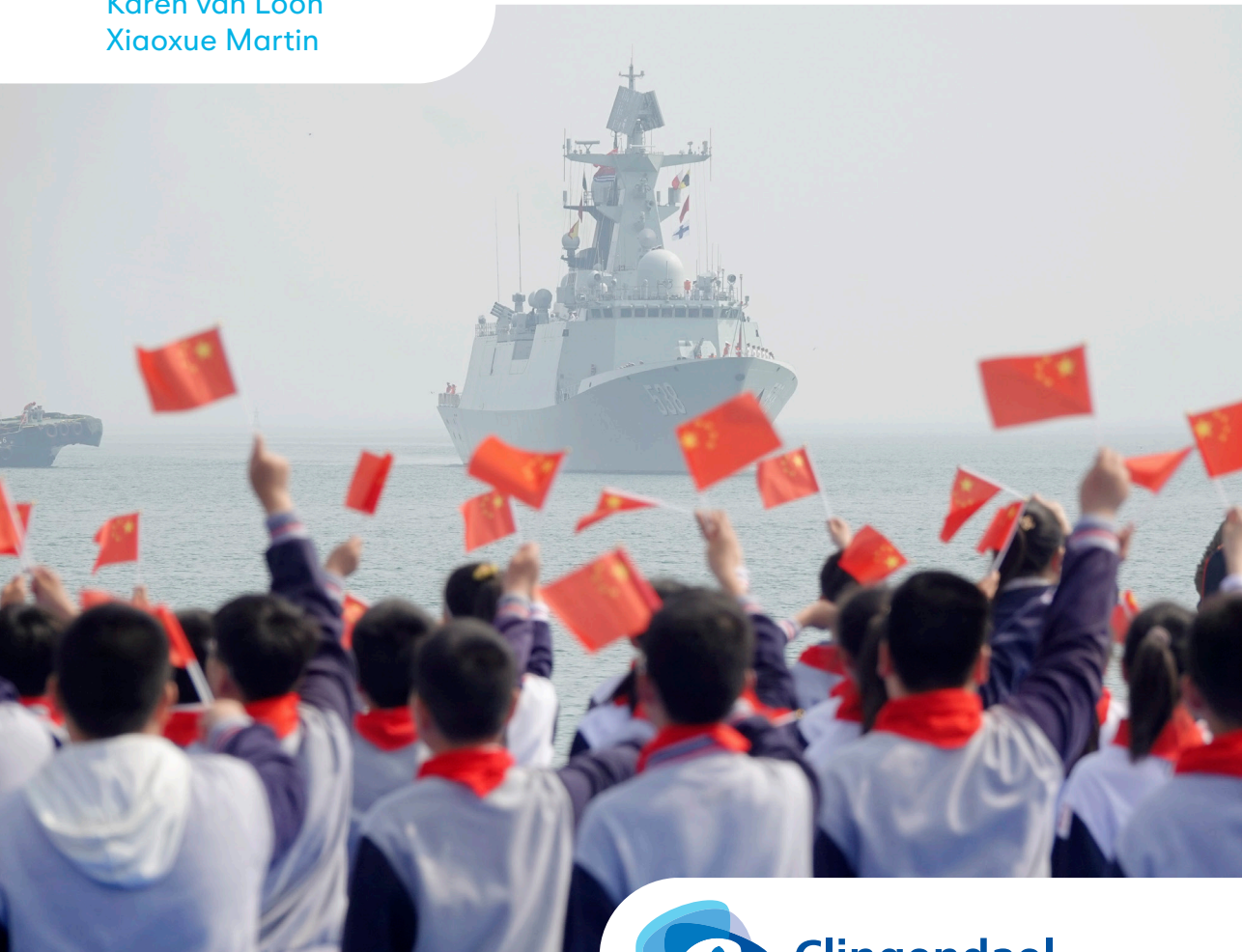


China's “World-Class Military” in the Indo-Pacific

Scenarios for 2049 and their Consequences for European Security

Kaspar Pucek
Karen van Loon
Xiaoxue Martin

Clingendael Report



Clingendael

Netherlands Institute of International Relations



Clingendael

Netherlands Institute of International Relations

China’s “World-Class Military” in the Indo-Pacific

Scenarios for 2049 and their
Consequences for European Security

Kaspar Pucek
Karen van Loon
Xiaoxue Martin

Clingendael Report
March 2026

About the authors

Kaspar Pucek is a Research Fellow within the Security Unit and the Russia and Eastern Europe Centre at the Clingendael Institute. His research focuses primarily on the geopolitics, politics, and political economy of Russia and Eastern Europe, as well as on Sino-Russian relations.

Karen van Loon is a Research Fellow in the Security and Defence Programme within the Security Unit at the Clingendael Institute. Her research encompasses Arctic security as well as European security and defence matters.

Xiaoxue Martin is a Research Fellow at the Clingendael China Centre. Her work focuses on the contemporary politics and international relations of China, in particular Taiwan affairs, and China's relations with the United States and the European Union.

The authors would like to thank Koen Aartsma, the programme lead of Clingendael's Strategic Foresight and Intelligence Programme, for his advice on the creation of the scenarios, as well as Ellen Schepers and Anouschka Modak for their valuable contributions to this report.

Contents

Executive summary	1
Introduction	4
1 From humiliation to rejuvenation: The symbolic and strategic significance of 2049	7
Symbolism: National rejuvenation by 2049	7
Objectives and strategy: Self-sufficiency in a multipolar world	8
China's ambitions in the Indo-Pacific: A Sino-centric regional order	9
2 A "world-class military" by 2049	12
The meaning of a "world-class military": What we do and do not know	12
Military modernisation: Prioritising power projection in the Taiwan Strait and the wider Western Pacific	14
Military reform: Centralisation of power and the development of joint operations capabilities	21
As strong as it seems? Limited combat experience, corruption, purges, and inefficiency	23
3 Scenarios: The Indo-Pacific by 2049?	25
Scenario 1: Forgone Formosa: "Peaceful reunification" through a blockade of Taiwan	27
Scenario 2: Thucydides Trapped: A U.S.-China war of attrition along the First Island Chain	32
Scenario 3: Sino-centric Seas: China's emerging primacy amid U.S. retrenchment	40
4 Implications for European Security and Policy Outlook	48
Implications for the Netherlands, the EU, and NATO	48
Policy outlook and recommendations	50

Executive summary

The year 2049 holds great symbolic value for the Chinese Communist Party (CCP), as the centenary of the founding of the People's Republic of China (PRC). This report examines China's military ambitions to complete the "great rejuvenation of the Chinese nation" by 2049, which include the creation of a "world-class military" and "reunification" with Taiwan. It explores three scenarios of how China realising its geopolitical and military objectives by 2049 could impact the security environment in the Indo-Pacific, as well as the resulting security risks for the Netherlands, the European Union, and NATO.

China's rapidly growing economy has facilitated a rapid build-up and an all-round modernisation of the Chinese armed forces. Priority has been given to branches of the PLA that are critical for projecting power into the Taiwan Strait and the wider Western Pacific: the navy, air force, and rocket force. Modernisation also concerns China's nuclear arsenal, as well as command and control, communications, and intelligence capabilities. Moreover, grey-zone activities, using the Chinese coast guard and maritime militia, are a crucial part of China's power projection in the region.

Through significant military reforms, Xi Jinping has consolidated his control over the PLA and established a modern joint command structure capable of executing effective combined-arms operations, necessary to prevail in potential conflicts in the Western Pacific. Furthermore, the PLA is working on its "cold start-style" military posture to swiftly conduct operations before adversaries can intervene.

China's military capabilities now pose a real threat to all other regional players in the Indo-Pacific, including the United States. While China's military capabilities currently still lag behind those of the U.S. in key areas – such as naval, air force, and nuclear capabilities – the PLA is expected to narrow this gap in the coming decade(s). Moreover, China's primary military strategy revolves around regional dominance and fighting in the vicinity of its own shores, where it enjoys significant advantages over the U.S.

To examine what it could mean if China were to realise its military goals, this report lays out three scenarios for 2049. Each scenario explores how the security environment in the Indo-Pacific could evolve if China's expanding military

capabilities were to translate into greater regional power projection, as well as how this would affect the security of the Netherlands, the EU, and NATO. Rather than assuming a fixed or fully articulated set of Chinese military ambitions, the scenarios are built around the persistent ambiguity surrounding Beijing's long-term objectives and the possibility that these objectives evolve alongside China's growing capabilities. Moreover, the scenarios are deliberately "skewed" in that they only present possible future Chinese success, rather than failure. That does not mean, however, that Chinese success is inevitable.

The scenarios are:

1. **Forgone Formose: "Peaceful reunification" through a blockade of Taiwan.**
China manages to annex Taiwan without a full-scale military invasion and further consolidates its control in the South China Sea.
2. **Thucydides Trapped: A U.S.-China war of attrition along the First Island Chain.** A botched Chinese invasion of Taiwan leads to a protracted war between the United States and China in the Western Pacific. China eventually takes Taiwan and succeeds at pushing the U.S. out of the Philippines and Okinawa, but the U.S. maintains a significant posture in the region through its alliance with and military presence in Japan and South Korea.
3. **Sino-centric Seas: China's emerging primacy amid U.S. retrenchment.** Sustained U.S. retrenchment enables China to establish asymmetric maritime primacy in the Western Pacific and key Southeast Asian chokepoints through calibrated coercion and technological superiority. While Beijing reshapes regional security and trade to its advantage, its position remains geographically differentiated, as Chinese primacy in East Asia coexists with sustained Sino-Indian contestation in the Indian Ocean rather than uncontested Indo-Pacific hegemony.

All three scenarios contain profound implications for European security, exposing it to political, geo-economic, and military pressure from both China and the U.S., maritime vulnerabilities, the potential weakening of the U.S. commitment to European security, as well as Chinese cyber and hybrid threats in retaliation for European support for the United States in case of a conflict with China.

Europe should contribute to stability in the Indo-Pacific by raising the costs of conflict and lowering the risks posed by expanding Chinese influence in the region by reducing its own vulnerabilities, through:

- Building a credible and usable European geo-economic deterrent.
- Strengthening existing and new partnerships in the Indo-Pacific region.
- Strengthening economic and supply chain resilience.
- Prioritising maritime security, chokepoint resilience, and access diversification.
- Rebuilding European security to reduce dependence on the United States, enabling Europe to take more responsibility for its own defence, thereby closing any perceived window of opportunity for Russian aggression during periods of U.S. strategic distraction while also making Europe less vulnerable to coercive leverage by the United States.

Introduction

China's resurgence has been one of the defining geopolitical developments of our time. By the centenary of the founding of the People's Republic of China (PRC) in 2049, the Chinese Communist Party (CCP) wants to have completed its "great rejuvenation of the Chinese nation" (中华民族伟大复兴 *Zhonghua minzu weida fuxing*). But what, exactly, does Beijing mean by this statement? And what will this entail for the Netherlands, the European Union, and NATO by 2049.

The report is divided into four chapters. The first chapter will analyse the meaning of the 2049 centenary for the geopolitical strategy of the Chinese leadership. The second chapter will zoom in on China's ambitions to build a "world-class military" (世界一流军队 *shijie yi liu jundui*) by 2049 as part of its national rejuvenation strategy, the extent to which it has succeeded so far, and the areas where it still aims to catch up with the United States in particular. Chapter three will present three scenarios as to how China could possibly attain its military goals in the Indo-Pacific by 2049.¹ Finally, the fourth chapter will reflect on the implications of these scenarios for European security and will present policy recommendations for what Europe could do to prepare for and navigate those scenarios.

The scenarios in this paper are an exercise in *strategic foresight*, which can be defined as the systematic analysis of plausible futures. Given that the future is fundamentally unpredictable, strategic foresight requires us to think in terms of multiple futures. But while the future is not predictable, it is imaginable. Narrative accounts of plausible, imagined futures are called *scenarios*. These are meant to provide insights into a range of possible futures, with the aim of helping policymakers to prepare for possible future scenarios, which they can either steer

1 The Chinese government rejects the term "Indo-Pacific" and instead prefers the term "Asia-Pacific" (亚太 *Yatai*). Beijing considers the Indo-Pacific to be a political concept pushed by, among others, the United States, India, and Japan with the aim of dividing the region and containing China. See, for example, the 2025 White Paper on China's National Security in the New Era: "[Xin shidai de Zhongguo guojia anquan](#)" 新时代的中国国家安全 [Chinese national security in the New Era], 中华人民共和国中央人民政府 *Zhonghua renmin gongheguo zhongyang renmin zhengfu*, 12 May 2025.

towards or, on the contrary, try to avoid. Ideally, this leads to a “futures-proof” policy – a policy that anticipates²

This report takes a morphological approach to scenario building, laying out the building blocks, actors, and factors in various states, to construct the three scenarios (see Table 1). Rather than attempting to map the full spectrum of possible futures, this approach helps to structure uncertainty by identifying key drivers and exploring how different combinations of these drivers could shape the regional order. The research question focuses on what the world could look like if China were to achieve its military objectives in the Indo-Pacific by 2049, which is a specific bandwidth of the full range of possible future scenarios. Specifically, this analysis excludes scenarios of a Chinese failure to achieve these objectives. While such scenarios are not explored in this report, they remain plausible futures. China's “national rejuvenation” (民族复兴 *minzu fuxing*) and “reunification” (统一 *tongyi*) with Taiwan are not inevitable, despite the CCP's insistence that they are.

The scenarios are differentiated by distinct configurations of Chinese power projection, U.S. regional presence and commitment, escalation dynamics, and regional responses. They range from limited regional consolidation, to protracted great-power war, to asymmetric Chinese primacy under conditions of U.S. retrenchment and structured regional contestation. The scenarios were reviewed and commented upon by experts and policymakers in a consultation session.

