberation Army (PLA) reveals that Taiwan is not merely a preoccupation for Western analysts, for the island's geo-strategic significance is also deeply embedded within Chinese strategic thought. If the island chain concept was coined by such American strategists in the 1950s as George Kennan and Secretaries of State and Defence Dulles and Acheson contemplating how far forward to establish the Pacific defensive perimeter so as to avoid another bloody island-hopping campaign as in WWII,¹⁰ it was incorporated into PRC military thinking in the 1980s by none other than the “father of the PLA Navy” (PLAN), Admiral Liu Huaqing.¹¹

A survey of multiple-authored PLA writings, including from

⁵ The second island chain goes from Japan's Bonin and Volcano islands through Guam to Western New Guinea. The third island chain extends from the Aleutian Islands in the North Pacific through Hawaii, American Samoa and Fiji to New Zealand.

⁶ Collins, Gabriel B. et al., “Taiwan: The Stakes”, in Matt Pottinger (ed.), *The Boiling Moat. Urgent Steps to Defend Taiwan*, Stanford, Hoover Institution Press, 2024, p. 23-42 at p. 24, <https://www.hoover.org/node/346142>.

⁷ Yoshihara, Toshi and James R. Holmes, *Red Star over the Pacific. China's Rise and the Challenge to U.S. Maritime Strategy*, 2nd ed., Annapolis, Naval Institute Press, 2018, p. 20-21.

⁸ Schriver, Randall G., “Memo to the Next US President: The Inheritance in the Indo-Pacific and the Challenges and Opportunities for Your Presidency”, in *Project 2049 Institute*, 1 December 2020, p. 4, <https://indopacificsecurity.org/?p=1499>.

⁹ Green, Brendan Rittenhouse and Caitlin Talmadge, “The Consequences of Conquest. Why Indo-Pacific Power Hinges on Taiwan”, in *Foreign Affairs*, Vol. 101, No. 4 (July/August 2022), p. 97-106, <https://www.foreignaffairs.com/node/1128953>. For a more granular analysis, see also: Green, Brendan Rittenhouse and Caitlin Talmadge, “Then What? Assessing the Military Implications of Chinese Control of Taiwan”, in *International Security*, Vol. 47, No. 1 (2022), p. 7-45, https://doi.org/10.1162/isec_a_00437.

¹⁰ Green, Michael J., *By More than Providence. Grand Strategy and American Power in the Asia Pacific since 1783*, New York, Columbia University Press, 2017, p. 125.

¹¹ Liu, Huaqing, *Memoirs of Liu Huaqing* (in Chinese), Beijing, PLA Press, 2004.



the Academy of Military Science, the National Defence University, the PLA Naval Command College, the PLAN official handbook and the memoirs of Liu Huaqing, consistently characterise the island chains as “barriers” that China must penetrate to enjoy freedom of manoeuvre in the maritime domain, “springboards” for power projection, and “benchmarks” for naval and air force modernisation.¹² Significantly, situated at the centre of the first island chain astride major sealines of communication (SLOCs), Taiwan is variously described as a “strategic puncture point” and “the lock on the chain”, which when broken also holds the key for the PRC to break out of the second island chain to hold the US island territory of Guam at risk.¹³ Moreover, whereas Chinese intentions remain unclear to the extent it is debatable whether the Chinese Communist Party (CCP) aspires to regional or global primacy, in common with their Western counterparts PRC strategists view competition with America in the first and second island chains in zero-sum terms. Thus, both PLAN and PLA Airforce authors discuss submarines and offensive airpower as vital in compelling the US military to retract its defensive line and eradicating the geographical containment imposed by the first and second island chains.¹⁴

3. HOLISTICALLY AGGREGATING TAIWAN'S MILITARY VALUE

3.1 Grand strategy: Taiwan in national security, defence and China strategies

Since the rebuilding of war-torn Europe through the United States' Marshall Plan and the institution of NATO to counter Soviet expansionism in 1949, American and European security have been inextricably interwoven. In practice, today America's role as the ultimate backstop of European security means that the Euro-Atlantic and Indo-Pacific theatres are geographically indivisible, all the more so as the United States is no longer able to fight and win simultaneous conflicts across both theatres. Simply put, a major contingency in the Indo-Pacific that required America to abruptly drawdown European capabilities could be catastrophic for continental security if it unleashes further Russian revisionism. That peril is implicitly understood in enlightened defence initiatives such as AUKUS, the tripartite security cooperation and nuclear submarine deal between Australia, the United Kingdom and the United States; the joint UK-

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¹² Erickson, Andrew S. and Joel Wuthnow, “Barriers, Springboards and Benchmarks: China Conceptualizes the Pacific ‘Island Chains’”, in *The China Quarterly*, No. 225 (March 2016), p. 1-22, <https://doi.org/10.1017/S0305741016000011>.

