



TAIWAN

The situation and dialogue below are entirely fictional, though readers will note some similarities with current events. For the purposes of this case, the world will remain as it was on July 10, 2023 except for hypotheticals that are specifically introduced in this case. If there are material changes between now and when your final product is due, you are not required to take those into account—though you may do so if you would like.

The Intercept

It is 9:20 p.m. on the evening of Monday July 10th, 2023. and you are getting home after another 17-hour day. You found some leftover pizza in the back of the refrigerator and flipped on the television, scrolling through your long list of un-watched Netflix favorites. Then the phone rang. It was the White House operator. “Please hold for the director of the CIA.” A moment later you are talking with the D/CIA, William Burns. He’s been a key figure in both the Obama & Biden administrations.

“I know this has been a rough start,” Burns said in an all-too-prescient, matter-of-fact tone. “And I’m sorry it’s late, but we’ve had a significant development in East Asia that we have to act on quickly.” They could not discuss specifics on an unsecured telephone line -- and asked you to show up for a 1 a.m. meeting in the Situation Room.

By the time you make it back to the office: the small “bin Laden” room in the Situation Room complex (known by the iconic photograph) was already full. You scan the room, knowing that the most important question at any *Sit-Room* meeting is who is invited. In addition to the President, the Vice President is there, along with National Security Advisor, Secretary of State, Chairman of the Joint Chiefs of Staff, the National Director of Cyber, and The Secretary of Homeland Security. The Secretary of Defense is up on video along with the Deputy National Security Advisor. Always late, the Chief of Staff hustles into the room last taking a seat next to the President. The APNSA asks the D/CIA to brief the group.



“OK, here’s what we’ve got. We recently intercepted a series of conversations between Taiwanese President **Tsai Ing-wen** and one of her political advisers.”

“This was recorded in the last 24 hours,” they report. “Here’s the thing. If we’re hearing it, we have to operate under the assumption that Beijing is hearing it, too. Keep that in mind.”



He looks at an aide in the back. “Turn on the tape,” he says, and soon the voices of Tsai & her advisor emerge from hidden speakers. A translation appears on the screen at the end of the room.

— — — Tape Begins — — —

After the usual pleasantries, Tsai’s adviser gets right to the point.

“As requested, I have a single copy of the memo on opportunities to make major steps towards **sustainable independence**—taking advantage of the confusion that always occurs with the arrival of an upcoming election in Washington. You predicted that president Biden would be preoccupied, but his distractions are far bigger than we could have imagined. Internationally: there is the war in Ukraine, and the Biden administration is desperately trying to renegotiate a nuclear deal with Iran before campaigning really begins. Domestically, Biden is trying to control a contested Congress and navigate through a conservative Supreme Court, not to mention attacks on his family & his Department of Justice. Our best sources in Washington tell us that when the national security team tries to get his attention, he’s been telling them to wait. If there’s going to be any foreign policy focus, it’s going to be on Russia or Iran.”



The adviser paused a moment before continuing. “Madame President, you were certainly right when you said: we have a window of opportunity. Even if you chose one of the boldest moves on the menu, for example declaring independence as the nation of Taiwan, Beijing will be afraid to react because they know Biden will have to support us to avoid looking weak in his first major test with Xi Jinping.

Nonetheless, I would suggest we start with a leak to the press of your visit to observe the U.S. Marine exercise currently going on at our training facility. And I’d leak the secret request to the new administration for them to expedite deployment of the Army’s M57 tactical missile system in Taiwan.”

President Tsai responded skeptically: “**We are already independent—as I’ve frequently asserted. We reject the 1992 consensus.** And we certainly need a relationship with Biden. If he senses that we are trying to box him in, we have to think about what happens after that. Remember: the main thing that prevents Xi ordering his military forces to take over our island is his fear that the United States will come to our defense. Otherwise, he would have gotten the job done years ago.” And, after a pause, she concluded: “that’s a choice the President of the US will face—if it ever come to that.”

The adviser seemed to agree. But then he reminded President Tsai that 2023 is certain to be a big year for China as continues to gather influence around the world. Xi was just unanimously elected for a third consecutive term. A successful reunion of Taiwan with the mainland would ensure the coronation of the new emperor.

The D/CIA motioned for the tape to be stopped.