2 See Koen Aartsma, Liam Klein, and Chiara Schrader, [Geopolitiek changement op het wereldtoneel: Een foresightstudie](#), Clingendael Strategische Monitor 2025-2030 (January 2025), 1-3.

Table 1 Building blocks used per scenario

Factor	Scenario 1: Forgone Formosa	Scenario 2: Thucydides Trapped	Scenario 3: Sino-centric Seas
1. China's Power Projection	Controls Taiwan, but otherwise remains within First Island Chain	Breaks First Island Chain	Emerging primacy throughout the Indo-Pacific
2. U.S. Presence	Strong presence	Weakened / pushed back	Strategic retrenchment with offshore balancing
3. Taiwan Outcome	"Peaceful reunification" after blockade	Taken by force	Taken by force
4. U.S.–China Relations	Economic confrontation	Armed conflict	Strategic rivalry with limited direct confrontation
5. Regional Responses (ASEAN, Japan, Australia, India)	Balancing / hedging, while some ASEAN nations accommodate China	Balancing / hedging, while some ASEAN nations accommodate China	Balancing / hedging and bandwagoning with China
6. Trade & SLOC Stability	Disrupted but functioning	Severe disruption	Increasingly shaped and controlled by China
7. Implications for NL, EU & NATO	Moderate pressure	High pressure	Severe structural and systemic risks

- Limited – Contained Chinese regional expansion with manageable systemic impact
- Expanded – Chinese breakthrough beyond prior constraints with elevated systemic stress
- Severe – Structural Chinese regional dominance with high systemic risk

1 From humiliation to rejuvenation: The symbolic and strategic significance of 2049

Symbolism: National rejuvenation by 2049

The years 2021 and 2049 hold great symbolic value for the CCP. They represent the “Two Centenaries” (两个一百年 *liang ge yi bai nian*): the hundred-year anniversaries of two important moments in the history of the Party. While the year 2021 marked the centenary of the founding of the CCP, 2049 will mark the centenary of the founding of the People’s Republic of China. Although the concept of the Two Centenaries was already introduced in 1997 under President Jiang Zemin, it was only under President Xi Jinping that it became a core element of Party policy, formalised as the “Two Centenary Goals” (两个一百年奋斗目标 *liang ge yi bai nian fendou mubiao*).

President Xi has stated that by 2049 China will realize its dream of rejuvenation, as a “modern socialist country that is prosperous, strong, democratic, culturally advanced and harmonious.”³ The concept of rejuvenation is closely tied to what Xi has called “great changes unseen in a century” (百年未有之大变局 *bai nian weiyou zhi da bianju*). This phrase denotes the current historic opportunity that Beijing perceives as reclaiming its rightful place in the international order. This perceived opportunity stems from the convergence of China’s own rise with what Chinese leaders interpret as Western decline – illustrated, in their view, by developments such as Brexit, the election of Donald Trump, and the West’s allegedly inadequate response to the coronavirus pandemic.⁴

3 Xi Jinping, “[Achieving Rejuvenation Is the Dream of the Chinese People](#),” *Qiushi*, 18 September 2020.

4 Rush Doshi, *The Long Game: China’s Grand Strategy to Displace American Order* (New York: Oxford University Press, 2021), 1-6, 261-276.

In the CCP's historical narrative, this represents the culmination of its recovery from the "Century of Humiliation" (百年国耻 *bai nian guochi*). This humiliation began in the mid-nineteenth century with the Opium Wars, when the Chinese Qing Empire was too weak to defend its territory and sovereignty against foreign imperialist powers. Subsequently, China was at the mercy of internal instability and the overwhelming military might of the British and other European powers, as well as the Americans, Japanese, and Russians. According to Beijing, this period of Chinese victimhood only ended in 1949, when the CCP established the People's Republic of China.

Looking to the future, the Party uses teleological terms to present rejuvenation by 2049 as a "historical inevitability"⁵ (不可逆转的历史进程 *bu ke ni zhuan de lishi jin cheng*) that is "unstoppable" (势不可挡 *shi bu ke dang*).⁶ It promises that it will realise national rejuvenation by 2049, not through the use of force, but through "peaceful development"⁷ (和平发展 *he ping fazhan*). While some Western analysts have argued that structural tensions between a rising power (China) and a ruling power (the United States) are likely to lead to war,⁸ President Xi has repeatedly stated that this so-called "Thucydides Trap" can be avoided.⁹

Objectives and strategy: Self-sufficiency in a multipolar world

The year 2049 is more than just being symbolic. It includes plans for China's economic, technological, and military development, in which self-sufficiency and leadership are key. Namely, China should "lead the world in terms of composite national strength and international influence", as a "global technological

5 ["Full Text: Speech by Xi Jinping at ceremony marking CPC centenary,"](#) State Council of the People's Republic of China, 1 July 2021.

6 ["Xi hails 'unstoppable' national rejuvenation at V-Day commemorations,"](#) State Council of the People's Republic of China, 3 September 2025.

7 ["Remarks by H.E. Xi Jinping President of the People's Republic of China at the Reception Commemorating the 80th Anniversary of the Victory of the Chinese People's War of Resistance Against Japanese Aggression and the World Anti-Fascist War,"](#) Ministry of Foreign Affairs of the People's Republic of China, 3 September 2025.

8 Graham Allison, ["The Thucydides Trap: Are the U.S. and China Headed for War?,"](#) *The Atlantic*, 24 September 2015.

9 See, for example, ["Full text of Xi Jinping's speech on China-US relations in Seattle \(3\),"](#) *Global Times*, 24 September 2015; ["Xi says Thucydides's Trap not historical inevitability,"](#) State Council of the People's Republic of China, 17 November 2024.

superpower" with a "world-class military."¹⁰ The CCP uses five-year plans and industrial policy planning to advance these long-term objectives. It considers national security and social stability as essential for rejuvenation and claims that increased Party control over all domains of Chinese society is necessary to achieve them.

China's goals for 2049 are interlinked. China's military modernisation is facilitated by its economic and technological development. President Xi even labelled technology "the core combat capability," emphasising that China should "conduct innovations independently."¹¹ Crucially, China dominates rare earth supply chains, which are of key importance to the manufacturing of advanced weapons systems, among many other things. More broadly, China is working towards a more multipolar international order in which the U.S. is no longer dominant. It does this by reshaping the rules of existing multilateral institutions in line with its own political preferences, and promoting alternative platforms such as the BRICS, the Shanghai Cooperation Organisation, and the Belt and Road Initiative.

China's ambitions in the Indo-Pacific: A Sino-centric regional order

In the Indo-Pacific, China is seeking to achieve regional leadership at the cost of the U.S. It is working towards a Sino-centric regional order, with a reduced U.S. military presence in the Western Pacific and a weakening of Washington's regional alliance network. Moreover, the CCP sees "reunification" with Taiwan as "essential to realizing national rejuvenation." The term "reunification" is contested, because it implies that Taiwan was once part of the People's Republic of China. While the CCP sees Taiwan as a breakaway province, Taiwan's current government emphasises that "The People's Republic of China has never exercised sovereignty over Taiwan."¹²

10 ["Full text of the report to the 20th National Congress of the Communist Party of China,"](#) International Department of the Central Committee of the Communist Party of China, 2 August 2023.

11 Xi Jinping, ["Secure a Decisive Victory in Building a Moderately Prosperous Society in All Respects and Strive for the Great Success of Socialism with Chinese Characteristics for a New Era,"](#) Xinhua, original speech delivered on 18 October 2017.

12 Government Portal of the Republic of China (Taiwan), ["History,"](#) accessed on 23 February 2026.

The island, named "Ilha Formosa" (beautiful island) by the Portuguese in the 16th century, became part of Imperial China in the late 17th century. Subsequently, in 1895, it became a Japanese colony. Taiwan was only returned to China after the Second World War, when the country was ruled by the nationalist Kuomintang (KMT). When the Chinese communists won the civil war against their nationalist adversaries, the KMT fled from the mainland to Taiwan, moving the government of the Republic of China to the island. In 1949, the CCP founded the People's Republic of China, claiming Taiwan as part of its territory.

Since then, these competing claims have been a constant source of tension, also in the relationship with the U.S. Xi even called Taiwan "the most important issue" in a phone call with President Trump in February 2026.¹³ Because it regards Taiwan as a province of China, the CCP presents Taiwan as a strictly domestic matter that does not concern other countries, rejecting statements from international actors like the EU that cross-strait tensions are a global concern.¹⁴

While China's leadership prefers "peaceful reunification" with Taiwan as part of its national rejuvenation, it insists on the right to use force if necessary.¹⁵ It underlines this message with increased pressure on Taiwan and on countries that challenge China's sovereignty claims with military exercises and activity growing both in scope and frequency, alongside expanding lawfare and economic and diplomatic pressure. China is similarly using its growing military power and intensifying grey-zone activities to underline its claims over the South and East China Sea, and in its territorial disputes with many of its neighbours.¹⁶

China denies seeking any further territorial expansion than that, or pursuing hegemony.¹⁷ Rather, China is working towards a more multipolar international order in which the U.S. is no longer dominant. It does this by reshaping the rules

13 ["Xi told Trump Taiwan question is the most important issue in China-US relations,"](#) *China Daily*, 5 February 2026.

14 European External Action Service, ["Spokesperson statement on China's military exercise around Taiwan,"](#) 30 December 2025.

15 ["Full text: Chinese President Xi Jinping's 2026 New Year message,"](#) State Council of the People's Republic of China, 31 December 2025; Arran Hope, ["Beijing's New Approach to Taiwan,"](#) Jamestown Foundation, China Brief, 31 October 2025.

16 Bonny Lin, Brian Hart, Leon Li, Truly Tinsley, ["Tracking China's Increased Military Activities in the Indo-Pacific in 2025,"](#) ChinaPower, 5 February 2026.

17 ["Xi: China will never seek hegemony or engage in expansionism,"](#) State Council of the People's Republic of China, 16 October 2022.

of existing multilateral institutions in line with its own political preferences, and promoting alternative platforms such as the BRICS, the Shanghai Cooperation Organisation, and the Belt and Road Initiative.

Still, the true extent of the geopolitical objectives of China's great rejuvenation remains the subject of considerable debate. It is kept deliberately ambiguous, allowing the CCP to adjust its objectives over time and providing the Party with the flexibility to ensure that it can realise its promises. Some analysts, like Rush Doshi, argue that Beijing's national rejuvenation agenda is really about supplanting the United States as the hegemonic power in the international system by 2049.¹⁸ Others, however, believe that China has more limited geopolitical ambitions to dominate East Asia, including the Western Pacific.¹⁹ But even if that is indeed the case, this does not preclude more expansive ambitions from emerging in the future. As the saying goes, "appetite grows with eating." Ambitions often evolve alongside capabilities. Countries should prepare for China's geopolitical ambitions to expand as its power grows, notwithstanding the CCP's assurances to the contrary.

This report therefore looks at three future scenarios of China's growing military influence in the Indo-Pacific, based on China's military advancements discussed in the next chapter.

18 Doshi, *The Long Game*, 272 in particular.

19 Daniel Kurtz-Phelan, host, *The Foreign Affairs Interview*, "[How the Past Shadows China's Future: A Conversation With Odd Arne Westad](#)," 1 September 2025. Podcast, 11:40.

2 A “world-class military” by 2049

The meaning of a “world-class military”: What we do and do not know

This chapter will discuss China’s ambitions of having a “world-class military” by 2049, and the modernisation of the People’s Liberation Army leading up to that objective, in more detail. President Xi first introduced the term “world-class military” in 2016, within the context of his comprehensive modernisation and organisational reform of the PLA. At the 19th Congress of the CCP in October 2017, Xi stated that he foresaw the PLA’s modernisation following three steps:

1. By 2027, a century after the PLA was founded, the army should reach its “centenary goal.” The CCP deliberately refrains from specifying this centenary goal in more detail.
2. By 2035, “the modernization of our national defense and armed forces is basically completed.”
3. By 2049, China’s PLA will be “world-class forces that obey the Party’s command, can fight and win, and maintain excellent conduct.”²⁰

The CCP has not published any precise technical benchmarks for these three steps, such as a target for naval tonnage or specific capabilities that the PLA should have. Instead, the term “world-class military” is best understood as a *force development concept*. It highlights the importance of a powerful military as an integral component of Xi Jinping’s broader project of national rejuvenation.²¹

There is a great deal of discussion about the PLA’s internal deadlines and objectives, especially around the year 2027. Former CIA Director William Burns has stated that Washington knows “as a matter of intelligence” that President Xi has instructed the People’s Liberation Army to be ready by 2027 to conduct a successful invasion of Taiwan. According to Burns, “that does not mean that [Xi has] decided to conduct an invasion in 2027 or any other year, but it’s a reminder

20 Xi, “Secure a Decisive Victory.”

21 Favel, “China’s ‘World-Class Military’ Ambitions,” 85-87, 96.

of the seriousness of his focus and his ambition.”²² However, Burns did not provide any further detail on the intelligence supporting this claim. Similarly, the U.S. Department of Defense has also assessed that “China expects to be able to fight and win a war on Taiwan by the end of 2027.”²³ And in March 2025, the Taiwanese Ministry of Defence announced that it would use a scenario of invasion in 2027 in its annual military drills.²⁴ Nevertheless, PRC official discourse and public documents do not contain such a 2027 deadline and Xi himself has explicitly denied its existence.²⁵

China’s leadership has also not publicly defined whether a “world-class military” includes the ambition to build the world’s strongest military, or simply one of the strongest. There is no consensus among experts on this question.²⁶ In practice, the PLA has so far remained primarily focused on achieving regional military dominance in East Asia and on preparing for local wars – especially those arising from sovereignty disputes, foremost among them Taiwan. China’s strategic priority lies in constraining U.S. military intervention in such contingencies by developing robust Anti-Access/Area Denial (A2/AD) capabilities designed to prevent American forces from operating effectively in the Western Pacific.²⁷

At present, only about one percent of the PLA’s roughly two million active-duty personnel are deployed overseas, mostly in peacekeeping or anti-piracy operations. This limited overseas presence – around 5,000 troops – stands in stark contrast to the approximately 160,000 U.S. military personnel stationed

22 Michael Martina and David Brunnstrom, [“CIA chief warns against underestimating Xi’s ambitions toward Taiwan,”](#) Reuters, 3 February 2023.

