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Taiwan: Fifty Shades of Dark Gray

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Executive summary

This report challenges the prevailing binary narrative regarding Taiwan's future: either the status quo persists, or China launches a dramatic military invasion. Instead, it argues that Beijing may to pursue a subtler, 'dark gray zone' strategy to achieve its long-standing goal of unifying Taiwan with the mainland, leveraging coercive measures that fall short of outright war. It assigns a roughly one-in-three chance of such a gradual scenario unfolding by the end of US President Trump's term in office. Risks of this gray-zone bid for Taiwan, not a D-Day style invasion by the mainland, are what clients should monitor.

Key arguments and findings

Beyond the binary. Most Western analysis frames Taiwan's fate as a choice between continued self-rule and a highly improbable full-scale Chinese invasion. The report contends this approach is a failure of imagination. It overlooks the likelihood of a sophisticated campaign of coercion, intimidation, and non-military pressure designed to subdue Taiwan without direct conflict, consistent with Sun Tzu's maxim: "The supreme art of war is to subdue the enemy without fighting."

Probability and impact. The author estimates there is a one-in-three chance that Xi Jinping will attempt such a 'lawfare' takeover by 2028. While lacking the spectacle of a military assault, the long-run geopolitical, economic, and ideological consequences of Taiwan falling under Beijing's sway would be enormous, potentially surpassing the global impact of 9/11 or Russia's invasion of Ukraine. To apply just one metric: Taiwan accounts for over 70% of the global market share of sub-7 nm high-end integrated circuits; by 2027, Taiwan is still expected to account for about 60% of advanced chip manufacturing processes. In other words, 'Taiwan risk' is not simply war risk, it is the risk of Communist Party of China (CPC) dominance of the island, and of the political and economic consequences that arise from CPC dominance.

The strategic importance of Taiwan. Control of Taiwan would dramatically increase China's ability to project power throughout East Asia and beyond. It is the linchpin of the 'first island chain' off China's coast, astride crucial sea and air routes. Its geography offers China direct access to the deep Pacific, complicating U.S. and allied military's submarine surveillance operations. CPC supremacy over it would undermine U.S. alliances throughout Asia and trigger regional nuclear proliferation.

Economic and technological stakes. Taiwan's significance extends far beyond its semiconductor giant TSMC. The island is integral to global technology supply chains, producing a wide range of critical components. A takeover would disrupt over USD 2 trillion in economic activity and give China unprecedented leverage over global industry, with severe consequences for the U.S., Europe, and other advanced economies.

Ideological dimensions. Taiwan is a vibrant democracy, ranking highest in Asia on global democracy indices. Its continued self-governance stands as a beacon of freedom in contrast to mainland China's autocracy. The end of Taiwanese democracy would be a blow to liberal values worldwide and a propaganda and substantive victory for authoritarian regimes.

Chinese motivations and timing. Xi Jinping's personal legacy, the CPC's strategic objectives, and mounting economic pressures may accelerate Beijing's timeline. By 2026, economic challenges and the need to fulfill nationalist promises could push Xi toward action, especially if he perceives U.S. resolve towards Taiwan as wavering. The erratic decision-making style of Donald Trump and his zero-sum approach to alliances are also

important catalyst to gray zone action by Beijing. Xi may calculate that the time is ripe to attempt to take Taiwan, especially because deescalating a gray zone effort poses fewer risks to the CPC than an overt military campaign does.

Gray zone scenario. The report outlines a plausible scenario: China imposes a gradual 'quarantine' on Taiwan under the pretext of 'domestic' law enforcement-ostensibly targeting drug trafficking-using its militarised coast guard and maritime militia. This operation would disrupt Taiwan's economy and supply chains, test international responses, and could rapidly erode the island's autonomy, all while avoiding the clear triggers for military intervention or allied escalation. Relative speed, aggression short of war, and surprise might work; if not, this approach allows Beijing to dial back the pressure.

Conclusion

The report concludes that the most likely threat to Taiwan is not an overt invasion but a rapid campaign of escalating non-military pressure-gray zone tactics. That could achieve Beijing's aims while minimising risk< of direct conflict with the United States and its allies. Policymakers and businesspeople must recognise and prepare for this nuanced challenge, which poses grave risks to regional stability, global commerce, and the future of democratic governance in Asia and beyond.

Taiwan: A fifty shades of gray zone takeover?

Casual observers of Taiwan's destiny are overly binary: either the *status quo* continues, and Taiwan remains self-governing, or a Chinese 'D-Day-style' amphibious armada crosses the strait, and Beijing takes over the island. Because the latter scenario seems so far-fetched, and because military analysts concede such a brazen assault would be extremely difficult, Taiwan is parked in the 'catastrophic but highly unlikely war' risk quadrant. Next problem!

The purpose of this paper is to consign such thinking to the analytic ostrich pen: 'The status quo vs. D-Day' is a complete failure of imagination. It also fails to account for substantive preparations for other options that China is undertaking. Beijing has increasingly viable gray zone options to gain control of Taiwan. This report will outline some of them.

Military planners don't war game the type of operation this report describes exactly because it isn't a war...exactly. The revered 5th Centuryⁱ Chinese strategist Sun Tzu taught, "The supreme art of war is to subdue the enemy without fighting."ⁱⁱ Drawing on very dark gray-zone tactics, but stopping short of war, China may be poised to do exactly that to Taiwan: to subdue it without fighting.

Understanding the Taiwan problem in this manner lowers the value of conventional, frequently cited 'Warnings and Indicators' lists, such as grain and oil stockpiles on the mainland.¹ It makes most of the key assumptions underpinning thinking about Taiwan's future irrelevant.

