



**REPORT**

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# The Taiwan Strait Situation

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# EXECUTIVE SUMMARY

This report addresses the security consequences a potential conflict in the Taiwan Strait could have on Estonia. The possibility of this historically tense flashpoint boiling over into open war is neither imminent nor unavoidable, but it is a scenario with catastrophic implications for global security. The conflict may take place in the form of an amphibious invasion, or it may also take place as a large-scale naval blockade. Taiwan has a significant geographic and qualitative edge that will be vital to defense for the short term, but China's immensely larger quantitative and logistical capacity will likely prove advantageous in a long war. The report will illustrate three key problems a major conflict in the Taiwan Strait would create for Estonia in the immediate aftermath.

Firstly, a conflict in the Taiwan Strait threatens to pull the United States, a key ally of Estonia, into war. Despite the ambiguous diplomatic relationship the United States has with Taiwan, a Chinese invasion will draw the United States into conflict by way of American security guarantees to Japan and the Philippines. A Chinese incursion plan would require encirclement of the island necessitating heavy infringements on Japanese and Philippine waters. As both these states share mutually binding territorial defense agreements with the United States, the latter would be contractually obligated to come to their defense. This is problematic for two reasons; if the United States comes to their allies' aid, then Europe must prepare for a war between two major U.N. Security Council members, which naturally concerns Estonia as well. If the United States ignores their contractual obligations and does not assist their allies against a Chinese assault, it creates a disturbing precedent that could raise questions about the capacity of Article 5 as a meaningful deterrent to state aggression.

Secondly, any conflict over the Taiwan Strait will undoubtedly spill over into the South China Sea, a region six times the size of Ukraine and a critical shipping lane for the EU. China claims this region in near entirety, but Taiwan also maintains military infrastructure on key island features that would be a viable target in the event of armed conflict. This further conflicts with overlapping Vietnamese,

Philippine, and Malaysian territorial claims in the region. If Chinese and Taiwanese forces face off in the South China Sea, it will likely draw the other claimants into conflict as well, resulting in global supply disruptions due to the interruption of a major trade route. Estonian policymakers should anticipate shortages of semiconductors, delays in transportable energy sources such as petroleum and liquefied natural gas, and substantial disruption of the global fishing supply.

Thirdly, an assault on Taiwan would nullify any economic incentives for China to maintain a neutral posture toward Russia's aggressive behavior in Europe. It is likely that China and Russia would formally deepen military cooperation to counteract the inevitable Western response to provocation of this extent, creating problems for NATO's eastern flank as the threat of a combined Russian-Chinese bloc emerges. Should such a scenario unfold, Estonia must be ready for the threat of an openly hostile China economically and militarily aligning itself with Russia.

## Historical Background

The Taiwan Strait is a major point of contention in international relations. The conflict is primarily between China and Taiwan, but also heavily involves the United States, with security implications reaching far beyond East Asia. This is due to the intertwined nature of the United States' alliances with Japan and the Philippines, as well as the importance of Taiwan for the global economy both in terms of its semiconductor industry and its extensive maritime traffic. Approximately 40% of the EU's annual trade transits the Taiwan Strait,<sup>1</sup> and nearly 88% of the world's largest ships by tonnage pass through as well.<sup>2</sup>

The conflict takes its roots from the Chinese Civil War, which began in 1927 during the days of the Republic of China (ROC). The war was primarily fought between the nationalist Kuomintang government (KMT) and the Communist Party of China (CPC) and partially interrupted following the Japanese Empire's invasion of China in 1937. The war resumed in 1945 and lasted until 1949, when the communists seized control of mainland China and the nationalists retreated to the island of Taiwan, having recently been liberated from Japanese control just four years before. The communists established the People's Republic of China and implemented Soviet-style economic reforms under a one-party totalitarian system of governance. The KMT established a military dictatorship in Taiwan which lasted until major reforms came about in the 1990's, resulting in the island's radical transformation into a parliamentary democracy.

