

The China–Taiwan Weekly Update



China-Taiwan Weekly Update, February 7, 2025

Authors: Matthew Sperzel, Daniel Shats, Alison O’Neil, Karina Wugang, and Grant Morgan of the Institute for the Study of War;

Alexis Turek of the American Enterprise Institute

Editors: [Dan Blumenthal](#) and Nicholas Carl of the American Enterprise Institute

Data Cutoff: February 4, 2025

The China–Taiwan Weekly Update is a joint product from the Institute for the Study of War and the American Enterprise Institute. The update supports the ISW–AEI Coalition Defense of Taiwan project, which assesses Chinese campaigns against Taiwan, examines alternative strategies for the United States and its allies to deter the Chinese Communist Party’s (CCP) aggression, and—if necessary—defeat the People’s Liberation Army (PLA). The update focuses on the Chinese Communist Party’s paths to controlling Taiwan and cross–Taiwan Strait developments.

Key Takeaways

- Taiwanese civil society groups are leading a large-scale recall campaign targeting legislators from the KMT opposition party. These recalls could erode the current KMT-led majority in the LY.
- The PLA flew aircraft into Taiwan’s ADIZ 255 times in January 2025. The PRC has normalized over 200 ADIZ incursions per month, degrading Taiwan’s threat awareness and response threshold.
- PRC-based DeepSeek’s newly released reasoning model demonstrates the ineffectiveness of current US export controls to prevent PRC access to advanced semiconductors.
- The PRC’s export controls on critical minerals will impede US access to materials that are essential to economic and national security.
- The PLA is increasing its air and naval presence around the disputed Scarborough Shoal to solidify PRC control amid perceived encroachment by the Philippines and its allies.
- Panama announced that it would withdraw from the PRC’s BRI and consider canceling PRC contracts for two ports on the Panama Canal.

Cross-Strait Relations

Taiwan

Taiwanese civil society groups are leading a large-scale recall campaign targeting legislators from the Kuomintang (KMT) opposition party. These recalls could erode the current KMT-led majority in the Legislative Yuan (LY). The Central Election Commission (CEC) has received recall petitions against 19 KMT legislators.[1] The legislative minority leader of the ruling Democratic Progressive Party (DPP), Ker Chien-ming, has called for mass recalls against all 41 KMT and KMT-aligned legislators in response to the KMT and its allies passing controversial cuts and freezes to the national budget, which could paralyze the government, and measures that are temporarily preventing the Constitutional Court from functioning ordinarily.[2] The DPP has criticized the budget cuts and freezes and measures against the Constitution Court, describing these actions as damaging to Taiwan’s ability to resist PRC efforts to undermine its sovereignty. The KMT retaliated by initiating recall petitions against four DPP legislators, two of which have received enough signatures to be submitted to the CEC. [3]

Taiwanese billionaire and United Microelectronics founder Robert Tsao has helped lead the anti-KMT recall campaign.[4] Tsao has previously accused the KMT and its allies of “sabotaging” the government to the benefit of the PRC. Tsao is an active supporter of strengthening Taiwan’s resilience against a potential PRC invasion, which is also a primary focus of President Lai Ching-te’s administration.

The CEC is reviewing the petitions at time of writing to assess whether they meet the threshold to initiate a recall election. Recall petitions meet the threshold if 1 percent of the electorate submits a valid signature. Any recall petitions that got the requisite number of signatures will trigger a recall election. The next step is to pass the recall motion in the recall election. The CEC currently mandates that a recall motion is passed “if the number of valid votes in favor is greater than the number of votes against” and “the number of votes in favor reaches more than one-quarter of the total number of voters in the original electoral district.”[5] Not every legislator targeted by recall petitions is from a politically competitive district; it is thus likely that many recall elections will fail to remove the targeted official.

Successful recalls of KMT legislators could empower the DPP in the LY and neutralize the opposition parties’ efforts to counter Lai’s agenda. Recall efforts offer the DPP the opportunity to regain control of the LY for the first time since the January 2024 elections. The LY currently has no majority party, with the DPP holding 51 seats, the KMT holding 54 (including two KMT-aligned independents), and the Taiwan People’s Party (TPP) holding eight seats. The TPP has aligned with the KMT in the LY, giving the opposition a majority in practice.[6] The DPP needs to flip at least six seats (for a total of 57) in order to gain control of the LY; a mere plurality would be insufficient as long as the TPP continues to vote with the KMT.

KMT and TPP-sponsored amendments to the Public Officials Election and Recall Act may help preserve their influence in the LY, however. They passed an amendment that requires citizens to provide copies of their ID cards — rather than just their ID numbers and addresses — when initiating or signing recall petitions. The DPP-controlled Executive Yuan returned this amendment to the LY for reconsideration on February 2, which is unlikely to prevent the amendment’s passage again but will buy additional time for recall petitions to move forward before the ID requirement is in place. The LY has 15 days to pass a bill on a second review, after which President Lai must sign the bill within 10 days.[7] KMT legislators

have also proposed (but not yet passed) an amendment to raise the threshold for a recall to succeed. The amendment stipulates that a recall will only remove an official from power if more voters vote to recall the official than voted to elect the official originally.[8]

Taiwan’s Mainland Affairs Council (MAC) blocked 13 Shanghai officials from entering Taiwan for the Taipei Lantern Festival in response to allegations that the PRC obstructed PRC-based Taiwanese businesspeople from returning to Taiwan for cross-strait events.

The 13 officials included the director of Shanghai’s Taiwan Affairs Office (TAO) Jin Mei. Mainland Affairs Council (MAC) Minister Chiu Chui-cheng said that the decision to block the Shanghai delegation was largely based on the PRC obstructing Taiwanese businesspeople living in the PRC from returning home to join activities organized by the Straits Exchange Foundation (SEF). The SEF is a semi-official Taiwanese group that organizes cross-strait exchanges and often invites PRC-based Taiwanese businesspeople to its Lunar New Year events. Chiu said that Taiwanese businesspeople based in Shanghai should logically be the largest portion of PRC-based Taiwanese who participate in such events, as Shanghai is home to many Taiwanese businesses, but there have been “very few” in recent years. Chiu added that he asked the Shanghai TAO to freely allow Shanghai-based Taiwanese to join SEF events in Taiwan the last time Shanghai officials were “testing the waters” in a cross-strait event--likely a reference to the Taipei-Shanghai Twin Cities Forum in December 2024--but there has been no improvement.[9] The SEF hosted a Spring Festival (Lunar New Year) event for PRC-based Taiwanese businesspeople on February 3 in Taipei but saw reduced attendance compared to previous years.[10] Chiu also said that the TAO delegation submitted its application to enter Taiwan too late for the MAC to review before the festival.[11] The Taipei Lantern Festival is taking place from February 2 to 16.[12] The MAC previously blocked Jin and nine PRC media figures from entering Taiwan for the Taipei-Shanghai Twin Cities Forum, citing the PRC’s military and legal coercion against Taiwan in 2024.[13]

The People’s Liberation Army (PLA) flew aircraft into Taiwan’s Air Defense Identification Zone (ADIZ) 255 times in January 2025. The PRC has normalized over 200 ADIZ incursions per month since President Lai’s inauguration in May 2024 in order to degrade Taiwan’s threat awareness and raise the threshold for its threat response.

