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Prevailing Views on the Impact of the Russo-Ukrainian War on China

The Russian invasion of Ukraine and the expansionist policy of Putin has not only altered the international order in Europe but also threatens the entire European continent and the western hemisphere. European countries, along with their major allies, have provided logistical and financial support to Kyiv and by far avoided direct military confrontation with Russia. Shortly after the invasion, the largest military alliance, NATO, provided weapons, ammunition, military hardware, and intelligence information to Ukraine's government. There was also an unprecedented outpouring of support by other countries and international organizations in various efforts to provide humanitarian assistance to the Ukrainians affected by the war. The declaration of the German government of its plan to increase its military budget is not only historic being the biggest since the end of the Second World War but is also seen as the Scholz government's commitment to defending the countries which share borders with Russia.

The Russian invasion has resulted in the imposition of sanctions on Moscow by western countries targeting the exports and imports of goods, including oil, and the non-inclusion of Russian banks in SWIFT has dealt a severe blow to the country's financial system. These coordinated actions were imposed to punish Russia's unprovoked assault on Ukraine. The cancelation of Russia's most favored nation status by the advanced economies was designed to further cripple the Russian economy. International institutions have also slapped punishment on Russia with major sporting organizations suspending the participation of Russian athletes. A number of multinational companies have pulled out, or are pulling out, their business from Russia.

Many experts and policymakers have pointed out that the general course of the Russo-Ukrainian war will discourage China from using forceful measures in cross-strait relations. The speed, scope, and size of the western sanctions are unprecedented; hence, they argue that China cannot afford to fight against the global alliance of democracies. However, Taiwan is not Ukraine as it is not recognized as a sovereign nation by international organizations. China has always made it clear that the cross-strait relationship is not an inter-state conflict, but an internal affair. Therefore, the Russo-Ukrainian war ought to have little implication for cross-strait relations. However, there are some systematic analysis of China's incentive to use non-peaceful means. Using cost and benefit analysis, this commentary argues that the Russo-Ukrainian War provides an opportunity for China to learn that the cost of the use of force is lower than expected, while the benefit would increase.

Cost: The Effectiveness of Western Sanctions on China

Given the intensity of the sanctions, few doubt the sincerity of western efforts to pressure Russia. The effectiveness of similar sanctions against China can be evaluated twofold: how cohesive and organized the sanctions are; and how much China is affected by the sanctions. If the current sanctions imposed on Russia will be used as a point if comparison on China, the mixed-results of these western coordinated actions would keep Beijing unperturbed. First, whether sanctions sufficiently squeeze the target depends on how many countries are willing to join the sanctions. Although the US successfully mobilized its allies in the NATO and Pacific regions, there are many underdeveloped countries whose industries are heavily dependent on Russian raw materials remained uncommitted in supporting the sanctions imposed on Russia. India's decision to refrain from condemning Russia and its continued purchase of Russian oils came as a shock since New Delhi is perceived as a close ally of many western countries. This clearly demonstrates the limits and ineffectiveness of international collective actions. The divergent support on western-led sanctions against Russia shows that the US-NATO sphere of influence is weaker than expected and in the case of future sanctions against China, a much smaller number of countries is expected to participate.

In terms of economic independence, China is in much better shape than Russia. According to the World Bank, Russia's trade constitutes around 45% of its GDP since 2012, which is almost twice higher than that of the US. The heavy reliance on oil and gas-related products also makes Russia relatively vulnerable to international sanctions. On the other hand, China has strived to reduce trade dependency and diversify trade partners over the past decade. This is a strategic decision by Xi's administration to keep the regime relatively independent from western influence, which serves as a major obstacle for China to become a superpower. Specifically framed as the "dual circulations," China has dedicated itself to bolstering domestic demands and curtailing external influence to rebalance its economy from the export-led model. As a result, China's trade to GDP ratio decreased from 45% in 2012 to 31% in 2020.