The author would argue that there is a distinct possibility (about a one in three chance of the status quo changing) that Xi Jinping will exercise some variation of this 'gray zone option' by 2028.ⁱⁱⁱ Though it would lack the pyrotechnics of a purely military attack (which is a very small risk), the economic, financial, and geopolitical damage of Taiwan falling into Beijing's orbit would be momentous. The risk of this scenario developing need to be monitored closely, as the long-term consequences would dwarf the impact of the terrorist attacks of 9/11 and Putin's Ukraine invasions of 2014 and 2022. Arguably, it would be a moment as significant for the geopolitics as the collapse of the Berlin Wall in 1989, with geopolitical aftershocks just as pivotal.

China's motives and timing

China's President Xi Jinping has never made a secret of his overarching strategic goal: to reverse the century of humiliation (1839-1949) and to "realise the Chinese Dream of national rejuvenation." To achieve these aims, the Communist Party of China (CPC) set two goals. The first was to turn China into "a moderately prosperous society" by 2021², the centenary of the CPC. The second is to advance China into a "global leader in national strength and international influence" by 2049,³ the centenary of the People's Republic of China (PRC). Control of Taiwan is central to this second aim. Reviewing what is at stake in Taiwan (see below) illustrates why.

ⁱ There is some scholarly debate about his historicity and dates. See https://en.wikipedia.org/wiki/Sun_Tzu

ⁱⁱ *Sun Tzu Quotes*. (n.d.). BrainyQuote. https://www.brainyquote.com/quotes/sun_tzu_383158

ⁱⁱⁱ I.E., I assign approximately a 33% chance to some variation of this scenario unfolding before the US presidential elections of 2028.

Xi is not necessarily a man in a hurry with respect to Taiwan, and the status quo remains our baseline scenario. We are not alone, however, in noting⁴ that some of the following factors argue in favour of an increasing odds of a gray-zone action by China against Taiwan in the next few years:

1. The United States is led by Donald Trump, who while mercurial, seems driven largely by short-term economic logic, is largely devoid of history and geography,⁵ is committed to ending or avoiding military conflict, and has a record of sympathy with strong men like Xi and Putin.⁶ While there are Trump advisors with strong records of Taiwan support, they are losing support⁷ and his other foreign policy advisors have proved, to date, supine. Trump has criticised Taiwan for 'stealing' the U.S. semiconductor industry and has generally positioned his support for the island as conditional.⁸ In Trump's first administration, he reportedly compared Taiwan to the tip of his Sharpies pen and China to his White House Resolute desk.⁹
2. Xi is 71, and arguably at the height of his powers. He seems to increasingly see himself as a 'man of destiny.'¹⁰ At one distinguish strategic analyst has compared Xi to Benito Mussolini.¹¹ The "Community of Shared Destiny for All Mankind" that Xi promotes strongly suggests an historic mission to reshape international relations and global governance according to Chinese values and interests.¹²
3. If a ceasefire comes to Ukraine, China's 'strategic rear' in Russia, its access to Russian resources, and its influence on Russia, has never been more firm.¹³ Xi's recent appearance in Red Square for Russia's 'Victory Day' celebration made that clear.¹⁴ In a Russian newspaper article that accompanied that visit, Xi wrote, "We highly appreciate that the Russian side has repeatedly reaffirmed its commitment to the 'one China' principle and recognises Taiwan as an inalienable part of it."¹⁵
4. While Taiwan's friends and allies support the island rhetorically, China currently has substantial dominance in forces like Coast Guard ships that might make such an attempt possible. As this gray-zone risk to the island is recognised, Xi might calculate that its edge will erode. Arguably, the Trump administration's moves in the realm of tariffs and foreign aid make nations around the globe less more inclined to both view China favourably or at least increase ties with China.¹⁶
5. New technologies (e.g. AI, 'deep-fakes' and disinformation algorithms) are now capable of mobilising resources within Taiwan's traditional democratic supporters by exploiting their openness, political time horizons, and discrepancies between public and private interests. This convergence heightens Taiwan's allies vulnerability to political warfare.¹⁷ China is already actively preparing these campaigns against the island.¹⁸
6. Thanks to the ten-year Made in China 2025 plan, the country has made measurable progress in the last decade in its import dependency, its dependency on foreign companies, on global competitiveness, and in its technological leadership.¹⁹ That would help soften the blow against any actions nations might contemplate in retaliation.
7. Unlike a D-Day style invasion. the scenario outlined below is easier to climb-down from in a manner that poses fewer risks to Xi and the CPC as a whole.

The stakes of the contest for Taiwan

Taiwan is a small island, about the size of Switzerland. But it has outsized geostrategic, economic, technical, and ideological importance and the impact of a (CPC) takeover would be gigantic.

Taiwan's geostrategic importance

In early September 1962, just before the Cuban Missile Crisis, Ernesto 'Che' Guevara was reported as saying that NATO nations constituted "A belt of bases surrounding the Soviet Union" and that "Cuba was going to become the buckle in that belt."²⁰ In other words, Cuba would allow the USSR to unlock a new world of strategic possibilities.

Similarly, since the Communist victory in the Chinese Civil War and the Nationalist retreat to Taiwan, it has been the buckle in what is known as the 'first Island chain,' the string of geographic features that controls sea approaches to China. As Figure 1 shows, Taiwan sits almost dead centre in the middle of what is known as 'the first Island Chain' off China's coastline.