Initially both sides pressed maximalist claims casting their counterpart's governance as illegitimate, but for Taiwan this changed following democratization. In practical terms, since 1991 the government of Taiwan has not pressed any official claim on mainland China, evident in the 1998 bid for restoration of United Nations membership where the population and territory was legally defined as only consisting of 21.8 million people.<sup>3</sup> While the ROC constitution drafted in the 1920's still retains extensive references to its former territory due to having previously ruled mainland China, additional constitutional articles which serve as the fundamental law of the ROC post-1991 negate any claim of jurisdiction over the

mainland, referring to its current territory as the “Taiwan Area of the Republic of China”. This is defined as consisting only of the Taiwan, Kinmen, Penghu, Wuqiu, Matsu, Dongsha, and Nansha archipelagos, <sup>4</sup> functionally equivalent to abandonment of sovereignty claims over the mainland.

In contrast, the PRC continues to claim Taiwan despite having never governed the island, regarding itself as the sole lawful successor to all territories transferred to ROC control in accordance with the 1945 Potsdam Declaration. The PRC regards support of Taiwan by the US and its East Asian allies as “encirclement”<sup>5</sup>, explicitly identifies absorption of Taiwan under a mainland government as an internal affair of top priority, and most crucially has not renounced the use of military force to fulfill this objective. <sup>6</sup> There has been no permanent conclusion to the Chinese Civil War, with no mutually binding treaty or ceasefire having ever been signed. However, the result is clear; the People’s Republic of China (referred to as China or the PRC) maintains control over the mainland, while the Republic of China (referred to as the ROC or Taiwan)<sup>a</sup> retains *de facto* control over the island of Taiwan and its surrounding islands. Tensions in the Taiwan Strait persist to the present day and are a continual risk for both regional and global security, as this paper will demonstrate.

Despite extensive cooperation, the United States’ security relationship with Taiwan does not in itself constitute a defense agreement and thus has no direct obligation to militarily defend the island.

## Military Balance in the Taiwan Strait

Compared to Taiwan, the PRC has a massive quantitative advantage. The People’s Liberation Army (PLA) is the world’s largest military, consisting of 2,035,000 active military personnel and 510,000 reservists. The People’s Armed Police, or *Wujing* (武警) stands at approximately 1,500,000 total personnel, and is both logistically and judicially capable of sophisticated joint operations, reporting directly to the Central

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<sup>a</sup> For the sake of simplicity, the terms PRC/China and ROC/Taiwan are used interchangeably in this paper.



Military Commission rather than to civilian authorities. The PLA is further supplemented by an active militia force numbering over 8,000,000<sup>7</sup> known as the *Minbing* (民兵). The PRC also possesses the world's second highest gross military expenditure at \$293 billion<sup>8</sup>, but according to recent studies even this number fails to take into account purchasing power parity within the defense sector, military-civil branch fusion, and the low cost of domestic labor; when adjusted for these factors the Chinese functional defense budget likely exceeds \$700 billion, putting it within near-peer distance of the United States defense budget.<sup>9</sup>



Figure 1: PLA Eastern Theater Command approximated unit locations, 2020

The PLA is divided into five “theaters of command” or *zhanqu* (战区), with the Eastern Theater Command administering the coastal region covering Jiangsu, Jiangxi, Anhui, Zhejiang, and Fujian provinces. It includes the 71<sup>st</sup> Group Army which is the primary assault task force for an invasion of Taiwan and the largest ground force unit in the Chinese armed forces. They are further supported by the 72<sup>nd</sup>, and 73<sup>rd</sup> Group Armies, alongside fully-fledged naval, air, and Rocket force branches.

The Eastern Theater Command Rocket force branch, known as Base 61, is headquartered in Huangshan and is particularly notable for fielding an extensive arsenal of “carrier killer” DF-21D ballistic missiles,<sup>10</sup> most likely intended for US carrier battle groups that might be deployed to assist in Taiwan’s defense. The

Eastern Theater Command Air Force headquartered in Nanjing, and the East Sea Fleet headquartered in Ningbo have regularly conducted live-fire naval exercises in Taiwanese waters since 2017 and would play the initial staging role in a potential assault on Taiwan.

