



## The Conundrum of Taiwan Issue: Implications on World Politics

Zahid Yaseen,<sup>1</sup> Muhammad Muzaffar,<sup>2</sup> & Khadija Shahbaz<sup>3</sup>

### Abstract:

This qualitative study examines the complex dynamics of the Taiwan-China dispute and its wide-ranging effects on the world economy and politics. The Taiwan dispute, which has its roots in the aftermath of the Chinese Civil War, has gained prominence in international relations, and the US's strong involvement in it directly challenges China, the most populous country on earth and a rising global power. This study attempts to offer a nuanced understanding of the complex aspects of the Taiwan-China dispute by utilizing a qualitative methodology that combines in-depth interviews, content analysis of diplomatic discourse, and historical record inspection. The results emphasize that current geopolitical dynamics need to be reevaluated and that diplomatic dialogue is the best means of achieving peaceful resolutions. Moreover, the research underscores the possible worldwide ramifications of intensified measures, specifically concerning the United States and China. This study advances our understanding of how geopolitical tensions, sovereignty concerns, and their effects on the world economy interact.

**Keywords:** One-China policy, Sovereignty, Taiwan, United-States, World Politics, White Paper.

### INTRODUCTION

Taiwan, commonly referred to as the Republic of China, is a country found in East Asia. It is an island nation that shares its borders with the People's Republic of China to the northwest, Japan to the northeast, and the Philippines to the south. The city of Taipei serves as the capital of Taiwan. Taiwan is considered an industrialized country despite having the world's 20th-highest GDP. Taiwan has a relatively small land area for its large population. An essential component of understanding international relations, which are about more than just shifts and happenings, is having a comprehensive understanding of how the politics of the globe work. However, the United Nations does not recognize Taiwan as a country that is independently and democratically governed. Taiwan is an island that is located about 160 kilometers (about 100 miles) from the southeast coast of China. Even though the Chinese portion of the peninsula is known as the People's Republic of China, Taiwan is recognized in its own right as a democratically run independent state. Taiwan has

---

<sup>1</sup> Professor, Department of Political Science, Government College Women University Sialkot, Punjab, Pakistan. Email: zahid.yaseen@gcwus.edu.pk (corresponding author)

<sup>2</sup> Assistant Professor, Department of Political Science, Government College Women University Sialkot, Punjab, Pakistan. Email: muzaffarrps@gcwus.edu.pk

<sup>3</sup> Ph.D. scholar, Department of Political Science, Government College Women University Sialkot, Punjab, Pakistan. Email: khadijasbz92@gmail.com

a population of 23 million people and is located across the Taiwan Strait from the Chinese mainland. Beijing sees Taiwan as a province of China and wants to eventually merge it with the mainland to become the People's Republic of China.

Before 1624, Dutch colonists seized control of the southern region of Taiwan, which had previously been ruled by several different tribes. In the year 1662, General Zheng Chenggong ordered that they be removed from the territory. In 1684, the government of Taiwan was first constituted by Fujian Province. In 1885, China expanded by gaining Taiwan as its 20th province. In July of 1894, Japan launched an invasion of China, and as a result, the Qing government, which had been soundly defeated, was constrained to submit before Japan and cede Taiwan and Penghu Island to it. On December 9, 1941, China declared war on Japan, thereby proclaiming the termination of any treaties and agreements that had been made between the two nations, as well as its intention to reclaim Taiwan and Penghu Island. In the Cairo Declaration, which was signed by China, the United States, and the United Kingdom on December 1, 1943, it was stated that all territories that had been annexed by Japan were to be returned to China. This declaration was released after World War II. The Potsdam Proclamation, which was signed on July 26, 1945, after the end of World War II, declares that the terms of the Cairo Declaration shall be carried out. This proclamation was a response to the Cairo Declaration, which had been issued earlier. As a direct result of this development, China reestablished Taiwan's legal and political status by the law. In China, a civil war between two opposing elements broke out not long after the conclusion of World War II and the reunification of China and Taiwan. The Communist Party, which was headed by Mao Zedong, emerged victorious in the conflict that took place in 1949 between the Nationalist Party, which was led by Chiang Kai-shek, and the Communist Party, which took control of Beijing. The Nationalist Party, commanded by Chiang Kai-shek, fled to Taiwan, where it established itself as the ruling party and remained in power for several years. Taiwan has been considered part of China throughout history, which supports China's claim to sovereignty over the island. Taiwan, on the other hand, continues to insist that it was never a part of modern China that Mao Zedong and his followers established.

