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Crises and challenges in the First Island Chain: A British response

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New geostrategic thinking for a more competitive age

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Foreword

The previous Government ‘tilted’ to the Indo-Pacific because threats to Britain’s security, prosperity, and values are increasing and global, not simply NATO-area focused. Intensifying geopolitical competition in the Indo-Pacific puts the United Kingdom’s (UK) economic security at risk. Nowhere is this truer than in the First Island Chain and the waters within. In the South China Sea and Taiwan Strait, critical trade routes twist around fiercely disputed territories. Competing interests and principles, combined with a web of alliances and commitments, make both these areas a source of crisis and potentially conflict.

The People’s Republic of China is making ever more expansive claims and acting increasingly aggressively in the South China Sea and across the Taiwan Strait. This behaviour continues to heighten the chances of future crises. Beijing’s directions pose a serious challenge to those countries who seek to sustain a free and open Indo-Pacific. The UK is one of these countries and, alongside allies and partners, has repeatedly underscored the importance of peace and stability in both these First Island Chain flashpoints.

The Council on Geostrategy’s Indo-Pacific Policy Paper, written by Council Fellow Gray Sergeant, explores challenges and crises which could arise in the First Island Chain in the coming years. It outlines the tools His Majesty’s (HM) Government has at its disposal to respond and posits what such a response could look like.

I welcome this Policy Paper, which underlines the impacts of sanctions from like-minded nations, and the importance of the Royal Navy’s existing presence in the Indo-Pacific. The military positioning in place with allies is intended to support and bolster deterrence in the region, but importantly, if that is not effective, to respond to secure British interests. This Policy Paper also sets out the lead the UK can take in shaping the rules and norms of the region, convening like-minded countries, as well as supporting those resisting Beijing’s revisionism.

The First Island Chain is the frontline for geopolitical contestation in the Indo-Pacific and thus warrants particular attention



as Britain continues to turn the region into a permanent pillar of its global engagement.

The Rt. Hon. Anne Marie Trevelyan

Minister for the Indo-Pacific (2022-2024)

Secretary of State for International Trade (2021-2022)

Minister for Energy & Clean Growth (2020-2021)

Secretary of State for International Development (2020)

Minister for Defence Procurement (2019)



Executive summary

- The First Island Chain remains a potential source of global conflict. His Majesty's (HM) Government's 2023 Integrated Review Refresh highlighted the PRC's more aggressive stance in the South China Sea and Taiwan Strait, and committed the United Kingdom (UK) to supporting stability in these two areas. Yet questions remain over how it can achieve this, and in doing so, secure British interests.
- Any unilateral Chinese attempt to change the status quo across the Taiwan Strait would go against the UK's long-standing expectation that cross-strait differences would be settled peacefully. Such a change would see Taiwan – a vibrant democracy – annexed and the regional order upturned. Further to this, instability around Taiwan would also be detrimental to the global economy.
- HM Government strongly opposes activities which would elevate tensions in the South China Sea and is committed to upholding the United Nations Convention on the Law of the Sea (UNCLOS). Freedom for all parties to navigate there is 'vital' to British, and global prosperity.
- An effective British response to future crises and challenges in the so-called 'First Island Chain' depends on continued United States (US) leadership in the region, and the willingness of those on the frontline of Beijing's revisionism – Taiwan and other South China Sea claimants – to resist.
- HM Government possesses one of the largest diplomatic networks and enjoys membership of key international groupings. Drawing on these extensive ties, the UK could convene partners and coordinate actions in response to challenges or crises in the First Island Chain.
- HM Government boasts of its 'formidable' sanctions capabilities, and has used them against Russia following its invasion of



Ukraine. In response to the People's Republic of China's (PRC) revisionism, the UK could, alongside partners, implement a range of sanctions depending on the desired outcome.

- Britain will enhance its posture across the Indo-Pacific over the coming decade. In addition to bolstering deterrence, and failing this engaging in conflict, British military capabilities could also support other objectives such as aiding like-minded countries' maritime capacity building efforts.
- The PRC could impose a 'quarantine' around Taiwan if it wished to resolve or expedite its territorial claims. At the less intense end of the spectrum is an 'inspection zone', while at the other end would be a full blockade which would attempt to prevent goods and people from entering and exiting Taiwan.
- Beijing's end goal appears to be control and dominance over the South China Sea. As it works towards this end, the PRC could attempt to build additional islands there, establish new Air Defence Identification Zones (ADIZs) or declare new 'straight baselines' around existing geographical features.
- In response, HM Government should:
 1. Continue to define the PRC as an 'epoch defining systemic challenge.' Accordingly, preventing the PRC from transforming the international system to its advantage, and Britain's disadvantage, should be the overarching goal emerging from the current audit of the UK's policy in relation to the PRC.
 2. Recognise in the Strategic Defence Review the centrality of the Indo-Pacific, the region at the heart of this epoch defining struggle, and should apportion the corresponding resources to it. Allocating resources beyond Europe would not run counter to a 'North Atlantic Treaty Organisation (NATO) first' approach to defence, but be consistent with the trajectory the alliance is on.



3. Shape NATO's strategic thinking in terms of the PRC's subversion of the free and open international order, particularly its efforts in the maritime Indo-Pacific.
4. Lead efforts to shape the rules and norms in the First Island Chain. To achieve this, Britain should continue to push for wider acceptance of UNCLOS, engage in maritime capacity building efforts and maintain offshore patrol vessels in the Indo-Pacific.
5. Generate a clear narrative to justify opposition to potential unilateral changes to the Taiwan Strait to counter Beijing's efforts to present the matter as an 'internal affair.' Rebuttals should be firm and done well in advance of a crisis.
6. Demonstrate British willingness to inflict a severe cost on the PRC for crossing certain geopolitical redlines. This includes demonstrating the ability to run, and sustaining the running of, a blockade of Taiwan.
7. Find agreement among allied and partner countries to implement swift and unified economic sanctions in response to lower-level PRC revisionism both in the South China Sea and across the Taiwan Strait.
8. Commit to sending the Carrier Strike Group to the Indo-Pacific on a regular basis – 'pulsing' – following its 2025 visit and work with an array of European countries to ensure a coordinated and persistent European presence in the First Island Chain.
9. Address Britain's vulnerability to coercion from Beijing by reducing the UK's dependency on the PRC for critical goods by diversifying supply chains.
10. Draw together Euro-Atlantic and Indo-Pacific allies and partners and align them behind a shared understanding of the indivisibility of the two regions.