Figure 1: East Asia and the Two Island Chains²¹



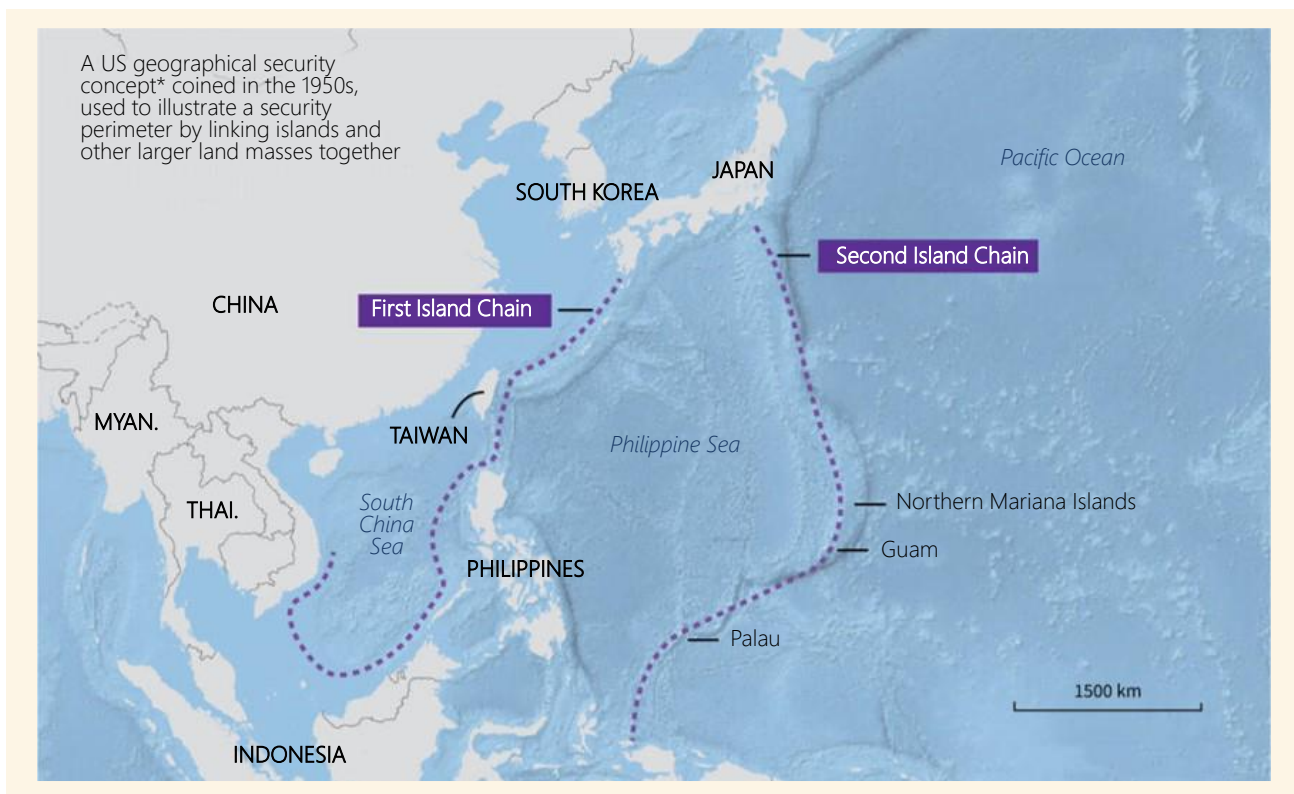
Source: South China Morning Post, Island Chain Strategy

What the map of Figure 1 neglects to portray—and many analysts also miss—is the *undersea* component of Taiwan's location. Submarines hide from sonar, magnetic anomaly detection, laser, electro-optical, and other tracking methods by exploiting changes in depth, temperature, salinity, and underwater terrain.

As Figure 2 shows, the entire coast of mainland China is surrounded by extremely shallow seas.²² This environment allows for the exploitation of mineral deposits, but it also makes America's tracking of the comings and goings of Chinese submarines—including the naval arm of its nuclear deterrence fleet—much easier.

By contrast, as Figure 2 also shows, Taiwan's east coast gives access to literally one of the deepest parts of the world's oceans, the Philippine Sea. If China were to base its submarine fleet on Taiwan's east coast, America's ability to surveil the entire Pacific is dramatically undermined. As uncrewed underwater vehicles (i.e. drone submarines) gain capability and importance,²³ the value of Taiwan as the gateway to the deep Pacific only grows.

Figure 2: Taiwan: Gateway to the Deep Pacific²⁴



Source: Office of the Secretary of Defense/Asia Maritime Transparency Initiative

There is also an air power component of Taiwan's importance. A People's Liberation Army (PLA) Air Force textbook isn't shy about this point:

As soon as Taiwan is reunified (sic)^{iv} with mainland China, Japan's maritime lines of communication will fall completely within the striking ranges of China's fighters and bombers. . . Our analysis shows that, by using blockades . . . Japan's economic activity and war-making potential will be basically destroyed. . . Blockades can cause sea shipments to decrease and can even create a famine within the Japanese islands.²⁵

^{iv} The CCP consistently uses the term 're-unify' Taiwan with the Mainland, but that presupposes that Taiwan was once part of China. That is not, in the author's view, an accurate reading of the island's history.

Controlling Taiwan would allow China to establish an unmatched position in East Asia, which would allow Xi Jinping, should he so decide, to seek pre-eminence globally. China could turn all the military resources, training and personnel previously single-mindedly focused on the island to focus on projecting power throughout the Pacific, the Indian Ocean, and beyond.²⁶

These facts, combined with America's substantial military bases in Japan,^v partly explain why in 2006 former Japanese prime minister Shinzo Abe introduced the phrase "a Taiwan contingency is a Japan contingency."²⁷ It also helps explain why Taiwan is such a critical issue for America's other treaty allies in the region: South Korea, the Philippines, Thailand, Australia, and New Zealand. CPC control of the nation would almost certainly prompt some of these nations to develop a nuclear deterrence capability separate from the United States.²⁸ This is especially so because China is rapidly expanding its strategic nuclear capabilities beyond minimal viable deterrent with the intent of weakening America's alliances in Asia.²⁹

Strategist Philips Obrien sums the situation up well: "Taiwan might be the single most strategic place in [Asia]—the fate of which will determine the future of the US's whole presence in the area and whether China's neighbors (Japan, South Korea, the Philippines, Vietnam and beyond) have any chance of protecting their independence (maritime or otherwise) in the future."³⁰ In geostrategic terms, Taiwan is truly the 'buckle' that would allow China to unlock the belt of the First Island Chain, and beyond.

