

The China–Taiwan Weekly Update



Authors: Matthew Sperzel and Daniel Shats of the Institute for the Study of War

Editors: [Dan Blumenthal](#) and [Frederick W. Kagan](#) of the American Enterprise Institute

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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

- **The PRC has increased its violations of Taiwan’s Air Defense Identification Zone since President Lai Ching-te’s inauguration on May 20.**
- **Four Chinese Coast Guard vessels entered restricted waters around Kinmen on June 25.**
- **A likely state-sponsored PRC cyber threat actor is conducting persistent network infiltration operations against various Taiwanese organizations.**
- **The PRC Supreme People’s Court and other institutions issued an authoritative legal opinion that threatens advocates of Taiwanese independence with criminal penalties up to the death penalty.**
- **Taiwan’s Legislative Yuan passed a controversial legislative reform bill unchanged after a government-mandated second review. President Lai Ching-te signed the bill into law but pledged to file for a constitutional interpretation.**
- **CCP General Secretary Xi Jinping convened a Military Commission Political Work Conference to emphasize the need to maintain strict military discipline and uphold Party governance.**

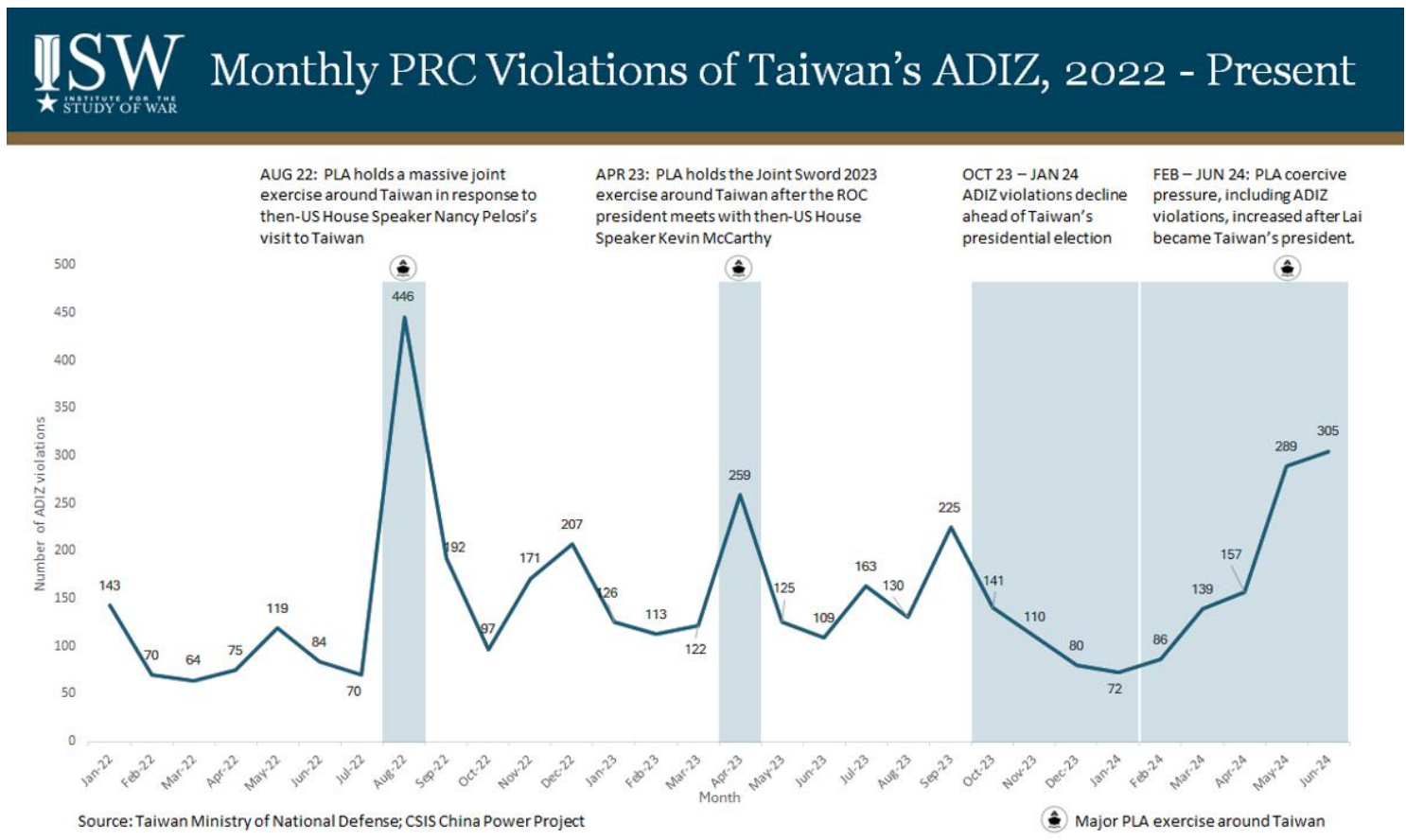
Cross-Strait

Relations

Taiwan

The PRC has carried out violations of Taiwan’s Air Defense Identification Zone (ADIZ) more frequently since President Lai Ching-te’s inauguration on May 20. Taiwan’s Ministry of National Defense (MND) reported 305 ADIZ violations by PLA aircraft between June 1 and June 27. The June total to date is the second-highest monthly total on record and the highest for any month without a large-scale PLA exercise. The record for most ADIZ violations in one month was 446 in August 2022, when the PRC responded to then-US Speaker of the House Nancy Pelosi’s visit to Taiwan with record-scale military exercises around Taiwan.[1] There were 289 violations in May, of which 82 (28 percent) occurred on May 23 and 24 during the PRC’s Joint Sword 2024A exercise around Taiwan. The number of ADIZ violations that Taiwan’s MND reports does not include PRC vessels and aircraft around Taiwan’s outlying islands such as the Kinmen and Matsu archipelagos.

The heightened number of violations reflects an intensified PRC pressure campaign against Taiwan under the new administration of Lai Ching-te, whom the PRC considers a dangerous separatist. The high frequency of ADIZ violations drains Taiwan’s resources, exhausts military personnel, and degrades Taiwan’s threat awareness. Taiwan does not scramble aircraft in response to all PRC ADIZ violations, but it does put military personnel on standby to respond quickly if needed.