¹³ Ibid, p. 9-10.

¹⁴ Ibid, p. 13.



Italy-Japan next generation Global Combat Air Programme (GCAP); and the deepening security partnership between NATO and IP4 members Japan, Australia, New Zealand and South Korea. China's role in enabling Russia's illegal occupation of Ukraine, which Europe with American support is still struggling to contain, and the deployment of North Korean men and matériel fighting alongside Russian troops is another sobering reminder that linkages between theatres in the Indo-Pacific and Euro-Atlantic are not merely academic. This reality is in turn increasingly recognised in the Indo-Pacific strategies of many European nations.

Unpacking the foregoing analysis of Taiwan's role in Western and Chinese strategic thought, the first island chain encompasses the Japanese archipelago, Taiwan, the Philippines and the Sunda islands (i.e. Malaysia and Indonesia). As such, the first island chain aligns closely with the San Francisco Treaty security architecture, comprising a "hubs and spokes" network of bilateral alliances between the United States and regional partners, including Japan, South Korea, the Philippines, Thailand, Australia and New Zealand (and historically Taiwan and South Vietnam), which provided a bedrock for relative peace and stability during the Cold War. Admiral King's "cork in the bottle" analogy stems from the fact Taiwan sits asunder the Bashi channel and Miyako Strait, strategic chokepoints through which surface and subsurface vessels must transit when they are vulnerable to detection from the relatively shallow South and East China Seas into the deep blue waters of the Western Pacific.

In the face of the nuclear threat posed by the Soviet Union during the Cold War, 'containment' as an effort by all means short of war to block further expansion of Soviet power until the system which contained the seeds of its own destruction changed from within – in concert with robust military deterrence were rational policies.¹⁵ At the dawn of a new kind of cold war, a strategy of containment to constrain China's establishment of overseas military bases, coordinated between partners and allies – appropriately modified to reflect China's economic and technological prowess and the complexities of weaponised interdependence – should be an uncontroversial means of allocating finite resources and matching up all elements of national power to deter catastrophic conflict, even if it is not publicly acknowledged and framed as such.

Conversely, if Taiwan, the focal point of the first island chain, were controlled by an expansionist China, the PRC government would be able to impose a blockade on Japan, South Korea and the Philippines. Not only would Beijing have a stranglehold over maritime nations dependent on SLOCs for imports of vital resources,

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¹⁵ Gaddis, John Lewis, *Strategies of Containment. A Critical Appraisal of Postwar American National Security Policy*, New York, Oxford University Press, 1982, p. 96-97.



ASW is one of the few remaining areas where the United States and its partners and allies enjoy a significant and enduring advantage over China

it would control the Taiwan Strait through which 40 per cent of total EU trade pass.¹⁶ In this way, it is doubtful whether the San Francisco security architecture would survive the loss of Taiwan as explicit US security guarantees enshrined in treaties with other states would lack credibility, destabilising a region that is devoid of tightknit EU-style economic integration. China's intentions are a function of its capabilities and may change over time, even if its ambitions are presently limited to regional hegemony. To the extent that war is a contest of wills, as war theorist Carl von Clausewitz has it, the cession of Taiwan would signal to China a want of resolve, emboldening a rising hegemon and ironically accelerating the wider conflagration that appeasement was designed to delay. Like Russian President Vladimir Putin, PRC President and CCP Secretary General Xi Jinping only respects strength.

