PART IV

TAIWAN AND HONG KONG

CHAPTER 9: TAIWAN

Abstract

China's actions toward Taiwan in 2024 have been intended to signal strong discontent with the new administration of Lai Chingte, a president whom the Chinese Communist Party (CCP) regards as a "separatist" challenging Beijing's stated aspiration to "reunify" Taiwan with the Mainland. China has sustained a high level of military, diplomatic, and economic pressure toward the ruling Democratic Progressive Party (DPP) of Taiwan, timing actions around events both to undermine DPP leadership and to extend olive branches to opposition figures who signal support for closer cross-Strait relations. The CCP has expanded its toolkit of tactics for intimidating Taiwan, including greater usage of the China Coast Guard (CCG) around the outlying islands, new guidelines for punishing "separatists," and heightened harassment of Taiwan travelers to the Mainland. Taiwan has enhanced its defensive capacity through U.S. assistance and its own internal reforms, with an increased focus on military and societal resiliency. Taiwan's military continues to take notable steps to develop, manufacture, and adopt asymmetric systems and improve training for conscripts and reservists, but domestic factors and China's near-daily coercion remain challenges to this progress. Despite China's aggressive posture, Taiwan's vibrant and advanced economy has performed strongly this year, thanks to substantial global demand for its high-value exports integral to artificial intelligence (AI) and technology supply chains. U.S.-Taiwan relations remain constructive and robust, with the United States continuing to signal and provide steadfast support for Taiwan in a variety of ways.

Key Findings

• Lai's election to the presidency signals broad support for his policies among Taiwan's populace; however, the DPP's losses in Taiwan's legislature may restrain the Lai Administration's agenda. Beijing reacted to Taiwan exercising its right to self-governance with immediate, extreme rhetoric as well as policy adjustments aimed at intimidating Taiwan. China escalated its indirect threats against not only Taiwan's leadership but also its international supporters by defining "separatism" in law as a crime punishable by death in certain circumstances.

- China has refused to communicate directly with the new DPP president and has chosen to intensify its political coercion efforts against Taiwan, suggesting that the frigid relationship between the DPP Administration and the Mainland will persist. Rather, the CCP has shown that it would prefer to go around the Lai Administration by interacting with opposition parties and interfering in Taiwan's political system.
- China has intensified its military coercion around Taiwan, aiming to gain operational experience, degrade the Taiwan military's readiness, and intimidate the island's population while routinizing its increased presence. The People's Liberation Army (PLA) launched its second named military exercise around Taiwan immediately after Lai's inauguration in May, as well as a follow-on exercise in October, and continued to violate the island's air defense identification zone (ADIZ) on a near-daily basis with conventional aircraft, drones, and balloons.
- Beijing has also expanded its use of so-called "gray zone" tactics—blurring the line between military and non-military actions—against Taiwan in the maritime and air domains under the guise of law enforcement and administrative activity in an attempt to propagate its claim that Taiwan and the Taiwan Strait are its territory. The CCG's robust role in the May PLA exercise was novel and suggested that the CCG could augment future PLA operations against Taiwan. The reported presence of CCG ships around Taiwan's outlying islands outside the context of a PLA exercise is similarly concerning, laying the groundwork for a more persistent presence and representing an attempt to extend "lawfare" to its gray zone activities. China's unilateral modifications of civilian flight paths in the Taiwan Strait also abrogated a prior commitment made in 2015 to allay Taiwan's security concerns, increasing the risk of an air accident and furthering its efforts to nullify the median line.
- Taiwan continues to shore up its remaining diplomatic partners in the face of Chinese pressure to break ties while deepening its unofficial relationships with major countries in North America, Europe, and Asia. Using various points of leverage and influence, Beijing has engaged in an effort to get other countries to endorse its false claim that the 1971 UN General Assembly (UNGA) Resolution 2758 recognizes China's sovereignty over Taiwan as a matter of international law and to make statements supportive of China's unification goals for Taiwan.
- Taiwan's economy performed strongly in 2024, with AI-fueled demand for leading-edge chips and other high-tech manufactured products bringing about a surge in exports and a runup in the domestic stock index. This growth came as cross-Strait trade tensions heightened in the form of China's Ministry of Finance revoking preferential tariff exemptions on 134 products Taiwan exports to the Mainland in a move announced less than two weeks after Lai's inauguration.
- Approved outbound foreign direct investment (FDI) from Taiwan into the Mainland fell 39.8 percent year-over-year in 2023

to its lowest level in over 20 years. Meanwhile, approved FDI from Taiwan into the United States surged 791 percent in the same time period to \$9.7 billion, a record high. In April 2024, Taiwan Semiconductor Manufacturing Company announced it would expand its planned investment in the United States over 60 percent to \$65 billion after receiving a \$6.6 billion federal grant as part of the CHIPS and Science Act.

Recommendations

The Commission recommends:

- Congress amend the Arms Export Control Act of 1976 to include Taiwan on the list of "NATO Plus" recipients.
- Congress create a "Taiwan Allies Fund" that would provide foreign assistance only to countries that have an official diplomatic relationship with Taiwan. No country could receive more than 15 percent of the appropriated funding each year. Countries that no longer have a diplomatic relationship with Taiwan would immediately be ineligible for this funding.

Introduction

Taiwan's new president, Lai Ching-te, was inaugurated on May 20, 2024, with Beijing refusing to engage directly and actively waging a political warfare campaign designed to discredit the new administration. Three days after the inauguration, China conducted a military exercise, Operation Joint Sword 2024A, that simulated surrounding Taiwan in preparation for an invasion or blockade, as it has done every year since 2022. Beijing also stepped up economic coercion in the weeks following Lai's inauguration by revoking preferential trade tariffs on over 100 products, rolling back decades-old cross-Strait trade arrangements. Despite high tensions, Taiwan's economy was resurgent in 2024, posting strong economic growth figures fueled by booming demand for cutting-edge semiconductors used to train AI. This chapter analyzes developments in Taiwan's politics, security, and economy between late 2023 and late 2024. It is based on the Commission's consultation with experts, open source research, and fact-finding travel.

Cross-Strait Political Relations Remain Dismal as Taiwan Elects New DPP Government

At the beginning of 2024, Taiwan's voters went to the polls to choose a new president from among three political parties and elected then Vice President Lai Ching-te of the DPP to be Taiwan's next leader. Despite Lai's success in the presidential election, the DPP lost its majority in Taiwan's legislature, leaving the island with a divided government in which the DPP must work with the opposition parties to enact Lai's legislative agenda. Beijing responded to Lai's election with protests, as it had expressed extreme antipathy toward his candidacy during the run-up to the election and waged an intense disinformation campaign to persuade Taiwan's voters that electing Lai would lead to war. In the months afterward, Beijing has doubled down on its coercive rhetoric, interference activities, and refusal to engage constructively with the DPP-led government

while continuing to host and talk with Taiwan's opposition parties.⁶ Lai has pledged to continue the previous Tsai Administration's policies and expressed a desire to engage constructively with the Mainland while protecting Taiwan's democracy and autonomy.⁷ Taiwan's government and civil society continue to combat the CCP's attempts to subvert the elected government, polarize the public, and pollute the media environment with false narratives.⁸

Chinese Influence Campaigns Fail to Sway Taiwan's Election

Chinese officials sought to dissuade Taiwan voters from electing Lai by denouncing him with harsh official rhetoric and likely directing robust influence and disinformation campaigns. These efforts ultimately failed to alter the outcome. According to Taiwan security officials, senior Chinese leaders held a meeting in early December 2023 to coordinate efforts to sway the 2024 elections in Taiwan.⁹ The meeting, which was led by fourth-ranked Politburo Standing Committee member Wang Huning, reportedly discussed the roles of various agencies in influencing Taiwan's election. 10 The meeting resulted in a plan that the CCP's Propaganda Department and a PLA psychological warfare unit would conduct influence campaigns through news outlets and social media, while the Taiwan Affairs Office and United Front Work Department would engage with Taiwan politicians and provide Taiwan citizens living in the Mainland with discounted airline tickets to fly home to vote.¹¹ During Taiwan's presidential campaign, China's Taiwan Affairs Office warned voters that they faced a choice between war and peace, implying that Lai's election could provoke a war. 12 In the aftermath of a debate among Taiwan presidential candidates in late December 2023, China's Taiwan Affairs Office spokesperson Chen Binhua asserted that Lai had "exposed his true face as a stubborn 'worker for Taiwan independence' and destroyer of peace across the Taiwan Strait," continuing a trend in Chinese official statements of mischaracterizing Lai's positions and describing him as a "troublemaker" and "separatist." 13

