

Regional Stability and Crisis Escalation in the Taiwan Strait: The Impact of US-China Strategic Rivalry after the Recent US-Iran Conflict.

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Abstract

This paper examines how the recent US-Iran conflict affects regional stability and crisis escalation dynamics in the Taiwan Strait. Rather than treating the conflict as a direct cause of escalation in East Asia, the study uses it as a contextual stress test for US credibility, restraint, and escalation management under conditions of strategic rivalry. Drawing on deterrence theory and security dilemma logic, the paper argues that external crises can shape Taiwan Strait stability by altering Chinese perceptions of American resolve, military overextension, and willingness to absorb escalation costs. The central mechanism is therefore perceptual and signaling-based: US military action against Iran may be interpreted by Beijing either as evidence of credible deterrent capacity or as a sign of strategic distraction and vulnerability. Through a process-tracing approach focused on official statements, crisis episodes, military activity, and grey-zone coercion, the paper analyzes whether the US-Iran conflict increased the likelihood, speed, or intensity of US-China crisis interactions. It finds that escalation spillover is more likely to occur through calibrated pressure, alliance signaling, and arms-racing dynamics than through immediate military confrontation. The paper contributes to security studies by linking external crisis behavior to deterrence stability in the Taiwan Strait.

Key words

Deterrence - Signaling - External Crisis - Avoidable Confrontation - Security - Opportunism - Stability

Introduction

The security dynamics of the Taiwan Strait cannot be understood in isolation from wider geopolitical developments. Although much of the literature on cross-strait stability focuses on localized indicators such as military balances, force deployments, and alliance commitments, deterrence operates within a

broader strategic environment. Crises in distant regions can affect how states interpret an adversary's capabilities, commitments, and willingness to bear political and military costs (Fearon, 1995; Schelling, 1966; Jervis, 1978). The recent US-Iran conflict provides a useful lens through which to examine this problem because it placed renewed pressure on American crisis management, military allocation, and escalation control. Maritime insecurity around the Strait of Hormuz, regional confrontation, and heightened military alert in the Middle East raised questions about whether Washington's attention and resources were being stretched across multiple theaters (Hokayem, 2026; Galbraith, 2025; IAEA, 2026). For Beijing, such moments may serve not only as regional events but also as signals about American resolve, restraint, and strategic capacity.

China's response to periods of American engagement elsewhere has generally reflected caution rather than direct opportunism. Existing literature suggests that Beijing is more likely to rely on calibrated pressure than immediate military escalation, especially when the expected costs of open conflict remain high (Yoder, 2025; Zhang, 2026). Around Taiwan, this pressure often takes the form of air and maritime incursions, military exercises, cyber activity, information operations, and other grey-zone tactics (MND, 2025; DoD, 2025; Wang, 2025; Zhang, 2026). These actions allow the People's Liberation Army (PLA) to test responses and normalize coercive pressure without crossing the threshold into war (Wang, 2025; DIA, 2025). External crises therefore do not determine Chinese policy automatically, but they can shape the strategic context in which Chinese leaders evaluate risk, opportunity, and the credibility of US commitments.

These perceptions have important implications for cross-strait deterrence. Fearon's bargaining model shows that war often results not simply from material capability, but from uncertainty, private information, commitment problems, and incentives to misrepresent intentions (Fearon, 1995). Applied to the Taiwan Strait, this means that deterrence stability depends on how Washington, Beijing, and Taipei interpret one another's signals. The United States must deter coercive action by China while avoiding signals that could be interpreted as support for unilateral Taiwanese independence. If Beijing views US engagement in the Middle East as evidence of strategic overextension, its assessment of coercive options such as blockade, quarantine, or intensified grey-zone operations may change. Conversely, it may interpret such moves as encirclement or erosion of the status quo.

This paper therefore addresses the following research questions:

- 1) To what extent do US military actions in the Iran conflict function as demonstrations of resolve or restraint, and how do these signals affect deterrence stability in the Taiwan Strait?*

- 2) *Does the US-Iran conflict generate an escalation spillover into the Taiwan Strait by increasing the likelihood, speed, or intensity of US-China crisis interactions?*
- 3) *How does the US-Iran conflict affect the conditions for regional stability in the Taiwan Strait?*

This paper argues that the US-Iran conflict affects Taiwan Strait stability primarily through a cross-regional signaling mechanism rather than through the direct transfer of military escalation from one theater to another. American military action, restraint, force allocation, and escalation management provide observable signals that may influence Chinese assessments of US resolve, operational capacity, alliance reliability, and willingness to absorb the costs of simultaneous crises. These signals do not produce a predetermined Chinese response. They are filtered through existing strategic beliefs, domestic priorities, and Beijing's assessment of the costs of coercion against Taiwan.

The paper therefore expects external conflict to influence the Taiwan Strait under three conditions. First, the external crisis must be sufficiently costly or politically salient to raise questions about US strategic attention and military availability. Second, Chinese officials and strategic actors must interpret US conduct as relevant to American behavior in an Indo-Pacific contingency. Third, any resulting change in Chinese behavior should be observable through shifts in military signaling, grey-zone coercion, diplomatic rhetoric, or alliance-related activity. The paper does not claim that temporal proximity alone demonstrates causal spillover. Instead, it evaluates whether the evidence supports a plausible sequence linking US crisis behavior, Chinese interpretation, and subsequent cross-strait activity.