The naval subset of the *Minbing*, the Chinese Maritime Militia, is increasingly used to contest sovereignty in the South China Sea and the Taiwan Strait in a mixed combination of civilian-paramilitary “gray-zone operations”.<sup>11</sup> In recent years Chinese and Russian vessels have employed similar tactics in the Baltic Sea on a smaller scale, utilizing ostensible non-state cover to achieve military objectives such as sabotage or surveillance.<sup>12</sup> However, should open war break out in the Taiwan Strait then there would still be considerable battlefield utility for these units. PRC military sources indicate that in the event of invasion or blockade of Taiwan, these militia vessels could be used in a variety of supporting roles, such as reconnaissance, troop transport, logistical ferrying, or as combat decoys.<sup>13</sup>

Taiwan’s numerical disadvantage runs deeper yet. The ROC Armed Forces consist of 300,000 fulltime personnel and approximately 2,300,000 reservists, a significantly smaller manpower base than their Chinese counterparts. The PLA Navy maintains approximately 420 active-duty warships, whereas the ROC Navy has around 90; the PLA Air Force has over 3500 aircraft, while the ROC Air Force maintains roughly 570. Since 2024, all males for duty are required to serve one year of military service; both sides of the strait have a legalized draft registry, but only Taiwan requires a period of mandatory military service. However, Taiwan has a vastly smaller population than the PRC, standing at 23 million compared to the latter’s 1.4 billion. According to PRC military service law, all males from 18 are required to register for the draft, and all males from 18 to 35 must be included in the militia roster<sup>14</sup> to be called up in the case of war, natural disasters, or other national crises. This implies an immediate manpower base of over 156,000,000 recruits (not accounting for disability exemptions) if the PRC were to implement a war-time draft, meaning a protracted conflict would not favor Taiwan.

The proximity of Taiwan to friendly neighbors presents a dilemma for Chinese planners, in that the waters essential for executing such an assault lay well within the exclusive economic zones of Japan and the Philippines; any major military infringement may risk inviting an American intervention.

However, Taiwan possesses a qualitative technological advantage due to the island's bilateral security cooperation with the United States, allowing access to top-tier weapons and combat systems. Taiwan received its first batch of Abrams M1 MBTs for ground defense in December 2024 and is seeking to further expand its tank arsenal. The air force has been supplied with over 140 F-16s fighter jets, with an additional 50 upgraded models marked for delivery before 2026; Taiwan has also expressed interest in acquiring 60 F-35s<sup>15</sup>, a development that would significantly affect the cross-strait air power balance.

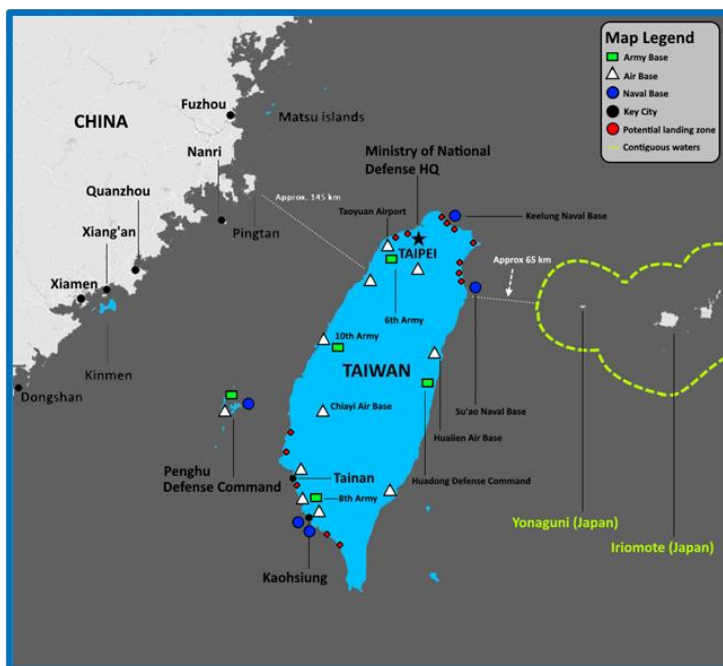


Figure 2: Territory of Taiwan and defense installations, 2024

Despite extensive cooperation, the United States' security relationship with Taiwan does not in itself constitute a defense agreement and has no direct obligation to militarily defend the island. The Taiwan Relations Act forms the basis of bilateral relations and was enacted in 1979 to provide a framework for

maintaining an unofficial diplomatic channel for security and economic cooperation. While the act seeks to foster engagement and prevent continuation of the Chinese Civil War, due to its wording it cannot be classified as a mutual defense pact. This document's most crucial commitment is the requirement for the US to provide Taiwan with "arms of a defensive character" and to "resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people of Taiwan".<sup>16</sup>

While this ensures Taiwan will receive the means to defend itself against potential aggression, it does not equate mutual defense. In contrast, the security agreements the US holds with Japan<sup>17</sup> and the Philippines<sup>18</sup> guarantee defense in a manner closely resembling Article 5 from the NATO charter; the defense agreements are territorial, and most importantly mutually binding. The United States maintains an active military presence in Japan and the Philippines, and both countries host overseas land and naval bases.