U.S. cybersecurity firms also documented a notable uptick in Chinese state-sponsored disinformation campaigns targeting Taiwan's media environment, some of which involve the use of AI-generated content. According to a report by Microsoft Threat Intelligence, Chinese state-linked cyber actors conducted an influence campaign to dissuade Taiwan's voters from choosing Lai, constituting what Microsoft says is the first time it has ever observed nation-state actors using AI in an attempt to influence a foreign election. Microsoft highlights cyber actors such as Storm-1376, which it says used AI to generate memes spreading fake news, falsify images, and create deepfakes of presidential candidates. To Storm-1376's online disinformation campaign

^{*}Storm-1376 (also known as "Dragonbridge" or "Spamouflage") also targeted other actors in Taiwan's political scene and election. For example, it reportedly created and amplified a defamatory video series about then President Tsai using AI-generated news anchors and ByteDance's CapCut video editing app. On the presidential election day in January, Storm-1376 posted likely AI-generated audio clips of Foxconn owner Terry Gou, formerly an independent candidate in the presidential race. The audio manipulates Mr. Gou's voice to make it sound as though he is endorsing Kuomintang (KMT) candidate Hou You-yi, even though he never formally endorsed any

Chinese Influence Campaigns Fail to Sway Taiwan's Election—Continued

included promotion of AI-generated memes suggesting Lai was corrupt and an AI-generated news anchor who delivered a report containing false information about Lai. 16 Blackbird. AI, a cyber threat intelligence firm, also released a report that identifies several narratives that China-linked influence actors attempted to perpetuate during the election cycle.¹⁷ These include narratives that Taiwan's public is anti-DPP and pro-PLA, that only China can stop the United States from turning Taiwan into a warzone, and that Taiwan's independence would harm stability in Asia. 18

Taiwan's government and civil society have responded vigorously to China's cognitive warfare campaign. In February 2024, Taiwan prosecutors charged two Taiwan citizens for allegedly fabricating and disseminating bogus opinion polls at the direction of the CCP in an attempt to influence the election, with one individual fabricating surveys and another publishing those surveys via a media company established in Taiwan after a visit to the Mainland. 19 Nonprofits such as the Information Environment Research Center (originally Information Operations Research Group) and Doublethink Lab continue to educate Taiwan's public on media literacy and expose influence operations, while the grassroots civic group Cofacts operates an online fact-checking chatbot.²⁰ Taiwan's government has also established a dedicated election-related fake news task force reportedly able to provide factual clarification within four hours of detection, releasing responses on multiple internet platforms.²¹

Lai Triumphs Electorally and Beijing Responds with Anger and Coercion

Lai's election as Taiwan's president represents the first time any of Taiwan's political parties has won a third consecutive presidential term and reflects public support for a leader who would stand up to Beijing's coercion.²² Lai defeated his opponents Hou You-yi, the mayor of New Taipei who ran as the Kuomintang (KMT) candidate, and Ko Wen-je, the former mayor of Taipei who ran as the Taiwan People's Party (TPP) candidate.*23 The candidates presented differing visions for cross-Strait relations on the campaign trail: while Lai maintained that negotiations with Beijing should only proceed if the two sides engage as equals and if the status quo of Taiwan's de facto autonomy is maintained, Hou and Ko both struck more conciliatory notes, favoring the reestablishment of cross-Strait dialogue without preconditions and a relationship based on shared cultural values and pragmatism, respectively.²⁴ Lai won with over 40 percent of the vote in Taiwan's first-past-the-post electoral system, though he

presidential candidate in the race. Microsoft Threat Intelligence, "Same Targets, New Playbooks:

presidential candidate in the race. Microsoft Infeat Intelligence, Same Targets, New Playbooks: East Asia Threat Actors Employ Unique Methods," April 2024, 6–8.

*Founded by then Taipei City Mayor Ko Wen-je in 2019, the TPP markets itself as a pragmatic party focused on domestic economic issues and government reform. Lillian Ellis, "Youth TPP Support Explained: A Shift from China to Domestic Economic Concerns," Global Taiwan Institute, August 7, 2024; Brian Hioe and Lev Nachman, "From Green to Blue: The Political History of Ko Wen-je," Diplomat, November 28, 2023; Taiwan People's Party, About Us.

garnered a smaller proportion of the vote than his predecessor President Tsai Ing-wen, who was reelected with more than 50 percent of the vote in 2020.²⁵ Hou and Ko earned 33 percent and 26 percent of the vote, respectively.²⁶

At the same time, the DPP lost its majority in the Legislative Yuan, resulting in a divided government that could complicate Lai's legislative agenda. For the first time since 2004, no single party has an absolute majority in the national legislature (57 seats): the DPP won 51 seats, the KMT won 52 seats, and the TPP won eight seats.²⁷ As a result, the TPP will act as a swing vote and play a pivotal role in the legislature.²⁸ The Legislative Yuan divisions will likely complicate the Lai Administration's efforts to authorize or fund new policies relating to the Mainland, including defense spending increases and new weapons acquisitions.²⁹ The last time a DPP president headed a divided government—under then President Chen Shui-bian—the KMT-led legislature was often able to obstruct the defense procurement process, successfully blocking the purchase of surveillance aircraft and Patriot missiles from the United States from 2004 to 2007.³⁰

Beijing Tries to Delegitimize Lai's Win, Asserts "Reunification" Is Inevitable

Chinese officials and government agencies reacted to Lai's election by attacking his legitimacy, implying foreign interference, and asserting the result would not change what they claimed was the inevitable trend of cross-Strait relations toward a unified Taiwan and China. China's Taiwan Affairs Office immediately rejected Lai's victory, asserting that the DPP does not represent mainstream public opinion on the island.³¹ Chinese state media articles also spun the unprecedented victory as an effective loss of support for the DPP. For example, one January 20, 2024, commentary by Xinhua argues that Lai "only received 40.05% of the votes, which can be described as a 'miserable victory,'" and it means that 60 percent of public opinion in Taiwan...demands [the] 'removal of the DPP." 32 The commentary claims public opinion is "drifting away from the DPP" primarily because of its "incompetence in governance, universal corruption, [and] innumerable scandals" as well as economic issues. 33 On January 14, 2024, the day after the election, Wang Yi, China's foreign minister and director of the CCP's Central Committee Foreign Affairs Commission Office, also issued a warning against any declaration of "independence" and stated, "Taiwan has never been a country. It wasn't in the past, and it certainly won't be in the future."³⁴ On January 16, 2024, China's Ministry of State Security also issued a statement on its official WeChat account, alleging that Taiwan's government and intelligence were serving as "thugs" for "'Taiwan independence' separatist forces" and unreasonably "hyping" the Mainland's interference in Taiwan's elections. 35

Lai's Inaugural Speech Stresses Consistency but Still Aggravates Beijing

During his inaugural address on May 20, 2024, Lai signaled a broad continuation of the Tsai Administration's approach to cross-Strait relations, making clear he would protect Taiwan's democracy.

Lai stated that his priorities will be to continue the prior administration's efforts to achieve sustainable peace between Taiwan and China and to continue collaboration with democratic countries to strengthen resilience in the face of challenges from authoritarian regimes.*36 Like President Tsai, Lai expressed his openness to dialogue with Beijing and pledged to uphold the previous government's "Four Commitments" for cross-Strait relations, which include cross-Strait engagement on the basis of equality, protecting Taiwan's democracy, resisting annexation, and deciding Taiwan's future on the basis of popular will.^{†37} He also stated his commitment to maintaining "the status quo" in the Taiwan Strait while promising to "neither yield [to] nor provoke" Beijing. ‡38 Lai suggested that the first step to resuming constructive relations with Beijing could include recommencing tourism and student exchanges. 39 He also promoted his "Four Pillars of Peace action plan," which consists of strengthened national defense, improved economic security, "stable and principled cross-Strait leadership," and "values-based diplomacy." 40

Notably, Lai was more explicit than his predecessor in condemning Beijing's destabilizing behavior and appealing to the global community for help. He directly highlighted China's aggressive behavior toward the island and called upon its leadership "to cease their political and military intimidation against Taiwan."⁴¹ Lai told Taiwan citizens to "not harbor any delusions" regarding the possibility of peace with Beijing, noting that "so long as China refuses to renounce the use of force against Taiwan, all of us in Taiwan ought to understand, that even if we accept the entirety of China's position and give up our sovereignty, China's ambition to annex Taiwan will not simply disappear."⁴² He also framed cross-Strait tensions as a global problem and called on the island to stand with other democracies in forming "a peaceful global community that can demonstrate the strength of deterrence and prevent war."⁴³

Although the substance of President Lai's speech closely tracked previous statements by Taiwan's leaders, Beijing sought to portray it as a new, provocative "confession of 'Taiwan independence'" and alleged that President Lai flagrantly promoted separatist ideas and incited cross-Strait tensions. ⁴⁴ Lai omitted a reference to the 1992 Consensus, a formulation the CCP claims was reached between mainland China and Taiwan representatives decades ago that asserts the two sides of the Taiwan Strait are part of "One China." § ⁴⁵

^{*}He also highlighted the DPP's domestic priorities, such as addressing housing pressure for young people and resolving issues related to labor insurance funds. Office of the President, Republic of China (Taiwan), Inaugural Address of ROC 16th-Term President Lai Ching-te, May 20, 2024.