The People's Republic of China has attempted to limit Taiwan's diplomatic choices while simultaneously pursuing what it refers to as an "independent foreign policy" for the island. Establishing diplomatic ties with other countries is necessary for a democratic state to flourish in the international community and advance its national objectives. Beijing has used economic pressure to persuade countries to change their diplomatic ties with Taiwan; however, in the past four years, there have only been 17 such ties, which will present Taiwan with significant political difficulties in the future.

A state's sovereignty is the single most important aspect of its existence, and China claims Taiwan for this reason: if Taiwan is granted independence and is acknowledged by all countries, China's sovereignty will be jeopardized as a result. To weaken China's position as a rising powerhouse, China's adversaries will take advantage of this development and work to establish relations with Taiwan. The colonial period is to blame for all of these wars because, during that time, the powerful states acquired control of all other lands through the use of force. One example of this is when Japan annexed Taiwan; China eventually recovered its sovereignty over Taiwan, which led to strife

between the two countries. After World War II, however, the colonial administration realized that colonialism could not be maintained indefinitely and brought an end to the system.

### **LITERATURE REVIEW**

Sheng Lijun's (2001) discusses the historical perspective of Taiwan, the US stance on this issue, and the rise of China and US concerns. For the USA developing relations with Taiwan is important for two reasons: 1) Taiwan is a developed economic state and 2) To Counter China. The "one country two systems" that China intends is just to prevent Taiwan from gaining independence than to bring immediate "Reunification." The focus of this research is to explain how Chinese "Military Resistance" against Taiwan can affect China's position in the world.

Lowell Dittmer's (2004) discusses how national Identity is important for the state. Taiwan is a well-known economically developed state, but the world doesn't recognize him and considered Taiwan as a part of the People's Republic of China due to Chinese influence. Lowell Dittmer argues that a well-developed National Identity is questioned due to Realist policies and to maintain its hegemony. But this research lacks the American hegemonic perspective and its influence.

Yeung, Gan, and Jiang (2022) briefly discusses about US role in China-Taiwan tensions. During Civil War, the United States backed Nationalists and Communists backed by the Soviet Union but after that United States recognized China as the "One China Policy" which is the main theme but always develop a reserve relation with Taiwan which angers China. China's support for Russia has fueled speculation about the Chinese stance over Taiwan. This study discusses the key notes of this issue (Giang, 2022).

Devos, Rahman, and Carll (2021) discusses American involvement in the area has come under scrutiny in light of the growing militaristic Chinese demands for reunification against Taiwan. The United States must find a way to balance its interests and regional peace because it is worried about the consequences of a war with China but does not want to recognize Chinese sovereignty over Taiwan. This study outlines China and Taiwan's shared past and the impact that the United States' involvement has had on their bilateral relations. Finally, it examines the U.S. strategy for a possible battle between the two countries and suggests steps the country should take to reduce the likelihood of further hostilities.

### **THEORETICAL FRAMEWORK**

"The dominant theory in international politics is realism" (John Baylis & Steven Smith & Patricia Owens, 2018). "Realism is a theory of power politics that offers a potent account for the state of war and the emergence and demise of major or great powers. National sovereignty, security, and interest are the primary tenets of realism. Realist thinking was developed by British politician Lord Palmerston. "Neither eternal friends nor eternal enemies exist for us. It is our obligation to pursue these objectives because they are eternal (Frankel, 1970). The three facets of realism—classical, structural, and neoclassical—can be used to describe it. The primary component of the realist perspective is national interest because it serves as the common denominator for all nations in the globe. The two fundamental views of global politics are realism and liberalism. Realists believe that the only way to accomplish their objectives is through extreme power politics, while liberals believe in complete freedom (Morgenthau et al., 2006).