Taiwan's economic & technical heft: TSMC is not the whole story

Newsflash! Taiwan is home to TSMC, a cutting-edge semiconductor manufacturer. Taiwan accounts for over 70% of the global market share of sub-7 nm high-end integrated circuits, and by 2027, Taiwan is still expected to account for about 60% of advanced chip manufacturing processes.³¹ TSMC also makes two nanometre chips; a nanometre is the distance your fingernails grow in two seconds and manufacturing at that scale is hard. While TSMC uses key machines from Europe and chemicals from Japan to do this, let's assume you do not need to read more about TSMC....

But Taiwan's companies also turn out other crucial components for electronic and other goods, from printed circuit boards to advanced camera lenses. Indeed, the *Financial Times* called Taiwan the world's 'indispensable economy.'³² A 2023 estimate by Rhodium Group estimates that a Taiwan contingency would immediately put well over USD 2 trillion of economic activity at risk.³³ A senior executive at Compal, a key product assembler for Dell, HP, and Apple, says, "People underestimate Taiwan's position in the supply chain. It's much more than just about semiconductors. We have a very complete supply chain from chips, components, PCBs [printed circuit boards], casings, lenses to assembly . . . anything you can think of...If there's military friction happening to Taiwan, the entire global supply chain will collapse for sure."

Even without an explicit *military* takeover, so many supply chains are linked to Taiwan, and so much business process know-how is on the island, that control of it would give China enormous leverage over the world's economy. China would surely impose trade realignments that would disadvantage other industrial economies. In the words of the late Henry Kissinger if Taiwan enters Beijing's orbit, the United States begins to resemble, 'an island off the coast of the world.'³⁴ With a less-developed IT industry and minimal hard power compared to the USA, Europe would be even worse off.

^v As a US Marine, the author was based for a year on Okinawa, Japan, about 700 KM north of Taiwan.

The overriding ideological stakes in Taiwan

Often lost amongst discussions of submarines, air bases, dollars, and microchips is the fact that Taiwan is a vibrant, mature democracy. Since 1996 its citizens have elected leaders in an orderly transition of power. In the Economist Intelligence Unit democracy index, Taiwan is 12th in the world, the highest score in Asia. The only other Asian country ranked a full democracy is Japan, 16th globally.³⁵ Taiwan ranks ahead of countries most people think of as democratic, including Germany, Canada, Spain, Uruguay, the UK, and the US.

Since the citizens of Taiwan share a linguistic and cultural heritage with mainland China – where over one billion people are subject to autocratic rule – Taiwan’s importance as a beacon of freedom cannot be overstated. Ending Taiwanese self-government would be a decisive setback for friends of freedom everywhere, but especially on the Chinese mainland.

Insofar as one considers ‘The West’ a set of institutional arrangements and values such as Freedom of Religion, Human Rights, Free Media, and Freedom of Speech, Taiwan is a part of that world. As we have seen in Hong Kong, Beijing would be quick to snuff these rights out. Should that fate befall Taiwan, autocrats in Moscow, Pyongyang, Tehran, Caracas, and Havana would cheer almost as loudly as Xi Jinping himself.

Another Driver for Action in 2026: China’s Economy?

Apart from any geostrategic goals Xi Jinping may have, his advancing age (he is 71), and the fact that Russian stability reinforced thanks to America’s abandonment of Ukraine,³⁶ another reason propelling Xi towards a bid for Taiwan might be the state of China’s economy. It is, let’s say, highly unusual for an economy growing at China’s reported rate of 5% to be struggling with deflation. It also seems that while the property sector in top-tier cities may be close to bottoming out, this is still far from the case in the rest of China.³⁷ And this was BEFORE Trump’s tariff war.

As of this writing, it is too soon to predict how China’s tariff war will end. Trump dramatically lowered his absurdly high tariffs, and then China reciprocated. But some substantial tariffs remain in place and there are indications that China will not concede easily, and this will undoubtedly lead to economic pain. On 28 April, Beijing Daily (which is widely viewed as representing the Chinese leadership’s official stance) published an opinion piece on the trade war with the US. The article was titled *Today, It Is Necessary to Revisit On Protracted War*. *On Protracted War* is a 1938 essay written by Mao Zedong in which he laid out China’s strategic approach to winning the war against Japan—namely, preparing for a long and arduous struggle.³⁸

It is important to note here that Arcano Economic Research has a more pessimistic view of China’s economy than the consensus. China is one of the most heavily indebted major economies, with total debt reaching about 3.2 times its GDP when including financial sector debt. Despite this high level of debt, inflation remains very low, close to zero, which raises concerns about potential financial instability. Additionally, China’s economy is heavily reliant on investment, with over 40% of GDP going into investment projects. However, these investments are becoming less profitable, as shown by a rising incremental capital output ratio, meaning more capital is needed to generate the same amount of output. This suggests that China’s investment-driven growth model is losing effectiveness.

At the same time, domestic consumption has failed to pick up, with consumer confidence staying at historic lows, so it has not compensated for the slowdown in investment¹. Other structural challenges include a declining population and slowing total factor productivity, both of which point to a continued decline in China's long-term growth potential.

In summary, China faces a combination of very high debt, diminishing returns on investment, weak consumer demand, and demographic and productivity headwinds, all of which contribute to a gloomy outlook for its economic growth going forward.

By 2026 or so, China may be feeling the pinch, and Xi may be in search of a 'solution.' He may calculate that a lot of economic hardship will be forgiven – and even further hardship tolerated – if the CPC delivers on its promise of unifying^{vi} Taiwan with the Mainland.

50 shades of (darker and darker) gray: A Taiwan scenario

The fictional Press Releases and commentary below outline how using a combination of speed, aggressive gray zone tactics and surprise, China could present the world with a Taiwanese *fait accompli* in as few as ten days.