1.0 Introduction

‘Distant – yes, but nonetheless an obligation.’¹ This is how Clement Attlee, then Prime Minister, replied when questioned about his decision to give armed support to the Republic of Korea in late June 1950. Today, the Indo-Pacific remains a potential source of global conflict. The Korean peninsula is one flashpoint, but in recent years, growing attention has been paid to the First Island Chain and the People’s Republic of China’s (PRC) revisionist ambitions towards Taiwan and the South China Sea. Indeed, His Majesty’s (HM) Government’s Integrated Review Refresh committed the United Kingdom (UK) to supporting stability in both areas.

But how could Britain make such a contribution, and do so when the challenge from Beijing intensifies or during a crisis? British parliamentarians are doubtful that it could. The Defence Committee in the House of Commons has concluded:

without a larger permanent [military] presence it is unlikely that the UK [United Kingdom] would be able to make a substantial contribution to allied efforts in the event of conflict in the region.²

Their colleagues on the Foreign Affairs Committee also question the UK’s ability to protect maritime communication lines in the Indo-Pacific and effectively bolster efforts to deter the PRC’s geopolitical ambitions.³

With the election of a Labour government on 4th July 2024, HM Government will, in the coming months, conduct a Strategic Defence Review and an audit of relations with the PRC. Undoubtedly, both reviews will look to the future, and potential threats to Britain’s prosperity in the Indo-Pacific and recognise that security there is linked to security in the Euro-Atlantic. While pursuing a ‘North Atlantic Treaty Organisation (NATO) first’ approach to defence, the new

¹ Antony Farrar-Hockley, *The British Part in the Korean War, Volume I: A Distant Obligation* (London: Her Majesty’s Stationery Office, 1990), p.33.

² ‘UK Defence and the Indo-Pacific’, Defence Committee (UK Parliament), 24/10/2023, <https://committees.parliament.uk/> (checked: 10/10/2024).

³ ‘Implementing the Integrated Review: Tilt to the Indo-Pacific’, Foreign Affairs Committee (UK Parliament), 30/08/2023, <https://committees.parliament.uk/> (checked: 10/10/2024).



government will need to embrace, and develop, the alliance's growing interest in the Indo-Pacific and cooperate with partners from the region. This will involve taking seriously the challenge the PRC poses to NATO nations. As Jens Stoltenberg, former Secretary General of NATO, has written: 'the Chinese government's increasingly coercive behaviour abroad and repressive policies at home challenge NATO's security, values, and interests.'⁴

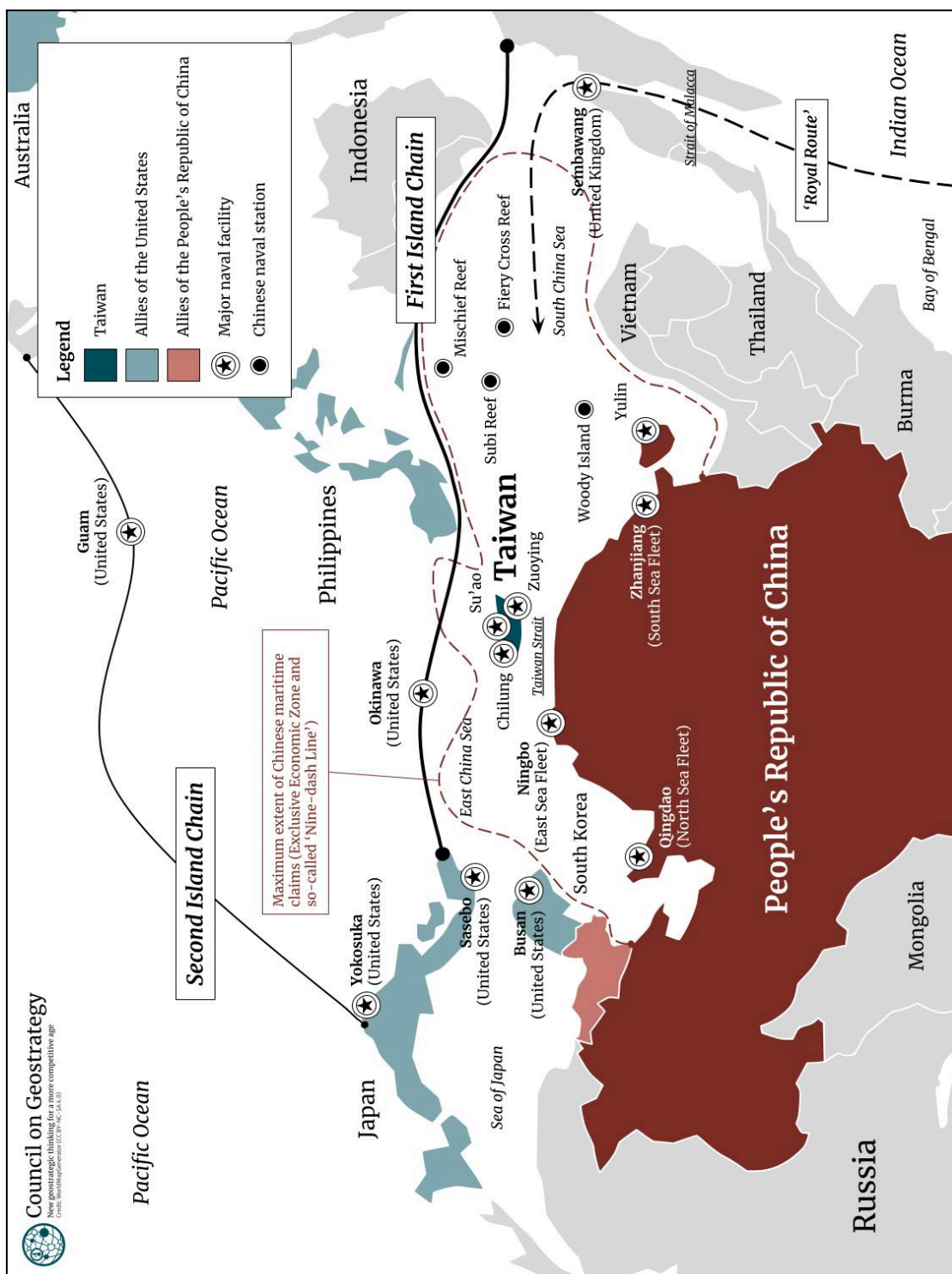
This Policy Paper explores potential challenges and crises which might arise in the First Island Chain (see: Map 1) at the turn of the decade and the tools which HM Government could deploy in response as part of United States (US)-led efforts to counter Chinese revisionism across the Taiwan Strait and in the South China Sea. This Policy Paper highlights the challenges which decision makers in London might face in deploying these tools and identifies areas where the UK, alongside its allies and partners, could enhance its approach and their effectiveness.⁵

With this in mind, this Policy Paper begins by outlining the UK's positions and interest in relation to Taiwan and the South China Sea. It then outlines the stances other countries may take in the subsequent scenarios, before turning to the capabilities which Britain will have to respond with. Finally, the last two sections present two crises around Taiwan, an inspection zone and blockade, and layouts a vision for a more contested South China Sea. Here, the paper notes potential responses the UK could take alongside a coalition of like-minded countries.