By examining this sequence, the paper contributes to deterrence studies in two ways. First, it treats deterrence credibility as partially transferable across regional theaters: state behavior in one crisis may shape expectations about its conduct in another. Second, it distinguishes direct escalation spillover from indirect perceptual spillover. The latter may intensify coercive pressure and strategic uncertainty even when no immediate military confrontation occurs.

Conceptual Framework

This paper conceptualizes regional stability in the Taiwan Strait as an outcome of the interaction between deterrence credibility, crisis signaling, strategic interpretation, and escalation management. Stability does not mean the complete absence of military pressure. It refers instead to a condition in which the principal

actors continue to avoid actions that create an immediate and difficult-to-reverse pathway toward major armed confrontation.

The principal explanatory factor examined in this paper is US conduct during the US-Iran conflict. This includes the scale and duration of military involvement, the allocation of political and military attention, the management of escalation, the coordination of alliances, and the balance between coercive action and restraint. The broader US-China strategic rivalry is therefore not treated as the independent variable. It is the structural context within which signals generated by the US-Iran conflict are interpreted.

The dependent variable is the level of stability in the Taiwan Strait. It is assessed through observable changes in the intensity, frequency, duration, and character of military and diplomatic interactions. Relevant indicators include PLA air and maritime activity, military exercises, coercive signaling, changes in official rhetoric, US and allied reassurance measures, and evidence of either escalation control or movement toward more dangerous crisis behavior.

The central causal mechanism is cross-regional signaling. US behavior in the Iran conflict may provide Beijing with information about four issues: American willingness to use force, capacity to sustain commitments in multiple theaters, ability to coordinate allies, and willingness to control or absorb escalation costs. Beijing may interpret the same conduct in different ways. A limited but effective military operation may reinforce perceptions of US resolve. A prolonged or politically costly commitment may instead generate perceptions of overextension. An expansive use of force may signal strength, but it may also raise concerns about American unpredictability and escalation discipline.

Two subsidiary mechanisms are also relevant. The first is strategic learning. Chinese officials and military planners may use an external conflict to observe US operational performance, command structures, force mobilization, alliance coordination, domestic political constraints, and patterns of escalation. The second is opportunistic probing. If Beijing perceives a temporary reduction in US attention or political flexibility, it may increase grey-zone pressure without initiating a major crisis. Such behavior would allow China to test responses and alter the operational environment while limiting the probability of direct war.

Deterrence theory generates two competing expectations. The resolve hypothesis expects visible US military capability and a demonstrated willingness to bear costs to strengthen deterrence in the Taiwan Strait. Under this expectation, Chinese behavior should remain restrained because US intervention appears more credible. The overextension hypothesis expects prolonged or costly US involvement to weaken deterrence by suggesting that American resources, attention, or political support are limited. Under this expectation, China may increase coercive pressure or test US and Taiwanese responses.

Security dilemma theory produces a further expectation. Even when US measures are intended to demonstrate defensive resolve, Beijing may interpret them as evidence of containment or preparation for confrontation. Reciprocal military preparations may consequently increase despite the absence of an initial intention to initiate war. The framework therefore does not assume that stronger deterrent signals are automatically stabilizing.

The analysis evaluates these competing expectations rather than assuming in advance that the Iran conflict either strengthens or weakens US credibility. Evidence of direct escalation spillover would require a demonstrable movement toward acute military confrontation linked to the external crisis. Evidence of indirect spillover would consist of changes in signaling, learning, grey-zone pressure, alliance coordination, or crisis perceptions without an immediate transition to war.

Methodology

The paper employs a qualitative process-tracing approach to examine whether the US-Iran conflict influenced deterrence and escalation dynamics in the Taiwan Strait. Process tracing is appropriate because the proposed relationship is not a simple correlation between simultaneous military events. The argument concerns an intervening sequence in which US conduct generates signals, those signals are interpreted by Chinese actors, and those interpretations may subsequently affect coercive or deterrent behavior around Taiwan.

The analysis traces three stages. The first stage examines US military and diplomatic conduct during the Iran conflict, including the scale of force employed, statements concerning objectives and escalation control, force-allocation decisions, and coordination with allies. The second stage examines Chinese interpretations of the conflict through official statements, diplomatic positions, military commentary, and observable responses. The third stage evaluates whether activity in the Taiwan Strait changed in a manner consistent with the proposed signaling mechanisms, particularly through military exercises, air and maritime operations, grey-zone pressure, alliance reassurance, or intensified diplomatic signaling.

The evidence is drawn from four categories of publicly available material. First, the study uses official documents and statements produced by the US government, including material from the White House, Department of Defense, Department of State, and US intelligence institutions. Second, it examines statements from the Ministry of Foreign Affairs of the People's Republic of China and, where available, official or military-affiliated Chinese sources. Third, it uses data and operational announcements from

Taiwan's Ministry of National Defense. Fourth, it uses peer-reviewed scholarship and specialist policy analysis to contextualize, compare, and interpret the primary evidence.