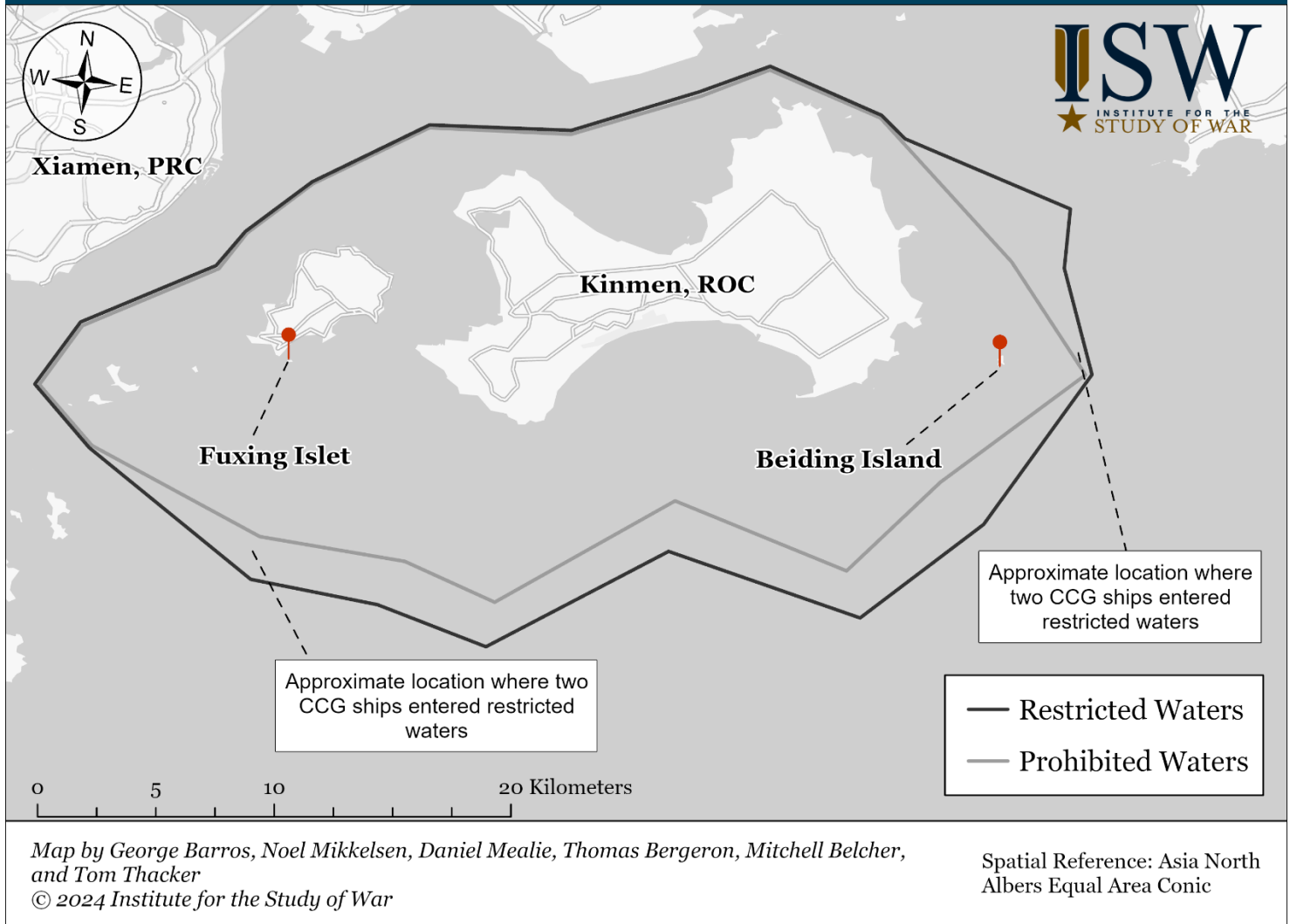


Four Chinese Coast Guard (CCG) vessels entered restricted waters around Kinmen on June 25.

The ships sailed simultaneously in two groups of two into different areas of restricted waters. One group approached east of Beiding Island in the eastern part of the Kinmen archipelago, while the other approached south of Fuxing Islet in the southwest of the archipelago. Taiwan's Coast Guard Administration (CGA) claimed that it chased the CCG ships out after about two hours.[2] The CCG announced a "regular law enforcement patrol in the waters near Kinmen" but did not provide more detail about where the patrol sailed.[3] PRC state media claimed the CCG was carrying out a "new model" of law enforcement by splitting ships on patrol into separate formations and by expanding patrols from fixed linear tracks to "extensive patrol zones." [4]

Taiwan does not formally claim any territorial waters around Kinmen partly due to its proximity to the PRC, but it designates "prohibited" and "restricted" waters around Kinmen, which it treats as equivalent to "territorial waters" and a "contiguous zone," respectively. The PRC does not officially recognize the existence of any restricted or prohibited waters around Taiwan's outlying islands and claims the right to conduct law enforcement activities there, however. The CCG began patrols in Kinmen's restricted and prohibited waters in February after two PRC fishermen drowned while fleeing from a Taiwanese Coast Guard pursuit on February 14. The PRC pledged after the incident to strengthen law enforcement activities around Kinmen. The PRC has increased the frequency of CCG patrols in Kinmen's waters and the volume of ships per event since it began routine violations in late February. The most recent publicly reported incursion was two PLA Navy landing craft that entered Kinmen's restricted waters on May 29.