Taiwan's geographic advantage, in its terrain and its proximity to friendly neighbors, is both a blessing and a curse. Taiwan's western flank is unsuitable for a combat transit, as the waters in the Taiwan Strait are stormy for much of the year, complicating the feasibility of amphibious landings. Furthermore, any invading force would also have to contend with Penghu, where heavy fortifications and missile emplacements effectively cover the strait in its entirety. Defending forces could also use the Kinmen and Matsu island chains to put pressure on Chinese ships attempting to transit the strait, or even execute retaliatory strikes on the mainland.

The eastern and southern flanks of Taiwan make more ideal combat theaters due to water depth and relatively lighter defenses, incentivizing encirclement of the island and circumvention of the Penghu fortifications. The proximity of Taiwan to friendly neighbors presents a dilemma for Chinese planners, in that the waters essential for executing such an assault lay well within the exclusive economic zones of Japan and the Philippines; any major military infringement may risk

inviting an American intervention. However, there are growing signs that the PRC is willing to accept this risk, even if it results in all-out war.

## A conflict spillover risks pulling Japan, the Philippines, and the United States into war

If the PRC is serious about asserting its claims of sovereignty over Taiwan it will resort to either an invasion or a blockade. Signs of this are evident in local military development; since 2016, the navy has established three aircraft carrier battle groups, militarized islands in the South China Sea with offensive missile platforms and implemented extensive reforms for its marine troops. An incursion of Taiwan, whether in the form of an amphibious invasion or naval blockade, would require many hundreds of thousands of soldiers and a vast presence encircling the island rivaling Operation Overlord in scale.<sup>19</sup> The invading force would need to cut

Taiwan's supply lines before attempting any major assault, necessitating a transit and deployment into Japanese and Philippine waters.

In 2022, the PRC Ministry of National Defense published the announcement of live-fire military exercise coordinates<sup>20</sup> directly off the ROC territorial baseline simulating a total encirclement of the island, a response to Nancy Pelosi's visit to Taiwan. Among the military exercise locations announced by the PLA in 2022, two locations stand out from the others; one on the eastern flank of Taiwan, which infringed on Japanese maritime EEZ via

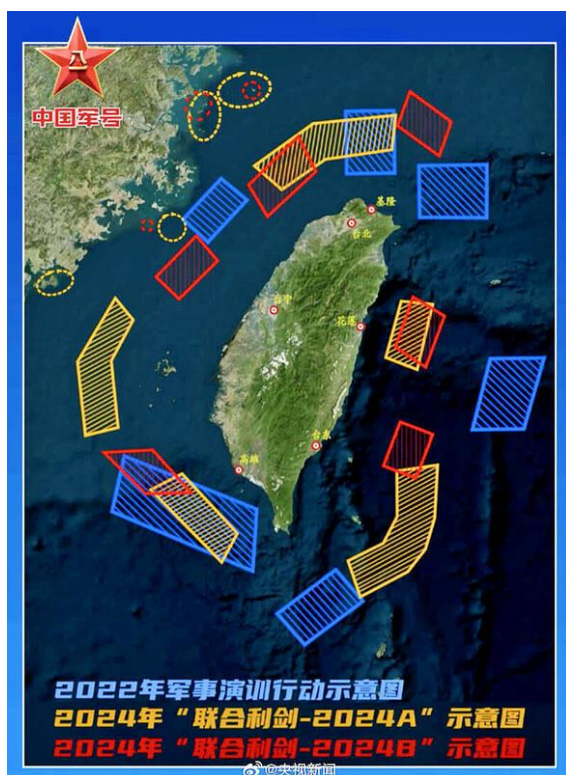


Figure 3: PLA map of East Theater Command naval exercise sites, 2022–2024

live munitions fire<sup>21</sup> and another to the south which approached the Philippine island of Itbayat.