23 U.S. Department of Defense, [Annual Report to Congress: Military and Security Developments Involving the People’s Republic of China](#) (2025), vi.

24 Yian Lee, [“Taiwan Defense Drills Identify 2027 for Potential China Invasion,”](#) Bloomberg, 19 March 2025.

25 Noah Robertson, [“How DC became obsessed with a potential 2027 Chinese invasion of Taiwan,”](#) Defense News, 7 May 2024.

26 M. Taylor Fravel argued that the evidence seemed to indicate that the concept should be understood to mean that China seeks to build armed forces on a par with those of other major powers, rather than necessarily the strongest military in the world, see Fravel, “China’s ‘World-Class Military’ Ambitions,” 85-87, 96. However, since then, in August 2025 the *People’s Daily* published an article that for the first time explicitly equated the term “world-class military” with the “world’s strongest military” (实力最强的军队 *shili zui qiang de jundui*). See W. Y. Kwok, [“PLA Declares World-Class Ambitions with ‘Strongest Army’ Benchmark,”](#) Jamestown Foundation, China Brief Notes, 29 August 2025.

27 Fravel, “China’s ‘World-Class Military’ Ambitions,” 86, 89-92, 95-96.

abroad.²⁸ China maintains only one official overseas military base – located in Djibouti and operational since 2017 – whereas the United States operates several hundred around the world.

Military modernisation: Prioritising power projection in the Taiwan Strait and the wider Western Pacific

This section will discuss the modernisation of the PLA Ground Force, Navy, Air Force, Rocket Force, and C4ISR. For many years, Beijing delayed translating its economic strength into military power – at least partly out of concern that doing so might provoke a hostile reaction from the United States. As Deng Xiaoping famously advised, China should “hide its capabilities and bide its time” (韬光养晦 *tao guang yang hui*).²⁹ In recent decades (and especially since the 2010s), however, the People’s Liberation Army has undergone extensive modernisation and reform to work towards a world-class military with a primary focus on regional power projection in the Western Pacific. With around two million active-duty personnel, and more than half a million reservists and a comparable number of paramilitary forces, China maintains the world’s largest standing army. Moreover, the PLA’s overall capabilities have markedly increased over this time period.³⁰

While China’s military capabilities still lag behind those of the U.S. in key areas, the PLA is expected to narrow this gap in the coming decade(s).³¹ Moreover, China’s primary military strategy revolves around fighting in the vicinity of its own shores, where it enjoys significant advantages over the U.S. In contrast, the U.S. would face considerable challenges in overcoming the “stopping power of water”

28 Joel Wuthnow and Phillip C. Saunders, *China's Quest for Military Supremacy* (Cambridge: Polity Press, 2025), 186.

29 Oriana Skylar Mastro, *Upstart: How China Became a Great Power* (Oxford: Oxford University Press, 2024), 111-114.

30 Andrew Erickson, “[The Pentagon's New Report on Chinese Military Power Reveals About Capabilities, Context, and Consequences](#),” *War on the Rocks*, 19 December 2024; Marc Julienne and Constantin Lagrulet, [Modernizing the People's Liberation Army: The Human Factor](#), Ifri (October 2022), 8-10.

31 Per Olsson, “China’s Military Modernisation,” in Christopher Weidacher Hsiung et al. (eds.), [Strategic Outlook 10: China as a Global Power](#) (Stockholm: Swedish Defence Research Agency, 2024), 75.

to project power effectively across the Pacific.³² Additionally, China's relative military weaknesses compared to the United States are much less relevant in scenarios where it does not have to engage U.S. armed forces directly. In the broader regional context, all other powers in the Western Pacific are significantly weaker than China, further strengthening its position.

Economic and industrial foundations

China's economic rise has enabled a sustained expansion of its military expenditure. Between 2000 and 2022, China's defence budget increased more than sixfold in real terms.³³ With official defence spending at approximately \$250 billion in 2025, China possesses the world's second-largest defence budget – second only to that of the U.S., which stands at roughly \$800 billion. The Pentagon estimates that China's actual defence spending is even higher than the official number, at between \$330 and \$450 billion.³⁴ Moreover, China's defence industry produces equipment at lower costs than its American counterpart.³⁵ And in 2023, it was estimated that American salaries for military personnel are four times higher than those in China.³⁶ In addition, Chinese military spending also far exceeds that of the next three countries – Russia, India, and Germany.³⁷ So, while the PLA may not be a truly global military like that of the U.S., it commands resources that are unmatched by any other regional power.

Even so, China's defence spending represents only about 2% of its GDP – a ratio that has remained relatively stable over time.³⁸ The rapid growth in overall expenditure therefore reflects the country's extraordinary economic expansion rather than a rising share of national output devoted to defence. This also means that the impact of China's recent economic slowdown and ageing population

32 For the stopping power of water, see John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York, NY: W.W. Norton, 2003.), chap. 4.

33 Olsson, "China's Military Modernisation," 71.

34 "[China Focus: China to increase defense budget by 7.2 percent in 2025, marking single-digit growth for 10th year](#)," Xinhua, 5 March 2025; Erickson, "The Pentagon's New Report"; Wuthnow and Saunders, *China's Quest*, 5.

35 "[How Developed Is China's Arms Industry?](#)," China Power, 15 October 2025.

36 Peter Robertson and Wilson Beaver, "[China's Defense Budget Is Much Bigger Than It Looks](#)," *Foreign Policy*, 19 September 2023.

37 Xiao Liang, Nan Tian, Diego Lopes da Silva, Lorenzo Scarazzato, Zubaida Karim, and Jade Guibertau Ricard, "[Trends in World Military Expenditure, 2024](#)," SIPRI Fact Sheet (April 2025); Wuthnow and Saunders, *China's Quest*, 72.

38 Olsson, "China's Military Modernisation," 71; Wuthnow and Saunders, *China's Quest*, 5.

should not be overestimated. For one thing, given China's relatively low defence spending, Chinese leaders have considerable room to maintain or even increase military spending, even if economic stagnation persists or worsens over time.³⁹ Furthermore, moderate demographic forecasts indicate that China will still have around 1.3 billion people by the mid-century, providing a large enough population base to support Beijing's military ambitions.⁴⁰

Furthermore, China's defence industry has experienced a remarkable growth in self-reliance in recent decades. It has gradually transitioned from relying heavily on imported equipment to producing the majority of its weapons – including advanced systems – domestically. As a result of this development, China has managed to become the fourth-largest arms exporter in the world. However, it still depends on imports in certain areas, such as jet engines and the S-400 air defence system from Russia.⁴¹

The PLA Ground Force

Today, approximately three-quarters of the main battle tanks (MBTs) and four-fifths of the infantry fighting vehicles (IFVs) of the People's Liberation Army Ground Force (PLAGF) are modern, and its artillery is increasingly self-propelled. The PLAGF is expected to continue gradually replacing older MBTs, IFVs, and artillery pieces through 2030.⁴² One of the PLAGF's key roles is to support a potential invasion of Taiwan. In such an operation, its six amphibious brigades would play a central role with its long-range artillery providing critical fire support.⁴³

However, China's recent military build-up and modernisation have prioritised other branches of the PLA that are more critical for projecting power into the Taiwan Strait and the wider Western Pacific: the navy, air force, and rocket force.

39 Wuthnow and Saunders, *China's Quest*, 5, 73. See also Kurt M. Campbell and Rush Doshi, "[Underestimating China: Why America Needs a New Strategy of Allied Scale to Offset Beijing's Enduring Advantages](#)," *Foreign Affairs*, 10 April 2025.

40 "How Severe Are China's Demographic Challenges?" See also Campbell and Doshi, "Underestimating China."

41 "How Developed Is China's Arms Industry?"; Mathew George et al., "[Trends in International Arms Transfers, 2024](#)," SIPRI, March 2025, 2; Wuthnow and Saunders, *China's Quest*, 78-79.

42 Olsson, "China's Military Modernisation," 72, 75.

43 Wuthnow and Saunders, *China's Quest*, 85.

The PLA Navy

Over the past two decades or so, the PLA Navy (PLAN) has been transformed into the world's largest navy according to the number of ships, with approximately 370 vessels and submarines. It now features an expanding destroyer fleet, modernised frigates, and an increasing number of nuclear-powered (and nuclear-armed) submarines. The PLAN also operates three aircraft carriers. Furthermore, the Chinese navy has developed the second largest expeditionary amphibious force in the world. It has commissioned a total of about a dozen large amphibious ships, which would be key to an amphibious assault on Taiwan.

Despite these advances, the PLAN's total tonnage remains only about one-third of that of the U.S. Navy, and it continues to rely more heavily on diesel-electric submarines than its American counterpart. Additionally, China's aircraft carriers are fewer, smaller, and conventionally powered rather than nuclear-powered, which necessitates more frequent refuelling compared with U.S. carriers.⁴⁴ Even so, China has the largest shipbuilding capacity in the world, which the U.S. Navy estimates to be more than 200 times larger than the shipbuilding capacity of the United States.⁴⁵

In its mission to project military power in support of China's territorial claims over Taiwan and in the South and East China Seas, the PLAN is supported by the maritime militia of "civilian" shipping and fishing vessels, the China Coast Guard (the largest in the world), and civilian drones, which use non-military and largely non-kinetic grey-zone tactics to expand China's influence in the region.⁴⁶ The U.S. Department of Defense even refers to the militia as the People's Armed Forces Maritime Militia (PAFMM), to emphasise that it is under the direct command and control of the PLA.

In addition, the PLAN plays a crucial role in securing the shipping lanes that carry 90% of China's oil imports.⁴⁷ The Strait of Malacca alone accounts for more than

44 Erickson, "The Pentagon's New Report"; Mastro, *Upstart*, 98-99; Olsson, "China's Military Modernisation," 73-74; Wuthnow and Saunders, *China's Quest*, 98, 100.

45 Alexander Palmer, Henry H. Carroll, and Nicholas Velazquez, "[Unpacking China's Naval Buildup](#)," Centre for Strategic and International Studies, Commentary, 5 June 2024.

46 Mastro, *Upstart*, 116-117.

47 Erica Downs, "[China's Oil Demand, Imports and Supply Security](#)," Columbia University School of International and Public Affairs, 30 April 2025; Wuthnow and Saunders, *China's Quest*, 98.

80% of these imports and two-thirds of the PRC's total trade volume.⁴⁸ While the Chinese navy is expected to continue expanding, its growth is likely to slow down, as maintaining a larger and more modern fleet demands increasingly substantial resources. According to Pentagon forecasts, the PLAN could field 435 battle-force ships by 2030, including 80 submarines. China's aircraft carrier fleet is projected to grow to four or five carriers by 2030, with long-term plans envisioning up to ten carriers – four of them being nuclear-powered – by 2049.⁴⁹

The PLA Air Force

A similar trajectory can be observed with the PLA Air Force (PLAAF), which has developed into one of the world's most capable air forces. In 2017, China became the second country globally to field an active fifth generation fighter, the J-20. Although the J-20 initially relied on Russian engines, China has produced its own engines for its most advanced fighter since 2019. By 2024, the combined fleet of fourth and fifth generation fighters had approached parity with that of the U.S. Air Force – at roughly 1,300 to the U.S.' 1,500 comparable aircraft. The PLAAF is expected to continue expanding its fleet of J-20s as well as its newer J-35 – a smaller fifth generation fighter capable of carrier operations. Nonetheless, around 30% of the PLAAF's aircraft remain older models, and the precise capabilities of China's most advanced combat aircraft relative to Western counterparts remain uncertain. Analysts generally believe, however, that the United States continues to maintain a comfortable technological lead in aircraft design and operational capability.⁵⁰

The primary mission of the PLA Air Force is to defend China's airspace. It accomplishes this not only with its fleet of fighter aircraft but also through its anti-aircraft missile systems, which include Russian-imported S-300 and S-400 systems as well as domestically produced systems.⁵¹ In addition, a key task of the PLAAF is projecting power across the Taiwan Strait. In recent years, China's air force has increasingly conducted coercive air operations near Taiwan and has simulated long-range bombing runs beyond the First Island Chain toward Guam, signalling its capability to strike U.S. forces at their rear bases. In the event of an

48 Raphaël P. P. Dossou, "[The Malacca Dilemma: China's Achilles' Heel](#)," *Modern Diplomacy*, 8 July 2025.

49 Erickson, "The Pentagon's New Report"; Mastro, *Upstart*, 101; Olsson, "China's Military Modernisation," 75.

50 Olsson, "China's Military Modernisation," 74-75; Wuthnow and Saunders, *China's Quest*, 90, 93-95.

51 Wuthnow and Saunders, *China's Quest*, 91-92.

armed conflict, the PLAAF would be expected to achieve air superiority around Taiwan, carry out potential strikes against U.S. bases in the Western Pacific, and defend against incoming American air attacks.⁵²