[†]The "Four Commitments" is an approach to cross-Strait policy proposed by then President Tsai in her 2021 National Day address. The commitments are to "a free and democratic constitutional system"; that "the [Republic of China] ROC (Taiwan) and the PRC should not be subordinate to each other"; to "resist annexation or encroachment upon our sovereignty"; and that "the future of the ROC (Taiwan) must be decided in accordance with the will of the Taiwanese people." Taiwan's government asserts that these commitments reflect mainstream public opinion toward cross-Strait relations. Government of the Republic of China (Taiwan), *Cross-Strait Relations*.

[‡]Taiwan's "status quo" is defined by de facto independence while neither seeking nor acknowledging official statehood. Lev Nachman and Brian Hioe, "No, Taiwan's President Isn't 'Pro-Independence,'" *Diplomat*, April 23, 2020.

pendence, "Diptomat, April 23, 2020. §The 1992 Consensus is an understanding allegedly reached at a 1992 meeting between representatives of two quasi-official organizations that manage cross-Strait relations: China's Association for Relations Across the Taiwan Straits (ARATS) and Taiwan's Straits Exchange Foundation (SEF) (then associated with a government under the KMT's one-party rule). The term "1992 Consensus" was coined in the year 2000 by then Mainland Affairs Council (MAC) Chairman Su Chi

Beijing has insisted upon acknowledgment of the 1992 Consensus as the precondition for constructive relations, while prominent figures of the DPP have publicly questioned its existence. 46 In her 2016 inaugural speech, then President Tsai had described "various joint acknowledgements and understandings" reached at the 1992 meeting as a "historical fact" that was one of many elements underpinning the "existing political foundations" of cross-Strait relations, though she did not say that any "consensus" had been reached. 47

Chinese state media placed the blame for current cross-Strait tensions on Lai in part for refusing to acknowledge the 1992 Consensus. State-run media accused Lai of spreading "deceitful political lies," stating that he was worse than his predecessors and calling him a pawn of the West. Minister Wang was vitriolic in his response, emphasizing that efforts for "Taiwan independence" posed the most significant threat to cross-Strait stability and that "all Taiwan independence' separatists are set to be nailed to the pillar of shame in history." 50

Chinese Officials Reiterate Preference for "Peaceful Reunification" but Suggest United States Is Trying to Trick China into War

Despite the vitriolic rhetoric directed toward Lai personally, top Chinese officials have generally continued to claim in remarks before internal and external audiences their continued preference for a "peaceful" path to unification under the "one country, two systems" framework.⁵¹ There have been some notable exceptions to this formulation, however. Some U.S. observers have pointed out the omission of "peaceful reunification" from Premier Li Qiang's Work Report to the 14th National People's Congress in March 2024 and in fourth-ranked Politburo Standing Committee member Wang Huning's speech at the 16th Straits Forum, raising questions about a potential change in cross-Strait policy.⁵² Xi and other Chinese officials have continued to use this formulation, however, underscoring that official policy has not changed. During his April 2024 meeting with former Taiwan President Ma Yingjeou, for example, Xi asserted that the two sides of the Strait should jointly pursue "peaceful reunification." 53 Similarly, at a seminar in May 2024 on the "One China principle" hosted by the

under the KMT administration of Lee Teng-hui, who said that it referred to the idea that both sides agreed there is only "one China" but that each side maintained its own differing interpretation of the meaning of "one China" (leaving open the question of whether that "China" was the Republic of China under the KMT or the People's Republic of China under the CCP). The 1992 Consensus was first adopted by the KMT in 2008 under the administration of Ma Ying-jeou, and it was most recently reaffirmed in 2021 under current KMT Chairman Eric Chu. Leaders of the DPP such as Tsai Ing-wen have questioned the existence of any consensus reached at the 1992 meeting and argued that the 1992 Consensus framework does not reflect the will of the Taiwan public, since it was reportedly reached prior to the island's democratization. In a 2019 speech, General Secretary Xi equated the 1992 Consensus with "one country, two systems." Since that time, CCP events and statements have clarified that when they refer to the 1992 Consensus, it means accepting Taiwan's unification with the Mainland. Beijing maintains that the agreement does not allow for different interpretations of "one China" in the first place. Jessica Drun, "The KMT Continues to Grapple with Its '1992 Consensus," Global Taiwan Institute, September 21, 2022; John Dotson, "The CCP Commemorates the 30th Anniversary of the '1992 Consensus"—and Seeks to Change Its Meaning," Global Taiwan Institute, September 21, 2022; Derek Grossman, "Where Does China's 'One Country, Two Systems' Stand in 2020?" RAND Corporation, February 13, 2020; Derek Grossman and Brandon Alexander Millan, "Taiwan's KMT May Have a Serious '1992 Consensus' Problem," RAND Corporation, August 9, 2004.

Chinese Officials Reiterate Preference for "Peaceful Reunification" but Suggest United States Is Trying to Trick China into War—Continued

consul general of China in Osaka, Japan, Xue Jian elaborated that "peaceful reunification" and "one country, two systems" is the "basic policy" of the Chinese government to resolve the Taiwan issue. 54

Beijing has also reiterated its longstanding claims that the United States and other outsiders are encouraging Taiwan to pursue independence, though it has begun to assert that the United States desires or is even seeking to provoke a Chinese attack on Taiwan.*55 Speaking at the Asia Society in January 2024, former Chinese Ambassador to the United States Cui Tiankai stated that Beijing would not fall into the trap "somebody" may be preparing for China involving Taiwan, making a veiled reference to the United States.⁵⁶ "They will supply military assistance, they will supply weapons for proxy war, and the Chinese will be killing Chinese," former Ambassador Cui said of the supposed ploy by another country to trick China into a war with Taiwan.⁵⁷ In June 2024, the Financial Times broke a story that Xi reportedly told European Commission President Ursula von der Leyen during a meeting in April 2023 that the United States was attempting to goad Beijing into attacking Taiwan.⁵⁸ The media outlet also claims Xi told President von der Leyen he would not "take the bait" because a conflict with the United States would destroy many of China's accomplishments and undermine his goal of achieving national rejuvenation by 2049.⁵⁹ Xi's remark to President von der Leyen is the first known case of him making such a claim to a foreign leader, although he has reportedly delivered the same message to domestic officials. 60 U.S. analysts have offered differing interpretations of Xi's remarks. Jude Blanchette, Freeman Chair in China Studies at the Center for Strategic and International Studies, suggests this may indicate Xi is not receiving accurate information about U.S. intentions, while Bonnie Glaser, managing director of the German Marshall Fund's Indo-Pacific program, argues that the statement was propaganda potentially intended to divide Europe and the United States over Taiwan.61

Post-Inauguration, Beijing Continues Subversion and Intimidation Campaign

Although Lai's inauguration proceeded without major incident, Beijing continued its multifaceted efforts in the months afterward to subvert and undermine Taiwan's elected government in hopes it can weaken the DPP and lay the groundwork for eventual unification. Specifically, it conducted influence activities targeting Taiwan's

^{*}Signs of this disturbing trend became evident as early as 2023. For example, a September 2023 broadcast sponsored by the PLA reportedly claimed that the United States had increased military assistance to Taiwan in order to replicate its "proxy war" in Ukraine. An August 2023 story ran in China Daily Hong Kong asserting that the United States was actively attempting to draw China into a "Taiwan quagmire." Jeff Pao, "PLA Claims US Stirring Ukraine-Like Proxy War' for Taiwan," Asia Times, September 13, 2023; Michael Whitney, "Target China: US Plans to Goad Beijing into Taiwan War," China Daily Hong Kong, August 13, 2023.

civil society, engaged with Taiwan's opposition parties, and unveiled new criminal regulations designed to intimidate DPP supporters and others it considers "pro-independence" in and outside Taiwan.

