

THREAT
ANALYSIS

CHINA



The Risk of a Taiwan Invasion Is Rising Fast

An invasion is currently unlikely, but political, economic, and military trends suggest that by 2027, China's leadership will likely be able to consider an invasion while minimizing the costs.

A protracted war over Taiwan would almost certainly have profound consequences for the global economy, disrupting critical shipping lanes and devastating technology supply chains in East Asia.

Businesses should begin investing in contingency plans to protect and diversify their operations if China invades or undertakes other significant military action against Taiwan in the coming decade.

Executive Summary

Businesses should now begin making preparatory investments to establish contingency plans in case of a Taiwan invasion, especially if they operate in Taiwan or China, rely heavily on supply chains or shipping in Asia, or are located in countries likely to oppose China's geopolitical objectives. While an invasion in the short term (2025–2026) is currently unlikely, the factors informing Insikt Group's assessment are rapidly evolving. Beginning in 2027 and continuing through the long term (2027–2049), the risk of an invasion will very likely continue to increase, though it is not inevitable that an invasion will occur. In the short term, China is almost certain to continue its current coercive efforts, including major military exercises and incursions into maritime and air spaces near Taiwan, while seeking ways to incrementally escalate such coercion below the level of an invasion. In these efforts, China is likely to initiate a temporary law enforcement-led quarantine and a disruptive cyber campaign against Taiwan's critical infrastructure.

Our assessment is based on a range of behaviors and trends across China, Taiwan, and the United States (US), as described in the **Key Findings** below, and in consideration of China's broader geopolitical context (see **Appendix A**). Fundamentally, in the short term, we assess that — absent a specific catalyst that leads to war (such as if Taiwan were to declare formal independence) — the Chinese Communist Party (CCP) leadership is very likely to remain focused on improving domestic conditions and strengthening preparations for navigating tensions with the US, a potential invasion of Taiwan, or other conflict with foreign powers (such as over the South China Sea). In the long term, we assess that China will likely have established a level of preparedness across the military, economic, social, and other domains by 2027 that would enable its leadership to invade Taiwan as a “war of choice” (rather than in response to a specific catalyst) while minimizing associated costs and risks.

Our assessment is generally aligned with public statements by Taiwan and US government and military officials since the start of 2023, both of which emphasize active preparations regardless of speculation about specific timelines. More specifically, Taiwan officials express that an invasion is currently unlikely despite the potential for a diversionary war to distract from China's domestic economic challenges. They also highlight weaknesses in the People's Liberation Army's (PLA's) amphibious capability while recognizing the PLA could likely execute a blockade of Taiwan — the foremost alternative to an invasion. US officials express that an invasion is not imminent or inevitable, but that the risk is increasing and that China's forces are on track to meet their modernization and readiness goals.

An invasion would almost certainly severely impact the global economy, disrupting critical shipping lanes, devastating the semiconductor industry, and imposing broad costs on Taiwan, China, and potentially the US. Businesses likely to be affected by a Taiwan invasion scenario should consider taking steps such as building relationships with potential alternative suppliers outside of Asia, evaluating the purchase of war risk insurance, conducting scenario-based stress tests to identify vulnerabilities in operations and investments, maintaining encrypted offline backups of key computer systems and data, isolating high-value computer systems to limit an adversary's lateral movement in case of a breach, and purchasing a geopolitical threat intelligence capability to support ongoing

monitoring of the Taiwan issue (additional recommendations can be found in the **Preparing for Potential Global Economic Disruption** section of this report). Indicators of escalation to support monitoring are provided in **Appendix B**. Given the public focus on the impact of an invasion on Taiwan's semiconductor industry, **Appendix C** further offers our assessment of why that industry is not especially relevant to judging if or when China might invade.

Key Findings

- Assessments supporting our judgment that an invasion is unlikely in the short term include:
 - China almost certainly continues to prefer “peaceful reunification” and very likely continues to invest in a dual-track strategy that combines economic inducements with coercive elements.
 - China's economy is facing challenges that are very likely holding the focus of leadership as they strive to attain national rejuvenation.
 - Despite PLA progress in developing capabilities necessary for a successful invasion of Taiwan, China's military continues to have limitations in areas that suggest it is not yet ready to undertake an invasion.
 - China's leadership has likely not begun telling the public to prepare for war and public support for a war is likely not at levels the CCP would prefer before ordering an invasion.
 - Although long-term public opinion trends in Taiwan are unfavorable to China's goals, polling results since 2020 likely suggest to China's leadership that its strategy is working to curb preferences for independence in the short term.
- Assessments supporting our judgment of rising risk in the long term include:
 - The CCP has become increasingly assertive and very likely expectant of progress with regard to its goals for Taiwan.
 - Under Xi Jinping's leadership, the CCP has taken administrative and other measures to develop a self-sufficient economy, harden against foreign economic coercion such as sanctions, decrease reliance on the US dollar, and prepare for shortages in strategic resources like grain and critical minerals.
 - China-based cyber threat actors are targeting US critical infrastructure in ways that suggest their goal is to pre-position for a potential conflict.
 - China's leadership has intensified its use of “lawfare” measures against Taiwan, particularly over the past year.
 - The PLA, China's wider armed forces, and China's defense industry are continuing to improve capabilities that would be needed for a successful invasion of Taiwan, countering US intervention, and other scenarios.
 - The political and social environments in Taiwan are both trending toward potentially permanent rejection of unification.

- China's leadership almost certainly perceives US government behavior as trending toward overturning its (the US's) "one-China" policy, which is one of Beijing's likely "red lines" that could hasten an invasion scenario.

