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If China Attacks Taiwan

The Consequences for China of "Minor Conflict" and "Major War" Scenarios

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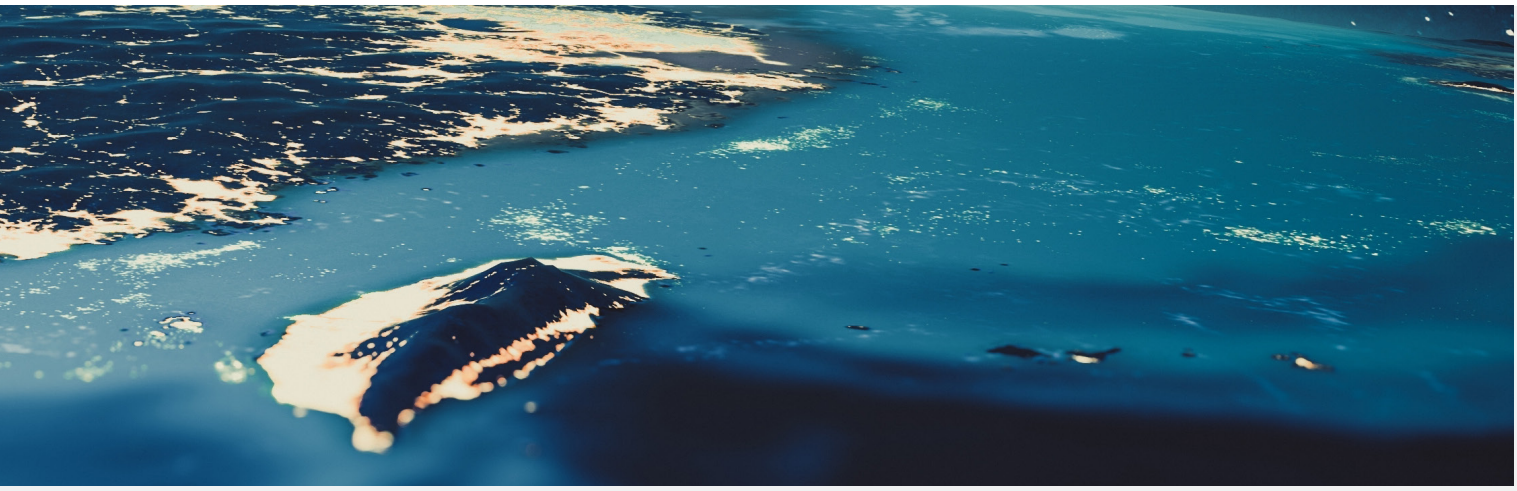
Introduction by Bonnie S. Glaser

Research on the possibility and likely outcome of a conflict in the Taiwan Strait has expanded rapidly in recent years. Studies have focused on a broad range of questions related to deterrence, potential conflict dynamics, and possible conflict outcomes. Tabletop exercises have been used to identify gaps in the capabilities of the United States, the People's Republic of China (PRC), and Taiwan to assess potential escalation pathways and to better understand war termination strategies.[1] Comparatively less attention has been devoted to the potential impact of cross-Strait conflict on the PRC itself and how that impact could shape President Xi Jinping's risk calculus and decision-making about use of force against Taiwan.[2]

Xi's risk calculus is crucial to understanding if and under what circumstances Beijing might take aggressive actions against Taiwan because any such decision would carry profound political, economic, and strategic consequences for the PRC and for him personally. Xi has tied his legitimacy to putting the PRC on an irreversible path toward the "China Dream" of national rejuvenation by 2049 and unifying Taiwan with the motherland is deemed essential to that goal. Yet a military conflict over Taiwan would risk massive economic disruption, catastrophic military losses, significant social unrest, and devastating sanctions, all of which could turn his dream into a nightmare and undermine his political authority. Xi's calculus must therefore weigh the perceived benefits of using force to achieve unification against the potential costs.

The centrality of Xi's risk calculus to understanding future PRC decision-making about potential actions against Taiwan demands deeper investigation than has taken place so far. This report seeks to fill this research gap by examining how use of force against Taiwan would impact the PRC in four key areas: its economy, its military capabilities, its social stability, and international costs. Each issue set is evaluated in a separate paper, although all four are interrelated, a factor that the report's conclusion addresses. Logan Wright and Charlie Vest assess potential implications for the PRC economy. Joel Wuthnow analyzes the possible impact on the Chinese military. Sheena Chestnut Greitens and Jake Rinaldi consider the potential risks for social stability. Zack Cooper examines the likely international responses and costs.

There is a broad range of possible scenarios for PRC use of force against Taiwan. Potential actions taken by Beijing may vary in terms of intensity and



duration. To make comparisons possible across the four papers, the authors were given two baseline scenarios, a limited conflict and a major war. Both are described in detail below. In outlining these scenarios, specific triggers were not established. They would nevertheless be important in determining international responses and subsequently would have implications for the PRC economy and possibly for social stability. Although the absence of a detailed trigger is a limiting factor, in any crisis multiple actors will draw their own conclusions about what sparked the conflict, so perceptions of who was at fault would differ across countries.

The authors were also permitted to assess cases situated between a minor conflict and a major war, given that the economic, military, political, and international costs may vary discontinuously across a range of scenarios. All scenarios were assumed to occur between 2026 and 2030.

The first scenario that authors assess is a minor conflict lasting several weeks. In this case, PRC ships and aircraft surround Taiwan after a series of deadly air and maritime confrontations between their forces. The People's Liberation Army (PLA) then attempts to conduct a "quarantine" of major ports in Taiwan. The United States intervenes and its warships escort commercial vessels through the blockade zone without incident. For the purposes of this scenario, dozens of PRC and Taiwan armed forces members are assumed killed in incidents in the air and at sea. There are no losses of foreign personnel. The conflict terminates when both sides agree to de-escalate the situation. This results in a relatively low intensity and short duration conflict.

The second scenario that authors were asked to review was a major conflict of several months that ends in a PLA defeat. This conflict starts with an amphibious invasion of Taiwan in which initial PLA missile strikes target Taiwan's military and US forces in Japan and Guam. PRC forces land on Taiwan but supplies and follow-on forces are hampered by sustained Taiwanese and US strikes on ships and aircraft crossing the Taiwan Strait. After several months of heavy fighting, PRC forces withdraw to the mainland after losing roughly 100,000 personnel. Taiwan suffers approximately 50,000 military casualties and 50,000 civilian casualties. The United States loses 5,000 military members and 1,000 civilians, while Japan loses 1,000 military members and 500 civilians. Beyond this, no substantial foreign losses occur. The conflict terminates when the PLA withdraws from the main island of Taiwan but retains control of the Kinmen and Matsu Islands.

The purpose of these scenarios is not to assert that this is how a conflict over Taiwan would play out. The intention is instead to help describe in more detail

what the costs would be to the PRC of a failed cross-strait operation. An important caveat is that the authors were asked to make their own assessments of the impact on the PRC in each of the four areas examined. They were not asked to put themselves in Xi's (or his successor's) shoes. Xi and his colleagues might underestimate (or overestimate) the costs that the PRC would incur in these scenarios. Even if Beijing anticipates that the costs of taking an action against Taiwan are high, they might proceed despite the perceived risks. National leaders often make choices that overlook high costs if the perceived benefits are high or overridden by political considerations. Xi might conclude that not acting is more costly for him personally than taking a risky action that he believes is necessary to demonstrate resolve. For example, if Xi views a step taken by Taipei as intended to permanently separate it from the PRC, and especially if he judges that Washington supports that goal, he is likely to move against Taiwan even if he expects that the PLA would suffer high casualties in attempting to seize it.

Overall, the authors of these essays demonstrate that the costs to the PRC of a failed military operation against Taiwan would be substantial. As noted above, this is not to suggest that Beijing would necessarily be deterred from starting a conflict in the first place. But it would be a mistake to simply assume that the PRC would prevail in a conflict over Taiwan. The history of failed amphibious operations is long, and these essays demonstrate that an unsuccessful PRC-initiated conflict would have severe negative consequences for the country's economy, military, social stability, and international standing.

Endnotes

[1] *For example, see Mark F. Cancian, Matthew Cancian, and Eric Heginbotham, "The First Battle of the Next War: Wargaming a Chinese Invasion of Taiwan", January 9, 2023. https://www.csis.org/analysis/first-battle-next-war-wargaming-chinese-invasion-taiwan; Mark F. Cancian, Matthew F. Cancian, and Eric Heginbotham, "Lights Out? Wargaming a Chinese Blockade of Taiwan", July 31, 2025. https://www.csis.org/analysis/lights-out-wargaming-chinese-blockade-taiwan*

[2] *Several pathbreaking studies have been conducted on the potential impact of cross-strait crises and conflict on the PRC economy, but they have not considered how heavy economic costs might factor into Xi Jinping's risk calculus. See, for example, Charlie Vest, Agatha Kratz, and Reva Goujon, "The Global Economic Disruptions from a Taiwan Conflict", Rhodium Group, December 14, 2022. https://rhg.com/research/taiwan-economic-disruptions/; Jennifer Welch, et al., "Xi, Biden and the $10 Trillion Cost of War Over Taiwan", Bloomberg, January 8, 2024. https://www.bloomberg.com/news/features/2024-01-09/if-china-invades-taiwan-it-would-cost-world-economy-10-trillion. A partial exception is three brief but insightful analyses published by the United States Institute of Peace as part of a project on the costs to the PRC of a Taiwan contingency. These include Cortez Cooper, "Xi Jinping's Calculus of Cross-Strait Conflict", United States Institute of Peace, February 19, 2025. https://www.usip.org/publications/2025/02/xi-jinpings-calculus-cross-strait-conflict. Two other papers in the series can be found at https://www.usip.org/programs/costs-china-taiwan-contingency.*

China's Economic Escalation Dilemma

By Logan Wright and Charlie Vest

The question concerning the impact of Beijing's use of force in the Taiwan Strait on the Chinese economy should focus less on quantifying overall economic costs and more on the practical consequences for China's decision-making process. It is clear that even a limited military engagement would have a devastating economic impact on the country, with costs in trillions of dollars. Rhodium conducted a study in 2023[1] on the economic impact of a limited escalation scenario and estimated the cost to be at least $2-$3 trillion under highly conservative assumptions. Bloomberg analysts found it to be around $10 trillion.[2] The disruptions to the Chinese economy alone must consider that:

- China's annual exports as a proportion of GDP total 20%, far higher than 10% for the United States[3]
- around 13% of China's domestic employment is attributable to exports[4]
- China is a large net importer of agricultural products, energy, and minerals, most of which come from seaborne trade
- China has $3.1 trillion in overseas assets, much of which would be at risk of disruption or expropriation during a conflict[5]
- China is home to $3.6 trillion in inward foreign direct investment, which is also at risk from disruption to overseas corporate ties[6]

The consequences for China of a full-scale conflict are certain to be enormous, but the impact of a gray-zone or minor conflict are much less clear. This paper considers how and when costs would materialize, the implications of those costs for deterring Beijing from instigating such a conflict, and the potential for de-escalating such a crisis.

It should go without saying that even economic costs measured in trillions of dollars will not necessarily deter Beijing from pursuing military action against Taiwan if China's political leadership has decided on a course that requires it. But economic costs become highly relevant in a scenario in which Beijing is merely trying to send political signals in a gray-zone scenario or minor conflict.

The scenarios described in this exercise do not necessarily outline the catalysts for military conflict, but we interpreted them in this paper as featuring two types of political calculus from Beijing. First, a major war would occur only in circumstances in which Beijing was so committed to action that the potential economic consequences would be secondary considerations. Second, in a minor conflict, Beijing would seemingly pursue a more limited political objective. The benefits of military action, therefore, would be weighed alongside a broader consideration of the economic and political costs of initiating and extending conflict.

This paper presents three arguments:

- First, China faces a dilemma. Its economic development strategy requires becoming more independent from the rest of the world for its own industrial development while becoming more dependent on the rest of the world for economic growth. This is a meaningful constraint on China's ability to credibly signal its own willingness to escalate in a minor conflict or gray-zone scenario.

- Second, the economic costs in a minor conflict likely do not accrue linearly. There is an inflection point at which costs begin to sharply increase, and that point is linked to the timing of financial market reactions and the start of adjusting global exchange rates and capital flows. Markets generally discount the likelihood of full-scale war because the cost to China (short of an immediate capitulation by Taiwan) would be ruinous. This means that markets are likely to have a relatively high tolerance for escalation up to the point at which war appears inevitable. Market reactions will be strongest when new risks emerge and must be priced.

- Third, even after a minor conflict or gray-zone scenario ends, China will likely face longer-lasting economic effects from accelerated global de-risking led by changing patterns of corporate investment and shifts of manufacturing supply chains out of the country.

Political Versus Economic Gains

China's position in the global economy and its current economic strategy create an "escalation dilemma" for itself. The country's development requires becoming more independent from the rest of the world for industrial development while becoming more dependent on the rest of the world for economic growth via rising exports. China remains an investment-led economy, which means that economic growth depends on rising investment for servicing external rather than domestic demand. This also means displacement of other countries' domestic industries. Any decision by China to use military force, even in a minor conflict or gray-zone scenario, consequently risks cutting off the country's only sources of economic growth in the future, leaving its economy entirely dependent on weakening domestic demand.

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In the major-war scenario, this consideration is academic, as the decision to initiate such a conflict would indicate Beijing's resolve to forgo years of economic development to secure political gain. The economics of major power conflict, as discussed in the next section, involve a world economy separated by embargoes, sanctions, and blockades. Economic costs of a major war would, then, be catastrophic, but few would bother to calculate them, other than to estimate the length of a conflict.

But most paths to hostilities over Taiwan involve something closer to gray-zone actions or the minor-conflict scenario. Here, the escalation dilemma that

China faces becomes a significant constraint on its behavior. Beijing in these cases is likely to be deterred in its decision-making by economic consequences since it needs to keep global markets open to sell its manufactured goods.

China's policy tools to generate domestic demand are highly impaired and unable to power the same pace of credit or investment growth as they did in the past. The country largely controls its domestic investment activity by channeling lending from the state-owned banking system and by fiscal spending executed by local governments and local state-owned companies. Activity through both channels is slowing significantly. Credit growth through bank lending and informal, or "shadow", banking activity averaged around 18% annually from 2007 to 2016, a period of unprecedented credit and investment expansion. Since 2017, average annual credit growth has been halved to just over 9%.[7] In 2025, new bank loans have been growing by only 6.4% compared to 2024, and total bank assets excluding government bonds are growing by less than 6%. The slowdown in credit growth significantly limits the scope for future investment that has powered China's economy over the past decade.

Domestic consumption is limited by the structure of China's fiscal system. But reforming it would require drastic changes that would reduce short-term growth further. Fiscal revenues have flatlined over the past six years because China's sources of tax revenue largely depend on investment-led growth. The country does not levy significant individual income taxes (just over 1% of GDP, which is low by international standards) or domestic consumption taxes. As fiscal spending has increased, so have China's aggregate deficits, which now approach 9% of GDP (around $1.5 trillion).[8] This gives Beijing far less space to expand government spending and domestic demand. It also complicates shifting the economic growth model toward household consumption since this would require changing the entire tax system. Beijing is aware of these constraints. It also recognizes that policies to boost growth have been increasingly ineffective since the property sector collapsed and consumer confidence weakened following the COVID-19 pandemic.

The calculus to maintain economic growth under these conditions has been to combat the global narrative of economic de-risking from China, and to "bilateralize" economic disputes to prevent a globally coordinated backlash to rising volumes of Chinese exports. The Trump administration's "reciprocal tariffs" against US allies and adversaries alike have made it far easier for Beijing to slow the implementation of trade barriers to its exports and export controls on inputs that China cannot yet produce itself but are critical to its industrial development.

Initiating the use of force in a gray-zone scenario ironically forces China on the defensive in economic terms. In military signaling under such a scenario, China would attempt to make credible its actions and willingness to escalate to achieve political aims. But for its economic interests, China would need to send credible signals of a quick return to normality. It would also need to persuade companies not to reconsider their reliance on Chinese suppliers or reposition their investments in China. The structure of the country's economy and its dependence on global customers create incentives for a rapid de-escalation of any hostilities. If Chinese consumers could deliver growth rates comparable to those in the last decade, Beijing would have far less to worry about. But any escalation or lengthening of gray-zone military actions would likely raise the economic costs to China significantly, by reducing the size of global markets available for Chinese exports.