3.2 Undersea ASW balance

Militarily, ASW is one of the few remaining areas where the United States and its partners and allies enjoy a significant and enduring advantage over China. Just as in the Cold War when the Sound Surveillance System or SOSUS, a network of hydrophones across the Greenland-Iceland-United Kingdom gap, enabled NATO to track and detect noisy nuclear-armed Soviet submarines through monitoring the deep sound channel at a depth of around 1,000 metres, currently Chinese submarines traversing into the Pacific must penetrate five hydrophone barriers across the first and second island chains. These include deep sound channel surveillance, surface vessel ASW screens and three vertical hydrophones monitoring the Reliable Acoustic Path of submarines passing above. As a result of interdiction, PRC submarines passing Taiwan would currently experience an attrition rate upwards of two-thirds in event of a conflict.¹⁷ On the other hand, if China controlled Taiwan, it could outflank ASW barriers to directly deploy to the Pacific by establishing deepwater ports on the island's east coast at Keelung, Su'ao and Hualian. Were China to prioritise the acquisition of quiet nuclear propulsion technology, thereby transforming its fleet of comparatively noisy diesel electric submarines into advanced nuclear-powered submarines, the threat to Japanese, Korean and Philippine SLOCs and eventually the

¹⁶ Friedberg, Aaron L., *A Contest for Supremacy. China, America, and the Struggle for Mastery in Asia*, New York, W.W. Norton, 2011, p. 231; Kaushal, Sidharth, "Japan's Evolving Policy on Taiwan and the US-Japan Alliance: Towards a Nixon Doctrine for Northeast Asia?", in *RUSI Commentaries*, 30 July 2021, <https://www.rusi.org/explore-our-research/publications/commentary/japans-evolving-policy-taiwan-and-us-japan-alliance-towards-nixon-doctrine-northeast-asia>; Swanström, Niklas et al., "Taiwan-PRC Crisis: What Cross-Strait Conflict Could Cost Europe", in *ISDP Issue Briefs*, 22 July 2024, <https://www.isdp.eu/?p=39487>.

¹⁷ Green, Brendan Rittenhouse and Caitlin Talmadge, "Then What?", cit., p. 19-20.



A fleet of quiet nuclear-powered submarines equipped with nuclear-armed ballistic missiles (SSBNs) deploying to the Pacific from deepwater seaports on Taiwan's eastern coastline would significantly enhance the credibility of Chinese threats

continental United States would be heightened. By the same token, if it controlled Taiwan the PRC could interdict at will the 40 per cent of EU shipping that passes through the Taiwan Strait.

3.3 Strategic nuclear balance

Given that submarines are generally a more robust and survivable leg of any nuclear triad than strategic bombers and ground-launched inter-continental ballistic missiles, a fleet of quiet nuclear-powered submarines equipped with nuclear-armed ballistic missiles (SSBNs) deploying to the Pacific from deepwater seaports on Taiwan's eastern coastline would significantly enhance the credibility of Chinese threats of a sea-launched nuclear attack against the continental US. Armed with the JL-2, a submarine-launched ballistic missile (SLBM) with a range of 7,200 km, China's fleet of six Type 096 SSBNs are presently unable to target the continental US from PRC littoral waters.¹⁸ Even developing the JL-3 with an estimated range of 10,000 km, China's ability to carry out an attack from fortified bases in the South China Sea and Bohai Gulf – the so-called 'bastion' strategy – remains constrained by geographical distance, since most of America's Eastern coastline is not within range of Chinese territorial waters. In addition, submarines deploying from bastions in the South China Sea and Bohai Gulf – are vulnerable as the ASW balance presently favours America, as recalled above.¹⁹ In other words, without controlling Taiwan, China's SSBNs still need to break through five layers of ASW barriers to deploy to the Pacific in order to range America's East coast. On the other hand, if Taiwan was controlled by the PRC, the ability to deploy SSBNs directly to the Pacific would transform the strategic nuclear balance such that a nuclear stalemate with China would undermine the confidence of allies and partners in US willingness to defend them during a conventional conflict; just as Russian nuclear sabre-rattling deterred direct US intervention in the ongoing war with Ukraine.

3.4 Sensors, kill chains and ASAT warfare

Putting 'warheads on foreheads' in an age of precision-guided weaponry requires completion of a complex sequence of actions, the omission of any of which breaks the kill chain. These actions can be simplified as the ability to 'find, fix and finish' targets. In other

¹⁸ Institute of International and Strategic Studies (IISS), *The Military Balance 2025*, Abingdon, Routledge, 2025, p. 242.