— — — Tape Ends — — —

“It is worth noting this advisor has known connections to the security services in Beijing. So, his proposals may be designed to be provocative – an excuse for military action. But it may not matter whether they are genuine or not. This view is held by many in Taiwan, although not a majority, and Taiwan is one of the few places in the world the Trump Administration’s bombastic rhetoric against China was quite popular.”

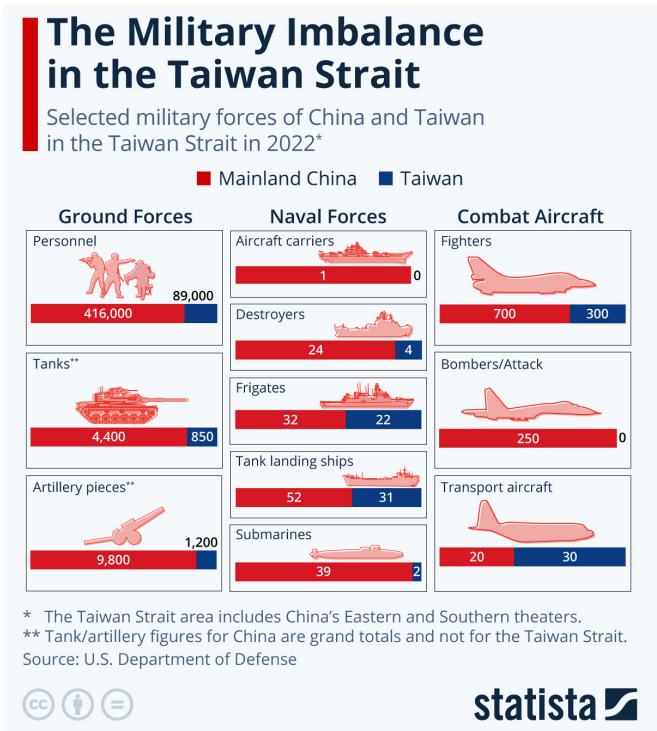
“And Trump responded with arms sales,” said the Secretary of State. “The previous administration boosted Taiwan’s defenses with sales of Reaper drones, Harpoon anti-ship missiles, and SLAM-ER land-attack weapons. The State Department approved the sales. They’re still in the process of manufacturing & delivering, but once these are operational, Taiwan would be able to launch missile strikes 100 miles into mainland China with High Mobility Artillery Rocket Systems. Unless we stop the sales, this would impact the missile balance of power, and at least raise the cost to Beijing of a war with Taiwan.”

The room went quiet as everyone soaked in the details. You think to yourself this is one of those nightmare scenarios you spend a lifetime trying to avoid. Henry Kissinger spoke to your Harvard class once about how managing the Taiwan crisis depended upon both sides meeting necessary interests within the confines of “long existing understandings.” **Had the calculus changed?**

As everyone gathered their thoughts, the D/CIA continued the briefing. “We’ve also seen the document in question. It has an agenda of options that would make Taiwan not just functionally, but actually an independent country. If we were Beijing, and we had the memo and listened to the conversation, we would assess that Tsai and her team are serious and could be on the verge of actions that cross Beijing’s red lines.”

The Deputy National Security Advisor quietly interjected. “We’ve been tracking Chinese military drills. They have come at a faster pace in recent months. They are clearly designed to send a message to Taipei. A new record in the number of fighter craft that violated their airspace just the other day. Hell, just a few weeks ago, China took an aircraft carrier group through the Taiwan Strait. There are a number of ways this could unfold if Beijing made the decision to use force. But I’ll let the Chairman speak to the military options the mainland has on the table.”

The Chairman of the Joint Chiefs picked up the thread. “Taiwan has been scrambling its planes at double the rate over the last couple years to protect against China’s increased incursions into its air defense identification zone. Beijing’s fly-bys are designed to test the island’s defense responses, but also to wear out Taiwan’s fighters, which come closer to expiry with each sortie. That is going to be a problem. They lost an F-16 at the end of last year and had to ground the whole force for several weeks.”



They continued: **“We’ve war-gamed this dozens of times over the years.** If Beijing decides to use force against Taiwan, the outcomes look bad across the board. Let me repeat what I said at last week’s review of the military balance along China’s periphery: the score in the last 18 war games of Taiwan scenarios is 18-0—the Chinese forces always win. Before we get there, the local war is over.”