PRESS RELEASE: Beijing - Friday, 1 May, 2026. *Xinhua News Agency, the official state news agency of the PRC announces that effective at midnight Beijing time, vessels of the Chinese Coast Guard will begin enforcing a customs and law enforcement quarantine of all maritime traffic entering or leaving the province of Taiwan's exclusive economic zone. The goal of this operation is to halt the supply of fentanyl and precursor chemicals for illegal drugs known to be traveling into and out of Taiwan. This action is governed entirely by Chinese domestic laws related to customs, border control, and suppression of narcotics. The over 180 nations that recognise Taiwan as an integral part of a Chinese state represented by the PRC³⁹ must accept that these peaceful actions are a purely domestic law enforcement matter and within the rights of every sovereign state. Commercial ships traveling under whatever flag must comply with Chinese Coast Guard orders.*

*The scale of this effort means that the Chinese Coast Guard will be assisted by fishing boats of the People's Armed Forces Maritime Militia (PAFMM). **Because of the purely law enforcement aspect of this operation, no ships or aircraft of the People's Liberation Army Navy (PLAN) or Air Force (PLAAF) are involved.** Chinese maritime authorities will simply conduct law enforcement patrols around selected Taiwanese ports and inspect ships heading to or from Taiwan. Initial inspections will mostly target Kaohsiung, Taiwan's busiest port.*

These actions may unfortunately result in delays, limited denial of docking rights, and the confiscation of cargo suspected of violating quarantine rules. But separatist elements on the island and their foreign friends should take note that no 'blockade' of Taiwan has been imposed. Non-Chinese speakers especially should note that in the official Xinhua text, this action is described using the character that simply means 'seal and control,' not the character for 'blockade or quarantine.' This is an important distinction.⁴⁰ Neither splittist officials from the

^{vi} As a US Marine, the author was based for a year on Okinawa, Japan, about 700 KM north of Taiwan.

renegade province nor Sinophobic officials from outside China have any right to object to nor interfere with these actions. They are entirely in keeping with Chinese domestic law, international laws, norms, and treaties.

As the scenario opens, note:

1. China has a long history of using so-called 'Gray Zone' tactics in maritime disputes.⁴¹ As recently as April 2025, the Chinese Coast Guard has explicitly practiced quarantine operations around Taiwan. The April exercises also included a release of videos by the Chinese military bragging to the people of Taiwan how they could be blockaded by China.⁴²
2. The Chinese Coast Guard is highly militarised, but Beijing generally portrays it as a nonmilitary actor (despite its legally mandated dual role as both law enforcement and its proven integration as a component of China's armed forces.⁴³) Many observers characterise it as consisting of 'warships painted white.'⁴⁴ For example, the Zhaotou class patrol vessel (of which the Chinese Coast Guard has two), is the largest armed coast guard cutter in the world.⁴⁵ Figure 3 shows its scale. Overall, it has over 164 total cutters.⁴⁶

Figure 3: Warships Painted White: A Zhaotou class Chinese 'Patrol Vessel'⁴⁷



Source: Wikipedia, Zhaotou-class cutter

3. The Chinese Coast Guard is assisted by the People Armed Force Maritime Militia or Chinese Maritime Militia (CMM). This force consists of tens of thousands of purpose-built vessels and actual fishing boats that can be incorporated into the militia's operations. They support China Coast Guard and PLA Navy operations, perform intelligence gathering and communications tasks, play a role in asserting Chinese claims in contested areas, and have been involved in blockading and harassing other nations' vessels in disputed waters.⁴⁸ They are sometimes referred to as the 'little blue men', a term coined by Andrew S. Erickson of the US Naval War College referencing the 'little green men' Russia used in its 2014 annexation of Crimea.⁴⁹ To further muddy the waters, CMM boats are sometimes painted white to resemble Chinese Coast Guard vessels.⁵⁰

4. Chinese has been carefully laying the legal groundwork for such a 'lawfare'^{vii} action for decades.⁵¹ Only 11 nations (including the Vatican) still recognise Taiwan as an independent country.⁵² All other nations accept that theoretically under international law there is only 'One China'^{viii} and in fora like the United Nations, 'China' means the government of Beijing. Given the difficulty Ukraine had in 2022 mustering diplomatic support against Russia's invasion, how many nations would risk Beijing's ire in such an artificially 'ambiguous' situation? This is especially the case if China chooses not to surround Taiwan, but only isolate certain key ports on the west coast (through which most commerce passes). In a recent poll, only 13% of surveyed U.S. experts and 9% of Taiwan experts were 'completely confident' that the United States would intervene militarily to defend Taiwan from a quarantine⁵³... and the survey pre-dated Donald Trump's inauguration. In addition, China has worked for over a decade to establish precedents for the extraterritorial application of domestic Chinese law (though it would dispute that characterisation in this case). If China can successfully compel most nations to acquiesce and companies to cooperate through threats of fines or market access restrictions, it may not have to deploy additional forces. How many nations would dispute China's legal right to extend its authority over all of 'its territory' in such a 'gray zone' case?
5. An often-cited reason why Xi Jinping will maintain the cross-straits status quo is because a failed military assault on Taiwan would put his leadership at risk.⁵⁴ Gray zone measures like the declaration of a 'customs and law enforcement quarantine' at selected ports allow a face-saving timeline if events do not develop in a manner that CPC leadership deems favourable (if Trump, for example, organises and sustains a muscular and wide-ranging diplomatic response).

PRESS RELEASE: Taipei - Saturday 2 May 2026. *The Central News Agency, the national news agency of the Republic of China (Taiwan) said the Taiwanese government rejects categorically Beijing's unfounded and slanderous accusations that Taiwan or Taiwanese ships are engaged in supplying or distributing any illegal narcotics or their precursors.*

More importantly, Taiwan firmly asserts its right to maintain its own customs enforcement zones in its territorial waters. It will use Taiwanese Coast Guard assets to do so and caution Beijing against aggressive actions against its craft. It calls upon the international community to recognise Beijing's so-called law enforcement actions as a de facto 'change in the status quo' between the two nations. It calls upon the United States, Australia, South Korea, The Philippines Japan, and EU nations to provide assets to support Taiwan's independent exercise of customs and law enforcement functions in its long-recognised territorial waters. In addition, until further notice, no finished or semifinished Taiwanese goods, including semiconductors, will be shipped by sea or air to the PRC. Moreover, fearing further CPC aggression, Taiwan is placing its military forces on heightened alert.