The Taiwan-China issue is related to state sovereignty and every state uses every means to protect its sovereignty. Historically Taiwan was part of China and from 1949 till now China follows the One-China principle. This dispute is not between China and Taiwan; rather, it is between China and the "Superpower" (USA) which is deeply involved in this dispute to threaten China. When China and America develop their relationship America and China agree on the "One-China Policy" which is completely different from the "One China Principle" By agreeing on the One-China policy America reserves its relationship with Taiwan. The realist perspective refers to power politics and the pursuit of national interest, which means that Taiwan, China, and the United States are all working to protect their respective national interests. Taiwan is working to strengthen its ties with the United States to get recognition. At the same time, the United States is moving closer to Taiwan to pose a threat to China. China's national interest is to protect its territorial integrity (Plummer, 2022).

America, the "superpower," is the most benevolent state of liberalism, which supports freedom and peace but in reality, operates from a realist viewpoint. (Miller, L, 2006). Threatening China is one of America's main interests, and that is also the strategy it is employing in the conflict between Russia and Ukraine. China and Russia are two major powers that have strained relations with America, which is the primary cause of these two conflicts. Extending NATO and including Ukraine in it only serve to undermine Russia's sovereignty. When Nancy Pelosi visits Taiwan, the same thing occurs, and in both instances, sovereignty is undermined, which is not consistent with a liberal but rather a realist viewpoint to maintain its position as a single "superpower," and to prevent the world from becoming "multi-polar," in which China and Russia would be recognized as powerful states, the primary motivation behind these conflicts is to keep them from occurring. According to many experts, World War III could feature a significant power conflict that would necessitate the use of extreme force (Martin, 2022).

### **ONE-CHINA POLICY AND ONE-CHINA PRINCIPLE**

Beijing stated that there is only one China, and Taiwan is a component of that China. China thus adheres to the "One China Principle" and desires the unification of Taiwan and the mainland. China refers to Taiwan as the "Rebel Child" and asserts that Taiwan will eventually become a component of the People's Republic of China. What separates the One China Principle from the One China Policy is described below:

#### **One China Principle**

The One China Principle states that there is only one sovereign state by the name of China, and Taiwan is a component of that state. It denies the assertion that the People's Republic of China and the Republic of China are two separate states that share the term China and exhibits hostility toward Taiwan's independence and international recognition.

#### **One China Policy**

The People's Republic of China and the United States formed diplomatic ties in Beijing in 1979 under the auspices of "Strategic Ambiguity," a US policy ("What is the "One China" policy?" 2021). The People's Republic of China and the United States agreed to recognize each other and start relations in January 1979, according to a joint communique issued in December 1978. Furthermore,

it says that "The Government of the United States accepts China's position as One China, of which Taiwan is a part." The One China policy, however, differs from the One China principle in that it allows the USA to balance its ties with Taiwan and China, the official and the unofficial, respectively. In 1980, the US changed the word "Principle" to "Policy" to distinguish it from the Chinese and American versions (J. Green, 2017).

### **Chinese White Paper**

On July 24, 2019, the People's Republic of China published a Defense White Paper to state its position toward Taiwan. The Chinese government occasionally publishes a number of White Papers that clarify the goals and direction of its policies. "China's National Defense in the New Era" is the title of the most current White Paper. This is the tenth White Paper, and it is divided into six main parts. The primary goal of this non-hegemonic paper is to combat Chinese expansionism while highlighting China's peaceful development. However, China's leadership continues to be combative when it comes to Taiwan. The paper says unequivocally that "China will not give up even an inch of its territory. In reaction, Taiwan's Mainland Affairs Office stated unequivocally that "The Chinese Communist Party" should acknowledge its errors, respect human rights, uphold democracy, and begin implementing political reforms. This statement expresses Taiwan's independent stance, which rejects both the Chinese point of view and the "one country, two systems" formula (Singh, 2019).