The PLA Rocket Force

The PLA Rocket Force (PLARF), in turn, controls China's land-based conventional and nuclear missile arsenals. Its primary mission is nuclear deterrence, but it also operates one of the largest arsenals of conventional ballistic and cruise missiles in the world.⁵³ China's nuclear forces, however, remain significantly less developed than those of the United States or Russia, having a much smaller arsenal that is primarily land-based and maintaining lower readiness and alert levels.⁵⁴

Nonetheless, in recent years China has undertaken a substantial build-up and modernisation of its nuclear forces. In a little over a decade, the country's nuclear warhead stockpile had expanded from roughly 200 to more than 600 by early 2024, while it now possesses around 400 intercontinental ballistic missiles (ICBMs) capable of reaching the continental United States.⁵⁵ China is moving toward a full-fledged nuclear 'triad', featuring increasingly accurate land-, sea-, and air-based delivery systems. In addition, China is at the forefront of hypersonic glide vehicle (HGV) development – fast, manoeuvrable systems designed to evade missile defences.⁵⁶

The U.S. Department of Defense anticipates that China will continue the rapid expansion, modernisation, and diversification of its nuclear forces over the coming decade.⁵⁷ By 2030, the Pentagon projects that China could possess more than 1,000 operational warheads, rising to approximately 1,500 by 2035.⁵⁸ China's rapid recent nuclear expansion and modernisation has sparked an intense academic and policy debate in the West regarding whether China's modernisation reflects a shift in nuclear strategy – potentially toward higher alert levels and a more assertive posture that goes beyond purely defensive

52 Wuthnow and Saunders, *China's Quest*, 92.

53 Mastro, *Upstart*, 124-125; Wuthnow and Saunders, *China's Quest*, 122.

54 Mastro, *Upstart*, 122-124.

55 Erickson, "The Pentagon's New Report"; Olsson, "China's Military Modernisation," 74.

56 Olsson, "China's Military Modernisation," 79-80.

57 Olsson, "China's Military Modernisation," 79.

58 Erickson, "The Pentagon's New Report"; Olsson, "China's Military Modernisation," 75.

deterrence. Some analysts argue that this could include the use of nuclear weapons for coercion or limited strikes below the threshold of mutually assured destruction.⁵⁹

In addition to its expanding nuclear forces, the PLARF also fields an impressive conventional missile arsenal, which has grown dramatically in recent years. In 2005, China possessed roughly 750 short- and medium-range ballistic missiles (SRBMs and MRBMs) and 20 intermediate-range ballistic missiles (IRBMs).⁶⁰ By 2024, the PLARF's conventional missile inventory included approximately 1,000 SRBMs, 1,000 MRBMs, and 500 IRBMs.⁶¹ Alongside quantitative growth, the quality of these missiles has improved significantly. Today, China possesses one of the world's most sophisticated ballistic and cruise missile programmes, including an anti-ship ballistic missile (ASBM) capable of striking U.S. aircraft carriers at sea.⁶²

The PLARF's conventional missile forces would likely play a central role in any military conflict over Taiwan and across the wider Western Pacific. Chinese missiles could strike targets throughout Taiwan, as well as U.S. military bases in the region – from Japan and South Korea to Guam – and threaten U.S. aircraft carriers operating in the vicinity of the island. American power projection in the Pacific heavily depends on both these forward-deployed bases and its carrier strike groups, which is why China has been deliberately developing missile capabilities to challenge them.⁶³

The PLA's C4ISR

In addition, the PLA has significantly upgraded its command, control, communications, computers, and intelligence, surveillance, and reconnaissance (C4ISR) capabilities in recent years. This includes the development of a comprehensive fibre-optic network for landline communications, along with multiple mobile radio systems for voice and data. Moreover, the PLA has expanded its network of both military and civilian communications satellites. These technological improvements, combined with the military restructuring

59 Erickson, "The Pentagon's New Report"; Mastro, *Upstart*, 125; Olsson, "China's Military Modernisation," 80-81.

60 Mastro, *Upstart*, 105-106.

61 Wuthnow and Saunders, *China's Quest*, 124.

62 Mastro, *Upstart*, 106-107.

63 Mastro, *Upstart*, 105-106; Wuthnow and Saunders, *China's Quest*, 124.

initiated in 2015, are designed to enhance the speed and efficiency of information gathering, processing, sharing, and decision-making within the armed forces.⁶⁴

The PLA has also placed significant emphasis on the role of artificial intelligence (AI) to enhance its military capabilities. In 2017, the Chinese government unveiled an ambitious AI development plan, with the goal of making China the global leader in AI by 2030. The PLA is investigating various AI applications to enhance its combat abilities, improving missile accuracy, bypassing missile defences, and strengthening cyber capabilities. It is also exploring the use of AI to improve the detection of evasive targets such as stealth aircraft and submarines. On the tactical front, the PLA is exploring AI integration into autonomous or uncrewed systems. At the strategic level, AI is being incorporated into command-and-control systems to support decision-making and even autonomously execute military plans.⁶⁵

Military reform: Centralisation of power and the development of joint operations capabilities

In addition to increased military investment, China has undergone significant military reforms in recent years, particularly since Xi Jinping came to power in 2012.⁶⁶ Prior to Xi, attempts to reform the PLA had repeatedly stalled due to resistance from the military bureaucracy, which had fragmented into semi-autonomous fiefdoms. Xi's accumulation of personal power, unmatched since the era of Mao Zedong, enabled him to overcome entrenched interests and implement reforms that dismantled powerful fiefdoms within the PLA.⁶⁷

At the centre of Xi's military reforms has been a drive to establish a modern joint command structure capable of executing effective combined-arms operations.⁶⁸ Developing the capability to conduct integrated, joint operations is crucial for the PLA to achieve its objectives and prevail in potential conflicts in the Western

64 Wuthnow and Saunders, *China's Quest*, 109-112.

65 Wuthnow and Saunders, *China's Quest*, 120-21.

66 Jonathan A. Czin and John Culver, "[Why Xi Still Doesn't Have the Military He Wants: China's Force Has Been Remade—but Can It Be Trusted?](#)," *Foreign Affairs*, 18 August 2025.

67 Czin and Culver, "Xi Still Doesn't Have."

68 Wuthnow and Saunders, *China's Quest*, 79.

Pacific, including over Taiwan.⁶⁹ The focus on joint operations is combined with the development of a "cold start-style" military posture, to be able to swiftly conduct operations before adversaries can intervene. It is putting this into practice in the military exercises around Taiwan, several of which had minimal prior notice.⁷⁰

The highest military leadership body of the CCP is the Central Military Commission (CMC), which is chaired by President Xi. When the Chinese leader assumed power in 2012, the PLA was dominated by the parochial interests of the four General Departments organised directly beneath the CMC, which had become semi-autonomous fiefdoms. In 2016, Xi dismantled the General Departments and replaced them with 15 smaller, more specialised departments, commissions, and offices. Crucially, Xi's reforms also established separate organisational units for key supervisory functions, such as anti-corruption investigations, auditing, and military prosecution. By isolating these functions, Xi minimised the opportunities for internal collusion, thereby strengthening oversight and accountability within the PLA.

The military reforms also for the first time established a national army headquarters, streamlining operations and enabling other CMC departments to focus on joint operations. A unified chain of command extends from Beijing's national authorities down to the five Theatre Commanders, who each have full operational control over land, air, naval, and conventional missile forces within their regions.⁷¹ In addition, the force's Soviet-style divisions and regiments have been reorganised into Western-style brigades and battalions.⁷² Moreover, Party control was further strengthened to enhance Xi's authority over the PLA, subordinating key oversight bodies to the CMC and ensuring that personnel management and political indoctrination align with the Party's directives.⁷³

69 M. Taylor Fravel, "Is China's Military Ready for War? What Xi's Purges Do—and Don't—Mean for Beijing's Ambitions," *Foreign Affairs*, 18 July 2025.

70 Suyash Desai, "A 'Cold Start' Military Posture with Chinese Characteristics," *ChinaPower*, 24 November 2025.

71 Czin and Culver, "Xi Still Doesn't Have"; Christian Wirth, "The Transformation of the Chinese People's Liberation Army into a 'World-class Military,'" SWP Research Paper (September 2025), 8-9; Wuthnow and Saunders, *China's Quest*, 66, 68, 70.

72 Olsson, "China's Military Modernisation," 72.

73 Wirth, "Transformation of the Chinese People's Liberation Army," 11.

Another important element of Xi's military reforms was the reduction of the PLAGF's dominance, both in the command structure and through manpower cuts. This reflects a broader shift in China's military strategy from land-based defence to power projection in the Western Pacific. As part of this reorientation, the PLAGF was also the primary force impacted by the reduction of around 300,000 troops in military personnel, which brought the total to approximately two million.⁷⁴

As strong as it seems? Limited combat experience, corruption, purges, and inefficiency

The recent modernisation and reforms of the PLA have significantly enhanced China's military capabilities across the board, particularly in its naval and rocket forces. American wargames have repeatedly shown that the U.S. could very well lose an armed conflict with China within its A2/AD zones, such as a potential war over Taiwan.⁷⁵ However, several uncertainties remain about the PLA's actual combat effectiveness.

First and foremost, the PLA has limited combat experience, not having fought a war since its unsuccessful invasion of Vietnam in 1979. While the Chinese leadership has implemented more realistic training exercises in recent years, the absence of recent combat experience raises significant questions about the PLA's actual effectiveness in battle – especially when it comes to executing complex joint operations across multiple domains.⁷⁶

Moreover, the PLA has long struggled with systemic corruption at all levels of the military.⁷⁷ Under Xi's rule, high-ranking military officers and defence industry executives continue to be investigated and removed for corruption on a regular basis. The true scale of corruption within the PLA – and the misallocation of

74 Czin and Culver, "Xi Still Doesn't Have"; Olsson, "China's Military Modernisation," 7-8; Wuthnow and Saunders, *China's Quest*, 65-66, 85; Wirth, "Transformation of the Chinese People's Liberation Army," 9.

75 Mastro, *Upstart*, 109.

76 Olsson, "China's Military Modernisation," 75-76; Wuthnow and Saunders, *China's Quest*, 7.

77 Wuthnow and Saunders, *China's Quest*, 18.

resources that results therefrom – remains unknown.⁷⁸ In fact, the extensive purges of military officers in recent years may themselves be undermining the combat effectiveness of the Chinese armed forces and slowing down the PLA's modernisation efforts, at least in the short run, as many of the most experienced officers have been removed. Xi's purges have removed about a fifth of the generals he personally appointed and have further reduced the number of members in the CMC to just two.

Corruption is likely not the only reason for these purges. Other motivations – such as tightening the Party's control over the military and addressing incompetence (which Xi has frequently criticised) – are also likely to be contributing factors.⁷⁹ Whatever the exact reasons, the fact that Xi feels the need to keep conducting extensive purges of the military brass is indicative that the PLA is still facing serious systemic problems in his eyes.

Furthermore, the PLA's Leninist institutions – inherited from the Soviet Union decades ago – may pose significant obstacles to quick and effective decision-making. For example, at every level of the PLA hierarchy, political commissars serve as co-equals to military commanders, all the way down to the company level. Additionally, CCP committees play a role in major decision-making for units down to the battalion level. These elements of the Leninist framework have not only endured under Xi's leadership but have actually been reinforced during his tenure.

A final challenge is the CMC's tendency to micromanage decisions. This combination of consensus-based and highly centralised decision-making undermines the ability of individual commanders to make bold, swift decisions or to adapt to rapidly changing circumstances without engaging in lengthy consultations. This contrasts sharply with the approach taken by the U.S. and other Western militaries, which tend to empower lower-level officers to make independent, quick decisions in the field.⁸⁰

78 ["Xi Unleashes China's Biggest Purge of Military Leaders Since Mao,"](#) Bloomberg, 26 August 2025; Erickson, "The Pentagon's New Report"; Wirth, "Transformation of the Chinese People's Liberation Army," 12-13; Olsson, "China's Military Modernisation," 75.

79 "Xi Unleashes China's Biggest Purge"; Czin and Culver, "Xi Still Doesn't Have"; Jonathan A. Czin and John Culver, ["Xi the Destroyer,"](#) *Foreign Affairs*, 2 February 2026; Fravel, "Is China's Military Ready for War?"; Christopher Johnson, ["The Unsettling Implications of Xi's Military Purge,"](#) *Foreign Affairs*, 30 January 2026.

80 Wuthnow and Saunders, *China's Quest*, 6, 72.

3 Scenarios: The Indo-Pacific by 2049?

China's ambitions for 2049 and its progress towards a "world-class military" have far-reaching consequences for the future of the Indo-Pacific. As the former minister of defence of the Netherlands, Ruben Brekelmans, stated in June 2025, the security of Europe and the Indo-Pacific are inextricably linked.⁸¹ Future developments in the Indo-Pacific will therefore also impact European security.

To assess the implications of China realising its military objectives in the region by the mid-century, this chapter presents three scenarios exploring how the Indo-Pacific security environment could evolve toward 2049 alongside China's expanding military capabilities. Rather than assuming fixed ambitions, the scenarios account for the persistent ambiguity surrounding Beijing's long-term goals and the possibility that these evolve alongside growing capabilities.

Using a morphological scenario-building approach, the chapter examines different configurations of Chinese power projection and corresponding responses by key actors – including the United States, member states of the Association of Southeast Asian Nations (ASEAN), Japan, Australia, and India. Each scenario also assesses the implications for the Netherlands, the European Union, and NATO, particularly in terms of security risks, economic exposure, and strategic autonomy.