Note:

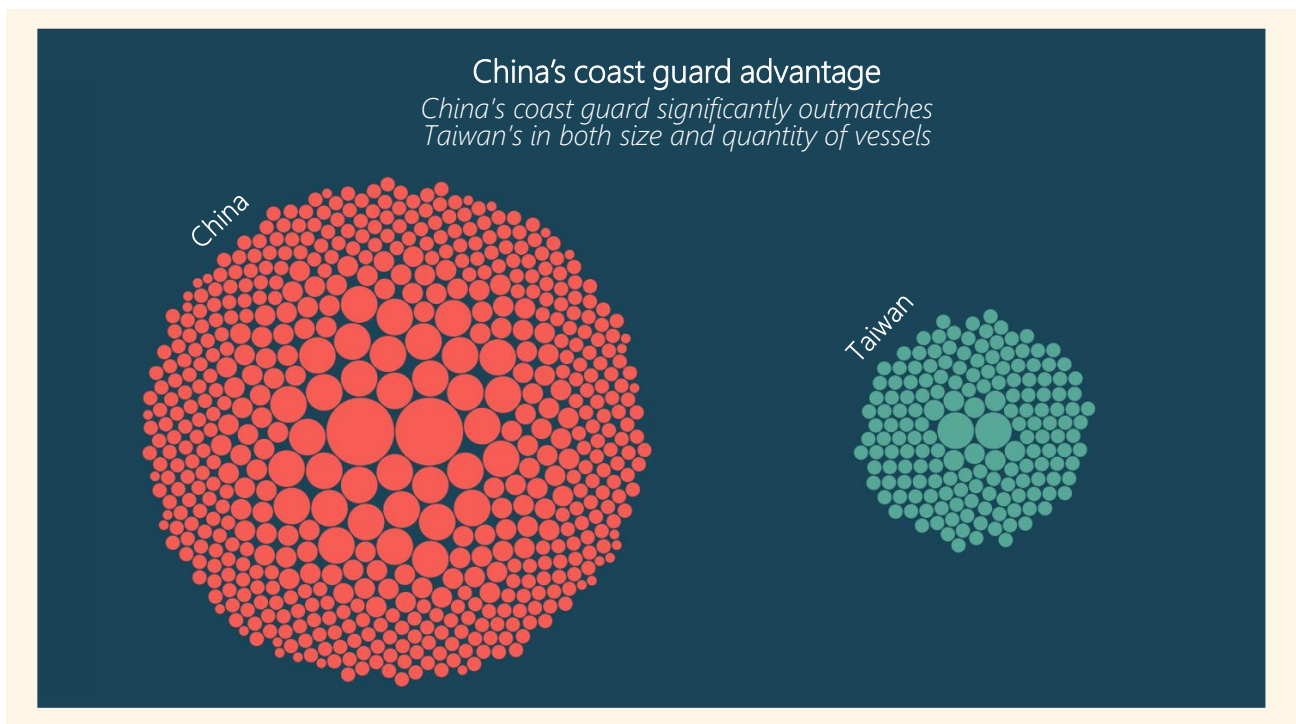
1. Taiwan, if it is to maintain the upper hand in the narrative battle that will immediately begin, would need to respond to Chinese Coast Guard vessels only with Taiwanese Coast Guard vessels. Its Navy and Air Force dare get involved, at least initially. Unfortunately, the Taiwanese Coast Guard Administration is not

^{vii} Lawfare refers to the strategic use of legal proceedings, often in an aggressive or manipulative way, to intimidate or hinder an opponent. It essentially involves weaponising the legal system, either within a country or internationally, to achieve political, strategic, or economic goals. See <https://en.wikipedia.org/wiki/Lawfare>

^{viii} While the Chinese refer to a 'One China Principle,' the United States and others only recognise a 'One China Policy.' There is also a widespread but inaccurate perception that the Taiwanese Constitution mandates unification; while it has been amended over time, it does not.

heavily militarised. It has a total of about 200 vessels, 13,000 personnel, and about 6000 Volunteers that assist in 'search and rescue, border security, and marine debris removal.'⁵⁵ Nevertheless, for all parties to a potential Taiwan conflict, the need to maintain public support in their own countries and to gain support from other countries, especially those in the Indo-Pacific region itself, makes the task of defining a clear narrative essential. As the Ukraine war has recently demonstrated, narratives of who started a conflict, when, and why are truly matters of strategic concern; the ability to maintain a coherent narrative for involvement also provides a measure of deterrence.⁵⁶ But Taiwan would struggle because even without the Chinese Maritime Militia, the Chinese Coast Guard dramatically outmatches the Taiwanese Coast Guard (as seen in Figure 4).

Figure 4: China's Advantage in number and weight of Coast Guard Ships⁵⁷



Source: CSIS ChinaPower Project, Exploring a Chinese Quarantine of Taiwan

PRESS RELEASE: Washington - Monday 4 May 2026. President Trump has announced on Truth Social "PRESIDENT XI AND I HAVE A GOOD DEAL!!!! After the little Tariff spat last year – WHICH I WON by lowering tariffs to their lowest levels ever after he CLIMBED DOWN! – We are BEST FRIENDS and there is no reason to make a big deal about this. WE DON'T NEED ANOTHER WAR LIKE THE ONE SLEEPY JOE AND ZELEINSKY STARTED against Russia. One is big, one is small, but they all speak Chinese!!! And I like their food – great food! Let the microchips flow and everybody can make money! Besides, the golden statues of me for the Gaza Sands Resort & Casino need to get through the straits. Let's not fight. Calm down, and there will be so much winning, you won't believe it!!!"

Note:

1. The erratic decision-making style of Donald Trump and his zero-sum approach to alliances (including Taiwan and most recently demonstrated in his approach to Ukraine) are also important catalyst to gray zone action by Beijing.