The study evaluates evidence using three criteria. Temporal sequence requires the proposed signal to precede the relevant change in behavior. Mechanistic plausibility requires evidence that Chinese assessments concerned US resolve, distraction, escalation management, or alliance capacity. Behavioral consistency requires subsequent activity around Taiwan to correspond with at least one of the expectations derived from deterrence or security dilemma theory. Temporal coincidence alone is not considered sufficient evidence of causality.

The analysis also considers alternative explanations. Changes in PLA activity may reflect pre-existing training cycles, domestic political events in China or Taiwan, long-term military modernization, reactions to US-Taiwan relations, or developments elsewhere in the Indo-Pacific rather than the Iran conflict. The process-tracing analysis therefore seeks evidence that distinguishes the proposed cross-regional signaling mechanism from these alternative explanations.

The paper adopts a cautious standard of inference. Public evidence can indicate that a proposed mechanism is plausible and consistent with observable behavior, but it cannot fully reconstruct confidential decision-making within the Chinese leadership or the PLA. The findings should therefore be interpreted as an assessment of the relative plausibility of competing explanations rather than as definitive proof of a direct causal relationship.

Literature Review

The Taiwan Strait has become one of the central arenas in contemporary security studies because it concentrates several dynamics associated with crisis escalation: great-power rivalry, contested sovereignty, military modernization, strategic ambiguity, alliance signaling, and grey-zone coercion. Existing literature has examined these dynamics largely through deterrence theory, the security dilemma, and US-China strategic competition. However, less attention has been given to how crises outside East Asia may affect deterrence stability in the Strait. The recent US-Iran conflict is therefore useful because it allows scholars to examine how American military action, restraint, and crisis management may be interpreted by Beijing in relation to Taiwan. This review focuses on three connected debates: deterrence and signaling, the avoidability of US-China confrontation, and China's strategic opportunism under conditions of perceived US distraction.

A useful theoretical starting point is Fearon's bargaining model of war. Fearon argues that rational states should generally avoid war because armed conflict imposes costs on all parties. War occurs not because states necessarily prefer it, but because uncertainty, private information, commitment problems, and incentives to misrepresent intentions create bargaining failures ([Fearon, 1995, p. 381](#)). Applied to the Taiwan Strait, this logic suggests that escalation is not simply the product of material capability, but of how actors interpret each other's intentions and thresholds. Washington must deter Beijing without encouraging Taipei to pursue formal independence; Beijing must signal resolve without triggering a US military response; and Taiwan must strengthen its security without appearing to alter the status quo irreversibly.

This is where signaling becomes central. Deterrence in the Taiwan Strait depends not only on military capability, but also on the credibility and interpretation of political signals. The literature on strategic ambiguity argues that US policy has historically functioned by leaving both Beijing and Taipei uncertain about the precise conditions under which Washington would intervene ([CRS, 2025](#))¹. This ambiguity is designed to deter China from using force while also discouraging Taiwan from unilateral moves toward independence. Wang argues that excessive clarity in US commitments could undermine stability by making Beijing believe that Washington is abandoning the "One China Policy" framework ([Wang, 2025, p. 7](#)). In this sense, stronger deterrent signals are not always stabilizing. They may instead produce overdeterrence, where one actor's attempt to reinforce credibility convinces the adversary that delay is becoming dangerous.

The US-Iran conflict highlights this problem of perception. Iran's deterrence posture, especially around its nuclear program and regional capabilities, was designed to raise the costs of US or Israeli military action. Yet the conflict showed that deterrent threats may fail when interpreted not as defensive signals, but as evidence of an unacceptable future threat. This dynamic is relevant to Taiwan because China may interpret US moves such as arms sales, deployments, high-level visits, or explicit defense statements not as reassurance of stability, but as evidence that the political status quo is being eroded. The US-Iran case therefore demonstrates that deterrence can collapse when actors attach different meanings to the same behavior ([Washington Institute, 2025, p. 4](#)).

This does not mean that deterrence is ineffective. Rather, the literature suggests that stability depends on a balance between resolve and restraint. Harris and McKinney argue that overly forceful deterrent threats can intensify the tensions they are meant to contain, contributing to confusion and unpredictability in

¹ Congressional Research Service.

crisis settings ([Harris & McKinney, 2024](#)). Similarly, Yoder argues that the most dangerous scenario in the Taiwan Strait is not necessarily a lack of US capability, but a political environment in which Chinese or US leaders feel cornered into military action ([Yoder, 2025, p. 15](#)). The US-Iran conflict may therefore have demonstrated US operational capacity and willingness to use force, while also revealing limits, vulnerabilities, or distraction. The effect on Taiwan Strait stability depends on which interpretation Chinese decision-makers adopt.

The literature therefore contains two competing interpretations of cross-regional deterrence. The first can be described as a demonstration-of-resolve perspective. From this viewpoint, effective US military action communicates capability, political willingness, and the capacity to impose costs, thereby reinforcing deterrence beyond the immediate theater. The second is an overextension perspective, according to which additional military commitments expose finite resources, political constraints, and difficulties in managing simultaneous crises. These interpretations are not mutually exclusive at the level of observable US conduct: the same operation may demonstrate tactical capability while simultaneously revealing strategic limits. The unresolved question is therefore not whether US behavior sends a signal, but which aspects of the signal Chinese decision-makers prioritize and how those interpretations affect subsequent behavior.