## **IMPACTS ON WORLD POLITICS**

### **US Interest in Taiwan**

In the Asia-Pacific area, Taiwan is the most significant country and a major ally of the US. Though the US does not have formal ties to Taiwan, it has balanced relations with both that country and the People's Republic of China through its "One China Policy." Economic and business ties exist between the USA and Taiwan. A non-governmental group called the American Institute in Taiwan manages the informal ties between the US and Taiwan. Taiwan is a key ally of the US in trade, health, investment, technology, democratic principles, and other areas. This is the main driver of US-Taiwan relations.

Taiwan has a highly developed economy, producing goods and services worth \$786 billion. The United States and Taiwan cooperate to create new commercial opportunities in the United States because they have similar commercial and financial objectives. The United States is Taiwan's second-largest trading partner, and Taiwan is the United States' eighth-largest trading partner. By the year 2020, it is expected that Taiwan have invested \$137 billion in the United States. The majority of Taiwan's investments are in the wholesale manufacturing industry. There is also cooperation between the United States and Taiwan in the areas of meteorology, nuclear technology, environmental protection, etc (Boltan & Zitelman, 2021).

The establishment of the "One China Policy" was to maintain balancing relations with both Taiwan and the People's Republic of China to achieve its interests and also to enhance its economy because the USA knows that Taiwan is a highly developed economic state which will benefit the USA economy. The United States is the world's superpower and has nothing to do with Chinese sovereignty. After nuclearization, the globe transitioned to an economic one. (Mainland, 2022).

### **Pelosi Visit and China - America War**

The United States of America established a balancing relationship through its "One China Policy," which China regarded as illegal because it casts doubt on China's sovereignty. Neither do they acknowledge Taiwan as an independent state nor establish formal ties with it. In accordance with international law, a state seeking independence must first receive recognition from other states. However, Taiwan has been recognized by 13 nations, including the US, which is its main trading and economic partner (Wong, 2022).

The visit of Nancy Pelosi, Speaker of the United States House of Representatives, to Taiwan on August 2, 2022, was condemned by China and regarded as a danger to the peace and stability in the Taiwan Strait. When it was revealed that Representative Pelosi would be traveling to Taiwan, the People's Republic of China issued a stern warning to the United States, warning them not to make any attempts to travel to Taiwan or else the United States would be forced to pay for it. At a time when the entire world is already grappling with the situation between Russia and Ukraine, the United States was well aware that this visit will fuel the connection between China and the United States. This visit was condemned by the Chinese foreign minister, who stated that it "seriously infringes on China's sovereignty and territorial integrity" and will have a negative effect on the political foundation of relations between China and the United States. During the visit, it is said that Pelosi made the following statement, "We cannot stand by as the CCP (Chinese Communist Party) proceeds to threaten Taiwan and democracy itself. We are not a supporter of autocrats." She is referring to the actions being taken by the Chinese Communist Party (Rachman, 2022).

In response to this visit, the Chinese military has announced that it will undertake joint drills in the air and water near Taiwan and would conduct test launches of conventional missiles in the sea to the east of Taiwan. According to Fravel said, "Taiwan will be subjected to military drills and missile tests from the north, south, east, and west." The United States military had four warships and airplanes stationed in the water to the east of Taiwan. The US officials Kirby told that "We will continue to support Taiwan, protect a free and open Indo-Pacific, and seeks to maintain communication with Beijing. He also said that the USA will not engage in "saber rattling," which means that the USA will not engage in threatening behavior. As a consequence of these engagements and the bellicose act of the United States, a great number of authorities are of the opinion that war will soon break out between two significant powers of the world, from which the entire world may suffer, and that many of these acts will lead to World War III. The United States of America and China are both extremely powerful nations; the former is a rising powerhouse, and the latter is already a superpower; consequently, the tension that exists between these two nations is extremely detrimental to the rest of the world. The primary reason for all of these wars is that all power states want to maintain their "Hegemonic Status." This is particularly true of the United States, which has forecasted that the world order will shift into a "multi-Polar" configuration. As a result, the United States wants to weaken those states that are competing with it on a high level. Both the Russia-Ukraine conflict and the Taiwan problem can be traced back to the fueling provided by the United States (Rachman, 2022).