2. Australia, The Philippines, South Korea, Japan, and EU nations would be highly unlikely to support Taiwan with their Coast Guard assets that might result in an encounter with Chinese vessels unless they were 100% assured of American presence and support. America is the only force capable of providing the 'motherboard' of intelligence, reconnaissance, and communication networks that these allied forces would need to operate at a scale needed to meaningfully support Taiwan. This dependence, alongside Trump's erratic and personalistic decision-making style takes America's intentional strategic ambiguity about Taiwan to a new level.

PRESS RELEASE: Beijing - Friday, 8 May, 2026. *Xinhua News Agency - China has declared new a Enhanced Customs Inspection Routine requiring all air cargo and commercial passenger aircraft exiting from or entering the island of Taiwan to stop at specially designated mainland inspection and customs airfields that have been established for that purpose. The airfields are designated in the attachment to this press release. All commercial or national carriers that seek to evade this legal requirement or the restrictions previously announced on 1 May 2026 will be sanctioned by the People's Republic with immediate effect. Any commercial firm found to be in wilful violation of Chinese law enforcement will also be sanctioned. Chinese law enforcement retains the right to use all available means to compel compliance and enforce Chinese law.*

The entire Chinese nation calls with a single voice upon the patriotic Chinese people resident on Taiwan to surrender the drug-dealing parasitical leaders of the renegade so-called government and reunite peacefully with the Motherland. Sensible leaders on the island already desire the peaceful path out of this unfortunate situation. We call upon the people of Taiwan to heed their voices. Failing that, as always, Beijing reserves the right to take sterner measures. Taiwan imports 97% of its energy and is 70% dependent on outside food. There is no need for this internal matter to escalate.

To prepare for an escalation by renegade forces, however, the PLAN and shore-based missile batteries on the mainland will conduct live-fire missile exercises beginning tomorrow. International maritime safety authorities have been provided with the coordinates of four zones near Taiwan which commercial ships and aircraft should avoid. Other amphibious, naval, and air exercises are planned for early June. Therefore, commercial shipping – exiting or entering any Taiwanese port – is urged to avoid the area until further notice and follow the 'Red Corridors' of safe passage established by the PLAN.

Note:

1. China has been practicing a so-called 'anaconda strategy' around Taiwan for several years: each year, more PLA Navy ships and aircraft come closer to the island, and for longer periods. These efforts provide the Chinese forces with practice, complicate the early warning efforts in the event of a real invasion, and exhaust Taiwan's limited defences: Taiwanese air and naval crews, aircraft, ships, etc. are increasingly strained.⁵⁸ Most recently, on April 1-2, 2025, the PLA carried out a two-day military exercise called Strait Thunder-2025A. This marked the PLA's first major exercise around Taiwan in 2025. It followed the 'Joint Sword-2024' drills held in May and October 2024, as well as un-named large-scale naval manoeuvres conducted in December 2024. Strait Thunder-2025A appeared to build on the Joint Sword exercises' focus on naval blockade tactics. However, it introduced a more provocative aspect by including simulated attacks on Taiwan's energy infrastructure and port facilities.

2. April's exercises were accompanied by intensified propaganda targeting Taiwan's political leaders, with particular criticism directed at President Lai Ching-te.⁵⁹ For example, China's Eastern Theatre Command released a video showing Mr Lai as a green insect who appears to give birth to other insects, before being held by chopsticks above a burning Taiwan (See Figure 5). The animation said: "Parasite poisoning Taiwan island. Parasite hollowing island out. Parasite courting ultimate destruction."⁶⁰ While such crude propaganda may seem counterproductive, it may be intended to make the population of Taiwan too afraid to prepare to resist Chinese aggression.

Figure 5: Taiwanese President Lai Ching-te's portrayal as a parasitical insect in Mainland Propaganda⁶¹



Source: China's Eastern Theater Command

3. Taiwanese or allied Coast Guard forces in the waters around Taiwan confronting Chinese forces would be acutely aware that even without the direct engagement of the PLA Navy or Airforce, they are at huge risk from the PLA's 2,800 shore-launched antiship and anti-aircraft missiles based in southeast China. These missile systems, many of which are portable and difficult to track, have sufficient range to cover the entire island and all its waters.⁶² Unlike conventional naval forces, Coast Guard vessels are not equipped or trained to deal with missile threats.
4. Because of such land-based missile threats some might advocate allied military submarines on station as standby forces to support allied Coast Guard ships. This is no panacea, however: China has underwater acoustic sensors in Yap and near Guam and is expanding this network to cover the whole Chinese coast to track any submarines that might participate in operations around Taiwan. The system is powered by an onshore voltage source and has active sensors, passive listeners, and a drone docking station that may be for maintenance but could also be used for other UAVs – including attack systems – in the future.⁶³

PRESS RELEASE: Beijing - Sunday, 10 May 2026 10:00 local time Xinhua News Agency. China, in response to flagrant and unprovoked aggression against several of its Coast Guard vessels conducting lawful searches of vessels from the renegade province of Taiwan, now declares a full naval and air blockade of Taiwan. Despite the death of our heroic Coast Guard crew member in this incident, this blockade is not expected to last long, as saner patriotic heads on the Island have already started to assert themselves. Like us, these wise patriots call for the immediate, historic reunification of Taiwan with the Motherland. Should renegade elements on the island consider resistance, they should be aware that many of their compatriots have already released videos expressing their complete unwillingness to fight against their Mainland brothers. Other patriotic elements have promised to take up arms to suppress any who stand in the way of this longed-for restoration of China's destiny.