[5] CCG and PLA incursions into Kinmen's restricted waters assert PRC control over those waters while eroding Taiwan's sovereignty.

Chinese Coast Guard Violations of Kinmen's Restricted Waters (June 25, 2024)



A likely state-sponsored PRC cyber threat actor is conducting persistent network infiltration operations against various Taiwanese organizations. Recorded Future's threat research division Insikt Group published a threat intelligence report on June 24 that detailed the threat actor's targeting of mainly Taiwanese tech companies, educational institutions, and government entities over six months from November to April.[6] Insikt Group identified threat actor IP addresses that geolocated to Fuzhou in the PRC's Fujian province across the Taiwan Strait, which is known to house the PRC's Taiwan-focused non-kinetic operations centers such as the notorious Base 311.[7]

Microsoft first issued a report on the threat actor and its targeting of Taiwanese organizations in August 2023. That report noted that the threat actor, which it refers to as Flax Typhoon, has been active since 2021 and targets Taiwanese organizations in sectors spanning education, critical manufacturing, and information technology. The report also stated that Flax Typhoon has targeted Taiwanese government agencies.[8] Insikt Group noted the threat actor’s focus on the technology industry and pointed to attempted exploitation against a semiconductor company and two aerospace companies that have contracts with the Taiwanese military.