### **TWO MAJOR POWERS AND THEIR CONFLICTS: BLOW TO GLOBAL ECONOMY**

The conflict in Ukraine poses a risk to global economic growth. Ukraine is not a trading partner for any significant economy, but China, the United States, and Germany are Russia's top trade partners, and Western sanctions have devastated the Russian economy. As a consequence of Western sanctions, Russia may experience fluctuations in the availability of necessary goods. Europe, which has the most extensive trade links with Russia, will be hit the hardest by this ambiguity. The majority of nickel, aluminum, and platinum comes from Russia and Ukraine. Delays in supplies could have a negative impact on the manufacturing process and the supply chain. Inadequate local supplies of components also contribute to problems in the region; for instance, the production of several models of German automobiles was halted due to a shortage of electrical systems in Ukraine. Russia's key exports of oil and gas have increased dramatically; the price of gas has doubled since the conflict began, and the price of oil has soared to US \$125 per barrel. The economic downturn in several countries is also analyzed. Exports to Russia make up only 2% of total European exports, and the long-term effect of trade restrictions was expected to be a decrease of 0.4% to 0.6% for the stronger European economies of Germany, Italy, and France. Price increases will affect economies elsewhere. The IMF estimates that a 10% rise in prices would reduce GDP by 0.1% to 0.2% (Tank, 2022).

Russia and Ukraine's armed war has pitted two major actors in the international agricultural commodities market against one another. Both countries rely heavily on the sale of wheat, maize, and sunflower oil. Several countries, particularly in Central Asia, Eastern Europe, and Africa, rely heavily on agricultural supplies from these countries. The COVID-19 pandemic has already had a significant economic effect on emerging nations, and that was before the war in Ukraine and Russia. The ongoing fighting in Russia and Ukraine is a reflection of the high cost of food, which threatens food security for a large percentage of the world's people. This research looks at Pakistan as an interesting example to predict how the 2022 global commodity price surge will affect the economy in relation to wheat, vegetable oil, fertilizers, and gasoline. Since Pakistan imports so much and exports so little, the macro model predicts that an increase in global prices will have a twofold effect on the country: first, the import of these necessities will become very expensive; second, the export of any of these will encourage local producers to market their goods abroad. The high price shock brought on by higher fuel and fertilizer costs appears to have hit the remote agricultural sector the hardest, as shown by the micro model (Mughal, 2022).

The self-governed island of Taiwan, which China claims as its own but is governed by its people, has drawn the United States and China into a military confrontation. This is the primary reason for concern for the rest of the world because it compels them to take a side in the conflict. The United States is responsible, without a shadow of a doubt, for sparking the crisis, and China has no option but to fight back to preserve and defend its sovereignty as well as its territorial integrity. The growing animosity and friction between China and the United States may result in armed conflict around Taiwan, and the island may end up becoming a battleground for the "Two Superpowers." The columnists and analysts have already expressed their concern that the possibility of such a conflict breaking out will result in a catastrophe for the economy of the entire world. If there is a conflict over Taiwan, the world's finest semiconductor industry, which is located on the island, will suffer irreparable damage. Sixty-three percent of the industry is controlled by Taiwan. TSMC controls approximately fifty percent of the world's commerce in semiconductors. (Taiwan Semiconductor Manufacturing Company). Europe is worried because in 2021, machinery and

appliances accounted for sixty percent of all EU imports from Taiwan, and an unexpected cut to these supplies as a result of conflict would deal a significant blow to European commercial interests. Because Taiwan is the world's largest producer of semiconductors, a conflict there would have serious repercussions, including a shortage of workers and electronic goods (Kapadia, 2022).