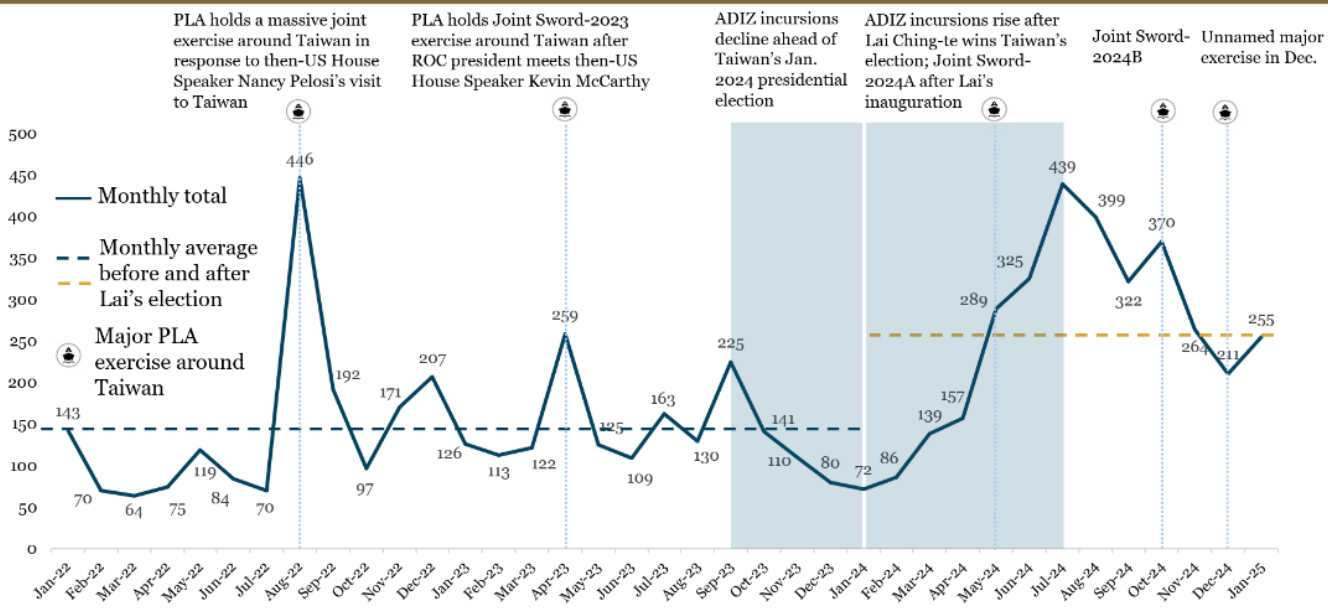
PLA incursions into Taiwan’s ADIZ have exceeded 200 per month every month since May 2024 but only did so four times prior to 2024. The volume of ADIZ incursions in January was the second lowest since May but was still significantly higher than the pre-2024 average. ADIZ incursion numbers do not include PLA activity around Taiwan’s outlying islands of Kinmen and Matsu, which are west of the median line of the Taiwan Strait.[14]

This “new normal” volume of ADIZ incursions raises the threshold of coercive activity that will trigger a Taiwanese response, making it more difficult for Taiwan to detect and respond to a real threat in time. Taiwan must put personnel on standby to respond to each ADIZ incursion if necessary, which strains resources and exhausts the personnel. Taiwan does not typically scramble its own aircraft to respond to such incursions, however, because the incursions are so frequent. Taiwanese media revealed in late 2024 that the Republic of China (ROC) Ministry of National Defense (MND) quietly shortened the

warning distance for air raid warnings from 70 to 24 nautical miles at the end of 2022 because the increased volume of PLA activity would have required near-daily air raid alerts under the previous threshold. The new threshold would give residents of some Taiwanese regions just three minutes to seek shelter in a real air raid, however.[15]

The MND also detected 16 PRC high-altitude balloons in Taiwan’s ADIZ in January, including seven that flew directly over Taiwan, over a total of 10 days of the month. The PRC has resumed and gradually escalated such balloon incursions since November 2024, after carrying out a much higher-volume campaign of balloon incursions in the winter of 2023–2024. The MND reported 57 balloons in Taiwan’s ADIZ in January 2024, including incursions nearly every day of the month.[16] The greatly reduced volume of balloon activity this January compared to last year strengthens ISW’s previous assessment that the 2024 balloon incursions were in part politically motivated to influence Taiwan’s election in January 2024. The balloons also support the broader ADIZ incursion campaign of wearing down Taiwan’s threat awareness, however, and may be conducting reconnaissance. The PRC TAO claimed in January 2024 that the balloons were “mostly” meteorological and “mostly” launched by private enterprises, even though they flew much lower than most meteorological balloons.[17] The balloons’ true purpose and intelligence gathering potential remains unclear, but even collecting standard meteorological data over Taiwan can be useful for planning missile strikes.[18]

ISW Institute for the Study of War
Monthly PRC Incursions into Taiwan’s ADIZ, 2022 - Present



Source: Taiwan Ministry of National Defense; CSIS China Power Project

China

The success of PRC-based artificial intelligence (AI) company DeepSeek’s newly released reasoning model demonstrates the ineffectiveness of current US export controls to prevent PRC access to advanced semiconductors. DeepSeek released its new reasoning model called R1 in January. R1 demonstrated competitive performance that is on par with leading models from the United States, such as OpenAI’s ChatGPT. One of the primary goals of US export controls on advanced semiconductors to the PRC is to inhibit the PRC’s development of AI to support its military modernization efforts, including applying AI to improve the speed and accuracy of military decision making, planning, and logistics.[19]

US government entities, including the White House, Department of Commerce, and Federal Bureau of Investigation (FBI), are investigating whether DeepSeek used semiconductors that are subject to PRC-focused export restrictions to develop R1.[20] Investigating agencies are specifically trying to determine whether DeepSeek used intermediaries in Singapore to circumvent US export controls and purchase Nvidia chips, according to Bloomberg.[21] Nvidia is the dominant provider of advanced semiconductors that are optimized to train generative AI models, maintaining a market share of approximately 80 percent.[22]

Singapore’s Ministry of Trade and Industry (MTI) stated on February 1 that many of Nvidia’s customers use their business entities in Singapore to purchase chips that are produced for consumption in the United States and Western countries.[23] Nvidia’s financial and regulatory statements disclosed that approximately 22 percent of the company’s revenue was attributed to shipments to Singapore in 2024 but that “most shipments associated with Singapore were to locations other than Singapore, and shipments to Singapore were insignificant.”[24] Nvidia’s financial and regulatory statements disclosed that approximately 22 percent of the company’s revenue was attributed to shipments to Singapore in 2024 but that “most shipments associated with Singapore were to locations other than Singapore, and shipments to Singapore were insignificant.”[25] MTI stated that it expects US companies to comply with US export controls and that Singapore’s customs and law enforcement agencies would continue to work with US counterparts to uphold the restrictions.[26] MTI noted in the same statement that “Nvidia has also stated that there is no reason to believe that DeepSeek obtained any export-controlled products from Singapore.”

The US Department of Commerce’s Bureau of Industry and Security (BIS) implemented expanded export controls in October 2023 on advanced semiconductors to more than 40 additional countries that presented a risk of diversion to the PRC, but this list did not include Singapore.[27] US legislators John Moolenaar and Raja Krishnamoorthi of the House Select Committee on the CCP wrote in a January 30 letter to National Security Advisor Mike Waltz that “countries like Singapore should be subject to strict licensing requirements absent a willingness to crack down on PRC transshipment through their territory.”[28] BIS placed additional entities from the PRC and Singapore on the Entity List on January 15 for violating US export controls on advanced semiconductors, however.[29]

DeepSeek's development of R1 could have used either chips that were shipped before export restrictions were implemented or chips that are currently excluded from export restrictions, which would demonstrate the need to further tighten the performance limits of chips that currently qualify for shipment to the PRC. Nvidia released two downgraded variants of its top AI semiconductors, the H800 and H20, to accommodate increasingly stringent performance limits for the chips that it can sell to the PRC. The United States expanded export restrictions in October 2023 to include Nvidia's H800 chips.[30] DeepSeek's researchers stated in a December 27 report that the company used 2,048 H800 chips to train its V3 model, which it may have legally purchased before October 2023.[31] The H20 chip is currently outside the scope of US export controls and accessible to PRC companies, such as DeepSeek.