Microsoft and Insikt Group both assessed that the purpose of the threat actor’s operations is espionage, based on the observed behavior of gaining and maintaining access to networks for as long as possible. The threat actor’s emergence in 2021 and focus on conducting espionage against organizations involved in critical technology is a plausible reaction to US efforts to limit the PRC’s access to certain technologies, which gained momentum in 2020 as Taiwanese semiconductor manufacturers complied with US export controls to PRC companies.[9] Conducting espionage against Taiwanese research institutions and critical tech companies serves the dual purpose of hastening the development of the PRC’s domestic tech industry while undermining Taiwan’s established position in the market.

Insikt Group’s report also noted the threat actor’s interest in Taiwan’s trade policy and international affairs, having targeted three de facto embassies from South and Southeast Asian countries, two government departments focused on economic policy, two think tanks researching Taiwanese economic policy, and a trade promotion organization. Spying on these organizations can provide intelligence to inform PRC policies that target pressure points in Taiwan’s economy and further its isolation from the global economy.

The PRC Supreme People’s Court and other institutions issued an authoritative legal opinion that threatens advocates of Taiwanese independence with criminal penalties up to the death penalty. The PRC Supreme People's Court, Supreme People's Procuratorate, Ministry of Public Security, Ministry of State Security, and Ministry of Justice jointly issued the opinion on June 21 and ordered it to be implemented immediately. The opinion is an authoritative legal interpretation of Article 103 of the PRC’s criminal code, which delineates the crime of “splitting the State and undermining the unity of the country” but does not specifically reference Taiwan.[10] The opinion clarifies how Article 103 crime should be applied to issues of Taiwanese “separatism” and defines what types of actions in pursuit of Taiwanese independence would be subject to criminal prosecution under the criminal code. It states that “Taiwan independence”-related activities punishable under Article 103 include:

- Forming a “Taiwan independence” organization or program;
- Directing people to carry out activities that “split the country or undermine national unity;”
- Attempting to change the “legal status of Taiwan as a part of China” by law;
- Attempting to create “two Chinas” or “one China, one Taiwan” in the international community by promoting Taiwan’s membership in international organizations that require statehood or by engaging in official exchanges or military contacts with other countries; and

- Using one’s official position to “wantonly distort or falsify the fact that Taiwan is a part of China” in education, culture, history, media, etc., or to “suppress” political parties, groups, or individuals that support peaceful cross-strait relations and “national reunification.”

The opinion calls for criminal penalties up to life imprisonment or death for these crimes, depending on the seriousness of the case. The penalties increase if the crime involves collusion with foreign individuals. The opinion allows the PRC to try and convict suspects in absentia if they fail to show up to court in the PRC. It also allows for the case to be withdrawn if suspects “abandon their separatist stance,” however.^[11]

The PRC’s new legal guidelines for punishing Taiwanese “separatists” are part of a pressure campaign against Taiwan’s new administration of Lai Ching-te and the ruling DPP. The opinion stresses the need to severely punish “‘Taiwan independence’ diehards,” a term the PRC has used to describe Lai, Vice President Hsiao Bi-khim, and other DPP officials. Multiple activities delineated in the opinion appear to target DPP policies, including the DPP’s fight for Taiwan’s participation in international organizations, reform of educational curriculum to emphasize Taiwan’s independent identity, and military cooperation with the United States and other countries. The opinion also references the use of official authority to “suppress” groups and individuals who support cross-strait peace and reunification, indicating that the PRC may interpret Taiwan’s application of its Anti-Infiltration Law and other counter-PRC legislation as a crime in the PRC.

