China-Taiwan Weekly Update, January 19, 2024

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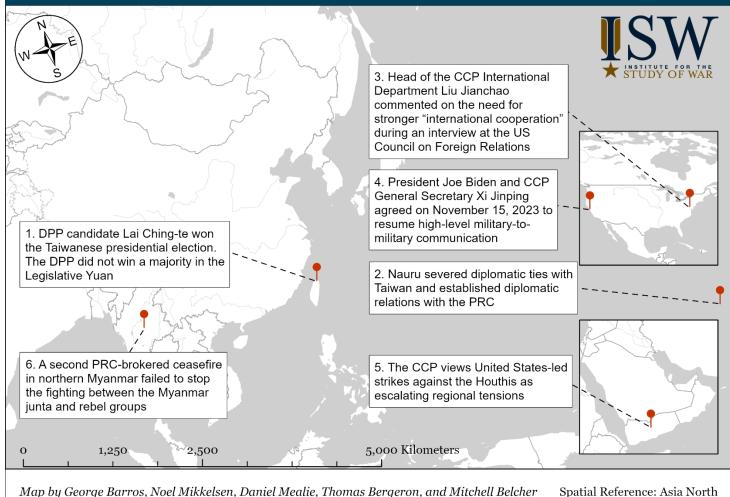
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The China–Taiwan Weekly Update focuses on the Chinese Communist Party's paths to controlling Taiwan and relevant cross–Taiwan Strait developments.

Key Takeaways

- Democratic Progressive Party candidate Lai Ching-te won the Taiwanese presidential election on January 13. The DPP did not secure a majority in the Legislative Yuan and will face opposition from the KMT and Taiwan's People's Party in the legislative body.
- Nauru severed diplomatic ties with Taiwan and established diplomatic relations with the PRC on January 15.
- Head of the CCP International Department Liu Jianchao commented on the need for stronger "international cooperation" during an interview at the US Council on Foreign Relations on January 9.
- President Joe Biden and CCP General Secretary Xi Jinping agreed on November 15, 2023, to resume high-level military-to-military communication.
- The CCP views United States-led strikes against the Houthis as escalating regional tensions.
- A second PRC-brokered ceasefire in northern Myanmar failed to stop the fighting between the Myanmar junta and rebel groups.

China-Taiwan Update Political-Military Events (January 10, 2024 - January 16, 2024)



Taiwan

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Democratic Progressive Party (DPP) candidate Lai Ching-te won the Taiwanese presidential election on January 13. Lai won by a margin of nearly seven percentage points over the second-place Kuomintang (KMT) candidate. [1] Lai's election signals continuity with the cross-strait policy and diplomatic strategy of the incumbent administration of Tsai Ing-wen, during which Taiwan has favored closer cooperation with the United States at the expense of relations with the PRC.

Lai's victory is a defeat for the Chinese Communist Party (CCP). The CCP conducts constant influence operations against Taiwan to erode support for the DPP and steer perceptions of a Chinese national identity that lends legitimacy to the CCP. The CCP's influence operations were especially intense

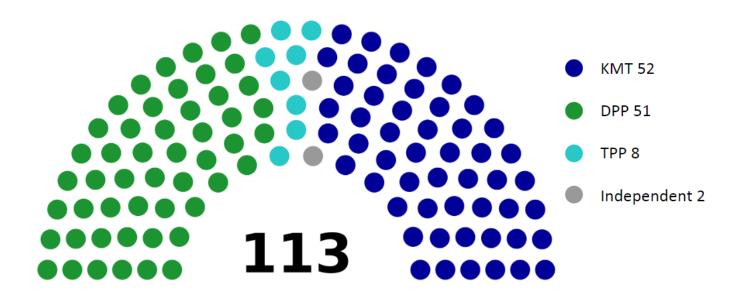
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during Taiwan's election season, ranging from covert to overt and varied in target audience. Some of the most salient examples include the mass posting of disinformation content to social media, subsidizing trips to the PRC for local political and business leaders, and warning of armed conflict by framing the election as a choice between peace and war. The DPP's reelection represents the failure of PRC interference in Taiwan's democracy and highlights the prevalence of the Taiwanese identity that the DPP champions.