¹⁹ US Department of Defense, *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2025*, December 2025, p. 86, <https://media.defense.gov/2025/Dec/23/2003849070/-1/-1/annual-report-to-congress-military-and-security-developments-involving-the-peoples-republic-of-china-2025.pdf>.



In the context of the vast distances of the Pacific Ocean basin, finding surface or subsurface vessels is perhaps the most difficult kill chain challenge

words, the target must first be detected and approximately located, then assets must be cued to fix the target with sufficient precision to bring weapons to bear before destroying it, kinetically or otherwise.

In the context of the vast distances of the Pacific Ocean basin, finding surface or subsurface vessels using finite resources in a timely manner that enables further action is perhaps the most difficult kill chain challenge. Currently, hydrophone networks centred around Taiwan enable detection of subsurface threats with a degree of resilience, redundancy and survivability. Deep sound channel hydrophones are difficult to destroy as they lie below the crush-depths of most hulls and therefore an attack would require specialised submarines or uncrewed underwater vehicles.²⁰ Moreover, hydrophones can be readily defended by smart-mines programmed to detonate only on detection of the specific acoustic signature of Chinese vessels. Onshore Taiwanese processing stations are difficult to distinguish from non-descript military buildings and fibre-optic cables transmitting data across shorter distances due to the island's geographical proximity are less vulnerable.

Satellites, for their part, are more suited to fixing rather than finding targets, that is identifying a precise geographical location based on rough tracking data. Electro-optical sensing is obscured by cloud cover and unusable during the night, and the resolution of synthetic aperture radar in geo-synchronous orbit is too coarse to identify surface, let alone subsurface, targets. Calculations suggest that to provide continuous, real-time coverage across the whole Pacific basin a constellation of over 10,000 satellites in low earth orbit (LEO) is required.²¹ Significantly, satellites are highly vulnerable due to the predictability of their orbits and defence economics: disabling satellites costs only a fraction the amount of building and launching them, and hardening or carrying fuel for evasive manoeuvre are both prohibitively expensive.²² Western policymakers might be reluctant to resort to kinetic ASAT warfare due to the spectre of the Kessler Syndrome – estimations of the fall-out from debris generated by a single attack in LEO vary from 1-2 satellites per year to the same number per decade.²³ Yet, 'soft kills' through laser dazzling and

²⁰ Green, Brendan Rittenhouse and Caitlin Talmadge, "Then What?", cit., p. 35.

²¹ As of December 2024, China had around 1,060 satellites, including the Yaogan-30 for electronic intelligence and signals intelligence, and the Yaogan-41 for imagery intelligence. See US-China Economic and Security Review Commission, 2025 Annual Report to Congress, November 2025, p. 375, <https://www.uscc.gov/annual-report/2025-annual-report-congress>. While commercial miniaturisation has brought down launch costs, there are physical limits on the size of components for useful military applications, for example 10cm CubeSats have a resolution of around 5 metres.

²² Oelrich, Ivan et al., "Anti-Satellite Warfare, Proliferated Satellites, and the Future of Space-Based Military Surveillance", in *Journal of Strategic Studies*, Vol. 47, No. 6-7 (2024), p. 916-939, <https://doi.org/10.1080/01402390.2024.2379398>.

²³ Ibid, p. 923-924. Cf. Biddle, Stephen and Ivan Oelrich, "Future Warfare in the Western Pacific: Chinese Antiaccess/Area Denial, U.S. AirSea Battle, and Command of the



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jamming disrupt the kill chain without creating debris. It is estimated that a laser could irreparably damage a satellite in about ten seconds and a 1 kilowatt (kW) laser can temporarily dazzle a satellite to obscure a 10km swath of territory around the laser (the US Army has field tested 50 kW lasers mounted on the Stryker infantry vehicle).²⁴ Additionally, uplinks and downlinks of data between satellites and ground stations can be omni-directionally jammed, therefore at present dependence solely on satellites for targeting without access to hydrophone networks around Taiwan renders PRC kill chains more vulnerable to disruption.