⁴ Jens Stoltenberg, 'A Stronger NATO for a More Dangerous World: What the Alliance Must Do in Vilnius—and Beyond', *Foreign Affairs*, 10/07/2023, <https://www.foreignaffairs.com/> (checked: 10/10/2024).

⁵ As part of the research process for this report experts from the UK, Australia, the US and Taiwan were consulted in early 2024 and brought together at two virtual workshops in April. Inspiration for scenarios were drawn from the following papers and others cited within: Bradley Martin et al., 'Implication of a Coercive Quarantine of Taiwan by the People's Republic of China', RAND Corporation, 23/05/2022, <https://www.rand.org/> (checked: 10/10/2024); Lyle J. Morris, 'A US Option Playbook for Contingency Planning to Reclaim Scarborough Shoal', RAND Corporation, 27/06/2019, <https://www.rand.org/> (checked: 10/10/2024); Edmund J. Burke and Astrid Stuth Cevallos, 'In Line or Out of Order? China's Approach to ADIZ in Theory and Practice', RAND Corporation, 10/11/2017, <https://www.rand.org/> (checked: 10/10/2024) and Reading Between the Lines: The Next Spratly Legal Dispute, Centre for Strategic and International Studies, 21/04/2019, <https://amti.csis.org/> (checked: 10/10/2024).

Map 1: The First Island Chain





2.0 Positions and interests

HM Government's Integrated Review Refresh promised to make the Indo-Pacific – described as 'critical' to Britain's economy and security – a 'permanent pillar' of the UK's international policy. The review's foreword specifically highlighted the threats posed to the international order by heightened PRC aggression in the Taiwan Strait and the South China Sea.⁶ The new Labour government has reaffirmed these specific concerns and underscored the UK's commitment to a free and open Indo-Pacific, alongside partners, in the recent Group of Seven (G7) foreign minister's statement, as well as bilaterally with Japan and South Korea.⁷

2.1 *The UK and Taiwan*

HM Government merely acknowledges Beijing's claim that Taiwan is part of the PRC and maintains strong unofficial ties with Taiwan through the British Office in Taipei (see: Box 1). Any unilateral attempt to change the status quo would go against the UK's long-standing expectation that cross-strait differences be settled peacefully. HM Government also maintains the right to navigate freely through the Taiwan Strait. In September 2021, HMS Richmond (a type 23 frigate) detached from the maiden deployment of the Royal Navy's Carrier Strike Group to transit the strait.

Box 1: 'One China?'

Beijing's 'One China Principle' asserts that the PRC is the sole legal government of the whole of China, of which it considers Taiwan a part. However, the UK is not alone in not accepting this, nor in crafting its own

⁶ 'Integrated Review Refresh 2023: Responding to a more contested and volatile world', Cabinet Office (UK), 13/03/2023, <https://www.gov.uk/> (checked: 10/10/2024).

⁷ See: 'Japan-UK Summit Meeting', Ministry of Foreign Affairs (Japan), 11/07/2024, <https://www.mofa.go.jp/> (checked: 10/10/2024) and 'PM meeting with President Yoon of the Republic of Korea: 11 July 2024', Prime Ministers Office (UK), 11/07/2024, <https://www.gov.uk/> (checked: 10/10/2024).



distinctive 'One China policy.' The US also only acknowledges Beijing's claim, while other governments have opted for 'take note' or 'respect' instead.

The PRC deliberately conflates its One China Principle with other countries' One China policies and pushes other distortions to the same effect. For example, Beijing has long mischaracterised the United Nations (UN) Resolution 2758 as affirming, in international law, the One China Principle. With such narratives, Beijing is preemptively justifying any unilateral measures it takes against Taiwan, and by extension, delegitimizing opposition.

A unilateral change to the status quo would see a vibrant democracy annexed and the regional order upturned. Instability around Taiwan would also be detrimental to the global economy – what with half of global container traffic transiting the Taiwan Strait. A blockade of Taiwan, the Rhodium Group has estimated, would put at the very least US\$2 trillion of global economic activity at risk, including the supply of semiconductors (Taiwan currently produces 92% of the world's most advanced logic chips).⁸

2.2 The UK and the South China Sea

While HM Government takes no position on the competing claims to sovereignty over features in the South China Sea, it opposes activities which may elevate tensions, including land reclamation, the construction of fake islands on rocks and low-tide elevations, and militarisation. Britain is committed to upholding the United Nations Convention on the Law of the Sea (UNCLOS) and applying the rights of freedom of navigation stipulated in this convention, including innocent passage and overflight, wherever it is legal to do so.⁹

In addition to upholding international law, the UK has an economic stake in these waters. Freedom for all parties to navigate there is 'vital' to Britain, and global prosperity, as almost 60% of

⁸ Charlie Vest, Agatha Kratz and Reva Goujon, 'The Global Economic Disruption from a Taiwan Conflict', Rhodium Group, 14/12/2022, <https://rhg.com/> (checked: 10/10/2024).

⁹ 'UK government's position on legal issues arising in the South China Sea', Foreign and Commonwealth Office (UK), 01/09/2020, <https://depositedpapers.parliament.uk/> (checked: 10/10/2024).



international maritime trade passes through the South China Sea.¹⁰ While the UK depends on the South China Sea for 12% of its own trade in goods.¹¹ Moreover, PRC aggression and revisionism, which threatens this freedom, concerns key British allies and partners in the region, including the US, Japan, and Australia. This is also the case for a number of Southeast Asian nations with which the UK has recently enhanced ties with, through joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and achieving 'Dialogue Partner' status of the Association of Southeast Asia Nations (ASEAN): Vietnam, Brunei, Singapore, and Malaysia (the latter two also being members of the longstanding Five Power Defence Arrangements).