Beijing Tries to Create Appearance of Grassroots Support for Unification

Beijing is attempting to undermine the DPP Administration by ramping up its influence activities—often referred to by the Party as "united front work"*—targeting Taiwan's civil society and political life. Two days after Lai's election in January 2024, the ĈCP's ideological journal Qiushi made public parts of a 2022 speech by Xi that extolled the Party to use united front work to develop and strengthen pro-unification forces in Taiwan, oppose "Taiwan independence," and promote "the complete reunification of the motherland."62 Director-General of Taiwan's National Security Bureau Tsai Ming-yen stated in May 2024 that the CCP is increasing its efforts to strengthen ties with people from various segments of Taiwan's society, including legislators and religious, cultural, and business groups. 63 Director-General Tsai notes that a growing number of Taiwan artists working in China were being coerced into publicly expressing pro-unification positions and that the CCP forces Taiwan individuals working in China to sign consent forms committing them to promote a unification agenda, threatening tax audits and other punitive actions if they do not comply.⁶⁴ In June 2024, Taiwan's Ministry of the Interior issued a warning based on media reporting that the CCP attempted to induce Taiwan nationals to form political parties.⁶⁵ Taiwan celebrities R-Chord and Alexis Ho accused a Chinese company, Beijing Ciguang Film and Television Media Co., Ltd., of attempting to persuade them to establish a "Taiwan Pro-Peace Party" for the purpose of establishing "a new type of cross-strait relations." 66 Taiwan's Ministry of the Interior noted that forming or funding political parties at the behest of a hostile foreign actor is in violation of Taiwan's Political Party Act and Anti-Infiltration Act.⁶⁷ The ministry stated it had knowledge that other minor political parties in Taiwan, such as the Taiwan Republican Party and the Taiwan People's Communist Party, were suspected of receiving funding and directives from the CCP.68 Under Taiwan's Political Party Act, the Ministry of the Interior had deregistered 65 political parties in Taiwan suspected of violating the act by being funded or directed by the CCP.69

In response to these activities, Taiwan's government has made or considered updates to existing foreign interference laws. In May 2024, Taiwan broadened the types of CCP-affiliated organizations from which Taiwan citizens are banned by updating the Act Governing Relations between the People of the Taiwan Area and the Main-

^{*&}quot;United front work" is a way of managing relationships with important groups and individuals outside of the CCP that is based on Russian revolutionary Vladimir Lenin's concept of forming a "united front," or a temporary alliance with one's friends and lesser enemies, to defeat greater enemies. Contemporary united front work encapsulates the various activities of CCP organs, Chinese government agencies, and their affiliates to coopt or coerce groups outside of the CCP into comporting with the Party's demands and advancing Chinese national interests as the CCP defines them. U.S.-China Economic and Security Review Commission, 2023 Annual Report, November 14, 2023, 230. Alex Joske, written testimony for U.S.-China Economic and Security Review Commission, Hearing on China's Global Influence and Interference Activities, March 23, 2023, 2; Peter Mattis, written testimony for U.S.-China Economic and Security Review Commission, Hearing on China's Global Influence and Interference Activities, March 23, 2023, 2–4.

land Area.⁷⁰ According to the updated law, Taiwan citizens are now prohibited from membership in any CCP organization or proxy that conducts united front work against Taiwan or is considered a threat to its national security or interests, including entities such as the Association for Relations Across the Taiwan Straits (ARATS) and Confucius Institutes.* 71 There has also been debate among Taiwan's political parties about whether to relax or strengthen Taiwan's 2020 Anti-Infiltration Act. KMT officials, including former President Ma Ying-jeou, have called to relax the act on the grounds that it could be used to infringe on human rights and inhibit cross-Strait exchanges, while DPP legislators have previously proposed strengthening the act to combat political parties that collaborate with malign actors. 72 A May 2024 poll conducted by Taiwan's Mainland Affairs Council suggests that a majority of respondents support an expansion of the act to combat the CCP's intensified united front work activities. with 55 percent of respondents supporting measures to strengthen the act.⁷⁵

Beijing Continues to Engage Opposition Parties as Political Alternative

Beijing has sought to strengthen its ties with Taiwan's opposition parties in a bid to cultivate alternative interlocuters across the Strait and undermine the DPP. According to National Security Bureau Director-General Tsai, Taiwan security officials noticed an uptick in CCP exchanges with members of both the KMT and the TPP after the January election.⁷⁴ Notably, Beijing has continued to host current and former KMT officials in cross-Strait meetings. In April 2024, former Taiwan President Ma of the KMT visited mainland China for 11 days, the second such trip he has undertaken in two years. 75 Ma was accompanied by a student delegation and spent much of his trip stressing that Chinese and Taiwan people share a mutual cultural identity. 76 Ma held a meeting with Taiwan Affairs Office Director Song Tao, during which Song called for more frequent cross-Strait exchanges and urged joint endeavors to rejuvenate the Chinese nation, oppose "Taiwan independence," and counter foreign interference.⁷⁷ Ma also received an audience with Xi, who asserted that "compatriots on both sides of the Taiwan Strait must resolutely oppose 'Taiwan independence' separatist activities and interference by external forces" and "jointly pursue a beautiful future of peaceful reunification." \dagger 78 Ma said that adhering to the 1992 Consensus and opposing "Taiwan independence" are the "common political founda-

Journal of Contemporary East Asia, 11.2 (February 19, 2023): 244–263. †China's state media have repeatedly published pieces that condemn the DPP for its "de-Sinicization" of Taiwan and carrying out "anti-Chinese cultural education" through revisions to textbooks and educational reform, accusing the DPP of attempting to erase Taiwan's Chinese cultural identity. China Daily, "Taiwan Independence' Ideology Condemned," May 21, 2024; Xinhua, "Mainland Slams DPP's 'De-Sinicization' Attempts in Education Sector," December 13, 2023.

^{*}The Association for Relations Across the Taiwan Straits is a quasi-official government organization set up by China's Taiwan Affairs Office through which the Mainland has formally handled cross-Strait contact with Taiwan. Confucius Institutes are organizations located at educational establishments funded and directed by the Chinese government to promote a CCP-approved vision of China through educational and cultural programs. Center for Strategic and International Studies, "Glossary"; Government Accountability Office, China: With Nearly All U.S. Confucius Institutes Closed, Some Schools Sought Alternative Language Support, October 30, 2023; Thomas Lum and Hannah Fischer, "Confucius Institutes in the United States: Selected Issues," Congressional Research Service, IF11180, May 2, 2023; Fukuda Madoka, "The Characteristics of Xi Jinping's Policy-Making on Taiwan Affairs: The Conflict between Institutionalization and Centralization," Journal of Contemporary East Asia, 11,2 (February 19, 2023): 244–263.

tion for the peaceful development of cross-strait relations," implying that the KMT is capable of engaging with Beijing because of its embrace of the 1992 Consensus, as opposed to the DPP.⁷⁹ Ma later described his meeting with Xi in glowing terms in an August 2024 speech to an overseas Chinese association in Thailand.⁸⁰ Ma described Xi's attitude as "soft and gentle" and said the Chinese leader claimed that anything can be discussed between Taiwan and China so long as "both sides recognize themselves as part of the Chinese nation."⁸¹ Ma went on to blame President Lai and the DPP for deteriorating cross-Strait relations and rejecting Xi's "goodwill."⁸²

Another notable way Beijing engages opposition parties is through its annual Straits Forum in Xiamen, Fujian Province.* In June 2024, KMT and TPP officials attended the 16th Straits Forum despite Taiwan's Mainland Affairs Council issuing a warning that the event is a tool for the CCP's united front work.⁸³ At the event, KMT Vice Chairman Lian Sheng-wen claimed that most of Taiwan's populace does not support Taiwan independence and that the KMT would continue to develop good relations between Taiwan and the Mainland.⁸⁴ Vice Chairman Lian said that both sides should strengthen youth exchanges and are both members of a "Chinese nation." ⁸⁵

Despite this engagement, Taiwan's main opposition party maintains that it is willing to defend the island's interests from encroachment by Beijing. As the KMT's traditional stance on relations with China becomes less appealing to Taiwan's electorate, a younger, "light blue" generation of the KMT has embraced positions closer to the DPP's policy platform, in contrast to the older "deep blue" generation of the KMT.86 While KMT leaders have repeatedly expressed support for their own interpretation of the 1992 Consensus, KMT officials have also claimed support for maintaining the "status quo" in cross-Strait relations, and during the 2024 election Hou publicly opposed China's "one country, two systems" framework for unification.⁸⁷ KMT officials say they favor stronger defense cooperation with the United States and the adoption of asymmetric capabilities.88 According to KMT officials, they believe their party is better positioned to serve as a productive interlocuter with Beijing.⁸⁹ Domestically, the KMT seeks to leverage its advantageous position in the Legislative Yuan to empower the legislature to conduct greater oversight of the executive branch, and it seeks to increase its appeal among Taiwan's youth voters by focusing on domestic economic issues.90

New Intimidation Tactics: Special Punishments for Taiwan "Separatists" and Harassment of Travelers

In 2024, China announced new guidelines for punishing supposed supporters of "Taiwan independence," which has been interpreted as an attempt to intimidate Taiwan residents and even foreigners involved with Taiwan. In June 2024, China's Supreme People's Court, the Supreme People's Procuratorate, the Minis-

