HOUSE OF COMMONS

Foreign Affairs Committee

Oral evidence: Implementing the Integrated Review: Tilt to the Indo-Pacific, HC 684

Tuesday 16 November 2021

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Watch the meeting

Members present: Tom Tugendhat (Chair); Chris Bryant; Alicia Kearns; Stewart Malcolm McDonald; Andrew Rosindell; Bob Seely; Henry Smith; Royston Smith; Graham Stringer.

In the absence of Tom Tugendhat, Royston Smith was called to the Chair.

Questions 50 -115

Witnesses

I: Michael Reilly, Former British Representative to Taiwan and Member, Advisory Board at Global Taiwan Institute; Dr Alessio Patalano, Professor of War and Strategy in East Asia at King's College London, and Senior Fellow at Policy Exchange; and Jason Hsu, Former Taiwanese MP, Tech Entrepreneur.

Examination of witnesses

Witnesses: Michael Reilly, Dr Patalano and Jason Hsu.

Q50 **Chair:** Welcome to the Foreign Affairs Committee inquiry into the UK's relations with Taiwan. We have three witnesses in the room with us today, and I am going to ask you individually to introduce yourselves.

Dr Patalano: Good afternoon, Mr Chair, and thank you very much for the opportunity to give evidence today in front of this Committee. My name is Alessio Patalano. I am professor of war and strategy in East Asia in the Department of War Studies at King's College London, and a senior fellow at Policy Exchange.

Michael Reilly: Good afternoon, Mr Chair, and Committee members. I am Michael Reilly. I am a senior fellow in the Taiwan studies programme at Nottingham university, and I am a former British representative to Taiwan between the years 2005 and 2009.

Jason Hsu: My name is Jason Hsu. I am a former legislator and a Member of Parliament in Taiwan's Legislative Yuan. I am also the current chief initiative officer of Taiwan AI Labs. I am very pleased to join today's evidence meeting. Thank you very much for the invitation.

Q51 **Chair:** Thank you. We will go straight into questions. I will ask Michael Reilly to answer the first question first, but, if the other two want to come in, be my guest.

How would you characterise UK-Taiwan relations at the present time?

Michael Reilly: I would say that they are cordial, but not especially substantive. There has been a welcome increase in the number of bilateral agreements signed in recent years, but if you compare it with a country like South Korea they are still very modest. If you look particularly at things like high-level visits, there has been a real dearth of those. Ministerial visits are few and far between. To my knowledge, it is more than a decade since any Foreign Office official higher than director level visited. I know that it is 25 years since it was agreed that there is no reason why a Cabinet Member could not visit Taiwan, but to my knowledge none has ever done so. It lacks substance, but there is nothing wrong with them apart from that.

Q52 **Chair:** Dr Patalano, do you have anything to add to that?

Dr Patalano: No, I would certainly agree with what has just been said. Looking at recent events, particularly how the European Union has approached opportunities to create greater visibility politically in the nature of the relationship, there are opportunities there to be exploited that have not been in the recent past.

Q53 **Chair:** Jason?

Jason Hsu: Thank you very much. I believe that this has been a very historical moment for the UK-Taiwan relationship, particularly as President Biden and the Chinese leader, Xi Jinping, just had a so-called virtual summit today. It is very important for the UK and Taiwan to establish an even closer relationship and more sophisticated and closer collaboration between the two sides in trade, in technology, in defence and in the economy. I believe that this is a very important evidence meeting for the two sides.

Chair: Bob Seely, did you want to come in on that?

Q54 **Bob Seely:** I would not mind, if I could very quickly, Royston. I wanted to ask the obvious question, unless you are thinking it should not come in now. Why are they not more substantive? The elephant in the room is the UK's fear of upsetting China. Do you think that is powerful or overwhelming? Separately to that, are there other factors that contribute to a relationship that appears warm but could be, as you say, more substantive? Michael, would you like to start?

Michael Reilly: The fear of China, as you say, is the elephant in the room. I do not know if you take an elephant by the horns or by the trunk, or whatever, but a lot of the problem about it is a perception here in Whitehall rather than the reality. The Chinese have consistently made their red lines clear about what they will tolerate and what they will not tolerate. Evidence over the years shows, in the case of our bilateral relations, that we can have Ministers visiting other than in the areas of foreign affairs and defence, and the Prime Minister obviously, which are the Chinese red lines, and the Chinese do not have a problem about that. There is a strongly held—and wrongly held, I would say—perception, "We can't do this because China won't like it." It is trying to get through the system that we should look at things differently. We should not ignore those red lines, but there is a lot of scope to do more.

Q55 **Bob Seely:** If the Foreign Secretary turned up, what would happen? What would the Chinese do?

Michael Reilly: If the Foreign Secretary was to go, I think the Chinese would get very upset. They would, as the first step, call our ambassador in Beijing at about three in the morning to give her a dressing down. They would probably recall their own ambassador and ask ours to be sent back. They may even go as far as demanding the closure of one of our minor consulates until we had "repented".

I want to go beyond China because it is not just the fear of China. There is a legal problem of Taiwan's legal status in British eyes that makes our own lawyers more cautious than other countries might be about engagement, and the two tend to reinforce one another or feed off one another. Also, I think it is fair to say that the Taiwanese themselves could probably try a bit harder. For various reasons over the years they have tended to decide that they are not going to get much support from Europe. Understandably, the US has given them a lot more security than

Europe is ever likely to, and likewise Japan, which is their neighbour. They have not seen European countries generally being particularly warm. The Taiwanese themselves could push a bit harder. It is on both sides.

Q56 **Bob Seely:** Dr Patalano?

Dr Patalano: I have two points. One is the question of the fear of China. I would completely agree with you that there is an institutional state of mind, as it were, that traditionally makes people, as Michael said, rush to the question of what the Chinese are going to do. There is an element of reticence around that.

On the other hand, I would say that over the last two years we have seen the Government starting to take steps to change that and to push back on that general attitude. Today, I would say we should be less concerned. Certainly, UK foreign policy behaviour seems to be less constrained and less worried about this idea of fear of China preventing things from happening. That is point No. 1. That is changing.

In part, the changing relationship between the United States and China has created a context, a framework, under which if you want bolder steps in terms of increasing interactions—a point I will come to in a second—it is actually possible. On the one hand, there is a change in the way the Government are behaving. On the other hand, there are also changing structural circumstances that allow us to think more boldly about taking steps forward, which leads to the second point.

Short of the Foreign Secretary, there are a number of other initiatives currently existing in a dialogue that already takes place between Taiwan and the UK that can be reinforced. A couple of weeks ago we finished the trade talks between Taiwan and the UK. This did not happen for the second year in person. They were held remotely. Organising meetings in which at a practical level you start seeing more regular interactions with both sides coming towards each other in itself represents a progressive, continuous way of challenging that initial very important point you made about the fear of China question.

Q57 **Bob Seely:** Thank you. Mr Hsu?

Jason Hsu: I feel it is absolutely important for us to have so-called supply chain resilience in terms of the UK-Taiwan relationship. This has a lot to do with the global supply chain resilience in semiconductor chips as well as the short supply of mobile and electric vehicle chips. It is very important for the UK and Taiwan to establish an even stronger relationship as China is growing its presence and its influence in the rise of the so-called AI and semiconductor industry.

It is very important for the UK and Taiwan to establish stronger trading relationships and to understand, when China becomes even more aggressive in its attitude, as well as the geopolitics concerning both Taiwan and the United States, and also the regional stability, and how

well the global supply chain stability factors into the dynamic development of the entire region, how the two sides collaborate in supply chain resilience as well as how China choreographs the political hacking as well as the cyber-attacks in how they infiltrate social media and deepfake in terms of the political campaign. This is especially important as we head into another phase of the election cycle in the next 12 to 18 months.

Bob Seely: Okay, thank you very much indeed.

Chair: Stewart, do you want to come in on that?

Q58 **Stewart Malcolm McDonald:** Thanks, Chair. My question is to Mr Reilly in particular. We have just had COP26 in my home city of Glasgow. Taiwan was not a part of the official COP proceedings, but it hosted its own Taiwan day, which I was very pleased to be invited to, take part in and meet Members of the Government and Members of the Legislative Yuan. It became apparent several days before that started that the Chinese consulate in Edinburgh were trying to discourage city officials, Members of the Scottish Parliament and others from taking part. Do you think that is quite normal?

Michael Reilly: Absolutely normal. It is par for the course. Frankly, I would say that the lower down the Chinese hierarchy the organisation is, the more vigorously they protest. I can remember, going back 15 years, that a marching band from Taipei Girls' High School was taking part in the Edinburgh Military Tattoo. The same consulate was protesting vigorously until the Tattoo organisers said, "Why are you protesting about them coming to Edinburgh, because they played in Nanjing in China last year? What is your problem?"

I have my own theory on this borne out by discussions with others. Within the Chinese Government, the foreign ministry is not important. Here, being Foreign Secretary is a stepping-stone to being Prime Minister. Even if not, it is a great office of state. As a colleague once said to me, being Foreign Minister in China is like the kiss of death. The foreign ministry is dismissed in Beijing as the ministry for translations. The one way that members of the foreign ministry have of trying to show that they are doing something useful for the motherland is by protesting about activities by Taiwan. It is a bit like scam emails: 90 times out of 100, they will be ignored, but if they get a success it is great and it goes on their performance appraisal.

The trouble is, going back to the question about Whitehall perceptions, that, too often, too many bureaucrats—and not just here; it is a wider problem—will take these protests at face value instead of just brushing them off. Presumably, after all, they were brushed off in Glasgow. Has anything happened? No. It all took place. They were there.

Q59 **Stewart Malcolm McDonald:** They were. The Chinese consulate protests were certainly brushed off. However, in one case, the Lord

Provost of Glasgow was set to open the Taiwan day. The Lord Provost is an important civic figure in the city. He is the Queen's representative and the first citizen of Glasgow. He ignored all the protests until the Foreign Office asked him to pull out. All of a sudden, his diary was full and he was not able to come. Is that normal for Foreign Office behaviour in your experience?

Michael Reilly: That, to me, is a degree of overcaution on the part of the Foreign Office. I would not say it is normal; nor would I say that it is unprecedented. I would assume that this was Foreign Office anxiety about not having an avoidable fuss over COP26, so err on the side of caution.

Q60 **Stewart Malcolm McDonald:** Who would sign off that kind of phone call or email? Would that involve a Minister or a senior official at the Foreign Office? How high up the chain would it go?