Importantly, this is not just an economic calculation of costs. It is likely to meaningfully impact China's own political decision-making during a conflict, even if it did not impact the decision to initiate action. Political leadership would likely start a limited military action (as defined by the minor-conflict scenario) to send a political signal of its intent or to create marginal military gains without triggering a major war. But as the economic costs of even these gray-zone actions rise, Beijing would be forced to decide either to escalate regardless of the economic consequences or to find options for quick de-escalation while minimizing the political costs of doing so. Operating in the gray zone under China's current pattern of economic development, therefore, ironically works also against the effectiveness of the country's military actions. The longer that China's adversaries can extend a gray-zone military engagement while denying Beijing its objectives, the greater the probability that economic interests will force China to back down.

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China's military tacticians and political strategists could nevertheless thread this needle. They could design limited gray-zone actions as "fait-accompli" territory grabs or signal politically meaningful changes to Taiwan's status quo—by temporarily blocking and redirecting commercial shipping away from the island, for example—with de-escalation in mind. Beijing could also bluff by threatening more aggressive actions that lead Taiwan, the United States, and their allies to conclude that Beijing will back down.

China thus has strong incentives to move quickly and force Taiwan to make accommodations before these allies can respond. Beijing also benefits here, as the next section describes, from Taiwan's energy import needs, which make the island susceptible to short-term blockades. Beijing could exploit this vulnerability to apply acute, short-term pressure on Taiwan, extract political concessions, and then de-escalate.

For the rest of the world, the costs from such action, if kept brief, are likely to be low. Disruptions to trade with Taiwan, after all, occur frequently from typhoons and other natural disasters. Businesses draw on their inventories of chips to continue operations in such times. These events are costly, to be sure, but the global economy rolls on. A short quarantine of Taiwan may have a similar result even if the island bears a huge cost from Chinese gray-zone actions that do not immediately rile the global economy unless a full-scale war is seen as imminent. This implies, however, that the global costs of Chinese gray-zone activity alone are unlikely to be high enough to compel a coordinated, international pushback that could involve sanctioning or embargoing Beijing.

Nonetheless, the gap between the minor-conflict and major-war scenarios in this exercise must consider precarious timing that could cause China enormous economic uncertainty. Beijing cannot credibly threaten escalation and a lengthened conflict if it prioritizes economic growth.

This may seem like a trite conclusion, but it is based on a new economic structure that is behind China's recent growth. That structure emerged with the collapse of the country's property market and the ensuing end to an unprecedented credit and investment bubble. A threat to global demand

for China's exports is now far more salient to the underlying health of its economy than even five years ago because domestic demand has weakened so sharply.

The Impact of a Minor Conflict

In the minor-conflict scenario considered by this compendium, hostilities are limited to air and maritime skirmishes between China and Taiwan and a temporary military quarantine of Taiwan, which is ultimately broken by US-escorted shipping. China faces costs in this scenario, but they are likely to be limited in the immediate term, and physical disruptions will be secondary to the impacts from de-risking actions by investors and China's trading partners.

The costs will materialize in three general areas.

Trade: Chinese businesses will face disruptions in trade with Taiwan. Both are tightly linked by electronics supply chains, with Taiwan accounting for around 60% of the world's leading-edge semiconductor manufacturing capacity (see Figure 1).

Additional disruptions to Chinese businesses will come from different directions. In the military-quarantine scenario involving live-fire military exercises, cargo ships and planes may be unable to cross the Taiwan Strait. Insurers may revoke war risk insurance coverage for both modes of transportation in anticipation of an escalation, causing owners or operators of these assets to evacuate China and Taiwan. Taiwan may respond to an escalation by imposing export controls or an outright trade embargo. A minor conflict would also disrupt mainland ports along the Taiwan Strait, including Shantou, Fuzhou, Quanzhou, Quanzhou, Xiuyu, and Xiamen. These ports account for around 5% of China's seaborne cargo handling capacity.

But these disturbances, if brief, are unlikely to affect Beijing's decision-making. Businesses maintain inventories of chips that could last for several weeks, longer than Taiwan is likely to last in a blockade without international intervention. Business may not operate as usual, but electronics manufacturing activity will not cease. Disruptions to Chinese ports in the Taiwan Strait and their surrounding communities would be substantial, and the redirected cargo would likely create delays within shipping networks. But

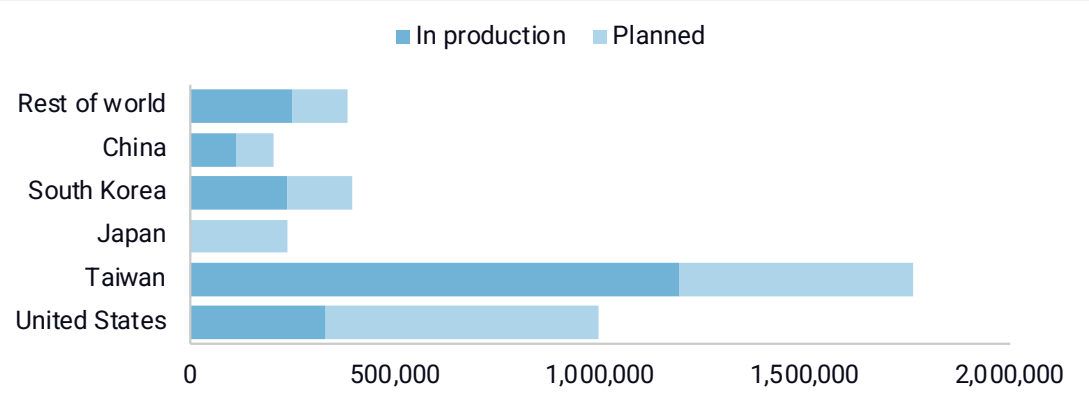

Figure 1: Logic chip manufacturing capacity by country, 7-nanometer and below (Q3 2025)
Wafer starts per month
Source: SEMI World Fab Forecast

this would ultimately represent only a small upset to China's economy.

Closure of the Taiwan Strait itself would also have a limited direct impact on commercial shipping elsewhere in Northeast Asia. Sailing east of Taiwan is a longer journey (see Figure 2), but the additional distance represents only a small increase in bunker fuel costs, even accounting for vessels' increasing their speed to make up lost time.

In contrast, Chinese gray-zone activities that disrupt Taiwan's imports would have a substantial impact on the island's economy almost immediately. Taiwan's energy system is dominated by imported fossil fuels; natural gas and coal account[9] for 48% and 38%, respectively, of Taiwan's electricity generation. In addition, Taiwan reportedly maintains natural gas stockpiles of less than two weeks' demand. Even with power rationing or changes to grid management to consume more coal and less natural gas, disruptions to Taiwan's economy would be felt quickly.

Sanctions from the United States and Taiwan's other partners probably do not factor into this scenario, although the partners may threaten such measures if a minor conflict persists. As the June 2023 Atlantic Council and Rhodium Group report "Sanctioning China in a Taiwan Crisis" argues, effective sanctions on China require a unified group of countries willing to bear substantial costs themselves, which is unlikely in a short timeframe. A minor conflict may result in limited sanctions against some military-adjacent firms but not the large-scale sanctions of the kind imposed on Russia after its invasion of Ukraine. Sanctions alone would also be inadequate for preventing China from blockading Taiwan because their impact would land long after Taiwan's capacity to resist alone is spent.

Foreign Direct Investment (FDI): China is home to an estimated $2.8 trillion in FDI, and foreign-invested enterprises account for 27% of the country's export values.[10] In a minor conflict, there would likely be little impact on China's FDI stock, nor immediate concerns that investments would move. The aftermath of the

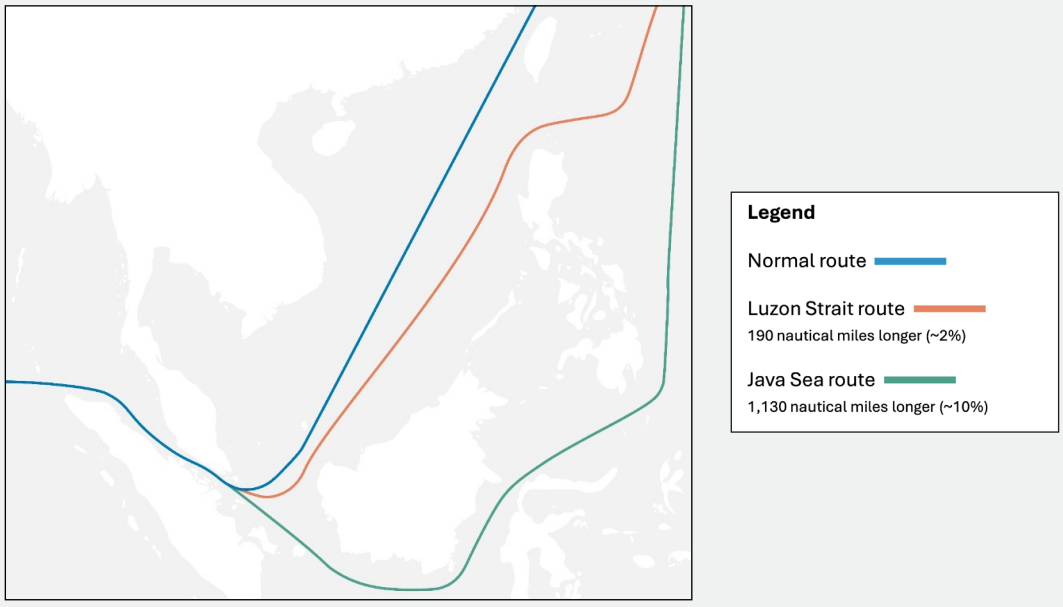

Figure 2: Alternative Container Shipping Routes, Rotterdam to Busan

Russian invasion of Ukraine suggests that businesses are slow to shift fixed assets or wind down their overseas operations, even in tense geopolitical moments (e.g., during the preparation for the invasion in late 2021 and early 2022), out of fear that they will permanently lose their assets or market access when normal relations resume.

Foreign-invested enterprises would still face disruption, though. They would, to the extent possible, move their most mobile assets out of China once significant gray-zone scenarios begin. For most firms, these mobile assets are their people, and businesses in China have already widely adopted contingency plans to evacuate their non-Chinese employees in a geopolitical flare-up. In this case, foreign-invested enterprises would prioritize the safety of personnel over regular operations. This would be especially true for Taiwanese companies, which account for 12% of such enterprises.[11] The 2020 census found that 157,886 Taiwan permanent residents lived in China, accounting for 11% of foreign residents. Many of these people are technical staff working in the manufacturing sector, and their evacuation would cause some disruption to the Chinese economy.

Some businesses would also move mobile capital assets, particularly aircraft and maritime vessels, out of China. Most airlines (or, more commonly, the companies that lease their aircraft to the airlines) buy war risk insurance to cover aircraft destroyed or seized in a conflict. Some of the concern stems from an estimated $8 billion in losses that hit the global aircraft leasing sector after Russia's post-invasion seizure of more than 400 foreign-owned aircraft. Lessors and operators of planes and ships are now highly attuned to geopolitical risks involving Taiwan and China, and are constantly monitoring such threats to be ready to move assets out of the region in case Beijing responds to US sanctions by seizing foreign-owned vessels. Preemptive efforts to remove these assets from China would be highly disruptive in the short term.

Portfolio investment: The greatest short-term volatility in a gray-zone military action or minor conflict is likely to be in portfolio investment in Chinese equities and bonds. Investors trying to hedge against the risk of a larger flare-up in the Taiwan Strait would likely try to move money out of China as quickly as possible. Chinese assets would devalue substantially as offshore investors transferred funds to safe havens. Most of this adjustment would occur via the depreciation of the renminbi, forcing the People's Bank of China (PBOC) to respond by selling foreign exchange reserves (and potentially tightening domestic financial conditions, further weakening the domestic economy). Chinese investors would also try to move money out, but they would face restrictions from capital controls that would impede full-scale capital flight in the short term (though less so in the longer term).

Capital controls generally buy time for authorities to slow outflows, rather than halting them, and manage the impact on the financial system. Following the Russian invasion of Ukraine and the US Federal Reserve's interest rate hikes, for example, net annual foreign investment in China's bond and equity markets shifted abruptly from an inflow of $51 billion to an outflow of $289 billion.[12] Outflows resulting from a major war would dwarf these volumes, triggering a depreciation of the renminbi. Even outflows under a minor conflict would likely accelerate during intense periods of fighting, with tens of billions of dollars leaving China weekly. Still, the PBOC would likely be able to manage the situation and maintain the stability of the country's financial system.

In a de-escalating minor conflict, Chinese assets would recover primarily through the stabilization of the exchange rate. But the extent of the recovery

would depend on perceptions of the risk of a future Taiwan shock and de-risking actions by companies and governments. Potential restrictions on Chinese exports would prevent markets from returning to status quo ante conditions.

The Impact of a Major War

In the scenario of a major war between China and the United States over Taiwan, economic costs to the global economy would be massive and generally predictable. A highly probable path toward near-total embargoes on trade with China would emerge as conflict escalates. At the same time, US economic sanctions targeting China's financial system, likely including the central bank, would be introduced. These measures would be similar to those levied against Russia. The immediate consequence of the restrictions would be a weakening of the Chinese yuan against the US dollar, given that China traditionally intervenes to stabilize its exchange rate by selling dollars and buying renminbi. That depreciation would weaken China's capacity to purchase imported energy and other raw materials. Beijing would presumably respond by limiting its exports of critical materials and important manufactured goods to the United States, and approve only limited sales to the rest of the world.

Hong Kong would likely cease to be a global financial center once sanctions and embargoes on Chinese trade were imposed since Beijing would be incentivized to prevent capital flight via the city. Hong Kong banks, which China might use to evade sanctions on its own financial institutions and companies, or to bring dollars into the mainland to stabilize the exchange rate, would also likely be targeted by direct or secondary sanctions. Beijing's desire to preserve the stability of Hong Kong's financial system would likely involve imposing additional capital controls to avoid hard currency leaving the country via the city. The economic walls around China would, therefore, likely also isolate Hong Kong.

The scale of the economic impact on China and its capacity to sustain military conflict would depend on the extent to which trade embargoes against the country are enforced. Decisive factors here include the extent of international cooperation on sanctions and other restrictions on transactions with China and whom third parties choose to hold responsible for initiating or prolonging the conflict. China would, in any case, work to circumvent any restrictions.

In short, the variables that determine the economic impact on China will be US and allied hard power applied to enforcing sanctions, Chinese hard power used to counter that effort, and Washington's ability to secure cooperation on the measures it imposes.

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A major war over Taiwan would likely separate a much smaller global economy into three blocs:

- a larger group of countries aligned with the United States, in which consumer demand outstrips supplies of manufactured goods

- a smaller group of countries aligned with Beijing, generally exporters of commodities and raw materials, with extensive supplies of both and of manufactured goods for which there is little demand elsewhere in the world

- a group of countries attempting to stay neutral and continue trading with both groups

The challenge for the third group is that the United States and China would have strong incentives to exploit the appeal of their consumer markets and their supply of manufactured goods to force them to take a side.

The impact on China's economy from a major war would be catastrophic, of course. But Beijing would know this in advance. Economic costs alone would unlikely deter it if it had already decided on this course of action. Moderating influences are more likely in the minor-conflict or gray-zone scenarios.

The aforementioned escalation dilemma means there are few realistic scenarios in which a major war or prolonged conflict results from an accidental escalation of gray-zone actions or a minor conflict. Leaders always have options to de-escalate, thereby reducing economic costs. And while stumbling into a gray-zone or minor conflict over misperceptions is possible, Beijing, given economic and other costs, would be more cautious about entering a protracted conflict with the United States.

Implications

What happens after a détente or de-escalation?

Expectations of the future following a gray-zone scenario or minor conflict will determine the lasting economic impacts of such a clash. If, after a minor conflict, neither side emerges a clear winner and Taiwan's status remains unchanged, global corporations and investors would likely draw one of two conclusions:

- China and Taiwan cannot engage in a full-scale war because the economic costs to both are too high, leaving future risks likely lower than in the pre-conflict period.

- Beijing can use lethal force against Taiwan and is willing to risk uncontrolled escalation, making conflict the new normal and another Chinese effort to achieve its unchanged objectives through military force possible.

Subsequent global corporate and investor sentiment will depend heavily on media coverage of events, and on comments by political leadership during and after the conflict. Here, corporate and financial market responses may diverge. Even a minor conflict will likely catalyze policy efforts to accelerate de-risking from China. It will also reinforce concerns in most C-suites of a trend toward military conflict (the latter conclusion above), triggering a time to cut losses in China and diversify business. The country would bear a permanent economic cost even if only a minority of businesses and investors believe that the minor conflict portends eventual escalation (or that more de-risking moves are coming), shift investment away from China, or hedge their exposure there.