“China has an array of options for coercing Taiwan. They’ve studied the Russian ‘hybrid war’ playbook (and actually have the talent to back it up), and they’ve studied the Israeli covert action manual. Their op plan starts with cyber-attacks on key targets and then moves up a ladder that uses cyber and electronic weapons to shut down electricity grids and block all communication on and around the island; they then activate human agents supplemented by special forces who can assassinate or capture key individuals including the heads of military and intelligence services or even the president. Then they have several choices. One path moves up a series of explosions at key sites followed by overt air strikes, for example, on air and naval bases. Another begins with a naval blockade enforced by naval mines, submarines, missile tests, and a quick tightening of the noose on an island dependent on regular deliveries of food, energy, and other essentials.

And then there is the likelihood of an amphibious assault. In sum: they have a menu of options; Taiwan’s military forces cannot put up much of a fight. And let’s be clear: **if this is just a battle for Taiwan itself, our options are grim. And the Chinese will do everything they can to keep it a local conflict, because in a larger war with us, the balance shifts.**

The dual hatted NSA Director, slowly nodded. The D/CIA turned to them, asking how they assessed the intercept.

“What tipped us off, and what makes us think Beijing either knew about the conversation in advance or got wind of it as we did, was a **cyber-attack on the semi-conductor industry in Taiwan.** Over the last three hours the Taiwan Semiconductor Manufacturing Company, subsidiaries, and smaller competitor factories are down. We’re trying to gauge the level of damage, but it looks like somewhere between turning out the lights for a day to shutting down production for at least a week or two.” They took a deep breath. “It’s hard to say. Best guess is a few days to maybe a week before they are running again.”

You could hear a pin drop in the room. Left unsaid was the well-known dependence of the technology sector in the U.S., China and beyond on Taiwanese manufacturing. Neither China nor the US has domestic capacity to make up for a halt in Taiwan Semiconductor’s advanced production. You began a mental inventory of the companies dependent on Taiwan Semiconductor for 5G, AI, and other leading-edge tech hardware: AT&T, Verizon, Apple, Microsoft, Google, and Nokia. The administration had



just begged Taiwan for help to meet US auto manufacturing production that was slowing with lack of chips. You remembered that Taiwan produces more than half the world’s advanced semiconductors. Even Huawei is dependent on them. The fact that China chose an action that

hurts it almost as much as it hurts us is a reminder of how entangled technology supply lines have become.

The NSA Director could tell that his revelation of the cyber strike was sinking in around the table. “We’ve never seen a targeted cyber-attack on an industry like this one. Maybe the Iranians hitting the Saudi energy sector, but even that did not have this kind of impact. Clearly, this was long planned. Although no one is claiming responsibility, it is hard to imagine anyone other than Beijing is responsible. It sends a strong signal about what they can do if they decide to shut down the island. Cyber is fully integrated with the rest of their conventional forces aimed at Taiwan and it does not look good. The first shot has been fired.”

The DNI shook their head in agreement. “That really is the question. Targeting the semiconductor industry is different than hitting pure military targets. Our best thinkers in the community believe similar cyber options exist for defensive military targets in Taiwan. If China made the decision to escalate, those defensive targets would be in the next wave. But right now, going after industry alone suggests the Chinese are just firing a warning shot. They are reminding everyone about the consequences if the idea of a sovereign Taiwan gains serious traction under a popular president.”

Biden had remained quiet throughout the meeting, his hands folded. “China has been pushing the redline with Taiwan since I was visiting them in my Senate days. China, Taiwan...they play the long game. We need to do the same. But we also need find a way we can all save face and back off without stumbling into a war no one wants.”

Biden looked at the Secretary of State, who has advised him for years. “Jack, you know the current players and the history of this thing. You even met her in D.C. while she was still a presidential candidate. What’s your read? Is Tsai serious? Are the Chinese bluffing?”

The Secretary thought for a moment before speaking in a way that demonstrated a career in diplomatic circles. “As much as we hammered the last administration during the campaign, they were not wrong that China is pushing beyond traditional lines. We know Xi’s stated goals for 2025 and 2049. I have no doubt that his “China Dream” includes the reintegration of Taiwan into the mainland—just like he is doing with Hong Kong today. But Xi is also ruthlessly realistic about risks. Hell, he sees what’s happening with an over-aggressive Russia. He certainly does not want a war with the US—since he knows that would prevent his achieving all the other goals in his dream. Were Taiwan not trying to take advantage of us by making a move that forces our hand, would Xi be conducting a cyber-attack that harm his interests as well as ours? I don't think so...”