Michael Reilly: I left the Foreign Office more than a decade ago, so I cannot say what happens now.

Q61 **Stewart Malcolm McDonald:** I will invite you to speculate.

Michael Reilly: I would be very surprised if something like that was not signed off by a Minister—not necessarily the Foreign Secretary, but something like that. If a Minister had not been consulted, in my experience, Ministers would be very angry. It is safe to say from experience that Ministers would have agreed to that.

Stewart Malcolm McDonald: Okay.

Michael Reilly: Having said that, of course, a Minister given something at very short notice, and told, "We have to decide on this now," who was probably rushing off to an important engagement somewhere else, just does not have the time to say, "Hold on a minute, let's just think this through," but think, "Yes, go with the advice." There are all sorts of factors that need to be borne in mind.

Dr Patalano: One of these factors being that at COP26 we all know that both the commitment of the United States and China would have been absolutely essential for any substantive achievement to be regarded as a success. It is not impossible to imagine that that creates a situation in which, at a tactical level on this particular issue, the Chinese delegation will have some way to create leverage and that leverage translates into a pyrrhic tactical victory. It is a slightly different question to the one about the "fear of China" thing, because the fear of China is a broader, more overarching, "Are we taking bigger foreign policy steps than we would otherwise?" That is a different thing as opposed to, "On this occasion, this did not happen, but it allowed us to secure a bigger goal."

I would be interested to know more about the context. I would not be surprised if this was negotiated tactically as a way to move forward and

the bigger prize on this particular occasion was the COP26's achievements there in Glasgow.

Q62 **Stewart Malcolm McDonald:** The rather interesting tactic deployed by the consulate, which was ignored cross-party by all of those who received those kinds of letters, is that I did not receive one and nobody from my party received one, and there was an attempt to say to Unionist politicians in Scotland, "We know that you admire unity and anti-independence and all that sort of thing. Therefore, you should pull out because the Taiwanese are the same kinds of troublemakers as the Scots," but it was seen for what it was. What worries me is our own Foreign Office stepping in to prevent the civic head of the city giving out a welcome that he has probably rehearsed thousands and thousands of times over the course of COP.

Michael Reilly: To be fair, Dr Patalano's point here is probably very important.

Stewart Malcolm McDonald: Yes.

Michael Reilly: Given COP26 and the role of the Chinese, the Foreign Office could well have decided on this occasion. I can remember occasions, for example, in the days of the coalition Government when the Deputy Prime Minister invited the Taiwanese representative here to his new year reception and ignored Chinese objections, and the Chinese embassy just had to live with it, but there was no major summit in the offing after that.

Stewart Malcolm McDonald: Thank you, Chair.

Chair: Chris, you wanted to come in on this.

Q63 **Chris Bryant:** You referred to other countries. Do any other countries do this better than we do? Do they have a more substantive relationship?

Michael Reilly: I would not use the word better, but differently, certainly. The Americans and the Japanese do have more substantive relationships. In the case of America, it is enshrined into law. In the case of Japan, I am not sure if it is in law but it is modelled on the American agreement.

Arguably, the one that does it best is Singapore, which I was going to mention if the questions brought it up later. Singapore recognises China, but, uniquely, it has troops and elements of its air force based in Taiwan. The Chinese are well aware of this. It has a free trade agreement with both sides of the strait. The Singaporeans have a very long-term, consistent policy, and they have been very transparent with the Chinese all along. If you wanted a model, that might be the sort of model to aim for.

Within Europe, I would say no; it goes in cycles. At times, if you talk to the Taiwanese, they would say, "We have been in the vanguard. We were the first country to lift the visa requirement," for example. At present,

certainly, countries like Lithuania, Poland and Slovenia seem to be pushing the boundaries. So it varies.

Q64 **Chris Bryant:** Jason, do you have a take on that?

Jason Hsu: I wanted to comment on the importance of the regional collaborations in terms of the stability and security for the region. We have done our part to beef up our security defence as well as to boost our defence capability. It is also important to use the international mechanism to pressurise China from being too aggressive towards Taiwan. It is particularly important to understand China's influence on Taiwan's politics in cyber-security and social media penetration. It is especially important to understand that, when elections take place, a lot of mechanisms have been deployed on cyber-security as well as social media campaigns for disinformation and deepfakes. There is a lot of that concerning the intelligence and security. That will raise the concern of liberal democracy and democratic society that western countries have held up the values for, for a long time. It is super-important that, as a member of the international community, Taiwan plays a part not only in stabilising the global supply chain in chips and semiconductors but also plays an important role in stabilising regional democracy. We need every bit of support from the UK to come to our aid on cyber-attacks, understanding our needs and supporting us in trade and also bilateral relationships. That is very important in general.

Chris Bryant: I am done.

Q65 **Chair:** Can I go back to something you said, Michael Reilly, about Singapore and how they handle the situation? What could the UK do? Could it improve or increase its diplomatic footprint? Would that be something and what would that achieve?

Michael Reilly: It certainly could increase its footprint. There is a general problem in this country that we see Taiwan as this small island on the other side of the world. How important is it really? Geographically, sure, it is not big, but if you look at it in terms of population or its economy, it is comparable with Australia. Economically in purchasing power parity and in populations they are almost the same. We have a huge presence in Australia. Okay, it is a bit different historically, but the point is that we need to get out of this mindset of seeing Taiwan as a small, tiny island and actually see it as a place that, were it not for geopolitics, would almost certainly be in the G20. Unlike Australia and unlike the rest of the G20, it is also facing an existential threat.

Politically, we need extra resources on the ground to give back to London a better understanding of how the Taiwanese see the threat they are facing, how they are coping with it, how they are responding to it, but also the sorts of things that we can work in common with Taiwan on in the multilateral community. You mentioned COP26. That is an obvious area. On climate change, there is obvious scope to be doing more with the Taiwanese. Human rights is an area where, again, we could be doing

more with the Taiwanese. We could be strengthening parliamentary democracy globally. These are sorts of areas where if we had more resources on the ground we could be doing more.

However, it is not just about more resources; it is about the sorts of resources that we put in. I get the sense at the moment that the Foreign Office seems to take the view that whoever is the head of post there should be somebody who has had experience in Beijing. We have had at least three successive heads of post, all of whom have served in Beijing. I am not actually sure that is helpful. If you have spent time in Beijing being harangued by the foreign ministry, you tend to end up being more cautious. Maybe getting in somebody who has spent time in Tokyo, particularly given the Taiwanese-Japanese relationship, could be very helpful in increasing our understanding.

Tom Tugendhat resumed the Chair.

Chair: Thank you. Alicia, I am going to come to you.

Q66 **Alicia Kearns:** Thank you, Chair. Mr Hsu, you mentioned semiconductors, PPE and electric cars. Essentially, the resilience of supply chains is a national security issue, but I would argue that when it comes to China it is also a human rights issue. What are the opportunities for deepening trade with Taiwan? As a former MP, what would you want to see us trading with Taiwan on, what would we be able to import and what would you be looking to export?

Jason Hsu: I believe that the development of the global supply chain resilience is very important to develop a balanced supply chain diversity globally. It is too much concentrated on Taiwan. TSMC, Taiwan Semiconductor Manufacturing Company, makes up 75% of global advanced semiconductor supply chain chips production globally. It is important to diversify the production as well as the development of the supply chain of the semiconductor technology globally, and I believe that the UK can play an important role in deepening the collaborations in trade and talent as well as the technology development of the two sides in supply chain resilience and particularly on the supply chain development for semiconductors.

This has to do with things ranging from the semiconductor to electric vehicles to battery storage as well as the advanced materials for future energy. Companies like ARM play an important role in developing an even deeper relationship with Taiwan as we see the world divided into the "one world, two systems"—the so-called "China system"—and now "China system". After I left the Government, I have been serving as the secretary general for the semiconductor association in Taiwan. It is very important to maintain supply chain integrity and supply chain resilience globally, and the UK can play an even deeper and integral relationship with Taiwan in developing the semiconductor, the 5G network as well as the artificial intelligence development. It is very important to develop a deeper relationship in that regard.

Q67 **Alicia Kearns:** Thank you. Mr Reilly, you mentioned the equivalence of the Taiwanese economy to the Australian economy. I had never thought of Taiwan in that way. I would be grateful if you could advise on two things.

First of all, have the Chinese taken action against other nations that pursue trade deals with Taiwan? More fundamentally—and I apologise for not knowing this—in pursuing a trade deal with Taiwan, is that something we can do? How does that work in relation to China's economy? Obviously we have said that we are not progressing a trade deal with China due to its human rights abuses and the genocide in Xinjiang. How would we even start a trade deal with Taiwan?

Michael Reilly: If I take the first question, first of all, there is no issue at all about that. China has repeatedly made clear that it has no objection to countries pursuing trade with Taiwan, and, indeed, we have been doing it for years. In the 1990s, we did more trade with Taiwan than we did with China. That in itself is not an issue. Bear in mind too that China is heavily dependent on trade with Taiwan. Something like eight of the top 11 ICT exporters from China are all Taiwanese companies. The biggest private sector employer in China is a Taiwanese company. So trade with Taiwan is very much in China's interests.

In respect of your second question, China has always argued that it does not object to countries having free trade agreements with Taiwan provided that they sign them with China first and they consult China before negotiating with Taiwan. That is based purely on the agreement reached for the two of them to enter the WTO. It has no legal basis. It has no wider basis than that. Certainly, the European Commission used to take that as a gospel argument. If we were to open negotiations with Taiwan, the Chinese would certainly start pressing us and perhaps threatening action if we were to do it before a deal with them.

Realistically, you would have to ask what the benefits to us would be of a bilateral trade deal with Taiwan. For Taiwan, I can understand completely that it would be an important psychological booster signal of international recognition, but actually most of the trade between the two of us at the moment is already free of tariffs. ICT, which is so important to Taiwan, is already under a separate international technology agreement on free trade, so most of that is tariff-free.

There are benefits that the UK could pursue, but I would say a much bigger prize would be membership of the CPTPP for Taiwan given that membership of the CPTPP is also a UK objective. Jason Hsu mentioned global supply chains, and the reality of international trade is that it is very complex. For example, everybody talks about semiconductors and cars, but the third biggest source of fish imports into the UK is China. This is not fish caught in Chinese waters. This is fish caught in the north Atlantic but then taken by Russian factory vessels to Qingdao in China where Korean factories process it and it is then shipped back as frozen

fish into the UK. I know it is crazy, but these are the sorts of things you need to bear in mind when you look at trade agreements.