DeepSeek's competitive AI performance highlights the failure of current semiconductor export controls against the PRC in inhibiting AI development, whether due to illegal trans-shipment or insufficiently inclusive restrictions.

The PRC is constructing a massive military complex in western Beijing that is estimated to be ten times the size of the Pentagon, according to anonymous current and former US officials that spoke to the *Financial Times* (FT).[32] US intelligence officials are reportedly examining satellite images of the approximately 1,500-acre construction project, which began in mid-2024. The exact purpose of the facility is still unclear. Center for Naval Analysis (CNA) geospatial intelligence analyst Decker Eveleth noted that the satellite imagery suggests significant portions of the facility will be underground.[33] Taiwanese security experts expressed doubts about the facility's utility as a bunker, however. Hsu Yen-chi of the Council on Strategic and Wargaming Studies, a Taiwan-based think tank, speculated that the new military facility could serve administrative or training purposes due to its size.[34]

The PRC currently lacks an equivalent to the Pentagon or a centralized Ministry of Defense facility that integrates facilities across domains. These new facilities could reflect a PRC effort to integrate command and control as the PLA works to improve interoperability across domains. An unnamed US official told FT that the facility will likely replace the PRC's Central Military Commission (CMC) Joint Operations Command Center in the Western Hills of Beijing, which is currently near the top of the chain of command to alert or use nuclear weapons.[35] This would align with ongoing PRC efforts to centralize and streamline the command and control of the PLA. The US Department of Defense (DoD) 2024 China Military Power Report (CMPR) assessed that the PLA is working toward improving its ability to conduct joint operations.[36] The PRC has taken several measures to this end in recent years, including the creation of a new military support branch in April 2024 that is focused on optimizing information networks to achieve rapid and informed decision-making.

The PRC announced retaliatory economic measures against the United States on February 4 in response to the US implementation of 10 percent tariffs on PRC imports. The PRC's measures include a 15 percent tariff on US coal and liquefied natural gas (LNG) products and a 10 percent tariff on crude oil, agricultural machinery, large-displacement cars, and pickup

trucks.[37] The tariffs will take effect on February 10. The comparatively narrow scope of PRC tariffs on US imports indicates the PRC's reluctance to enact reciprocal measures, which likely stems from a desire to limit the impact of trade tensions on domestic consumption. The PRC Ministry of Commerce stated its intent to file a lawsuit against the United States with the World Trade Organization (WTO) on the grounds that the US 10 percent tariffs on PRC imports violate WTO rules and disrupt global supply chains. The PRC's appeal to a supranational authority and framing of US tariffs as detrimental to the global economy is consistent with PRC narratives that aim to portray it as a champion of multilateralism and free trade while characterizing the United States as protectionist and unilateral.[38]

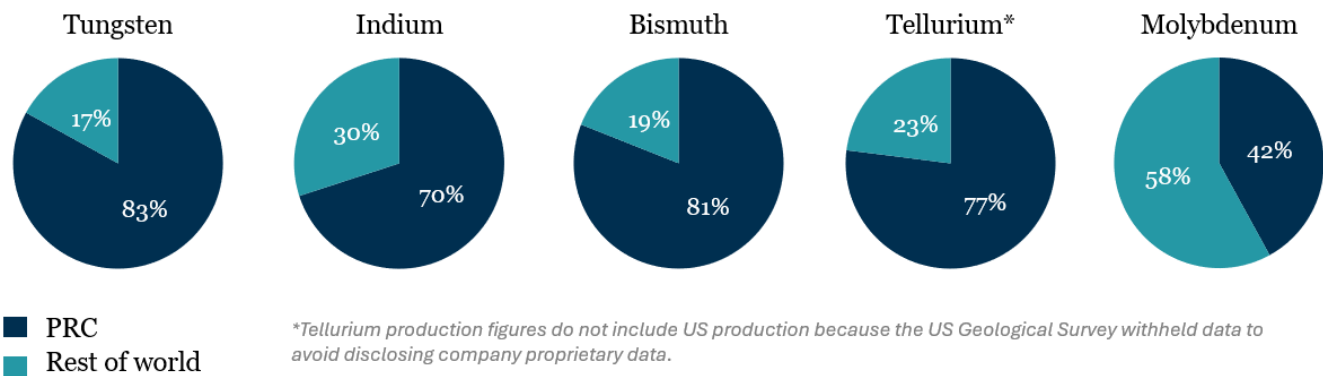
The PRC State Administration for Market Regulation announced an anti-monopoly investigation against Google the same day.[39] The PRC also added biotechnology company Illumina and PVH, the holding company for clothing brands such as Calvin Klein and Tommy Hilfiger, to the "unreliable entity list" for "discriminatory measures against Chinese enterprises," which could potentially subject the companies to fines and sanctions. [40]

The PRC's export controls on critical minerals will inhibit US access to materials that are essential to economic and national security. The PRC implemented export controls on 25 products related to bismuth, indium, molybdenum, tellurium, and tungsten on February 4, likely as part of its retaliation for US tariffs. The PRC Ministry of Commerce (MOFCOM) framed the measures as a legitimate and "internationally accepted practice" taken out of concern for national security.[41]

The US Department of Interior designates all five of these minerals as critical minerals. These minerals have a range of applications in civilian and defense production. Tungsten is used in military-grade steel production, aerospace components, armor-piercing munitions, missiles, and ground vehicle armor.[42] Molybdenum is used in the production of aerospace parts, heat radiation shields, jet engines, missiles, vehicle and body armor, and as an alloying agent to strengthen steel.[43] Indium is used in the production of phone screens, television displays, fiber optics, solar cells, control rods for nuclear reactors, and semiconductors.[44] Bismuth is used in the production of ammunition, thermoelectric devices, solder, and as an alloying agent.[45] Tellurium is used in the production of night vision and thermal imaging devices, solar batteries, radar, explosives detectors, and thermoelectric devices.[46] Unclassified inventories of US National Defense Stockpiles (NDS) of critical minerals did not include bismuth, indium, molybdenum, or tellurium as of September 2022.[47] The PRC is the dominant producer for all five of these critical minerals, and in some cases, the largest source supplier of US imports.[48]

The PRC's dominant position in the supply chain extends to a variety of other critical minerals, many of which already have restricted US access. The PRC issued an outright ban on the export of critical minerals gallium, germanium, antimony, and superhard materials to the United States and implemented tighter controls on exports of graphite on December 3 in response to US semiconductor export restrictions directed at the PRC.[49] The United States' annual demand for some of those critical minerals, such as antimony, exceeds any other single country's mining production.[50] The PRC's latest export controls on critical minerals are likely part of its asymmetric response to US tariffs that aims to use targeted measures to pressure the United States without escalating into a trade war.