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Indicators an Invasion Is Unlikely in the Short Term

There are several elements of China's behavior that support our assessment that a Taiwan invasion is unlikely before 2027. These include China's almost certain continuing preference for "peaceful reunification", indicators that it very likely continues to pursue a dual-track approach to Taiwan, economic challenges that very likely take priority given China's other ambitions, shortfalls in PLA capability, and limited indication that China has begun mobilizing its populace to brace for wartime hardship. Additionally, public opinion polling results in Taiwan since 2020 likely suggest to China's leadership that its coercive strategy is working to deter independence in the short term. In totality, we assess that — absent a specific catalyst that leads to war (such as if Taiwan declares formal independence or China assesses foreign military interference in Taiwan) — the CCP leadership is very likely, in the short term, to remain focused on improving domestic conditions and strengthening preparations for navigating tensions with the US, a potential invasion, or other conflict with a foreign power (for example, over the South China Sea).

Trends in China

China almost certainly continues to prefer "peaceful reunification" and very likely continues to invest in a dual-track strategy that combines economic inducements with coercive elements. While the coercive elements of the CCP's strategy — including large-scale military [exercises](#) (reportedly with [cyber](#) components), air defense identification zone (ADIZ) [incursions](#), and expanding law enforcement [patrols](#) around Taiwan's outlying islands — receive the most attention, examples of the other side of CCP strategy include the following: a June 2024 [plan](#) to "deepen cross-strait innovation and development cooperation" in Dongguan city, January 2024 reforms in Fujian that [created](#) new government offices for Taiwan work, and a September 2023 [plan](#) to build a "cross-strait integrated development demonstration zone" in Fujian province, and 68 other preferential policies and measures [targeting](#) Taiwan businesses in China between 2018 and 2020. Xi Jinping's activities in October 2024 also very likely signal this dual-track approach, [omitting](#) references to "peace" in statements relevant to Taiwan and [visiting](#) locations significant to China's civil war history while also calling for greater integrated development. On January 15, 2025, a spokesperson for the Taiwan Affairs Office [reiterated](#) that integrated development is a focal point for the coming year. Additionally, there is almost certainly still no strict deadline for [achieving](#) unification.

China's economy is in a period of transition, volatility, and struggle, facing challenges that are very likely holding the focus of leadership as it strives to attain national rejuvenation¹ and continue preparing for potential armed conflict. China's challenges include a [depressed](#) property market, [deflation](#), [high](#) local government debt, [declining](#) foreign investment, [elevated](#) youth unemployment, and [lingering dependence](#) on critical foreign technology like semiconductor production tools (for more on the relevance of semiconductors in China's likely Taiwan invasion calculus, see **Appendix C**), while [shifting](#) toward "a green, high-tech" structure. These and other challenges have led to arguments that China

¹ This refers to the concept of a "great rejuvenation of the Chinese nation", which entails China's return to a place of prominence in the international community as a powerful, wealthy, modern, and influential country (1, 2).

could invade Taiwan to distract from domestic troubles (1, 2, 3, 4), but this is unlikely. First, diversionary war has not been the CCP's method for [managing](#) domestic crises since 1949. Second, the economic challenges are likely not great enough to [derail](#) the PLA's ongoing modernization in ways that would limit China's option to use force in the future. During this period, Xi Jinping is very likely to focus on solving domestic economic problems while strengthening the military to support conditions for achieving national rejuvenation by 2049 — a goal with an [economic component](#) — and to prepare for unifying with Taiwan through force if doing so is deemed necessary.

Despite PLA progress toward developing capabilities necessary for a successful invasion of Taiwan (discussed further below), China's military continues to have limitations in areas that suggest it is not yet ready to undertake such a high-risk operation. These limitations very likely include a lack of sealift capacity for an invasion of Taiwan,² inadequate rapid runway repair capabilities to [restore](#) air operations following enemy assaults, difficulty [integrating](#) submarine forces into joint operations, and helicopter forces that have readiness and operational capacity limitations.³ Corruption also [continues](#) to be a [major challenge](#) for the PLA and China's [defense industry](#), potentially disrupting the military's organizational command, the quality of its personnel, its preparedness for warfare, and the attainment of its modernization goals.

China's leadership has likely not begun telling the public to prepare for war and public support for a war is likely not at levels the CCP would prefer before ordering an invasion. This point is debated, with some analysts focusing on Xi Jinping's [warning](#) that "the stormy seas of a major test" are looming, his [emphasis](#) on "worst-case scenario thinking", and the CCP's escalating rhetoric targeting Taiwan.⁴ However, when asked about this language during a US Congressional hearing in 2024, multiple experts from the US, India, and elsewhere [assessed](#) that available evidence likely does not point to warnings of an imminent invasion specifically, but rather to the rising risks of China's volatile economic and geopolitical context generally (see **Appendix A**). In particular, these experts [focus](#) on the lack of state content "demonizing" China's would-be opponents in Taiwan and likely the US. Moreover, only about 50% — at most — of the Chinese public likely supports a use of force to unify Taiwan under certain conditions; China's leadership would likely prefer a stronger base of popular support before initiating a high-risk and potentially costly invasion, for reasons related to PLA [reliance](#) on civilian systems^{5 6} and because failure could threaten at least the current CCP leadership if not wider party legitimacy (1, 2, 3).

² Conor M. Kennedy, "Getting There: Chinese Military and Civilian Sealift in a Cross-Strait Invasion," in Joel Wuthnow et al. (eds.), *Crossing the Strait: China's Military Prepares for War with Taiwan* (National Defense University, 2022), <https://ndupress.ndu.edu/Other-Publications/Books/Crossing-the-Strait/>; Andrew S. Erickson, Conor M. Kennedy, and Ryan D. Martinson,

"Introduction: Taking Taiwan by Force? Chinese Amphibious Warfare in the New Era," in Andrew S. Erickson, Conor M. Kennedy, and Ryan D. Martinson (eds.), *Chinese Amphibious Warfare: Prospects for a Cross-Strait Invasion* (US Naval War College, 2024), 10–11; Joshua Arostegui, "PLA Army and Marine Corps Amphibious Brigades in a Post-Reform Military," in Wuthnow et al. (eds.), *Crossing the Strait*, 161–62.