^{*}First held in 2009, the Straits Forum is an annual conference that serves as the centerpiece of China's outreach toward Taiwan. Its official purpose is to facilitate people-to-people exchanges on both sides of the Taiwan Strait. China's Taiwan Affairs Office claimed that this year the forum would be attended by 7,000 Taiwan nationals. Yanyue Dang, "Taiwan: Forum Reveals State of Cross-Strait Travel and How to Boost It," South China Morning Post, June 17, 2024.

try for Public Security, the Ministry of State Security, and the Ministry of Justice jointly published guidelines officially designating "Taiwan independence" as a crime and laying out the punishments for such a crime.91 Punishable acts include the denial of Beijing's claim that Taiwan is part of China, the promotion of Taiwan's participation in international organizations, leading a "Taiwan independence secessionist organization," and attempting to change Taiwan's status through legal means in Taiwan. 92 Suspects could be tried in absentia and sentenced to punishments that include detention, prison terms ranging from three years to life, confiscation of possessions, and even the death sentence.⁹³ Chinese state media describe the new regulations as a "refinement" of China's Anti-Secession Law in response to Lai's election that should act as a warning to "external forces who would not keep their hands off affairs related to Taiwan."94 Notably, the guidelines do not specify that they are only applicable to Taiwan's citizens and could hypothetically apply anywhere to anyone Beijing views as encouraging Taiwan independence in ways identified by the law. 95 In August 2024, China's Taiwan Affairs Office and Ministry of Public Security launched websites denouncing a list of current and former Taiwan officials as "diehard secessionists" and calling for people to report "clues" and alleged crimes committed by those on the list. 96 The sites also encourage reporting new "'Taiwan independence' diehards who commit serious crimes." 97 Two months after the publication of the sentencing guidelines, a mainland court sentenced a Taiwan activist to nine years in prison for political activities carried out in Taiwan, marking the first known case of China's authorities convicting an individual from Taiwan with "separatism." 98 Because the law effectively includes an aiding and abetting provision, the new guidelines may have a chilling effect on foreign individuals and businesses that have dealings with both China and Taiwan, potentially forcing them to consider whether the individuals from Taiwan they interact with qualify under the provisions.⁹⁹

Moreover, Beijing has increased its intimidation of individuals from Taiwan, further illustrating its propensity for coercion and undermining the appeal of people-to-people exchanges. Beijing's intimidation tactics include temporary detentions and random identification checks of Taiwan citizens visiting China and Hong Kong, such as the following: 100

- In March 2024, an off-duty soldier in Taiwan's military who was rescued by the CCG while fishing off the coast of Kinmen was detained for allegedly "intentionally conceal[ing] information" about his military affiliation. ¹⁰¹ According to the Mainland Affairs Council, eight retired military and police personnel from Taiwan have been detained in China over the past year. ¹⁰²
- In May 2024, a photographer and author from Taiwan was detained and interrogated for "spreading obscene images" while promoting his books documenting the lives of gay men at a book fair in Nanjing.¹⁰³ In a separate occasion, a Taiwan national was detained for days while traveling with a tour group in Fujian.¹⁰⁴

• Taiwan tourists were briefly stopped and interrogated by Hong Kong police on May 30, 2024. These incidents prompted Taiwan's Mainland Affairs Council to issue a travel advisory in June to Taiwan citizens wishing to travel to Hong Kong. The Mainland Affairs Council issued another travel alert for mainland China, Hong Kong, and Macau later that month, responding in part to China's new guidelines for punishing supposed supporters of "Taiwan independence."

China Continues to Apply Military Pressure on Taiwan, Adopts Enhanced Gray Zone Tactics

China continues its multidomain pressure campaign against Taiwan, attempting to hone its operational skills for blockade or invasion and normalize its presence around Taiwan and its outlying islands. As a result, a stronger and more emboldened PLA is crossing the median line* as though it does not exist, conducting frequent air operations inside of Taiwan's ADIZ†, maintaining a consistent presence of naval vessels in the vicinity of Taiwan, and undertaking large-scale military exercises with greater frequency. Alongside these military actions, Chinese officials have increasingly disputed the existence of the median line and passed new regulations that empower the CCG to detain Taiwan vessels throughout the Taiwan Strait.

PLA Exercises around Taiwan Intimidate Populace and Enhance Capabilities

The PLA conducted a military exercise around Taiwan in May 2024 that was designed to demonstrate displeasure with the new Lai government and practice useful operational skills, marking the third year in a row it has conducted exercises at such scale. On May 23, three days after Lai's inauguration, the PLA Eastern Theater Command announced it would be conducting a two-day military exercise around Taiwan and its outlying islands, naming the exercises Joint Sword 2024A. A spokesman for the PLA's Eastern Theater Command stated that the intent of the drills was to "serve as a

†An air defense identification zone (ADIZ) is an area of airspace over land or water in which the ready identification and location of all aircraft is required in the interest of a nation's national security. While Taiwan's claimed ADIZ covers large portions of mainland China, its Ministry of National Defense only reports on aircraft that enter Taiwan's de facto ADIZ. Ben Lewis, "2022 in ADIZ Violations: China Dials Up the Pressure on Taiwan," Center for Strategic and International Studies, March 23, 2023; Federal Aviation Administration, ENR 1.12 National Security and

Interception Procedures.

^{*}The median line, also known as the center line, is an informal demarcation extending down the middle of the Taiwan Strait. The line was drawn in 1955 by General Benjamin O. Davis, then commander of the U.S. Air Force's Taiwan-based 13th Air Force. While the Chinese government in Beijing never formally agreed to the establishment of the median line, both the PLA and Taiwan's military observed the line in practice. In the decades immediately following the drawing of the median line, Taiwan's military superiority made it too dangerous for PLA aircraft to cross the line. In fact, the Taiwan military also never publicly acknowledged the median line until 1999, when the PLA's first deliberate crossing occurred. With the shift in the cross-Strait military balance in China's favor over the last two decades, Taiwan is no longer able to prevent PLA aircraft from crossing the line. In 2019, two Chinese fighter aircraft intentionally crossed the median line for the first time since 1999. China's continued median line crossings constitute a unilateral change to the cross-Strait status quo. While China's foreign ministry said in September 2020 that the median line did not exist, Taiwan's defense ministry described its existence as a "fact" in August 2022. Reuters, "Taiwan' Says Strait Median Line Is a 'Fact," August 8, 2022; Ralph Jennings, "What Is the Median Line between China and Taiwan?" Voice of America, October 28, 2020; U.S.-China Economic and Security Review Commission, Chapter 5, "Taiwan," in 2019 Annual Report to Congress, November 2019, 449.

strong punishment for the separatist acts of 'Taiwan independence' forces and a stern warning against the interference and provocation by external forces." ¹⁰⁹ According to the PLA's Eastern Theater Command, the exercises focused on "joint sea-air combat-readiness" patrol, joint seizure of comprehensive battlefield control, and joint precision strikes on key targets." 110 U.S. PLA experts speculate the drills served to improve coordination between the PLA and the CCG. practice skills needed for both blockade or invasion scenarios, and intimidate the people of Taiwan. 111 Despite Beijing's assertion that the exercises were a "punishment" in response to Lai's inauguration, Joint Sword 2024A was likely planned in advance. 112 The naming convention of the exercises suggested that Beijing intended to conduct similar drills annually, possibly in multiple stages throughout the year—a suggestion borne out by additional exercises in October 2024.*113

Joint Sword 2024A had some notable parallels to prior major exercises conducted in 2022 and 2023 but included novel elements such as the increased participation of the CCG, and on the whole the exercise seemed smaller and less ambitious than prior iterations.† Like the previous two years of exercises, Joint Sword 2024A emphasized "encirclement" exercises encompassing the waters around Taiwan. However, the location and operational skills practiced by Joint Sword 2024A varied somewhat from the exercises in 2022 and 2023. Notable features included:

- Training focuses on jointness and blockade skills: According to the Eastern Theater Command, PLA army, navy, air force, rocket force, and other forces practiced joint sea and air combat readiness patrols, "joint seizure of comprehensive battlefield control," joint precision strikes on key targets, and what it described as integrated operations inside and outside of Taiwan to test the actual "joint combat capabilities" of its forces. 114
- Exercise locations could facilitate blockade and include outlying islands: The PLA's eight declared exercise zones included areas that would be crucial to block energy imports or to intercept U.S. military force flows toward the island, and two of them appeared to extend into Taiwan's contiguous zone. 115 In contrast to previous years' focus on the main island of Taiwan, three of these zones were superimposed on Taiwan's outlying islands. 116 During the exercise, the Fujian Province Coast Guard exercised in the waters around the Wuqiu and Dongyin islands "to test its joint patrol, rapid reaction and emergency response capabilities." 117 In a first, CCG patrol vessels entered the waters