¹⁰ Anne-Marie Trevelyan, Speech: 'South China Sea conference 2023: speech by the UK Minister for the Indo-Pacific', Foreign, Commonwealth, and Development Office (UK), 25/08/2023, <https://www.gov.uk/> (checked: 10/10/2024).

¹¹ The latest figure available comes from 2016, see: 'How Much Trade Transits the South China Sea?', China Power, 02/08/2017, <https://chinapower.csis.org/> (checked: 10/10/2024).



3.0 Towards the 2030s

How Britain responds to potential crises and challenges in the First Island Chain by the early 2030s will be determined by the stances of other countries. Continued US leadership in the region is crucial, as is the willingness of those on the frontline of Beijing's revisionism to resist. For the scenarios outlined in section 4 and 5, this paper assumes:

- Washington is able and willing to uphold the order it has established with its key allies and partners in the Indo-Pacific, and thus holds to long-standing positions and commitments. This includes opposing unilateral changes to the status quo across the Taiwan Strait and honouring its alliances, including those with Japan and the Philippines.
- Taiwan remains independent and the sense of a distinctive Taiwanese identity among the people there has continued to strengthen, alongside diminishing support for any form of unification with the PRC. As such, the government in Taipei does not succumb to coercion from Beijing.
- Disputes in the South China Sea, similarly, remain unresolved. Several states in Southeast Asia continue to challenge the PRC's attempts to realise its so-called 'Nine-dash line', while attempting to uphold their rights in their Exclusive Economic Zones (EEZ).

It is also assumed that HM Government will align itself broadly with the US and sustain Britain's 'tilt' to the Indo-Pacific, along with the commitments and partnerships this entails. Moreover, it is assumed that public opinion would not seriously restrain the UK from engaging in the Indo-Pacific (see: Box 2).



Box 2: British public opinion vis-à-vis China and its territorial claims

Attitudes towards the PRC in the UK, like those in many other countries, have soured. In the space of five years, from 2018 to 2022, the percentage of the British public holding an unfavourable view of the PRC increased from 35% to 69%, peaking in 2020 with 74%. Additionally, in relation to human rights abuses, a majority of the British public support sanctioning the PRC, even if it comes with a cost to the UK economy.¹²

Correspondingly, there is support for resisting Beijing's revisionist territorial claims. A poll of the British public, taken in 2019, found that 48% favoured the UK continuing military operations in the South China Sea, compared with 20% who responded that they should cease. Just over half of British respondents to a 2022 survey supported other countries helping Taiwan in the event of an attack by the PRC. Meanwhile, the British public is more willing than those in other European countries to impose sanctions on the PRC, as well as send arms and troops to Taiwan in the event of an invasion.¹³

The international situation will also have a crucial bearing on any British response to Chinese aggression. The security situation of European nations and their relations with Russia would affect the extent to which resources, including the UK's military assets, can be devoted to the Indo-Pacific, and if needs be diverted from the Euro-Atlantic.

¹² See: Laura Silver, Christine Huang and Laura Clancy, 'How Global Public Opinion of China Has Shifted in the Xi Era', Pew Research Centre, 28/09/2022, <https://www.pewresearch.org/> (checked: 10/10/2024) and Fintan Smith, 'A quarter of Britons consider China to be an enemy of the UK', YouGov, 14/10/2022, <https://yougov.co.uk/> (checked: 10/10/2024).

¹³ See: Jonathan A. Chu and Stefano Recchia, 'Does Public Opinion Affect the Preferences of Foreign Policy Leaders? Experimental Evidence from the UK Parliament', *The Journal of Politics*, 84:3 (2022); Jon Henley, 'Sharp fall in China's global standing as poll shows backing from Taiwan defence', *The Guardian*, 23/10/2022, <https://www.theguardian.com/> (checked: 10/10/2024); and Alexandra de Hoop Scheffer, Martin Quencez and Gesine Weber, 'Transatlantic Trends 2023: Public Opinion in a Shifting Global Order', German Marshall Fund, 12/09/2023, <https://www.gmfus.org/> (checked: 10/10/2024).



4.0 British capabilities

How could HM Government respond to further Chinese expansionism in the First Island Chain? The UK has a range of diplomatic, economic, and military instruments at its disposal which it could use in a First Island Chain crisis. However, one tool, or one set of instruments (e.g., economic sanctions), would not be sufficient on their own. Moreover, any action taken by HM Government would likely be part of a coalition effort involving Indo-Pacific allies and partners such as the US, Japan and Australia or groups, such as the G7.

First and foremost, the UK should be signalling its ability and willingness to use these capabilities in order to deter the PRC from taking further actions. Failing this, these tools would be deployed to either alter Beijing's calculus, by making it pay a cost for its actions (to discourage it from pursuing further steps or to persuade it to reverse course) or prevent the PRC from achieving its goals.

4.1 Diplomatic

HM Government possesses one of the largest diplomatic networks in terms of both the number of posts and coverage (in 2021 these posts covered 178 countries or territories). Britain is also a member of key international groupings, including the G7, recently became a Dialogue Partner of the ASEAN, and is a permanent member of the UN Security Council.

Drawing on these extensive diplomatic networks, the UK could convene partners and coordinate actions. Such a contribution could enhance the effectiveness of economic sanctions as well as bolster efforts, via public statements and private dialogue, to apply pressure on Beijing.

Establishing broad coalitions is likely to bolster the effectiveness of diplomatic initiatives. This would be more difficult in a dispute around Taiwan, compared with one in the South China Sea where UNCLOS provides a widely recognised framework for establishing international rights and wrongs which opponents of Beijing's expansionism can unify behind. Support from 'middle ground' countries, in Asia and Africa, will be key to demonstrating global



concern. The PRC will likely be able to draw on support from a number of illiberal, autocratic governments in these regions and on countries with policies which mirror Beijing's 'One China' principle. It seems unlikely that a UN General Assembly resolution condemning Chinese aggression against Taiwan would pass with a margin as large as that of the one condemning Russia's 2022 invasion of Ukraine.

The UK is a highly experienced convenor, making such moves operationally feasible. Using these tools is also comparatively low cost and low risk. The biggest casualty would be, whatever remains of, British-Chinese relations. Diplomatic pressure alone, however, will likely have a limited effect on Beijing given the importance it places on territorial claims.