The PRC's response to the results has so far been minimal compared to the political and military pressure it has exerted on Taiwan. The PRC's Taiwan Affairs Office (TAO) issued a statement focusing on the DPP's weaker mandate compared to previous elections, stating that "the DPP can by no means represent mainstream public opinion on the island." [2] The PRC did not expand its military posturing immediately after the election. PLA ADIZ violations remained within the bounds of normal activity until a modest spike on January 17 and 18, when 29 PLA aircraft crossed the Taiwan Strait median line over the two days. [3] These actions are consistent with the PRC's responses to Taiwan's last presidential election. The TAO similarly dismissed Tsai's 2020 reelection and declared the PRC's absolute intolerance for so-called separatism. [4] The PRC also sailed the newly commissioned Shandong aircraft carrier through the Taiwan Strait immediately before Tsai Ing-wen's reelection in January 2020 but did not take aggressive actions in the week after. [5]

The DPP did not secure a majority in the Legislative Yuan and will face opposition from the KMT and Taiwan's People's Party (TPP) in the legislative body. None of the three major parties won a majority through the legislative elections. The DPP won 51 seats, which is a 10-seat loss compared to the last election. The KMT gained 14 seats for a total of 52, putting it ahead of the DPP by 1. The Taiwan People's Party (TPP) secured 8 seats, which positions it to play a decisive role on divided issues in legislative decision-making. Two independent candidates who are aligned with the KMT also won seats. [6] A divided legislature will pose challenges for the incoming DPP administration's ability to pass legislation. The DPP last led a minority government under President Chen Shui-bian from 2000 to 2008, during which the KMT-led opposition frequently blocked arms procurement from the United States, for example. The KMT-led opposition also blocked other policy initiatives, such as amendments to voting laws and regulations governing party assets and state-owned property. [7]

The DPP will likely face opposition to its defense policies in the Legislative Yuan. Lai has promised to continue former President Tasi Ing-wen's deterrence-focused national defense strategy, which entails robust defense spending, arms procurement, and military reforms. [8] The expansion of defense-related spending under the Tsai administration was often funded by special budgets, which the DPP's political opponents deem fiscally irresponsible. [9] The KMT and TPP expressed similar views about defense spending throughout the campaign. KMT candidate Hou Yu-ih and TPP chairman candidate Ko Wen-je sharply criticized Tsai and the DPP for lack of fiscal discipline during the election campaign, despite Taiwan's debt levels trending down over Tsai's tenure. [10] Hou promoted a strong national defense strategy but emphasized that Taiwan should prioritize easing tensions with the PRC over reckless spending on several occasions. [11] Ko advocated for defense expenditure of up to 3% of GDP but disagreed with the DPP on the allocation of funds. [12]



Seat allocation in the Legislative Yuan

The Legislative Yuan is set to elect a speaker on February 1. Former KMT presidential hopeful Han Kuo-yu announced his candidacy on January 18 and is the top contender for the role given the KMT's plurality.[14] Han is a divisive figure in Taiwanese politics, notorious for his pro-Beijing platform that contributed to popular dissatisfaction with his incumbency and subsequent removal from office as mayor of Kaohsiung.[15] The role of the speaker is consequential for the DPP's relative political power. The speaker is responsible for guiding legislative processes, such as setting the legislative agenda, voting on laws, and presiding over sessions. Control over legislative proceedings means the speaker can prioritize or delay legislation based on political alignment and steer debates on policies proposed by the executive branch.

The handful of TPP legislators will play a decisive role in the election of the speaker. Cooperation between the KMT and TPP since last November to "work together to maximize their presence" in the Legislative Yuan has fueled speculation that the parties will elect Han to be the legislative speaker. [16] Lingering resentment between the TPP and KMT after bitter negotiations to form a joint presidential ticket failed also threatens to complicate the two parties' cooperation, however. [17] Ko may use the TPP's political leverage in the Legislative Yuan to selectively cooperate with the DPP on some policies. Lai and Ko each presented housing policies that emphasized increasing the availability of social housing. [18] The two candidates also advocated for investment in technology and innovation to increase economic competitiveness. [19] Ko's flexible policy position has led many to regard him as an opportunist who will act according to political interests rather than ideological alignment. [20]