By controlling Taiwan, the PRC could forge a missing link in its over-the-horizon kill chain. Deepwater hydrophone arrays emplaced off Taiwan's east coast would not only facilitate the hunting of US submarines, but carrier strike groups throughout the first island chain could be located within a 14,000 km² area of uncertainty, which could be subsequently 'fixed' by a LEO satellite in a single pass.²⁵ Thus, control of Taiwan would not only provide the PRC with a more robust reconnaissance strike complex, it would likely increase the risk of escalating ASAT warfare as fixing, not finding, targets would subsequently become the weakest link in China's kill chain., hence the most likely to be targeted by opposing forces. The risk of warfare proliferating to space is further underscored by Chief of Operations for US Space Command General Saltzman's recent congressional testimony that China already views space as a warfighting domain.²⁶

Without the use of space, A2/AD bubbles would be limited to a range of 400-600 km from the Chinese coastline as a function of the physics of energy propagating from airborne radar through a physical horizon constrained by the earth's curvature.²⁷ Such distances encompass Taiwan, but crucially not Japan, South Korea and the Philippines. Although maritime militia and Chinese coastguard radar and uncrewed aerial vehicles could partially compensate for space surveillance, coverage would be sporadic.²⁸ Moreover, assets using active radar are immediately targetable.²⁹ As a result, without

Commons in East Asia", in *International Security*, Vol. 41, No. 1 (2016), p. 7-48 at p. 25-26, https://doi.org/10.1162/ISEC_a_00249.

²⁴ Oelrich, Ivan et al., "Anti-Satellite Warfare", cit., p. 925-930.

²⁵ Biddle, Stephen and Ivan Oelrich, "Future Warfare in the Western Pacific", cit., p. 30-31.

²⁶ Saltzman, B. Chance, *Testimony to the U.S.-China Economic and Security Review Commission*, Hearing on China's Ambitions in Space, 3 April 2025, https://www.uscc.gov/sites/default/files/2025-04/Chance_Saltzman_Testimony.pdf.

²⁷ Ibid, p. 13.

²⁸ In point of fact, the China Coast Guard is a branch of the People's Armed Policed under ultimate control of the Central Military Commission and while technically separate the maritime militia is tethered to the PLA and under its operational command.

²⁹ Even the unproven WZ-8 capability, a mach-3 drone modelled on a Cold War Lockheed Martin prototype that cannot be independently launched, but is deployed at an altitude of 100,000 metres by the H-6M bomber, is vulnerable during the ascent phase and relies on data relays to satellites for guidance, manoeuvring and transmitting data acquired on potential targets back to shooters creating vulnerabilities.



control of Taiwan in the event of a conflict with the United States, the first island chain would become a no-man's-land/sea wherein neither side has freedom of manoeuvre.

Freezing the status quo across the Taiwan Strait, therefore, would create a *de facto* demilitarised zone akin to 38th Parallel across the Korean Peninsula, which might *per se* deter superpower conflict. Conversely, under Chinese control the island of Taiwan could be saturated with PRC sensors, ships, submarines, aircraft and cheap short-range ballistic missiles. Thus, instead of what has been described by operational artist John Caverley as a negligible “eye chart” effect, that is A2/AD bubbles displaying an imperceptible difference as they shift eastwards by the width of the Taiwan Strait,³⁰ the net strategic impact of Chinese control of Taiwan would be to entirely negate that buffer zone. Instead of a no-man's-land, a Chinese takeover of the island would essentially provide the PRC with a springboard for a gradual campaign of island-hopping to expand eastwards by salami-slicing its way across the Pacific.

3.5 Military chips

High-end semiconductors are a foundational technology in the competition between China and the West

High-end semiconductors are a foundational technology in the competition between China and the West. The notion of a so-called ‘silicon shield’ spotlights an acute dependency across the Euro-Atlantic on Taiwanese companies such as TSMC for the production of cutting-edge semiconductor technology below 2nm chips. The list of defence and military applications requiring state-of-the-art semiconductors include complex avionics, radar, sensor and communications modules of the kind used in the F-35 Lightning II, B-21 Raider, the USS Gerald Ford next-generation aircraft carrier, hypersonic missiles, autonomous vehicles and drones, the Integrated Visual Augmentation System (IVAS), the missile defence Aegis Combat System and exquisite military satellites.³¹ Crucially, Taiwanese semiconductors are a fundamental component of the abovementioned GCAP programme based on integrating crewed and uncrewed teams of sixth generation fighters, itself a cornerstone of Italian strategic autonomy as the future of airpower evolves. In this way, the requirement to access the world's most advanced semiconductors for force posture modernisation directly links Italy's sovereign defence capabilities to cross-Strait stability. PRC control of Taiwan would not only deny

³⁰ Caverley's description during podcast discussion of the article: “The Strategic Significance of Taiwan in US Defense Planning”, in *Horns of a Dilemma*, 28 July 2025, <https://hornsofadilemma.libsyn.com/the-strategic-significance-of-taiwan-in-us-defense-planning>.