4.2 Economic

HM Government boasts of its 'formidable' sanctions capabilities, which have been used against Russia following its invasion of Ukraine.¹⁴ In a potential Indo-Pacific crisis, the UK could, alongside partners, implement a range of sanctions depending on the desired outcome. Narrowly targeted sanctions, particularly those against individuals or entities, could be used to signal opposition, demonstrate a willingness to escalate, and punish those responsible for the actions in question. Sanctions and export restrictions could be applied to specific industrial sectors or companies highly dependent on technology from G7 countries. Analysts have identified the Chinese aerospace industry, for example, as a sector which could be targeted to inflict a disproportionate cost on the PRC.¹⁵ If Beijing crossed a major geopolitical redline, broader sanctions, including major financial sanctions and tariffs or restrictions on bilateral trade, could be imposed. For example, it is estimated that cutting the PRC's four largest banks off from the international dollar payment system would disrupt US\$3 trillion in trade and investment flows.¹⁶ These broad-based measures could be deployed to degrade the PRC's ability,

¹⁴ 'Deter, disrupt and demonstrate – UK sanctions in a contested world: UK sanctions strategy', Foreign, Commonwealth and Development Office (UK), 22/02/2024, <https://www.gov.uk/> (checked: 10/10/2024).

¹⁵ Charlie Vest and Agatha Kratz, 'Sanctioning China in a Taiwan Crisis: Scenarios and Risks', Atlantic Council and Rhodium Group, 21/08/2023, <https://www.atlanticcouncil.org/> (checked: 10/10/2024).

¹⁶ Ibid.



and willingness, to fight in a conflict over Taiwan or the South China Sea.

Beijing is vulnerable to these latter measures – interconnectedness creates dependencies in both directions. The PRC's export-driven growth has created trade in goods deficits between major economies and itself, including with the UK.¹⁷ Other partners also have specific points of leverage, for example, a sizable portion of PRC coal and agricultural imports come from Australia and the US respectively (although cutting of the latter could provoke a humanitarian backlash). Beijing also seeks to benefit from the use of the City of London to promote the use (internationalisation) of the renminbi and to develop financial expertise. PRC holdings of G7 foreign currencies could also be targeted. While the majority of these foreign assets are American, it is estimated that roughly 5% (US\$155 billion) are British.¹⁸

However, Beijing will in the coming years, no doubt, continue efforts to 'sanction-proof' its economy and thus limit the PRC's exposure to this form of statecraft. To date, measures have included efforts to bolster the country's self-reliance (through, for example, de-Americanising supply chains), the building of a yuan-based global commodities trading system, and the establishment of the Cross-Border Interbank Payment System (CIPS) to rival existing financial messaging and settlement services. Although the time when CIPS renders any financial sanctions ineffective, is 'still a considerable distance away'.¹⁹

Additionally, the Chinese Communist Party (CCP) may be better able to deal with grassroots frustration caused by economic hardship: first, because the state can use its vast propaganda machine to control public opinion; and, second, because, failing this, dissent can be quickly, and ruthlessly, crushed.

Finally, using economic sanctions against the PRC also carries costs. For example, British consumers would feel the impact of restrictions on Chinese imports. Additionally, given the country's

¹⁷ In 2023 the UK's trade in goods deficit with the PRC stood at £34.3 billion, see: 'Trade and Investment Factsheets: China', Department for Business and Trade (UK), 17/05/2024, <https://www.gov.uk/> (checked: 10/10/2024).

¹⁸ Emily Kilcrease, 'No Winners in This Game: Assessing the U.S. Playbook for Sanctioning China', Centre for a New American Security, 01/12/2023, <https://www.cnas.org/> (checked: 10/10/2024).

¹⁹ Barry Eichengreen, 'Sanctions, SWIFT, and China's Cross-Border Interbank Payments System', Centre for Strategic and International Studies, 20/05/2022, <https://www.csis.org/> (checked: 10/10/2024).



global economic reach, disruption in the PRC would have, when compared to the situation now with Russia, a much larger impact in other countries. Moreover, Beijing will be better able, than Moscow, to use economic tools to retaliate.

4.3 Military

As a Euro-Atlantic power, the UK has limited military assets in the Indo-Pacific, which are also unevenly distributed across the region. Ports and naval bases in Bahrain, Duqm (Oman), and Diego Garcia give Britain greater strength in the western Indo-Pacific, the Indian Ocean, compared with the First Island Chain and the waters to their east. That said, the UK will enhance its posture across the region over the coming decade.

In terms of presence, the Royal Navy has maintained, for many years, mine warfare capabilities in Bahrain and is currently replacing its crewed mine hunting vessels with autonomous systems. Littoral Response Group (South) – comprising a large amphibious vessel or auxiliary, and one or two warships – is based in Duqm. The Royal Navy also has two offshore patrol vessels (OPVs), HMS Tamar and HMS Spey, currently deployed in the Indo-Pacific. However, it is still uncertain whether they will keep the vessels in the region following the deployment of the Type 31 class frigates.

Two of these frigates should be in the region by the end of the decade. Additionally, as early as 2027, a Royal Navy Astute class submarine will be on rotation, alongside up to four US Virginia class boats, at Fleet Base West in Perth.

In terms of expeditionary forces, the Royal Navy can assemble and send to the region a Carrier Strike Group consisting of; 1 aircraft carrier, 1-2 Type 45 class destroyers, 1-2 Type 26 class frigates, 1 Astute class submarine, and 1-2 auxiliaries. The involvement of a carrier strike group in a First Island Chain crisis would depend on its location; if it were in British home waters, it would take over two weeks to reach the Indian Ocean.

The Royal Navy's contribution, although small in terms of the number of vessels, would be meaningful, given the high-end nature of its capabilities. Few other militaries possess tools such as nuclear-powered attack submarines and large aircraft carriers, especially one equipped with fifth generation stealth combat aircraft



(the F-35B Lightning II). If any vessel was sunk, it would be costly and take years to replace them. The risk of this occurring would be heightened if the Royal Navy was operating under the PRC's anti-access/area denial (A2/AD) bubble.

In addition to bolstering deterrence, and failing this engaging in conflict, British military capabilities can also support other objectives. For example, the OPVs are highly capable of supporting smaller nations to uphold their maritime rights (capacity building), primarily because their smaller size allows them to visit more ports.