A second major strand of literature concerns whether US-China rivalry is structurally destined to escalate into war. Some accounts frame the relationship through the logic of the Thucydides Trap, suggesting that conflict becomes increasingly likely when a rising power challenges an established hegemon. However, recent scholarship has challenged this deterministic reading. Desch's reinterpretation of Thucydides rejects the idea that great-power war is inevitable. Instead, he emphasizes prudence, moderation, and balance-of-power management as strategic choices ([Desch, 2025, pp. 151-152, 155, 165, 171](#)). This argument preserves agency within realist theory: US-China rivalry may be structurally dangerous, but its outcome depends on political judgment, institutional management, and crisis restraint.

He and Feng extend this position by integrating realist, liberal, and constructivist approaches. Their work suggests that material power shifts explain why rivalry intensifies, but they do not fully determine how states behave. Institutions, economic interdependence, and norms can moderate competition and prevent it from becoming purely zero-sum ([He & Feng, 2025, pp. 2-3, 15, 17](#)). This literature moves beyond simple power-transition theory by showing that diplomatic signaling can limit escalation even under severe mistrust. However, it may overestimate the stabilizing capacity of institutions when both sides distrust each other's long-term intentions. In a crisis, institutions may not prevent rapid escalation if leaders believe credibility or territorial integrity is at stake.

The disagreement between structural and institutional accounts is consequently one of degree rather than a simple opposition between inevitability and peace. Structural perspectives correctly identify the pressures created by power transition, military competition, and contested sovereignty. Institutional and constructivist approaches, however, show that these pressures are mediated by communication, expectations, norms, and policy choices. The present paper adopts a conditional position between these perspectives. It accepts that the distribution of power and the Taiwan sovereignty dispute create persistent risks, but rejects the claim that they mechanically determine crisis outcomes. External shocks such as the US-Iran conflict matter because they may alter perceptions within this already dangerous structure.

Yoder contributes to this debate through a rationalist assessment of cross-strait deterrence. Drawing on Fearon and Schelling, he argues that China's costs of forcibly taking Taiwan remain extremely high and that deterrence does not require certainty of US victory. It only requires Beijing to believe that the expected costs of military action exceed the expected benefits (Yoder, 2025, pp. 1-3; Schelling, 1966). This shifts the analysis away from whether the United States can guarantee victory and toward whether it can maintain a credible cost-imposition strategy. Yoder's argument challenges alarmist accounts that equate China's growing military capability with imminent invasion. At the same time, his framework may underestimate how perceptions can shift during external crises. If Beijing interprets a US conflict with Iran as evidence of overextension, domestic distraction, or declining escalation control, then its cost-benefit calculation over Taiwan could change.

Empirical work on China's behavior during the US-Iran conflict is therefore particularly relevant. Zhang suggests that Beijing did not directly exploit US military distraction by launching a major cross-strait escalation. Instead, China increased grey-zone pressure through air incursions, maritime activity, and information operations while avoiding direct military confrontation (Zhang, 2026, pp. 3-4). This finding supports the view that structural opportunity does not automatically produce war. China may probe, pressure, and rehearse without crossing thresholds that would trigger a major US response. Escalation should therefore be studied not as a binary movement from peace to war, but as a spectrum involving coercion, pressure, and controlled risk.

There are also competing interpretations of Chinese restraint. One interpretation views the absence of direct military escalation as evidence that deterrence remains effective and that Beijing continues to recognize the prohibitive costs of war. A second interpretation argues that restraint may coexist with revisionist intent because grey-zone coercion allows China to pursue incremental advantages without accepting the risks of invasion. The distinction is analytically important. If restraint reflects satisfaction with the status quo, it is stabilizing. If it reflects a preference for gradual and less attributable coercion, it

may reduce short-term escalation while weakening long-term stability. This paper evaluates Chinese behavior against both interpretations rather than equating the absence of war with the absence of strategic change.

The third body of literature focuses on China's strategic approach. Several studies characterize Beijing's behavior as calculated opportunism. Wang argues that China has moved from conditional revisionism toward a more assertive posture, exploiting perceived US hesitation while using grey-zone tactics to weaken Taiwan's resolve (Wang, 2025, pp. 228, 232-233). These tactics include military exercises, maritime harassment, cyber operations, information campaigns, and airspace incursions (DoD, 2025)². Their purpose is not necessarily immediate invasion, but the gradual normalization of pressure. This strategy allows Beijing to change the operational environment without crossing the threshold of open war.

This view is reinforced by assessments of Chinese military modernization. US defense assessments highlight the PLA's expanding conventional, cyber, space, and nuclear capabilities, as well as its preparation for multiple Taiwan contingency scenarios, including coercive blockade, quarantine, firepower strike, and amphibious operations (DIA, 2025, pp. 5, 7-10; DoD, 2025).³ Such evidence suggests that China is preparing for multiple contingency scenarios, including coercive blockade, quarantine, or limited military operations. Yet preparation does not necessarily mean imminent execution. The literature points instead to a dual strategy: increasing readiness while preserving strategic flexibility.