³ Erickson, Kennedy, and Martinson, "Taking Taiwan by Force?", 10–11.

⁴ Based on Insikt Group's review of language related to Taiwan in annual government work reports and the public readouts of Taiwan Work Conferences (TWC) since 2018.

⁵ LeighAnn Luce and Erin Richter, "Handling Logistics in a Reformed PLA: The Long March Toward Joint Logistics," in Phillip C. Saunders et al. (eds.), *Chairman Xi Remakes the PLA: Assessing Chinese Military Reforms* (National Defense University Press, 2019), 258, 267–69, <https://ndupress.ndu.edu/Portals/68/Documents/Books/Chairman-Xi/Chairman-Xi.pdf>.

⁶ Erin Richter and Benjamin Rosen, "China's National Defense Mobilization System: Foundation for Military Logistics," in *PLA Logistics and Sustainment: PLA Conference 2022* (US Army War College Press, 2023), 49, <https://press.armywarcollege.edu/cgi/viewcontent.cgi?article=1954&context=monographs>.

Trends in Taiwan and the US

Although long-term public opinion trends in Taiwan [indicate](#) the majority of people are very unlikely to ever willingly support unification (discussed later in this report), polling results since 2020 likely suggest to China's leadership that the military and other elements of its strategy are working to curb preferences for independence in the short term. Since 2020, support for maintaining the "status quo" has increased while moving "toward independence" has trended downward (an uptick in June 2024 notwithstanding). Further, support for maintaining the "status quo indefinitely" has risen since 2020 from 25.8% to 33.6%. Support for "independence as soon as possible" has also fallen from 6.6% to 3.8% in this same period. These results likely decrease the likelihood of an invasion given China's very likely preference for solving domestic challenges and further preparing in case an invasion is deemed necessary.

Insikt Group has not identified any trends in the US that would, in our assessment, decrease the likelihood of invasion in the short term.

Indicators the Risk of Invasion Is Rising

There are several elements of China's behavior that support our assessment of rising risk in the long term, and increasing likelihood (but not inevitability) beginning in 2027. These include the CCP's very likely increasing expectations for progress toward unification, efforts to harden China's economy against foreign threats, cyber pre-positioning in US critical infrastructure, intensifying "lawfare" aimed at Taiwan, continuing development of relevant military capabilities, long-term political and social trends in Taiwan, and almost certain perception that the US is moving toward abandoning its "one-China" policy. In totality, China's behaviors and goals suggest that by 2027 the CCP will likely have established a sound footing from which to invade Taiwan as a "[war of choice](#)" rather than in response to specific catalysts that could spark a "war of necessity" (see the **Outlook** section).

Trends in China

The CCP has become increasingly assertive and very likely expectant of progress with regard to its goals for Taiwan. China's leadership has almost certainly intentionally⁷ still not publicly stated a deadline by which unification must be achieved, but an [implicit](#) and non-binding target is 2049 — the year by which the CCP aims to achieve the "great rejuvenation" ([1](#), [2](#), [3](#)). Since at least the 1990s, Chinese leaders have [linked](#) the idea of "rejuvenation" with "reunification". However, Xi Jinping is differentiated through a relatively greater emphasis on the relationship between these objectives. A 2022 government-issued white paper [describes](#), for example, "reunification" as "indispensable for the realization of China's rejuvenation". Under Xi's leadership, the CCP has very likely [expanded](#) its definition of perceived moves toward Taiwan's independence such that the threshold for what requires a coercive response is much lower than in the past. Especially in the past year, the CCP has also very

⁷ Phillip C. Saunders, "Three Logics of Chinese Policy Toward Taiwan: An Analytic Framework", in Wuthnow et al. (eds.), *Crossing the Strait*, 38, <https://ndupress.ndu.edu/Other-Publications/Books/Crossing-the-Strait/>.

likely become [more insistent](#) that progress toward unification is [achieved](#) rather than being satisfied with simply deterring Taiwan independence.⁸

Under Xi Jinping's leadership, and especially since 2020, the CCP has taken administrative and other measures to develop a self-sufficient economy ([1](#), [2](#)), harden against foreign economic coercion such as sanctions ([1](#), [2](#), [3](#)), decrease reliance on the US dollar ([1](#), [2](#), [3](#)), and prepare for shortages in strategic resources like grain and critical minerals ([1](#), [2](#), [3](#)). By 2027, for example, China aims to have significantly increased the use of domestic alternatives to Western software in CCP, government, state-owned, and other entities ([1](#), [2](#), [3](#), [4](#), [5](#), [6](#)). By 2027, China [aims](#) to have established an initially operational 300 million tonnes-per-year coal reserve system that will be fully completed by 2030. Since Russia's invasion of Ukraine in 2022, China has reportedly [established](#) an interagency effort to study the impact of Western sanctions on Russia and how to mitigate sanctions. Xi has also reportedly visited the State Administration of Foreign Exchange and asked about safeguarding China's foreign-exchange reserves.

China-based cyber threat actors are targeting US critical infrastructure in ways that suggest their goal is to pre-position for a potential conflict. This activity has targeted oil, gas, rail, transportation, telecommunication, energy, and utility systems on the strategically significant island of Guam and throughout the wider US that would enable China to disrupt US power projection in Asia and cause social turmoil in the event of a conflict ([1](#), [2](#), [3](#), [4](#)). In January 2024, National Cyber Director Harry Coker said threat actors are [pre-positioning](#) themselves in ways that would enable "a strike ... designed to deter U.S. military action by impeding U.S. decision-making, interfering with the deployment of U.S. forces, and challenging [the US'] ability to project power in [Asia]". Moreover, in 2020, late 2021, early 2022, and 2024 China state-sponsored threat actors launched destructive and disruptive attacks against critical infrastructure in Taiwan's [energy](#), [transportation](#), and [financial](#) sectors, likely as a form of coercion.