Q68 **Alicia Kearns:** We need to look at our great British fish and chip supply for trade. It is quite concerning.

Michael Reilly: Therefore, a multilateral trade agreement is far preferable to a bilateral one.

Jason Hsu: I absolutely agree with you that the UK plays an important part in the so-called Sino trading relationship between the UK and China. I was a part of the Taiwan and UK parliamentary friendship group when I was a Member of the Parliament in Taiwan. I believe that in terms of trade it is super-important to understand that Taiwan's ICT importance in the global supply chain as well as the development of the global IT talent and global integration of supply chain plays an integral part in the integration of the EU market, particularly after the so-called Brexit, for the UK. It is very important to understand China's ambition in the region to take over the dominant position in 2025 for manufacturing in AI and semiconductors. This is manifested in vast areas of applications from medical devices to infrastructure in transportation, to everything ranging from national security to economic development. It is very important to understand that, whether or not our security system is compromised because of the use of technology that is being procured and also the network that we are using. It is very important to understand how China and Taiwan, and also the rest of the world, are developing the so-called protocol—a standardised system—in terms of security and integrity in that regard.

Alicia Kearns: Thank you.

Dr Patalano: I have three quick points. Two are about things that are already happening and one is things that could happen, just to go back to your specific question about where we start.

First of all, President Xi has an agenda to meet commitment to the global climate challenge agenda by 2050. We know that offshore wind farms have been a very important element in the growth of the bilateral trade relationship, particularly from the UK into Taiwan. Given that Taiwan is slightly behind the curve in its own plan to meet the self-imposed goals for meeting the challenge of climate change, that is definitely an area where we have seen already, and we are starting to see, the importance of the UK in the Taiwanese market. That is definitely an agenda that is important to this Government; it is important to the UK in the world and is certainly an area where there is a direct positive input because it is happening already.

The second point, which has been mentioned already, is resilience of supply chains. Here I would raise two issues. We started to debate them in the interim report of the Indo-Pacific Commission with Policy Exchange "A Very British Tilt" in which we mentioned two aspects. One is digital

resilience. Jason has been absolutely crystal clear. Taiwan stands at the forefront of all the challenges on how our societies are being transformed, and the dependency of the digital world is taking a central role in our societies. Engaging with Taiwan on this subject is absolutely a window into the future as one of the things that could happen to us.

Secondly, it is certainly the setting up of the factory that has recently been agreed between Japan and Taiwan, with Taiwan's largest manufacturers setting up a factory in Japan in 2022 and starting operations in 2024. It was negotiated in a relatively short period of time. It gives us an indication of how we can start making genuine progress. One of the key elements that the Taiwanese have emphasised is how they want to leverage Japanese talent and bring them into this aspect where they hold the leading edge. The UK represents a natural place for that type of investment. These are the two things in terms of resilience and existing policy so far as climate change is concerned.

The third thing, and I hate to blow my own horn here, is that the greatest export of the UK is its cultural element—not me. It is what I stand for today, which is British high education. President Xi has a very strong agenda on making Taiwan a fully bilingual country by 2050. If that is not an opportunity I do not know what is. That would be absolutely essential to start changing the perception of Taiwan as a tiny island far off in the middle of several places that are far away. Unless we start changing that, and we do that through those cultural links, the whole idea of the Indo-Pacific tilt will never take hold because we need to rediscover that kind of link. Playing to the natural strengths of the UK system is one way to do it.

Chair: Thank you very much. Henry, you wanted to come in.

Q69 **Henry Smith:** Thank you very much, Chair. Mr Reilly, you mentioned CPTPP and I think, if I heard you correctly, it would be very positive for the UK to support Taiwan's accession to that agreement. Would you be able to expand a little more on what you think those benefits are and whether there are any potential disadvantages to the UK supporting Taiwan's accession?

Michael Reilly: It depends to a certain extent on whether or not the UK is also in the CPTPP, but given that UK Government have committed to seeking membership let us assume that the UK is a member. Having Taiwan as a member as well adds to what is, to be frank, a fairly disparate group of countries at the moment in an important, high-tech manufacturing economy. The only other one in the CPTPP at present really is Japan, and Canada to a lesser extent.

Having free trade in this area would be beneficial, not least or particularly because of the whole supply chain issue we have just mentioned. If you look at Taiwanese manufacturing, precisely because they are cut off from most bilateral agreements, they have been very big investors in Vietnam, for example, as well as in China, and increasingly in Malaysia, which is

also a CPTPP member. You see the benefits of the various supply chains, and the bureaucracy that you would have if you had to negotiate agreements bilaterally disappears. It is a collective. That is a benefit to the UK.

The benefit to Taiwan is in freer trade and—I think this is something we should not underestimate—the psychological impact for Taiwan, which feels very vulnerable and isolated as it is from most multilateral organisations. If it is a member of a grouping like this, it gives it an important psychological boost.

What about the downsides? I do not really see any downsides. China will object, and certainly, if China is already a member, China will probably try to stop Taiwan coming in. But I think that would depend on the nature of the Government of the day in Taipei. It is worth remembering that, when we had a KMT Government in Taiwan under President Ma Ying-jeou, the cross-strait relationship was very close. They signed a free trade agreement. Xi Jinping and Ma Ying-jeou actually had a summit meeting in Singapore. If we had a KMT Government in Taipei, it is by no means impossible that China would say, "Yes, it's okay. Join the CPTPP too." But, even if China objects, you have the strength in numbers. It is not going to want to pick fights with all the CPTPP members. So actually I do not really see any downside for the UK.

Q70 **Henry Smith:** Thank you very much. Dr Patalano, do you concur with that assessment? Are you, if I can put it like this, as optimistic that there would not be a blockage or a blocking, I should say, from the People's Republic of China for the Republic of China being part of, potentially, the CPTPP?

Dr Patalano: As a general proposition, any sort of multilateral exposure or any multilateral format that allows Taiwan to have greater international visibility presents a challenge to the People's Republic of China. Having said that, it depends very much on the circumstances of the day. I agree with Michael that it is absolutely essential to see what it is exactly that we are talking about. Will the UK already be part of the CPTPP when that happens? Will China be part of it?

The requirements for joining the CPTPP are quite high, even for China. There is a question that their behaviour might change because the Taiwanese application looks stronger on its own. Having said that, there is then a really interesting situation because it allows all other members to play to the Chinese and say, "We can have a conversation about your application as long as you do not create a blockage to this application." One can be slightly more confident and optimistic, because when it comes to standards and levels of trade today Taiwan is in a strong place in terms of the quality and standards it upholds.

In that regard, yes, of course, the general proposition is that the Chinese will present a problem. However, on the specifics of this case, I would say that there is sufficient room for manoeuvre to remain optimistic about

that happening and, indeed, the blowback being very limited to anyone else coming to the support of Taiwan.

Q71 **Henry Smith:** That is very interesting and I am grateful for your response. I appreciate that we are dealing with some conjecture here.

Mr Hsu, what is your perspective? Do you think that Beijing would put the importance of free trade above political considerations of seeking to block Taipei's potential membership of the CPTPP?

Jason Hsu: Absolutely. In regard to anything that Taiwan tries to advance in terms of our international presence in trade, the economy and defence, I think Beijing will pose a very strong obstacle in everything we try to advance. Obviously it requires international co-operation in understanding the original stability and regional security to maintain a check and balance for the region to develop trade as well as economic relationships. This has everything to do with Japan's and South Korea's interests in the so-called first Pacific island chain in this region. Obviously for the UK it is especially important. As China advances its aggression globally, it is important to maintain stability in the global supply chain and for the trade balance for Taiwan to have a presence globally. China counts as one of the largest trade partners for the UK.

I also want to mention that Taiwan plays a very important part in global technology development as well as the semiconductor industry. Whether or not UK can support Taiwan, it is a very important signal for the international community to come together to develop a global consensus to develop equilibrium for regional stability. That is why I believe that even the United States President Biden is developing a somewhat ongoing negotiation with President Xi Jinping.

Taiwan is treading water quite carefully in not provoking China but also developing a mutually beneficial relationship in trade and economy, not forgetting that there are over 2 million Taiwanese businessmen in China living and working there. There is a lot of supply chain vulnerability in China from Taiwan business. Over the Covid pandemic, investment to China from Taiwan doubled in the last 18 to 24 months. It is important that we are a quite interconnected global economy. It is difficult to decouple one from the other in certain ways. It is important to maintain a global relationship in trade and to try to find somewhat mutually agreeable solutions for the common causes for the world.

Henry Smith: Thank you for those comprehensive answers.

Chair: Bob, did you want to come in on this?

Q72 **Bob Seely:** I wouldn't mind on one question from earlier, but I would like to follow up what Mr Hsu just said. Out of interest, with regard to all the Taiwanese businessmen and people living in mainland China, how do they and you feel about mainland China's authoritarian turn? Do you just shrug your shoulders and accept that this is happening in another country, or does it have an emotional impact because it is happening

somewhere with which you have a close but very complex relationship?

Jason Hsu: It is getting tougher and tougher because of the state's policies on cracking down on anything related to Taiwan businesses, particularly anything related to Taiwan's technology development and its expansion into China. Also, the Chinese domestic market is growing evermore powerful and aggressive in its market size and market capitalisation. Taiwan still maintains quite an advantage in certain areas in semiconductors and in the global supply chain.

It is important to understand that Taiwan plays a quite important role in balancing the US and Chinese geopolitical tension in semiconductors as well as mobile chips for electric vehicles, which are already in short supply globally. When President Biden demanded that Samsung and TSMC hand out their client information, we have to be on a very high alert as to what that means globally in supply chain vulnerability and supply chain resilience. If China is developing its indigenous technology evermore aggressively, how will the rest of the world respond to that? How will a company like ARM, which is an indigenous UK technology-originated company, respond to that? Can a UK-originated company respond and collaborate even closer with Taiwanese technology companies like MediaTek, TSMC or UMC? That really raises a whole lot of other issues as to future development of medical devices as well as new infrastructure devices concerning transportation, financial infrastructure as well as technology infrastructure.

Q73 **Bob Seely:** Thank you. Dr Reilly, Taiwan had a very good Covid. In many ways it is a fantastically modern state. It is a democracy. It is very high-tech. It has lots of artificial intelligence and big data. What do you think our slightly tired, at times, state can learn from Taiwan in how to do government using big data, using artificial intelligence, using a highly organised democracy? What can we learn from Taiwan?