ISW ESTIMATE OF WAR
 Estimated PRC Production Share (2024) of Affected Critical Mineral Export Controls



Data for tungsten and molybdenum shows mining production. Data for indium, bismuth, and tellurium shows refinery production. Source: US Geological Survey

Southeast Asia

Philippines

The Philippines National Bureau of Investigation (NBI) arrested five PRC nationals from January 24–25 for spying on Philippine Coast Guard (PCG) ships and photographing military bases while posing as Taiwanese tourists.[51] The PRC nationals allegedly installed surveillance cameras on coconut trees facing the sea to monitor PCG activity, operated drones without authorization, and photographed military facilities.[52] Philippine authorities recovered footage from the drones and military-grade, high-resolution video cameras disguised to look like CCTV. Philippine Armed Forces Chief of Staff General Romeo Brawner Jr. said during a press conference on January 30 that the recovered video footage was sent in real time to a remote location.[53] NBI Director James Santiago said that the alleged spies monitored the activities of a naval detachment, coast guard ships, an air base, a naval base, and a dockyard in the Philippines' Palawan province. Palawan the closest major landmass to the Spratly Islands, which is a group of islands in the South China Sea that the Philippines contests with the PRC. Philippine officials discovered photographs in the suspects' mobile devices of a PCG station, small navy crafts and assets, and PCG vessels *BRP Teresa Magbanua* and *BRP Gabriela Silang*. [54] The former PCG vessel is frequently deployed to the South China Sea and is the victim of aggressive PRC coercion tactics during confrontational encounters near disputed features.[55]

Philippine authorities suspect the PRC nationals operated in a spy network and are trying to identify other potential accomplices. The NBI stated that the five individuals in this case were working with PRC national Deng Yuanqing, who was arrested on January 17 on espionage charges for driving around a car that transmitted topographic information as well as for surveilling military bases and other critical infrastructure in the Philippine island of Luzon.[56] The five PRC nationals arrested on January 24-25 claimed to be members of civic groups Qiaoxing Volunteer Group of the Philippines and the Philippine-China Association of Promotion of Peace and Friendship. NBI Director Santiago said that they also befriended local officials.[57]

The PRC condemned the Philippine military’s announcement that the US-supplied Typhon missile system would be used during unilateral drills in mid-February. The PRC views the missile system, which is stationed in Luzon, as a threat to its security. The upcoming Philippine exercise, which is a continuation of previous drills from 2024, will help to prepare Philippine forces for larger, joint drills with the United States that are scheduled for later this year.[58] The United States began deploying the Typhon missile system within the Philippines for joint operations as part of the Balikatan Exercise in April 2024.[59] The system was placed on the north side of the island of Luzon and has remained deployed there despite criticism from the PRC and premature announcements from Philippine officials that it would be removed.[60] The Philippines said in December 2024 that it plans to acquire the missile system from the United States.[61]

The PRC has stated that the system’s deployment could represent a new regional arms race that could jeopardize regional security and increase geopolitical confrontation.[62] The PRC likely views the Typhon system’s deployment as a threat to potential future naval operations, as the system can launch Tomahawk missiles with the range to reach targets in the South China Sea, the Taiwan Strait, and the mainland PRC.[63] The PRC views expanding US-Philippines military cooperation more broadly as undermining its long-term strategy of achieving regional hegemony and solidifying control of its claimed territory, such as Taiwan and the South China Sea.[64]

Philippine President Ferdinand "Bongbong" Romualdez Marcos Jr in response to ongoing PRC criticism said on January 31 that he was willing to remove the Typhon system from the Philippines if the PRC would cease its operations in the West Philippine Sea--the part of the South China Sea where the Philippines claims territory.[65] Marcos called on the PRC to “Stop claiming our territory, stop harassing our fishermen and let them have a living, stop ramming our boats, stop water cannoning our people, stop firing lasers at us, and stop your aggressive and coercive behavior, and we’ll return the Typhon missiles.”[66] PRC officials have yet to comment on the statement from Marcos.

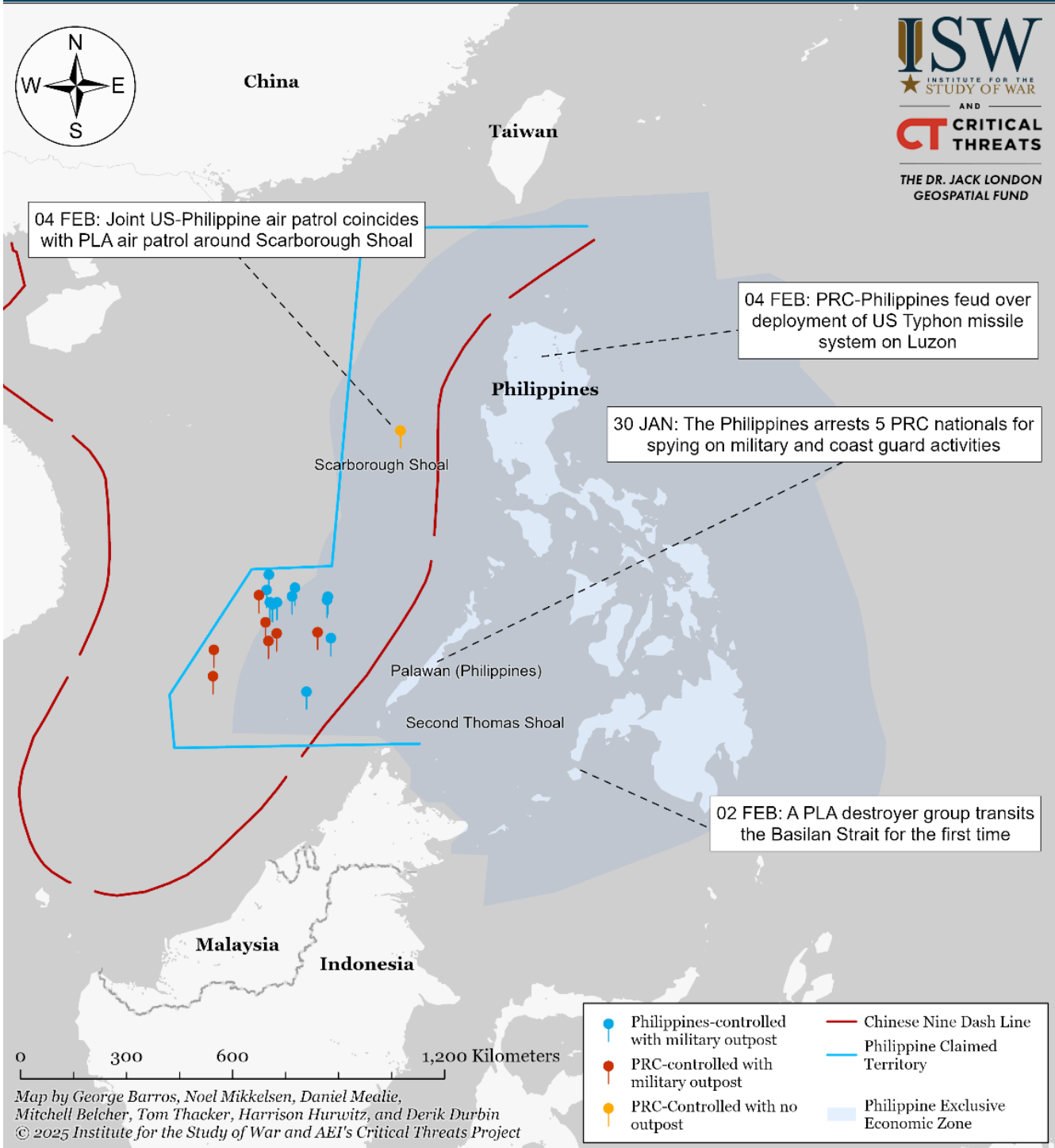
The PLA is increasing its air and naval presence around the disputed Scarborough Shoal to solidify PRC control amid perceived encroachment by the Philippines and its allies.