China's leadership has intensified its use of "lawfare" measures against Taiwan, particularly over the past year. Since 2020, authorities have taken steps to censure, sanction, and punish perceived adversarial forces in Taiwan — often referred to as "'Taiwan Independence' Diehards" ([1](#), [2](#), [3](#), [4](#)). In June 2024, authorities [issued](#) a new document aimed at combatting perceived secessionist activities — broadly defined — such as by allowing the application of the death penalty in related legal cases. In August 2024, China's Taiwan Affairs Office [updated](#) its website to include a section that [prominently](#) names perceived pro-independence "diehards" and elicits public reports on their behavior and the behavior of other suspected "diehards". Also in August, authorities in China [sentenced](#) a person from Taiwan to nine years in prison for alleged separatist activities. This was reportedly the [first](#) such sentence. In addition to escalating China's coercive measures, these activities may also be intended to lay a foundation for vilifying China's opponents prior to a conflict (more evidence is needed to confirm this assessment).

The PLA, China's wider armed forces, and China's defense industry are continuing to improve capabilities that would be needed for a successful invasion of Taiwan, countering US intervention, and

⁸ This trend is also visible in our aforementioned review of government work reports and TWC readouts since 2018.

other scenarios. Xi Jinping has likely instructed the PLA to develop, by 2027, the capability to credibly threaten an invasion or other use of force that would compel Taiwan to negotiate on China's terms (1, 2, 3). Areas of improvement include [developing](#) high-speed amphibious armored vehicles, [fielding](#) new weapons like the PHC191 multiple rocket launcher, [investing](#) in remote sensing and other technologies to support joint operations,⁹ [launching](#) a fleet of ocean surveillance vessels, [expanding](#) China's stockpile of nuclear warheads, [building](#) modern militia forces, and [improving](#) the national defense mobilization system. The PLA has also continued to reform its structure for space, cyber, and other operations (1, 2), very likely [made progress](#) in conducting joint operations, and developed a posture from which to quickly mobilize large-scale forces around Taiwan (1, 2). Moreover, China is reportedly preparing the potential future battlefield in Taiwan; according to a 2024 [report](#) issued by Taiwan's National Security Bureau (NSB), China is colluding with gangs to develop "internal armed co-optees" to carry out sabotage operations during an invasion and establish "sniper teams" among former military personnel who would target military facilities and foreign embassies.

Trends in Taiwan and the US

The political and social environment in Taiwan are both trending toward potentially permanent rejection of unification. The Democratic Progressive Party (DPP) — which Beijing perceives as highly antagonistic and "pro-independence" — has [won](#) three consecutive presidential election victories since 2016. The main opposition, the Kuomintang (KMT) is very likely under pressure to moderate its relatively favorable position toward China and reconciliation so it can remain politically viable (1, 2, 3, 4). A third party, the Taiwan People's Party (TPP), is likely [pulling votes](#) from both of the aforementioned parties, but its leading candidate in 2024 likewise [rejected](#) China's prerequisite of recognizing that there is "one China". These political trends mirror wider [views](#) on unification in Taiwan, with 22.4% of people preferring to "move toward independence", 33.6% of people preferring to "maintain [the] status quo indefinitely", and only 6.6% of people preferring to "move toward unification" or unify with China "as soon as possible".

China's leadership almost certainly perceives US government behavior as trending toward overturning Washington's "one-China" policy, which is one of Beijing's likely "red lines" that could hasten an invasion scenario (1, 2, 3, 4). China is almost certainly closely watching political, economic, and military signals that this could be the case, including:

- Statements by President Joe Biden that the US will defend Taiwan militarily (1, 2, 3)
- Laws and resolutions by the US Congress that advocate defending Taiwan (1, 2), deterring China (1, 2), supporting its participation in international bodies (1, 2), and questioning the US' "one-China" policy (1, 2)
- The [surge](#) in members of Congress traveling to Taiwan since 2020
- Expanding bilateral economic partnership formats (1, 2, 3, 4)
- Deepening military cooperation that includes arms sales, funding, and training components (1, 2, 3, 4, 5, 6, 7, 8)

⁹ Based on Insikt Group's identification of former PLA Strategic Support Force Unit 61540 as the almost certain Military Unit Cover Designator (MUCD) for the Xi'an Surveying and Mapping Research Institute (西安测绘研究所), and subsequent research into this unit's activities.

The Views of Taiwan Officials

Since January 2023, statements by Taiwan officials have expressed that an invasion is currently unlikely despite the potential for Xi Jinping to consider a diversionary war to distract from domestic challenges. Officials further focus on the need to prepare and deter China regardless of speculation about potential timelines. Finally, they highlight weaknesses in the PLA's amphibious capability for an invasion while recognizing that conducting a military blockade is likely within the PLA's current capabilities. Select statements by Taiwan officials are provided below:

- In April 2023, then-Minister of Foreign Affairs Joseph Wu commented on China's military exercises that month, [telling](#) CNN to "look at the military exercises, and also their rhetoric, they seem to be trying to get ready to launch a war against Taiwan". Wu added that "no matter whether it is 2025 or 2027 or even beyond, Taiwan simply needs to get ready".
- During a November 2023 press conference, then-Secretary-General of the National Security Council Wellington Koo [said](#) an invasion was neither imminent nor inevitable but acknowledged the risk existed; Koo added that he personally did not believe it would happen in the short term, which he defined as within one or two years (approximately through 2025). Koo also expressed doubt that the PLA would successfully develop the capabilities needed for an amphibious operation by 2027. He stated that China's best strategy was to "win without fighting", such as by using a blockade or limited bombardment to try to force Taiwan into submission and preparing for an invasion if this fails.
- In July 2024, Minister of Foreign Affairs Lin Chia-lung commented on the "invasion timetable" during a press conference, [asserting](#) that discussion of "timetables" represented China's "cognitive operations". Lin asserted that Taiwan is focused on deterrence so that Xi Jinping chooses "not today" regardless of any timeline (for example, 2027 or 2049).
- In October 2024, the Commander of Taiwan's Navy, Admiral Tang Hua, [told](#) The Economist that the PLA is "'slowly, but surely' increasing their presence around [Taiwan]" and that the PLA is "ready to blockade Taiwan at any time they want". Tang argued that China is using an "anaconda strategy" to pressure Taiwan, hoping Taiwan's military forces will make a mistake that can be used as an excuse for a blockade.