^{*}The exercises the PLA conducted in the spring of 2023 were also named Joint Sword. As some military experts have noted, the addition of a year and letter designation suggested that follow-on exercises may be planned in the future. As discussed below, this analysis was correct. John Dotson and Jonathan Harman, "The PLA's Inauguration Gift to President Lai: The Joint Sword 2024A Exercise," Global Taiwan Institute, June 12, 2024; Lee Ya-wen et al., "Chinese Military Drills around Taiwan Could Be First in Series: Expert," Focus Taiwan, May 23, 2024. †The PLA launched similar exercises in the air and waters surrounding Taiwan in 2022 following then Speaker of the House Nancy Pelosi's visit to the island, and in 2023 after then Taiwan President Tsai transited the United States. Lee Ya-wen et al., "Chinese Military Drills around Taiwan Could Be First in Series: Expert," Focus Taiwan, May 23, 2024; Bonny Lin et al., "Tracking China's April 2023 Military Exercises around Taiwan," Center for Strategic and International Studies, 2023. *The exercises the PLA conducted in the spring of 2023 were also named Joint Sword. As

Studies, 2023.

around Wuqiu and Dongyin, reportedly coming as close as 2.8 nautical miles from the Wuqiu islands and as close as 3.1 nautical miles from Dongyin before being warned off by the Taiwan Coast Guard vessels.¹¹⁸

- China Coast Guard joins PLA in exercising around Taiwan in apparent first: In concert with the PLA exercises, CCG forces conducted a "comprehensive law enforcement exercise" around Taiwan's outlying islands in a potential first, suggesting the CCG could be preparing to assert China's maritime claims in the Taiwan Strait or augment future PLA operations against Taiwan. 119 According to data released by Taiwan's Ministry of National Defense, four CCG ships navigated to the east of Taiwan in proximity to the eastern PLA exercise zone off the Hualien coast, and three CCG ships sailed toward the southwest of Taiwan, close to the southern entrance of the Taiwan Strait. 120 On the first day of the exercises, Taiwan's Ministry of National Defense recorded as many as 16 CCG ships in the vicinity of Taiwan and its surrounding islands. 121 CCG forces reportedly engaged in mock inspections of foreign vessels and exercised the use of a water cannon. 122
- No aircraft carrier but some key weapons systems appear: The PLA did not employ any significant new platforms during the exercises and did not deploy an aircraft carrier group. 123 The Eastern Theater Command did highlight six key PLA weapons systems reportedly deployed in the exercise, namely J-20 and J-16 fighter aircraft, Type 052D destroyers, a Type 071 amphibious transport dock, a Dongfeng series ballistic missile, and a PHL-16 Multiple Rocket Launch System (MRLS). 124
- Smaller scale overall, but greater naval component: Unlike previous years, these exercises reportedly did not feature live fire components. Pewer aircraft were involved than in previous years, with a total of 82 aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft intrusions into the ADIZ and 74 median line crossings. Pewer aircraft int

As the naming convention suggests, on October 14, 2024, China conducted another large-scale military exercise around Taiwan and its outlying islands called Joint Sword 2024B. ¹²⁹ According to a spokesperson for the PLA Eastern Theater Command, the one-day drills involved troops from China's army, navy, air force, and rocket force and focused on honing the PLA's ability to blockade Taiwan's ports, attack "maritime and ground targets," and achieve other strategic objectives. ¹³⁰ The drills were held several days after President Lai delivered an annual address to commemorate the National Day of the Republic of China (Taiwan) on October 10, 2024, and Beijing once again justified the military activity as a response to the "provocations" of "Taiwan independence" forces. ¹³¹ Taiwan's Ministry of National Defense announced that a single-day record of

153 PLA aircraft* as well as 14 PLA Navy vessels and 12 "official ships" (such as CCG ships) were detected in the waters and airspace around Taiwan on the day of the drills. 132 Significantly, Joint Sword 2024B also marked the first time the PLA's *Liaoning* aircraft carrier participated in military drills aimed at Taiwan. 133

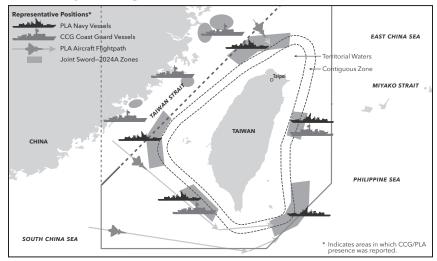


Figure 1: Map of the PLA's Joint Sword 2024A Exercises

Note: Map depicting the areas in which China held Joint Sword 2024A exercise this year. Notional flight paths of aircraft are depicted based on commonly followed paths of PLA aircraft. The solid line indicates Taiwan's de facto ADIZ. According to Taiwan's Ministry of National Defense, over the two days of this exercise 111 PLA aircraft conducted violations of Taiwan's de facto ADIZ, and there were 82 median line crossings. As many as 46 PLA vessels took part in the exercise, including as many as 16 CCG vessels around both Taiwan's main and outlying islands. 134

Source: Bonny Lin and Brian Hart, "How Is China Responding to the Inauguration of Taiwan's President William Lai?" Center for Strategic and International Studies, May 24, 2024; Focus Taiwan, "No PLA Live-Fire Exercises Detected in Taiwan Strait: Taiwan Military," May 23, cus ruwun, No fla Live-fire Exercises Detected in Taiwan Strait: Taiwan Military," May 23, 2024; China's Ministry of National Defense, *The Eastern Theater Command Released a Diagram of the "Joint Sword-2024A" Exercise Area* (东部战区发布"联合利剑—2024A"演习区域示意图, May 23, 2024. Translation; Republic of China (Taiwan) Ministry of National Defense, *PLA Activities in the Waters and Airspace around Taiwan* (中共解放軍臺海周邊海、空域動態), May 23–25, 2024. Translation.

Exercises like Joint Sword 2024A will likely become recurring events, allowing China to ratchet up military pressure at will in ways that allow Beijing to signal its displeasure at Taiwan's government while further improving the PLA's capabilities. 135 Such exercises carry high potential to be used as cover for military hostilities against the island. 136

China Continues Gray Zone Campaign against Taiwan with No Significant Repercussions

In 2024, China continued its gray zone† campaign against Taiwan, expanding its operations and incorporating new methods for

^{*}Of the 153 PLA aircraft, 111 crossed the median line of the Taiwan Strait and proceeded to enter Taiwan's ADIZ. Taiwan's Ministry of National Defense, *PLA Activities in the Waters and Airspace around Taiwan* (中共解放軍臺海周邊海、空域動態), October 15, 2024. Translation. †A 2019 RAND Corporation study defined the "gray zone" as "an operational space between

peace and war, involving coercive actions to change the status quo below a threshold that, in most cases, would prompt a conventional [kinetic] military response, often by blurring the line

increasing pressure on the Lai Administration and Taiwan's populace. China continued its efforts to degrade Taiwan's resolve through near-daily incursions into Taiwan's ADIZ while simultaneously increasing activity via its coast guard, balloons, and unilateral civilian flight route modifications that aim to enforce China's claims of sovereignty over the island and the Taiwan Strait. China's increasingly aggressive activity in the Taiwan Strait via its maritime law enforcement agencies represents an escalation of its decades-long "lawfare" campaign to intimidate Taiwan's populace and give China's actions in the Strait an illusion of legitimacy. China's actions represent what the former Commander of U.S. Indo-Pacific Command Admiral John Aquilino described as a "boiling frog" strategy: gradually increasing threatening activity in the Taiwan Strait so that the ultimate danger will not be appreciated until it is too late. 137

China Continues Intimidation of Taiwan in the Air with Balloons, New Flight Routes

PLA air operations around Taiwan are now a near-daily occurrence, compared to just five years ago, when incursions over the median line and into the ADIZ were rare. After Lai's inauguration, PLA incursions into Taiwan's ADIZ increased significantly over the pace set in 2023. According to a database currently maintained by defense analysts Gerald C. Brown and Ben Lewis that compiles data published by Taiwan's Ministry of National Defense, approximately 2,301 PLA aircraft made sorties into Taiwan's ADIZ between January 1 and October 10, 2024, 64 percent more than the 1,396 sorties that occurred over the same period in 2023. The most intense period occurred in July 2024, with 278 aircraft reported over a two-week period from July 1 to 13, tying a daily record number of 56 aircraft set in 2021. The same period occurred number of 56 aircraft set in 2021.

between military and non-military actions and the attribution for events." Gray zone tactics can occur through military intimidation, paramilitary activity, the economic activities of state-owned enterprises or private proxies, information operations, diplomacy, and economic coercion. Lyle J. Morris et al., "Gaining Competitive Advantage in the Gray Zone: Response Options for Coercive Aggression below the Threshold of Major War," RAND Corporation, 2019, 8, 30–40.