It should be noted that military transits into the exclusive economic zone (EEZ) and even sovereign waters do not inherently constitute state aggression. Military transits within sovereign waters are permissible according to the principle of innocent passage as stipulated in UNCLOS, granted that the transit is not “prejudicial to the peace, good order, and security of the coastal state”.<sup>22</sup> Breaches of this principle inside sovereign waters (territorial and contiguous waters) include military exercises, weapon tests, unauthorized research or survey activities, or systems interference. The PRC has violated UNCLOS regulations on sovereign water not just in Taiwanese waters, but in Japanese and Philippine sovereign waters as well. UNCLOS is ambiguous regarding the EEZ and there is no specific article that condemns military exercises anywhere outside of sovereign waters, allowing for a variety of state interpretations.

However, unlawful use of force within the EEZ is still a violation of international law. This is not only true in the case of a potential Chinese assault on Taiwanese waters, but also true if elements of that assault were to take place on third party EEZ, such as in Japanese or Philippine waters. While military exercises on third-party EEZ can ostensibly be justified as lawful, an act of war, such as combat operations or a blockade, would be in contravention of UNCLOS Article 58-3 which requires states to maintain “due regard to the rights and duties of the coastal State”<sup>23</sup>. An act of war within third party EEZ would still constitute unlawful aggression against the coastal state due to the disruption and damage such an infringement would inevitably bring about.

Even greater provocation took place in 2024, with the launching of the Joint Sword-2024 (联合利剑 2024) exercises involving both the East Sea Fleet and the China Coast Guard. During this year, the Chinese carrier battle group *Liaoning* infringed not only on Japanese EEZ but on contiguous waters for the first time, transiting the channel between the islands of Yonaguni and Iriomote before approaching Taiwanese naval borders. In the past, such infringements where



largely limited to transits through the Miyako strait, a wide passage deep within the Japanese exclusive economic zone. The decision to utilize contiguous waters for military exercises, subject to sovereignty of the coastal state, infers a willingness to risk confrontation due to the necessity of these waters for Chinese naval operations. At least twenty destroyers and frigates, along with numerous hydrological surveillance vessels have also transited the channel since then<sup>24</sup>, suggesting that waters within Japanese sovereign maritime borders are of strategic interest to Chinese naval preparations.

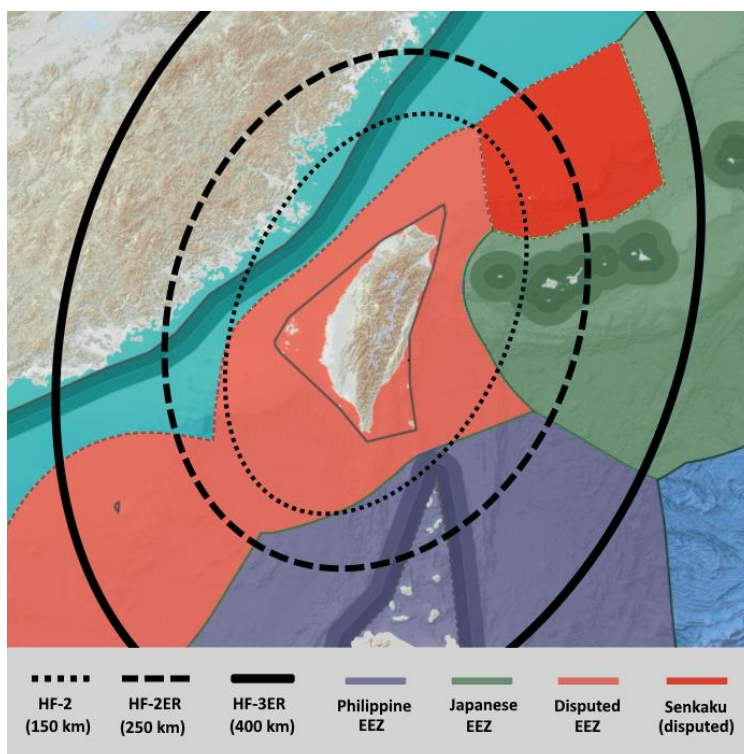


Figure 4: Taiwanese anti-ship cruise missile attack ranges with EEZ demarcated

This is consistent with Chinese operational concerns regarding Taiwan's anti-ship capabilities. The indigenously manufactured Hsiung Feng II (HF-2) anti-ship cruise missile has an effective attack range of 150 kilometers, sufficient for strikes on Chinese navy ships attempting to transit the strait or assault Penghu. The upgraded Hsiung Feng II and III Extended Range variants (HF-2ER & HF-3ER) possess even longer attack ranges exceeding 250 kilometers<sup>25</sup>.