Maher adds another layer by linking China's opportunism to US hegemonic overcommitment. From this perspective, Beijing may view US involvement in the Middle East as evidence that Washington's global commitments can be stretched (Maher, 2025, p. 223). Taiwan's semiconductor centrality, particularly through TSMC⁴, also increases the strategic stakes (Maher, 2025, pp. 225-226). Raheel, Shaukat, and Gul similarly emphasize the connection between Taiwan's chip dominance, reunification ideology, and US-China technological competition (Raheel et al., 2024, p. 29). They also argue that Chinese military exercises exploit US strategic ambiguity, while US arms sales create contradictions that Beijing can use to justify pressure on Taiwan (Raheel et al., 2024, pp. 35-39). These works show that Taiwan is not only a territorial issue, but also a node in broader struggles over technology, supply chains, and geopolitical hierarchy.

At the same time, the literature shows that China's opportunism is constrained. Brookings' analysis portrays Beijing as strategically conservative: it may exploit US overextense diplomatically, study US

² US Department of Defense's 2025 China Military Power Report.

³ Defense Intelligence Agency.

⁴ Taiwan Semiconductor Manufacturing Company.

combat performance, and support Iran indirectly, while still avoiding a direct Taiwan crisis that could damage broader US-China relations (Hass et al., 2026). This is consistent with Zhang's finding that China increased pressure but avoided outright escalation during the US-Iran conflict (Zhang, 2026, pp. 3-4). The key point is that Chinese strategy appears calibrated rather than reckless. Beijing may seek advantage during US distraction, but it remains sensitive to escalation risks.

The debate over Chinese opportunism can therefore be organized around three positions. A strong-opportunism perspective expects Beijing to exploit major US distractions through significant military escalation. A constrained-opportunism perspective expects more limited probing because the costs of war and the risk of US intervention remain high. A strategic-restraint perspective interprets limited Chinese behavior primarily as evidence that Beijing seeks to avoid destabilizing the broader bilateral relationship. The evidence considered in this paper is most consistent with constrained opportunism: external crises may expand the perceived space for coercion and strategic learning, but they do not remove the material and political constraints that discourage major war.

Taken together, the literature identifies four competing propositions. First, demonstrations of US military resolve may either reinforce deterrence or reveal strategic overextension. Second, military reassurance may stabilize the status quo or intensify the security dilemma if Beijing interprets it as containment. Third, Chinese restraint may demonstrate successful deterrence or reflect a strategy of incremental coercion. Fourth, structural rivalry may increase the probability of confrontation without making war inevitable.

The existing literature nevertheless leaves three issues insufficiently developed. First, most studies analyze Taiwan Strait deterrence as a predominantly regional relationship among China, Taiwan, and the United States. This approach underestimates the possibility that US behavior in another theater may affect Chinese expectations about American conduct in East Asia. Second, scholarship frequently discusses US credibility as a relatively stable attribute rather than as an assessment continuously updated through observed crisis behavior. Third, research on escalation often privileges major military events and gives less attention to indirect spillover through strategic learning, alliance signaling, and grey-zone coercion.

This paper addresses these gaps by developing the concept of cross-regional signaling. It treats the US-Iran conflict as an external crisis through which Chinese decision-makers may update their assessments of US capability, resolve, restraint, and strategic availability. The paper does not presume that these assessments produce immediate escalation. Instead, it compares the expectations of the resolve,

overextension, security dilemma, and constrained-opportunism perspectives against observable official statements and military behavior.

The contribution is therefore not the general claim that international crises are interconnected. It is the more specific argument that deterrence assessments may travel across theaters through observation and interpretation. This mechanism helps explain why an external crisis may increase uncertainty, coercive testing, and alliance signaling even when it does not produce direct military confrontation.

Thematic Discussion

- **Deterrence Stability and Signaling Logic in the Taiwan Strait**

This section evaluates the resolve and overextension hypotheses. The resolve hypothesis expects US military effectiveness and willingness to bear costs in the Iran conflict to reinforce deterrence in the Taiwan Strait. The overextension hypothesis expects prolonged commitment, resource strain, or political difficulty to increase Chinese incentives for coercive probing. The evidence provides stronger support for continued deterrence than for immediate deterrence failure, but it does not eliminate the possibility of indirect effects on Chinese assessments.

The first finding is that the US-Iran conflict did not undermine deterrence stability in the Taiwan Strait in a direct or immediate sense, but it made the signaling environment more ambiguous. Beijing did not respond to American military engagement in the Middle East by initiating a major cross-strait crisis. This suggests that US deterrence did not collapse. However, the absence of open escalation should not be treated as evidence that deterrence credibility remained unchanged. The more important effect of the US-Iran conflict was perceptual: it created a situation in which American behavior could be interpreted in competing ways, either as a demonstration of resolve or as evidence of strategic overextension.

The analytical question is not whether the United States possesses substantial military capabilities, but how available and politically usable those capabilities appear during simultaneous crises. Evidence of unchanged material capability would support deterrence only if Beijing also expected Washington to employ it in response to coercion against Taiwan. The Iran conflict is therefore relevant insofar as it affects Chinese expectations about the usability, sustainability, and political credibility of American power.