Michael Reilly: There is lots that we could learn. To be fair, the starting point from which you have to look is that there are very different cultural factors at play here. Taiwan, like most other east Asian societies, is far more comfortable with collective responsibility than we are here. If I take a very specific example of the wearing of face masks, it is the norm in Taiwan, as it is in South Korea and Japan. If you have a cold, you wear a face mask. So, as soon as there is a pandemic, everybody wears a face mask—no arguments, no two ways about it; it is just what you do. How many debates and arguments have we had here about just wearing face masks?

If I take it a stage further, Taiwan has an enviable NHS. Other countries are looking at it as a model. One thing that all Taiwanese have is their equivalent of the NHS medical card, which has a little chip in it. They take that to a doctor and a doctor immediately has access to all their medical history, which enables them quickly to diagnose things. Also, that is anonymised but kept centrally so that the Government are able to monitor disease and all sorts of things. Just try bringing in something like

that here. Look at the uproar when the NHS tried to bring in computerisation on a much more limited scale.

If you want us to model in terms of big data what the Taiwanese are doing, you really have to get a message out to the public that these are the benefits, the precautions are going to be adequate, this is why we are doing it and this is what we can do about it.

Q74 **Bob Seely:** That is a very good point. There are big cultural barriers and differences between the two of us. Nevertheless, is there anything to learn from that country or not?

Michael Reilly: Yes. In the case of the pandemic, one of the reasons why their response was so good was that they had learned from the direct experience of SARS. After SARS, they had set up a co-ordinated approach so that as soon as they were faced with a pandemic this just clicked into action.

In the interests of fairness, let us also remember that they were very slow to vaccinate the population, which meant that suddenly when numbers started trickling up they were struggling to get vaccines. It has picked up a lot now, but they still have rigorous quarantine procedures, which is largely why they have been able to be so effective. Again, hindsight is a wonderful thing.

As the open country that we are, would we tolerate those sorts of draconian approaches? One assumes that we will learn from this. From my own bureaucratic background, my experience in the Whitehall bureaucracy is that something major happens, a report is written and it is filed away. What we need to learn from the Taiwanese experience is that you learn your lessons but then you make sure you implement them. You have a new procedure in place so that when the same thing happens people know what to do. It is not just being institutionalised away.

Bob Seely: Thank you.

Chair: Thank you very much. Alicia, you wanted to come in on various elements of UK support.

Q75 **Alicia Kearns:** It was actually more specific about Japan. I have a question for you, Alessio, going back to military assertiveness. What is Japan's view of China's current activities and military assertiveness and ambitions towards Taiwan? How do you believe the UK could be working in concert with Japan on this?

Dr Patalano: That is an excellent question. First of all, it has become clear during this past summer through the world-famous annual publication that is produced in which the vocabulary has changed. For the first time, instead of talking about cross straits or Taiwan straits, there is mention that Taiwan's security matters to Japan. There is a shift in the language, if nothing else, that suggests that there is a much clearer

analytical focus when we talk about defence and security and why it matters to Japan.

It should be said that Yonaguni Island, which is the southernmost point in the Japanese isles, is closer to Taiwan than anything else. Literally, you can use it as an observation point. You can see the horizon and the Taiwanese coastline. This is how close it gets. That is point No. 1.

Point No. 2, already under Prime Minister Tsuga, the defence Minister, Mr Kishi, who is the Prime Minister's younger brother, is politically associated with the Taiwan parliamentary group in Japan. He has been a senior member of it and has been personally interested in Taiwan and relations between Japan and Taiwan for a long time. The fact that he became defence Minister speaks also to the fact that Taiwan's attitude to Japanese national security has increased.

Having said that, the bigger point is about the United States and the relationship between Japan and the United States. As Taiwan increasingly becomes a hotspot in the Sino-American structural competition, that raises two important questions for Japan. One is that, in case of any contingency in which the United States will be involved, what would the United States ask of us? The second one is: how would that play in the big target on Japanese bases where US troops, which would be at the frontline of that engagement, are based?

This sets a context that matters to the UK for two reasons. One, Japan has changed its understanding of how Taiwan's security matters to Japan. That is both at the national level as well as in the relationship with Japan, but at the same time, as Jason mentioned earlier about how Taiwan behaves in the Sino-America competition, Japan has been extremely calm and paced. It has been very firm raising its voice about issues such as increased military activities, incursion in the Taiwanese air defence identification zone and so on. But at the same time it has been very cautious in pushing the United States to take stronger military action. That is one thing.

There are two reasons why this matters to the UK. The first is because of the relationship between the United Kingdom and the United States, which is our closest partner. As for Taiwan, although Japan is physically and geographically located at the frontline in that competition, for us it is different. Still, looking at Japan from a UK perspective, there is a similar question to be asked. What would the United States ask, want, demand or expect from the United Kingdom in case of a situation that involves them in a Taiwan straits contingency scenario? That is No. 1.

No. 2 is that, since 2017, Japan and the UK have strengthened their defence co-operation and under this Government there has been a clear agenda to further elevate defence co-operation. That raises a secondary point, which is, besides the importance of Taiwan-UK relations, it is UK-Japan relations and how that fits into the defence security equation.

From a Japanese perspective, it has become much more central and important because of the proximity and the question of the relation with the United States, and that in turn raises an interesting perspective in that it matters to the UK because of the relationship we have with the United States and it matters because of the relationship that we have with Japan.

What to do in terms of both? There is a bilateral conversation to have with the United States. A bilateral conversation with Japan is part of a broader multilateral conversation because we have learned last week that Australia also feels that a new situation in which the United States was involved would not see it standing by. That raises an interesting question particularly in light of AUKUS.

There is both a bilateral and multilateral conversation to take place between the United Kingdom and its closest partners on top of the one that is specific with the United States.

Q76 **Alicia Kearns:** If we wanted Xi Jinping to walk back from his increasing emphasis on Taiwan being part of China and the importance of defending Taiwan, obviously I am interested in what angles there may be in trying to divorce him from the separation. We know that it was not until the Ming dynasty that China even talked about Taiwan. It was not at all interested. Obviously, Chiang Kai-shek wanted to escape to Taiwan where he thought *[Inaudible.]*. Then Mao used it essentially as a distraction from the Great Leap Forward.

There are many things that Xi Jinping may want to distract from. Given his reliance on history for making the case for why Taiwan has to be part of China, which is fundamentally flawed, is there a way that we can separate him from his historical focus on it—Taiwan is part of China and it always has been—or is the narrative just too convoluted and it is not really worth going down that rabbit hole?

Michael Reilly: You could try with a narrative, but I do not think you would necessarily get very far, at least not in the short term.

Let me go back a bit. Whenever a senior British Minister visits China, the Chinese will always issue a press statement afterwards saying that the two sides reiterated their support for the "One-China policy". It is standard for everybody, not just the UK. If our Ministers visiting China could make a point of saying to the Chinese, "Look, the status quo has worked for the last 70 years. Any change to that status quo will have major implications for global security and global prosperity and will inevitably have a major impact on bilateral relations," if the message is put across constantly by all allies repeatedly so that he gets the message, at least it should put a lid on the excesses, the extremes of adventurism.

Dr Patalano: This is an excellent question. I think we can work it this way. We know the official narrative, particularly with the resolution of history, that 2049 is the year of the great rejuvenation of the Chinese

nation, and as part of that package deal Xi Jinping tells that us that reunification with Taiwan is the goal. We know that the guy is working on a timetable, and 2049 is when, supposedly, he is going to deliver.

So, is there any point in trying to push back from that? Yes, by just making it very, very hard to meet the deadline and creating the conditions for Xi Jinping to do his own homework and think about what kind of narrative he can now sell to the Chinese people that signals victory. The "how" of that story is where one can have some sort of impact.

In what sense? We know that reunification is the current narrative, and reunification under one country, two systems is the sub-headlines. We know from the experience in Hong Kong that at the moment that is not working. We also know that in Taiwan very few believe that that will be the case. This presents in itself a challenge because Xi Jinping has to deliver under this existing narrative but he also has a deadline of 2049. So, the closer you get to that deadline and you have not delivered, the harder it is going to get for you to have the pressure of coming up with an alternative vision in which you can say, "Actually, we intended reunification like this." That is one thing that you can believe in. Because of how this narrative is led at the moment by Xi Jinping, he is the one who is crafting it. He will be the one who will have to come up with an alternative understanding of that narrative if he knows that he cannot deliver according to the current description by 2049, which means that the most complicated homework for everybody else to do is between now and certainly 2027, and the middle 2030s, by which it is fair to suggest that, particularly in the light of past Chinese experience, he will realise that if he cannot meet the cost of reunification he will have to change the story. That is the space where you have an opportunity to make a difference, making it very hard to deliver on that 2049 deadline.

Chair: Thank you very much. Graham, you wanted to come in.

Q77 **Graham Stringer:** If there were prizes being given out for the area or country that took most effective action against Covid at the start, probably Taiwan over the first three or four months would win it. They started taking action on 30 December 2019. They are not a member of the World Health Organisation. What do you think the pros and cons are? What would be the consequences if the rest of the world pressed very hard for Taiwan to be part of the World Health Organisation and the World Health Assembly?

Michael Reilly: Collectively, I think the world was slow to act because we did not have the information that the Taiwanese had and were giving to the WHO but it was not getting through their bureaucracy.

Q78 **Graham Stringer:** Would you blame China for that?

Michael Reilly: No. It is a bit like what we said at the start about the fear of China within the bureaucracy here. Within multinational

organisations, never underestimate bureaucratic inertia. The view from the top is, "You must not do this because of China." No, they don't say, "because of China". They say, "This is the rule," and therefore they follow the rules. I could digress, depending how many hours you have.

The UN refuses to recognise Taiwan, but there is nothing in the UN resolutions or anywhere else that says anything about Taiwan and not recognising Taiwan, but the Chinese say you cannot recognise Taiwan. Anyway, I digress.

Under Ma Ying-jeou, Taiwan had observer status at the World Health Assembly, so China tolerated that. There are two real issues for China. First of all, at present there is a DPP Government in power in Taipei. There is particular anathema towards the Democratic Progressive Party because they are seen as separatists, splittists. There is an added frisson because Xi Jinping almost certainly lost face. When he met Ma Ying-jeou in Singapore in 2016, the Chinese expectation was that this would basically shoo in another KMT China-friendly president in the next Taiwanese presidential election. They should have learnt their lesson and stayed out of Taiwanese politics. They tell everybody else to. They didn't, and it rebounded against them. That was why DPP won in 2016. Xi Jinping took that personally.