Financial markets, however, may return to pre-conflict pricing rapidly. When they move quickly in response to military crises, markets are often repricing based on a range of future expectations. When conflict begins, a tail risk that was seen as highly improbable suddenly becomes possible, and needs to be debated and priced accordingly. When conflict subsides, or de-escalation appears as the most likely outcome,

then the implied probability of a disastrous outcome falls, and pricing can resettle in previous ranges. The most important variable for market pricing is whether conflict becomes more or less probable in the future.

Under less extreme scenarios, market narratives become particularly important for driving actual economic outcomes, as do corporate responses to emerging risks in highly uncertain environments. China devotes considerable resources to propagating its perspectives, but it would likely struggle to control the global narrative in either of these scenarios. Beijing would find it particularly hard to influence corporate decisions. Companies do not want to consider operations in the event of conflict, regardless of how it begins. If China's reactions to events includes military force, then corporate and investor concerns about the choice of that option rise even if the risk of a broader escalation is seen as limited. Beijing would likely contribute to the worry by attempting to reinforce the credibility of the threat of military action, further heightening concerns about investments in China or Taiwan and accelerating de-risking strategies. Beijing's preferred scenario would be that the world sees its use of military force as a legitimate means of defending its security interests. But that message is likely to be highly contested in the aftermath of a minor conflict. Companies and investors are unlikely to openly challenge Beijing's political messages or sovereignty claims, but they will maintain their fiduciary responsibilities by reducing investment-related risks.

There may also be longer-lasting developments in the redirection of trade flows and shipping routes away from the Taiwan Strait and nearby ports. Taiwan may face higher long-term shipping costs associated with the political risk of transiting the region and with a more significant de-risking push. Semiconductor supply chains will face increased pressure to relocate outside Taiwan despite the higher consumer cost. Controls on semiconductor exports to China would probably persist or expand. Given that China's use of export controls on rare earths has already jumpstarted G7 efforts to build stockpiles and acquire supplies elsewhere, a minor conflict over Taiwan will likely accelerate these efforts and extend them to other products.

The overall economic consequences of any scenario for conflict in the Taiwan Strait are likely to be meaningful and long-lasting. A major war would bring globally life-altering economic costs given China's centrality in manufacturing supply chains. But even after a minor conflict, China and Taiwan would see accelerating investment flight and redirected trade flows. Beijing can easily contain this by pursuing policies and actions that limit escalation of military conflict. Containing longer-term economic consequences of even a minor conflict in the Taiwan Strait, however, would be far more difficult.

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China's Use of Force on Taiwan: Impact on PLA Capabilities

By Joel Wuthnow

The US Department of Defense assesses that China has the capability to execute a blockade or punitive missile strike against Taiwan. Why, then, has Beijing thus far not deployed these options?[1] Why might China choose not to launch an invasion of the island after 2027—the date by which Xi Jinping has reportedly given the People's Liberation Army (PLA) to be ready?[2] Any use of force would entail economic and social risks, but there are also potential military consequences that must be considered. Even scenarios with low impact on PLA capabilities would threaten escalation that Beijing could not control, especially if the United States were to intervene. An invasion could devolve into a quagmire, much as Russia has experienced in Ukraine, and this would threaten not only China's military security but also the security of the regime.

This essay explains the military costs and risks for Chinese decision-makers in using different levels of force against Taiwan. It assesses the impact in three areas: the ability to conduct follow-on missile, blockade, and landing operations against Taiwan; the ability to perform other internal, domestic, and global missions; and the political risks for Party-army relations. It does this through a scenario-based analysis. Two of the scenarios are generated by the German Marshall Fund project—a minor conflict in which China and Taiwan engage in a series of deadly air and maritime incidents, and a major war involving massive casualties and a failed invasion. It adds an intermediate scenario in which the PLA launches a blockade but backs down following the US sinking of several Chinese ships. The discussion considers the impact these scenarios would have on the PLA and speculates about the implications for decision-making.

The analysis suggests that while the actual military and political costs in the first two scenarios would be low to moderate, Beijing would still hesitate to go down this path because of the perception that the PLA lacks escalation dominance. A more decisive victory would be uncertain if lower levels of violence did not deliver their intended political results. China therefore has incentives to avoid dangerous incidents that could box decision-makers into untenable choices down the line. The major war scenario would involve a much larger impact on readiness and higher political risks for the regime. Beijing would likely choose to avoid such an option unless it becomes absolutely necessary, such as in the unlikely case of Taiwan moving towards de jure independence.[3]

Key to China's decision-making in all three scenarios is the anticipation of US intervention. The reason why escalation dominance cannot be guaranteed in the minor and intermediate conflict scenarios is the perception that Washington would mobilize and intervene to thwart an invasion. The last scenario is unlikely for the same reason and would only occur based on a misjudgment of US intentions. The critical danger in all three scenarios is that if Beijing discounts international, and especially US, involvement,

escalation dominance would appear feasible and seem to reduce the likelihood of a botched invasion. China's risk calculus, in other words, would be fundamentally different if it assessed that Taiwan would be isolated and vulnerable.

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A Framework for Analysis

Whether the use of force against Taiwan would impact China's military capacity depends on the specific losses. In general, only exorbitant manpower or capabilities losses, or high attrition in critical inventories that are difficult and time-consuming to replace, would restrict Beijing's options for future campaigns. Quantitatively, casualties would have to be high to impact China's readiness because the PLA, despite a 300,000-person reduction under Xi Jinping, has more than two million active-duty personnel. Similarly, the buildup of modern air, naval, and missile forces over the past three decades means that losses of a few aircraft or modest missile expenditures could be handled (see Figure 3 below). Some items, such as drones, could also be quickly procured from China's defense manufacturers. Qualitatively, China's options would be narrowed if the PLA were to suffer high losses of key personnel such as special operations forces or capabilities such as specialized logistics systems that cannot be rapidly reproduced.[4]

More specifically, the impact on the PLA can be evaluated from three perspectives. First is the extent to which attrition complicates the prospects for future action against Taiwan. The PLA has prepared for three major cross-Strait campaigns—a joint firepower strike, a blockade, and an island landing—each with different requirements for personnel, weapons, platforms, and integration of forces.[5] A joint firepower strike would entail missile and artillery bombardments against key military and civilian targets; a blockade could involve a full-scale maritime, air, and information quarantine or be tailored for limited purposes, such

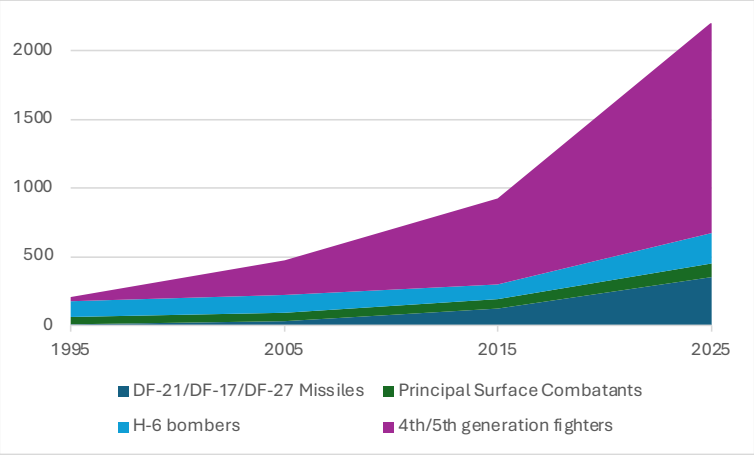

Figure 3: Growth of PLA Power Projection, 1995-2025
Source: IISS, Military Balance. Note: Principal surface combatants include aircraft carriers, destroyers, and frigates. Modern fighters include Soviet Flankers, J-10, J-11, J-16, J-20, and are limited to PLA Air Force inventory.

as interdicting specific maritime shipments; and an island landing campaign, supported by firepower strikes and a blockade, would involve the seizure of the island through amphibious and airborne assault.[6] An island landing campaign would likely be preceded by a firepower strike campaign and accompanied by a full-scale blockade. Integral to all three campaigns is the need to defend against intervention by the United States or US allies such as Japan, the Philippines, or Australia.[7]

PLA losses in any given scenario could reduce the feasibility of future campaigns in the near to medium term (although China's defense-industrial base would fill the gaps to restore readiness over the long term).[8] For instance, high expenditure rates of precision munitions could make it difficult to continue a firepower strike campaign, but would have less impact on the Navy's (or Coast Guard's) blockade capabilities. Losses to transport ships in an invasion would preclude a repeated landing attempt until those delivery systems could be rebuilt, but would not necessarily affect deep missile and artillery magazines that could be used to keep up pressure on the island.[9]

Second, Beijing would have to consider the implications of using force against Taiwan for other domestic, regional, and global missions. Low attrition might mean stability in the PLA's ability to conduct regular operations such as enforcing territorial claims in the South China Sea, patrolling the disputed border with India, safeguarding access through the Indian Ocean, or even maintaining internal security (although this is more a function for the People's Armed Police). Yet a sprawling conflict across the Strait could limit China's ability to perform those other missions. Elite forces might need to be reallocated to the main theater. There might also be damage to China's command, control, and communications networks that would make it difficult to coordinate forces.[10] Beijing's priority in this case would likely be to restore general deterrence rather than to resume high-intensity operations against a specific adversary.

Third, regardless of the impact on readiness, poor performance could create a political risk for civilian Chinese Communist Party leaders. The Party can shape internal discussions to censor embarrassments, reassign blame, or cast decisions in the best possible light. For instance, a military defeat could be construed as a success with the claim that the intent was to impose costs on Taiwan rather than to achieve immediate "reunification". This strategy is most likely to be effective when losses are minimal or when there has been some success, such as seizure of an offshore island. Nevertheless, high casualties or spectacular losses, such as a sunken aircraft carrier, would be harder to conceal. In the context of China's fraught Party-army relations, a defeat could antagonize the PLA, elements of which may line up to support a new leader,[11] or in the extreme case, stage a Prigozhin-style revolt against civilian leaders in Beijing perceived to have sacrificed their right to rule.[12]

The following sections discuss the potential results of each scenario for these three considerations. The minor conflict and major war scenarios occupy opposite ends of the spectrum in terms of impact on readiness for future Taiwan missions, ability to perform other missions, and political risks. It has been analytically useful to also consider an intermediate scenario, in which the PLA conducts missile strikes and a blockade but is confronted with a forceful US intervention. The goal is not to attain a precise account of remaining PLA capabilities, but to assess general impact, which is rated as none, low, medium, or high.

Minor Conflict Scenario

A weeks-long series of deadly encounters involving forces from China and Taiwan seized the world's attention but ultimately had no negative impact on PLA capabilities. Quarantine operations were unsuccessful because Beijing balked in the face of US intervention, but the PLA Navy and Coast Guard did not lose ships. China retained the region's largest navy, with 332 surface combatants, and its largest Coast Guard, with 141 ships (in 2023).[13] On the contrary, Chinese forces gained valuable real-world experience blockading Taiwan's major ports, including visit, board, search, and seizure operations that are hard to simulate in exercises. They also gained insights into how the United States would conduct a counter-blockade, which they will integrate into their future training exercises.

The lack of a major impact on PLA capabilities means that China could continue to perform its other primary missions. To be sure, the PLA typically worries about a "chain reaction" of conflicts occurring during times of crisis and has instructed border and costal defense forces in other locations, such as in the South China Sea or along the Sino-Indian border, to prevent opportunistic aggression by China's other rivals.[14] PLA commanders therefore ordered troops across the periphery to a heightened state of readiness. The result was that border regions were tenser than normal but other opponents were dissuaded from provocative moves. Globally, the intervention of US forces in the Strait increased concerns that Chinese shipping in distant maritime chokepoints could become the next target. However, the crisis did not affect the PLA's ability to respond to threats in distant theaters, which remained modest.[15]

Similarly, the crisis did not reduce the PLA's ability to conduct cross-Strait missile strikes or prepare for an island landing. No precision missiles or artillery were used, so these forces remained available for a future conflict. Despite the loss of a few aircraft, the PLA's tactical aviation inventory, which consists of more than 1,400 fighter-bombers and more than 450 fighters (in 2025), was still mostly intact.[16] Neither was there an impact on the amphibious ships that the PLA would need to transport troops and equipment across the Strait, or other capabilities (such as airborne, cyber, or special forces) the PLA would need for an invasion. Nevertheless, the costs and risks of a full-scale invasion were still in play and Beijing would hesitate to escalate.[17]

Any use of force involving the loss of life for the PLA is fraught with risk for the Party leadership.

Any use of force involving the loss of life for the PLA is fraught with risk for the Party leadership. Service members may blame the Party or demand vengeance that boxes the regime into escalation they do not prefer. Yet in this scenario the political risks are still low. The Party framed the outcome in the best light, which is to claim that the blockade taught pro-independence forces a vital lesson. The Party may have initially refused to acknowledge the loss of Chinese personnel, as was the case after the deadly Sino-Indian border skirmish in 2020, or they could have lauded the casualties as heroes and sought to rally troops around the flag.[18] Control over social media discourse by government censors prevented the circulation of narratives in the PLA against the Party or that seek to push leaders into further escalation against Taiwan.

The main result for China's decision calculus in this scenario is a greater recognition of the escalatory risks involved in frequent contact between forces across the Strait. Operating within 12 nautical miles of the island exposed PLA operators to risks, as Taiwan is committed to defending its territorial airspace and seas. The crisis did nothing to resolve the fundamental political problem—and probably galvanized stronger pro-independence sentiment among Taiwan's population—but created risks of escalation that could be difficult to control.[19] An imperative for the Party leadership was to restore escalation control. Accordingly, Beijing ordered a review of the rules of engagement for cross-Strait operations for pilots and ship crews with an eye to reducing the chance of deadly incidents. Training programs were revised to encourage greater understanding of the internal guidance, less bravado and showmanship, and more thorough vetting of skills. The establishment of a China-Taiwan crisis communications channel (possibly at the unofficial level) became a useful way to ensure that the rules are being followed.

An Intermediate Scenario

In this scenario, China conducted a full blockade of Taiwan while simultaneously executing a missile campaign against critical military sites on the island. The intent was to ramp up pressure on Taipei to agree to political negotiations while controlling the risks by avoiding attacks on US forces.[20] Beijing announced that it was prepared to escalate to an invasion depending on the outcome and began mobilizing troops as a show of force. Taipei suffered heavy losses including hundreds of personnel but had some success shooting down Chinese missiles, aircraft, and drones, which rallied the public. It was further emboldened when the US president instructed the US Navy to prepare to break the blockade and interdict China-bound oil and gas tankers. Meanwhile, half a dozen Chinese ferries mysteriously disappeared in transit towards PLA bases on the southeast coast, though Beijing denied the losses. Beijing decided that it misjudged US intentions and was no longer confident in its ability to achieve its objectives. It backed down under the pretext that it had taught Taiwan a lesson.

Following the conflict, the PLA was still able to conduct a blockade and defend other interests. It did not lose any naval surface combatants, Coast Guard ships, or maritime militia ships that could be used to impose an extended maritime quarantine. The loss of several PLA aircraft had a marginal near-term impact on the PLA's ability to execute an air blockade, but it could still track and intercept planes bound for the island. Even the threat of such intercepts could be sufficient to deter most commercial aircraft from approaching Taiwan, accomplishing a similar purpose. China could also still attack Taiwan's information systems and critical infrastructure based on its cyber and electronic warfare capabilities. Preservation of forces permitted China to continue to deter other adversaries and secure its overseas interests.[21]

There was a moderate impact on China's near-term ability to resume a punitive missile campaign. The PLA employed several hundred precision weapons such as DF-11 and DF-15 short-range ballistic missiles or CJ-10 and YJ-63 land attack cruise missiles to penetrate and destroy Taiwan's air defense radars and missile launchers, and damage other military infrastructure such as command, control, and communications nodes. China tasked defense firms such as the China Aerospace Science and Industry Corporation with scaling up production of precision munitions to refill stockpiles as quickly as possible, but the PLA still possessed options such as long-range army artillery systems to carry out additional attacks at a moment's notice.[22] Damage to Taiwan's air and missile defenses,

such as Patriot batteries, lowered the requirements for the PLA to do this within its remaining capabilities.