The scenarios are not forecasts or predictions. They are structured explorations of plausible futures derived from current trajectories in China's military modernisation, economic and technological development, domestic political dynamics, and strategic discourse, as well as observed regional responses. At the same time, the scenarios can be read as potentially sequential: developments resembling Scenario 1 may act as a gateway to Scenario 2, while prolonged dynamics associated with Scenario 2 could, over time, create the conditions for Scenario 3.

81 Rijksoverheid, "[Veiligheid Europa en Indo-Pacific onlosmakelijk verbonden](#)," 2 June 2025.

Together, the scenarios outline distinct configurations of power and risk for Europe and its allies:

1. **Scenario 1 – Forgone Formosa: “Peaceful reunification” through a blockade of Taiwan.** China brings Taiwan under its control through sustained coercion centred on a blockade, leading to annexation without the need for a full-scale military invasion, while consolidating its control in the South China Sea.
2. **Scenario 2 – Thucydides Trapped: A U.S.-China war of attrition along the First Island Chain.** A protracted Sino-American armed conflict partially pushes the U.S. out of key positions along the First Island Chain, while China manages to seize Taiwan by force. This forces the U.S. to operate at a greater distance while remaining anchored in Japan, South Korea, and on Guam, resulting in a prolonged unstable military stalemate that reshapes East Asia’s security order without producing clear Chinese dominance in the Western Pacific.
3. **Scenario 3 – Sino-centric Seas: China’s emerging primacy amid U.S. retrenchment.** Amid sustained U.S. retrenchment, Beijing reshapes the regional balance of power in its favour, even as the United States retains positions in Northeast Asia and India constrains Chinese influence in the Indian Ocean. By 2049, China has consolidated its primacy in the Western Pacific at the expense of the U.S., expanded its influence from the South China Sea through the Strait of Malacca, and extended its presence into the Indian Ocean as far as the Horn of Africa.

Scenario 1: Forgone Formosa: "Peaceful reunification" through a blockade of Taiwan

Theme

A sustained blockade of Taiwan enables a coercive, largely non-kinetic annexation of the island. U.S. deterrence in the Western Pacific weakens, but does not collapse, while China consolidates its already strengthened position along its immediate maritime periphery.

Scenario 1. Forgone Formosa: "Peaceful reunification" through a blockade of Taiwan

China brings Taiwan under its control through sustained coercion centred on a blockade, leading to annexation without the need for a full-scale military invasion, while consolidating its control in the South China Sea.



Overview

Throughout the 2020s and early 2030s, Beijing continues to gradually strengthen its military posture in the South China Sea through the accelerated construction of outposts and military facilities. It reduces regional resistance by leveraging countries' economic dependencies on China. Moreover, Beijing increases military, economic, and diplomatic pressure on Taiwan, staging military exercises around the island with increasing frequency and intensity. It also manages to decrease strategic dependencies on Taiwan. This leads to growing calls in Taiwanese politics to calm Cross-Strait tensions by seeking closer alignment with China.

By the mid-2030s, the PLA, the China Coast Guard, and China's maritime militia impose a rapid and comprehensive maritime and economic blockade of Taiwan outside of the island's territorial waters. Beijing frames it as a "reunification enforcement operation," aimed at compelling political capitulation while trying to limit the risk of military escalation in the region. Naval and air exclusion zones, cyber operations against financial and energy networks, disinformation campaigns, psychological warfare, and selective economic interdiction progressively isolate the island.

The United States and Japan respond with freedom of navigation operations (FONOPs) and an increased military presence but stop short of breaking the blockade. Washington remains wary of direct military confrontation with China, whose overall military modernisation has advanced considerably, and lacks domestic political support for more expansive measures. Instead, it relies on diplomatic and geo-economic pressure to try to bring the PRC back in line. China's growing nuclear deterrent also remains in the background of escalation calculations, reinforcing caution without being explicitly invoked.

As shortages mount and economic disruption deepens, Taiwan's societal cohesion and political unity erode in the weeks and months that follow. This creates internal divisions that Beijing exploits to force annexation without a major kinetic campaign. Resistance to CCP rule on the island is subsequently effectively repressed by China's security apparatus.

By 2049, Taiwan is fully incorporated into the PRC. "Reunification" thus emerges as the culmination of a longer process in which China has consolidated its position in the South and East China Seas by militarising outposts, sustaining continuous naval, air, coast guard, and maritime militia presence, and

normalising coercive control over surrounding waters, thereby reinforcing its deterrent posture and regional leverage. The coercive annexation of territory and the transplantation of the Chinese system of governance to Taiwan also brings the island's substantial semiconductor industry under Beijing's control.⁸²

With a forgone Formosa, will Beijing be satisfied, or will it seek to expand beyond Taiwan?

Power projection

China's success in this scenario rests on a combination of capabilities that it has been steadily developing prior to its "reunification" with Taiwan, including:

- Full-spectrum Intelligence, Surveillance, and Reconnaissance (ISR) and counter-space support.
- Persistent naval, air, and coast guard patrols underpinned by sufficient surface combatants, submarines, and logistic support to sustain long-duration operations, and complemented by the extensive use of the maritime militia to enforce the blockade, swarm contested areas, and blur the lines between civilian and military activities.
- Hybrid and grey-zone tactics including maritime militia swarming, lawfare, and targeted economic coercion.
- Offensive cyber operations that disable Taiwanese defences, disrupt regional communications, and target U.S. Command and Control (C2) networks.
- A more credible nuclear deterrent that shapes escalation dynamics and reinforces restraint by external actors, without being actively employed.
- Expansion of outposts and military facilities in the South China Sea, enabling tightened control over regional SLOCs and increased coercive leverage on Southeast Asian states.
- Elimination of Chinese strategic dependencies on Taiwan that would act as a deterrent to a blockade.
- Use of targeted trade restrictions, investment leverage, market access, and control over critical inputs to exert sustained economic pressure on Taiwan and shape third-party behaviour, while avoiding systemic disruption that could trigger external military intervention.

⁸² Taiwan currently accounts for more than 60% of global semiconductor production, including over 90% of the most advanced chips. Most of these semiconductors are produced by a single company, the Taiwan Semiconductor Manufacturing Corporation (TSMC). "[Taiwan's dominance of the chip industry makes it more important](#)," *The Economist*, 6 March 2023.

Taken together, these capabilities allow China to impose new operational norms and sustain prolonged coercion without precipitating large-scale conflict.

Regional and global reactions

	<p>The U.S. responds with economic sanctions, export controls, import tariffs, and diplomatic pressure against China, while reinforcing its regional military posture and conducting exercises with its allies. Rather than prioritising the defence of Taiwan itself, Washington focuses on force protection, the reassurance of its formal allies, and avoiding uncontrolled escalation. It simultaneously pressures partners to align with U.S. economic and diplomatic measures.</p>
	<p>Japan accelerates rearmament and counter-hybrid capabilities, with a strong focus on missile defence, resilience, and the protection of critical infrastructure. While Tokyo continues to rely on U.S. extended deterrence, China's enhanced military posture intensifies concerns about escalation risks and the limits of U.S. intervention, prompting more intense debate about long-term deterrence options without crossing formal thresholds.</p>
	<p>South Korea deepens alliance coordination with the United States and prioritises homeland defence, missile defence, and cyber resilience, while avoiding direct involvement in operations against China. The nuclear dimension becomes more salient but remains secondary, reinforcing Seoul's emphasis on U.S. guarantees and crisis stability.</p>
	<p>Australia strengthens cooperation under AUKUS, particularly in cyber and critical infrastructure protection. At the same time, Canberra avoids direct involvement in operations related to Taiwan, prioritising alliance solidarity, resilience at home, and the management of escalation risks in its immediate region.</p>
	<p>India enhances maritime surveillance and coordination with partners, remaining formally non-aligned while hedging against Chinese pressure generated by Beijing's expanding naval footprint and growing leverage over regional sea lines of communication.</p>
	<p>ASEAN is fragmented. Vietnam and the Philippines deepen cooperation with the United States on cyber defence and information security, seeking protection against Chinese pressure arising from sustained maritime coercion, grey-zone activities in disputed waters, and the threat of economic retaliation. Other member states accommodate or tacitly accept China's expanded influence, prioritising economic ties and domestic stability over confrontation.</p>

Strategic assessment

China's annexation of Taiwan marks a strategic watershed but does not amount to full regional hegemony. The regional military position of the U.S. and its allies weakens but does not collapse: Washington retains the ability to contest China further east but can no longer reliably prevent coercion close to China's shores. China intends to use its control over Taiwan to increase power projection in the region, extending its naval and air reach deeper into the Western Pacific,

constraining U.S. and allied freedom of manoeuvre, and exerting sustained coercive pressure on Japan and other regional actors short of open conflict. Regional actors respond by hedging more sharply against China's growing power, while Europe confronts a more coercive and unstable Indo-Pacific security order.

Security implications for the Netherlands, the EU, and NATO

China's effective control over Taiwan and its increased freedom of action in adjacent seas and airspace reshape Europe's strategic environment, with direct implications for trade, technology, and security.

- Maritime access in the South China Sea and the near Western Pacific, particularly around the Taiwan Strait and adjacent sea lines of communication, becomes more contested and less predictable. This will increase costs, insurance premiums, and transit times for European shipping and logistics. This also increases the cost of military goods.
- The consolidation of critical semiconductor production capacity under Chinese control substantially increases Beijing's economic and political leverage over Europe, with supply chain disruption being a secondary effect.
- EU unity is strained as member states diverge over economic exposure, sanctions, and alignment with U.S. policy, particularly as Washington presses for coordinated geo-economic measures against China.
- The more Europe supports U.S. geo-economic measures, the greater its exposure to Chinese cyber, economic, and hybrid retaliation.
- Geo-economic countermeasures raise the costs for Beijing but also impose tangible economic costs on European states, underscoring a structural trade-off that applies across all scenarios and limits Europe's room for manoeuvre.

Scenario 2: Thucydides Trapped: A U.S.-China war of attrition along the First Island Chain

Theme

A protracted and costly U.S.-China war in the Western Pacific emerges from a failed Chinese attempt to achieve a rapid military resolution over Taiwan. Both Beijing and Washington deliberately pursue graduated escalation in an attempt to avoid a nuclear war, producing a long, attritional conflict that pushes U.S. forces back operationally without delivering decisive regional dominance to China. A major U.S.-China war is a scenario that Beijing seeks to avoid and is best understood as the result of strategic miscalculation rather than deliberate design. It could emerge not only from a failed attempt at a rapid invasion of Taiwan, but also from a prolonged blockade or even from a successful initial seizure of the island that nonetheless escalates into a sustained U.S.-China military confrontation.

Overview

By the early-to-mid 2040s, Beijing concludes, incorrectly, that it can seize Taiwan quickly and present the United States with a *fait accompli*. The PLA launches a large-scale military campaign against Taiwan, combining precision strikes, cyber operations, and amphibious and airborne assaults. The United States intervenes militarily, providing substantial air, naval, cyber, and intelligence support to Taiwan in an effort to halt the Chinese offensive. This includes strikes against PLA naval assets, missile launch sites, and command-and-control infrastructure, including selected targets on the Chinese mainland. Rather than producing a decisive outcome, the combined U.S.-Taiwanese effort prevents a rapid Chinese victory, and Taiwan becomes a contested and increasingly devastated battleground.

Viewing a stalemate in Taiwan as strategically unacceptable, Beijing sustains the conflict and broadens military pressure elsewhere in the region to weaken U.S. positions and improve prospects for eventual success. The conflict widens through gradual escalation, drawing in other regional actors, including Japan and South Korea. Both Beijing and Washington seek to achieve military objectives while avoiding actions that could be interpreted as threatening the other's nuclear deterrent. China launches a pre-planned conventional strike campaign against U.S. bases and logistics nodes across Japan, the Philippines, South Korea, and Guam. This triggers sustained naval and air clashes and transforms the conflict into a full-scale regional war.

Scenario 2. Thucydides Trapped: A U.S.-China war of attrition along the First Island Chain

A protracted Sino-American armed conflict partially pushes the U.S. out of key positions along the First Island Chain, while China manages to seize Taiwan by force. This forces the U.S. to operate at a greater distance while remaining anchored in Japan. South Korea, and on Guam, resulting in a prolonged unstable military stalemate that reshapes East Asia's security order without producing clear Chinese dominance in the Western Pacific.



The United States absorbs heavy losses within the Western Pacific but adapts by dispersing forces and shifting toward long-range strikes, submarines, and unmanned systems operating from a greater distance. China eventually seizes Taiwan, while U.S. forces withdraw from forward positions in the Philippines and on Okinawa, a Japanese prefecture home to major U.S. military bases. However, the U.S. remains anchored in Japan, South Korea, and on Guam. Chinese losses are also substantial, particularly in naval and air forces, preventing Beijing from converting early gains relatively close to China's shores into decisive regional dominance in the Western Pacific.

The conflict becomes a protracted war of attrition fought across the East China Sea, the Philippine Sea, cyberspace, and space, as neither side is able to achieve a decisive victory. The risk of nuclear escalation remains present throughout the conflict, shaping red lines and reinforcing mutual restraint. Moreover, the U.S. Navy, although pushed back, is still able to cut off key Chinese shipping lanes, including crucial oil imports, especially through the Strait of Malacca. The U.S. pressures its allies to join sanctions on China and provide military support, while China employs economic coercion to deter alignment with the U.S., creating deep divisions within the EU.

While global trade and investment collapse, energy and food prices spike, supply chains break down, financial markets experience sustained stress, and prolonged economic dislocation undermines growth, fiscal stability, and political cohesion across both the Indo-Pacific and Europe.