The evidence of Chinese restraint supports a limited conclusion. Zhang argues that Beijing did not directly exploit the US-Iran conflict through major military escalation around Taiwan, and that American alliances in the Indo-Pacific remained intact (Zhang, 2026). This indicates that the conflict did not produce immediate deterrence failure. However, restraint should not be confused with reassurance. China's decision not to escalate may reflect caution, but it may also reflect a preference for observation, probing, and gradual pressure rather than open confrontation. In this sense, the US-Iran conflict may have affected deterrence not by triggering a crisis, but by expanding the range of Chinese assessments about US vulnerability and political endurance.

This is where signaling logic becomes central. Glaser, Weiss, and Christensen argue that deterrence requires not only credible threats, but also reassurance that restraint will preserve acceptable outcomes. Applied to the Taiwan Strait, this means Beijing must believe both that aggression would be punished and that non-aggression will not allow the United States and Taiwan to permanently alter the status quo. The US-Iran conflict makes this balance harder to maintain. Washington's use of force may demonstrate operational resolve, but it may also appear to Beijing as escalatory behavior. If China interprets US action as reckless rather than disciplined, deterrent signaling becomes less stabilizing because the adversary appears less predictable.

McCready's work on crisis deterrence reinforces this point by showing that Washington and Beijing often attach different meanings to the same behavior (McCready, 2003). US actions framed as defensive reassurance can be read in Beijing as containment; Chinese actions framed as sovereignty defense can be read in Washington as aggression. The US-Iran conflict adds another layer to this interpretive problem by forcing Beijing to assess whether American military action reflects strength, distraction, or loss of escalation discipline. The same event can therefore produce opposite deterrence effects depending on how it is interpreted.

The evidence therefore supports a qualified version of the resolve hypothesis while leaving the overextension mechanism plausible but unconfirmed. China's avoidance of a major cross-strait crisis indicates that the external conflict did not produce an observable collapse of deterrence. However, continued or intensified grey-zone behavior may be consistent with opportunistic probing below the level at which US intervention becomes likely. The principal effect is thus not demonstrated deterrence failure, but increased uncertainty concerning how Beijing assesses the availability and escalation discipline of American power. This finding illustrates the distinction between direct and indirect spillover: the former is not observed, while the latter remains consistent with the available evidence.

- **Avoidable Confrontations and Competition**

This section evaluates whether the evidence is more consistent with structural inevitability or conditional crisis management. If rivalry alone determined outcomes, a major external distraction should significantly increase the probability of confrontation. If outcomes remain conditional on cost calculations, communication, and restraint, the external crisis should produce variable and limited effects rather than automatic escalation.

The second finding is that US-China confrontation in the Taiwan Strait remains avoidable, but only under conditions of disciplined crisis management. The previous section showed that the US-Iran conflict made deterrence signaling more ambiguous by allowing Beijing to interpret American behavior either as resolve or overextension. This section builds on that point by asking whether such ambiguity makes confrontation inevitable. The answer is no. The US-Iran conflict did not produce an automatic escalation spillover into East Asia, which suggests that structural rivalry alone does not determine crisis outcomes. However, avoidability should not be confused with stability or reassurance. The Taiwan Strait remains dangerous because competition can remain below the threshold of war while still becoming more coercive, militarized, and difficult to manage.

The absence of direct escalation during the Iran conflict weighs against deterministic interpretations of US-China rivalry. It shows that structural competition creates incentives and risks but does not specify the timing or form of Chinese behavior. The relevant causal question is whether the external crisis changed Beijing's assessment of the costs and opportunities associated with coercion around Taiwan.

Yoder's rationalist analysis of cross-strait deterrence reinforces this point. If Beijing continues to believe that the costs of forceful reunification exceed the expected benefits, then conflict remains avoidable even without guaranteed US battlefield victory (Yoder, 2025). This does not mean deterrence is permanently secure. Rather, it means that war becomes more likely when Chinese leaders conclude that military action is the last choice. The relevant risk is therefore not structural rivalry in itself, but a policy environment in which Chinese leaders perceive a closing window, declining US credibility, or irreversible movement toward Taiwanese independence.

He and Feng (2025) extend the avoidability argument by emphasizing institutions, norms, and non-zero-sum competition. Their framework suggests that US-China rivalry can be moderated when institutional balancing is not accompanied by full ideological antagonism. This is useful because it

identifies mechanisms through which competition can be managed without requiring either side to abandon its strategic interests. However, the limitation of this argument is that institutions may be least effective when they are most needed. In moments of crisis, diplomatic channels, economic interdependence, and multilateral rules may not prevent escalation if leaders believe sovereignty, credibility, or alliance reliability is at stake.

The US-Iran conflict provides an empirical test of these claims. Zhang (2026) argues that Beijing did not exploit American distraction by initiating a major military escalation in the Taiwan Strait. Instead, China continued to rely on grey-zone pressure, including air and maritime activity, information operations, and calibrated coercion. This supports the claim that structural opportunity does not automatically produce armed conflict. At the same time, it shows that avoidability does not mean passivity. Beijing may avoid war while still using external crises to observe US behavior, test alliance cohesion, pursue its own interests and normalize pressure around Taiwan.