More substantial warships are also able to conduct navigational manoeuvres and exercises to uphold international law. These actions, demonstrating state practice, reinforce diplomatic statements and would need to be carried out consistently with like-minded partners.



5.0 Crises across the strait

The US Department of Defence currently concludes that an extensive amphibious invasion of Taiwan would ‘strain’ the People’s Liberation Army (PLA) and be a ‘significant political and military risk’ for the CCP leadership, even if Chinese troops were able to land successfully.²⁰ Even after further PLA modernisation, it remains Beijing’s riskiest and most costly option.

It seems more probable that the PRC would impose some form of ‘quarantine’ around Taiwan if it wished to resolve or expedite the ‘Taiwan question.’ This approach could be highly effective given Taiwan is an island in close proximity to the PRC’s coast, covered by the PLA’s A2/AD capabilities. Taiwan is also especially vulnerable to such tactics, given its dependency on energy imports.

Quarantines have the advantage, unlike invasions, of being reversible or scaled-down, if necessary. Conversely, they can also begin small and be gradually scaled up. At the less intense end of the spectrum is an ‘inspection zone.’ Under this arrangement, Beijing would assert its sovereignty around Taiwan. At the other end would be a full blockade (although the PRC would not call it this), which would attempt to prevent goods and people from entering and exiting Taiwan. This protracted campaign would aim to cut Taiwan off from the outside world both economically and militarily.

5.1 Opposing an ‘inspection zone’

If the PRC imposed an inspection zone, Beijing would demand that international shipping companies obtain permission before entering Taiwan’s ports and provide lists of cargo. The China Coast Guard (CCG) would then patrol Taiwan’s contiguous zone, stopping and inspecting select ships and harassing those which do not comply.

This move would be designed to demonstrate Chinese sovereignty over Taiwan. It would be in the mould of Beijing’s current grey zone tactics, albeit a steep escalation compared with current

²⁰ ‘Annual Report to Congress: Military and Security Developments Involving the People’s Republic of China’, Department of Defence (US), 12/10/2023, <https://media.defense.gov/> (checked: 10/10/2024).



activity. Given the PRC's economic power, it is conceivable that shipping companies would simply comply. This includes Taiwanese companies, even if Taipei protests and sends its own coast guard to challenge CCG patrols. Under this scenario, Beijing would have unilaterally altered the cross-strait status quo significantly, while trade into and around Taiwan would be largely unaffected.

Given this, even if they object in principle, other countries may prove reluctant to act. If inspections began around Taiwan's offshore islands (before spreading to the main island), a swift response would likely be even less forthcoming.

In response, the UK, alongside partners, could:

- Sanction individuals and entities involved in establishing and enforcing the inspection zone. More economically punitive sanctions on specific industries could also be possible.
- Internationalise the issue through multilateral statements and by putting on the agenda of global forums. In the latter case, Britain and its allies could attempt to raise objections on shipping in strait through the International Maritime Organisation.
- Enhance inspections on Chinese vessels or their cargo. Given the small size of British shipping (and other partners) and the PRC's traditional reliance on exports for economic growth, 'tit for tat' retaliation would be tricky and costly for both sides. Such a measure would not stop trade, but the inconvenience may encourage businesses to look for alternative, non-Chinese, suppliers.
- Send a multinational delegation of senior ministers to Taiwan or allow Taiwan's foreign minister to visit in a show of solidarity. As with the above measures, this would ensure Beijing's actions carry a cost, in this case a political one. Such moves could boost morale in Taiwan and thus counter the PRC's psychological warfare efforts to break the will of the Taiwanese people.

5.2 Challenging a blockade

The type of blockade around Taiwan, and the circumstances in which Beijing attempts to blockade the island country range widely. It is conceivable that the PRC attempts a non-kinetic blockade using the CCG and the Chinese Maritime Militia, with support from the PLAN.



Such steps could also seamlessly follow an ‘inspection zone’ and be justified, for example, as an attempt to prevent US arms deliveries reaching Taiwan.

In taking this step, the PRC would be consciously disrupting the global economy, and by extension, its own prosperity. Therefore, if sustained, such a measure may be taken for the purpose of annexation. If the blockade begins non-kinetic, it would suggest that Beijing was wary of precipitating an armed-conflict with the US, and the fallout which would follow.

In such a scenario, Beijing would have already factored in foreign sanctions, making their utility questionable. Although broad-based sanctions should be applied to degrade the PRC’s ability to sustain a blockade. Britain could implement such measures and lead on ensuring its allies and partners remain aligned.

The UK could also contribute to efforts to challenge this blockade, physically and legally; in the latter realm, it could also lead.

As noted above, Beijing may craft a pretext to justify its measures; equally likely is that it would attempt to present Chinese actions as complying with international law. For example, the CCP could frame a blockade as ‘non-international armed conflict’ (NIAC) and thus justify its measures on the grounds of preserving national unity and territorial integrity. Given the UK’s legal position on Taiwan’s status, and the fact that the PRC has never ruled Taiwan, such a determination is open to challenge.

Moreover, while Article 51 of the UN Charter, enshrining the right to individual and collective-defence, only applies to UN members, opponents of a PRC blockade could call on Article 39. This latter article, which deals with ‘the existence of any threat to the peace, breach of the peace, or act of aggression’, could be invoked to justify a coalition response, even though pursuing such a route would ultimately face Beijing’s veto.²¹

At the very least, a blockade could be challenged on the grounds that it would disrupt freedom of navigation through the Taiwan Strait. It is questionable whether action taken as part of a NIAC, if a blockade is accepted as such, could extend beyond a country’s territorial seas.

While the above is key to shaping global opinion – no small challenge given the PRC’s growing global influence – winning the

²¹ ‘United Nations Charter, Chapter VII’, United Nations, <https://www.un.org/> (checked: 10/10/2024).



narrative would not break the blockade. An attempt of this kind could only come in the form of a US-led effort to escort merchant ships militarily, re-flagged under the American or coalition flags, through PLA maritime barriers. Here, the scale of merchant shipping friendly to Taiwan would be a crucial factor, if not the ‘most important.’ Airlifts would not be sufficient, except for transporting critical supplies such as medicine (if blocked by the PRC) and providing a boost to morale.

In such a scenario, the UK could be asked to contribute to assembling a fleet of merchant ships by providing financial support to commercial shipping as insurance rates rocket. Britain and its allies could provide subsidies for war premium insurance or offer guarantees of reimbursement for any merchant ship damaged or sunk. Vessels would also need to be re-flagged under the US or coalition flag.