³¹ Shivakumar, Sujai and Charles Wessner, “Semiconductors and National Defense: What Are the Stakes?”, in *CSIS Commentaries*, 8 June 2022, <https://www.csis.org/node/65689>.



Taiwan is a repository of deep cultural and linguistic expertise that can be mobilised to counter PRC disinformation and political warfare against the West

Euro-Atlantic militaries access to advanced semiconductors, longer term through access to TSMC's human capital it would also plug a critical capability gap and turbo-charge PLA modernisation. Such change would be potentially transformative, not merely incremental at the tactical and operational levels.

3.6 Information warfare

The impact of PRC control of the island would be profound also from the perspective of political warfare, especially in the information domain, which in turn is likely to generate military effects, strategically and on the battlefield. As the only surviving beacon of Chinese democracy as Xi's Maoist Party-State marches along the road of totalitarianism, Taiwan provides an alternative vision for a successful Chinese society. In the context of a second Cold War, or systemic strategic competition that is likely to span decades, the value of democratic Taiwan's continued survival is prodigious, if difficult to tangibly quantify. On a practical level, Taiwan is a repository of deep cultural and linguistic expertise that can be mobilised to counter PRC disinformation and political warfare against the West and bolster military information support operations in event of war. On the contrary, a successful PRC conquest of Taiwan would boost the CCP's legitimacy prolonging the struggle against the West, provide a fillip for PLA morale and may well whet the public's appetite for further military conquest dangerously destabilising the rules-based international order.

CONCLUSION AND RECOMMENDATIONS

As recognised by both Chinese and Western strategists, Taiwan's considerable military and strategic value derive from its geographical location at the centre of the first island chain with consequent implications for the ASW balance, strategic nuclear balance and balance of power in the Indo-Pacific more broadly. The island's role is axiomatic to any grand strategy seeking to deter aggressive PRC military expansion eastwards across the Pacific beyond the first and second island chains. Given Taiwan is a critical node in the supply chains of advanced semiconductors on which there are key military dependencies, added to which controlling the island would enhance Chinese kill chains, the island's loss would have a non-linear, transformative impact on regional security. That in turn could unravel the global balance of power due to deep-seated interdependencies across the Euro-Atlantic and Indo-Pacific, enabling and emboldening revisionist autocracies to reshape that order in their image. A third world war is not inconceivable, and one of the lessons of WWII was that an island-hopping campaign in which the United States had to



However reluctantly, the US learned to tolerate the presence of Fidel Castro's Cuba. Likewise, the PRC can be led to tolerate a democratic and economically vibrant Taiwan

fight its way back across the Pacific was more costly in blood and treasure than pro-actively facing down Japanese expansionism upstream might have been.

Despite this peril, historical insights from the first Cold War in which Europe was the primary theatre might provide clues for how strategic competition can be managed without boiling over into a hot war. Indeed, for five decades the Soviet Union was substantially contained within its borders until the communist system eventually collapsed under the weight of its internal contradictions. However reluctantly in the first instance, it is conspicuous that ultimately even the United States learned to tolerate the presence of Fidel Castro's Cuba right on its doorstep for the duration of the Cold War. Likewise, the PRC can be led to tolerate a democratic and economically vibrant Taiwan. If the EU and NATO wish to preserve a balance of power in the Indo-Pacific that is favourable to Euro-Atlantic interests, it is high-time defence, economic and national security strategies clearly conceptualise Taiwan's geostrategic significance as a bulwark for deterring aggression.

In the teeth of China's formidable array of A2/AD capabilities, clearly, there are no easy solutions for defending the cross-Strait status quo. However, problems should not be left unaddressed just because they are difficult and, historically, appeasement has repeatedly proven to be a short-sighted strategy of desperation that never works in the long run. If deterrence is to hold, China must perceive the danger of crossing no-man's land to execute the most complicated amphibious landing in history (across a body of water five times the width of the English Channel during the age of precision-guided munitions and artificial intelligence) to be truly insurmountable. To this end, recommendations flowing from the foregoing analysis can be divided into three buckets, namely short, medium and longer term.