The PLA Southern Theater Command (STC) conducted “combat readiness patrols” in the territorial sea and airspace around Scarborough Shoal on January 31. It conducted additional “routine patrols” on February 4 and 5.[67] The STC stated that it has “consistently enhanced patrols and vigilance in the surrounding waters and airspace of Huangyan Dao (Scarborough Shoal)” since the beginning of January to strengthen the PRC’s control over the area.[68] The PLA air patrol on February 4 coincided with a joint US-Philippine air patrol and interception drill over the South China Sea, including near Scarborough Shoal.[69] STC spokesperson Tian Junli accused the Philippines of “collud[ing] with a foreign country to organize a so-called ‘joint patrol’ to deliberately undermine peace and stability in the South China Sea.” There were no reports of confrontations between the militaries, however. The PLA previously confronted Philippine aircraft on patrol near Scarborough Shoal in August 2024 and fired flares in their flight path, triggering condemnation from the Philippine government.[70] The increased PLA activity around Scarborough Shoal is in addition to the China Coast Guard’s continuous presence west of the Philippine province of Zambales, which is near Scarborough Shoal, since the beginning of 2025.[71]

Scarborough Shoal is an uninhabited atoll that the Philippines, PRC, and ROC all claim. The PRC seized the shoal from the Philippines in 2012 by surrounding it with coast guard vessels to block Philippine entry. It has not built any infrastructure on the shoal, however, apparently in keeping with the 2002 PRC-ASEAN Declaration on the Conduct of Parties in the South China Sea, which stated that signatories shall not inhabit any previously uninhabited islands, reefs, or other features in the sea.[72] The Philippines has attempted to reassert control over Scarborough Shoal by conducting air and sea patrols in the area as well as using government ships to resupply Philippine fishermen that maintain a consistent presence in the area. The PRC has opposed such efforts with its own coast guard and military forces, including by blasting Philippine ships with water cannons and warding off Philippine planes with air interceptions and flares.

A PLA destroyer sailed through the Basilan Strait between the Philippine islands of Mindanao and Basilan for the first time. A PLA Navy (PLAN) Type 055 stealth missile destroyer, a type 054A frigate, and a Type 903 replenishment ship sailed through the Basilan Strait toward the Sulu Sea on February 2. PRC state broadcaster CCTV later aired footage of the ships carrying out far-seas combat training at an undisclosed location in the Pacific Ocean. Philippine officials expressed concern about the PLA warships so close to Philippine territory, while the Philippines’ Western Mindanao Command stated that it was tracking the three ships in what it described as “Philippine waters.”[73] STC spokesperson Tian Junli disputed the Philippine characterization of the transit and criticized the Philippines for “hyping” what he called a “normal transit” that was “fully in line with international law.”[74]

Events around the South China Sea (January 30-February 4)

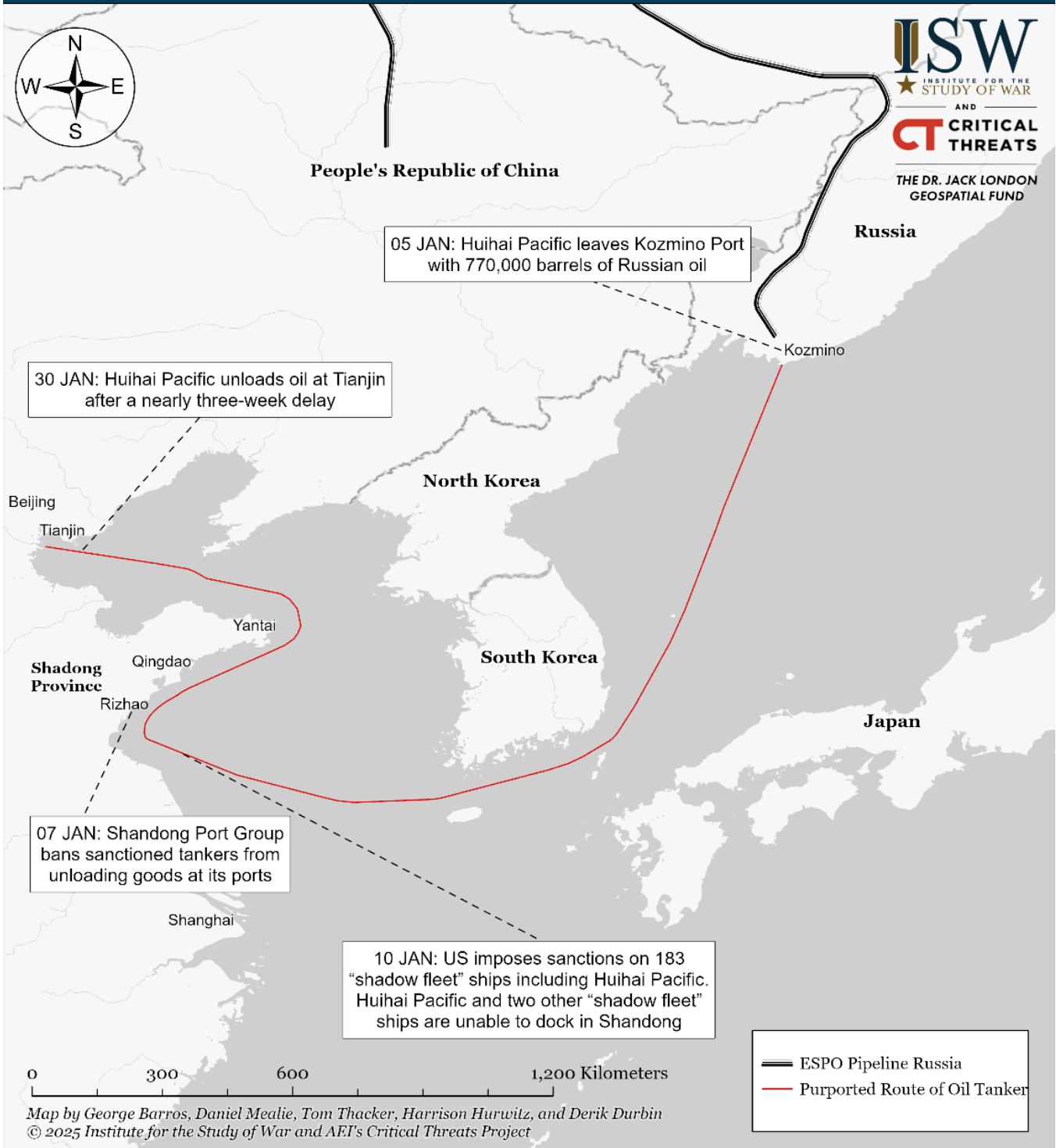


Russia

A US-sanctioned tanker unloaded Russian oil in the PRC after being forced to change its destination from Shandong Province, whose main port authority banned sanctioned tankers at its ports. The threat of US secondary sanctions is increasing PRC sanctions compliance and raising costs on sanctioned countries that trade with the PRC. Bloomberg reported that the tanker *Huihai Pacific* unloaded 770,000 of crude oil from the Eastern Siberia–Pacific Ocean (ESPO) pipeline at the major PRC port of Tianjin after an unusually long sea journey of nearly four weeks. The ship loaded its cargo at the Russian Pacific port of Kozmino on January 5 and departed for the port of Dongjiakou in the PRC’s Shandong province, a journey that typically takes about one week.[75] Reuters reported on January 7 that the Shandong Port Group, a provincial state-owned enterprise that operates Shandong’s major ports, banned US-sanctioned tankers from unloading goods at its ports. The *Huihai Pacific* was not on that sanctions list when it left Kozmino. The US Department of Treasury imposed sanctions on the *Huihai Pacific* on January 10, however, as one of 183 oil tankers that it identified as part of Russia’s “shadow fleet.” The *Huihai Pacific* is registered in Panama and owned by a Hong Kong company, which until recently allowed it to operate unhindered by the sanctions imposed on Russia.[76] The tanker ultimately had to change its destination from Shandong to another PRC port, which greatly delayed its journey.