On the issue of a diversionary war, public statements by Taiwan officials about this possibility appear to have shifted over the course of late 2022 and mid-2023 toward it being less likely. In October 2022, then-Director General of the NSB Chen Ming-tong reportedly [argued](#) that "Beijing is *likely* to threaten war in 2023 to force Taiwan to negotiate 'unification'" (emphasis added). Chen's comments were based on the possibility, as he perceived it, that domestic pressures in China from a failing economy may create conditions under which the CCP uses threats or force to divert the public's attention from its discontent. Then-Foreign Minister Wu [told](#) Sky News in January 2023 that if Xi cannot change the unfavorable domestic economic environment by 2027, he *might* create a crisis to divert people's attention or demonstrate that he has "accomplished something" (emphasis added). In July 2023, the current NSB Director-General Tsai Ming-yen [told](#) YahooTV that while the possibility of a diversionary

war for Taiwan to distract the Chinese public from domestic challenges exists, the risk of an invasion or other use of force is currently low.

The Views of US Officials

Since January 2023, statements by US officials have expressed that conflict is not imminent, but the risk is increasing; that China's forces are on track to meet their modernization and readiness goals; and that the US must urgently prepare for a potential invasion or other use of force against Taiwan. More specifically, they assert that Xi Jinping has told the PLA to develop the capability to successfully execute an invasion or other large-scale use of force by 2027, and that the PLA's capabilities are on track to meet that goal, but that this does not mean China has decided to launch an invasion in 2027. Select statements by US officials are provided below:

- In February 2023, then-Central Intelligence Agency (CIA) Director William J. Burns [told](#) CBS News that the PLA has been told "to be ready by 2027 to invade Taiwan, but that doesn't mean that [Xi's] decided to invade in 2027 or any other year". Burns added that "our judgment" is that Xi has "doubts" today about their chances of success, but also that "a potential use of force [will] probably grow the further into this decade you get and beyond it, into the following decade as well".
- During a November 2023 press conference, then-Secretary of Defense Lloyd J. Austin III [said](#) that "what we're seeing recently, is some very provocative behavior on the part of China's forces and their attempt to re-establish a new normal ... but whether or not that means that an invasion is imminent, I seriously doubt that".
- In February 2024, the commander of US Indo-Pacific Command (INDOPACOM), Admiral Samuel Paparo, [asserted](#) that there is an ongoing "erosion of strategic, operational and tactical" warning signs to distinguish between a military exercise and "a profound military operation" (such as an invasion).
- In April 2024, then-Director Burns further [stated](#) that Xi Jinping has "determined in the course of his political lifetime to control Taiwan", noting this does not mean an imminent invasion but is an ambition that should be taken "very seriously".
- In May 2024, then-Director of National Intelligence (DNI) Avril Haines [said](#), "we continue to assess that [Xi] would prefer to achieve unification of Taiwan through peaceful means, but the reality is that he is and has directed his military to provide him with the military option, essentially, to be able to take it without concern of [US] intervention".
- In May 2024, then-Director of the Defense Intelligence Agency (DIA) Lieutenant General Scott D. Berrier [told](#) a congressional committee that "we have talked about 2025, 2027, 2035 and 2049" and "the bottom line is [Xi] has told his military to be ready. For what, we are not sure. When, we are not sure".
- In August 2024, former Chairman of the Joint Chiefs of Staff Mark Milley [wrote](#), in a personal capacity, that "although Beijing is unlikely to launch a full attack on the island in the next few years, Chinese President Xi Jinping has ordered his country's military to be capable of invading Taiwan by 2027".

- In November 2024, Commander Paparo further [asserted](#) that China's summer 2024 military exercises were "the 'jointest' operations for air, missile, [and] maritime power that I'd seen over an entire career of being an observer". He also [said](#), speaking of the year 2027, "the closer we get to it, the less relevant that date is, and the more we must be ready today, tomorrow, next month, next year, and onward".

Other than the March 2021 remarks of then-INDOPACOM Commander Admiral Phil Davidson, who [argued](#) that "the threat is manifest during this decade, in fact in the next six years" (that is, by or in 2027), the most prominent contrarian view among US officials about the imminence of an invasion or other use of force has been expressed by the now-former commander of the Air Mobility Command, General Mike Minihan. General Minihan [wrote](#) in a January 2023 memo that "my gut tells me we will fight in 2025". The wider context of the memo was, nevertheless, the importance of being ready for any contingency.

Preparing for Potential Global Economic Disruption

How an invasion of Taiwan might unfold is difficult to predict, but any scenario would almost certainly create considerable challenges for business operations and world economies. Plausible scenarios include — but are not limited to — a short, sharp war in which China rapidly dominates Taiwan before other countries become militarily involved; a protracted local war involving China, Taiwan, and the US; and a global conflict that spawns proxy conflicts and involves nuclear weapons. At a minimum, organizations should prepare for the impacts of all-domain warfare in Taiwan and coastal China. This would almost certainly entail the death of employees, lost access to critical infrastructure, destruction of physical corporate assets, and compromised computer networks. Businesses should expect exposure to social (such as nationalism, boycotts, and hacktivism) and regulatory (such as sanctions and export controls) pressures in China, Taiwan, and other countries. In China, companies perceived as supporting foreign government opposition to the invasion would likely be the target of increased suspicion, cyber intrusion, and non-cyber coercion.