There was also a moderate impact on the PLA's ability to execute a joint island landing campaign. The PLA stated that the disappearance of its civilian ferries was the result of US Virginia-class submarines operating undetected within the first island chain. This attack underscored China's vulnerability to US undersea warfare as well as its reliance on large platforms such as civilian ferries to transport troops and equipment across the strait.[23] The loss delayed the PLA's ability to attain a full operational capability to conduct island landing operations by several months. However, the damage was limited. Beijing still had plenty of air and sea lift in its inventory and responded by increasing its investments in anti-submarine warfare and ordering shipbuilding firms to redouble production of ferries or landing craft, as well as landing barges to be used in a future operation.

In terms of Party-army relations, the consequences for the regime were manageable. Although the blockade was withdrawn in the face of US pressure, the leadership framed the situation as an intentionally limited bid to demonstrate strength against Taiwan. Destruction of Taiwan military targets was hailed as evidence that the PLA has the capabilities and resolve to defend the Party's core interests. Some service members heard rumors about the sunken ferries and had increased doubts about China's ability to handle US threats in a future conflict, but the PLA's ability to control internal discourse prevented negative opinions and information from circulating widely. Overall, the Party hailed the result as a victory and nationalist voices in the PLA were satisfied.

The factor in this scenario that could have a major impact on Beijing's calculus was Washington's demonstrated resolve to risk war. Unprovoked lethal attacks against Taiwan motivated Washington to employ its undersea advantages in a way that degraded China's ability to conduct an invasion, albeit in a semi-deniable fashion against a civilian (versus military) target to control escalation risks. Nevertheless, the sinking of Chinese ferries being mobilized to support the PLA sent an undeniable signal to Beijing that Washington would not hesitate to use force to counter an invasion. Hope that the PLA could rely on strategic capabilities in the nuclear, space, and cyber fields to deter the United States from intervening faded.[24] The result was that the PLA upgraded its assessments that US intervention was not only likely but could have devastating consequences in an invasion scenario.

Major War Scenario

The major war scenario involved significant costs to PLA capabilities. A repeat invasion attempt was infeasible in the near term although the PLA retained the capacity for continuing punitive missile strikes and for a protracted blockade. The 100,000 troops killed in action (and an additional several hundred thousand wounded, captured, or missing) represented at least half of the PLA's active-duty ground forces.[25] During the conflict, the PLA needed to activate its roughly 500,000-strong reserve component to backfill positions, and the People's Armed Police was deployed to maintain internal security. Emergency measures such as extending two-year conscription periods for enlisted personnel or recalling recently demobilized soldiers were used. Yet in this scenario, casualty rates were so high that the PLA struggled to maintain overall readiness. Skilled operators such as fighter pilots and special forces soldiers lost were especially hard to replace.

An extended landing campaign also decimated China's shooter-sensor complexes. Cross-Strait-range strike capabilities such as the PCH-191 artillery system were expended while longer-range capabilities such as the PLA's stockpile of DF-17 medium-range ballistic missiles and CJ-20 land attack cruise missiles were used to strike US bases along the first island chain and farther east.[26] Many of its combat and reconnaissance drones were destroyed by counter-unmanned aerial systems. Depending on the scope of the US intervention, China could also have suffered damage to its air and ballistic missile defense networks, including radar installations and surface-to-air missiles. Space-based targeting systems were damaged or destroyed. Replenishing these systems was a priority for China's defense-industrial base. Less sophisticated systems such as artillery shells were produced quickly and in large quantities and replacement satellites were launched, but high-end precision weapons would take longer to come online.

Even after the PLA reconstituted its ranks and refilled its munitions stockpiles, damage to PLA logistics forces precluded a repeat attempt to conduct a landing operation for two or three years. The critical vulnerability that led to the mass surrender was the PLA's loss of scarce airborne and sea delivery capabilities, including Y-9 and Y-20 transports, naval sealift, and civilian ferries, as well as the air and naval defenses that were designed to protect them. While China's world-leading air and shipbuilding capacity allowed an eventual replacement of these platforms, several years were needed before lift capacity returned to its prewar levels.[27] Beijing also needed to replenish its stockpiles of critical resources such as jet fuel, spare parts, and military medicine.[28] Any US strikes against mainland port facilities or airbases might have led to further damage that would need to be repaired.

China's ability to impose a blockade was reduced but not eliminated. The PLA lost some of its surface combatants, but it could still threaten Taiwan's maritime access through submarines, sea mines, and drones, as well as remaining naval, Coast Guard, and maritime militia vessels, some of which could be reallocated from the Yellow Sea or the South China Sea. An air blockade would be feasible if the PLA shifted aircraft equipped with maritime strike weapons from other theaters. Such troop movements could keep pressure on Taiwan but come at the expense of readiness in other regions or an ability to defend global interests such as distant sea lanes. Presumably, China could still restrict Taiwan's Internet access and threaten the island's critical infrastructure. Moreover, the bar for a blockade would be lower since Taiwan lost much of its air and maritime defense capability. Indeed, it is likely in this scenario that China would sustain long-term blockade operations against the island to show force (and save face).[29]

Perhaps the most serious problem for Chinese decision-makers in this scenario was not military readiness but damaged Party-army relations. The scale of the loss was too large to conceal. Military personnel were not convinced that the outcome was anything other than a national humiliation, even if the propaganda machinery sought to portray the campaign as a victory (teaching Taiwan a lesson and seizing Jinmen and Mazu). China's leaders attempted to shift the blame by purging "incompetent" or "disloyal" PLA commanders, but were testing the PLA's forbearance with these cynical tactics. The scenario ended with the Party facing military backing for a rival civilian leader or even a coup designed to restore national pride.

	Future Cross-Strait Operations			*Other Domestic, Regional, and Global Missions*	*Political Risks*
Scenario	***Missile Bombardment***	***Blockade***	***Joint Island Landing Campaign***		
Minor Conflict	None	None	None	None	Low
Intermediate	Moderate	Low	Moderate	Low	Low
Major War	High	Moderate	High	Moderate	High

Figure 4: Impact on PLA Capabilities by Scenario

Implications and Conclusion

The three scenarios illustrate the costs and risks of any cross-Strait conflict for the PLA. In the minor conflict and intermediate scenarios, the actual costs to PLA capabilities were limited. Minor losses to maritime capabilities meant that an extended blockade would still be possible, although in the intermediate scenario it was necessary to reconstitute forces prior to carrying out a renewed firepower strike campaign or attempting an invasion. The political risks in terms of strained Party-army relations were also low since the civilian leadership could conceal information or cast poor results in a favorable light to reduce frustration. There was even a certain "rally around the flag" effect as the Party took credit for punishing Taiwan and employing the PLA in a dramatic fashion.

From a military perspective, the low impact could translate into a greater likelihood of Beijing selecting these options. Indeed, China has been ramping up its "gray-zone" pressure on the island and could go further.[30] The problem, however, is that the PLA cannot dominate the escalation ladder. If a limited use of force fails to achieve its intended political result, the PLA cannot guarantee a path towards a more decisive victory. Pivoting towards a full invasion would run high risks of US intervention and could lead the PLA to the disastrous outcome portrayed in the major war scenario. Moreover, engaging in limited military actions over a period of weeks would further complicate an island landing because the PLA would have lost the element of surprise. US forces would be better postured to intervene, and Washington and Taipei could use the crisis to build a broader international coalition to defend Taiwan.

Beijing's calculus would be fundamentally different if the leadership did not anticipate US intervention. Instead of assuming that a conflict with Taiwan would necessitate war with the United States, Beijing could gamble on the hope that brinkmanship would be sufficient to prevent US participation in the conflict. Crisis signaling based on China's nuclear and long-range conventional arsenal, threats to US critical infrastructure through cyber operations, and the

ability to shape US public opinion through information manipulation could lead Beijing to conclude that Washington could be persuaded not to intervene.[31] Predictions of US abstention would make a decision to engage in lower levels of violence more likely because of confidence in the PLA's ability to dominate the escalation ladder. If Taipei resists a blockade, for instance, the risks of a follow-on campaign to seize the island would be significantly lower.

In the major war scenario, China's calculus was more directly affected by the anticipated costs and risks. The PLA was confronted with a quagmire that reduced its ability to conduct further operations across the Strait and endangered its ability to perform other key missions. It also involved higher political risks for the leadership because of the scale of the disaster. This scenario illustrates the consequences of Beijing misjudging the risks of US intervention. The leadership launched the war thinking that Washington would hesitate to act, or that the PLA could handle US intervention. The outcome exposed the misjudgment to the PLA and to the Chinese people. But it also reflected a US failure to convince Beijing of either the likelihood or efficacy of US involvement, which ultimately set the war in motion.

This scenario also raises questions about China's decision-making following the humiliation of a defeat. Although the PLA retreated, foreign leaders should not assume that the war ended. Beijing could pause the conflict to reconstitute its forces and ensure stability at home. But, armed with lessons about why the PLA failed, motivated to seek retribution against the victors, and facilitated by its massive industrial capacity to rebuild, Beijing would be strongly tempted to relaunch the war.[32] US policy should take advantage of the pause to build the strongest possible coalition for Taiwan's defense while simultaneously avoiding actions that would hasten the resumption of the conflict, such as pushing Taiwan independence.

Policy missteps in this period could create a repeat of the interlude between World War I and Germany's remilitarization under Hitler—an illusory peace in which defeat was only the beginning.

This paper represents only the views of the author and not those of the National Defense University, Department of War, or US government.

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[24] Wuthnow, Taming the Hegemon.

[25] This depends on the wounded-to-killed ratio. In recent conflicts, improvements in military medicine have led the ratio to climb from low single digits to more than 10:1. See Tanisha M. Fazal, "Dead Wrong? Battle Deaths, Military Medicine, and Exaggerated Reports of War's Demise," International Security 39:1, 2014, pp. 95-125.

[26] As of 2025, the PLA was estimated to have about 48 DF-17s and more than 120 PHL-191s. Military Balance, pp. 240, 242.

[27] Matthe P. Funaiole et al., Ship Wars: Confronting China's Dual-Use Shipbuilding Empire, Washington, DC: CSIS, 2025. China is also able to produce transport aircraft at a large scale quickly.

[28] The PLA anticipates heavy fuel consumption rates and is stockpiling for this contingency. For a discussion, see Chung Chieh, "PLA Logistics and Mobilization Capacity in a Taiwan Invasion", in Wuthnow et al., eds., Crossing the Strait, pp. 253-276.

[29] Henley, Beyond the First Battle.

[30] Jude Blanchette and Bonnie Glaser, "Taiwan's Most Pressing Challenge Is Strangulation, Not Invasion", War on the Rocks, November 9, 2023.

[31] Wuthnow, Taming the Hegemon, pp. 23-28.

[32] Kenneth W. Allen and Brendan S. Mulvaney, "The Day After the Battle," Journal of Indo-Pacific Affairs 4, no. 1, December 2020, 269–74; Joel Wuthnow, "China's Forever War: What if a Taiwan Invasion Fails?" INSS Strategic Forum 118, October 2024.

China's Approach to Social Stability in a Taiwan Contingency

By Sheena Chestnut Greitens and Jake Rinaldi

A conflict in the Taiwan Strait would not only test the capabilities of the People's Liberation Army (PLA) but could also strain the Chinese Communist Party's (CCP) ability to maintain internal political order and social control within the People's Republic of China (PRC) itself. Outside observers tend to focus most on the PRC's military posture, envisioned strategy, and potential capabilities in a Taiwan contingency. A handful, however, have also characterized a conflict over Taiwan as "politically dangerous" for the CCP and the PRC's leadership,[1] asserting that a failed operation, in particular, would have "dire consequences" for the CCP's hold on power.[2] Various mechanisms are proposed to connect conflict over Taiwan to potential regime instability: loss of legitimacy for the party in the eyes of a nationalist public; casualty sensitivity in a country of only children undergoing demographic decline; economic consequences that could generate political dissatisfaction; or emboldened ethnic separatist movements that could place avulsive stress on the PRC's territorial integrity.

The CCP itself appears to believe that its ability to prosecute such a conflict will depend as much on social stability at home as it does on operational success abroad. "The Science of Military Strategy", a capstone book on the PRC's military strategy prepared by the PLA National Defense University, makes clear that wartime strategic deployment "should not only focus on the needs of external offensive operations, but also consider the needs of internal stability maintenance operations".[3] And while the PRC's military-strategic guidelines (军事战略方针) identify the southeastern coast (e.g. Taiwan) as the "main strategic direction" (主要战略方向), Chinese strategists have previously expressed concern that, in any Taiwan contingency, adversaries may create problems for the PRC's border security elsewhere or collaborate with domestic secessionists and provocateurs, thereby creating what these sources refer to as "two-front operations" or a "chain reaction" (连锁反应) that combines external conflict over Taiwan with internal security challenges.[4]

For US and allied policymakers, understanding how domestic stability may factor into the Chinese leadership's thinking is important for assessing the CCP's risk calculus and potential escalation pathways. On one hand, a Chinese leadership preoccupied with suppressing internal dissent might be more inclined to diversionary conflict escalation and subsequent miscalculation. Conversely, a breakdown of domestic order in the form of labor disruptions or logistical failures could undermine the party's ability to manage a conflict, even if other PLA operations proceeded as planned. Ongoing concerns about domestic stability could lower the CCP's willingness to engage in high-risk military operations if its officials believed a lack of success would rebound to the party-state's detriment. Alternatively, the CCP might press ahead under unfavorable conditions, as Chinese leaders have done before, but with diminished capabilities that could matter for combat outcomes and internal stability.[5] Despite the importance and complexity of these questions, there is almost no systematic analysis of the CCP's thinking about or its preparation for maintaining domestic stability and political security

in the event of an external or cross-strait conflict over Taiwan.[6]

This paper argues that the CCP's preparation for domestic unrest in the event of a cross-strait conflict or other external crisis is not speculative. The CCP views its capacity to prosecute a war as inextricably linked to its ability to maintain domestic order. If social stability were to break down in any systemic way, the party could find itself facing a dual crisis abroad and at home. This does not mean that domestic unrest is inevitable, or that it would necessarily outweigh the military challenges of a cross-strait conflict. Available evidence, however, suggests that the CCP sees internal stability as a critical variable, and that the party has invested significant resources in planning for scenarios that could disrupt the home front. The analysis here focuses on social stability, rather than sources of regime insecurity such as party-military relations (covered in the analysis by Joel Wuthnow) or intra-elite splits, though these could interact with popular mobilization in ways that heighten threats to the Chinese leadership or the regime's hold on power.

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A growing body of official documents suggests that the Chinese leadership is systematically planning to manage sources of domestic instability that could emerge or worsen during a Taiwan contingency, and aiming to create a non-military internal security system robust enough so that it could allow the PLA to focus on fighting with fewer distractions on the home front. Among these sources are the PRC's 2025 National Emergency Comprehensive Response Plan (NECRP, 国家突发事件总体应急预案) and a range of related emergency planning documents that have been generated by lower levels of the PRC's political system. These emergency response plans are not solely focused on a Taiwan contingency, but they provide a framework for understanding the CCP's plans for approaching social stability in the event of such a contingency.

The analysis proceeds by first reviewing available sources and evidence from which the CCP's plans for, or approach to, social stability during a cross-strait crisis may be inferred. It then examines the CCP's overall approach to domestic stability: its emphasis on prevention and control of potential threats to internal security during Chinese President Xi Jinping's tenure, especially in light of the significance of that approach for possible preparations for a Taiwan contingency. The analysis then turns to the use of the PRC's "emergency management" system and "emergency response" planning frameworks, tools developed by the party-state that could be used to manage possible "social security emergencies" resulting from a Taiwan crisis. Here the analysis focuses on two variables: the possible source(s) of unrest; and the intensity of the conflict and its impact on the Chinese mainland (ranging from localized disruptions to widespread and systemic ones). This framework allows a mapping of how the PRC's internal security apparatus may adapt to different conditions and instability scenarios along the spectrum of conflict. It addresses how the party-state may manage pressure points in the areas of material shortages, population dislocation, and information control, and considers points at which such plans may face structural or operational limits, particularly if multiple sources of instability emerge simultaneously.

A combination of factors have collectively given the Chinese party-state tools to enable the domestic security apparatus to maintain control in any short-

term or localized disruption without requiring military involvement. These factors include construction of a comprehensive "national security" framework under Xi's leadership that focuses on monitoring, prevention, and control of risks to social stability, and the extension of that framework into emergency response plans that extend across multiple levels of the party-state apparatus in ways that appear scoped to include (though not solely to focus on) a Taiwan contingency. Conflict that has direct and multi-location impacts on the Chinese mainland, however, and/or prolonged conflict, would likely pose a greater threat to the party-state's systems of stability and control, especially if the command infrastructure to those systems was itself disrupted by the conflict.