The other point is that in multilateral organisations what they are most concerned about is the idea that Taiwan might somehow be seen as an independent state. In those organisations of which it is a member, it is there not as Taiwan but as Chinese Taipei or Taipei China, or some variation of that.

First of all, if they can be persuaded that they should be in as Taipei China or whatever, that is one step. Reassure China that this is not about statehood; this is about being pragmatic and practical. We still have to overcome the personal aspect, the Xi Jinping angle, but the fundamental point is that it is not Chinese objection per se; it is Chinese objection to the idea that this somehow elevates Taiwan as a state. If you can separate the two it becomes easier.

Q79 **Graham Stringer:** Would you recommend that the UK supported that line of action?

Michael Reilly: UK current policy is that it supports Taiwanese membership of organisations where statehood is not a prerequisite. That is its current policy.

Q80 **Graham Stringer:** In answer to Bob's question right at the start, you said the Chinese will tolerate so far and then become intolerant. President Xi has rattled sabres and been more aggressive recently. Do you think this regime is less tolerant of Taiwan being more involved in multilateral organisations than they were pre-President Xi?

Michael Reilly: Yes is the short answer.

Q81 **Graham Stringer:** Apart from rhetoric, is there any hard evidence of that change in stance in relation to Taiwan and multilateral organisations?

Michael Reilly: As I said, it varies on whether or not there is a DPP or a KMT Government in power in Taipei. If we go back to 2008, China decided that it wanted to join the World Organisation for Animal Health. It was not a member. It set about a fairly crude campaign to have Taiwan, which was a member, kicked out. Happily on that occasion, the existing members said no and a compromise agreement was reached. China joined and Taiwan then became Taipei China or Chinese Taipei.

Under the Ma Ying-jeou Government, basically China had informally agreed a diplomatic truce, as it was called. So there was no switching of diplomatic recognition by any countries to China. China tolerated Taiwan being an observer of the WHA, but certainly under both Tsai Ing-wen in Taipei and Xi Jinping in China, we have seen a number of countries persuaded to switch recognition. We have seen a much harder line on membership of multilateral organisations. So it does vary according to the colour of the Government in Taipei, but also, yes, Xi Jinping has got harder than Hu Jintao was.

Q82 **Graham Stringer:** My final question comes back to your answer to Bob's questioning at the start. I paraphrase, but you said you thought that some of the reluctance within the Foreign Office to support Taiwan was down to perceived legal reasons. My perception when we have had the Foreign Secretary and officials here is that, at the top of their priorities, that them hesitant about Taiwan trade with mainland China. Would you agree with that?

Michael Reilly: I do not see why it should be trade with mainland China. Do you mean if they took a more open line?

Q83 **Graham Stringer:** A threat to trade.

Michael Reilly: Personally I think it is overstated. I wrote an academic paper some years ago about China and its use of trade as a lever in international diplomacy. There have been lots of high-profile instances where China has supposedly imposed trade embargoes in retaliation. But, if you look at the statistics, these embargoes have only a very short-term impact. In the one that I remember particularly, they were very annoyed with Norway after Liu Xiaobo was awarded the Nobel peace prize. The papers were full of stories about how Norwegian smoked salmon was prohibited from entering China. Yes, that did happen for a few months, but if you looked at Norwegian exports to China over a two or three-year period, it was a very short-term blip and then it resumed stronger than ever.

If you look at the case of the UK after David Cameron met the Dalai Lama, the Chinese were very angry. There was no ministerial contact for over a year and maybe nearly 18 months even. Trade was booming in the meantime. Our exports actually accelerated. I think this is exaggerated. I was working as a businessman in China at the whole time

over the whole brouhaha over the Dalai Lama. As far as we were concerned, our business relations with the Chinese were not affected in the slightest. People in the British embassy were complaining that nobody would answer the phone. Life carried on as normal for us. So, yes, it is exaggerated.

Q84 **Graham Stringer:** The Chinese are now happily drinking Australian Shiraz, are they?

Michael Reilly: Again, I will give a particular example. I worked in aerospace. My Chinese deputy had previously worked for Raytheon, a big American defence supplier. They had been instrumental in the provision of the Taiwanese anti-missile batteries. When that was announced, China immediately said, "We are not buying any equipment from these American defence suppliers." She said they were hauled in in front of the relevant bureaucrats and told, "We have to tell you this, but we need your technology. Just stay quiet for four months until it has all blown over and then it's back to normal."

Graham Stringer: Thank you.

Chair: That is a very strong argument for trade being not done as an act of charity and, sadly, it is also a strong argument for the relevance or irrelevance of diplomatic networks, but maybe that is a separate question. Perhaps more concerningly, there is the irrelevance or obstructionism of ministerial networks. On that note, Bob, did you want to come in?

Q85 **Bob Seely:** I think the questions are probably quite valuable. Can I come to question six first to Mr Hsu? You have talked about this a little bit before but I just want to make sure we have a very clear answer from you. How is the geopolitics of semiconductors impacting regional power balances, especially, clearly, in the Indo-Pacific? How is the global semiconductor shortage impacting Taiwan, especially in the context of the US and China? How justified are Taiwan's concerns that the world will divide into US-focused and China-focused supply chains? You are dealing with a non-expert audience—certainly with me you are. The clearer and simpler you could be in your language, because clearly you know a great deal more about this than we do, would be appreciated.

Jason Hsu: Absolutely. Certainly this is very complex concerning the global supply chain. Obviously, Taiwan's semiconductor supply accounts for three fourths of the global supply chain, with TSMC being one of the most advanced technology companies for semiconductor production in the world. Also, they have just recently announced the opening of a 5-nanometre semiconductor plant in the state of Arizona in the United States as well as another plant in Japan. You can tell that TSMC is really diversifying production in both the United States and Japan.

There have been issues raised by western countries, particularly by Germany and the United States, about the overconcentration of chip production in Taiwan. Obviously, with China's aggression and threat,

semiconductor becomes a geopolitical focal point of risk in terms of the overconcentration.

It is important that, with a global chip shortage, we need to understand how to build a global supply chain resilience for semiconductors and how we invest in the talent and the technology development for semiconductor development as well as technology innovation.

Taiwan has recently passed a law in the Legislative Yuan to set up a semiconductor institute to cultivate the semiconductor talent as well as the sensitive trade technology in semiconductors. It is becoming very important for the UK to take note of this development. How would the UK secure an important place in the global, integral supply chain development of semiconductors? This has everything to do with the development of the advanced technology and equipment of the next generation of semiconductors.

One thing to take note of is that there has been a poaching of the semiconductor talent in Taiwan from China. We need to be very careful as semiconductors are becoming a strategic material for the next generations to come.

I would argue that, for the UK, it is important that the two sides develop closer relationships in developing semiconductor technology so that Taiwan can help the UK and Europe also to develop their semiconductor supply chain resilience and capability.

Q86 **Bob Seely:** Thank you. I have a slightly similar question. I know you have talked about this earlier but I just want to make sure we have an answer to this question specifically. What are your views on the effectiveness of the Science and Innovation Network in Taipei, and how can it more effectively encourage science and technology collaboration with the UK? I am going to get Mr Reilly to come in first on that and then I will bring you in.

Michael Reilly: To be honest, I am probably not the best person to ask about it today, anyway, because I am somewhat out of touch, but on the collaboration I would say more exchanges. Our universities would certainly benefit from having more Taiwanese scientists and engineers coming here. We have lots of Chinese coming here and they benefit from that. Let us get more Taiwanese. In fact it is not directly answering your question, but when you look at efforts by China to get semiconductors, one thing they are doing is poaching Taiwanese talent. If we can offer Taiwanese attractive exchange programmes to come here, it may encourage them to stay in Taiwan. I would say that is the sort of thing we could do more of.

Q87 **Bob Seely:** If I go back to Dr Patalano, do you have anything to say about that? I know that you were talking about certain types of exchanges.

Dr Patalano: I would like to reinforce the points that Michael has made in the sense that, at the moment, from a university perspective the number of opportunities that you can look at and build those bridges and develop the connectivity with Taiwanese universities is relatively thin on the ground. In that sense, there is a genuine question to raise about how to create the conditions for this collaboration to further expand.

Q88 **Bob Seely:** Why is it thin on the ground? Are we just drunk with Chinese students, so to speak, so we do not bother going to look for Taiwanese students because it is easier to get Chinese students in, we can get them on BA courses and we do not have to work as hard? Is there an explanation for why we do not have those university links with Taiwan, because the logic would suggest that there is a much better natural fit, especially when it comes to respecting IP, with Taiwanese universities than with Chinese students?

Dr Patalano: There are three points there. If we go back to the point you were raising about the habits of the mind, we see the Chinese market as one providing a very large number of students and therefore being very appealing from a recruitment perspective. That is certainly part of the bias. However, I would say that that has been changing. The big China student voice has gone. We are past that. We really need to start thinking about diversification of outreach. I can only speak about the experience at King's but they are absolutely outstanding; they are absolutely of the highest standards you can think of. In that sense, therefore, we are under-recruiting in that place and we will have to tackle this question as soon as possible because big China from a student's perspective, which used to be our bias, has gone.

Q89 **Bob Seely:** You are in the war studies department. Surely you can get lots of Taiwanese students and soldiers to come and study. King's has a very good reputation.

Dr Patalano: We do, absolutely. I helped sign an MOU with the National Defence University in Taiwan to have students who are there at academy level to spend a semester here.

However, the flip side of the coin, which would have been my second point, is that, in terms of funding to support research collaboration and exchange that favours UK Taiwan ties, we are missing that. Unless you start developing those links, it becomes harder to have visibility in that Taiwanese context and therefore create the natural attractiveness and appeal to our system when Taiwanese students say things like, "Well, that's really interesting. I should go there," and also having grants that allow this experience overseas to be supportive. At the moment we are thin on the ground in this matter.

Michael Reilly: I agree with all of that. You also have to recognise that in Taiwan it is a question of numbers. An awful lot of the time these scientists for historic reasons, for family reasons, will tend to go to the

USA or Canada perhaps. If we want to get more, we have to offer more exchanges.

Jason Hsu: I also want to echo both representatives and the professor's point of view that the United States has something called the talent circulation alliance—so-called the TCA—which also developed the exchange of talent of the United States and Taiwan. The UK should do something similar to deepen the relationship between UK research institutions and Taiwan—research institutions among the universities—and the R&D labs among the enterprises to develop even deeper relationships between Taiwan and the UK.