The geopolitical consequences of this shift are significant, as it implies that China is potentially willing to secure operational advantages by launching from third-party EEZ, even if it would risk pulling the United States into war to assist their Japanese and Philippine allies against military infringement.

These upgraded anti-ship cruise missiles can also be mounted on the Taiwanese *Tuo Chiang*—class stealth corvette, a small yet nimble fast attack craft designed for hit-and-run attacks. These attack craft pose a substantial threat to larger hostile warships such as the PLA Navy *Renhai*-class missile cruiser or domestically produced Chinese aircraft carriers. Considering this, the most feasible solution for Chinese military planners to keep their carrier battle

groups beyond the range of Taiwanese anti-ship defenses would be to position their forces within Japanese EEZ, Philippine EEZ, or in disputed waters near the Senkaku islands.

There are further operational incentives to utilize waters within Japanese and Philippine EEZ. The PLA Navy suffers from the fact that China is largely surrounded by shallow water, complicating the deployment of submarines essential for harassing hostile carrier battle groups. The optimal depth for submarines to avoid detection is conventionally regarded as the sonic layer depth plus an additional 100 meters by marine experts<sup>26</sup>, making coastal waters unsuitable for these operations. The Taiwan Strait is less than 70 meters deep, and nearly three-fourths of the East China Sea is less than 200 meters deep, except for waters near the disputed Senkaku Islands. Chinese submarines would have great difficulty navigating their coastal waters without early detection, increasing the strategic value of deep water within Japanese and Philippine maritime boundaries.

The increase in Chinese hydrological surveillance of waters south of Yonaguni, and the shift away from exercises in the Miyako strait suggests there is strategic interest in deep waters adjacent to the eastern and southern flanks of Taiwan. The geopolitical consequences of this shift are significant, as it implies that China is potentially willing to secure operational advantages by launching from third-party EEZ, even if it would risk pulling the United States into war to assist their Japanese and Philippine allies against military infringement.



## Conflict in the Taiwan Strait will spill over into the South China Sea

The South China Sea is a massive hotbed of resources, geopolitical tensions, and international commerce. It is a region six times the size of Ukraine and a critical shipping lane for the EU. However, this is also a heavily disputed region, with China, Taiwan, Vietnam, Malaysia, Brunei, and the Philippines all claiming portions of the South China Sea. Many of these disputes overlap and are a major source of tension between claimant states.

The PRC is the largest player in the South China, asserting the “Nine Dash Line” as its sovereign maritime borders which cover 90% of the region and overlap with the borders of all five claimant states. The PRC aggressively enforces its claim through a variety of hybrid warfare measures including harassment of civilian and military vessels, blockading islands administered by rival claimants,<sup>27</sup> and constructing artificial islands for the purpose of EEZ extension and as weapon

Volatility in this region is particularly problematic as the South China Sea is major international shipping lane, accounting for nearly a third of global petroleum and over half of global liquefied natural gas. The sea is host to over 12% of global fishing, and more than half of all fishing vessels operate in these waters.

platforms.<sup>28</sup> The Philippines currently has an intense dispute with the PRC in Scarborough Shoal, with the latter party utilizing island blockades, ship ramming, and harassment of civilian vessels. Vietnam historically also fought skirmishes against Chinese naval forces in the Paracel islands in 1974, and the Spratly Islands in 1988.