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Data and Analytical Framework

To analyze how the Chinese party-state might approach the management of social stability during a conflict over Taiwan, this paper draws on a range of recent official documents that detail the PRC's stability maintenance mechanisms at multiple levels of governance, with a focus on the types of risks that might be linked to a cross-strait conflict scenario. In particular, we focus on national-level policies such as the 2025 NECRP and the "Regulations on the Handling of Mass Incidents by Public Security Bureaus" (PSBs). This paper also examines selected provincial and municipal emergency protocols that lay out emergency responses in areas, such as Fujian, Fuzhou, and Xiamen, whose geographic proximity makes them most likely to be directly affected by a Taiwan contingency. These documents together provide insight into how the CCP conceptualizes potential sources of instability, the tools it intends to use to preempt and suppress such challenges, and the organizational structures responsible for executing these missions.

Chinese Thinking on Social Stability and Conflict

Throughout the period of reform and opening, and especially since 1989, the CCP has devoted significant attention to "stability maintenance" (维稳) and "prevention and control" (防控) of potential threats to internal stability.[7] These terms encompass a wide range of coercive measures, preventive if possible and reactive when necessary, that multiple levels of the Chinese party-state use to manage and contain unrest to keep it from escalating into a more serious threat to regime security. In the CCP's lexicon, the risk of larger-scale social instability is frequently referenced via discussion of "mass incidents" (群体性事件), a category that broadly refers to organized collective actions such as protests or riots. These terms are then tied to operating procedures that lay out how PSBs, local governments, and even actors such as universities are expected to detect, report, and suppress disturbances. The existence of such bureaucratic and operational frameworks, and the references in sources such as "The Science of Military Strategy", reflect a recognition that social stability cannot be assumed during crises, including high-intensity military operations.

Additional evidence suggests that the PRC is, at some level, preparing to withstand domestic disruptions

imposed by an external crisis, including potentially over Taiwan. In 2023, in remarks at a meeting of the Central National Security Commission, Xi referred to the need to prepare for "extreme" circumstances.[8] Authoritative Chinese sources, including the PRC's 2025 white paper on national security, echo such warnings, stating unequivocally that "security is of paramount importance to any country", and describing the PRC's situation as complex and marked by changes in the external environment and by internal challenges. This environment, the document adds, is characterized by intensifying geopolitical conflict, increasing nontraditional security challenges, and trends in which "interwoven conflicts and risks are intensifying, while deficits in peace, development, security and governance continue to grow".[9]

As a result, the white paper argues, the PRC must be "vigilant against 'black swan' and 'grey rhino' events. It must take pre-emptive actions to prevent risks and develop effective measures to dissolve risks… With plans in place for worst-case scenarios, the PRC will focus on preventing risks from cascading across borders or domains and from accumulating or escalating, and it will do everything possible to avoid systemic risks."[10] Scholars such as Tai Ming Cheung argue that the PRC's perceived need to ready the economy, society, and political system to prepare for future conflict has crossed into outright militarization, particularly in the defense-industrial domain.[11]

Additionally, the emphasis on "national security" that has characterized all three of Xi's terms in office has resulted in fundamental changes to party-state governance and policy to shore up the regime's "political security". These changes include an overhaul of the PRC's organizational structure (including the role of the Central National Security Commission (CNSC) and its counterparts down to the local level); the country's legal architecture for foreign and domestic security; massive personnel changes throughout the military and the security apparatus to tighten internal discipline and enhance loyalty to the center; and the development of sophisticated technological and organizational systems and processes for the surveillance of society and management of social problems.[12]

Some of the aforementioned measures have been analyzed previously elsewhere, but recent reforms have created new organizations that could play important roles in social stability maintenance under crisis or conflict conditions that thus far have received relatively little attention. Two are notable and will work with the broader architecture for "national security" constructed during Xi's tenure. First is the creation of a Ministry of Emergency Management (MEM), which was established in 2018 and absorbed some previous organizational elements and emergency response functions from elsewhere in the domestic security apparatus.[13] Second is the creation of the party's Central Society Work Department (CSWD), which was established in March 2023 and seeks to identify troubled or dissatisfied individuals to ensure that they do not become threats to public order. These offices work closely with local grid managers and are in some cases staffed by officials with a background in state or public security.[14]

Preemptive Strategies

China's current logic of internal security, grounded in "prevention and control",[15] assumes that unrest is easier to prevent than to suppress once it escalates, and targets efforts to maintain domestic stability and regime security accordingly. Official central and local government documents and discourse consistently emphasize the need for early identification of risks and interventions designed to neutralize emerging threats before they become mass incidents. In a

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Taiwan contingency, the principle of "combining prevention with emergency response" is likely to take on heightened importance, as authorities seek to identify early signs of anti-war sentiment or economic strain before they manifest as organized or collective dissent.

This principle is articulated in the 2025 NECRP, which calls for "giving priority to prevention, combining prevention with emergency response".[16] The plan covers a category called "social security incidents", which include mass incidents, terrorist events, ethnic and religious incidents, and "foreign-related or other events" that cause, or may cause, serious social harm. The framing and scope of the national plan are echoed at local levels. For example, the municipal education system in Fuzhou, the capital of Fujian, the province directly opposite Taiwan, has an emergency plan that refers to the highest category of incident as including those that "have a serious political impact, threaten national security, affect the country's international image, and undermine national stability and unity".[17] A Taiwan contingency would seem to meet those criteria.

According to the 2025 NECRP, the Ministry of Public Security (MPS), the PRC's national law enforcement and public security agency, is responsible for coordinating and handling "social security emergencies". Local authorities are then tasked with responsibility for "risk prevention and control" (风险防控), and are directed to strengthen the capacity of grassroots systems, such as grid management, to identify potential destabilization risks. This is an extension of a State Council/CCP Central Committee directive that has been in place since 2015, calling for the construction of a "multi-dimensional information-based system of prevention and control for public/social security",[18] but the NECRP applies this concept specifically to the context of emergency management and emergency response planning.

A central pillar of the PRC's preventive framework for emergency management is the establishment of a nationwide early warning system. The NECPR outlines a four-tier warning scheme (red, orange, yellow, and blue) based on the severity (紧急程度), trajectory (发展势态), and potential harm (可能造成的危害) of a crisis.[19] The highest level, red, is reserved for crises that require immediate, top-level intervention. Authority to issue or lift such warnings lies with the State Council, while provincial and municipal governments maintain their own (in many cases identical) warning systems. Beijing's municipal emergency plans state that the city's emergency office (市应急委办公室) manages the warning system across all districts, with local authorities responsible for monitoring conditions and escalating alerts as needed before situations become unmanageable.[20]

These plans also explicitly warn against allowing isolated problems to spread. One, for example, discusses efforts to "prevent individual issues from becoming collective issues, local problems from becoming regional problems, and economic grievances from becoming political problems" (防止个性问题向共性问题转化，局部问题向全局性问题转化，经济问题向政治问题转化).[21] Such language builds on speeches by Xi and others invoking as a model the "Fengqiao experience" (枫桥经验), a Mao-era practice that relied on ordinary people monitoring each other

to resolve local flashpoints prior to the point of horizontal contagion or vertical escalation within the political system, to ensure that "small problems don't leave the village, big problems don't leave the town, and contradictions don't get handed to higher ups".[22] The consistency of expectations articulated across these sources provides a baseline for understanding how local authorities are expected to think about potential escalation pathways of crises and disputes.

The Fifth Plenum Communiqué, issued in October 2020, noted improvements in "social governance, especially grassroots governance", as well as in the system that exists to "prevent and resolve" major risks.[23] The Fuzhou education system emergency plan mandates regular risk assessments and the ex ante creation of a database of potential risks (风险隐患排查信息数据库).[24] Every identified risk must be assigned to a responsible official, according to the document, with mitigation measures and deadlines for corrective action.

The task of prevention of social unrest operates in China on a fairly granular level, extending into the party-state's day-to-day management of communities and institutions. Each component of the party-state's internal security architecture has responsibility for preventive efforts to identify and contain sources of internal instability. Policy documents from the MPS since 2008 emphasize intelligence collection and early intervention, and this focus has intensified under Xi's comprehensive state/national security concept, first promulgated in 2014. PSBs have been instructed to "ensure early detection, early reporting, early control, and early resolution" (早发现、早报告、早控制、早解决).[25] Plans down to the county level emphasize the need to create "efficient, sensitive intelligence networks" (建立高效、灵敏的情报信息网络).[26] The Ministry of State Security (MSS) has used social media in recent years to encourage citizens to report potential suspicious activity that could indicate foreign infiltration and to warn citizens of the consequences of failing to report.[27] And, as noted above, the CWSD works with local public security officials and grid managers to identify people whose life setbacks or adverse circumstances could make them disruptive to social stability at the local or communal level.[28]

Chinese authorities have, therefore, already been notified of the expectation that they will monitor and identify potential sources of instability in a peacetime context, creating a baseline that is likely to be even more stringently enforced if crisis appears to be escalating into conflict. In wartime, these intelligence mechanisms could be directed toward identifying nascent internal subversion or suspected infiltration related to the conflict itself, to track indicators and sources of public dissatisfaction, to map the spread of rumors about potential military setbacks, or to catalogue complaints about disruptions in the supply of basic necessities that could become the basis for collective action. The Fuzhou municipal education plan places at the top of its list for "prevention and early warning information collection focus … major international and domestic events, especially those involving national sovereignty, national sentiment, and national interest".[29] Each of the above organs might be tasked, in the event of a conflict over Taiwan, with identifying domestic supporters of "Taiwan independence" (台独) or "foreign infiltration" forces, perhaps using an adapted version of tactics already displayed in coordination with state media externally against Hong Kong activists and, of late, personnel on Taiwan.[30]

Plans developed by institutions such as universities demonstrate how invasive these grassroots preemptive measures can become. Sichuan Vocational and Technical College instructs staff to closely monitor students' daily activities including class attendance and dormitory life.[31] Beyond physical

monitoring, universities are tasked with maintaining 24-hour online surveillance to track social media and online forums (加强网络管理和舆情监控), and staff are required to flag and report any emerging signs of unrest.[32]

The existence of university-specific plans suggests that student populations might be one of the sub-categories of Chinese society targeted for enhanced monitoring and management during a cross-strait conflict. While the COVID-19 pandemic demonstrated that Chinese universities can be supplied and isolated relatively easily, Chinese authorities familiar with past instances of student-organized collective action may also fear that dissenting narratives could spread through younger, more digitally connected citizens who are also physically concentrated in places that can facilitate coordination and collective action. The Fuzhou plan notes that the education system is "relatively sensitive", and then categorizes campus "mass incidents" by criteria that include the nature, scale, and scope of the incident; the degree and urgency of social harm; intensity; and "the potential for spread and further development".[33]

Despite its extensive scope, China's preemptive system is not without limitations. First, the very existence of "emergency response" plans acknowledges that efforts to prevent social instability will not always succeed, and that reactive measures are a necessary component of the party-state's toolkit. The COVID-19 lockdown protests in 2022 revealed that centralized monitoring systems cannot always predict or prevent public backlash when political constraints become too stringent for too long and material conditions deteriorate.[34] It also demonstrated, however, the capacity of the domestic security apparatus to absorb multiple localized disruptions without these incidents escalating to a system-level challenge to regime stability and security. Chinese sources acknowledge that not all problems can be addressed at the source by laying out frameworks that combine preventive and proactive measures with contingency plans for emergency (necessarily reactive) responses. Such sources offer an important baseline for understanding how the CCP might respond when preventive measures fail.

Another key question for these systems—many of which have been recently created and whose organization is evolving as new actors shift roles, resources, and responsibilities—is how well the PRC's complex, multi-actor, and multilayer system will perform in a true crisis, particularly one that involves something more than a localized disruption. Localities themselves appear to display wide variation in the sophistication of their planning, and how plans on paper translate into coordination in practice is difficult to predict.

The Party-State's Plan for Internal Stability: Assessing Scenarios

This paper next examines the CCP's strategies regarding domestic stability and regime security in the event of a potential crisis escalating to conflict over Taiwan. Sources of domestic instability stemming from a conflict or wartime scenario could be highly diverse, each demanding a different response. This analysis looks at the party-state's ability to manage three potential sources of domestic instability—material shortages, political disillusionment, and direct harm to or displacement of civilian populations—and evaluates how the intensity of each might shape the CCP's response.

Moving along the Spectrum of Conflict: Scenario Analysis

The project proposed two scenarios, but this paper adds a third. The first was a "minor conflict" over Taiwan that lasts several weeks; involves only air and maritime assets, a limited quarantine of the island, and "dozens" of casualties (from the armed forces of the PRC and Taiwan); and ends in de-escalation negotiated through crisis management mechanisms. The second was described as a "major war" scenario involving strikes on US forces in Japan and Guam, several months of fighting, a failed PLA attempt at an amphibious landing on Taiwan (resulting ultimately in Chinese withdrawal from all but the offshore islands of Jinmen and Matsu), and Chinese casualties numbering approximately 100,000 military personnel, along with 50,000 casualties from the armed forces in Taiwan, 50,000 civilians from Taiwan, and several thousand foreign casualties.

The third scenario, considered here, is a more protracted conventional conflict that involves strikes or damage to the Chinese mainland, including to infrastructure, military facilities, and other sites.[35] This scenario is important to include given growing awareness of it as a possibility,[36] and because this scenario may generate a level of disruption that could have fundamentally different effects on the party-state's ability to maintain social stability.

While China's sophisticated, multilayered, and multi-actor domestic security apparatus is not designed solely to address the potential for domestic unrest and need to maintain political control in the event of a Taiwan crisis or conflict, it is reasonable to think that such systems, already established at great cost and effort by the party-state, would be the frontline response in any such scenario. Under normal conditions, the purpose of the grid management and "multi-dimensional information-based system of prevention and control for public and social security" is to identify possible sources of unrest and grievance, and demobilize them at the lowest possible cost.[37] Moreover, that system has already been strengthened and tested in its ability to manage a sustained, multiyear crisis: the COVID-19 outbreak and the PRC's enforcement of the "zero-COVID" policy, which involved strict social controls and stability maintenance efforts over an extended duration.

This implies that China's current system (or system-in-progress) of achieving domestic stability and regime security is likely capable of managing some stressors related to a conflict over Taiwan, as long as the domestic impacts of that conflict on the population and territory currently controlled by the PRC are kept localized and (relatively, for wartime) low-level. Low-intensity or limited conflict, therefore, may create localized stresses on internal PRC stability, but the system has developed some capacity to absorb these stresses, and they may not rise to the level of fundamentally holding at risk the core CCP objective of internal stability, the CCP's "political security", and the Chinese political system.

The party-state's decades-long tendency to manage crises through mobilizational, campaign-style governance is likely to kick existing systems into heightened mobilization and levels of activity in case of any conflict over Taiwan. The country's defense mobilization system is designed to rapidly transform latent war potential into organized national power, supporting and sustaining large-scale operations and managing crises during wartime.[38] According to "The Science of Military Strategy", war mobilization encompasses seven domains—mobilization of the armed forces, the national economy, equipment, information, transportation, civil air defense, and political work—many of which would augment the existing crisis management system by fusing civilian emergency response networks with defense

command structures.[39] Information mobilization (信息动员), for example, would expand the surveillance and public opinion shaping functions already embedded in emergency management protocols.

Activation of reserve components, militia, and the 500,000-strong People's Armed Police (PAP, 人民武装警察) would presumably also strengthen mobilization of existing domestic security capabilities. "The Science of Military Strategy" notes that the PAP "shoulders major responsibilities in maintaining national security, social stability and defending the people's good lives. It has an important role in maintaining political security, especially regime security, and institutional security".[40] Current evidence suggests that the PAP, in a conflict, is also likely to play an important role in "rear defense, maintaining order, and supporting operations", including securing critical infrastructure and supply lines.[41] Additionally, although recent reforms to the PRC's militia forces appear to have shifted toward prioritizing wartime requirements over civilian tasks, some militia military training bases (民兵军事训练基地) explicitly focus on stability maintenance and public security.[42] Moreover, the framing of the militia's responsibility to "respond to war, respond to emergencies" (应战应急), suggests that its long-standing role as backstop in domestic emergencies is likely to continue if a conflict scenario occurs.[43]

As a conflict moves toward higher intensity and protraction, however, China's system of domestic control could be fundamentally challenged in several ways, each of which correlate with the conflict's intensity. The dimension of the war most likely to qualitatively change the CCP's ability to maintain domestic stability and regime security emerges at the point when physical damage of some kind occurs inside the PRC itself, either from sabotage operations or from strikes on the mainland.