In particular, I worked on a case with the city of Sheffield. Their manufacturing specialty for smart machinery as well as the advanced manufacturing is quite remarkable. I tried to link the city of Sheffield to the Hsinchu Science Park, which is famous for its semiconductor development as well as the smart machinery to develop closer relationships between industrial and academic co-operation. If there is any way to strengthen the ties between the two places, it would be very meaningful especially at this particular time.

Q90 **Bob Seely:** Is this a role for Government or is it just a role for universities to go and be entrepreneurial and find those academic links and students, and effectively sell themselves to the Taiwanese far more than they do?

Jason Hsu: I am sorry, I did not get your question.

Q91 **Bob Seely:** Is what you are talking about a task for Governments to deal with, because that sounds like a task for our UK universities to go out and be more entrepreneurial—to their credit, they have been very entrepreneurial in the last 20 years—and to develop a relationship with Taiwan off their own bat so that they have those academic relationships and therefore Chinese students in those exchange programmes and in that way attract Taiwanese students to the UK?

Jason Hsu: It is integrated efforts among the industrial and academic as well as public-private partnerships in all aspects. It is important that Taiwan can export the model of industrial parks from the semiconductor science park to collaborate with the UK and also for the UK to develop collaborative relationships with Taiwan. That will also develop even more important relationships on the two sides. It is two ways and also reciprocal.

Bob Seely: Thank you.

Q92 **Chair:** Thank you very much. There is a series of questions about how we both draw support and benefit from the Taiwanese semiconductor industry. I am wondering, Mr Hsu, whether you can comment on this, given the dependence that we all now have and is made so obvious by the manufacturing issues in various different lines of industry here in the UK. Do you think there is a possibility to build up resilience both for

Taiwan and the United Kingdom by sharing technology and sharing manufacturing outside Taiwan, possibly even in places like the United Kingdom, in south Wales and places like that?

Jason Hsu: Absolutely. I believe that Taiwan especially in the integration of the semiconductor supply chain manifested in the TSMC and other companies the ability to integrate and advance the next generation technology of semiconductor technology development. The UK for its innovation and patent development can really play an important role to help advance the applications and also the development of the technology.

If we can pick one or several cities in the UK to develop the so-called semiconductor integration science park that we can model after Taiwan's science parks, we can export our model to the UK. We can develop a resilient supply chain in semiconductors in the European market, which a lot of Taiwanese companies in terms of semiconductors up stream—the assembly, packaging and the technology—would be very keen to develop. That would be very important for the two sides to look into, for sure.

Q93 **Chair:** Part of that co-operation relies on the sharing of technology. Clearly, as two countries that do follow the rule of law and two states that have a serious investment in traditional capabilities, how do you see the ability to share between us, and what are the areas in which you think we can get co-operation? If we leave it to the way it is going, there is the danger that we will both find ourselves rather more vulnerable than we intend to.

Jason Hsu: I believe that for advanced manufacturing we rely on the European semiconductor equipment companies to supply the continuous equipment needed for development of the next generation semiconductors. It makes perfect sense for the two sides to develop closer relationships. For companies like ARM, or even ASML, for semiconductor equipment companies, Taiwan will have every reason to build closer relationships. I would even venture to predict important trade deals between the Taiwan and UK semiconductor industry exclusively in this regard to develop a secure and robust semiconductor supply chain resilience. This has everything to do with the security of the materials as well as the semiconductor production equipment supplies on both sides. It is very important.

I also believe that, because the semiconductor is the hardware backbone of the technology, we also need the data volume that is crunched and generated over the next generation of chips in electric vehicles, in the new car mobilities infrastructures, to develop the next generation of applications. Taiwan and definitely the UK will play an important role in this together.

Q94 **Chair:** Thank you very much. You spoke also about investment in defence. This is clearly something that the UK has been looking at—I will come to you in a moment, Professor Patalano—in our National Security

and Investment Bill. How do you see investment shaping up in Taiwan, certainly over areas of technology that, if not proprietary, certainly feed into the PRC's ambition to have a self-sufficient semiconductor industry? How do you see the defences being made possible, and which laws and which areas do you think could work with you?

Jason Hsu: Obviously, when I was an MP, I sponsored the electricity grid for the semiconductor. It is important that both sides can look at the importance of the trade security in this area and also the sensitivity of next generation weapons that is being used in the development of weapons deployment as well as the cyber-security network in this regard.

There are a lot of things in the next generation of defence technologies that are used for the 5G network and the so-called encrypted network that are required for semiconductor development. I would suggest that countries like the UK and Taiwan elevate semiconductor and 5G as a national defence technology and treat it as a very important asset for strategic materials in that regard.

For that very reason, the US has come up with legislation such as the CHIPS Act, the Endless Frontier Act and the US Innovation and Competition Act. All of this is addressed to the country's ambitions to maintain a dominance position in this particular area. It is important that we think of advancements of the technology as the co-operative platform that we can all work out and seek for mutual benefit in this regard.

Chair: Thank you very much.

Q95 **Royston Smith:** Can I move on to something that is probably more controversial? What is the assessment of all three of you for a likely timescale for a Chinese invasion of Taiwan, in the event that there is one of course?

Dr Patalano: I am happy to go first. We could take as a baseline 2027, which is the 100 years' celebration of the founding of the PLA, and also one of the mandated dates from the party to the military to be ready to perform the core missions, of which Taiwan is one. It has been there for a very long time. I would say all sorts of recent military assessments in terms of capabilities play 2027 as a moment in time by which the Chinese Communist Party will have the political option to choose military action against Taiwan.

This is what is now known as the Admiral Davidson window. Admiral Davidson recently retired as the commander of the US Indo-Pacific Command. He gave his last testimony to the US Senate before he was relinquished of his duties. He pointed out that the next five or six years will be absolutely central to that. Admiral Aquilino, as well as the joint chief of staff, confirmed that, and the Chinese Military Power Assessment in 2021, which came out two weeks ago, reinforces that.

In terms of timeline, all estimates suggest that by 2027 it does not mean that invasion is going to be inevitable, but the CCP will have among the

various political options for action also military action against Taiwan. That means two things. One has to be clear or at least I will present it as such.

First of all, invasion is, if you want, the ultimate step. Under that level of threshold, there are a number of actions that the CCP can take and consider. These are equally important and perhaps even more pressing. If we are talking about timelines, I would say from 2027 down to the mid-2030s the risk of invasion is real because it is a political option, but between now and any time before that all options other than a straight invasion are equally possible and likely.

You briefly alluded to the case of Australia in terms of economic and political coercion. I would say the characteristics of anything happening under that threshold of open conflict as an invasion should be taken as both comprehensive and multidimensional. Comprehensive is intended here as both military and non-military. The Chinese have developed an arsenal of ways to exert all sorts of pressure and coercion, whether political, diplomatic or economic. Taiwan is no exception to that. It is also military and civilian and the civil military fusion that is part of the national doctrine in which there are basically no civilian affairs in industry or economic activity that are not outside the grasp of the CCP. We had better think about things happening across the strait, not just as an assault D-day-style, but anything going from cyber-attacks to quarantine and an economic embargo Cuba-style, to anything short of that open invasion.

It is also multidimensional, because in terms of capabilities required to do anything, invasion being the ultimate benchmarking, the capabilities that you need to do that are across different domains, whether it is cyber, in the air or on the surface, subsurface, and so on and so forth, and amphibious in that sense.

By 2027, including at the strategic level, there will be a considerable increase in the nuclear warheads arsenal, which is an important consideration in that because it casts the United States question in a different space. Whether it is in terms of missile capabilities, air capabilities, surface capabilities or underwater capabilities, the Chinese will be in a position by 2027, at least current estimates suggest, to pick and choose how to face and layer the level of aggression that they might feel is justifiable to achieve the political ends of reunification.

Michael Reilly: I take the view that the Chinese will not invade if we accept invasion in the conventional way that we look at it or that we mean it. I say that because one should never underestimate the number of factors here. They may well have the capability. I do not disagree with Alessio on that. But an invasion from the CCP's point of view is in itself, he suggested, a last resort. It is almost tantamount to admission of failure. They have always made it clear to their domestic population, "These are our compatriots." What sort of message are they sending to

their domestic population? From their point of view, that is the only audience that matters. They are not interested in international opinion. What message are they sending to their domestic audience if they are saying, "Actually, we have got to invade. It has got that bad"? That is the first point.

We must not overlook the fact that they are sensitive to public opinion. Were they to invade and quickly run into problems, as they did the last time they invaded a neighbour—Vietnam—how do they sell that to domestic public opinion? These are the factors they have to think about.

What is much more likely is a coercive approach to get Taiwan to accept, "Resistance is futile. We will join you."[1] This is not new. They have been doing this on a more or less constant basis ever since 1949 with increasing degrees of success of late. You only have to look at Taiwan's inability to recruit enough people into its own armed forces. Conscripts do not do anything for fear of getting injured. You have to wonder what would happen if China were to attack. They have successfully sold the message "Resistance is futile."

The next step would be the access area denial so that the Americans would be persuaded that trying to come to their defence[2] would be too high a price to pay, but then what they would want would be the Taiwanese Government to say, "Yes, we accept. Okay, we have just got to submit."

If you look at it in that sense, we are still some way off it. With every day that goes by, the Taiwanese are growing more and more distant from China. Twenty years ago, you might have been able to sell to a lot of Taiwanese inhabitants the idea of unification with China. Getting more than a tiny minority to accept that nowadays is very unlikely. They have seen what happened in Hong Kong. That was largely why Tsai Ing-wen was re-elected in a landslide. Prior to that, the KMT were ahead in the polls. As long as the rest of the world supports Taiwan, China will be very wary about taking measures.

Q96 **Royston Smith:** Jason, did you want to add anything to that?

Jason Hsu: I agree with that. Right now we have seen that Xi Jinping is securing his legitimacy and his position as the king of China, especially if you have seen the recent report published by the CCP that Xi Jinping is praised as the king of China to define the legacy of the middle kingdom. I am really worried that in the next three to five years China will take aggressive positions on Taiwan. I think that the year of 2023 will be a very important year to look at. Especially as Xi Jinping passed the

[1] Note by witness: When saying "Resistance is futile. We will join you." I misspoke. What I meant to say was: "Resistance is futile. Join us."

[2] Note by witness: When saying "Americans would be persuaded that trying to come to their defence" I misspoke. What I meant to say was: "Americans would be persuaded that coming to Taiwan's defence".

threshold of his third term, he would look to further deepen his position by sending more aggressive gestures towards Taiwan.

It also depends on who wins Taiwan's elections in 2024. If it is a pro-independence candidate who ends up winning the election, that will definitely prompt China to take hostile actions towards Taiwan.