China has also launched another ambitious project, the "Belt and Road Initiative," to lower its dependence on advanced economies and strengthen cooperation with less-developed regions, such as Africa and Southeast Asia. By actively exploring new trade partners aside from the western-dominated routes, China could achieve a decrease in its economic dependence on the western countries. China's trade to GDP ratio from 2012 to 2020 was reduced from 5.7% to 3.8% in the case of the US and from 6.4% to 4.4% in the case of the EU. The decoupling effort by Xi's administration does not necessarily indicate that China's importance in the global market is diminishing. China's trade volume is still around $4.65 trillion in 2020, the second largest in the world, accounting for 15% of the global trade. Many experts agree that cutting off trades with China would incur more pains than gains because China is systematically integrated into multiple markets and value chains.

Benefit: Xi's Existential Threat and the New Cold War

The benefit of the use of force toward Taiwan depends on how much Taiwan is valued by China, and how much a peaceful approach is useful to reclaim Taiwan. The western media tends to underestimate the importance of Taiwan to Xi Jinping. It is understandable considering China's historical stance toward Taiwan. Every Chinese leader since Mao Zedong has emphasized the dedication to reclaiming the island. After China opened its market in the late 1970s, China has chosen a slow but confirmed way to realize "peaceful reunification" by persuading the Taiwan to be a part of the mainland. The reunification had not been the core narrative of the leaders until Xi Jinping connected it with his main hallmark of the "great rejuvenation of the nation."

Xi Jinping continuously expresses his intention to put himself on par with Mao Zedong and Deng Xiaoping, the two most-revered leaders throughout the CCP history. However, Xi's achievements are far inferior: one established the country, while the other brought economic prosperity. Through many speeches and official documents, Xi boasted of his accomplishments—including eliminating poverty, reaching the "moderately prosperous society," eradicating corruption, and reducing inequality. Yet, the so-called achievements are neither concrete nor persuasive enough for the Chinese to truly believe that Xi is comparable to Mao and Deng. Without fulfilling an indisputable outcome, it is even questionable for Xi to stay in power indefinitely, as Mao and Deng did in their times. To solve the legitimacy crisis, Xi recast a nationalist card aiming to restore China's prominence and glory with a very specific goal, the reunification of Taiwan.

In addition to Xi's urgency to enhance his legitimacy through reunification, the international political landscape is also against the chance of peaceful reunification. First, reunification is extremely unpopular in Taiwan. An increasing number of the young generation in Taiwan rejects China. Moreover, China lost its trust in the authenticity of the "one country and two systems," the same system adopted to govern Hong Kong. Second, the Russo-Ukrainian war may further accelerate the conflicts between liberal democracies and authoritarian regimes and will force China into a new Cold War. The imposition of punitive sanctions against Russia, as punishment for its war against Ukraine, might inadvertently teach non-western countries a singular lesson: avoid over-reliance on western economies to minimize their economic vulnerability. China may emerge as an alternative economic option to these countries.

Conclusion: What's Next?

Ever since Xi promoted reunification as a prerequisite of the "great rejuvenation," which must be accomplished by the 100th anniversary of the PRC in 2049, the reunification of Taiwan suddenly has a time limit. How to achieve the goal now becomes the center of discussion. Although Xi vows to adhere to the basic principle of peaceful reunification, the possibility of the use of force is increasing. The Russo-Ukrainian war reduced the uncertainty involved in a military operation. If the world becomes more divided after the war, Taiwan will take advantage of the US-China rivalry that grants it more leverage to reject the China-led reunification. In fact, over the past decade, China has prepared for the inevitable clash between democracies led by the US and the non-democratic governments and autocracies. By lowering trade dependency and building an alternative financial system, China has sought to make the regime relatively independent from external forces. The current deterrence strategies by the western countries may delay the Chinese invasion by only a few more years. When China reaches a certain level of decoupling from western influence, the world will encounter another miserable moment.

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