Shandong is home to many independent oil refiners that are the biggest importers of oil from US-sanctioned countries in the PRC. Shandong imported about 1.74 million barrels per day of oil from Russia, Iran, and Venezuela in 2024, accounting for about 17 percent of the PRC’s oil imports.[77] The Shandong Port Group controls many major Chinese ports, including Yantai, Rizhao, and Qingdao. The threat of secondary sanctions, including the potential loss of access to the US financial system, has been effective at compelling some PRC entities, such as Shandong Port Group and many banks, to cease business with sanctioned Russian entities. Shandong’s compliance with US sanctions will increase shipping costs for independent refiners, possibly to the point of making them unprofitable, since many of them operate on thin margins and buy sanctioned oil because it is sold at a discount. It will also make it more difficult and less profitable for US-sanctioned countries, such as Russia, to sell oil in the PRC. The sanctions will likely push Chinese oil refineries to seek alternative sources elsewhere in the Middle East, Africa, and the Americas and curb the PRC’s access to cheap oil resources.[78] PRC Ministry of Foreign Affairs (MFA) spokesperson Guo Jiakun claimed on January 8 to be unaware of Shandong Port Group’s ban but stated that the PRC opposes “illegal unilateral sanctions” by the United States.[79]

Sanctioned Russian Oil Imports to PRC Delayed by US Tanker Sanctions, January 2025



Africa

South Africa

South Africa demanded that Taiwan's representative office leave the administrative capital of Pretoria by the end of March in an effort by South Africa to strengthen ties with the PRC. The Taiwanese foreign ministry stated that it received a letter in late January from the South African government reiterating demands for the de-facto Taiwanese embassy, the Taipei Liaison Office, to leave Pretoria and rename itself as a trade office.[80] South Africa and Taiwan have no formal diplomatic relations but maintain unofficial ties. South Africa first verbally requested that the Taipei Liaison Office move from Pretoria in December 2023, then issued another request in April 2024, before finally giving an ultimatum on October 7, 2024, for the office to move or close.[81] The Taiwanese foreign ministry suggested that the renewed demands are a result of the PRC sanctioning the federal chairman of the South Africa's Democratic Alliance, Ivan Meyer, after he visited Taiwan in January 2025.[82] The Democratic Alliance is a major political party in South Africa that has been part of the ruling coalition with the African National Congress (ANC) since the 2024 elections.

Latin America

Panama

Panama announced that it would withdraw from the PRC's Belt and Road Initiative (BRI) and consider canceling contracts that allow a Hong Kong-based company to operate two ports on the Panama Canal after US Secretary of State Marco Rubio warned Panama to curtail PRC influence in the country. Rubio told Panamanian President Jose Raul Mulino during a meeting between the two in Panama City on February 2 that the United States would “take measures necessary to protect its rights” if Panama failed to curtail PRC influence over the Panama Canal.[83] The Donald Trump administration has accused the PRC of undue influence over the canal, a strategic waterway through which up to 40 percent of US seaborne trade passes.[84] *Bloomberg* estimated that 75 percent of the cargo passing through the canal is traveling to or from the United States.[85] A US State Department readout stated that “President Trump has made a preliminary determination that the current position of influence and control of the Chinese Communist Party over the Panama Canal area is a threat to the canal and represents a violation of the Treaty Concerning the Permanent Neutrality and Operation of the Panama Canal.”[86] The 1977 treaty, which returned the Panama Canal from the United States to Panama, stipulates that the United States may intervene militarily if a conflict or foreign power affects the canal's operations.[87] Rubio and the Trump administration specifically objected to the presence of two Panama Canal ports controlled by a Hong-Kong based company, which they claimed violated the treaty.[88] Ports situated at either end of the canal—Cristobal and Balboa—are run by Panama Ports Co., which is part of Hutchison Ports, a subsidiary of Hong Kong-based CK Hutchison Holdings.[89] US Senator Ted Cruz objected to the construction of a PRC-funded bridge over the Panama Canal as well, arguing that the PRC could use the bridge to block the canal without warning.[90]

PRC MFA spokeswoman Mao Ning stated in a press conference on January 22 that “China does not participate in the management and operation of the canal and never interferes in canal affairs.”^[91] Hutchison is not a state-owned enterprise and does not control access to the canal. It is responsible only for supplying and loading container ships at its ports.^[92] Hutchison’s involvement in the port also predates BRI, which PRC President Xi Jinping inaugurated in 2013. Hutchison has provided logistical services at the two ports since 1997.^[93] There are three other ports in the Panama Canal, which are owned and operated by US, Singaporean, and Taiwanese companies.

Panama’s withdrawal from BRI represents a loss of one of the PRC’s key soft power tools in Latin America. Panama was the first Latin American country to sign onto BRI in 2017, shortly after it switched its diplomatic recognition from the ROC to the PRC. Panama renewed this memorandum of understanding in 2020 and 2023. Panamanian President Mulino, after his meeting with Rubio, said that Panama will not renew its participation in 2026, the next time it comes up for renewal, and will consider early withdrawal.^[94] Twenty-two Latin American and Caribbean countries, including Panama, were formal BRI members at the end of 2024.^[95] Western observers have accused the PRC of using BRI to spread its influence and advance its model of governance and portray itself as a leader of the Global South.^[96] PRC economic and political influence in Panama via BRI contributes to US concerns over neutrality in a place where the United States has significant economic security concerns.^[97]

The impact of Panama’s withdrawal from BRI on existing infrastructure projects, as well as projects currently under construction, is unclear. Rubio’s visit appears to have set in motion controversies against CK Hutchison, however. Two Panamanian lawyers accused the Hutchison subsidiary of violating Panama’s constitution and failing to pay taxes and benefits; they filed to cancel this 1997 concession on February 4.^[98] Panamanian President Jose Raul Mulino has also announced that Panama is considering cancelling Hutchison’s contracts over its two Panama Canal ports.^[99] The PRC-backed bridge over the canal is still under construction at the time of writing, however. PRC MFA spokesman Lin Jian deflected a question about Panama’s withdrawal from BRI and said that PRC-Panama cooperation was “proceeding normally” in a regular press conference on February 5.^[100] A spokesperson for the Hong Kong Special Administrative Region (HKSAR) said that the Hong Kong government does not interfere in the affairs of Hong Kong businesses and that Hong Kong opposes any country’s interference in normal business operations.^[101]



[1] <https://www.taiwannews.com> dot tw/news/6030202

[2] <https://tw.news.yahoo.com/%E7%BD%B7%E5%85%8D%E6%87%B6%E4%BA%BA%E5%8C%85%EF%BC%9A%E7%BD%B7%E5%85%8D%E9%80%A3%E7%BD%B2%E6%80%8E%E9%BA%BC%E5%81%9A%EF%BC%9F%E7%BD%B7%E5%85%8D%E6%88%90%E7%AB%8B%E9%9C%80%E5%A4%9A%E5%B0%91%E9%80%A3%E7%BD%B2%EF%BC%9F%E7%BD%B7%E5%85%8D%E9%80%9A%E9%81%8E%E9%96%80%E6%AA%BB%E7%82%BA%E4%BD%95%EF%BC%9F%E7%BD%B7%E5%85%8D%E4%BA%94%E5%A4%A7qa%E4%B8%80%E6%AC%A1%E7%9C%8B%EF%BC%81-090902655.html>

[3] <https://www.taiwannews.com.tw/news/6027388>

[4] <https://www.taiwannews.com.tw/news/6028165>; <https://www.taiwannews.com.tw/news/6022045>

[5] <https://www.cec.gov.tw/central/article/31568>

[6] <https://www.understandingwar.org/backgrounder/china-taiwan-weekly-update-january-30-2025>