Note:

1. As mentioned above, Taiwan imports 93% of its energy and 65% of its calories. Apart from the needs of the population, the Taiwanese military would also require fuel to resist a full-scale invasion. Thus, in the event of a full maritime blockade, Washington and its allies face a threshold question: do they attempt to 'run' it with convoys, and provide Taiwan with the necessary fuel, food, and other supplies to continue a de facto independence? Though Taiwan has some strategic reserves (the exact condition, location, and size of which are classified),⁶⁴ US likely has only about three months to organise such a relief and sustainment effort.⁶⁵ The Trump Administration's willingness and ability to meet such a challenge are part of what inspires our fear that Xi Jinping may see the coming few years as a golden opportunity. The Washington bureaucracy could do a lot if directed but in a real Taiwan contingency, everything would end up on Donald Trump's desk.
2. Running such a blockade risks a direct military clash, intentional or accidental, with the PLA. How many commercial ships and aircraft – not to mention the companies that insure them – will be willing to risk joining a relief effort? If the convoy were blocked by PLA forces, the onus falls upon Taiwan and participating nations to escalate to violence. Without US Navy, Air, and Space Force involvement, China unquestionably has escalation dominance in the area surrounding Taiwan.
3. One possible precedent for a relief convoy is 'Operation Earnest Will' (24 July 1987 – 26 September 1988). There, the American military protected Kuwaiti-owned tankers from Iranian attacks three years into the 'Tanker War phase' of the Iran–Iraq War. It was the largest naval convoy operation since World War II, but it flowed directly from United Nations Resolution 598.⁶⁶ With Beijing as a permanent member of the UN Security Council, a UN resolution in this case seems unlikely.
4. As mentioned in the introduction, the revered 5th-century Chinese Strategist Sun Tzu taught, "The supreme art of war is to subdue the enemy without fighting." This approach is certainly embraced by the CPC, perhaps most famously in the bloodless handover of Beijing (then called Beiping) in 1949. After a siege lasting about one month, the Nationalist general Fu Zuoyi defected to Communist forces and handed the city over.^{ix} He was rewarded with high positions in Mao's government. In this scenario we argue that this is Beijing's possible plan for Taiwan. Here, Beijing draws upon a network of collaborators, those sympathetic to their cause, and opportunists. After eroding public confidence of world outcry using tactics like a quarantine, they will add a blockade. Beijing then offers to negotiate with sympathetic elements. 67% of people in Taiwan see themselves as primarily Taiwanese, compared

^{ix} The CCP's version of events is here: <https://www.ourchinastory.com/en/13894/Peaceful-liberation-of-China's-Beiping>

with only 3% who think of themselves as primarily Chinese.⁶⁷ But with no offer of substantive international support on the horizon, the rest of the population might acquiesce out of fear, greed, or indifference.⁶⁸ While the exact number of CPC sympathisers is likely quite low, it is certain that China makes substantial efforts to infiltrate Taiwan's armed forces⁶⁹ and influence its political parties.⁷⁰ The political evolution of Hong Kong in the last five years, in defiance of a large percentage of the population's wishes, sets a troubling precedent.⁷¹

5. Disinformation has a large role to play here. In 2024, Taiwanese espionage arrests included officers filming videos to encourage desertion by fellow Taiwanese soldiers. The videos not only detailed the soldiers' service units and professional titles, but they also featured enlisted active-duty soldiers stating that they were "willing to surrender to the People's Liberation Army."⁷² It would appear that these videos are being created as a sort of disinformation video reserve by the PLA. They may also be fed into AI to produce more convincing fake videos to be employed during many Taiwan contingencies, from the soft coup/treason handover scenario outlined above to an all-out D-Day style invasion.⁷³
6. China might decide to employ a 'decapitation' strategy against the Taiwanese President to hurry any surrender process along. Towards that end, there is a full-sized replica of Taiwan's Presidential Office at a military training site in China's Inner Mongolia.⁷⁴ Moreover, in 2024 three members of a military battalion responsible for the security of the presidential building were arrested for spying for China.⁷⁵

PRESS RELEASE: Taipei – Sunday, 10 May, 2026 10:05 local time. The Central News Agency hereby declares that Taiwan is now... [SIGNAL INTERRUPTED]

Note:

1. As mentioned above, any struggle over Taiwan will ultimately be a battle of perception or 'narratives.' If there is one lesson that China will have drawn from Russia's illegal invasion of Ukraine in 2022, it is how decisive narrative control can be. It is very likely that had Volodymyr Zelenskyy not actively communicated his defiance both to the citizens of Ukraine and the outside world, the war may have rapidly evolved to favour Russian victory. Whether a decapitation strategy is employed against Taiwan or not, Beijing will seek to control the narrative from beginning to end. In most escalating Taiwan situations, China will seek to impose an invisible blockade on Taiwan by cutting links to the outside world. This will ensure that it dominates the narrative and will further cow the people of Taiwan.
2. Taiwan has 14 undersea cables connecting its internet to the outside world and is adding two more.⁷⁶ Elon Musk's Starlink, probably due to his Chinese business interests, does not provide service to the island. The Taiwan Space Agency plans to launch a satellite communications system similar to Starlink, but these won't be in service until 2029.⁷⁷ Chunghwa Telecom is expected to launch one satellite, the first communications satellite ever exclusively dedicated to Taiwan, by the end of 2025.⁷⁸
3. On 24 February 2022, the day that Russia began its illegal invasion of Ukraine, Russian hackers took thousands of Viasat modems offline in a coordinated cyber operation. These modems were the country's interface with the satellite internet system of American communications company Viasat and affected their KA-SAT network.⁷⁹ In addition, Chinese cable-cutting operations beginning in 2022 are said to be China's 'dry run' to end Taiwan's internet and China this year launched a new ship specifically designed for sub-sea cable cutting.⁸⁰

Conclusion

The scenario above is not designed to be an exact prediction of how events between Taiwan, her allies, and the CPC might unfold. It is designed to highlight that a D-Day-style invasion is not the only way that China might seize the island. While not intended to be alarmist, this report seeks to highlight the spectrum of options and risks is far wider than the media usually portrays. In a very short period, using gray zone tactics short of war, lawfare, disinformation, subversion, threats and intimidation alone, Beijing could seize control of Taiwan. The West, in its current state, seems poorly positioned to counter such a move.

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