Nauru severed diplomatic ties with Taiwan and established diplomatic relations with the PRC on January 15. Nauru cited the "One China Principle" and UN General Assembly Resolution 2758 as the basis for its decision. [21] UN Resolution 2758 recognized the People's Republic of China as the only legitimate representative of "China" to the United Nations and removed the Republic of China (Taiwan) as a UN member. Nauru previously cut ties with Taiwan in favor of the PRC in 2002, then switched back to relations with Taiwan in 2005. Without Nauru, Taiwan now has 12 "diplomatic allies" with which it has formal diplomatic relations. [22] Taiwan's Ministry of Foreign Affairs (MOFA) "strongly condemned" the decision and accused the PRC of manipulating Nauru with offers of financial aid. The MOFA claimed that Nauru had been asking for "a huge amount of financial aid that surpassed what Taiwan would normally provide to diplomatic allies." It said that the switch in recognition was a means for the PRC to "suppress Taiwan" and called it "revenge against democratic values" following Taiwan's January 13 elections. [23] The MOFA also issued a statement refuting the "fallacious" use of UN Resolution 2758, pointing out that the resolution does not mention Taiwan and does not say Taiwan is part of the PRC. [24]

Taiwan's Central News Agency cited unnamed Taiwanese officials who claimed Nauru had asked Taiwan for 2.6 billion NTD (about 82 million USD) in financial aid, over half of Nauru's national budget. The money was intended to cover a revenue gap primarily caused by Australia's closure of its Nauru Regional Processing Center for asylum seekers. The unnamed sources said that the PRC took advantage of Taiwan's inability to afford this amount and agreed to provide the requested aid in exchange for Nauru cutting ties with Taiwan and recognizing the PRC.[25] Australian Minister for International Development and the Pacific Pat Conroy said Nauru informed Australia that it would cut ties with Taiwan but did not ask Australia for financial aid to fill the hole in its budget.[26] The PRC's Ministry of Foreign Affairs (MFA) said the PRC "welcomes and appreciates" Nauru's decision and claimed it "fully demonstrates once again that the one-China principle is the aspiration of the people and the general trend." It did not directly respond to Taiwan's accusations that the diplomatic switch was related to Taiwan's elections.[27] It denied engaging in "money diplomacy" to lure Nauru but said cooperation with the PRC promised "broad prospects and will bring unprecedented development opportunities for Nauru."[28]

China

Head of the CCP International Department Liu Jianchao commented on the need for stronger "international cooperation" during an interview at the US Council on Foreign Relations on January 9. He stated that "for domestic circulation to function well, it does need stronger international cooperation, more foreign trade, and better use of FDI [Foreign Direct Investment]."[29] Liu's remark about domestic circulation is a reference to "dual circulation," which is an economic strategy that involves the creation of a self-sustaining domestic economy with links to international markets.[30] The strategy aims to reduce the PRC's vulnerabilities to sanctions during crises by leveraging foreign investment and trade to bolster the country's economy without becoming reliant on international markets. CCP General Secretary Xi Jinping previously explained on June 7, 2023, that the strategy will "ensure the normal operation of the national economy under extreme circumstances."[31] The dual circulation strategy is the CCP's response to international antiglobalization trends, supply chain challenges, and the need for China to adopt a new innovation-driven "development pattern."[32]

Xi's emphasis on "institutional openness to advance high-level financial opening up" to become a

financial power during a January 17 speech to the Party School of the CCP Central Committee aligns with this dual cycle strategy.[33] The emphasis on international economic engagement to buttress domestic circulation is a key tenant of creating a dual circulation economy. Other CCP policies are not consistent with the strategy, however. Chinese state security raids on foreign firms, such as the Mintz Group, Bain & Company, and Capvision Partners in early 2023 run counter to the party's effort to gain foreign investment as part of this strategy.[34] These raids create uncertainty over whether capital invested in the PRC is safe from arbitrary state actions and whether foreign firms' personnel can safely operate in the country.

President Joe Biden and CCP General Secretary Xi Jinping agreed on November 15, 2023, to resume high-level military-to-military communication. They agreed to restart the US-China Defense Policy Coordination (CDPC) Talks, the US-China Military Maritime Consultative Agreement (MMCA) meetings, and telephone conversations between theater commanders.[35] The CDPC Talks occurred on January 8-9 under the leadership of US Deputy Assistant Secretary of Defense Michael Chase and Deputy Director of the Central Military Commission Office for International Military Cooperation Major General Song Yanchao.[36] The official PRC Ministry of National Defense readout of the CDPC urged the United States to "reduce military presence and provocation in the South China Sea...and stop manipulating and hyping-up relevant issues."[37] The MMCA and theater command-level talks have yet to be scheduled.

