

Australia's Impossible Choice: Taiwan

Risk Management

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Australia's providence owing in large measure to China's economic ascendance, unsurprisingly, came with-it Faustian conditions – primary amongst those was the expectation of appeasement when it came to the issue of Taiwan.

Cite:- [Taiwanese War & Markets Fallout](#), 30 January 2019

Cite:- [Military Conflict With China](#), 6 November 2019

When the public illusion of impassivity disappeared with Australia's [United Nations "there is no legal basis" declaration – surrounding China's territorial and maritime claims in the South China Sea](#) – Sino state actors ramped up their provocations and attack vectors, deploying mercantile 'restrictions' on select Australian exports and in so doing, leaning upon politically subversive pressure points.

Beyond the services sectors, there is the risk of further tensions in some Australian goods exports, particularly in categories like agricultural goods where China can turn to other substitutes.

But belies China's actions is a tacit ultimatum, that ["The Quad"](#) remain exterior across the Pacific Rim and that the so-called ["1992 Consensus"](#) now be superseded by the Politburo's ["One China Principle"](#) – doubletalk for repossessing Taiwan, however necessary.

Cite:- [Taiwan's Looming Crisis Is A Much Bigger Threat Than Markets Realise](#), 20 June 2018

Hong Kong was successfully usurped and now only remains the second gateway to heaven in traditional Chinese culture, Formosa or as we call the island in English, Taiwan.

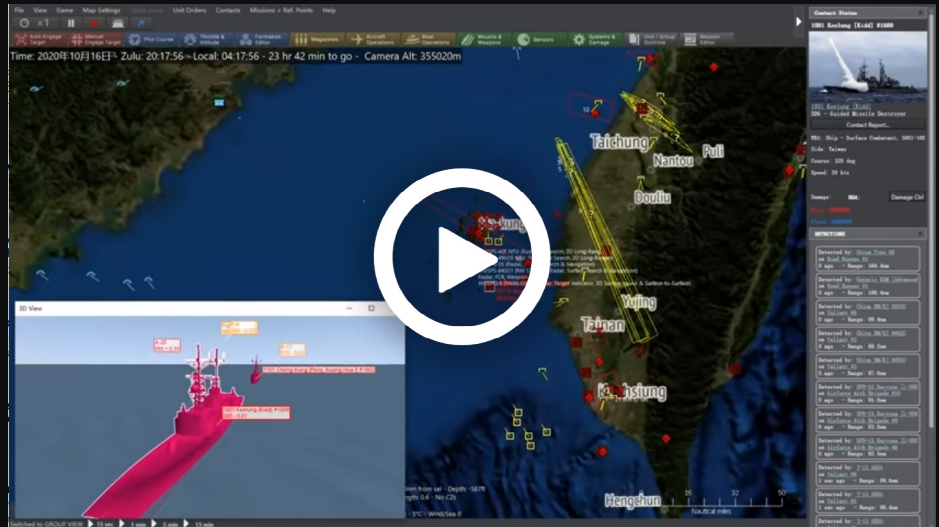
Cite:- [Hong Kong Affects Backend Of Australian Wealth Management](#), 4 December 2019

Cite:- [Goodbye Hong Kong](#), 19 April 2020

Of course, there are scenarios where a shift in *Sino-US relations* leads to an easing in *Sino-Australia tensions* but Australia finds herself in the worst of many scenarios and to pacify Beijing, she is asked to give up a Democratic Taiwan, which she simply cannot do.

Australian macroeconomic outlook compares favourably to many global peers namely [due to aggressive albeit overly-authoritarian efforts with coronavirus \(SARS-CoV-2\) mitigations](#) leading us into the Southern Hemisphere summer.

Normalisation in consumer spending depressed by the earlier lockdowns, confidence enhancing virus management, unprecedented income support, a large pool of accumulated savings, the onshoring of tourism spending, increasingly easy financial conditions and positive



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PLAY Taiwan's invasion simulation by China's People's Liberation Army, parroting Australia's "Porcupine Strategy".

wealth effects from rising house prices all support a cyclical upswing in onshore economic activity and domestic housing investment, with Government incentives spurring a more moderate lift in business investment thereafter. Public demand is projected to remain strong.

However, overall, downside risks associated with [Australia's strong trade linkages to China have increased](#) and bear close monitoring along with the clandestine [tug-of-war](#) with intra-Pacific island ascendancy.

Last month, Papua New Guinea ('PNG') signed a memorandum of understanding to build a two hundred million Australian Dollar ["comprehensive multi-functional fishery industrial park"](#) on Daru Island, the closest PNG community to Australia.

Even though it is around two hundred kilometres from the Australian mainland, it is very close to the islands of the Torres Strait that are within our northern border.

Beyond the obvious strategic reasons than fish involved in the Chinese building a massive port just to the north of Australia, even if it were not to become a major naval base for the Chinese military, the idea of a large Chinese fishing fleet in the region poses big problems for Australia already suffering the impairment of seafood and agricultural export tariffs.

Paradoxically, Australia's best approach is shared with Taiwan's ["Porcupine Strategy"](#) to buttress China's growing encirclement.

Cite:- [Defence Complex Investments](#), 4 July 2018

As China's [strength and confidence have continued to increase](#), especially over the last decade, Beijing has become less willing to allow for ambiguity.

In a watershed moment on 2 January 2019, President Xi commemorated the fortieth anniversary of China's ["Message to Compatriots in Taiwan"](#) by dispensing with

the notion that the 1992 Consensus allowed for "different interpretations" of **One China**.

Instead, he equated it **exclusively** with the "One China Principle".

Xi simultaneously emphasised ["One Country, Two Systems"](#) — envisioning **One China** but with different governments in Beijing and Taipei [Tái běi shì] — as the future cross-Strait political framework.

China's National People's Congress ('NPC'), held in May of this year, has further deepened the mystery surrounding Beijing's position. During his delivery on Twenty Two May of a government work report to the NPC, Premier Li Keqiang [omitted](#) the 1992 Consensus — the first time this has happened in nine years dating back to Taiwan President Ma's tenure. However, subsequent NPC work reports on May twenty third and twenty sixth [reinserted](#) 1992 Consensus language, suggesting that it remains Chinese policy.

Nevertheless, it is plausible that Li's address — as the senior-most leadership speech at the NPC — intentionally avoided mention of the 1992 Consensus to send the message that Taipei's agreement is no longer necessary.

In effect, Beijing may now be prepared to skip that step and move directly toward **One Country, Two Systems** for Taiwan. If this reading of cross-Strait tea leaves is correct, [Beijing no longer cares about consensus](#).

Cite:- [Wolf Warrior Statecraft](#), 5 May 2020

There appear to be narrowing solutions for what are difficult problems but short of **belligerence** across the Pacific Rim, Australia should heed the wisdom of Friedrich Nietzsche, who reminded us that, *"the future influences the present just as much as the past"* and today take steps to reimagine Australia's trajectory and providence. ■

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