Taiwan is also a claimant in the South China Sea maritime dispute. On paper, Taiwan shares identical claims as the PRC due to having inherited them from the Republic of China constitution, formed during the KMT’s governance of the mainland. However, Taiwan does not assert its claims as aggressively as the PRC, neither engaging in artificial island construction nor attempting to expand control over additional islands. Three key features in the South China Sea are administered by Taiwan, namely Dongsha Island approximately 300 kilometers from the Chinese

mainland, Taiping Island within the larger Spratly archipelago, and the adjacent Zhongzhou Reef



Figure 5: China's Nine Dash Line & South China Sea territorial claims by state, 2025

These features host defensive and logistical infrastructure that will prove critical to Taiwan's defense should conflict in the region arise; both islands have airfields and harbors serviced by the Taiwanese coast guard, while Dongsha hosts over 500 marines operating an extensive network of defensive bunkers. Security

amendments made in 2020 permit local garrisons to engage assailants if communication with Taiwan

is cut off.<sup>29</sup> The two islands also serve as forward observation posts due to the installation of CS/MPQ-90 "Bee Eye" radar stations, giving Taiwan early warning in the event of a naval incursion. These facilities would therefore be prime targets should the PRC attempt an assault in the Taiwan Strait.

Further complicating the situation is the fact that both Taiping and the Zhongzhou Reef are also subject to rival claims; these island features are part of the Spratly archipelago, claimed by Vietnam, Malaysia, and the Philippines. A unilateral escalation by any party to this dispute risks creating conflict with all parties, a scenario which is by no means unprecedented. Volatility in this region is particularly problematic as the South China Sea is major international shipping lane, accounting for nearly a third of global petroleum and over half of global liquefied natural gas<sup>30</sup>. The sea is host to over 12% of global fishing, and more than

half of all fishing vessels operate in these waters<sup>31</sup>. Japanese and South Korean exports to the European market would also suffer substantial disruption, particularly electronics, chemical products, and automobiles. Conflict within either the South China Sea or Taiwan Strait would thus have substantial impact on European energy, electronics, chemicals, and automobile supply,

## A collapse of relations with Europe will deepen China-Russia cooperation

From a security standpoint, another concern is that a major conflict in the Taiwan Strait would negate any incentive for China to maintain neutral relations with

If the PRC is unwilling to overtly endorse Russia due to its extensive economic interdependency with the EU and US, then the unraveling of this interdependency would invalidate any incentive to play a neutral role. A military conflict in the Taiwan Strait, and the inevitable damage to both European and Chinese markets stemming from the disruption of trade lanes, energy supply, and semiconductors threatens to do just that.

Europe in the context of Europe-Russia rivalry. Despite having provided significant economic and dual-use technological support to Russia since its invasion of Ukraine in 2022, there is still considerable ambiguity in their “no-limits partnership”. The PRC has neither endorsed nor condemned Russia’s aggression against Ukraine, and most pointedly does not recognize Russia’s annexation of Crimea and east Ukrainian territories. There is a historical background of distrust in Chinese

and Russian diplomacy, as the relationship between the two states has not always been stable.

During the Soviet era, there was a period of intense geopolitical rivalry following Stalin’s death with border skirmishes taking place 1969 along the PRC’s western and northern borders<sup>32</sup>. Nevertheless, following the collapse of the USSR the two states have established substantial economic and military cooperation, and are united in their ideological rejection of liberal values and vision of a “multi-polar

international order". Chinese state media has consistently amplified Russian narratives regarding the war in Ukraine, including Kremlin rhetoric of "de-Nazification", accusations of US-sponsored biolabs, and the frequent casting of NATO as the aggressor<sup>33</sup>. Likewise, Russia has quite enthusiastically affirmed support for China's territorial claim on Taiwan, echoing China's framing of the conflict as an "internal affair".<sup>34</sup>

However, in the short-term China does not stand to gain much from overtly opposing Europe due to its complicated relationship of economic mutual dependency with many of its member states. The EU and PRC are each other's largest trade partners<sup>35</sup> and crucial counterparts in energy and climate initiatives, while the United States is China's second largest trading partner. At the same time, since 2019 Brussels has recognized Beijing as a "systemic rival",<sup>36</sup> and the US regards the PRC as its primary economic and security competitor. Yet the EU is asymmetrically dependent on Chinese green energy supply, importing 80% of its solar panels and over 90% of its rare earth permanent magnets and high-purity lithium from the Chinese market.<sup>37</sup> Continued access to European and American markets is clearly of great value to Beijing, so much that state banks have limited purchases of Russian raw materials over concerns of Western sanctions.<sup>38</sup>

It is here where the Taiwan Strait once again comes into the picture as a catalyst due to the importance of the domestic semiconductor industry. Taiwan manufactures an estimated 92% of the world's high-end semiconductors<sup>39</sup>, and is a vital supplier for the EU electronics industry. Disruption of this supply in the event of a cross-strait conflict will impact the European market and severely damage economic relations between the EU and PRC. Brussels could respond to this with tariffs exceeding 50%<sup>40</sup>, which would heavily affect the Chinese consumer goods export market.