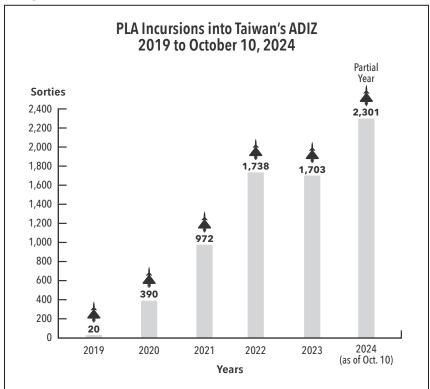


Figure 2: PLA Incursions into Taiwan's ADIZ 2019 to October 10, 2024

Note: Figure compares reported incursions by PLA aircraft into Taiwan's ADIZ between 2019 and 2024. Increased PLA activity surrounding the October Joint Sword 2024B exercise would bring the total number of ADIZ violations to 2,459 for the period of January 1 to October 14, 2024. ¹⁴¹

Source: Taiwan's Ministry of National Defense, compiled by Gerald C. Brown and Ben Lewis. Gerald C. Brown and Ben Lewis, "Taiwan ADIZ Violations," PLA Tracker, last updated October 10, 2024.

Starting in December 2023, China augmented its air operations in Taiwan's ADIZ with balloons launched from the Mainland. On December 7, 2023, a balloon was observed crossing the median line for the first time on the same date that multiple PLA aircraft and ships were observed in the proximity of Taiwan. 142 Throughout December 2023 and January to February 2024, balloon sightings became a near-daily occurrence before tapering off in March and abruptly ending in April. 143 The first overflight of a balloon over Taiwan occurred on January 3, 2024, and escalated to an unprecedented scale in the weeks before and after Taiwan's presidential election. 144 During this period, more than a hundred balloons were tracked flying near Taiwan in total. 145 When questioned about the initial reports of balloons in December 2023, Wu Qian, a spokesman for China's Ministry of National Defense, did not confirm or deny knowledge of any flights while simultaneously reiterating China's claims over Taiwan and accusing the DPP of exaggerating the issue in order to gain votes in the presidential election. 146 Multiple Taiwan officials told the press that the balloons were mostly weather balloons collecting atmospheric data but are still part of China's gray zone campaign against Taiwan. The balloons were tracked at unusually low altitudes for meteorological balloons in air corridors used for commercial aviation, which posed risks for midair collisions. Taiwan experts and officials did speculate that the balloons could have other purposes, such as gathering atmospheric data to enable PLA air or missile operations, confusing Taiwan military radar, or signaling to Taiwan's populace that its government cannot defend its airspace. 149

China's aviation authorities made a major unilateral change to civilian air traffic routes around Taiwan in January, abrogating a 2015 compromise reached with Taiwan's government and furthering their longstanding effort to nullify the median line. Two weeks after Taiwan's election, the Civil Aviation Administration of China (CAAC) made an unanticipated change to the M503 flight route in the Taiwan Strait, canceling a six-nautical-mile "offset" of the flight path, which runs north to south through the Strait.* 150 Planes following the flight path—one mainly used by Chinese airlines but also by some foreign carriers—will now come as close as 4.2 nautical miles to the median line, a demarcation that once acted as an informal barrier between aircraft from the two sides. 151 In addition, the CAAC announced the initiation of eastbound flights on the W122 and W123 paths, which link the M503 flight path to the cities of Fuzhou and Xiamen, respectively, and were previously restricted to only westbound flights. 152 China's Taiwan Affairs Office spokespersons called the changes "routine," stating there was no need to discuss the change with Taiwan and rejecting the existence of the median line. 153 Experts in Taiwan and the United States disagree, however, arguing that the move was an act of "legal warfare" designed to put pressure on the Lai Administration and degrade the existence of the median line. 154

China's unilateral modification of civilian air traffic routes increases the risk for miscalculation and decreases aviation safety in the Taiwan Strait. Because PLA aircraft now regularly fly east from China to cross the median line, the change in flight routes provides the PLA with increased opportunity to disguise military flights behind a civilian façade, reducing Taiwan's ability to identify, warn, and defend against attack. The introduction of bidirectional air

^{*}China's unilateral flight path adjustments represent a rejection of both its previous agreements with Taiwan and an erosion of the rules-based international order. After Taiwan objected to China establishing the M503, W121, W122, and W123 civilian flight routes in 2015, China agreed to move the M503 route six nautical miles to the west; limit traffic to only southbound non-military flights; and not make changes to routes or implement the W121, W122, and W123 flight routes without consulting Taiwan's Civil Aeronautics Administration (CAA). This agreement was made during the administration of then Taiwan President Ma Ying-jeou, a period of comparatively positive cross-Strait relations. In 2018, China breached the agreement by launching north-bound flights in M503 and westbound flights in W121, W122, and W123 without consulting the CAA. Taiwan was excluded from the International Civil Aviation Organization (ICAO) in 2016 after pressure from China and thus had no international forum to voice its concerns. China's unilateral adjustment of the flight routes runs contrary to its commitments under the ICAO. United States Indo-Pacific Command, Topic: The PRC's Modification of Civilian Flight Routes in the Taiwan Strait, March 8, 2024; Lin Feng, "Taiwan Snubbed by ICAO, Under Pressure from China," Voice of America, September 23, 2016; Taiwan's Mainland Affairs Council, The Government Has Secured Taiwan's Rights and Interests through Cross-Strait M503 Air Route Consultations and Respected Congressional Oversight, March 27, 2015; International Civil Aviation Organization, "The First Meeting of South China Sea Major Traffic Flow Review Group (SCS-MTFRG/1)," January 20, 2016.

traffic and higher volumes of aircraft so close to Taiwan's ADIZ and the Taipei Flight Identification Region will also likely strain the Taiwan Civil Aeronautics Administration's capacity to ensure the safety of civilian flight in the Taiwan Strait. 156

Chinese Maritime Operations Aim to Bolster Legal Claims over Taiwan

In 2024, China intensified its naval presence around Taiwan through increased deployments of military, law enforcement, and ostensibly civilian ships with the likely goals of routinizing its presence and bolstering its legal claims over the island and the Taiwan Strait.* According to data released by Taiwan's Ministry of National Defense, China's naval and coast guard vessels were observed in the vicinity of Taiwan 1,937 times between January 1 and October 10 of 2024, a figure 37 percent higher than the 1,414 vessels observed during the same timeframe in 2023.†157 The enhanced naval presence around Taiwan is likely meant to demonstrate China's superior maritime capability and to force Taiwan's navy and coast guard to expend finite resources in response. 158 China's increased maritime efforts are not limited to naval vessels. In late 2023, Zhu Hai Yun, an advanced Chinese research ship connected to the PLA and capable of operating a dual-use naval drone swarm, circumnavigated Taiwan, likely taking maritime surveys.‡ 159 Zhu Hai Yun reportedly skirted and briefly entered Taiwan's contiguous zone \ and is one of a number of Chinese research vessels that have done so in the past vear. 160

Beijing has enhanced CCG participation in gray zone activities, providing new capabilities and enhancing its "lawfare" approach to Taiwan Strait issues. Beijing intends to provide a façade of legality for its gray zone activities and to support its claims on the island and the Taiwan Strait. 161 For example, China could seek to regulate global shipping through the Taiwan Strait and frame any military action against Taiwan as an "internal matter." 162 Beijing has used a recent fishing incident to justify a more aggressive coast guard presence in the Taiwan Strait and around Taiwan's outlying islands, launching "law enforcement patrols" to further China's claims that the Taiwan Strait constitutes its internal waters. 163 In February 2024, a China-registered boat sailing in Taiwan's territorial waters

14, 2024. ‡While the research conducted is ostensibly for civilian purposes, the data (such as seabed characteristics, salinity, currents, and diurnal heating) could also be used to support naval warfare, particularly underwater warfare. Zack Liao, "China's Grey Zone Maritime Operations near Taiwan Intensify," *GeoStrategy*, April 3, 2024.

§ Consistent with UN Convention on the Law of the Sea (UNCLOS) regulations, Taiwan defines

its territorial sea as beginning 12 nautical miles from its coast and its contiguous zone as beginning 24 nautical miles from its coast. UN Convention on the Law of the Sea, Part II, "Territorial Sea and Contiguous Zone," Section 4, Article 3, 33.

