



## **Annual Assessment of the Security Environment in the Indo-Pacific Region 2019** **《2019 印太區域安全評估報告》**

### **Executive Summary** *(Please refer to the full report in the original Chinese language)*

This is the most profound period in the global situation since the post-Cold War period. On some levels, the single biggest actor impacting the past year's developments in the Indo-Pacific region was the PRC as countries reacted to Beijing or were the target of its diplomacy or ire. What the past year has shown is that the Indo-Pacific strategy of the United States has clearly established a competition and confrontational pattern between Washington and Beijing – from freedom of navigation operations to shaking up the global technology supply chain.

The year 2019 saw the continued, but precarious, rise of the PRC, making it one of the main uncertainties in Indo-Pacific security. The domestic economic slowdown in the world's second largest economy, the US-Sino trade war, the recession in Hong Kong, the slowing of the PLA's budget growth, and the international questioning of the Belt and Road debt trap and its intentions, have all made it difficult for the PRC to immediately or rapidly become a hegemon.

If this is not handled well, it may cause the PRC to stagnate or retreat, with ramifications for the entire region. How to solve these problems will be an important turning point for Beijing in its quest to expand its political and economic influence internationally.

Among other findings in INDSR's annual assessment on the security environment in the Indo-Pacific region that zeros in on all the major actors, developments in the South Pacific and Taiwan stand out as notably different this year.

In terms of geostrategy, with the rapid rise of China's influence in the South Pacific, the PLA will pose a strategic challenge to the US military's ability to assist the first island chain once Beijing masters key island strongholds around the region Down Under. The South Pacific is where the second and third island chains come into play. The PRC's militarization of the South China Sea has given it, arguably, more influence in that waterway than the United States. From the Taiwan Strait to the South China Sea to the South Pacific, the maritime zones and the island chains have become hot spots to watch.

Australia and New Zealand have recognized that the PRC wants to weaken their influence in the South Pacific. Since the start of this year, the political struggles among actors in the South Pacific region, the United States and the PRC have gradually heated up, triggering a new wave of diplomatic competition. Gaining entry into this strategic maritime region requires a



relatively small amount of investment. This asymmetry in strategic interests makes Beijing's moves in the South Pacific even more obvious.

The past year has seen Taiwan and its biggest security partner, the United States, strengthen their economic and defense ties to unprecedented levels. At the same time, Xi's proposed "One Country, Two Systems, Formula for Taiwan (一國兩制台灣方案)" issued at the start of 2019 highlights the Chinese leader's unwavering goal to bring Taiwan under the PRC's control, regardless of how the cross-Strait relationship changes or stays status quo. It reflects Xi's determination to unify and the will of the Chinese leadership to see the mission through. To some extent, it also represents Xi's personal impatience with the stagnation of cross-Strait ties.

Intimidation and incentives remain the main strategy focus for the CCP on Taiwan. Going forward, the CCP will continue to isolate the Taiwan government, divide its society, and keep up its work to "seduce" the people of Taiwan. If the partisan polarity and antagonism among competing interest groups within Taiwan do not abate, the hostility and preoccupation will come at the expense of recognizing the real CCP threat. From the CCP's view, such a situation will help it infiltrate Taiwan's party politics and support its work on Taiwan.

Japan, while playing nice with Beijing, has also stepped up its guard. It placed the PRC at the top of its threat list in its defense white paper issued this year, stating that the PRC's overall threat and behavior of disrupting the international order was the greatest concern for regional security. For the first time, cyberattacks were included in the scope of the US-Japan security treaty.

As 2020 arrives, it's a tough call on whether, when all is done and dusted, it will be a new world order or a new mess.