The Asian Economist Mark Williams has outlined two distinct possibilities in his presentation. The first of these is for China to seize control of the islands in the Taiwan Strait and close all of the shipping lanes. This would not only be enough to coerce Taiwan into capitulating, but it would also cause a significant reaction in the market due to the fact that both imports and exports would be severely disrupted. There is also the possibility that the international community will have to make a choice and pick a side in this conflict because it will be ten times more dangerous than the conflict between Russia and Ukraine. One reason for this is that China provides fifteen percent of all global exports, which is six times as much as Russia does. If China is successful in annexing Taiwan, it will not only be able to improve its economy but also obtain access to the Pacific Ocean. If the United States were to lose control of Taiwan, it would be a major international setback for the "superpower" not only in the region but also on the global stage (Kapadia, 2022).

The conflict between Taiwan and China will not only have an impact on economic activity in Taiwan, but it will also affect economic activity in China. As well as being the leading global production hub for automotive goods, China is also the world's biggest exporter of goods related to information and communications technology (ICT). If China were to lose access to Taiwanese semiconductors, the country's manufacturing industry and the economy as a whole would almost certainly experience a significant negative economic impact. In addition, international as well as domestic investors would almost definitely try to move money out of China, which would strain China's exchange rate to such an extent that even China's stringent capital controls and intervention by the PBOC would not be able to fully contain it. A weaker RMB would result in fewer imports into China from the rest of the world, which would occur against the background of China's slowing domestic economy (Vest et al., 2022).

The strain that would be placed on China's commerce and domestic performance as a result of a conflict with Taiwan would also have significant implications for the rest of the world. China's demand for global inputs would decrease if it experienced a weakening exchange rate, disruptions in export manufacturing, and falling domestic consumption (all of which are typical results of geopolitical shocks). It is reasonable to presume, given the make-up of China's imports, that countries that export commodities would be adversely affected by a substantially reduced demand from China, which would put pressure on their respective currencies and balance sheets. The shock caused by a decline in China's import demand could drive even more debt or financially stressed emerging and developing economies to the verge of collapse. This occurs in the context of already high debt levels in emerging and developing market economies, as well as financial stress in a large portion of the developing world (Vest et al., 2022).

### **CHINA'S ECONOMY IS ONE OF ITS MAJOR WEAKNESSES HOW?**

There is a possibility that China is taking its time to reintegrate Taiwan for economic reasons. It's possible that Beijing rethought its strategy in response to the Russian incursion into Ukraine in 2022. Specifically, the possibility of adverse economic consequences. In addition, many observers



point out that because China's economy is focused on exports, the country will want to avoid attracting sanctions that could reduce the country's potential for exports. If Xi is concerned about the political repercussions of a slowing economy, he probably does not want to risk further economic headwinds by beginning a war. This is especially true if he is worried about the political fallout of a slowing economy. Therefore, China's robust economy serves as a mitigating element for any efforts made by Beijing to alter the status quo in relation to Taiwan. Having said that, the contribution of net trade to China's GDP is only 2.0%, according to statistics from the International Monetary Fund (IMF), the Taiwan Bureau of Trade Statistics, and our calculations. For the sake of comparison, the percentage is 7.1% in Taiwan. To put it another way, exports are significantly more important to Taiwan's economy as a proportion of the whole than they are to China's. In addition, the government of China is working to diversify the country's economy away from its reliance on imports and exports and toward an increased emphasis on the provision of services. Therefore, they may have a different perspective on the effect that war has on the flow of commerce. However, the leadership probably is aware that even though net exports only account for 2.0% of GDP when measured in nominal dollar terms, this is still a significant figure for the economy of the world as a whole and for the economies of some countries that are reliant on Chinese goods. It's possible that countries won't want to punish China with economic sanctions in response to a conflict over Taiwan because of the supply chain constraints and inflationary pressures that would result from doing so ("China-Taiwan conflict," 2022).