Conflict Scenarios and Internal Security Command and Control Architecture

The PRC's domestic security system relies heavily on the MPS's relatively decentralized structure. The organization of what is essentially "command and control" architecture for internal security and domestic stability has important implications for the resilience of such efforts during a contingency over Taiwan (or otherwise).

The MPS receives the lion's share of the PRC's internal security spending (57% of published domestic security expenditure in 2022), and most of that spending is at the provincial or subnational level.[44] Local PSBs typically have headquarters with command centers that house not only leadership and PSB administrative offices but also the data integration platforms that take surveillance inputs and integrate them into other sources of data for use by public security agents and other actors who can demobilize sources of contention and unrest. It is these facilities that, for example, can match a photo identification document to a blacklist and then use the city's facial-recognition-enabled cameras to locate that person and take them into custody.[45]

China's heavy investment in technologically enabled and integrated surveillance and policing systems makes it unclear how the domestic security apparatus would function without those inputs and the high-tech platforms that rely on them. Should some of those facilities become damaged or destroyed in any campaign against the Chinese mainland, it is possible that the Chinese internal security apparatus in that area of operation would become essentially blind, leading to a reduced capacity to maintain domestic order and stability.

Given the decentralized structure of the public security apparatus, any effect is likely to be highly

uneven across localities. Each PSB has jurisdiction over its own infrastructure, so damage to one area is unlikely to jeopardize the ability to maintain normal public security operations elsewhere. However, the resilience of these complex, multi-actor systems, and their ability to coordinate within or across localities, is not fully ascertainable at present, particularly if parts of the coordination platforms themselves are damaged in a contingency. These are, therefore, likely to remain pressure points for social control and domestic stability in any potential crisis or conflict.

Additional Areas of Stress During Conflict

There are three additional risk areas on which the PRC is likely to focus its efforts to maintain domestic stability: material shortages, political disillusionment, and population dislocation and displacement. The challenges in each area increase in magnitude and severity as the duration and intensity of conflict also increase.

Material shortages could become an issue, especially if conflict extends beyond a few weeks. The more protracted a conflict becomes, the more impactful disruptions to supply chains from overseas will be. The party-state's recent efforts to improve economic security and attenuate these risks will likely mitigate, but not eliminate, that impact. Internal allocations are also likely to become more strained by wartime pressures and demands. (The exact nature of the impact of a conflict on external supply chains and the PRC's economy is likely to depend heavily on the conditions of conflict initiation and how actors across the international system allocate blame for the conflict's emergence. These factors are addressed in the analyses by Zack Cooper and Logan Wright and Charlie Vest.)

In a short or localized conflict, disruptions could resemble the logistical breakdowns seen in Shanghai's April 2022 COVID-19 lockdown. In that case, the problem was not insufficient production but road closures and lockdown checkpoints that prevented food and medicine from reaching residents.[46] In a Taiwan contingency, similar distribution disruptions (as a result of military logistics or other issues) could disproportionately affect coastal provinces such as Fujian. Chinese officials have already moved to address some of these potential vulnerabilities, emphasizing the use of big data and real-time logistics monitoring to track disruptions. Shanghai's 2024 emergency management plan calls for building a "resilient emergency supply chain management system" (应急救灾物资调度韧性管理体系) that integrates cloud computing, the Internet of Things, and big data to optimize storage and distribution.[47]

Provincial and local authorities are building more systematic reserve and transport networks intended to provide greater redundancy in emergencies. Zhejiang has implemented a "1+4+N" system (模式), layering provincial, regional, and local emergency supply depots linked to logistics hubs, which according to official planning is designed to ensure food delivery to disaster areas within 12 hours.[48] Local governments in regions prone to floods, such as Chongqing's Zhong County, have established five-level reserve systems extending down to the household.[49] These initiatives show how authorities are trying to ensure that localized, short-term material shortages can be dealt with rapidly to minimize the risks of severe disruption.

A protracted or large-scale conflict would trigger a broader system of wartime economic mobilization. This includes agricultural mobilization (农业动员), which likely encompasses efforts to guarantee the supply of grain and other raw materials, expand production where possible, and unify distribution to impacted areas within the PRC and to soldiers at the front.[50] These activities would be coordinated through

the Central Military Commission's National Defense Mobilization Department (中央军事委员会国防动员部) and local National Defense Mobilization Offices (国防动员办公室), in tandem with the National Food and Strategic Reserves Administration (国家粮食和物资储备局), which manages vast stockpiles of energy and essential goods.[51] This process would require decision-makers to navigate difficult tradeoffs between centralized planning and operational flexibility, and between military necessity and domestic stability maintenance. Managing these competing imperatives in real time, particularly under the strain of strikes on Chinese territory and potential mass protest incidents, would pose severe tests for the PRC's wartime logistics system.

The PAP would be a critical enabler of that system and in domestic stability maintenance. It would protect depots and transportation corridors and facilitate convoys to ensure supplies reach demand points within the system.[52] Recent scholarship from the PAP Command College highlights the force's modernization efforts, particularly in integrating big data tools to allocate limited supplies under strained capacity or wartime conditions.[53] The PAP's growing capacity to guarantee the movement of materiel to the front and to direct resources toward disaffected population centers positions the force as a critical element for the Chinese leadership in managing the pressures of a protracted conflict.

In sum, material problems such as food shortages could probably be alleviated with rapid logistical fixes, especially in a limited-conflict scenario. Protracted conflict, however, could place significant stress on the PRC's economy and on supply chains, potentially leading to localized shortages of essential goods.[54] The CCP's experience during COVID lockdowns, especially public backlash to prolonged quarantines in Shanghai and elsewhere, underscores how quickly material grievances can become politically sensitive. Wartime dynamics would likely amplify these risks. A breakdown in food distribution or disruptions to transportation networks could provoke mass incidents that challenge the ability of local governments to maintain order. Under a conflict scenario, the PAP would likely assume some responsibility for logistical tasks that sustain the PLA's ability to continue combat operations without disruption, a sustainment role that would have spillover, potentially cross-cutting, effects on material supply in an adapted, militarized, and mobilized, system of national defense.[55]

Political disillusionment will also become a potential point of vulnerability for the Chinese party-state, and one that makes information operations particularly critical. Any conflict scenario is likely to see active and intense information operations that balance two goals: mobilizing the Chinese population in support of the war, and managing popular and nationalist sentiment to preserve the Chinese leadership's flexibility regarding conflict termination.

Information control is already a core component of the PRC's broader internal security response architecture. One MPS policy document stipulates that propaganda must be "integrated throughout the entire handling process" of mass incidents.[56] It requires that public security personnel "closely monitor the internet and mobile messages" following incidents, "promptly block and delete harmful information", and coordinate with propaganda departments to issue unified public statements. These measures reflect the expectation that information control functions as a preventive tool and as a means of containing unrest once crises emerge. Information operations are therefore also likely to interact with other elements of the PRC's architecture for maintaining social control and domestic stability. This could be done by using, for example, the MSS to label critics of any military action as foreign "black hands"

or by using the CSWD to target dissenters (perhaps even grieving parents) as troubled individuals.[57]

In a wartime scenario, information operations are likely to seek narrative dominance over public discussion of two areas: the stated rationale for the conflict (who initiated combat operations and why) and the facts of the conflict itself. The CCP is already seeding narratives that can be invoked to attribute or blame the conflict on "secessionist" or "pro-independence forces" in Taiwan or the United States or both,[58] potentially paralleling its early efforts to blame NATO for Russia's invasion of Ukraine.[59] Chinese shaping of information about Russia's war in Ukraine may provide instructive lessons; available data, though limited, suggests that Chinese citizens have broadly, if not uniformly, internalized official justifications.[60]

Beijing's ability to control information about the facts of the conflict and battlefield performance may encounter more limits, particularly if casualties mount or other disruptions become more visible. Patterns of PLA recruitment, which draws heavily from rural areas and less privileged regions,[61] however, also suggest that a decentralized domestic security apparatus may be able to contain public anger over casualties, if it emerges, to less well-connected parts of the country that can be isolated.

Popular sentiment is likely to remain a source of CCP concern even if the Chinese public's initial response to the war is to "rally around the flag", galvanizing a short-term burst of popular support for the regime and the PLA. The CCP tends to censor information that has collective action potential even if it is not critical of the regime.[62] PRC leaders have been especially likely to suppress public protest, even ostensibly pro-regime and anti-foreign demonstrations, if they have perceived a need for flexibility in bargaining with a foreign counterpart, which is required under most theories of war termination.[63]

How likely the CCP is to think it can de-escalate or "back down" without accepting intolerable risk on the domestic side remains unclear. It is also unclear whether the main risks to leadership survival or regime stability would come from popular sentiment, disunity among elites, fractures over war termination strategies and acceptable bargains, fraught party-military relations (especially if battlefield outcomes leave the party's top leadership looking for military scapegoats to blame for anything short of a full victory)—or some complex combination of all these factors. How much domestic space the CCP has for unilateral or negotiated de-escalation is likely to depend partly, but not entirely, on United States and international messaging. Taiwan is the issue on which the CCP has never allowed even pro-regime nationalist mobilization, suggesting that Taiwan presents a harder tradeoff for the Chinese leadership than past cases of public nationalist mobilization and protest.[64] Any conflict ending in partial withdrawal and de-escalation is therefore likely to be perceived by PRC leaders as highly risky for domestic stability. Heightened information controls and suppression of public protest are likely to kick in at full intensity.

A final implication of this way of thinking about the interaction of public opinion and internal stability is that work to maintain internal security and social stability is not likely to de-escalate until well after a cross-strait conflict does. There may, therefore, be a significant gap between conflict termination and a letup in internal security mobilization efforts.

Ultimately, China's leaders must account for and try to manage public views of the conflict. Segments of the population may view the war effort as illegitimate, especially if fighting becomes protracted and Chinese casualties mount. Conversely, external strategists

and planners cannot assume that public sentiment will oppose fighting. Nationalist fervor, especially in a conflict's early stages, could generate significant support for the party's decision to use force against Taiwan, and state media are likely to take steps to control the information environment to enhance the dominance of state narratives. The risk of political disillusionment and the resulting need to channel potential nationalist or anti-war protest, especially as the CCP considers its approach to conflict termination, are issues that China's leaders will likely need to manage as they seek to maintain domestic stability and political control.

Population dislocation and displacement is a final possible pressure point for the CCP. Again, however, temporary and localized disruptions are likely to be manageable under the kinds of mobilized emergency response that the CCP has used for other disasters (such as the 2008 Sichuan earthquake). This approach involves surging personnel and resources to a single area to construct temporary housing and other facilities to provide essential services while reconstruction occurs.[65] Should a protracted conflict arise that involves damage in multiple provinces and more complex and large-scale patterns of population displacement, however, deeper systemic concerns could emerge. In the past, under peacetime conditions, local authorities tended to link floating populations (流动人口) with crime and instability, viewing them a challenge to public order and local public security.[66]

Those concerns are likely to be exacerbated if, under crisis conditions, localities encounter demands for services, including maintaining public order, that exceed their allotted resources while other localities are already operating at maximum vigilance and capacity and therefore unable to fill the gap. Local fiscal constraints already appear to be exerting a negative impact on PSBs, including through extra-jurisdictional competition over public security operations that can generate scarce non-tax revenue, and these constraints are likely to reduce these localities' willingness to expend resources outside their own areas of responsibility in a crisis.[67] Local authorities may object particularly strongly if they fear heightened risks to their ability to manage displaced populations or disruptions at home. Given the relative power of local PSBs in Chinese governance, these intra-system conflicts could themselves be destabilizing.

Conclusion and Implications

This paper has examined how PRC leaders are likely to approach the question of social stability in the event of a Taiwan crisis or conflict. The CCP appears to believe that its ability to prosecute a military conflict will depend on internal preparations and external military capabilities, and that internal and external actors may opportunistically attempt to create unrest in the PRC or on its borders if a Taiwan contingency occurs. As a result, the country's leadership has directed the party-state to develop plans and prepare to secure domestic stability in the event of a crisis or emergency.

The CCP's development of an intensive surveillance and internal security apparatus, with support from the defense mobilization system and the PAP, would likely be able to manage the stresses on domestic stability created by a localized, short-term conflict that remains outside the current territorial limits of effective PRC control. Should conflict become protracted and the mainland itself suffer damage, however, the domestic security apparatus would face more serious challenges, including challenges of material shortages, political disillusionment, population dislocation, and maintaining order if the

public security system's localized and decentralized command-and-control architecture for internal security sustains damage.

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The International Costs of Chinese Use of Force Against Taiwan

By Zack Cooper

How costly would a conflict over Taiwan be for China's international standing and relationships around the world? Although international condemnation is unlikely on its own to deter Chinese leaders from initiating a conflict over Taiwan, the costs could be substantial, particularly when considered alongside the domestic, economic, and military implications. Beijing could find itself on the defensive internationally, which could undermine bilateral relationships as well as regional and global initiatives. Given the time and resources that China is devoting to the Global Development Initiative, Global Security Initiative, Global Civilization Initiative, and Global Governance Initiative, Chinese leaders might find that a contingency with Taiwan could be more costly than they had expected. This essay assesses those potential international costs.

Although international condemnation is unlikely on its own to deter Chinese leaders from initiating a conflict over Taiwan, the costs could be substantial, particularly when considered alongside the domestic, economic, and military implications.

Lessons From History

Reviewing the international community's reaction in relevant prior cases can help identify the international costs that China could face during and after a military action against Taiwan. In recent decades, China faced negative international responses in two key cases: the Communist Party's 1989 massacre in Tiananmen Square and its 2019 crackdown in Hong Kong. Additionally, this section reviews the costs Russia faced after its 2014 and 2022 invasions of Ukraine, given that these are the largest-scale uses of force by a great power in recent years.

The earlier Chinese cases may be only partially instructive about what would happen in a future Taiwan scenario. An invasion of Taiwan would be far more violent than either of those cases, so one might expect a higher degree of cost internationally. At the same time, China is also much stronger and more deeply economically connected today than it was in the past, so many countries might be less willing to act against Beijing now than in previous cases. The Russia case, meanwhile, involves a different region and different protagonist, so the actions taken in response should be seen as more instructive about what is possible than what is likely.

Tiananmen Square Massacre: Perhaps the most serious international cost China has paid in recent decades came after the Party's 1989 crackdown in Tiananmen Square. In response, many countries cut off high-level visits and dialogues, froze military cooperation, stopped development assistance, restricted technology transfers, and suspended lending. The United States and the European Community placed embargoes on arms sales to China, although these were only partially enforced and effective.[1] France, the Netherlands, and Sweden

halted diplomatic contacts while countries such as Australia cancelled visits by top leaders.[2] Japan suspended aid to China for a year, but some Japanese leaders emphasized the need to avoid isolating the country, as this could destabilize the broader Asian region.[3] The World Bank and the Asian Development Bank halted lending to China, although China's growing role as a global lender would obviate this threat today.[4] Some private individuals overseas also removed funds from Chinese banks. In 1990, the UN Commission on Human Rights issued a note on the "Situation in China" that criticized Beijing's actions on a variety of legal and humanitarian grounds.[5]

Hong Kong Crackdown: Although the crackdown in Hong Kong was less severe than the violence in Tiananmen Square, Hong Kong's status under the "one country, two systems" concept opened Beijing up to additional criticism from abroad. Countries with close ties to Hong Kong—most notably the United Kingdom—rallied others to publicly criticize China's response to both the 2014–15 Umbrella Movement and the 2019–20 Anti-Extradition Law protests.[6] Many countries issued travel warnings for Hong Kong, while others called for Chief Executive Carrie Lam to resign.[7] The US Congress passed a law imposing sanctions in response to the crackdown.[8] Leaders in other countries suggested that they might need to suspend deployment of workers to Hong Kong if conditions there worsened.[9] Meanwhile, the UN Human Rights Committee called on China to reverse its rules for screening political candidates.[10]

Invasion of Ukraine: Tiananmen Square and Hong Kong present highly imperfect analogues for a Chinese invasion of Taiwan, as the number of casualties in each of these instances was far lower than that expected in an invasion. Russia's invasion of Ukraine, however, provides a recent example of a highly destructive international conflict initiated by a major power.[11] Many of the actions taken by the international community against Russia involved economic sanctions targeting individuals, banks, and businesses, but others were more diplomatic. Russia was condemned by over 140 members of the UN and was suspended from the Group of Eight, as well as a variety of other international institutions.[12] Russian athletes were barred from competing in many international competitions and Russian aircraft were restricted from flying over many countries.[13] Meanwhile, Finland and Sweden joined NATO, and Ukraine was elevated to European Union candidate status.[14] Before Russia's invasion of Ukraine, US National Security Advisor Jake Sullivan attempted to make clear that the United States might respond more forcefully to China in a cross-Strait scenario than it would to Russia in a Ukraine scenario. In December 2021, he stated, "the Taiwan Relations Act is a unique instrument—we don't have it with other countries; we don't have it with Ukraine."[15] Whether international actions against Russia over its invasion of Ukraine represent a floor or a ceiling for responses to a Chinese invasion of Taiwan would depend in large part upon how the early stages of a conflict over Taiwan evolve and the relative level of violence involved.