[7] <https://focustaiwan.tw/politics/202412200015>

[8] <https://www.taipeitimes.com/News/taiwan/archives/2025/02/03/2003831263>

[9] <https://news.ltn.com.tw/news/politics/breakingnews/4939727>

[10] <https://www.worldjournal.com/wj/story/121220/8526046>

[11] <https://www.taiwannews.com.tw/news/6028149>

<https://news.ltn.com.tw/news/politics/breakingnews/4939727>

[12] <https://news.immigration.gov.tw/NewsSection/Detail/C293A963-3352-4E6A-9CEA-85404FF510B2?lang=EN>

[13] <https://www.understandingwar.org/backgrounder/china-taiwan-weekly-update-december-20-2024>

[14] <https://x.com/MoNDefense>

<https://docs.google.com/spreadsheets/d/1qbfYFoVgDBJoFZN5elpZwNTiKZ4nvCUcs5a7oYwm52g/edit?pli=1&gid=1177684118#gid=1177684118>

[15] <https://www.understandingwar.org/backgrounder/china-taiwan-weekly-update-december-5-2024>

[16] <https://docs.google.com/spreadsheets/d/1qbfYFoVgDBJoFZN5elpZwNTiKZ4nvCUcs5a7oYwm52g/edit?pli=1&gid=1177684118#gid=1177684118>

[17] http://www.gwytb.gov.cn/m/speech/202401/t20240131_12597322.htm

<https://reuters.com/graphics/TAIWAN-CHINA/BALLOONS/lbpglrgwwvq/>

[18] <https://reuters.com/graphics/TAIWAN-CHINA/BALLOONS/lbpglrgwwvq/>

[19] <https://www.bis.gov/press-release/commerce-strengthens-restrictions-advanced-computing-semiconductors-enhance-foundry>

[20] <https://www.reuters.com/technology/us-looking-into-whether-deepseek-used-restricted-ai-chips-source-says-2025-01-31/>

[21] <https://www.bloomberg.com/news/articles/2025-01-31/us-probing-whether-deepseek-got-nvidia-chips-through-singapore>

[22] <https://www.fool.com/investing/2025/02/03/deepseek-shocked-the-ai-market-last-week-heres-why/>

[23] <https://www.mti.gov.sg/Newsroom/Press-Releases/2025/02/Press-Statement-on-whether-DeepSeek-gained-access-to-US-export-controlled-chips>

[24] <https://www.sec.gov/Archives/edgar/data/1045810/000104581024000316/nvda-20241027.htm>

[25] <https://www.sec.gov/Archives/edgar/data/1045810/000104581024000316/nvda-20241027.htm>

[26] <https://www.mti.gov.sg/Newsroom/Press-Releases/2025/02/Press-Statement-on-whether-DeepSeek-gained-access-to-US-export-controlled-chips>

[27] <https://www.bis.doc.gov/index.php/about-bis/newsroom/2082>

[28] <https://selectcommitteeontheccp.house.gov/sites/evo-subsites/selectcommitteeontheccp.house.gov/files/evo-media-document/1.29.25%20Letter%20to%20NSC%20on%20DeepSeek.pdf>

[29] <https://www.bis.gov/press-release/commerce-strengthens-restrictions-advanced-computing-semiconductors-enhance-foundry>

[30] <https://www.cnbc.com/2023/10/17/us-bans-export-of-more-ai-chips-including-nvidia-h800-to-china.html>

[31] <https://arxiv.org/html/2412.19437v1>

[32] <https://www.ft.com/content/f3763e51-8607-42b9-9ef9-5789d5bf353d>

[33] <https://x.com/bradyafr/status/1885349922666434761> ;
https://x.com/dex_eve/status/1885341080247230895?s=46

[34] <https://www.rfa.org/cantonese/news/china-military-biggest-military-command-centre-in-beijing-01312025054209.html?encoding=simplified>; <https://www.ft.com/content/f3763e51-8607-42b9-9ef9-5789d5bf353d>

[35] <https://www.ft.com/content/f3763e51-8607-42b9-9ef9-5789d5bf353d>

https://www.uscc.gov/sites/default/files/2021-06/Phillip_Saunders_Testimony.pdf

[36] <https://media.defense.gov/2024/Dec/18/2003615520/-1/-1/0/MILITARY-AND-SECURITY-DEVELOPMENTS-INVOLVING-THE-PEOPLES-REPUBLIC-OF-CHINA-2024.PDF>

[37] https://www.mof dot gov.cn/zhengwuxinxi/caizhengxinwen/202502/t20250204_3955222.htm

[38] <https://www.ft.com/content/eb169eab-dde1-4f1b-a6dd-76d83c31b0c1>

https://www.mfa dot gov.cn/web/wjdt_674879/fyrbt_674889/202502/t20250202_11548194.shtml

https://www.mofcom dot gov.cn/xwfb/xwfytrh/art/2025/art_356b19f92e0b4603ae798804b6ea4be3.html

[39] <https://www.nytimes.com/2025/02/04/business/economy/trump-tariffs-china.html>

[40] <https://www.reuters.com/technology/china-anti-monopoly-regulator-launches-probe-into-google-2025-02-04/>

[41] https://www.mofcom dot gov.cn/xwfb/xwfytrh/art/2025/art_7b08ff0fc4f0405d855c03a48cddbba1.html

[42] <https://investornews.com/critical-minerals-rare-earths/tungsten-supply-crisis-threatens-defense-and-tech-industries/#:~:text=Tungsten%20is%20known%20as%20one,smart%20phones%20to%20hypersoni c%20missiles>.

<https://www.defense.gov/News/Releases/Release/Article/4000947/departments-of-defense-makes-investment-to-strengthen-the-tungsten-supply-chain/>

[43] <https://www.refractorymetal.org/innovations-in-molybdenum-alloys-for-defense-and-military-applications.html#:~:text=Molybdenum%20alloys%20are%20at%20the,the%20safety%20of%20mili tary%20personnel>.

<https://www.efineametals.com/refractory-metal-supplier/molybdenum/molybdenum-applications-rod-sheet-plate-threaded-rod-nuts/#:~:text=Molybdenum%20Applications,largest%20technical%20professional%20organizations %20worldwide>.

<https://themarketbull.com.au/2023/11/13/molybdenum-the-overlooked-critical-mineral/>

[44] <https://www.refractorymetal.org/uses-of-indium.html>

<https://www.reuters.com/markets/commodities/what-are-five-new-critical-metal-exports-restricted-by-china-2025-02-04/>

[45] <https://www.dla.mil/Strategic-Materials/Materials/>

[46] <https://www.dla.mil/Strategic-Materials/Materials/#:~:text=Automotive%20electronics,IED%20detectors>

[47] <https://crsreports.congress.gov/product/pdf/R/R47833>

[48] <https://pubs.usgs.gov/periodicals/mcs2024/mcs2024-tungsten.pdf>

<https://pubs.usgs.gov/periodicals/mcs2024/mcs2024-molybdenum.pdf>

<https://pubs.usgs.gov/periodicals/mcs2024/mcs2024-indium.pdf>

<https://pubs.usgs.gov/periodicals/mcs2024/mcs2024-tellurium.pdf>

<https://pubs.usgs.gov/periodicals/mcs2024/mcs2024-bismuth.pdf>

[49] http://www.mofcom.gov.cn/zwgk/zcfb/art/2024/art_3d5e990b43424e60828030f58a547b60.html dot

[50] <https://pubs.usgs.gov/periodicals/mcs2024/mcs2024-antimony.pdf>

[51] <https://www.taiwannews.com.tw/news/6025644>

<https://www.taipeitimes.com/News/front/archives/2025/01/31/2003831096>

[52] <https://www.pna.gov.ph/articles/1243005>

[53] <https://www.pna.gov.ph/articles/1243005>

[54] <https://www.abs-cbn.com/news/nation/2025/1/30/alleged-chinese-spies-posed-as-tourists-in-palawan-official-0920>