The United States views military-to-military talks as a means of escalation management to prevent and control crises. The CCP views these talks as a bargaining chip to manipulate United States behavior to the party's benefit, however. An action that the CCP deems unfavorable by the United States would be grounds, in the party's view, to cut off military-to-military dialogue. The party previously did this by cutting off high-level military dialogue in the aftermath of then-Speaker Pelosi's visit to Taiwan in August 2022.[38] This precedent indicates that the CCP will continue to use military-to-military dialogue opportunities to shape United States behavior in the lead up to at least the May 20 ROC presidential inauguration.

Israel-Hamas War

The CCP changed its messaging about the Houthis attacks on maritime shipping by explicitly calling on the Houthis to stop the attacks. The PRC abstained on January 10 from UN Resolution 2722 which condemned Houthi attacks in the Red Sea.[39] In explanatory remarks, Permanent Representative of China to the United Nations Zhang Jun did however "call on the Houthi armed forces to immediately stop harassing civilian ships and respect the freedom of navigation of all countries."[40] This is a shift in PRC rhetoric to explicitly recognize the Houthis as instigators of regional instability.

The CCP views the United States-led strikes against the Houthis as escalating regional tensions, however. PRC Minister of Foreign Affairs Spokesman Wang Wenbin called on January 4 for all parties to "play a constructive and responsible role" in keeping the Red Sea safe. [41] The PRC Ministry of Foreign Affairs Spokeswoman Mao Ning also expressed concern on January 12 about the alleged "escalation of tensions in the Red Sea" after United States-led strikes on Houthi positions on January 11. [42] A joint PRC MFA and Arab League statement on January 16 called on "all parties to cool down the situation...and effectively maintain regional peace and stability." [43] The bigger problem from the CCP's perspective is not the hostilities instigated by the Houthis, but rather the

United States-led counterstrikes. The party views the willingness of the United States and allies to strike Houthi positions as risking wider regional escalation, which would threaten PRC economic interests in the region.

Myanmar

A second PRC-brokered ceasefire in northern Myanmar failed to stop the fighting between the Myanmar junta and rebel groups. PRC Ministry of Foreign Affairs spokesperson Mao Ning announced on January 12 that the PRC had mediated a formal ceasefire agreement between the Myanmar junta government and three ethnic armed groups. Ceasefire negotiations took place in Kunming, Yunnan in the PRC on January 10 and 11. The MFA claimed that the two sides agreed to implement the ceasefire immediately, to address disputes and concerns through peaceful negotiation, and not to undermine the safety of Chinese people living in the border area and Chinese projects and personnel in Myanmar.[44] Unnamed officials who attended the negotiations told Radio Free Asia that the ceasefire applied only to Shan state in northern Myanmar and did not specify a given length of time. An "ex-military official" said the ceasefire was not sustainable and it had resulted from PRC pressure on both sides. The official said the PRC was concerned about the war negatively impacting industrial products from the PRC's Yunnan Province, which borders Myanmar's Shan State.[45] Myanmar's military broke the ceasefire on January 13, however, one day after it was announced. The Ta'ang National Liberation Army rebel group reported 19 artillery strikes by the military on targets throughout Shan and northern Myanmar.[46]

The PRC previously negotiated a ceasefire on December 14, which also immediately failed to stop the fighting. [47] The PRC's interests in the Myanmar civil war include re-opening trade disrupted by the fighting, ensuring the safety of PRC nationals and projects, protecting border security, and cracking down on telecommunications fraud centers in northern Myanmar which have defrauded and kidnapped PRC nationals. The PRC has maintained ties with both the junta and multiple rebel groups in pursuit of these goals. [48]

The CCP may also seek to negotiate a ceasefire to bolster its diplomatic reputation. The PRC has often portrayed itself as a promoter of global peace, security, and stability, for example through its Global Security Initiative and its ongoing calls for peace talks in the Russia-Ukraine and Israel-Hamas wars.[49]



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