In terms of broad economic impact, Taiwan and its geography are [crucial](#) to the global economy. Taiwan produces 90% of advanced semiconductors used in smartphones and data centers and is home to ports that support nearly \$600 billion USD in trade annually (as of 2022). Further, approximately \$11.5 trillion USD worth of goods transit the Taiwan Strait annually. Any Taiwan invasion scenario — which could unfold in numerous ways — would almost certainly significantly disrupt each of these areas of economic interdependence. Research by Bloomberg Economics [estimates](#) that a one-year conflict involving the US but remaining local in geographic scope would result in a 10.2% decline in global gross domestic product (GDP), about \$10 trillion USD. If China were to blockade Taiwan, Bloomberg Economics estimates the first-year global GDP loss would be 5%. Other research [argues](#) that China's annexation of Taiwan would likely disrupt the semiconductor industry in ways "substantially worse than ... the most intense phase of the COVID-19 pandemic" and "could result in global economic loss on a par with, or worse than, that caused by World War II". If the Taiwan Strait is a warzone, ships navigating from southeast Asia to northeast Asia could be [forced](#) to add approximately 1,000 miles to their voyage to avoid it, entailing longer transport times and higher prices.

Therefore, to the extent that doing so is feasible when balanced against other business and financial concerns, executives should begin preparing contingency plans and making preparatory investments over the next year that would enable faster transition to a contingency footing. This could include:

- Building relationships with potential alternative suppliers outside of Asia
- Evaluating the purchase of war risk insurance
- Diversifying investments in other parts of the world
- Exploring currency hedging strategies
- Conducting scenario-based stress tests to identify vulnerabilities in operations and investments
- Establish a tiered communication strategy to keep stakeholders informed
- Maintaining encrypted offline backups of key computer systems and data
- Isolating high-value computer systems to limit an adversary's lateral movement in case of a breach
- Implementing cybersecurity systems to limit disruptions between geographic locations
- Secure data exchanges with supply-chain partners to reduce espionage risks

Additionally, businesses that do not currently possess a mature geopolitical threat intelligence capability in-house should explore solutions offered by external providers to support ongoing monitoring of the Taiwan issue. This report is a product of continual monitoring of cross-strait tensions and related developments by Insikt Group's Global Issues team. Although it is theoretically plausible that the PLA could [stealthily initiate](#) an invasion, there would very likely be signs of an imminent threat that include [ramping up](#) preparations, amassing equipment, [mobilizing](#) the public, [freezing](#) foreign assets in China, and restricting travel abroad by elites and skilled workers (see **Appendix B** for additional indicators). The signs in advance of an action below the level of invasion — such as a blockade — may be less readily apparent.

Outlook

We assess that an invasion of Taiwan is unlikely in the short term (2025–2026). This assessment is subject to a number of assumptions. The primary assumption is that the CCP leadership is most likely to choose to initiate an invasion at some point after China reaches a point of maximum preparedness. That is, for example, when the PLA is deemed fully capable of successfully executing its mission over US intervention and the economy is robust and self-sufficient enough to withstand international backlash. However, there are catalytic conditions that could lead the CCP to initiate an invasion regardless of national preparedness or theoretical deadlines. The US Department of Defense [assesses](#) that such catalytic conditions include:

- Formal declaration of Taiwan's independence
- Undefined moves toward Taiwan independence
- Internal unrest in Taiwan
- Taiwan's acquisition of nuclear weapons
- Indefinite delays in the resumption of cross-strait dialogue on unification
- Foreign military intervention in Taiwan's internal affairs

We assess that, in the long term (2027–2049), the risks of a Taiwan invasion are rising but (similar to the views of Taiwan and US officials) not inevitable. There are too many variables to judge with high confidence whether an invasion becomes “likely” in any given year, but China is likely to have achieved a state of preparedness in 2027 that would enable the CCP to choose to invade Taiwan while minimizing the costs and risks. This assessment is also subject to a number of assumptions. The main assumption is that the preparations underway in China will be satisfactorily achieved by the target dates. Another assumption is that the preparations are being undertaken, at least in part, to support an invasion, but this is not necessarily the case for every development (see **Appendix A**). Finally, we assume that trends in Taiwan and the US will remain relatively unchanged; despite uncertainties around the incoming administration of President Donald Trump,¹⁰ the US Congress is very likely to continue viewing China as a threat to US interests and trend toward increasing support for Taiwan.

There is also a question of whether an invasion is China’s most likely course of action. This is debated by foreign experts on China’s foreign policy and military, as well as by US government policy officials (1, 2, 3).^{11 12} There are other uses of force that China’s leadership could employ to attempt to compel Taiwan into negotiating some form of unification. The main alternative to invasion would be a long-term, thorough [blockade](#) of the island with the goal of “slowly strangling Taiwan until it submits or collapses”. Other options to incrementally increase China’s coercion of Taiwan include limited air and missile [strikes](#) (such as joint firepower strike operations) and [seizure](#) of Taiwan’s outlying islands near China (such as Kinmen). The most likely of these coercive scenarios in the short term are a temporary law enforcement (that is, China Coast Guard)-led [quarantine](#) around Taiwan’s main island or outlying islands and a disruptive [cyber-enabled campaign](#) against Taiwan’s critical infrastructure.

Given the evidence of rapidly rising risk and the many unknowns surrounding the issue of whether and when China may invade Taiwan or initiate another large-scale use of force, businesses should begin formulating and establishing the groundwork for implementing contingency plans now. Insikt Group particularly recommends this for businesses that operate in Asia (especially Taiwan and China), that rely heavily on supply chains or shipping in the region, or that are located in countries likely to oppose China’s geopolitical objectives.