The new legal standards will primarily affect DPP-affiliated Taiwanese nationals who travel to the PRC since the PRC cannot enforce its laws in Taiwan. Director of the Taiwan think tank’s China Research Center Wu Se-chih said that the PRC could try to further extend its jurisdiction over Taiwan by convicting Taiwanese nationals in absentia, issuing international arrest warrants, and pressuring other countries to extradite wanted Taiwanese “separatists” who travel to those countries. The PRC has extradition treaties with 39 countries including South Korea, Vietnam, and Thailand, which are popular destinations for Taiwanese tourists.^[12] Taiwan’s Mainland Affairs Council (MAC) condemned the new PRC legal guidelines and stressed that “the Beijing authorities have no jurisdiction over Taiwan.”^[13] The MAC issued an upgraded travel warning on June 27 advising Taiwanese nationals to avoid unnecessary travel to the PRC, including Hong Kong and Macao.^[14]

The new legal guidelines are a form of “lawfare” against Taiwan and part of a broader multifaceted pressure campaign against Taiwan that has intensified since Lai Ching-te’s election victory on January 15 and even further after his presidential inauguration on May 20. The campaign has also included military exercises around Taiwan, increased intrusions into Taiwan’s Air Defense Identification Zone, heightened Chinese Coast Guard “law enforcement” activities around Taiwan’s outlying islands, tariffs on certain Taiwanese goods, “poaching” of one of Taiwan’s diplomatic allies, and other measures to punish the DPP and bolster opposition to the Lai administration.

Taiwan’s National Communications Commission (NCC) is investigating a media report that a Taiwanese political talk show took directions from a PRC state media reporter.

Taiwan’s *Liberty Times* newspaper reported on June 24 based on an anonymous journalistic source that the PRC’s Taiwan Affairs Office (TAO) reached out to Taiwanese news channels to request PRC involvement in the production of news shows in exchange for commercial interests in the PRC. The source said one Taiwanese channel agreed and aired a series at the PRC’s behest in praise of former Taiwan President Ma Ying-jeou’s cross-strait policy. The series’ production team involved Zhao Bo, a reporter from the PRC state news agency *Xinhua*, who gave direction on the program’s topic selection and scripts. The NCC said it was investigating whether the news program had violated a code of ethics under the Satellite Broadcasting Act. Taiwan’s MAC Director Chiu Chui-cheng said that Taiwan would launch a multi-agency investigation into the case. He said the reporter Zhao had already been recalled to the PRC, however.[15] The TAO said on June 26 that *Liberty Times*’ report was “completely fake.” It accused the DPP of using the Green-leaning *Liberty Times* to deceive the people of Taiwan and incite cross-strait hostility.[16]

Taiwan’s Legislative Yuan (LY) passed a controversial legislative reform bill unchanged after a government-mandated second review. President Lai Ching-te signed the bill into law but pledged to file for a constitutional interpretation.

The new law grants the LY enhanced oversight powers over the government. The law permits the LY to call on any public official to testify before an investigative committee, confirm political appointments, and impose fines or criminal charges for “contempt of legislature” against anyone who lies, refuses to answer questions, or talks back while testifying before the legislature. The law also requires the president of Taiwan to deliver a State of the Nation address and submit to a question-and-answer session by the LY.[17] The opposition Kuomintang (KMT) and Taiwan People’s Party (TPP) could use the new reforms and their collective majority in the LY to hinder the Lai Ching-te administration’s policy agenda.

The KMT and TPP originally pushed the bill through on May 28 despite opposition from the ruling Democratic Progressive Party (DPP). Premier Cho Jung-tai, who heads the Executive Yuan (EY), received the bill and returned it to the LY for reconsideration. He claimed elements of the bill were unconstitutional or difficult to implement.[18] The LY voted on the bill and passed it again unchanged on June 21 with a vote of 51-62 along party lines, which obligated the president to sign the bill into law.[19] President Lai Ching-te signed the bill on June 24. He said he would apply for Taiwan’s Constitutional Court to perform a constitutional interpretation of the law, however, and to impose a preliminary injunction on the implementation of the law while the court reviews it. Lai said he supports legislative reform in general but characterized the new law as an unconstitutional expansion of legislative power that could threaten the separation of powers, violate the rights to privacy of people the LY calls to testify, or force companies to divulge company secrets to the LY.[20] The Constitutional Court finding the law unconstitutional is the DPP’s last chance to stop the law from taking effect.