In the short-term, that is months, Euro-Atlantic partners and allies should maintain a laser-like focus on derisking and investment screening in order to insulate themselves from strategic dependencies that can be weaponised for economic coercion. Participation in Freedom of Navigation Operations (FONOPs) through the Taiwan Strait, joint military exercises and European support for Taiwanese membership of the International Criminal Court (even if it means stepping into the breach of the Trump Administration) to create lines of accountability in event of a conflict could send a powerful signal that Europe will not tolerate the use of force to unilaterally change the status quo across the Taiwan Strait. A security dialogue between Euro-Atlantic nations and Taipei covering the gamut from hard power to hybrid warfare and economic coercion might help to focus decisionmakers' limited bandwidth to identify and prioritise their vital strategic interests.



The EU and NATO should develop detailed plans for how they would respond to a Taiwan contingency

In the short and medium terms up to three years, the EU and NATO should quietly develop detailed plans for how they would respond to a Taiwan contingency. A Rhodium Group study of a limited blockade scenario estimated a cost of about two trillion dollars even before factoring in international responses or second-order effects, and Bloomberg less conservatively, albeit still in relation to a scenario short of a full-invasion, predict damage in the region of ten trillion dollars.³² As the conflict with Ukraine demonstrates, the grinding impact of economic warfare can take years to bite, and sanctions require months if not years of comprehensive and meticulous planning to be successful. Furthermore, since Chinese network penetrations frequently involve pre-positioning malware in critical infrastructure that could be activated in event of a conflict to coerce Europe, enhanced cooperation on cyber security between Euro-Atlantic partners and Taipei could foster knowledge sharing and enhance resilience, building on Taipei's RISK Management Initiative of International Undersea Cables.³³ Moreover, participation in wargames with regional partners might assist European states to more accurately gauge the likely impact of a conflict on their interests and formulate appropriate military and policy responses.

As NATO and the EU steel themselves for a strategic competition that could continue for decades, the preeminent long-term challenge will be marrying military and economic security strategies. To prevail in this competition and safeguard the preservation of democratic values and interests globally, being prepared to defend Taiwan is necessary but not sufficient. Deterring hot war in both the Euro-Atlantic and Indo-Pacific requires nothing short of revitalising a military industrial complex to develop an "arsenal for democracy" fit for purpose in the 21st century. While withered defence-industrial capacity cannot be rebuilt overnight, nor should Western countries try to match Chinese shipbuilding hull-for-hull, pulling together, Euro-Atlantic and key Indo-Pacific economies and defence industries have the advantage of combined scale.

Just as armed conflict is a regrettable fact of life that is constant throughout recorded history, in the post-nuclear age sadly so are cold

³² Vest, Charlie et al., "The Global Economic Disruptions from a Taiwan Conflict", in *Rhodium Group Notes*, 14 December 2022, <https://rhg.com/research/taiwan-economic-disruptions>. Cf Welch, Jennifer et al., "Xi, Biden, and the \$10 Trillion Cost of War over Taiwan", in *Bloomberg*, 8 January 2024, <https://www.bloomberg.com/news/features/2024-01-09/if-china-invades-taiwan-it-would-cost-world-economy-10-trillion>.

³³ Taiwan Ministry of Foreign Affairs, *Risk Management Initiative on International Undersea Cables*, 28 October 2025, <https://ws.mofa.gov.tw/Download.ashx?u=LzAwMS9VcGxvYWQvNDAyL3JlbGZpbGUvNzQvMTIwOTcwLzkyNjk5NmU2LTE5NWMtNGEyNy1hY2YxLTg4Y2I5NTUxNDhkNC5wZGY%3d&n=5rW357qc5YCh6K2w5Y6f5paHlnBkZ g%3d%3d>. Also see: Lin, Chia-lung, "RISK Initiative: For a Resilient Undersea Cable Security Network", in *Taipei Times*, 20 January 2026, <https://www.taipeitimes.com/News/editorials/archives/2026/01/20/2003850879>.



wars. If defence expenditure is unpopular with electorates, apart from the stark reality that without peace and stability there would not be economic growth, rebuilding domestic defence sectors also presents economic opportunities across the Euro-Atlantic, as do trade and industrial synergies with the Indo-Pacific. Together, shipbuilders in Japan, Korea, the Philippines, United States, Italy, Germany and France can compete with their Chinese counterparts and generate growth. Similarly, threat intelligence sharing and adopting common cyber security standards could yield economic dividends through protecting Euro-Atlantic and Indo-Pacific nations against the clear and present danger of endemic Chinese intellectual property theft.