US analysts question the sufficiency of the American commercial fleet for such a task, particularly if a blockade becomes kinetic, and therefore highlights the need for support from allies with ownership over a sizable tonnage of merchant shipping. One of the countries listed is the UK.²²

However, it should be noted that the number of ‘military useful’ civilian vessels available to HM Government has steadily declined in recent years, down from 841 in 2009 to 495 in 2023.²³

Additionally, future British naval assets in the Indo-Pacific, such as the Type 31 class frigates, could assist with escorting cargo vessels to and from Taiwanese ports or could be positioned on the outskirts of the PLA’s A2/AD to provide overwatch for escort forces. Alternatively, the Royal Navy could backfill elsewhere – from the Mediterranean, to the Arabian Gulf and Indian Ocean – to allow the US to focus on running the blockade.

Even if successfully sustained, running a blockade is not a solution. Beijing is unlikely to accept such an outcome. The prospect of failure would severely undermine the CCP’s nationalist credentials and thus may spur Beijing to escalate. In such circumstances, diplomacy and the threat of deploying whatever economic sanctions remain

²² See: James Campbell and James Martin, ‘Prepare the Logistics to Break a Chinese Blockade of Taiwan’, US Naval Institute, 2022, <https://www.usni.org/> (checked: 10/10/2024) and Mark Jestrab, ‘A maritime blockade of Taiwan by the People’s Republic of China: A strategy to defeat fear and coercion’, Atlantic Council, 12/12/2023, <https://www.atlanticcouncil.org/> (checked: 10/10/2024).

²³ George Allison, ‘Huge drop in “Military Useful” British vessels’, *The UK Defence Journal*, 19/11/2023, <https://ukdefencejournal.org.uk/> (checked: 10/10/2024).



unused would be necessary. The CCP, if it still wished to limit confrontation with the US and its coalition, could enhance a blockade through submarine warfare and mining Taiwanese ports. In which case, the UK's Astute class submarine could come into play. Additionally, Britain could deploy its mine-clearing capabilities to create safe passages near port entrances. Of course, a limited conflict could quickly expand, accidentally or otherwise, into a wider war.



6.0 A more contested South China Sea

Over the past decade, the PRC has solidified its sweeping claims in the South China Sea through the building of artificial islands on rocks and low-tide elevations. It has also misrepresented international law, by claiming the rights of an archipelagic state to assert 'straight baselines' and declare 'internal waters' in between islands, to supplement its historic, so-called 'nine-dash line', claim. Beijing's end goal appears to be control and dominance over these waters.

In the past year, the PRC has attempted to compel the Philippines into accepting its writ in the South China Sea; CCG vessels have rammed Filipino ships, while blades and water cannon have been brandished or used. Much of this activity has centred on disrupting Filipino vessels resupplying troops on Second Thomas Shoal, a low-tide elevation within the Philippines EEZ. Other steps could be taken in the future if Beijing wished more strongly to assert its claims.

6.1 *Contesting PRC assertiveness*

The PRC could attempt to build islands, as it has already done successfully on several features in the Spratlys already. An attempt on Scarborough Shoal, given its geostrategic location – militarisation here would enhance the PLA's ability to patrol a greater portion of the South China Sea – would likely provoke a strong response from the US and the Philippines. Washington may repeat military manoeuvres and diplomatic efforts which it successfully deployed in 2016 in response to this challenge. If this fails to deter, the US and the Philippines may engage in sabotage or a blockade of the shoal to prevent further Chinese sand dredging.

If the UK and like-minded partners wanted to signal their opposition to Beijing, beyond words, they could sanction those involved in reclamation efforts. In 2020, the US, for the first time, banned 24 PRC companies involved in island-building from buying American products and announced visa restrictions on complicit individuals.

The PRC could also enhance its claims by establishing new zones, for example, with one or multiple Air Defence Identification Zones (ADIZ) or declare new straight baselines. Beijing has already drawn a



baseline around the Paracel Islands and declared the waters within 'internal waters' but has not done so for the Spratly Islands.

In making such declarations, Beijing would be abandoning ambiguity, and the advantages associated with this approach. Sweeping claims, encompassing large swathes of maritime space would be more likely to produce widespread objections and be difficult to enforce.

Alternatively, more conservative claims could be made by the PRC. An elongated ADIZ covering Pratas and Scarborough Shoal, for example, would avoid directly confronting most other South China Sea claimants, except Taiwan and the Philippines. Beijing could also confine baseline claims in the Spratlys to select features and only enclose those closely grouped together. Such a move would mirror the PRC's drawing of straight baselines around the Japanese-administered Senkaku Islands in 2012. It should be noted that Beijing's announcement, the following year, of an ADIZ covering the East China Sea, including these islands, was far more extensive.

The PRC's claims in this latter scenario would still be inconsistent with UNCLOS and thus necessitate a response from the UK and partner nations. Diplomatic condemnation would, no doubt, be a first step. Physically demonstrating opposition would require the Royal Navy, alongside like-minded counterparts, exercising its right to freedom of navigation.

In a situation where Beijing has advanced any excessive claims, it should be expected that the PLAN would seek to enforce them and, in doing so, conduct risky manoeuvres in response. Indeed, even without additional claims, the PRC could, going forward, assert control more aggressively in the South China Sea (see: Box 3). If manoeuvres to uphold freedom of navigation were to take place, conducting them as part of a coalition naval group, with the breakaway vessel hosting multinational personnel, would deter PRC aggression more effectively. Such activities, to uphold customary international law, should be accompanied with diplomatic statements explaining the purpose of the manoeuvres.



Box 3: Dangerous PLA behaviour in the Indo-Pacific

When HMS Albion ignored Beijing's straight baseline claims around the Paracel Islands in 2018, a PLAN warship tailed it from just 200 metres, while Chinese jets flew low over the British vessel. Over the past few years, other militaries have encountered similar Chinese tactics.

According to the US Department of Defence, between Autumn 2021 and Autumn 2023, the PLA conducted 180 risky air intercepts against US aircraft in the region, including in the South China Sea. This, the Americans claim, is more in that two year period than the past decade. Additionally, the Americans assert that this has also taken place alongside 100 instances of coercive operational behaviour against US allies and partners.²⁴

6.2 Countering Efforts to Undermine UNCLOS

Upholding UNCLOS in the face of PRC efforts to undermine it in the South China Sea involves more than contesting specific illegal maritime claims. The UK, alongside allies and partners, would have to deploy a two-pronged strategy to ensure that Southeast Asian countries can not only uphold their own maritime rights but also that they have the confidence to do so.