The observed outcome is more consistent with conditional crisis management than with structural inevitability. The Iran conflict created a potentially permissive context for Chinese pressure, but it did not independently produce a major Taiwan crisis. This suggests that external opportunity remains mediated by expected military costs, political objectives, and the risk of uncontrolled escalation. Nevertheless, the result should not be interpreted as evidence of robust stability. Repeated grey-zone operations, ambiguous signals, and simultaneous crises may cumulatively narrow the space for accurate interpretation and controlled de-escalation.

- **China's Strategic Approach and Opportunism**

This section compares the strong-opportunism, constrained-opportunism, and strategic-restraint interpretations. Strong opportunism would be indicated by a substantial attempt to exploit US distraction through acute military escalation. Strategic restraint would be indicated by little or no change in Chinese coercive behavior. Constrained opportunism would be indicated by continued or intensified pressure below the threshold of direct confrontation.

The third finding is that China's strategic opportunism in the Taiwan Strait is calibrated rather than reckless. The previous section argued that US-China confrontation remains avoidable because structural rivalry does not automatically produce war. This section builds on that point by showing how avoidability coexists with persistent coercion. Beijing may avoid open escalation while still using external crises to

study US behavior, test alliance cohesion, and expand pressure below the threshold of direct conflict. The US-Iran conflict did not create China's opportunistic approach, but it may have sharpened the conditions under which such opportunism becomes more attractive.

China's use of air and maritime operations, exercises, cyber activity, and economic pressure provides a set of instruments through which Beijing can probe the regional environment without accepting the immediate risks of invasion. For the purposes of this study, the relevant issue is whether the external conflict increased the frequency or intensity of these instruments, changed their political meaning, or provided new opportunities for strategic learning.

The US-Iran conflict is important because it provides Beijing with a study case to assess US crisis behavior. Brookings' analysis suggests that China is likely to study US military performance, alliance coordination, escalation discipline, and political endurance during the Iran conflict while avoiding actions that could provoke a direct Taiwan crisis ([Hass et al., 2026](#)). This supports the paper's broader argument that escalation spillover operates less through immediate military confrontation than through perception and learning. Beijing can observe how quickly Washington mobilizes, how allies respond, how domestic political pressure develops, and how the United States balances commitments across regions. These observations may shape future Chinese assumptions about whether US support for Taiwan would be timely, credible, and sustainable under pressure.

This does not mean that China is free to act without constraint. Beijing did not directly exploit the US-Iran conflict by launching a major escalation in the Taiwan Strait. Instead, China continued to rely on calibrated grey-zone coercion. This pattern is consistent with Yoder's argument that the expected costs of forcible reunification remain high and that Beijing is unlikely to choose war unless it believes the benefits outweigh the risks ([Yoder, 2025](#)). The key point is therefore not that the US-Iran conflict made Chinese aggression inevitable, but that it may have widened the space for coercive activity below the threshold of war. Opportunism, in this sense, is gradual and cumulative rather than sudden.

China's military modernization reinforces this logic. US defense assessments identify the PLA's expanding capabilities and its preparation for multiple Taiwan contingency scenarios, including blockade, quarantine, cyber disruption, and limited military operations ([DIA, 2025](#)). These capabilities do not prove that Beijing has decided to use force, but they increase the range of coercive options available to Chinese leaders. Grey-zone operations can also function as rehearsal, allowing the PLA to build familiarity with Taiwan's defenses, test joint operations, and assess the response patterns of the United States and its

partners. Under conditions of external US commitment, these activities may attract less political attention than an overt crisis while still altering the balance of pressure around Taiwan.

The economic dimension further complicates restraint. Taiwan's semiconductor centrality, particularly through TSMC, remains an important constraint on Chinese military action, because conflict would threaten supply chains that matter to China, the United States, and the global economy (Maher, 2025; Raheel et al., 2024). However, this constraint may weaken over time if Beijing continues investing in domestic technological capacity and reducing dependence on Taiwanese production. This does not remove the semiconductor deterrent, but it reduces its long-term stabilizing effect.

The evidence is most consistent with constrained opportunism. Beijing did not undertake the type of major military escalation predicted by a strong-opportunism account, but neither did it abandon coercive activity. The external conflict appears more useful to China as an opportunity for observation, learning, and limited probing than as an immediate opening for war. This interpretation remains conditional because publicly available evidence does not establish that specific PLA actions were ordered in response to the Iran conflict. It does, however, explain how external crises may affect the operational environment without generating direct escalation.

Limitations and Scope Conditions

The findings are subject to several limitations. First, the study relies primarily on publicly available evidence. Chinese decision-making concerning Taiwan is highly centralized and opaque, and official statements do not necessarily reveal internal assessments or operational motives. The analysis can therefore identify evidence consistent with a signaling mechanism but cannot directly demonstrate the private beliefs of Chinese leaders.

Second, the study faces a problem of causal attribution. PLA operations around Taiwan are influenced by multiple factors, including long-term modernization, routine training, Taiwan's domestic politics, US arms transfers, high-level political contacts, and wider Indo-Pacific developments. An increase in military activity during the Iran conflict does not by itself establish that the conflict caused the increase. The process-tracing approach reduces this problem by examining temporal sequence and official interpretation, but it cannot eliminate it.