#### **CHINESE ECONOMIC ENGAGEMENT IN THE CONFLICT BETWEEN RUSSIA AND UKRAINE**

Russia's interactions with the rest of the world will advance in response to the various restrictions imposed on the country. Russia has come to rely on Chinese ingenuity after Western energy companies like British Petroleum (BP) withdrew from operating in the country. Western state groups helped Russia with its revelations in the Siberian area. As a result of international penalties against Russia, China may be the one to initiate improved ties with Russia in exchange for the country's economic contributions, De-dollarization is possible due to strained ties between Russia and the West. The penalties will boot Russia out of the global remittance system immediately. Russia cannot organize dollar-based trade, but the yuan can facilitate growth in mutual commerce between China and Russia. The subsequent internationalization of the yuan in the monetary and economic cycle will be facilitated by commerce in yuan between the two nations. Western sanctions have crippled Russia's economy, so the country has proposed a massive gas tunnel project with China. Up to 50 billion cubic meters of petroleum gas per year will be transported via the planned conduit from Mongolia to China. China has a tremendous political and commercial opening thanks to the conflict between Russia and Ukraine. Many authors analyze and compare various predictions. The conflict has primarily created a rapprochement distance between the Russian Federation and the Western nations, which can be covered by the links between China and Russia. In addition, the current situation has shifted U.S. attention from the Indo-Pacific to Europe, providing China with a prime chance to bolster its geostrategic position in South and East Asia via BRI. In conclusion, China may be an observing state that takes note of the United States and European Union's armed reactions to possible plans for Taiwan (Dollar, 2018).

#### **CONCLUSION**

Sovereignty is the most important element of the state, Taiwan issue is the question of China's sovereignty because from a historical perspective, Taiwan was part of China and China's claim over Taiwan is right from a historical view, but every state deserves independence, so Taiwan demand is valid given moral perspective. China follows "The one China Principle and rejects the idea of two China and says there is no two China there is only one China and Taiwan is part of it. China wants to restore Taiwan by peaceful means but the main reason behind again the rise of China's Taiwan conflict is America and the visit of Nancy Pelosi on August 2 in Taiwan. The USA follows the "One China Policy" which is highly different from the "One China Principle" in which the USA maintains a balancing relationship with the People's Republic of China and the Republic of China which angers China because China does not want that any country to accept Taiwan or recognized Taiwan. Nancy Pelosi's visit fuels the America-China relationship because China thinks that an American visit to Taiwan after a long time means that America is going to give Taiwan recognition as an independent state. Due to this conflict, many financial experts believe that the world may face an economic crisis severely and after COVID the world cannot face more economic loss on the other hand the experts also believe that these tensions may change into a warful act and Taiwan may face military missiles from the north, south, east, and west.

### **Recommendations**

The world needs to understand American strategy as it sparked the war between Russia and Ukraine and now Taiwan and China.

The concern that China has for its sovereignty is warranted; however, the international community needs to acknowledge that every state must have its sovereignty; consequently, instead of fighting a conflict, Taiwan and China should try to resolve their dispute through peaceful means, such as table talk.

China's territorial dispute with Taiwan and the conflict between Russia and Ukraine are the most contentious issues in the world. Just as Ukraine, Kashmir, and Palestine are dealing with serious problems, Taiwan and Ukraine's identities are also in question and marked; consequently, the international community, regardless of whether it is religious or political, must find a solution to these matters as well; otherwise, World War III is no longer a distant possibility.

If China can deftly handle the Taiwan problem, rather than causing a national rift, it will instead elicit strong patriotic feelings, which China can use to strengthen its internal cohesion.

Many people in the financial industry believe that the global economy is on the verge of collapsing, and given that the world cannot afford another economic crisis in the wake of COVID, the United States, and China should refrain from taking any significant action regarding Taiwan. If they do, it will have a negative impact on developing countries.