China

The PRC announced additional sanctions against some subsidiaries and executives of Lockheed Martin for arms sales to Taiwan. The sanctions will freeze properties of Lockheed Martin Missile System Integration Laboratory, Lockheed Martin Advanced Technology Laboratory, and Lockheed Martin Venture Capital Company within the PRC. They will also bar Lockheed Martin

President and CEO James Taiclet, COO Frank St. John, CFO Jesus Malave, and other senior executives from entering the PRC and freeze any assets they hold in the PRC.[21] The PRC previously placed sanctions on at least eight other US defense firms earlier in 2024.[22] A 2023 report by the German think tank Mercator Institute for China Studies (MERICS) found that the PRC has significantly increased its use of unilateral sanctions since 2018 against US individuals, groups, or companies it perceives to be interfering in its internal affairs.[23] The PRC has repeatedly expressed opposition to unilateral sanctions in general, however, including US sanctions against it and other countries such as Russia and Iran.[24]

CCP General Secretary Xi Jinping convened a Military Commission Political Work Conference to emphasize the need to maintain strict military discipline and Party governance.[25] Xi urged cadres to own up to shortcomings at risk of losing face and called for the military leadership to scrupulously root out hotbeds of corruption. By instilling an absolute commitment to the CCP in the PLA, Xi aims to ideologically fortify the ranks of the military to prevent the interests of individual members of the military from conflicting with Party interests, which prioritizes achieving the highest possible level of the PLA's military effectiveness. Xi's comments reaffirm similar sentiments from a whole-of-military Political Work Conference in 2014 that took place amid a sweeping corruption purge and military modernization drive to eliminate inefficiencies that could hinder the military's effectiveness during wartime.

Xi's messaging at the conference signals the continuation and possible widening of purges to remove corrupt military officials. Military purges during the past year included nine senior generals, many of whom were from the PLA Rocket Force (PLARF).[26] Former Defense Minister Li Shangfu was abruptly removed from his post in October after a prolonged disappearance. The CCP formally expelled Li and his predecessor Wei Fenghe for corruption and bribery on June 27.[27] Bloomberg cited unnamed US intelligence officials in January that spoke to Xi's concerns about the PLA's ability to fight a war following the discovery of extensive graft and mismanagement throughout the military and defense industrial base.[28] Bloomberg reported that US intelligence assessments raised examples of graft that hindered military effectiveness and were a reason behind the PLARF purges, including the discovery of missiles that were filled with water instead of fuel.

Xi's calls to reinforce the "political construction" of the PLA and "uphold the Party's absolute leadership" refer to the restoration of organizational integrity and the subordination of personal interests to those of the CCP. Xi is pursuing ideological reinvigoration as the solution to correct the loss of discipline after the abandonment of communist ideology-driven policymaking. Xi perceived corruption as the greatest threat to the CCP's rule when he took power in 2013 and embarked on comprehensive efforts to recenter ideology in governance and revive the party-state. Ideological doctrines that strive to strengthen the CCP's leadership over society permeate all facets of PRC governance under Xi, from the broad dogma of Xi Jinping Thought to tailored concepts such as the Fengqiao Experience, which urges Party advocacy at the grassroots level.

Philippines

PRC Ministry of Foreign Affairs (MFA) spokesperson Mao Ning accused the Philippines of being the provocateur after a dramatic confrontation on June 17. PRC Coast Guard vessels resorted to a series of violent actions to board and disarm a Philippine navy supply boat, resulting in injuries for eight of the Philippine crew members. Mao urged the Philippines to stop misleading the international community in response to the Philippines President Ferdinand Marcos Jr.'s defiance of the PRC's violent actions.^[29]

PRC state media has repeatedly circulated statements from US foreign policy critic and former Marine intelligence officer Scott Ritter that the United States was only using the Philippines as a tool to create conflict with the PRC and would abandon the Philippines if war ensued.^[30] The news articles featured direct quotes stating "China is not your enemy. China is your neighbor. China is your friend. China doesn't want war."^[31]

The PRC's portrayal of the US as a destabilizing force in the region is consistent with PRC efforts to detract from its own escalatory actions. PRC state-owned tabloid *Global Times* framed US intentions to deploy a Marine Littoral Regiment to Guam as evidence of the US's aggressive intentions in the Indo-Pacific region. The *Global Times* further stated that the US intends to create instability in East Asia while using the Philippines and Japan as "cannon fodder."^[32]

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[1]

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