Stuck in the Thucydides Trap, is the United States' position in the Western Pacific sustainable despite being significantly weakened? Or will China be able to build on its gains and soon achieve regional hegemony?

Power projection

By the late 2030s, China's ability to contest U.S. operations rests on a mature set of capabilities optimised for sustained, high-intensity conflict close to its territory, including:

- Integrated long-range fires, cyber warfare, and electronic attacks.
- Missile forces providing dense anti-access and area-denial coverage across the South and East China Seas and extending toward U.S. regional bases.
- Advanced airpower, including upgraded fifth-generation aircraft and emerging sixth-generation platforms supported by unmanned systems.

- Naval forces capable of persistent operations in nearby seas, though limited in their ability to project power deep into the broader Indo-Pacific. Through China's superior shipbuilding capabilities, the PLAN is able to outpace the US Navy when it comes to replacing losses at sea although not sufficiently to secure decisive maritime dominance.
- Amphibious forces enable China to eventually seize and reinforce Taiwan and nearby islands, but are increasingly constrained in a prolonged conflict and have limited reach beyond the immediate littoral, preventing stable political integration for the time being.
- Integrated sensor and command networks linking space-based ISR, passive sensors, and AI-enabled command and control.
- Cyber and space operations that degrade adversary command, logistics, and situational awareness.
- Large-scale disruption of trade, investment, finance, and technology flows as economic interdependence collapses, with sanctions, export controls, supply chain denial, and resource pressure becoming integral components of the conflict despite imposing severe reciprocal costs.
- The United States leverages its maritime superiority away from China's coast to disrupt Chinese trade flows, including through a de facto blockade of key chokepoints such as the Strait of Malacca and selected sea lanes beyond the First Island Chain. This imposes sustained economic and logistical pressure on China without restoring full freedom of manoeuvre near China's shores.
- As the conflict intensifies, China employs coercive naval pressure and limited "gunboat diplomacy" to compel restrictions on U.S. access to and presence in Singapore and the Strait of Malacca, complicating American maritime operations without establishing durable Chinese control over the chokepoint.

China gains a theatre-level advantage but cannot decisively expel U.S. forces from the Western Pacific. While U.S. forward-deployed naval and air assets suffer significant attrition, the U.S. still has superior combat capabilities away from China's coast, beyond the First Island Chain, and deeper strategic reserves. However, superior Chinese industrial production capabilities (including in shipbuilding) put serious pressure on U.S. positions as the war drags on.

Regional and global reactions

	<p>The U.S. imposes sweeping sanctions, export controls, and tariffs on China. It pressures partners within NATO and the EU to align on sanctions, export controls, and technology restrictions against China, while urging Japan, South Korea, Australia, and selected ASEAN states to provide political backing, logistical access, operational support, and increasingly also combat participation. The war places a sustained strain on U.S. resources and domestic political support.</p> <p>Beyond the primary theatre, Washington leverages its global naval and financial dominance to raise costs for Beijing. This includes expanded maritime interdiction of Chinese shipping in key sea lanes outside the Western Pacific, the selective seizure of sanctioned Chinese assets, and broader secondary sanctions targeting third-country intermediaries. While combat operations remain concentrated in the Western Pacific, the conflict acquires a global economic and maritime dimension.</p> <p>Moreover, as Washington redirects strategic focus to the Indo-Pacific, it pulls back resources, troops, and weapons systems from the European continent. A U.S.–China war does not in itself lead to a full U.S. withdrawal from Europe, as operations in the Indo-Pacific primarily rely on naval and air forces rather than the ground forces stationed on the continent. Nonetheless, sustained conflict in the Indo-Pacific places significant pressure on U.S. budgets, munitions, and industrial capacity, constraining Washington’s ability to maintain its military posture in Europe over time.</p>
	<p>In line with Prime Minister Sanae Takaichi’s remarks made in November 2025, Japan becomes directly involved in the military conflict between the U.S. and China when the latter attacks Taiwan, viewing the conflict as existential to its own security.⁸³ Subsequently, Japan becomes deeply involved in supporting U.S. operations, and Tokyo hardens its defences, while facing sustained Chinese pressure. The war intensifies a domestic debate in Japan over long-term deterrence options, including the nuclear dimension of security, as confidence in extended deterrence is tested but not broken.</p>
	<p>South Korea prioritises homeland defence, being increasingly concerned that North Korea might take advantage of the chaos in the Indo-Pacific. It focuses on missile defence, and close alliance coordination with the United States. While Seoul initially seeks to limit its involvement to defensive and support roles, it is nevertheless drawn into the conflict as U.S. bases on Korean territory and alliance commitments become targets of Chinese strikes. In both Japan and South Korea, nuclear escalation risks increasingly shape strategic planning, although without triggering immediate nuclear proliferation.</p>

83 Justin McCurry and Helen Davidson, [“Japan and China in growing row after PM Takaichi says Taiwan conflict could trigger military deployment,”](#) *The Guardian*, 11 November 2025.

	<p>Australia aligns closely with the United States, accepting significant economic and security risks. The Australian navy plays a supporting role in the U.S.–China war and even takes up minor combat roles on the margins of the conflict, while avoiding direct large-scale confrontation near China’s coast. At the same time, Australia improves pragmatic coordination with India and Indonesia on maritime domain awareness, sea-lane security, and regional stability, hedging against prolonged regional instability.</p>
	<p>India maintains formal non-alignment and avoids belligerent involvement, while preparing for the conflict – or at least China’s expanding influence – to spill over into the Indian Ocean. It strengthens its naval posture and maritime domain awareness in the eastern Indian Ocean. New Delhi seeks to avoid direct confrontation while benefiting strategically from U.S.–China attrition. India also deepens selective cooperation with partners such as Australia and Indonesia to safeguard sea lines of communication and monitor Chinese naval activity, positioning itself as a stabilising regional actor rather than a combatant.</p>
	<p>ASEAN responses fragment sharply during a prolonged U.S.–China war, reflecting strategic uncertainty rather than clear Chinese dominance. The Philippines, as a U.S. treaty ally, is drawn directly into the conflict and supports U.S. operations. Vietnam and Singapore focus on maritime domain awareness, the protection of sea lines of communication, and selective cooperation with partners such as India and Australia, while avoiding direct combat, prioritising regime survival and economic interests. Indonesia and Malaysia prioritise strategic flexibility and crisis insulation, seeking to avoid entanglement. Other ASEAN members, including Thailand, Cambodia, Laos, and Myanmar, accommodate China by curtailing U.S. and allied military access, maintaining political neutrality, and quietly aligning with Chinese preferences to reduce economic and domestic risks. The result is a divided ASEAN with little collective leverage.</p>

Strategic assessment

Escalation remains constrained by mutual deterrence considerations, yet sustained combat and persistent insecurity exact an exceptionally high price. Regional actors either align with the U.S. against China (Japan, South Korea, and Australia) or hedge their bets in various ways (ASEAN).

The economic consequences are severe and systemic. Bloomberg Economics has estimated that a US-China war over Taiwan could cost the global economy \$10.6 trillion in the first year of the conflict alone.⁸⁴ Global trade and investment collapse as major maritime routes are disrupted and confidence in the international economic order erodes. Energy and food prices spike, supply chains break down, and financial markets experience prolonged stress. Over

84 Joris Teer, Davis Ellison, and Abe de Ruijter, [The cost of conflict: Economic implications of a Taiwan military crisis for the Netherlands and the EU](#), The Hague Centre for Strategic Studies (March 2024); Jennifer Welch and Maeva Cousin, [The \\$10 Trillion Fight: Modeling a US-China War Over Taiwan](#), Bloomberg, 10 February 2026.

time, widespread economic dislocation undermines growth, fiscal stability, and political cohesion across both the Indo-Pacific and Europe.

For Europe, the war exposes structural vulnerabilities in maritime security, technological dependencies, and economic resilience. The United States remains militarily engaged in the Indo-Pacific, limiting its ability to underwrite European security, while China leverages economic pressure and strategic dependencies to shape European choices. For the Netherlands, the convergence of trade dependence, exposure to global supply chain disruption, and vulnerability to cyber and hybrid coercion makes this scenario particularly damaging.

No decisive victory emerges from this scenario. Instead, the conflict ossifies into a costly and unstable stalemate that militarises the region and accelerates economic decoupling. Over time, the cumulative effects (war fatigue, industrial depletion, and alliance strain) could indirectly create conditions in which U.S. retrenchment becomes more likely, opening a pathway toward dynamics resembling Scenario 3, without requiring a Chinese military victory.

Security implications for the Netherlands, the EU, and NATO

A prolonged U.S.–China war under conditions of managed escalation produces a global economic and security shock of exceptional scale, with enduring consequences for Europe and its allies without yielding a decisive shift in regional hegemony.

- The prevention of a nuclear escalation becomes a top priority.
- Trade and investment between China and the United States collapse, triggering cascading disruptions across global supply chains and financial markets. Sustained volatility in energy, food, and commodity prices undermines economic growth and fiscal stability across Europe.
- The loss of effective access to Taiwanese semiconductor production (whether through physical destruction during the conflict or subsequent consolidation under Chinese control) has the potential to severely disrupt European automotive, aerospace, defence, and high-tech industries. In the absence of adequate preparedness, this could expose limited substitution capacity and deepening inflationary and supply pressures. The magnitude of this impact, however, depends on the extent to which European governments and firms anticipate the shock and invest in diversification, stockpiling, and alternative production capacity.

- Maritime access in East Asia becomes persistently contested, driving up transport costs, insurance premiums, and transit times for European shipping and logistics firms, reflecting enduring instability rather than stable Chinese control.
- Beyond the Western Pacific, Washington leverages its global naval and financial dominance to expand maritime interdiction of Chinese shipping, seize sanctioned assets, and intensify secondary sanctions, thereby globalising the economic dimension of the conflict, resulting in deepening economic fragmentation. As enforcement widens, the United States increases political pressure on European allies to align with and actively support these measures, testing EU cohesion and strategic autonomy.
- Russia refrains from direct military intervention in the Western Pacific but exploits U.S. strategic distraction by deepening coordination with Beijing and increasing hybrid and military pressure along NATO's eastern flank, further compounding transatlantic strain without opening a second formal theatre of war.
- Divergent economic exposure and threat perceptions strain EU cohesion over sanctions and alignment with U.S. policy, as Washington presses European allies to provide concrete support for its Indo-Pacific war effort (through munitions transfers, defence-industrial prioritisation, naval deployments, and intelligence, cyber, and logistic support) thereby further stretching Europe's military inventories, industrial capacity, and its ability to sustain credible deterrence on its own territory while U.S. strategic attention remains focused on the Indo-Pacific.
- For the Netherlands, trade dependence, logistical centrality, and reliance on advanced manufacturing amplify vulnerability, while alignment with U.S. geo-economic or military measures heightens exposure to Chinese cyber, hybrid, and economic retaliation.

Overall, Scenario 2 confronts Europe and the Netherlands with sustained strategic and economic stress, under conditions of prolonged great-power conflict without decisive resolution, forcing difficult trade-offs between resilience, openness, and alliance solidarity.

Scenario 3: Sino-centric Seas: China's emerging primacy amid U.S. retrenchment

Theme

China achieves asymmetric maritime primacy in the Western Pacific and key Southeast Asian chokepoints through sustained coercion and calibrated *gunboat diplomacy*. Beijing's power is underpinned by technological superiority (including in the nuclear realm) and facilitated by U.S. strategic retrenchment. The erosion of the U.S. security order in East Asia starts with a successful, rapid, high-intensity amphibious assault on Taiwan that presents regional actors with a *fait accompli* before the U.S. and its allies can come to Taipei's aid. By the mid-century, Beijing has reshaped the regional security and trade architecture to its advantage, while operating within a modified but still contested order in which the United States retains a decisive presence in Northeast Asia and India constrains Chinese influence in the Indian Ocean.

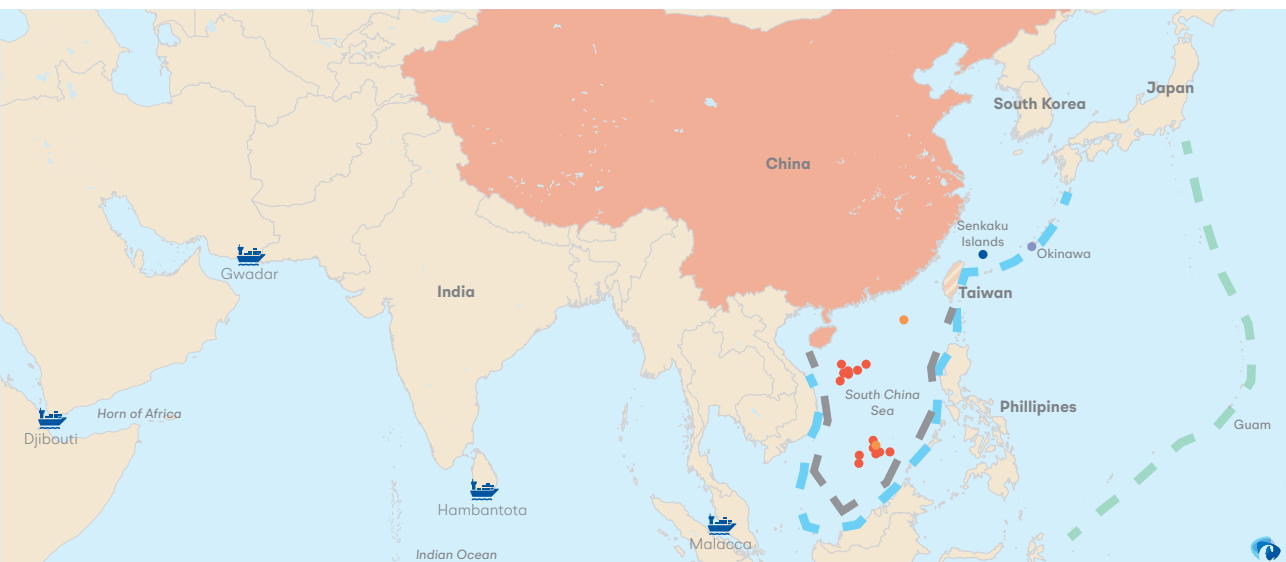
Overview

From the 2030s onward, the U.S. faces domestic political polarisation, fiscal constraints, and isolationist pressures that erode its willingness and capacity to sustain its Indo-Pacific role. The U.S. faces structural weaknesses in the region, such as limited missile stockpiles and an industrial base that cannot match China's pace of military modernisation. These weaknesses are repeatedly exposed by crises around Taiwan, in the South China Sea, as well as missile and cyber incidents. Washington increasingly prioritises domestic stability and selective commitments, accepting a reduced forward presence in Asia. U.S. treaty commitments towards Japan and South Korea formally remain intact, but operational doctrine moves toward an offshore balancing approach, prioritising force protection and long-range capabilities over routine forward deterrence in China's immediate periphery. The transatlantic security architecture also unravels, as NATO weakens as a coherent security framework. This leaves Europe without a credible U.S.-led collective defence framework.