Based on analysis of international responses to these and other conflicts, it is possible to identify a range of diplomatic actions that countries could take in response to a contingency over Taiwan. There is some unavoidable overlap with domestic, economic, and military consequences, but five broad categories of diplomatic action are evident:

- bilateral or multilateral diplomatic actions
- multilateral actions taken by international institutions
- actions specifically targeting Chinese elites
- diplomatic actions with security implications

- limitations on Chinese business activities overseas

Possible International Responses

These historical cases suggest the several dozen options most likely to be discussed by the international community in the case of a Chinese military action against Taiwan. Importantly, many of these actions would require leaders to build broad coalitions both within and outside their governments, and sometimes with international organizations and business leaders as well. The decision-makers and processes for approving these actions therefore differ substantially from case to case. Nevertheless, an overview of these options suggests that Beijing would face some potentially serious international responses, even if these might not be perceived as significant enough to prevent or end a military action on their own.[16]

Bilateral Diplomatic Actions

- **Completely severing diplomatic ties:** This would be one of the more extreme diplomatic measures that countries could take.
- **Recognizing Taiwan's independence:** Although unlikely, it is possible that a subset of countries could take this action during or after a failed Chinese military operation against the island.
- **Expelling Chinese embassy and consular staff:** Countries could potentially close entire missions or declare certain individuals persona non grata.
- **Recalling foreign ambassadors and other staff:** Countries could take this step either in protest of Beijing's actions or out of concern for their safety during ongoing conflict.
- **Evacuating noncombatants from China:** If countries carry out such evacuations not only from Taiwan, but from China as well, this would likely be seen as a diplomatic signal.
- **Withdrawing from Belt and Road Initiative (BRI) projects:** Countries could withdraw from individual BRI deals or remove themselves from the initiative altogether.
- **Withdrawing from BRICS:** Countries could withdraw completely or forgo attendance at BRICS summits for a specified period.
- **Withdrawing from the Shanghai Cooperation Organization (SCO):** Countries could withdraw completely or forgo attendance at SCO summits for a specified period.
- **Issuing travel warnings for China:** In the extreme case, countries could formally bar their citizens from traveling to China, which would have a particular impact on foreign students studying in China.
- **Issuing critical public statements:** Countries could publicly denounce China's military actions or call Chinese diplomats in for formal demarches.
- **Withdrawing government participants from conferences in China:** This could include meetings related to the Global Development, Security, Civilization, and Governance Initiatives, or specific trips by senior business executives from foreign companies.

Multilateral Organization Actions

- **Passing a resolution in the UN Security Council:** This could be done through a binding resolution under Chapter VII, but it would almost certainly fail due to China's veto in the Security Council.
- **Suspending China from the UN General Assembly:** This would almost certainly fail due to China's veto in the Security Council.
- **Passing condemnation by the UN General Assembly:** This would not be legally binding.
- **Expelling Chinese leaders from the UN or other international agencies:** Rules in each group differ substantially.
- **Bringing an International Court of Justice (ICJ) case:** The UN General Assembly could request an advisory opinion from the ICJ on the legality of China's actions.
- **Indicting Chinese Leaders at the International Criminal Court (ICC):** Under the Rome Statute, countries could refer Chinese officials to the ICC for crimes of aggression, war crimes, or crimes against humanity, depending on the severity of the violence involved.

Elite-Targeted Actions

- **Freezing the assets of Chinese leaders:** This could put pressure on them to end a conflict, and isolate them internationally.
- **Banning Chinese leaders' travel:** This could put pressure on them to end a conflict, and isolate them internationally.
- **Freezing the assets of Chinese elites:** This could create wedges in the Communist Party and isolate Chinese leaders from key supporters.
- **Banning travel by Chinese elites (including students):** This could create wedges in the Communist Party and isolate Chinese leaders from key supporters.
- **Prohibiting luxury good sales to China:** Countries could ban such sales to China or to Chinese nationals to put pressure on the elite and create fissures with the leadership.
- **Barring Chinese athletes from sporting competitions:** International sporting bodies could bar Chinese nationals from competing in the Olympics or world championships in individual sports.
- **Moving Major International Events:** Organizations could move international events out of China, or boycott them.

Diplomatic Actions with Security Implications

- **Banning arms exports to China:** The United States and European Community took this step in the aftermath of the Tiananmen Square massacre.
- **Banning advanced technology cooperation:** Countries could restrict Chinese access to advanced technologies with dual-use applications, affecting numerous sectors.
- **Banning Chinese military ship visits:** Countries could prohibit Chinese military ships from stopping at their ports to refuel and refit.

- **Signing a treaty alliance with Taiwan:** The United States or other countries could enter into a formal alliance with Taiwan, promising to defend the island if it were to be attacked in the future.

- **Signing a NATO-like Asian alliance:** Leaders of other Asian countries could band together in a NATO-like mutual defense pact, with the most likely candidates being Japan, Australia, and perhaps the Philippines.

Limits on Chinese Business Activity Overseas

- **Banning Chinese overseas broadcasters:** Countries could prohibit or nationalize the overseas operations of Chinese broadcasting and media groups to limit Beijing's influence in their domestic information environments.

- **Prohibiting Chinese aircraft overflights:** This would hamper flights between China and many other countries.

- **Banning Chinese commercial ship visits:** Countries could prevent Chinese-owned or -built vessels from visiting their ports to put pressure on the Chinese government.

- **Sanctioning Chinese business entities:** Countries could implement this measure both in China and abroad to pressure the government to cease military operations.

- **Restricting energy sector cooperation:** Countries could take this step to put pressure on the Chinese government to reconsider the long-term costs of military operations.

Grouping Countries by Likelihood of Responses

Ideally, one might individually assess the likelihood of each of the above actions being taken by numerous countries and institutions in response to a variety of potential contingencies. Such a detailed assessment is beyond the scope of this paper, however. It is possible, though, to identify groups of countries that would be likely to act similarly under a variety of circumstances. Based on past behavior, it appears that the country most likely to support international consequences for a Chinese action against Taiwan would be the United States. US actions would be followed by those of other members of the G7, and then other advanced industrial democracies. Less likely to act would be countries that are non-aligned or strictly neutral. Finally, a group of China's economic partners and close allies might be willing to actively push back on international actions against Beijing. The logic for each type of diplomatic response is described below.

United States: The United States is the country most likely to take steps against China in the event of a military action against Taiwan. If the United States is not directly militarily involved, then its actions might be more limited. But in the case of direct US involvement, Washington would likely seek to use its substantial international leverage to place a range of penalties on Beijing for initiating a conflict. Although international economic sanctions would likely be high on the list of US priorities, diplomatic penalties would no doubt be considered as well. As was the case in previous cross-Strait crises, Washington might be particularly concerned about how its actions would affect allies' and partners' views of US reliability.[17]

Group of Seven: Other members of the G7 are the next most likely to penalize China in the case of a Taiwan contingency. Canada, France, Germany, Italy,

Japan, and the United Kingdom have often been willing to take costly actions to uphold what they see as important international rules and norms. The G7 countries led efforts to take action against China over its crackdown in Hong Kong and against Russia over its invasion of Ukraine. Although divisions between the United States and other G7 members have grown in recent years, these countries are still the most likely to support Taiwan. They may also believe that setting a precedent for responding to China will be important to win US support in contingencies closer to their regions, much as some Asian countries responded to Russia's invasion of Ukraine.[18] During and after a conflict, the desire to derisk from China would be substantial among some G7 members, just as it has been in the aftermath of Russia's invasion.

Industrial Democracies and US Partners: When the United States and other G7 members act, they often gain support from other advanced industrial democracies. In a Taiwan scenario, this might include Australia, New Zealand, South Korea, and a range of European countries that are not part of the G7, such as Poland, the Nordic countries, and the Baltic countries. Michael Hunzeker and Mark Christopher have detailed how several US allies might respond to a Taiwan contingency, which they argue would be driven largely by concerns over US reliability.[19] Other countries that might be prone to support US positions could include close friends of the United States that may have tense relations with China, potentially including the Philippines, Israel, Palau, Micronesia, the Marshall Islands, and Nauru, which tend to vote with the United States 80% or more of the time in the United Nations.

Non-Aligned / Neutrals: Many countries might prefer to stay neutral in the aftermath of a Chinese operation against Taiwan. Although few countries in the world are truly neutral, leaders in a number of capitals prefer to remain non-aligned. This includes Switzerland, Austria, Malta, Costa Rica, and others. Other oft-cited neutrals—Cambodia, Mongolia, Uzbekistan, and Turkmenistan—might lean toward China given their close proximity and deep economic ties to Beijing. Other countries that prefer non-alignment may decide to avoid actions that would signal support for any of the countries actively involved in combat operations.

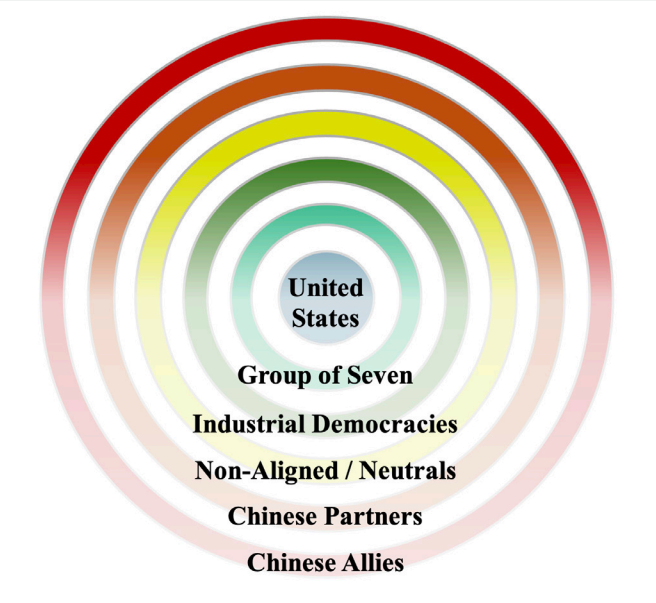

Figure 5: Peeling Back the Onion of International Responses

Economic and Political Partners of China: On the other side of the ledger are those countries that would support China in a conflict over Taiwan. In votes related to Hong Kong, for example, China was able to rally support from over 50 countries, including a large number of countries in Africa, the Middle East, Asia, and the Americas. Beijing might well be able to use its economic clout to rally even more supporters in international fora. Russia's invasion of Ukraine also provides insight into which countries might vote against condemnation of China at the UN. Belarus, North Korea, Syria, Eritrea, Nicaragua, and Mali have consistently supported Russia, with Burkina Faso,

Burundi, the Central African Republic, Equatorial Guinea, Niger, and Sudan often voting in its favor as well.

Close Allies of China: Finally, China would be likely to retain support from a handful of close allies regardless of the severity of a conflict over Taiwan. These countries would help Beijing regardless of international pressure, perhaps seeing this as an opportunity to demonstrate goodwill and ensure Chinese assistance in any future crisis or conflict. This group would probably include Russia, Pakistan, Iran, North Korea, and Belarus, all of which have consistently backed Beijing. Some of these countries might even consider taking action against not only Taiwan but also any countries supporting Taiwan in a contingency.

Action Type	***Possible Actions (ordered least to most likely)***	***Likelihood in Minor Conflict***	***Likelihood in Major War***	***Cost as perceived by China***
Bilateral Diplomatic	Withdrawing from Shanghai Coop Org	Very Low	Low	Low
	Withdrawing from BRICS	Very Low	Medium	Low
	Withdrawing from Belt and Road	Very Low	Medium	Low
	Severing Diplomatic Ties	Very Low	Medium	Medium
	Withdrawing from Conferences	Low	High	Low
	Expelling Chinese Embassy Staff	Medium	High	Low
	Recalling of Foreign Ambassadors	Medium	High	Low
	Evacuating Noncombatants	Medium	High	Medium
	Issuing Travel Warnings for China	High	Very High	Low
	Issuing Critical Public Statements	High	Very High	Low
Multilateral Organizations	Passing Resolution in Security Council	Very Low	Very Low	Medium
	Suspending from General Assembly	Very Low	Very Low	Medium
	Passing UNGA Condemnation	Very Low	Low	Medium
	Expelling Leaders from Agencies	Very Low	Low	Medium
	Indicting Leaders in Criminal Courts	Very Low	Low	Medium
	Bringing International Court Case	Very Low	Low	Medium
Elite Targeted	Prohibiting Luxury Good Sales	Very Low	Low	Low
	Barring Athletes from Competitions	Very Low	Low	Low
	Freezing Assets of Chinese Elites	Very Low	Low	Medium
	Banning Travel by Chinese Elites	Very Low	Medium	Medium
	Freezing Assets of Chinese Leaders	Very Low	High	High
	Moving Major International Events	Low	High	Low
	Banning Travel by Chinese Leaders	Low	High	Medium
Security Signaling	Signing a NATO-like Asian Alliance	Very Low	Low	High
	Recognizing Taiwan's Independence	Very Low	Low	High
	Signing Treaty Alliance with Taiwan	Very Low	Low	Very High
	Banning Chinese Military Ship Visits	Low	High	Medium
	Banning Arms Exports to China	Medium	Very High	Low

Overseas Activities	Banning Chinese Broadcasters	Very Low	Medium	Low
	Banning Commercial Ship Visits	Very Low	Medium	Medium
	Prohibiting Chinese Aircraft Overflight	Low	High	Medium
	Restriction Energy Sector Cooperation	Low	High	Medium
	Banning Technology Cooperation	Medium	High	Medium
	Sanctioning Chinese Business Entities	Medium	High	Medium

Figure 6: Likelihood and Perceived Costs of Potential International Actions

International Costs to China

The costs that China might incur in the aftermath of a Taiwan invasion depend not only on which actions are taken against it, but also the scope, scale, speed, and sustainability of these responses.

- Scope here refers to the breadth of the coalition taking the action. The larger the number of countries or other actors involved, the more costly it will be for China.
- Scale refers to the extensiveness of their action. For example, countries might close a single Chinese consulate in response, or all Chinese diplomatic posts in a country.
- Speed refers to the time it takes to apply an action. Some responses—public condemnation, for example—might happen overnight, while others, such as court cases, could take years.
- Sustainability refers to how long the penalty is likely to be applied. The longer the more costly the action, but also the more difficult to sustain politically.

Costs of a Minor Conflict Over Taiwan

How serious would the international costs to China be in a minor conflict over Taiwan? For the purposes of this essay, a minor conflict is assumed to begin with a skirmish involving China and Taiwan, which escalates over several weeks into a series of air and maritime battles. Chinese ships and aircraft would surround Taiwan and routinely operate within 12 nautical miles of its coast and airspace. Chinese forces would conduct a "quarantine" of major ports in Taiwan, but US warships would escort commercial vessels to these ports and Chinese commanders would ultimately prove unwilling to attack or attempt to commandeer them. Dozens of Chinese and Taiwanese armed forces members would be killed in incidents in the air and at sea. There would be no foreign losses of personnel, however. The conflict would terminate when the two sides agree to a series of crisis management meetings designed to slowly de-escalate the situation.

In this case, China would likely pay fairly limited costs, largely focused on bilateral diplomacy. The scope of these actions would be limited to advanced industrial democracies that are generally aligned with the United States or the rest of the G7. Although many actions—particularly public statements and travel

warnings—could be taken quickly, these would be unlikely to fundamentally alter Chinese calculations about a conflict. Actions such as temporarily severing diplomatic ties or conducting emergency evacuations of noncombatants would be perceived as more concerning in Beijing. But in general, only a small subset of countries would withdraw from conferences in China, recall foreign ambassadors, and expel Chinese diplomats.