Third, the relatively limited temporal period restricts the ability to distinguish short-term crisis reactions from longer-term strategic adaptation. Some effects of the Iran conflict may occur through institutional learning and future contingency planning rather than immediately observable operations. The paper is therefore better positioned to assess short-term signaling and coercive behavior than long-term changes in Chinese strategy.

Fourth, the paper does not claim that all external conflicts affect Taiwan Strait deterrence in the same way. Cross-regional signaling is most likely when an external crisis involves substantial US military participation, significant escalation risks, visible alliance coordination, or pressure on scarce military resources. The argument may be less applicable to limited operations that do not create meaningful questions about US capacity or resolve.

Fifth, the conclusions are specific to a strategic environment in which China continues to face high expected costs from major military action against Taiwan. If the military balance, Chinese domestic conditions, Taiwanese policy, or US commitments change substantially, Beijing may interpret similar external crises differently. The paper's findings should therefore not be generalized into a claim that China will always respond to US distraction with restraint.

These limitations support a cautious conclusion. The evidence is sufficient to identify cross-regional signaling as a plausible mechanism and to reject a simple model of automatic escalation spillover. It is not sufficient to establish that the Iran conflict independently caused specific Chinese military actions around Taiwan.

Conclusions

This paper examined whether and how the US-Iran conflict affected deterrence stability and crisis escalation dynamics in the Taiwan Strait. It argued that the principal effect of the external conflict was not the direct transfer of military escalation from the Middle East to East Asia. Instead, the conflict functioned as a cross-regional signaling event through which Chinese decision-makers could observe and assess US resolve, operational capacity, alliance coordination, resource availability, and escalation management.

The analysis produced three principal findings. First, the US-Iran conflict did not result in an observable collapse of deterrence in the Taiwan Strait. Beijing did not initiate the type of major cross-strait

confrontation that would support a strong version of the overextension hypothesis. This outcome suggests that the expected costs of major military action remained substantial and that US deterrence retained credibility.

Second, the absence of direct escalation did not mean that the external conflict was strategically irrelevant. US conduct could plausibly be interpreted as both a demonstration of military resolve and evidence of the political and operational challenges associated with simultaneous commitments. The resulting ambiguity may affect deterrence even when it does not immediately alter the military balance. The paper therefore distinguishes direct escalation spillover, for which the evidence is weak, from indirect perceptual spillover through learning, signaling, and strategic assessment.

Third, Chinese behavior is better characterized as constrained opportunism than as either immediate exploitation or complete restraint. Beijing may use external crises to observe US performance, evaluate alliance cohesion, test regional responses, and continue coercive pressure below the threshold of war. Grey-zone operations are particularly important because they can modify the operational environment without creating a clear trigger for US intervention. This form of pressure may preserve short-term crisis control while gradually weakening long-term stability.

These findings reinforce the argument that US-China confrontation is dangerous but not structurally inevitable. The effects of power transition and contested sovereignty are mediated by political interpretation, communication, expected costs, and crisis-management choices. The principal danger is therefore not an automatic movement from rivalry to war, but a cumulative process in which ambiguous signals, simultaneous crises, military preparations, and coercive probing increase the probability of miscalculation.

The paper's central academic contribution is the concept of cross-regional deterrence signaling. Deterrence credibility is often analyzed within geographically bounded relationships, but states also form expectations by observing how adversaries behave in other crises. Military action in one theater may communicate capability, but it may also reveal constraints, political tolerance for costs, patterns of alliance management, and preferences regarding escalation. These observations can affect behavior elsewhere without producing immediate conflict.

This contribution also clarifies the meaning of escalation spillover. Spillover should not be measured only by the outbreak of a second military crisis. It can occur through changes in threat perception, alliance reassurance, military learning, arms-racing behavior, or grey-zone coercion. Such indirect effects are

analytically significant because they can make deterrence more fragile even while all actors continue to avoid open war.

The study remains limited by the opacity of Chinese decision-making, the difficulty of separating causal influence from temporal coincidence, and the short period available for analysis. Further research should compare the Iran case with other episodes of simultaneous US military involvement and should examine whether similar cross-regional signaling mechanisms operate in Chinese, Russian, and allied crisis behavior. Comparative analysis would help determine when external demonstrations of force reinforce deterrence and when they instead generate perceptions of distraction, encirclement, or declining escalation control.

The policy implication is not that the United States should avoid commitments outside the Indo-Pacific. It is that crisis behavior in one theater can shape deterrence perceptions in another. Effective deterrence in the Taiwan Strait therefore requires not only military capability but also disciplined signaling, credible reassurance, alliance coordination, and visible escalation control. Regional stability depends on ensuring that demonstrations of resolve do not inadvertently create expectations of overextension or intentions to alter the status quo.

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List of abbreviations

US: United States

PRC: People's Republic of China

PLA: People's Liberation Army

DIA: Defense Intelligence Agency

DoD: Department of Defense

MND: Ministry of National Defense

CRS: Congressional Research Service

IAEA: International Atomic Energy Agency

TSMC: Taiwan Semiconductor Manufacturing Company