The problem is clear. Despite sharing geopolitical objectives and rivals, if the PRC is unwilling to overtly endorse Russia due to its extensive economic interdependency with the EU and US, then the unraveling of this interdependency would invalidate any incentive to play a neutral role. The outbreak of war in the

Taiwan Strait, and the ensuing damage to both European and Chinese markets through the disruption of international shipping lanes, semiconductor supply, and energy trade threatens to do just that. This will negate any economic incentives for the PRC to maintain its balancing act with the EU, instead creating incentives to formally deepen economic and military cooperation with Russia. For its part, the Kremlin will likely embrace the chance to achieve closer economic and military ties with China, securing vital support in its own rivalry with the EU and eliminating any ambiguity it may have with its southern neighbor.

## Conclusions

A conflict in the Taiwan Strait would be major crisis not just for East Asia, but for Estonia as well. We can observe three significant and interconnected security challenges a conflict in the Taiwan Strait would create for Estonia. First, a Chinese assault on Taiwan risks pulling the US into war by way of its diplomatic relationship with Japan and the Philippines. As the US is bound by security agreements with these two states, Chinese combat operations within their sovereign waters or exclusive economic zones would likely trigger an American military response, potentially pulling European NATO states into the conflict as well. The reverse of this situation is equally problematic; given the close similarity of these agreements to Article 5 of the NATO charter. Were the United States to fail in honoring its defense commitments to its Indo-Pacific allies, NATO would have to face difficult question of whether Article 5 remains a credible and effective deterrent against external threats.

Geography will play a crucial role in the scenario, on both the operational and diplomatic levels. The Taiwan Strait itself, as well as much of the East China Sea, is well within range of Taiwanese anti-ship missile defenses and too shallow for Chinese submarines to operate without risk of detection. To establish air and naval supremacy over the island, the PLA Navy will need to position their carrier battle groups outside of anti-ship missile range and deploy their submarines within deeper waters east and south of Taiwan that lay within the exclusive economic zones of Japan and the Philippines.

Second, the geopolitical fallout of the conflict would almost certainly extend to the South China Sea, a massive maritime region critical to the global economy and an important EU trade route. China's aggressive territorial claims in this area, combined with Taiwan's strategic positions on key islands, would likely escalate into broader regional conflict, involving other claimant states such as the Philippines and Vietnam. This could disrupt vital shipping lanes from Japan, South Korea, Taiwan, and naturally China as well. There would be major supply chain upsets, impacting the supply of products such as automobiles, liquefied natural

gas, heavy machinery, and other electronic and chemical products—many of which are in high demand by EU states, including Estonia.

Thirdly, the escalation of tensions in the Taiwan Strait would likely undermine any remaining economic incentives for China to maintain neutrality toward Russia's aggressive behavior in Europe. An assault on Taiwan and its associated disruption to economic traffic risks bringing about a collapse of relations with Europe. China would likely mitigate this by deepening military and economic cooperation with Russia, significantly altering the security dynamics of NATO's eastern flank. A formal alliance between these two powers would present a major threat to NATO and substantially complicate Estonia's defense posture.

One element in policymakers' favor is that a Chinese invasion attempt could potentially be caught early. To cover their carrier battle groups, the PLA Eastern Theater Command will need to deploy submarines to deeper water well in advance of an invading force, where they would remain to execute strikes on both Taiwanese defensive ships and potentially even American carrier battle groups. Consequentially, a deployment of this nature could be considered an indicator that a conflict in the Taiwan Strait is imminent. Given the shallow depth of China's coastal waters and maritime surveillance capabilities of their neighbors, it is likely that this movement could be detected early, giving Estonian policymakers time to formulate a response in the face of such a crisis. It is therefore imperative that Estonia closely monitors warning signs in the Taiwan Strait, conducts further research into the importance of neighboring waters for Chinese naval operations, and prepares for the strategic and economic ramifications that such a conflict could trigger.

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