Beyond bilateral diplomatic costs, the responses would likely be few and far between. Multilateral organizations would be unlikely to take actions against China over a minor skirmish, particularly given Beijing's substantial influence with a large number of countries in the UN and other international bodies. Some targeting of Chinese leaders might be possible, such as temporary bans on travel, but these steps would be unlikely to last long after the end of the conflict. Meanwhile, some of China's neighbors might ban ship visits from the People's Liberation Army (PLA) or stop arms exports to China, but this would likely have a minimal impact on Chinese leaders' thinking. Although some Chinese overseas activities might be curtailed through temporary restrictions on Chinese businesses, these measures would likely be lifted at or shortly after the end of a conflict.

As Figure 7 shows, Chinese leaders would likely view the international costs of engaging in a minor conflict over Taiwan as manageable. International responses would be largely limited to a small set of diplomatic actions taken by a small set of countries, and would likely be only temporary. One potentially costly aspect, which is not well captured by these categories, is the potential reassessment of Chinese intentions that might occur in regional and global capitals. This reevaluation could lead states—particularly US allies such as Japan, Australia, South Korea, and the Philippines—to build up their militaries. Nevertheless, Chinese leaders might see this as an unavoidable cost of achieving cross-Strait "unification".

Actions	***Scope***	***Scale***	***Speed***	***Sustainability***
Bilateral Diplomatic	Medium	Medium	Fast	Long-Term
Multilateral Organization	Narrow	Limited	Slow	Short-Term
Elite Targeted	Narrow	Limited	Medium	Short-Term
Security Signaling	Narrow	Limited	Slow	Medium-Term
Overseas Activities	Narrow	Limited	Medium	Medium-Term

Figure 7: Costs of a Minor Conflict over Taiwan
(higher costs to China shown in red, lowest yellow)

Chinese leaders would likely view the international costs of engaging in a minor conflict over Taiwan as manageable.

Costs of a Major War Over Taiwan

In a larger cross-Strait conflagration, however, the international costs could be far more severe. A major war would start with an amphibious invasion of Taiwan. Initial Chinese strikes would target not only Taiwan's military, but also US forces in Japan and Guam. Chinese forces would land on Taiwan, but their supply lines would be cut by successful Taiwanese and US strikes on ships and aircraft crossing the Strait. After several months of heavy fighting, Chinese forces would suffer massive losses (~100,000 killed) and eventually surrender on the condition that forces on Taiwan be repatriated to the mainland without harm. Taiwan would suffer some 50,000 military casualties and 50,000 civilian casualties, while the United States would lose 5,000 military members and 1,000 civilians. Japan would lose 1,000 military members and 500 civilians. Beyond this, no substantial foreign losses are assumed. Although the conflict would be terminated when Chinese forces withdraw from Taiwan, Chinese forces would retain control of Kinmen and Matsu Islands.

A major war over Taiwan would put Chinese leaders in a much more difficult position internationally. China's influence at the UN and in other international bodies might limit the costs incurred in multilateral organizations. In this arena, Beijing's ability to veto UN Security Council resolutions and rely on diplomatic partners to impede actions by the General Assembly could be decisive. Yet, the consequences would be far more severe in many bilateral relationships and could hurt Chinese elites and Beijing's long-term security position. Chinese leaders might find themselves on the defensive diplomatically in part because the narrative of China's inevitable rise would be proven wrong in the event of China's defeat.

A broad group of countries would engage in extensive actions that could be put in place quickly and kept in place for a long time. A large number of countries would issue travel warnings and public statements criticizing China almost immediately. Many might initiate noncombatant evacuation operations not only from Taiwan and surrounding countries, but from China as well. The United States and its allies would likely recall their ambassadors, expel Chinese embassy staff, and withdraw from conferences and other dialogues in China and with Chinese counterparts. Some countries might withdraw from Belt and Road Initiative projects or downgrade cooperation with BRICS. Yet, China's overseas relationships with its key partners would likely remain intact despite pressure from the United States and others to pause or cancel these ties.

Perhaps most concerning for China in this category would be the possibility of a complete severing of diplomatic ties by some of the world's most advanced countries. These countries, particularly the United States' closest allies, might also consider economic actions to force an end to the war. These could go beyond elite-targeted actions listed above and instead damage the Chinese economy more broadly. Bans on purchases from China would be possible, as would limitations on exports to China, particularly while a conflict is ongoing. These measures, however, would likely ease once a conflict concluded.

In addition, leaders and elites in Beijing might find themselves facing extensive actions on the part of a range of countries. These could include travel bans for Chinese leaders and the freezing of assets. Chinese elites might also face the prospect of travel bans or

asset freezes, although the likelihood of these actions would probably depend on how long the conflict continued. Efforts could be made to put pressure on Chinese elites by limiting sales of luxury goods, but they might be undermined by the importance of the Chinese luxury goods market to many top companies. Meanwhile, Chinese athletes' participation in some overseas competitions might be limited. As with the diplomatic actions listed above, many of these steps could be taken relatively quickly and maintained even after a conflict ends.

Beijing might view international actions in the security arena as more serious in the long-term. Few countries would be likely to sign treaty alliances with Taiwan or formally recognize Taiwan as an independent and sovereign state, but Chinese diplomats and leaders would see such an act as the most severe international consequence possible. They would fear actions by the United States, Japan, or others that would point in this direction. Meanwhile, regional states might be spurred to increase their defense spending and deepen ties among themselves, perhaps threatening to create a NATO-like grouping to balance against a more powerful and risk-taking China. The most likely actions, however, would be limitations on arms exports to China and bans on military visits abroad, both of which would likely be manageable consequences from Beijing's perspective.

Finally, some countries would take steps to limit China's overseas activities. This could include sanctions on Chinese firms and prohibitions on cooperation with Chinese technology or energy companies. Chinese aircraft and ships might be restricted from overflying or conducting port visits in some countries in Asia and Europe, decreasing air travel and commerce at a time when many travelers and transportation providers would already be avoiding China and the region more broadly. These would constitute real financial and reputational costs for Beijing, although they would likely be undone more quickly than some of the other measures described above.

Actions	***Scope***	***Scale***	***Speed***	***Sustainability***
Bilateral Diplomatic	Broad	Extensive	Fast	Long-Term
Multilateral Organization	Narrow	Limited	Slow	Medium-Term
Elite Targeted	Medium	Extensive	Fast	Long-Term
Security Signaling	Medium	Medium	Slow	Long-Term
Overseas Activities	Medium	Extensive	Medium	Medium-Term

Figure 8: Costs of a Major War over Taiwan
(higher costs to China shown in red, lowest yellow)

International costs alone are unlikely to deter a crisis or conflict in the Taiwan Strait. For leaders in Beijing, fears about domestic unrest, economic damage, or military defeat are likely to outweigh concerns about diplomatic actions. Nonetheless, the international costs to China could be stark, particularly in a major war. The longer, deadlier, and more destructive a conflict over Taiwan, the more likely China is to face serious international consequences. But this relationship is not linear. Beijing would likely face a rapid escalation in international responses as a conflict worsens. Chinese policymakers should therefore take these concerns seriously as they consider military options in the Taiwan Strait.

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Conclusion

By Zack Cooper

These papers demonstrate that the PRC would face massive costs if it attempted a military operation against Taiwan and that effort failed. Logan Wright and Charlie Vest explain why a major conflict could leave the PRC (and global) economy devastated. Joel Wuthnow analyzes the possible impact on the PRC military, which would be severe and potentially long-lasting. If the PRC economy and military are badly damaged in a cross-Taiwan Strait conflict, the consequences for social stability could be treacherous, as described by Sheena Chestnut Greitens and Jake Rinaldi. Finally, Zack Cooper suggests that the international costs of a major conflict could set the PRC back decades on the global stage. These are not costs that should be taken lightly by the country's leaders.

Compounding these challenges is the fact that although the papers in this compendium examine economic, military, social, and international costs separately, the interrelationships among these categories could exacerbate challenges in Beijing. PRC economic growth, for example, could be further slowed if the international community applies significant sanctions. Such a move could also increase concerns about social stability and constrain Beijing's ability to rebuild the People's Liberation Army (PLA) after a conflict ends. Or major military losses could worsen concerns about social stability and drive PRC leaders to centralize more power and turn away from economic opening and international engagement.

Regardless of how well President Xi Jinping or his successor(s) are able to weather such a stormy period, the impact on the Chinese Communist Party and the Chinese people more generally could be severe. Observers should nonetheless not assume that because the costs of a failed PRC military operation against Taiwan would be massive, they would be sufficient to deter Beijing. Deterrence rests on perceptions, rather than reality.[1] Wars often force leaders to align their perceptions with reality, since conflicts lay bare the actual capabilities and resolve of the parties involved. But history is rife with cases of misperceptions leading to conflict. There is a real risk of deterrence being undervalued if PRC perceptions of the costs of a conflict are lower than the actual costs (see Figure 6).[2]

Ideally, leaders in Beijing would accurately assess that a conflict over Taiwan would be highly risky, leading to a strong basis for deterrence (the top right quadrant). But it is also possible that PRC leaders will underestimate the costs of a military conflict and therefore undervalue deterrence. This is a risky outcome, since it might make PRC leaders more willing to start a conflict, yet also leave them committed when the costs are higher than expected. There are many reasons to be concerned that deterrence might not hold despite the risks of any resort to force. Four of the most likely relate to: an over-estimation of PRC capabilities, an underestimation of foreign capabilities or resolve, a risk-acceptant approach driven by overconfidence in de-escalation options, and perceived lack of alternatives, even to a risky military operation.

First, PRC leaders might overestimate PLA capabilities before a conflict begins. One challenge in personalist dictatorships is that officials have few incentives to provide bad news to their leader. Just as Russian President Vladimir Putin overestimated the

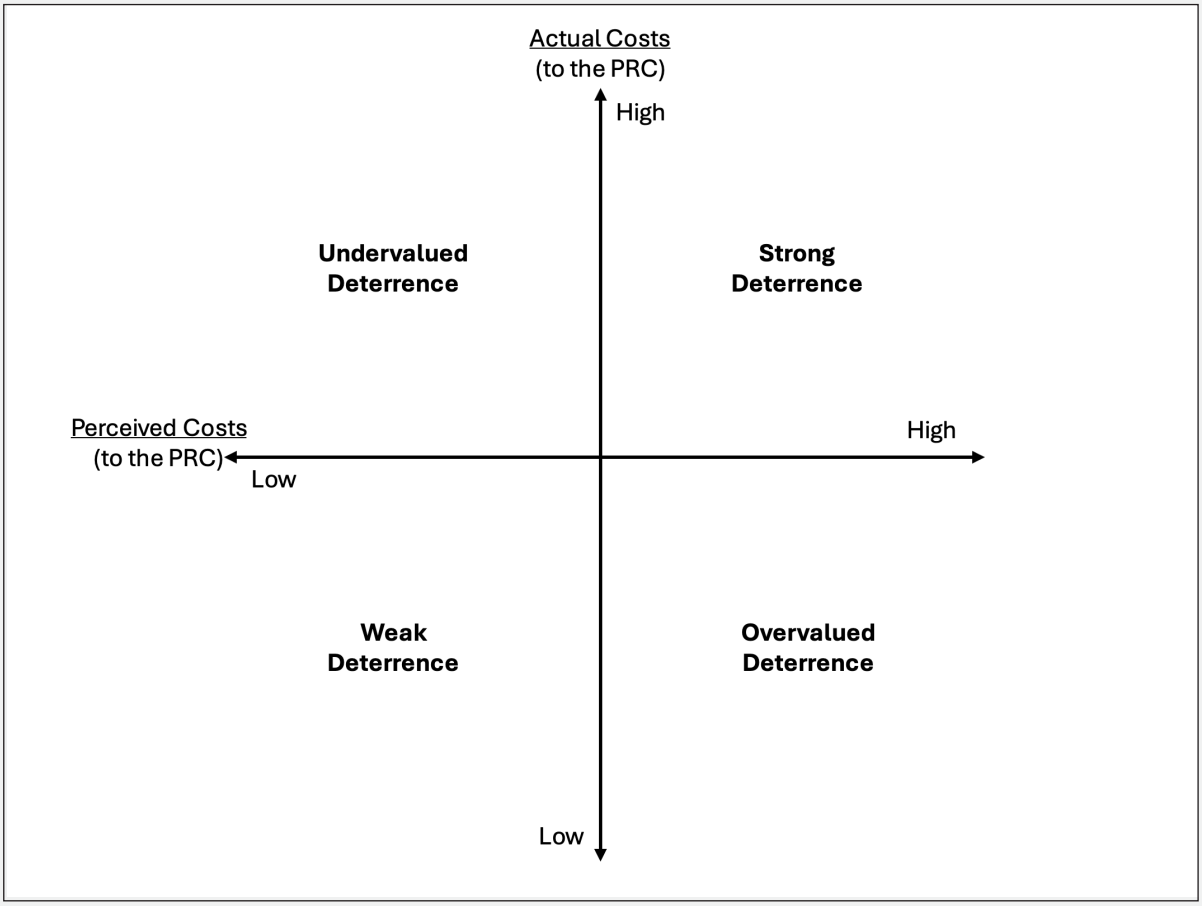

Figure 9: Deterrence Perceptions vs Realities

capabilities of his military before invading Ukraine, Xi or his successor(s) might be led astray by the PLA. Given the scope and scale of Xi's recent army purges, it would be understandable if the PLA's capabilities have been undermined. Still, senior military officers may be unwilling to disappoint political leaders and allow them to proceed on the incorrect expectation that victory in a conflict is all but assured. Since the PLA has not fought a major war since 1979, PRC leaders have little basis on which to judge the military's effectiveness in a high-intensity and high-stakes conflict.

Second, PRC leaders might underestimate either the capabilities or commitment of Taiwan, the United States, and third parties. PRC experts and officials often raise asymmetries of interest and geography in explaining why Beijing would prevail in a fight over Taiwan. But the PRC would face a politico-military tension in its initial operations. Broad strikes against US and allied forces might assure American participation in a conflict. But avoidance of such strikes could leave the United States and its allies highly capable of intervening. Either way, Beijing would face risks, either of a more committed US society or of a more capable US military. Taipei, Washington, and others might be able to rally their

people to resist a PLA operation more effectively than Beijing might expect.

Third, Xi or his successor(s) might decide that, although the likelihood of success is low, the costs of an operation would also be low. These papers have attempted to pierce this bubble and demonstrate that this assumption is likely wrong, particularly in the case of a major conflict. But PRC leaders might still attempt a limited probe to test Taiwan's resolve, and that of the United States and its allies. This would align with the maxim, attributed to Vladimir Lenin, to "probe with bayonets" to test an opponent's resolve. PRC leaders might decide to conduct a limited military operation against Taiwan to test PLA capabilities, Taiwan's response, or the US commitment. Doing so might also provide additional information about the potential economic, military, social, and international costs of a conflict. China is more likely to test red lines on Taiwan if Beijing feels that there are numerous de-escalation pathways after a conflict begins, and that the escalation risks and long-term costs of a low intensity and short duration conflict would be manageable.

Fourth, PRC leaders could decide that although the likelihood of success is low, they have no better alternative than to take military action against Taiwan.[3] This could occur if PRC leaders assess that Taiwan's leaders are taking steps that would lead inevitably toward independence. Alternatively, it is possible (although hotly debated) that PRC leaders might feel that they must make progress toward "re-unification" by a set time. This could drive them to take military action in advance of a deadline. In either case, PRC leaders might begin a military operation against Taiwan without expecting an easy victory but out of fear that not doing so would have worse downsides.

For deterrence to hold, policymakers in Taipei, Washington, and elsewhere must demonstrate to Beijing that they are capable of rebuffing a PRC military operation, that they are committed to doing so, that the costs of a failed conflict are substantial, and that there are better alternatives to starting a war. This is no easy task, particularly before the outbreak of a conflict. But the papers in this compendium suggest that PRC leaders should be wary since the costs of a failed conflict over Taiwan would be massive.

Endnotes

[1] Robert Jervis, "Deterrence and Perception", International Security 7, No. 3, 1982, pp. 3–30. https://doi.org/10.2307/2538549

[2] For the purposes of these papers, an effort to assess a failed Chinese military operation has been made. The assessment suggests that the actual costs to the PRC would be high enough to convince Chinese leaders to rethink an operation already underway. But it is also possible that an operation would succeed, leading to costs that are lower than those presented here.

[3] As Taylor Fravel notes, "Chinese leaders may pursue war even if the domestic economic and political conditions appear unfavorable – and even if the PLA is not ready to fight." M. Taylor Fravel, "Is China's Military Ready for War?", Foreign Affairs, July 18, 2025. https://www.foreignaffairs.com/china/chinas-military-ready-war-xi-jinping-taylor-fravel

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