¹⁰ President Donald Trump’s second administration is very likely to adopt an adversarial view of China, based on his economic [grievances](#) with Beijing and [cabinet](#) nominations as of this writing. Elbridge Colby, Trump’s [nominee](#) for undersecretary of defense for policy, believes the US should [change](#) its current policy to affirm that it will militarily defend Taiwan (that is, adopt “strategic clarity”) and make it Washington’s goal to build military capabilities and alliances that could (if necessary) defeat China in a military confrontation (see: Elbridge A. Colby, *The Strategy of Denial: American Defense in an Age of Great Power Conflict* [Yale University Press, 2021]). However, Trump himself has [neither committed](#) to a military defense nor ruled it out, emphasizing the use of tariffs as a punitive measure in case of an invasion and emphasizing the need to preserve his negotiating power with China (1, 2, 3). At the same time, Trump has noted grievances with Taiwan, [accusing](#) the island of “stealing” US semiconductor business and [asserting](#) that “Taiwan should pay us for defense”. During his first term in office, Trump also reportedly [questioned](#) the importance of defending Taiwan.

¹¹ Michael Casey, “Firepower Strike, Blockade, Landing: PLA Campaigns for a Cross-Strait Conflict”, in Wuthnow et al. (eds.), *Crossing the Strait*, 113–15.

¹² Colby, *The Strategy of Denial*.

Appendix A: China's External Environment as a Confounding Variable

Assessing China's calculus, preparations, and intentions with regard to an invasion of Taiwan requires a fuller understanding of how China's leaders view the international environment. As documented in this report, China's leadership and military have taken numerous steps that are relevant to judging China's preparedness for an invasion and whether a given behavior raises or lowers the likelihood in the short term (2025–2026) or long term (2027–2049). However, there are alternative explanations for many of these behaviors. For instance, is CCP General Secretary Xi Jinping's emphasis on the need for "struggle" (now [written into](#) the party constitution) an indicator of a Taiwan scenario specifically, or — as is likely — a more general expression of potential hardships over which China will need to persevere as it addresses unrelated threats? This section briefly summarizes the CCP's understanding of China's external environment to explain why Insikt Group has not interpreted certain behaviors documented in this report as proof that China has made a decision that it will invade Taiwan.

China's leadership [perceives](#) the world as undergoing "great changes unseen in a century", in part [driven](#) by its own actions and those of partners like Russia. These "great changes" refer to the decline of the Western (namely, American)-led "international order", declining American power [since](#) at least 2008, and opportunities for China as a rising power. The CCP's exact aims, such as whether it seeks "[preeminent status within the global order](#)", are [debated](#), but it is during this period that China's leadership strives to realize its "[great rejuvenation of the Chinese nation](#)" — China's return to a position of wealth, power, and international influence by 2049 that (almost certainly) is not subject to Western (American) coercion and from which the CCP can secure China's interests. In this, China is "[advancing towards the center of the world stage](#)" and advocating reforms to the "international order" that support "[true multilateralism](#)".

Although this period of "great changes" entails optimism about China's rise and future, it also [acknowledges](#) risks that China must navigate, especially threats posed by the US — which Chinese scholars [recognize](#) retains considerable power despite relative decline compared with China. In recent years, China's leadership has [expressed](#) that the international environment in the current era of change is [marked](#) by opposition to economic globalization, intensification of great power competition, uncertain international politics, economic protectionism, and turbulent changes — almost certainly including wars in Ukraine (since 2022) and the Middle East (since 2023). More specifically, the CCP [assesses](#) that Western countries led by the US are seeking to contain, encircle, and suppress China, posing "unprecedented severe challenges" to the country's development. Authorities recognized at least as early as 2015 that it would be "impossible to have the United States respect [China's] core interests".¹³ This challenge — apart from any Taiwan scenario — requires the CCP to defend China's interests, including, for example, by strengthening self-sufficiency within its economy, insulating the economy from external threats like sanctions, and (almost certainly from China's perspective) improving the PLA's capability to withstand a potential conflict.

¹³ Tai Ming Cheung, *Innovate to Dominate: The Rise of the Chinese Techno-Security State* (Cornell University, 2022), 60.

Appendix B: Select Indicators of Escalation in the Taiwan Strait

Insikt Group’s Global Issues Team has identified 50 indicators that suggest increasing risk in the cross-strait situation and rising likelihood of an invasion or other major use of force against Taiwan. The table below provides 22 of these indicators across Political, Economic, Social, Technological, Legal, Environmental, and Military domains (the PESTLE-M framework).

Escalatory Indicator(s)
Political
<ul style="list-style-type: none"> • China’s leadership expresses a clear deadline for reunification or increases its emphasis on unification ahead of 2049. • China’s leadership stops investing in or discussing “peaceful reunification”, peaceful development, or similar concepts. • China intensifies warnings to Taiwan, as well as to the US and other regional and concerned parties about the costs of interfering in a Taiwan scenario. • China’s official rhetoric regarding Taiwan and perceived supporters of Taiwan independence escalates to include phrases such as “[Name] will meet the punishment it deserves” or “we have been driven beyond forbearance”.
Economic
<ul style="list-style-type: none"> • China’s leadership signals the achievement of key self-sufficiency goals, freezes foreign financial assets in China, and begins repatriating Chinese assets held abroad. • China’s normal business operations and output, especially among state-owned enterprises, show signs of widespread disruption, as does civilian air traffic around China. • Chinese roll-on/roll-off ferries depart routine routes or “go dark” in significant numbers and ports along the Taiwan Strait erect obfuscation measures to hide preparatory activities from satellite imaging.
Social
<ul style="list-style-type: none"> • China’s leadership increases propaganda on the need to prepare for hardship, the justness of armed force, the necessity of war, and the wrongdoings of Taiwan’s leadership (particularly in a way that demonizes it). • Popular media (movies, TV shows) about campaigns under Mao Zedong to recapture Taiwan increase or otherwise depict war with Taiwan. • The Taiwan public’s support for maintaining the “status quo” indefinitely decreases while support for moving “toward independence” or “independence as soon as possible” increases (particularly if the latter rises above 10%).