The year 2024 also means that, whether or not Trump will come back or whether the Democrats will run for re-election, there is a lot at stake in the 2024 election. In the next 24 months there is a lot that we need to be very careful about. Taiwanese citizens underestimate the dangers that are posted in front of us. You can tell by the duration of our military service that is less than one year, less than 12 months, that is insufficient. Our military reserve programme is under the standard. Whether or not we purchase weapons and arms from the United States does not really amount to much if we do not have an active military training presence that is ready for combat. If you also account for over 150 fighter jets circumventing Taiwan over the last month, you can tell by the aggressive and hostile action that China is taking toward Taiwan. We must be very careful.

Taiwanese citizens—the average civilians—are very complacent in this regard because we in Taiwan live a very comfortable lifestyle. We are pretty much Covid-free and we are just not very worried about what is going on in the rest of the world, not to mention China's threat. China's threat issues only come up during the election period. Right now we are still 18 to 24 months away from the national election. Most of the civilians are quite laissez-faire or nonchalant about China's attack. That is what worries me. When I served in the military, in the air force, I served for 20 months. It is a year and 10 months. I served in the reconnaissance unit. Now, it is less than 10 months. It is only four months. It is like a summer camp. That worries me. Also, the US Pentagon and Defense Department also raised the issue of our insufficient military capability to defend.

I think our leaders must come up with a resolution and determination that we are going to defend ourselves; otherwise, whether or not the United States comes to rescue us in a matter of seven, 10 or 14 days, it will not matter because we are not ready to pick up rifles to fight. That is really the matter. Our leaders must be reconciled with the fact that this cannot be an election topic only, because whenever there is an election we talk about lowering the service days, and that is not right. I have to say that.

Q97 **Royston Smith:** Well said.

Michael, you said that you did not think it would happen, and you are not alone in that view, I know. In the event that it did, though, what should the UK do?

Michael Reilly: The UK should, in my view, certainly support Taiwan. If we look at it from a practical point of view, it is not straightforward to do

that. The most obvious and easiest way, it seems to me, would be to backfill by allowing more US troops from Europe to go and fight and ships to go to the Indo-Pacific, taking up the slack on behalf of the US within NATO, at least in the short term. If it was more than a short-term conflict, then obviously everything is open. But the idea that the UK in current circumstances could rush to Taiwan's aid and support I think is optimistic, to say the least.

Q98 **Royston Smith:** Is there anything that the UK should be doing now—let us assume that you are not right that it won't happen and Dr Patalano's theory is that it could happen in a few years—to try to deter China from an act of aggression?

Michael Reilly: It is a bit like what I was saying about Ministers. We need to be giving consistent, clear messages to China. If I go back to something I said very early on about Singapore's approach and something we could learn from, Singapore has always maintained a basic standard position vis-à-vis China and Taiwan. With respect to our own Governments here, we have seen the pendulum swing to and fro in our relations. If you are Chinese, it is easy to get confused as to what is the UK's real position. I think the same is even more true of Australia and relevant in these circumstances.

We should start by having a consistent message, repeated every time we meet senior Chinese, that, "Look, this would be unacceptable. If this were to happen, it really changes everything." Make it very clear to China that there would be a very high price to pay and hopefully they get the message, because at the moment I do not think they get that message sufficiently clearly, sufficiently consistently, from anybody other than the US, but even there, there is strategic ambiguity.

Q99 **Royston Smith:** I was just thinking that, if we have a consistent position now, it would be a consistent position from now, and how long before that is considered a consistent position, I suppose?

Dr Patalano: As a military historian of east Asia, I have learned two things in the last 20 years. No. 1 is that there are lots of things that should never happen, and still they do. No. 2 is that you should always start by believing at least on the surface of things that, whenever a senior east Asian politician make repeated statements, it transforms into official policy. I do not believe, in principle, that invasion is going to happen or that it is not going to happen. All I am saying is that the current headlines from a capabilities point of view will create the option to do so.

I want this to be very clear. I am not suggesting that invasion is either inevitable or will happen. I am suggesting something very different, which is that there is a clearly stated intention, which is reunification at the moment, based on that 2049 baseline, and also in capabilities terms the Chinese will have these options within a few years.

Assuming that this was going to happen, I completely agree with Michael's idea that the one way to look at it is indirectly and by focusing on what one can do in Europe in order to allow the United States to get greater focus in the region.

I would add on top of this that, over the last four years since roughly June in 2016 and again in December 2018, collaboration between Russia and China has become much greater than it used to be. If indeed push were to come to that space of invasion, I would be very surprised if the Russians were not to take some sort of position on the matter and implicitly or more forthcomingly create a relationship with the Chinese in order to support the pursuit of their ambition, whatever that looks like.

The question of Europe and the UK on a Taiwan scenario is not just in terms of release to the United States but also possible collaboration between China and Russia and how that would translate for us. That is No. 1.

On No. 2, your question is very important, because the sub-question is, okay, what do we do now? It is equally important. On the more direct point, I think that the primary frameworks that will come into place belong to the relationship with the United States; the relationship with countries like Australia, and whatever we are going to be with AUKUS by that point in time; of course, Japan; and to a lesser extent probably South Korea. These are the three countries that will come into play in creating the framework on how the UK should address the question. As a result of that, that does not exclude some form of direct support as in logistical support, real support, which is also something that the Japanese would be looking at depending on the specific circumstances. There is a limited yet quite important subsidiary role, if you want, that would be conceded in a broader sense of canvas of political options for the UK.

However, if I understand where your question is coming from, I do believe that if we take invasion as D-day, the best action is on D minus, because if you are at D-day there is already so much trouble happening that what we are doing is damage control. What can we do with D minus? That is where the UK has an incredibly important role to play, multilaterally through its own arrangements, and bilaterally through arrangements by simply getting together and comparing notes with our partners and allies, understanding how they see the situation. What I know is the headlines of publicly available materials, but what is the brief that you can get from your partners and allies?

No. 1, multilaterally and bilaterally, it is simply getting to understand this better. Raising this question as part of the conversation of the regular exchanges that we have with our partners and allies is important. Why? Because that feeds back into the implementation of the integrated review. If 2027 is an important deadline for the Chinese, it is an important deadline for us as well in Britain. By then, we will be six years into the integrated review, assuming there is no significant change in how

we relate from a Government perspective with the integrated review, but that is a different situation. This information will help us implement in a more tailored way the integrated review. In this respect, shaping capabilities and the injection into greater resilience through capacity building of Taiwan's own military directly or indirectly, or those of allies and partners that would be involved, is an important role. We have the base in Brunei. We have the logistical support base in Singapore. We have LSG South that will be operational in mid-2021, and of course we will have the OPVs that will be operating in a maritime environment pushing back on coercive actions that the Chinese then take.

That D minus space, that shaping capacity at the ground level through capacity building and pushing back on coercive action, is part of how you make the political messaging consistent and well understood in China. When CSG was operating a couple of months ago with the Australians, the Americans and the Japanese in the South China sea, the Chinese were taking notes. And so they were while HMS Richmond was sailing through the Taiwan straits. That kind of action does shape the environment and that does put the Chinese on notice and make them pay attention to what you are saying.

Q100 **Royston Smith:** In the event that D-day comes and goes, if China has a successful invasion of Taiwan, should the UK and others recognise that? Should we recognise the Chinese-Taiwanese reunification, call it whatever China would call it, even if it was an act of aggression or otherwise?

Jason Hsu: I think it would be very difficult for the Taiwanese to even identify the China association at this point in time, particularly because of China's aggression and also China's oppression towards Taiwan's international presence. It makes it very difficult for Taiwan to develop a friendly relationship with China, although, that being said, as I shared before during this evidence meeting, there are over 2 million Taiwanese people working and living in mainland China, and over the course of the past 24 months during the Covid pandemic Taiwan's investment towards China doubled.

There is an inseparable truce between Taiwan and China in terms of trade independence as well as business ties. It is still very important to seek peaceful resolution between the two sides. As someone who has lived, worked and raised family in Taiwan, a war or a conflict is the last thing we want to see. But our leaders and politicians must be very careful and smart in advocating the delicate relationships between the two sides without putting too much shtook either on the US or China. I think what Taiwan needs at this point in time is to buy more time to strengthen our democratic stratus and economic strength and also develop more collaborative relationships with countries such as the UK. Obviously, we are ready to help, and we want to help, and we want to lend our support and technology to countries like the UK.

Chair: Thanks very much. Andrew, did you want to come in?

Q101 **Andrew Rosindell:** Thank you very much and I apologise for being late.

It seems to me that the United Kingdom and the west generally have been too willing to appease China for too long. Maybe we have left it to do what we should have done many years ago. What do you feel the reaction would be if we were to be rather more robust diplomatically in the sense that we gave Taiwan greater recognition and more status within our own diplomatic arena and within our own domestic affairs? We have a Taiwanese representative office in London but we do not treat them like an embassy. We are not supposed to call the Taiwanese representative an ambassador.

What if we started to do things that were blatantly pro-Taiwan and refused to appease China in the way that we have done? At the Olympic games, for instance, we were not allowed to fly the Taiwanese flag. At the Lord Mayor's show, the Lord Mayor was criticised by China because the Taiwanese had their own float. So the next year they were not allowed to take part at the Lord Mayor's show. Has the British establishment for too long been appeasing Beijing on this and is it not time we started to row back on this and be rather more robust?

Michael Reilly: We touched on this earlier when there was a discussion about COP26 and what had gone on in the margins of that. In response to what you have said, there are two separate angles to this. There is the Government angle and there is the private sector or non-Government angle. like the Lord Mayor's show.

If I take that one first, it is an easy one. The Lord Mayor had no grounds whatsoever, or whoever was responsible, for pulling the float out. They are not alone. It happens in other countries too.

As far as the Government position goes, we get into legalities. There are internal legal issues that have to be borne in mind. Is it appeasing China, as you put it? I do not think it is as straightforward as appeasing China.

If I give some examples, New Zealand is a country like us, has the same common-law system, is English speaking and much smaller than we are, but New Zealand has a free trade agreement with Taiwan and it also has one with China. The world did not fall in.

New Zealand gives the Taiwanese office in Auckland a higher degree of status—it gives it a degree of status, I should say. I know we give the TRO no status at all. In my view, we could certainly give it a degree of status. Short of being a full embassy, it could be on the same level as the Hong Kong trade and development office, for example. The argument as always is that China would not like it, but that is exactly the same argument bureaucrats took to oppose removing the visa imposition on the Taiwanese. The Chinese did not react to that. As long as you can show to China that it does not have implications for statehood or for formal recognition, they might make a routine complaint but the sky would not fall in. There are actually things that we could do without having to just go and annoy China for the sake of it.