Given that the primary theatre of the new cold war is Asia, if Taiwan and other Indo-Pacific nations do most of the heavy-lifting to hold the defensive frontline, in return preferential access to the world's largest trading bloc (the EU) and North American markets is not only merited but makes strategic sense, helping both Euro-Atlantic and Indo-Pacific economies to escape Beijing's economic gravity and inoculating everyone against weaponised interdependency. European countries are still paying the butcher's and banker's bills for failing to wean European economies off dependence on Russian oil and gas. America no longer has the capacity to fight and win wars simultaneously in two or possibly three theatres (including the Middle East), yet the survival of the rules based global order might require the United States together with like-minded partners and allies to do exactly that (assuming post-Trump America remains a reliable security partner). Given European rearmament is likely to take a decade, in the meantime to prevent a vacuum and encourage the United States to remain engaged in the continent's security European partners and allies can participate in FONOPs and signal that they would be prepared to provide C4ISR and logistical support to defend European interests in a cross-Strait contingency. Building on the *Cavour* Carrier Strike Group's Indo-Pacific visit in 2024, future regional engagements might transit the strait to reinforce the narrative that Taiwan Strait security is a vital lifeline for Italy's national defence and economy.

At a Transatlantic level, pooling defence-industrial capacity and developing combined and joint doctrines predicated on interoperability and a capacity to transcend parochial inter-service and national rivalries and equities is essential. Building on NATO's partnerships with the IP4, this can be facilitated through strategic dialogues and the creation of permanent institutions to coordinate economic security and defence-industrial issues between Euro-Atlantic and Indo-Pacific partners and allies in accordance with clear-eyed, carefully crafted and disciplined national security strategies that plan beyond electoral cycles. Through membership of the G7 with close connections to Japan, Italy is positioned to play a

At a Transatlantic level, pooling defence-industrial capacity and developing combined and joint doctrines predicated on interoperability and a capacity to transcend parochial inter-service and national rivalries and equities is essential



leadership role, for example by translating G7 diplomatic statements into tangible actions such as promoting shared cybersecurity standards and supply-chain monitoring.

In general, Western countries need to do more, talk less and lead by example. If Taipei is being asked to adopt an asymmetric defence posture and abandon the purchase of prestige legacy platforms such as F-16s or M1A2 Abrams tanks as part of a “porcupine strategy”, these exhortations are more persuasive when Washington can show that it is innovating new concepts of operations and asymmetric tactics instead of clinging to the Seventh Fleet’s own legacy platforms. Rather than reflexively reaching for quick-fixes that belie a lack of resolve and invariably play into ‘abandoned chess piece’ narratives helping Beijing to subvert the island’s democracy to “win without fighting”, having recognised Taiwan’s strategic and military value, Euro-Atlantic and Indo-Pacific partners should roll up their sleeves and quietly get on with the substantive challenge of rebuilding industrial capacity to restore deterrence. Only then through tough decisions, discipline and hard graft can we ensure the survival of the rules based global order that for decades the Euro-Atlantic has taken for granted, optimally without enduring a Third World War.

ACRONYMS

A2/AD	Anti-Access/Area Denial
ASAT	Anti-Satellite
ASW	Anti-Submarine Warfare
C4ISR	Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance
CCP	Chinese Communist Party
FONOP	Freedom of Navigation Operations
GCAP	Global Combat Air Programme
IP4	Indo-Pacific 4 (Australia, New Zealand, Japan and Korea)
IVAS	Integrated Visual Augmentation System
kW	Kilowatt
LEO	Low Earth Orbit
PLA	People’s Liberation Army
PLAN	PLA Navy
PRC	People’s Republic of China
SLBM	Submarine Launched Ballistic Missile
SLOC	Sea line of communication
SOSUS	Sound Surveillance System
SSBN	Nuclear powered submarines armed with SLBMs
SSN	Nuclear powered attack submarine
WWII	World War II



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