Technological
<ul style="list-style-type: none"> ● China state-sponsored threat actors are discovered pre-positioning in Taiwan's critical infrastructure, or the critical infrastructure of potential partners (such as Japan) in a war between China and Taiwan or China and the US. ● China state-sponsored threat actors demonstrate cyber coercion by disrupting or manipulating critical infrastructure in Taiwan, the US, or other potential participants in a war. ● China's leadership signals the achievement of self-sufficiency in semiconductor manufacturing.
Legal
<ul style="list-style-type: none"> ● There is an increase in diplomatic statements by China's partners supporting "national reunification" without stipulating it should be achieved by "peaceful" means or warnings in diplomatic statements by China's partners about the costs of a war over Taiwan or the justness of armed force. ● China's leadership uses domestic courts to convict prominent former and current DPP officials, especially if the sentence is death. ● China intensifies public statements that it considers the Taiwan Strait to be internal rather than international waters.
Environmental
<ul style="list-style-type: none"> ● It is between late March and late April or between late September and mid-October (in other words, not the seasons for typhoons or monsoon weather that could disrupt landing operations).
Military
<ul style="list-style-type: none"> ● China significantly increases production of amphibious vessels, other transport ships, and landing equipment to meet the PLA's sealift and delivery needs for an invasion of Taiwan. ● China surges production of missiles, rockets, and other munitions; halts enlisted demobilizations and regular training; and begins to focus on equipment maintenance tasks. ● Authorities in China initiate society-wide national defense mobilization of political, economic, technological, and other resources. ● China hardens, rearms, resupplies, repairs, and expands logistical, transport, and other facilities, especially outside of areas most likely to be bombed by Taiwan and others. ● China significantly increases security in domestic and border areas where internal or external threats may be seeking to exploit its focus on Taiwan for their own objectives.

Table 1: Escalatory indicators associated with developments across PESTLE-M; escalatory is relative to the current assessment (Source: [Insikt Group](#); [Carnegie Endowment for International Peace](#); [Center for Strategic and International Studies](#); [National Defense University](#); [Center for the Study of Chinese Military Affairs](#); [Reuters](#))

Appendix C: Taiwan's Semiconductors and the Question of Invasion

Much discussion of a potential Taiwan invasion has [focused](#) on the [importance](#) of the island's semiconductor industry — particularly Taiwan Semiconductor Manufacturing Company Limited (TSMC) — for global supply chains. Public focus on the semiconductor industry has led some observers to [suggest](#) that China could use force against Taiwan with the goal of seizing foundries in light of China's [weaknesses](#) in this sector. Such lines of argument imply that an invasion on any timeline is intimately linked to the semiconductor issue. While China's economic and technological concerns almost certainly decrease the likelihood of a short-term invasion in a general sense, it is almost certainly erroneous to overstate the importance of Taiwan's industry in the calculus of China's leadership.

There are a variety of [reasons](#) that the logic of arguments that China will invade Taiwan because of its semiconductors is almost certainly inaccurate, including the potential for an invasion to damage TSMC facilities. Indeed, some conversely argue that the importance of TSMC, China's reliance on Taiwan's technology, and the high sensitivity of modern chip-making machines provide the island with a "[silicon shield](#)" that could deter Beijing from launching an invasion. While the latter set of arguments is more persuasive — and aligns with Insikt Group's assessment that economic challenges likely decrease the risk that China invades Taiwan in the short term — both arguments' focus on Taiwan's semiconductors in the context of if or when an invasion may occur misses the fundamental nature of why China desires to control Taiwan.

Firstly, the CCP [views](#) unification with Taiwan as a "historic mission" and an "indispensable" component of "China's rejuvenation". There is a practical element in the CCP's strategic thinking that suggests it is not inevitable that unification must take the shape of total control of the island; former paramount leader Deng Xiaoping first [proposed](#) the "One Country, Two Systems" solution and [suggested](#) long-term patience. However, the Taiwan issue is almost certainly central to the CCP's self-perception of its legitimacy and fulfillment of its [mission](#) to "liberate" all of China and heal a "scar" on the nation left by the "century of humiliation".

Secondly, there are critical geostrategic considerations that almost certainly define Taiwan's importance to China's leadership. Chinese analysts with PLA and civilian affiliations acknowledge this aspect. According to a [review](#) of Chinese sources by foreign PLA expert Toshi Yoshihara, such analysts assert that Taiwan's location along major shipping routes makes it "essential to China's trade and wealth" and that the cross-strait status quo disrupts the ability of Chinese forces to use this "strategic thoroughfare" in defense of the country's entire coastline. They further argue that Taiwan could be a "protective screen" that can increase China's strategic depth, but currently threatens to support hostile foreign operations against China. Finally, they assess that, in controlling Taiwan, China would be able to project influence and power north and south along the First Island Chain and into the Western Pacific.

China's weakness in the semiconductor industry likely constitutes a downward economic pressure on the likelihood of an invasion in the short term and possibly longer until China's [efforts](#) can achieve sufficient independent capabilities in this sector. Note that this consideration is independent of Taiwan's

domestic semiconductor industry specifically; the same assessment would hold even if Taiwan did not have advanced semiconductor technology. Moreover, neither the first nor second of the CCP's almost certain fundamental motivations for achieving unification with Taiwan are related to the island's technology. For this reason, TSMC almost certainly does not constitute a long-term defense against invasion, even if China cannot achieve domestic breakthroughs.

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