In order to achieve the former, HM Government could continue capacity building efforts, by:

- Using OPVs to visit the ports of South China Sea claimants seeking to uphold their EEZ rights and provide training to local militaries and coastguards.
- Providing additional support such as training in maritime law, hydrographic research and expertise in EEZ management and maritime domain awareness (as is being done via the UK-ASEAN Maritime Cooperation Programme).
- Combating PRC efforts to capture local elites who may undermine such efforts, with programmes to counter corruption and promote good governance.

²⁴ 'Annual Report to Congress: Military and Security Developments Involving the People's Republic of China', Department of Defence (US), 12/10/2023, <https://media.defense.gov/> (checked: 10/10/2024).



To achieve the latter, the UK should guarantee that the Royal Navy, alongside other navies from outside the Indo-Pacific, has a more persistent presence in the South China Sea, by:

- Ensuring that the Carrier Strike Group continues to visit the Indo-Pacific, travelling through and conducting exercises in the South China Sea, at regular intervals following its second voyage there in 2025. Routine visits will also enhance deterrence by demonstrating the UK's ability to project force into the region.
- Coordinating with European navies to ensure a more permanent European presence. This could involve efforts to sequence British, French and Italian carrier strike group deployments to the Indo-Pacific as well as other countries which have recently sent military vessels to the region, including Germany, and the Netherlands.
- Increasing patrols of the South China Sea with the Type 31 class frigates, once they are available, and participating in regional exercises. For example, the Royal Navy could participate in the annual US-Philippines Balikatan exercise.



7.0 Conclusion

This paper outlines various ways in which Beijing could advance its geopolitical claims in the coming years. Such steps would not be without consequence for the UK or Europe. In an intensely interconnected global economy, geographic distance provides little protection for a country's prosperity. The Indo-Pacific is important – as the NATO 2022 Strategic Concept notes – ‘given that developments in that region can directly affect Euro-Atlantic security.’²⁵

Due to Beijing's current actions around Taiwan and in the South China Sea, and CCP ambitions there, HM Government should continue to define the PRC as an ‘epoch defining systemic challenge.’ Accordingly, preventing the PRC from altering the international system to its advantage, and Britain's disadvantage, should be the overarching goal emerging from the current audit of the UK's policy in relation to the PRC.

The upcoming Strategic Defence Review should recognise the centrality of the Indo-Pacific, the region at the heart of this epoch defining struggle, and should apportion the corresponding resources to it.

Allocating resources beyond Europe would not run counter to a ‘NATO first’ approach to defence, but be consistent with the trajectory the alliance is on. NATO has committed itself to ‘strengthen[ing] dialogue and cooperation with new and existing partners in the Indo-Pacific to tackle cross-regional challenges and shared security interests.’²⁶

‘NATO first’ should mean leading NATO, not being led by it. As such, HM Government should continue to shape NATO's strategic thinking in terms of the PRC's subversion of the open international order, particularly its efforts in the maritime Indo-Pacific. Accordingly, the UK should use its strong bilateral relationships there and naval power to further the alliances' ability to tackle challenges in the Taiwan Strait and South China Sea.

To ensure that the UK, alongside allies and partners, is better able to counter such challenges, HM Government would do well to continue to shape, deter, address vulnerabilities and generate strategic advantage in the Indo-Pacific.

²⁵ See: ‘NATO Strategic Concept 2022’, NATO, 29/06/2022, <https://www.nato.int/> (checked: 10/10/2024).

²⁶ Ibid.



7.1 Policy recommendations

- The UK should lead efforts to shape the rules and norms in the First Island Chain. In the South China Sea, UNCLOS provides a framework which needs protecting and promoting. Beijing's violations of this convention should be consistently challenged through diplomatic tools and freedom of navigation operations. Britain should continue to push for wider acceptance of UNCLOS and engage in capacity building efforts to help Southeast Asian nations exercise their maritime rights. Maintaining offshore patrol vessels in the Indo-Pacific is important in this regard, even when larger warships are deployed to the region.
- A clear narrative to justify opposition to potential unilateral changes to the Taiwan Strait status quo is currently lacking. If Beijing steps up its coercive tactics, it will no doubt use its own interpretation of history and domestic laws to present its actions as being an 'internal affair.' Not only do such claims need to be firmly rebutted, but they need to be done well in advance of a crisis.
- In order to deter Beijing, Britain and like-minded allies and partners have not only to demonstrate their willingness to inflict a severe cost on the PRC for crossing certain geopolitical redlines, but also their ability to prevent the PRC from achieving its goals. This includes demonstrating the ability to run, and sustaining the running of, a blockade of Taiwan (a scenario where Beijing may have already priced in, and prepared for, the economic costs).
- Agreement among allied and partner countries also needs to be found in order to implement swift and unified economic sanctions in response to lower-level PRC revisionism both in the South China Sea and across the Taiwan Strait.
- The Royal Navy's presence is also critical to contributing to deterrence in the First Island Chain. The UK should commit to sending the Carrier Strike Group to the Indo-Pacific on a regular basis – 'pulsing' – following its 2025 visit and work with an array



of European countries to ensure a coordinated and persistent European presence in the South China Sea and Taiwan Strait. Two Type 31 class frigates should be deployed – as planned – to the region later this decade to operate in the South China Sea and engage in joint-exercises there.

- The economic fallout from a major crisis in the First Island Chain, in particular one involving Taiwan, would be so severe that no country could shield itself. However, HM Government should continue to address its vulnerability to coercion from Beijing by reducing the UK's dependency on the PRC for critical goods through supply chain diversification.
- In terms of strategic advantage, the UK should do more to draw together its Euro-Atlantic and Indo-Pacific allies and partners and align them behind a shared understanding of the indivisibility of the two regions. If Indo-Pacific partners undermine efforts to enhance security in the Euro-Atlantic (or vice versa), all democracies and other like-minded nations suffer.

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This Policy Paper is part of the Council on Geostrategy's Indo-Pacific Project. The Project explores how the United Kingdom can turn its 'tilt' to the Indo-Pacific region into a permanent 'pillar' of its international policy. Focusing on the big geopolitical challenges in the Indo-Pacific, this project explores what British interests are at stake and how they can be secured in an era of systemic competition.



Notes

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