U.S. strategic retrenchment leaves Taiwan too weak to resist China. China exploits this environment through sustained political, economic, informational, and military coercion campaigns against the island. Subsequently, leveraging its strengthened nuclear posture and Washington's escalation sensitivity, Beijing conducts a rapid, high-intensity amphibious military operation that secures control of Taiwan before the U.S. and its allies can effectively respond. The island is incorporated into the PRC without a prolonged war, presenting regional actors with a *fait accompli*.

Scenario 3. Sino-centric Seas: China's emerging primacy amid U.S. retrenchment

Amid sustained U.S. retrenchment, Beijing reshapes the regional balance of power in its favour, even as the United States retains positions in Northeast Asia and India constrains Chinese influence in the Indian Ocean. By 2049, China has consolidated its primacy in the Western Pacific at the expense of the U.S., expanded its influence from the South China Sea through the Strait of Malacca, and extended its presence into the Indian Ocean as far as the Horn of Africa.



- Islands currently under Chinese control
- Islands currently under Taiwanese control, now fall under Chinese control
- First Island Chain
- Second Island Chain
- PRC naval bases
- China contests Senkaku/Diaoyu Islands
- China contests Okinawa
- China controls all its claims in the South China Sea

The Philippines opts for accommodation after prolonged Chinese economic coercion and maritime pressure, as the costs of continued alignment with the U.S. increasingly outweigh its deterrent value. U.S. access agreements are terminated, resulting in the effective removal of American forces from Philippine territory and the loss of forward basing in Southeast Asia. The United States also reduces its exposed forward presence on Okinawa. Rather than abandoning the region entirely, however, Washington consolidates further east, along the Second Island Chain. Guam continues to serve as a hardened defensive and long-range strike hub within the U.S. Indo-Pacific posture. The United States

signals clearly that any attack on Guam in particular, as sovereign U.S. territory, would be treated as an attack on American territory itself, implicitly raising the risk of severe escalation. The U.S. maintains a diminished military presence in South Korea and on Japan's main islands, and U.S. forces reduce persistent high-risk operations near Taiwan and in the South China Sea and rely more on distributed and over-the-horizon capabilities. U.S. retrenchment thus stops short of a full withdrawal and a wholesale abandonment of alliance commitments, but Washington rather accepts diminished day-to-day influence in contested maritime zones.

China consolidates its primacy across much of the Western Pacific and secures effective control over the Strait of Malacca. Beijing strengthens its presence in the Indian Ocean region through dual-use ports and access arrangements in Djibouti, Gwadar, and Hambantota. While China becomes the primary maritime actor in the region, its position in the Indian Ocean is actively contested by India. India leverages its central geographic location in the region, its considerable navy (including aircraft carriers), and its strategic position at the Andaman and Nicobar Islands to contest China's expanding influence. New Delhi's position is further strengthened as Washington shifts toward offshore balancing, intensifying defence cooperation with India, primarily by expanding arms transfers, intelligence sharing, and maritime coordination.

By the mid-century, China has established military dominance in the Western Pacific and is rapidly becoming a key – if not hegemonic – power across much of the Indo-Pacific. However, its position remains regionally contested, most notably by the United States along the edges of the Western Pacific and by India in the Indian Ocean. In these newly Sino-centric seas, a major war has been avoided in the short term. But will structural tensions lead to a large-scale Sino-Indian or even Sino-American conflict beyond 2049? Will the collapse of U.S. power in the region stop or continue further? Can India prevent China from dominating the Indian Ocean as well? Is this the dawn of a truly global Chinese military presence?

Power Projection

By 2049, China's power projection rests on:

- A blue-water navy supported by long-range precision strike systems, a large and modern submarine force (including nuclear-powered attack and ballistic-missile submarines) and a mature carrier fleet of roughly a dozen aircraft carrier strike groups, enabling sustained operations across the Indo-Pacific, even where local dominance remains contested.

- A decisive advantage in missile forces, including large and diverse inventories of conventional ballistic and cruise missiles, advanced hypersonic glide vehicles, and theatre-range systems optimised for anti-access, base suppression, and maritime strike, imposing persistent operational constraints on adversary forces.
- A fully mature nuclear triad, integrating strategic and theatre-range systems with high survivability and flexible employment options, underpinned by hypersonic delivery platforms, deterring external intervention and underwriting coercive diplomacy.
- Technological leadership in AI-enabled warfare, including autonomous and semi-autonomous systems, decision-support algorithms, and sensor fusion, allowing faster targeting cycles, superior escalation management, and a more effective integration of conventional, cyber, space, and nuclear capabilities.
- Dense, resilient ISR architectures combining space-based sensors, unmanned platforms, seabed systems, and commercial data streams, linked through AI-enabled command-and-control networks that provide persistent situational awareness and shorten decision loops.
- Advanced combat aviation, with sixth generation fighter aircraft deployed at scale, integrated with loyal-wingman drones and long-range strike assets, enabling air superiority and deep strikes beyond the First Island Chain.
- Forward basing and access arrangements across the Indo-Pacific and western Indian Ocean, including permanent and rotational facilities, logistics hubs, and dual-use infrastructure supporting sustained maritime and air operations, though not uncontested control across all theatres.
- Predominant influence over key trade routes, supply chains, technical standards, and governance frameworks, particularly in the Western Pacific and Southeast Asia, through maritime primacy, overseas port access, civil-military fusion, and regulatory leverage, embedding structural economic dependence while facing continued contestation in parts of the Indian Ocean.
- Expanded normative and institutional influence through Chinese-led security arrangements, maritime governance initiatives, and regional frameworks that normalise Chinese presence and leadership across the Indo-Pacific.

Together, these capabilities allow China to impose new operational norms and sustain regional dominance, especially in the Western Pacific, without large-scale conflict, by shaping the strategic environment and constraining rivals' options below the threshold of war.

Regional and Global Reactions

	<p>The United States continues its strategic pullback from the Indo-Pacific as domestic political turmoil, economic strain, and isolationism limit its capacity to contest China's assertiveness. Rather than fully withdrawing, the United States reduces its most vulnerable forward positions inside the First Island Chain, scaling back on Okinawa while retaining a reduced but persistent presence in Japan and South Korea. American strategy increasingly pivots toward consolidation along the Second Island Chain and a more offshore balancing posture. Washington confines its response largely to diplomatic criticism and limited unilateral economic measures, as domestic fragmentation and the erosion of transatlantic cohesion prevent the organisation of a sustained or coordinated response.</p>
	<p>Japan embarks on an accelerated military build-up, including the development of an independent nuclear deterrent, triggered by the erosion of U.S. security guarantees and persistent Chinese grey-zone pressure around the Japanese-administered Senkaku Islands and Okinawa, which Beijing calls the Diaoyu Islands and which it claims as part of China's territory. Tokyo fortifies its southwestern islands, expands missile defence and surveillance networks, and shifts toward autonomous deterrence rather than U.S.-enabled forward defence. It intensifies security cooperation with Australia and India and broadens consultations with European partners, while calibrating its response to cumulative coercion in order to avoid large-scale escalation unless Japanese sovereign territory is directly attacked.</p>
	<p>South Korea adopts a restrained but increasingly militarised posture as the U.S. military presence on the Korean Peninsula is significantly reduced. Confronted with the simultaneous challenge of a dominant China and a persistently hostile North Korea, Seoul prioritises strengthening conventional forces, missile defence, and crisis management capabilities. Following Japan, and additionally confronted with the persistent threat from North Korea, Seoul also considers developing its own nuclear arsenal. Northeast Asia thus enters a phase of elevated baseline tension and more complex escalation dynamics, characterised by heightened military readiness and increased risks of miscalculation rather than open conflict.</p>
	<p>As U.S. security guarantees weaken without fully disappearing, Australia adopts a pragmatic hedging strategy shaped by China's effective control over key maritime trade routes. Canberra adjusts not to a U.S. withdrawal, but to a reduced American capacity to deter Chinese coercion. Australia accommodates Chinese maritime primacy in practice while avoiding open confrontation and simultaneously diversifies its partnerships. AUKUS persists but shifts away from forward power projection toward defensive capabilities, technological cooperation, and resilience, reflecting both Australian risk management and a more restrained U.S. regional posture.</p>

	<p>As China expands its military presence into the Indian Ocean, India responds by imposing friction rather than accepting Chinese dominance. New Delhi strengthens its naval posture and sea-denial capabilities, intensifies surveillance and signalling around key chokepoints. India also applies calibrated, reversible pressure along the continental frontier, including in Ladakh and across the Tibetan plateau, to complicate Chinese planning and tie down forces.</p> <p>Moreover, New Delhi increases political and economic engagement with littoral states and adopts a more assertive regional diplomacy. The latter includes preparations for an attempt at regime change in Sri Lanka to prevent deeper strategic entrenchment by Beijing and the consolidation of a China-aligned government in the country.</p> <p>This dual-track approach raises the operational and political costs for China without aiming for territorial revision or sustained escalation. India's actions remain deliberately limited in scale and duration, reflecting both capability constraints and a preference for escalation control, resulting in a strategy of cost imposition rather than rollback under conditions of expanding but contested Chinese maritime influence.</p>
	<p>ASEAN as an institution remains formally neutral, but ASEAN countries largely bandwagon with China, as most member states lack the ability to counterbalance Beijing's expanding maritime dominance. Economic dependence on China deepens, security cooperation with China becomes more routine, and regional initiatives increasingly align with Chinese preferences. While some states, particularly those exposed to maritime pressure in the South China Sea, quietly hedge and seek limited diversification, these efforts remain fragmented and insufficient to offset Chinese influence.</p>

Strategic assessment

This scenario represents an Indo-Pacific characterised by China's emerging – but still contested – regional primacy, rather than its uncontested hegemony. China consolidates maritime primacy in the Western Pacific through sustained coercion, calibrated gunboat diplomacy, and nuclear blackmail, while U.S. retrenchment reflects material constraints as much as political choice. As the strategic nuclear balance shifts qualitatively in China's favour – reflecting advantages in survivability, hypersonic systems, and escalation management – credible escalation options narrow asymmetrically. U.S. options contract more sharply than China's because projecting power into China's near seas compels Washington to operate at extended range and under tighter political and escalation constraints. Beijing, by contrast, acts in close proximity to its own territory, in what it defines as a core national interest, and is therefore willing to assume greater risk within those bounds.

For Europe, the consequences are long term and systemic rather than crisis driven. Predominant Chinese influence over key maritime routes, overseas basing, civil–military fusion, and governance initiatives reshapes global economic flows and regulatory standards, shifting Europe from a rule-setting to a rule-taking position in key sectors. Instead of episodic shocks, Europe faces a gradual reconfiguration of trade, technology, and infrastructure around Chinese preferences, raising the costs of diversification, fragmenting EU cohesion, and embedding political conditionality into market access, resulting in chronic dependence and a sustained erosion of strategic autonomy.

Security implications for the Netherlands, the EU, and NATO

- With NATO weakened as a coherent security framework and U.S. engagement in Eurasian security significantly reduced, Europe confronts a fundamentally altered strategic and economic environment shaped by China's emerging primacy across the Indo-Pacific – consolidated in the Western Pacific and increasingly projected into Southeast Asian chokepoints and the Indian Ocean.
- European trade and energy security become structurally exposed to Chinese influence over key maritime routes, including the South China Sea, the Taiwan Strait, and the Strait of Malacca, as well as heightened strategic competition across sea lanes extending throughout the Indian Ocean toward the Horn of Africa, increasing long-term costs, uncertainty, and vulnerability to political pressure.

- Global supply chains increasingly reorganise around Chinese-controlled logistics networks, ports, and standards. Taiwan's absorption entrenches Europe's reliance on China-centred semiconductor, electronics, and advanced manufacturing ecosystems unless alternative capacity has been built in advance.
- Chinese civil–military fusion and overseas port access amplify Beijing's leverage over critical infrastructure, digital systems, and maritime services, constraining Europe's ability to insulate economic activity from geopolitical pressure.
- The erosion of Western-led governance frameworks and the growing influence of Chinese-led initiatives reshape regulatory and normative environments in ways that reduce Europe's ability to shape global rules and protect its interests.
- Nuclear proliferation in East Asia – particularly Japan's development of an independent deterrent and a potential South Korean follow-on decision – increases systemic proliferation pressures and weakens global non-proliferation norms, with indirect implications for European and Middle Eastern security dynamics.
- For the Netherlands, exposure becomes chronic rather than crisis driven. As a trade-dependent economy and logistics hub, Dutch ports, undersea cables, and high-tech sectors operate increasingly within a China-shaped maritime and digital ecosystem, steadily reducing strategic autonomy and policy flexibility.