[55] <https://news.usni.org/2024/12/03/chinese-warships-cutters-harass-philippine-patrol-near-scarborough-shoal-say-officials>

[56] <https://cebudailynews.inquirer.net/620390/nbi-arrests-5-suspected-chinese-spies-in-palawan>

<https://www.reuters.com/world/asia-pacific/philippines-arrests-chinese-national-suspicion-espionage-2025-01-20/>

<https://www.scmp.com/week-asia/politics/article/3295612/philippines-arrest-chinese-sleeper-agent-sparks-fears-widespread-spying>

[57] <https://www.pna.gov.ph/articles/1243005>

[58] <https://crsreports.congress.gov/product/pdf/IF/IF12135>

[59] <https://www.defensenews.com/land/2024/04/16/us-army-deploys-midrange-missile-for-first-time-in-philippines/>

<https://ph.usembassy.gov/philippine-u-s-troops-to-kick-off-exercise-balikatan-2024/>

[60] DNGTS: <https://www.eurasiantimes.com/the-philippine-army-confirms-withdrawal/>

<https://apnews.com/article/us-philippines-china-military-typhon-midrange-missile-system-69242b99335eb55032894fbc83d75135>

[61] <https://www.cbsnews.com/news/philippines-us-typhon-missile-system-warnings-from-china/>

[62] <https://www.newsweek.com/us-news-army-missile-system-china-doorstep-hits-moving-target-fire-test-2015063>

[63] <https://www.cfr.org/expert-brief/why-tensions-south-china-sea-are-bolstering-us-philippines-alliance>

<https://www.understandingwar.org/backgroundunder/china-taiwan-weekly-update-december-5-2024>

[64] <https://www.aspistrategist.org.au/chinas-blue-dragon-strategy-in-the-indo-pacific/>

[65] <https://www.msn.com/en-us/news/world/philippine-president-offers-a-deal-to-china-stop-sea-aggression-and-ill-return-missiles-to-us/ar-AA1y7aij?ocid=BingNewsSerp>

[66] <https://www.msn.com/en-us/news/world/philippine-president-offers-a-deal-to-china-stop-sea-aggression-and-ill-return-missiles-to-us/ar-AA1y7aij?ocid=BingNewsSerp>

[67] <http://www.81 dot cn/fyr/16367745.html>

<http://www.81 dot cn/fyr/16367743.html>

<https://www.globaltimes dot cn/page/202502/1327740.shtml>

[68] <https://www.globaltimes dot cn/page/202502/1327740.shtml>

<https://www.scmp dot com/news/china/diplomacy/article/3297077/pla-holds-combat-readiness-patrols-around-hotly-disputed-south-china-sea-shoal>

[69] <https://apnews.com/article/philippines-us-joint-patrol-scarborough-shoal-843b68e5833dd640fc9336ac415705c3>

[70] <https://www.understandingwar.org/backgroundunder/china-taiwan-weekly-update-august-16-2024>

[71] <https://qa.philstar dot com/headlines/2025/02/03/2418957/china-coast-guard-presence-near-zambales-reaches-month>

[72] <https://asean dot org/declaration-on-the-conduct-of-parties-in-the-south-china-sea-2/>

[73] <https://globalnation.inquirer dot net/238824/fwd-break-2-chinese-navy-warships-monitored-in-basilan-strait>

https://www.scmp dot com/news/china/military/article/3297247/chinese-military-disputes-manilas-version-south-china-sea-naval-crossing?module=top_story&pgtype=subsection

[74] <https://www.globaltimes dot cn/page/202502/1327787.shtml>

[75] <https://www.reuters.com/markets/commodities/russia-oil-trade-china-india-stalls-sanctions-drive-up-shipping-costs-2025-01-28/>

<https://www.bloomberg.com/news/articles/2025-01-31/sanctioned-ship-unloads-russian-oil-in-china-after-long-journey?srnd=next-china>

[76] <https://home.treasury.gov/news/press-releases/jy2777>

[77] <https://www.reuters.com/business/energy/chinas-shandong-port-group-blacklists-us-sanctioned-oil-vessels-say-traders-2025-01-07/>

[78] <https://www.reuters.com/markets/commodities/tougher-us-sanctions-curb-russian-oil-supply-china-india-2025-01-12/>

[79] https://www.fmprc.gov.cn/fyrbt_673021/jzhsl_673025/202501/t20250110_11530934.shtml

[80] <https://www.reuters.com/world/taiwan-says-safrica-gives-march-deadline-move-office-pretoria-2025-02-03/>

https://www.mofa.gov.tw/News_Content.aspx?n=95&sms=73&s=119073

[81] <https://www.understandingwar.org/backgrounders/china-taiwan-weekly-update-october-23-2024>

<https://www.chinatimes.com/realtimenews/20241022002848-260407?chdtv>

<https://focustaiwan.tw/politics/202410210006>

[82] https://www.mofa.gov.tw/News_Content.aspx?n=95&sms=73&s=119073

https://www.scmp.com/news/china/politics/article/3297201/south-africa-presses-taiwan-vacate-liaison-office-pretoria?module=top_story&pgtype=subsection

[83] <https://www.cnn.com/2025/02/02/americas/panama-china-belt-and-road-initiative-rubio-visits-intl-latam/index.html>

[84] <https://www.commerce.senate.gov/2025/1/examining-the-panama-canal-and-its-impact-on-u-s-trade-and-national-security/2bd42caa-e77a-440f-9693-5db9a3ebed01>

[85] <https://www.bloomberg.com/news/articles/2025-02-04/panama-said-to-mull-canceling-port-deal-with-hong-kong-firm>

[86] <https://www.state.gov/secretary-rubios-meeting-with-panamanian-president-mulino/>

[87] <https://www.cnn.com/2025/02/02/americas/panama-china-belt-and-road-initiative-rubio-visits-intl-latam/index.html>

[88] <https://www.reuters.com/world/americas/rubio-panama-canal-migration-talks-he-begins-latin-america-trip-2025-02-02/>

[89] <https://www.newsweek.com/china-news-reacts-trump-panama-canal-control-2018816>

[90] <https://www.commerce.senate.gov/2025/1/sen-cruz-evidence-shows-panama-may-be-in-violation-of-canal-treaty>

[91] https://www.fmprc.gov.cn/fyrbt_673021/jzhsl_673025/202501/t20250122_11542823.shtml

[92] <https://www.cnn.com/2025/02/02/americas/panama-china-belt-and-road-initiative-rubio-visits-intl-latam/index.html>; <https://www.cnn.com/2025/01/31/americas/panama-canal-china-rubio-explainer-intl-latam/index.html>; <https://www.nytimes.com/2025/01/15/world/asia/china-panama-explained.html>

[93] <https://www.scmp.com/news/world/americas/article/3297324/panama-court-urged-cancel-hong-kong-firms-canal-contract-amid-trump-threat>;

[94] <https://www.voachinese.com/a/china-s-reaction-to-panama-s-decision-of-quitting-the-bri-initiative-20250203/7960959.html>

[95] <https://foreignpolicy.com/2024/11/13/china-latin-america-investment-development-bri-apec-summit/>

[96] <https://www.usip.org/publications/2023/10/why-china-rebooting-belt-and-road-initiative>

[97] <https://www.politico.com/news/2022/10/23/china-diplomacy-panama-00062828>

[98] <https://www.scmp.com/news/world/americas/article/3297324/panama-court-urged-cancel-hong-kong-firms-canal-contract-amid-trump-threat>

[99] <https://www.bloomberg.com/news/articles/2025-02-04/panama-said-to-mull-canceling-port-deal-with-hong-kong-firm>

[100] https://www.fmprc.gov.cn/fyrbt_673021/202502/t20250205_11549494.shtml

[101] <https://www.globaltimes.cn/page/202502/1327911.shtml>