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Fellow Risk Watchers,

My name is Mike Dunn. I'm the Managing Director of risk management consultancy Intelligent Outcomes Group. You can find my details on LinkedIn or by visiting our web site [www.iog.com.au](http://www.iog.com.au).

The Russian military actions in Ukraine are illegal, dictatorial, and thuggish. That doesn't make Putin's actions wrong from his perspective or from that of Xi Jinping. While we don't know whether these two dictators discussed the Ukrainian invasion while in Beijing for the recent Winter Olympics, it's likely. And while they plan respective military operations: Ukraine for Putin; and eventually Taiwan for Xi, Europe, NATO and the US Administration are confirmed to be inept and dangerously asleep at the wheel. Europe has not seriously considered the impact of military conflict in Europe since the collapse of the USSR. As a result, their military spending has fallen away and their peoples' appetites for the defence of democratic western civilization has waned. President Trump alerted Europe and NATO to their vulnerability and demanded they pay for and become involved in their own defence. He, and the US, would no longer expend its blood and treasure if Europe wasn't prepared to expend its own. He was pilloried for that position, but time has proven him right.

While the US has deployed some additional forces into a few NATO countries (Poland especially who has been an excellent member of NATO), the US establishment and the feckless Biden Administration have recognised the existential threat posed to the US and to its position as the global leader by the CCP. Consequently, scarce military resources have been husbanded for the coming conflict over Taiwan. The Biden Administration had hoped to be able to accommodate Xi's geopolitical agenda, but the US people had a different view. Wiggle room was removed and even further constrained after the debacle of the Afghanistan withdrawal. And now, even the "elite" US establishment recognise if Taiwan is lost (without a fight) so too are the US alliances in the Indo-Pacific. Not immediately, but Japan, South Korea, Vietnam, the Philippines, and Australia will either seek accommodation with the new rising communist power or arm to the teeth (Japan certainly with nuclear weapons).

Given these potentials, what's to be done? I assess the only way to prevent Xi and the PLA invading Taiwan is for the US and its allies to forward deploy naval, air and land forces into Taiwan and into the Straits of Taiwan before Xi orders PLA military action. If this is done, then I assess Xi will reassess his invasion plans for Taiwan. That will lead to much criticism within the Politburo and likely removal of Xi from power. All actions at this time involve risks but no action (just like Europe and NATO) will lead to a catastrophe for the free world.

I hope this is food for thought.