Q102 **Andrew Rosindell:** And if we gave it formal recognition what would the reaction be?

Michael Reilly: What do you mean by more recognition?

Andrew Rosindell: No, no.

Chair: Formal.

Q103 **Andrew Rosindell:** What if Taiwan was recognised by the UK? There are countries—not very many, I know, and they are mostly Central American and Caribbean—that do give recognition. If we were to do the same, what would be the reaction of Beijing? What would they actually do?

Michael Reilly: They would break diplomatic relations with us. The Chinese position has always been clear. You can have diplomatic relations with Taiwan or you can have diplomatic relations with us, but not with both. They would break relations. Undoubtedly, in the short term, that would have a significant impact on two-way trade. The question you would have to ask yourself is: is that a price that we would want to pay? Most people would say, given the size of China in the global economy and given, whether we like it or not, that it is a permanent member of the Security Council and it is taking more and more of a global role, if it is a straight choice between Taiwan and China, it makes sense for all sorts of reasons to have a formal relationship with China.

We could certainly do more informally with Taiwan. To be honest, I do not think the Taiwanese would look to us to have a formal relationship. They know what the consequences would be. Back in the 1990s it was different, but I think there is a much greater degree of maturity in Taipei. What they want is a close relationship that stops short of formal diplomatic relations.

Dr Patalano: This is a very important point. It depends very much on expectation. What if we change recognition? What is the objective? Why would you be doing this? If the question is to elevate a relationship with Taiwan, which I would imagine is the chief objective, rather than upsetting China or signalling to China, inevitably, no matter what you do, you will be sending a signal to China. That is always part of your considerations. If the objective is to focus on a better relationship with Taiwan, I do not think there is an expectation in Taiwan to receive recognition in order to elevate the relationship, whether it is informal through industry links of this kind of indeed formally. There is a whole ladder with steps that one can take in improving the relationship from where it is today to a much stronger position short of full recognition.

Managing expectation and what the other side is expecting, the objective is elevating relations with Taiwan. I think it would be unfair to suggest that the Taiwanese expect somehow that one switched recognition, also because, as we discussed today, ties between Taiwan and China are very deep. So a significant earth-shaking change as this would have an impact also on relations between Taiwan and China in a negative sense.

Q104 **Chair:** Thank you very much, Mr Hsu. I see you nodding there to Professor Patalano's comments. You agree.

Jason Hsu: Absolutely, yes.

Q105 **Henry Smith:** Given the People's Republic of China's actions in Hong Kong, against the Uyghur in Xinjiang and recent incursions in Taiwanese airspace, and indeed the events of the last 18 or 19 months, and potential results from the pandemic, do you think the international community should impose a diplomatic boycott of the winter Olympic games in Beijing?

Michael Reilly: When you say diplomatic boycott, do you mean athletes not going or Government representatives not going?

Q106 **Henry Smith:** No, I mean official representatives attending.

Michael Reilly: There is a precedent. Angela Merkel and, I believe, Gordon Brown did not go to the opening of the Beijing Olympics. Angela Merkel set the tone very early and made it clear it was in protest at Chinese behaviour in Tibet. With that precedent, I would say, why not? If Governments feel that what China is doing in Hong Kong and Xinjiang is wrong—and personally I would say it is wrong—then, yes, send a message by not attending.

Q107 **Henry Smith:** Mr Hsu, what would your opinion on this be?

Jason Hsu: This is indeed quite a complex issue. Particularly with the Uyghur situation, the human rights issue is quite complicated. The winter Olympics would definitely be the testing ground for global acceptance of China's current practice over human rights. I think that western countries, particularly the liberal democracies, must make a stance on this. Virtual meetings between President Xi Jinping and President Biden have sent a signal of whether or not the two sides are negotiating terms on some parts, but human rights is not something on which any country's leader should compromise, so I believe it is important that countries make a strong stance on that.

Q108 **Henry Smith:** Thank you. Dr Patalano?

Dr Patalano: Going back to the point that was raised earlier, we need to suggest perhaps that we move from fear of China as a habit of the mind to one of excessive deference to China. The example that you give is a very good example, because if human rights, and in particular how they affect open societies and open economies, is something we believe in, then of course this type of issue should be on the table; otherwise, if it is not, it is an act of deference. It is absolutely acceptable, but you have already taken a decision to politically stop the conversation there, whereas perhaps at this stage in this particular issue there is one question to ask.

The Chinese believe in reciprocity. They would never give you something for free if they can negotiate. Why should we not be reciprocal in that

sense and see in that type of gesture a political recognition, a political objective, a price that should be earned? If we are shifting away from fear to deference, and we place deference into the right context where it does not undermine things we believe in, such as open societies and open economies, in that sense the answer to your question comes naturally. It is something that, in principle, should be on the table for discussion.

Henry Smith: Thank you.

Q109 **Chair:** We are going to be voting very soon, I suspect. May I just wrap up with a few quickfire questions? I hope that is all right. Professor Patalano, we have touched very briefly on AUKUS and FPDA. How important are they?

Dr Patalano: They were not designed to deter others going against China. Intellectually, they are important. The broader theme of today's session about collaboration, particularly in science and tech, is where they become really important. What happens with AUKUS over the next few months will set the tone of the openness of AUKUS of accepting others to join that conversation on the future of science and tech.

Q110 **Chair:** You are going in the direction I was hoping. On AUKUS, do you think we should invite Japan, France and Taiwan to join the technical elements of that, even if not the nuclear submarine elements?

Dr Patalano: I absolutely subscribe to that. It is also what the Prime Minister implicitly mentioned when he was in DC. It is an open architecture, particularly in that framework of an all-encompassing direction. Japan and France should be at the top of that list. Why not Taiwan?

Q111 **Chair:** Mr Hsu, do you agree?

Jason Hsu: I agree with everything the professor said. I think we definitely need a close, deep and stronger relationship between Taiwan and the UK. Thank you very much.

Q112 **Chair:** Fantastic. I am going to keep whizzing through rather than going over it again, if that is all right.

We have spoken a bit about the various ways in which we close down various elements of Beijing's mixed activities—the grey zone activities, as it were. Mr Hsu, do you think there are steps that the UK should be taking to close down some of the more provocative elements? I am thinking particularly of wolf warrior diplomacy and such elements.

Jason Hsu: Absolutely. China's aggressive expansion of its warrior initiatives, as was the so-called wolf warrior diplomacy, is a strong signal that China is trying to assert its dominance around the world. In order to defend liberal democracy, the UK must also play its role by developing a presence in the Asia-Pacific. It used to be the United States that played the central role, but it is important that the UK also joins force. Taiwan cannot defend alone in this regard against the threat that we are facing.

In terms of cyber-security, we are constantly being hit thousands of times on a daily basis on our Government portal as well as on financial terminals. There are a lot of things on which the western countries should work with Taiwan to develop a stronger, robust defence towards China's aggression I would appreciate every move as well as the measures that the UK is taking in helping in this regard.

Q113 **Chair:** Thank you very much. This is the last question. We have touched on Japan a little bit. Clearly, the increased comments by the Japanese Government in various different ways on the military defence of Taiwan speak to the importance of Taiwan in Japan's defence architecture. Could you comment on how important this really is to Japan? What are the options that the UK and others have to support Japan? Which other countries also see this in the same way—Indonesia and the Philippines? Are there others?

Jason Hsu: Japan has everything at stake on regional security and stability in the event of China's aggression towards Taiwan. Japan is at the forefront of the Pacific first command chain. When China extends its influence and also develops its military presence in the South China sea as well as sending fighter jets to circumvent Taiwan, it also sends signals to Japan's defence network as well. It is important for western democracies to boost Japan's confidence in elevating its own military presence and defence capability in helping to support the original defence in that regard. I know that for a long time, because of constitutional constraints, Japan was not able to develop its defence capability, but now it is time for the regional defence network to come together to help defend regional stability. It will take the US days, if not weeks, to come to this region in the event of an attack. Japan and South Korea are next door in the event of an attack happening. It is very important at this moment that we set up unofficial, if not official, defence co-operative drills and exercises so that we can defend the region's stability collectively.

Q114 **Chair:** One last question, if I may, to Professor Patalano. What is Japan doing to get ready here? I spoke not very long ago to the then Japanese defence Ministers about the possibility of seeing Japanese F-35s flying off the deck of the Queen Elizabeth. What preparations are the Japanese self-defence force making themselves?

Dr Patalano: There are three different lines of action. One is about increasing the capacity for deterrence and, if necessary, response. That is by enhancing co-operation closely with the United States and by developing regular two-plus-two and working level interactions between the chain of command structures so that they operate in peacetime and not just in the time of crisis. That is one point and has been changing quite considerably especially since the signing of the new guidelines.

At the secondary level there is the question of the procurement of new capabilities, of which, as you mentioned, the F-35B is one.

The third, and equally important, is the shaping element of the story. The Japanese, as Jason was saying, have been much more active than before. They have been contributing to stabilisation and to project what maritime security at the regional level means, and have been leading by example in that. These are exactly the sorts of places where the UK can join in and relate to that shaping agenda in which you ask what countries on top of Japan would be interested and feel similarly. Australia is certainly there. In Europe, we have seen how France has been committed to the Indo-Pacific. These are natural partners for the UK and partners with which we already have existing very solid defence and security ties. These are natural counterparts, operating in that shaping environment on the one hand but also increasing the capacity to work and be integrated.

The point you make about the F-35B is absolutely essential. How do you make it happen? You need to start working at a tactical and operational level to develop a common grammar, to look at the software and encryption systems that allow you to do so at any point in time to plug into someone else's task group. That is the space where we can look forward to operating to.

Q115 **Chair:** I have one minute left, so I am going to use it to feed my own pet project; forgive me. Five Eyes to Six Eyes: should it include Japan and could it possibly include others?

Dr Patalano: Yes.

Chair: Thank you very much. I am delighted to hear that and I can tell you that, having spoken not very long ago to various leading members of the Japanese Government, they are seeking it but of course their laws currently do not allow the same protections as ours.

On that note, thank you very much indeed. We are looking forward, we hope, to visiting the region very soon. In fact this will be our first trip since Covid, if we ever make it out of the UK, which will emphasise the importance that this Committee and this Parliament place on the relationship between the United Kingdom and Taiwan. On that note, thank you very much.