“During the campaign, Mr. President, you said that we would build stronger relationships with our allies in the region including Taiwan to be able to pose a counter-weight to China. We’ve seen China pushing on every front and we criticized Xi when he said: ‘We make no promise to renounce the use of force and reserve the option of taking all necessary means.’ Our policy is the same one Democratic and Republican administrations have pursued since the opening to China: the one China principle; no use of force to resolve differences between the parties; and no independent Taiwan.”

They paused as the room considered the statement before concluding, “A hot conflict with China is not something we want to seriously contemplate, yet here we are looking down the barrel of a gun.”

The Advisor to the President on National Security Affairs nodded in agreement. The Secretary of State and the President both looked at them. They began: “Here’s the dilemma as I see it. First, Beijing is unalterably committed to “reunification” as they see it. Second, it is not prepared to choose that option if it means war with us. But third, all our China watchers agree that if forced to choose between Taiwan’s becoming independent, and war with us, China will fight. Any Chinese government that “lost Taiwan” would lose its “mandate from heaven” and be ousted. So, our challenge is both to deter China and to prevent Taiwan from provoking China. Fifty years ago, Kissinger and Nixon found a formula for doing that in the Shanghai Communique. It created a framework within which we’ve all lived with an essential ambiguity for five decades. Of course, today is different: Taiwan is a successful functioning democracy; China is no longer a poor developing country but a risen rival with an economy bigger than ours. But we still have to find some way to persuade both that each can achieve its essential requirements under some principle that each will interpret differently but allow them to pursue their competing visions without war.

As those around the table were getting their heads around that, the Chief of Staff said: “And one more piece of good news. Some national security correspondent from that newspaper just texted asking about this issue right before the meeting. He claims that the *Times* has somehow gotten a draft of the memo we’ve been discussing and that they are planning to run with the story once all the facts are in order. Madame Vice President, you should expect your phone to be ringing from one of your former buddies from the Kennedy School. But if it does go public, this will put the pressure on us more than anything we’ve had to deal with so far.”

Biden offered a tired smile to the team as he stood to depart. “We knew it wouldn’t be easy. Let’s get to it. I need options on how we’re going to handle this thing and we need to think about this in the short-term and the long-term. Even if we get out of this one, it ain’t going away. Drill down and let’s back back in here ASAP to figure out what we must do. Not what we can do, but *must* we do. We can figure out how as a team.”

The Assignment:

As the meeting adjourns, The National Security Advisor turns to you.

“You heard the man,” they said. “For our next meeting of principals and deputies, minus the Big Two, we need to figure out what everyone thinks about this and what they bring to the table. First, read and wrap your head around this from an organizational perspective. What can your department or agency do to help address these issues? **I need you to brief the team in a half page memo and 1-3 minute rundown on how you see this challenge from your organizational perspective.** I can’t tell you what that is as I don’t run your outfit, but start with interests as you see them as a leader in your organization. Then think about capabilities, operations, and what you have to do with this part of the world (both short term & long term!). If you work directly for the president, think whole-of-government. If you’re at DOD, military focus. If State, diplomatic. Treasury? Monetary, trade, and economics. You get the idea. If you focus on domestic issues think about the Chinese coming after our IP or undermining civil society in cyberspace. Think about how China affects the homeland.

Remember, list your national interests as you see them from your organization. Then drill down some background on your capabilities and instruments of statecraft you might bring to bear to help solve the China Challenge in the short term and long term. Don't forget to mention any vulnerabilities that might be targeted by China. Your team should have a good read on the pulse of your organization when they are done hearing it from you and reading the document. But no more than one to three minutes and a half-page of text, OK? We don't have time for more than that from everyone. So in our next meeting come prepared to brief the room. And don't worry, we're all learning. It's like drinking from a fire hose - the hard part is just keeping up. Do your best and I'm sure it'll be fine.

After that it will be up to the entire group to give the president a full 20 minute briefing, but you'll do that after this next meeting. So first get your house in order, then work as a team, and then we'll have a full National Security Council Meeting with the President and Vice President to brief them on the way forward. But that's after this first meeting so we can figure out what to do. And like he said, what must we do versus what can we do? Think about that one. You can expect more details from the president before the big meeting but for now zero in, it's go time."