4 Implications for European Security and Policy Outlook

Implications for the Netherlands, the EU, and NATO

The scenarios generate two core risks for the Netherlands, the EU, and NATO. First, escalation in the Indo-Pacific may place Europe directly between China and the United States, exposing it to political, geo-economic, and potentially military pressure to align or abstain. Second, even without direct involvement, Europe will face the indirect consequences of regional instability, including disrupted trade routes, constrained access to critical technologies and resources, stress on supply chains and financial systems, and a further erosion of the rules-based international order.

1 Economic and technological dependencies

Europe's greatest vulnerability to geopolitical shifts in the Indo-Pacific stems from its economic and technological dependencies on both China and the United States. These dependencies constrain the continent's strategic autonomy, facilitate economic and technological coercion by outside powers, and amplify the impact of disruptions to global trade routes, supply chains, and financial systems. All three scenarios in this report increase Europe's exposure to China-centric supply chains. These range from semiconductors and micro-electronics to green technology, AI, rare earths, batteries and key digital and port infrastructure. In crisis scenarios, sanctions, export controls, and countersanctions could cause abrupt disruption; in a scenario of emerging Chinese primacy in the Indo-Pacific, dependence could take the form of regulatory and political leverage via Chinese-shaped standards and networks.

In the first two scenarios, the United States is also likely to exert pressure on Europe to join U.S.-led economic warfare against China, through coordinated sanctions, export controls, and import restrictions. This creates difficult strategic and economic dilemmas for the EU. While Europe will likely want to impose economic costs on China for taking Taiwan and revising the broader security order in the Western Pacific, it may also not want to go as far as Washington could be willing to go in certain scenarios. In order to maintain its strategic autonomy in such matters, Europe would do well to decrease the United

States' coercive leverage over it by limiting its economic and technological dependencies on the U.S. The United States has significant economic levers to pull in order to coerce Europe, as the unbalanced 2025 U.S.-EU trade deal has shown. Not only is the US one of the EU's main trade partners (alongside China), and the number one destination for European exports, but it is also Europe's main source of foreign investment, a key supplier of various critical technologies, and in recent years an increasingly important supplier of liquified natural gas (LNG).

2 Maritime vulnerability

The Netherlands and wider Europe remain heavily dependent on sea lanes that traverse the Indo-Pacific. In the first two scenarios, conflict around Taiwan and across the First Island Chain causes severe and sudden disruption. This includes the suspension of commercial shipping, sharply increased insurance premiums, the rerouting of maritime traffic, and congestion along alternative routes and at ports, all of which translate into higher costs and supply shortages in Europe. Beyond immediate economic effects, such disruptions also expose Europe to strategic pressure by limiting its freedom of action and increasing its vulnerability to external coercion during crises.

In Scenario 3, the Chinese predominant influence over key maritime chokepoints – including the South China Sea, the Taiwan Strait, and the Strait of Malacca – generates long-term dependencies. Rather than episodic disruption, Europe faces a structurally altered maritime environment in which access to critical sea lines of communication is conditional, politicised, and subject to Chinese regulatory, military, or economic pressure. Maritime dependence thus becomes not only an economic liability but also a strategic one. European governments must factor potential Chinese leverage over shipping flows, energy supplies, and critical imports into their foreign policy choices, sanction decisions, and crisis responses involving China or its partners.

In all cases, European energy imports, critical minerals, and export logistics face heightened risks from either outright interruption or coercive Chinese leverage. For the Netherlands in particular, as a major maritime hub and logistics gateway to Europe, disruptions to Indo-Pacific sea lanes would have disproportionate effects on port operations, hinterland connectivity, and the functioning of European supply chains more broadly. This amplifies the Netherlands' exposure to both indirect economic fallout and direct geopolitical pressure.

3 Military security and transatlantic dependence

Another important European dependency on the United States that plays an important role in the scenarios lies in the realm of military security. This dependency is most acute in the context of NATO's collective defence, where European deterrence and defence planning continues to rely heavily on U.S. high-end military capabilities and force availability. Whether the United States is fighting a major war in the Indo-Pacific or gradually retrenching from the region, European security planning cannot assume unchanged U.S. availability. In both cases, U.S. force allocation decisions (particularly regarding naval assets, airpower, long-range strikes, missile defence, ISR, and strategic enablers) would directly affect NATO's posture in Europe.

Moreover, in a major U.S.–China confrontation Washington can also put pressure on its allies not only to hit the PRC with geo-economic measures but also to make military contributions. These could include requests for deployments, access to bases, force enablers, or increased burden-sharing within NATO frameworks. This dynamic risks constraining European strategic autonomy precisely at a moment when NATO may simultaneously face heightened security demands on its eastern flank.

4 Cyber and hybrid threats

The more European countries join U.S. geo-economic or military warfare against China in the scenarios, the more Beijing will use cyber operations, disinformation, and legal-economic tools to influence European decision-making and test societal resilience. European ports, logistics hubs, undersea cables, and satellites become attractive targets. Civil-military integration in port and digital technology (including Chinese stakes in terminal and network operators that embed long-term strategic influence) pose persistent security challenges.

Beijing will also use its military clout to influence global security norms and limit international condemnation of its actions in the Indo-Pacific. This will complicate European efforts to mobilise broad international backing during Indo-Pacific contingencies.

Policy outlook and recommendations

Europe has a limited military presence in the Indo-Pacific, but still has an important role to play in shaping the dynamics in the region. It can contribute to

regional stability by raising the costs of conflict, not through direct military power projection, but indirectly by strengthening deterrence via credible geo-economic measures and by limiting the strategic gains of coercion and escalation.

Moreover, in order to gain effective strategic autonomy in such matters, Europe must reduce its own vulnerabilities to the risks emanating from the scenarios in this report.

The following recommendations operationalise this approach.

1 Build a credible and usable European geo-economic deterrent

All three scenarios undermine Europe's strategic and economic interests.

Europe's objective should therefore be to raise the threshold for conflict and territorial revisionism in the Indo-Pacific, particularly actions that would enable disproportionate Chinese regional dominance.

Europe should continue its military presence in the Indo-Pacific to demonstrate its interest in the region. However, China's expanding military capabilities and mounting security pressures from Russia constrain Europe's military bandwidth. Europe's main leverage instead lies in geo-economic instruments capable of influencing Beijing's risk calculus.

European geo-economic deterrence must be credible, predefined, and politically sustainable. Trade restrictions, export controls, investment screening, and financial measures should not be improvised in crisis or activated automatically under external pressure. Their purpose is not confrontation, but cost imposition: ensuring that Beijing factors significant economic consequences into decisions such as a blockade or the use of force against Taiwan.

Such measures are unlikely to deter China independently. Nevertheless, when embedded in coordinated transatlantic and Indo-Pacific frameworks, they can meaningfully raise escalation costs. However, deterrence entails a risk: if it fails, Europe must either absorb economic retaliation or accept diminished credibility. The effectiveness of this posture depends on prior resilience-building and a demonstrated willingness to bear costs. These thresholds must be defined in advance.

Furthermore, building and using a geo-economic deterrent involves trade-offs. The more forceful Europe's geo-economic posture will be, the greater the risk of economic retaliation. Moreover, building an effective geo-economic deterrent

requires reducing external economic vulnerabilities. The necessary de-risking, in turn, also brings efficiency costs with it – at least in the short term. Geo-economic deterrence therefore requires explicit political choices concerning acceptable levels of exposure, retaliation, and efficiency losses.

Europe should:

- Define clear and publicly articulated trigger thresholds (e.g., a blockade, an invasion, or a sustained coercive campaign) that would activate pre-agreed geo-economic countermeasures.
- Pre-coordinate sanction and export-control packages within the EU.
- Conduct economic stress tests on likely Chinese countermeasures.
- Establish pre-authorised EU decision-making procedures for the rapid activation of geo-economic measures.
- Coordinate with the United States and Indo-Pacific partners.

2 Strengthen existing and build new partnerships in the Indo-Pacific region

Europe cannot rely solely on transatlantic coordination nor act unilaterally without incurring strategic isolation. Partnerships are essential to prevent European isolation in a crisis and to reinforce stability at a low escalation risk. Europe will not be a decisive military actor in the region, but it can shape the environment through targeted cooperation aligned with its strengths. This includes regulatory coordination, maritime domain awareness, capacity-building, supply chain diversification, cyber resilience, and infrastructure standards.

The objective of such engagement is not alliance expansion, but strategic alignment and resilience-building. By embedding itself in overlapping networks of cooperation with Indo-Pacific democracies and middle powers, Europe increases its political leverage, strengthens collective deterrence indirectly, and reduces the likelihood of being confronted with binary choices in moments of crisis. This requires a thorough assessment of the needs and interests of countries in the region.

Europe should:

- Institutionalise structured strategic dialogues with India, Japan, Australia, India, South Korea, and ASEAN partners to assess shared interests.

- Elevate cooperation with India, particularly in maritime domain awareness, logistics coordination, and Indian Ocean resilience, recognising India's role as a key regional counterweight under conditions of structured contestation.
- Prioritise cooperation with technologically advanced Indo-Pacific partners on semiconductors and advanced technologies.
- Expand engagement with Australia on critical infrastructure protection and strategic minerals to diversify supply chains for critical raw materials and reduce strategic dependence on China while strengthening resilience against hybrid and maritime infrastructure vulnerabilities.
- Help countries in the region to reduce their dependence on China through increased economic engagement.
- Support maritime domain awareness and capacity-building for states exposed to coercion.
- Coordinate positions in multilateral forums to limit fragmentation.

3 Strengthen economic and supply chain resilience

Resilience is distinct from deterrence. It is structural, not conditional. Europe must reduce single-point dependencies regardless of whether a crisis occurs. Both acute conflict (Scenarios 1 and 2) and emerging dominance (Scenario 3) expose Europe to supply-chain disruptions and political leverage. De-risking reduces exposure even if it does not eliminate it. Trade-offs are unavoidable, however, as diversification tends to increase costs by reducing economic efficiency – at least in the short term. These costs must be weighed against the risk of disruption.

Europe should:

- Expand semiconductor, AI, quantum, and battery manufacturing through EU industrial policy.
- Tighten investment screening and export controls where dual-use risk is high.
- Reduce single-point dependencies across critical supply chains, including reliance on Chinese-controlled logistics, ports, and digital systems, rather than attempting to mitigate geopolitical control over chokepoints directly.
- Build stockpiles and contingency plans for supply chain stress during an Asian crisis.

4 Prioritise maritime security, chokepoint resilience, and access diversification

Europe's economic lifelines run through maritime corridors that are increasingly shaped by Chinese influence in the Western Pacific and Southeast Asia, while

remaining contested in parts of the Indian Ocean. Exposure may arise not only from wartime disruption, but from selective access restrictions, regulatory pressure, and coercive enforcement below the threshold of open conflict.

Europe should:

- Support the diversification of trade routes (India–Middle East–Europe Corridor, Arctic routes, East African connectors). These alternatives are costlier, capacity-constrained, and in many cases only partial substitutes for existing Indo-Pacific sea lanes. The policy challenge lies in determining which routes merit investment despite higher transport costs and lower efficiency to boost European security and resilience.
- Build partnerships with littoral states around the Strait of Malacca, the Bay of Bengal, and the western Indian Ocean. This should focus on access assurances, port governance, and crisis coordination, rather than assuming permanent freedom of passage under all conditions.
- Increase naval domain awareness cooperation with India, Japan, Australia, and France's Indo-Pacific territories through enhanced intelligence-sharing, coordinated maritime surveillance, joint use of ISR assets, and structured information exchange on shipping movements, grey-zone activity, and SLOC security, with the aim of early warning and risk mitigation rather than a forward military presence.
- Prepare for scenarios where chokepoints are used as leverage rather than closed through conflict by anticipating conditional access, regulatory pressure, selective disruption of shipping, and coercive enforcement short of open conflict. Furthermore, Europe should identify which sectors and trade flows should be prioritised if access becomes constrained.

5 Rebuild European security to reduce dependence on the United States

European territorial defence is the foundation of Europe's strategic autonomy. Without a credible deterrence on its own continent, the EU and other European NATO allies cannot effectively act externally. A major conflict in Asia would likely reduce the United States' military presence in Europe. Europe must therefore strengthen its own deterrence and defence posture, including by expanding high-end capabilities, improving force readiness and mobility, and assuming greater responsibility for conventional deterrence on NATO's eastern flank. Reducing structural dependence on U.S. military presence does not necessarily have to be an alternative to transatlantic cooperation, but could also be a condition for its sustainability under global strain. Moreover, reducing European dependency on

the U.S. security umbrella will also limit Washington's coercive leverage over its European allies. This, in turn, enhances Europe's strategic autonomy to respond to potential crises in the Indo-Pacific in line with its own interests.

Europe should:

- Strengthen territorial defence, air and missile defence, and maritime security across Europe.
- Expand defence-industrial capacity, with multi-year joint procurement and replenishment programmes.
- Develop credible European response plans for deterrence gaps during U.S. diversion or retrenchment.
- Harden critical infrastructure (ports, cables, satellites, logistics networks) against cyber and hybrid disruption.

Only a Europe that can reliably defend itself can choose *whether and how* to contribute to Indo-Pacific security.