### **References:**

- Bolton, J., & Zitelman, D. (2021, Aug. 23). Why Taiwan Matters to the United States. *The Diplomat*. <https://thediplomat.com/2021/08/why-taiwan-matters-to-the-united-states/>
- China-Taiwan conflict: Increased risk in the region and its implications. (2022, Sep. 9). *The Hartford Insights*: <https://www.thehartford.com/insights/economic-trends/china-taiwan-conflict>
- Dittmer, L. (2004, Aug.). Taiwan and the Issue of National Identity. *Asian Survey*, 44(4), 475-83.

- Dollar, D. (2018). Is China's development finance a challenge to the international order? *Asian Economic Policy Review*, 13(2), 283-98. <https://doi.org/10.1111/aepr.12229>
- Giang, J. Y. (2022, May 25). What you need to know about China-Taiwan tension. *CNN*.
- Green, M. (2017, Jan.). What is the US "One China" policy and why does it matter? *Center for Strategic and International Studies (CSIS)*. <https://www.csis.org/analysis/what-us-one-china-policy-and-why-does-it-matter>
- John, B. S. O. (2018). *The Globalization of World Politics*. Oxford University Press.
- Kapadia, R. (2022, Aug.). How bad would a Taiwan conflict for the economy? *BARRON'S*. <https://www.barrons.com/articles/taiwan-china-us-conflict-global-economy-51659537917>
- Lijun, S. (2001). *China's dilemma: The Taiwan issue*. Singapore: Institute of Southeast Asian Studies.
- Maizland, L. (2023, Apr. 18). Why China-Taiwan relations are so tense. *Council on Foreign Relations*. <https://www.cfr.org/backgroundunder/china-taiwan-relations-tension-us-policy-biden>
- Martin, T. (2022, Aug. 2). Nancy Pelosi Visit Taiwan in Defiance of China. *The Guardian*.
- Miller, L. (2006). China and Emerging Superpower. *Stanford Journal of International Relations*, 6(1), 1-5.
- Morgenthau, H., Thompson, K., & Clinton, D. (2006). *Politics among nations: The struggle for power and peace* (7th ed.). Random House.
- Mughal, M. A. (2022). Echo of the Cannons? Economic Impact of the Ukraine War on Pakistan -A Macro-Micro Simulation Analysis. *HAL open science*.
- Plummer, R. (2022, Aug. 22). Taiwan braces as China drills follow Pelosi visit. *BBC News*.
- Rachman, G. (2022, Aug. 8). Dangerous fatalism about a US-China War. *Financial Times*.
- Singh, D. G. (2019, Sep.). China-Taiwan conundrum. *Vivekananda International Foundation*. <https://vifindia.org/2019/september/20/china-taiwan-conundrum>
- Speaker Pelosi's Taiwan Visit: Implications for the Indo-Pacific. (2022, Aug. 15). *Center for Strategic and International Studies (CSIS)*. <https://www.csis.org/analysis/speaker-pelosis-taiwan-visit-implications-indo-pacific>
- Tank, A. (2022). Economic impact of Russia -Ukraine war. *International Journal of Innovative Research in Science, Engineering, and Technology*, 11(4), 3345-48.
- US relations with Taiwan. (2022, May 28). *The US Department of State*. <https://www.state.gov/u-s-relations-with-taiwan/>
- Vest, C., Kratz, A., & Goujan, R. (2022, Dec. 14). The global economic disruptions from a Taiwan conflict. *Rhodium Group*. <https://rhg.com/research/taiwan-economic-disruptions/#:~:text=A%20conflict%20over%20Taiwan%20would>
- What is the "One China" policy? (2021, Oct. 6). *BBC News*.
- Wong, T. (2022, Jun. 14). Taiwan: Are the US and China heading to war over the Island? *BBC News*.

Date of Publication

October 15, 2023