^{*}Chinese officials on multiple occasions have claimed that the Taiwan Strait is not international waters, instead arguing that the Taiwan Strait is China's internal waters, a claim rejected by Taiwan, the United States, and its allies. China's Foreign Ministry spokesman Wang Wenbin stated in June 2023 that "China has sovereignty, sovereign rights and jurisdiction over the Tai-wan Strait." China's statements may aim to establish a legal basis on which to attempt to deny wan Strait." China's statements may aim to establish a legal basis on which to attempt to deny U.S. and foreign military vessels access to the Taiwan Strait. Alex Wilson, "China Asserts Jurisdiction over Taiwan Strait, Shuns International Waters' Stance by US," Stars and Stripes, June 14, 2022; China's Ministry of Foreign Affairs, "Foreign Ministry Spokesperson Wang Wenbin's Regular Press Conference on June 13, 2022," June 13, 2022; Peter Martin, "China Alarms US with Private Warnings to Avoid Taiwan Strait," Bloomberg, June 12, 2022.

†Increased PLA activity surrounding the October Joint Sword 2024B exercise would bring the total number of vessels observed around Taiwan to 1,976 for the period of January 1 to October 14, 2024.

off of Kinmen carrying four Chinese fishermen capsized during a chase after it refused inspection by Taiwan authorities, resulting in the deaths of two of the fishermen. 164 China's Taiwan Affairs Office framed the event as a "vicious incident" and attributed the cause to Taiwan's DPP Administration for treating mainland fishermen in a "rough and dangerous manner." 165 A few days after the incident, the Chinese authorities declared their intention to intensify patrols in the vicinity of Kinmen. 166 On the same day as the declaration and for the first time—the CCG boarded and conducted a 30-minute search on a Taiwan tourist ship before granting it permission to return to Kinmen. 167 In May 2024, Taiwan officials reported that 11 Chinese vessels intruded into what Taiwan refers to as "restricted and prohibited waters"* around Kinmen island, a record number in one day. Seven Chinese vessels, including Maritime Safety Administration and fisheries enforcement ships, entered Kinmen's restricted waters and were suspected of engaging in a maritime exercise with three Chinese fishing boats. 169 At the same time, another group of four CCG ships entered "restricted and prohibited waters" south of Kinmen, marking the first time CCG and other official Chinese ships have sailed into the waters around Kinmen simultaneously.¹⁷⁰ In mid-May 2024, approximately one week prior to the Joint Sword 2024A exercises, Chinese official media stated that the intensified "Kinmen model" of law enforcement inspections it launched this year "can also be applied to Matsu and Penghu islands, and even the entire Taiwan Strait." ¹⁷¹ Western PLA experts assess that these exercises could be conducted with the intent of imposing a CCG-led "quarantine" of Taiwan, which could force shipping destined for the island to comply with Chinese rules and assert Beijing's claims of sovereignty over Taiwan. Also in May 2024, China passed additional regulations that would authorize the CCG to detain foreign ships that illegally enter "waters under [China's] jurisdiction."† 173 Taiwan Coast Guard Administration Deputy Director-General Hsieh Ching-chin linked the new regulation to the

areas) and to conduct forcible eviction of foreign military vessels that violate Chinese domestic law. The law stipulates that Chinese authorities may use all means—including force—against foreign organizations or individuals it judges to be infringing on Chinese sovereignty, and it allows them to set up provisional maritime warning areas in which the passage of vessels and people could be restricted or prohibited. Japan Ministry of Defense, The Coast Guard Law of the People's Republic of China; China Coast Guard, Provisions on Administrative Enforcement Procedures of Coast Guard Agencies (2024) ((2024年)海警机构行政执法程序规定), May 16, 2024. Translation; China Daily, "Kinmen Model' Can Be Expanded to Taiwan Strait," May 14, 2024.

^{*}Taiwan's Ministry of National Defense first designated "restricted and prohibited waters in the area surrounding Kinmen" on October 7, 1992, in accordance with the "Act Governing Relations between the People of the Taiwan Area and the Mainland Area," which stipulates that "mainland Chinese vessels are not allowed to enter Taiwan's restricted and prohibited waters without permission." The prohibited area surrounding Kinmen extends approximately 2.48 miles (4,000 meters) to the east, approximately 4.97 miles (8,000 meters) to the south, and between 0.93 and 1.24 miles (1,500–2,000 meters) off the north and west coasts closer to China. The re-5.33 and 1.24 miles (1,500–2,000 meters) oil the north and west coasts closer to China. The restricted area extends approximately 1.24 miles (2,000 meters) beyond the prohibited area to the south and east. China does not recognize the restricted and prohibited waters surrounding Kinmen. CNA, "Chinese Coast Guard Spotted near Kinmen after Warning," Taipei Times, February 19, 2024; Taiwan's Mainland Affairs Council, "The CCP Persistently Condones Illegal Fishing by the "Three No's' Vessels. Taiwan will Continue Responding with Strict, Firm, and Consistent Law Enforcement. The MAC Deeply Regrets the Baseless Accusations by the TAO in Disregard of the Enforcement. The MAC Deeply Regrets the Baseless Accusations by the TAO in Disregard of the Efforts by All Parties to Investigate the Cause and Handle the Follow-Up Matters of the Incident" (中共長期総容「三無」船舶違法濫捕,我方仍將持續嚴正穩健執法,國台辦無端指控,無視各方積極調查肇因與善後處理的努力,陸委會深表遺憾),February 18, 2024. Translation; Taiwan's Mainland Affairs Council, Map of Kinmen Area Restricted (Prohibited) Waters (金门地区限制(禁止)水域图),June 7, 2004. Translation.

†In 2021, China passed the China Coast Guard Law, which allows the CCG to engage in law enforcement operations in "maritime areas under Chinese jurisdiction" (without defining those areas) and to conduct forcible eviction of foreign military vessels that "violate" Chinese domestic law The law stimulates that Chinese authorities may use all means—including force—against force—aga

July seizure of a Taiwan-registered fishing boat by the CCG in the waters off the coast of Kinmen.¹⁷⁴ According to Director-General Hsieh, this is the first such incident since 2007.¹⁷⁵ (For more on CCG operations in the Indo-Pacific, see Chapter 2, "U.S.-China Security and Foreign Affairs (Year in Review).")

While Taiwan continues to develop and train its coast guard to combat China's gray zone operations, it remains outmatched by the CCG. Taiwan's Coast Guard Administration (CGA) responds regularly to Chinese maritime incursions, as it did during the PLA's Joint Sword 2024A exercise this year when CGA ships warned off CCG ships that had entered restricted waters around the Taiwan-controlled outlying islands of Dongyin in Matsu and Wuqiu in Kinmen.¹⁷⁶ Taiwan has been steadily designing and launching advanced coast guard vessels as part of a shipbuilding project that was initiated in 2018.¹⁷⁷ The project aims to build 141 vessels by 2027, including four 4,000-ton class patrol vessels, six 1,000-ton class patrol vessels, 12 600-ton class patrol vessels, 17 100-ton class patrol boats, 52 35-ton class patrol boats, and 50 littoral utility boats. 178 Despite this investment, Taiwan's coast guard forces are outmatched by the CCG in terms of both numbers and tonnage. 179 Taiwan also cannot match the CCG's ability to draw resources from China's other maritime forces, such as the Maritime Security Agency, which has at least three dozen oceangoing vessels as well as hundreds of smaller patrol craft, or the thousands of fishing vessels associated with China's maritime militia. 180

China Coast Guard (CCG)
545 Patrol and Coastal Combatants*

Taiwan Coast Guard Administration (CGA)
170 Patrol and Coastal Combatants

* Not counting China Maritime Safety Administration or China Maritime Militia Vessels

Figure 3: Comparison of China and Taiwan's Coast Guard Fleet

Note: Chart depicting the number of ships in both the CCG and Taiwan's CGA in units of 100. Source: International Institute for Strategic Studies, "Military Balance: Asia," 124:1 (2024): 263–317

To date, China has not faced significant repercussions for its expanding gray zone activities against Taiwan. Taiwan's military and coast guard regularly intercept Chinese aircraft and vessels violating its ADIZ and waters but have not taken more aggressive action to date. 181 The U.S. Department of State responded to the CCG's

seizure of a Taiwan fishing vessel by stating it was closely monitoring the incident and called for resolution via open communication between both sides, but it did not unveil any punitive actions. 182

Lai Administration Continues Defense Reforms, Pursuing Asymmetric Capabilities and Better-Trained Personnel

The Lai Administration has made it clear that it intends to continue the military strategy embraced by the previous Tsai Administration. High-level personnel shuffling has retained veterans of the previous administration, indicating commitment to the ongoing reforms of Taiwan's military. Taiwan continues to modernize its military human capital, improving training, launching quality-of-life reforms, and taking the first steps toward a new military culture better suited to modern warfighting conditions. In public statements, defense officials have committed to adopting equipment applicable to an asymmetric strategy, but Taiwan's armed forces continue to desire conventional platforms useful for responding to the pressure created by China's daily gray zone operations. The United States continues to support Taiwan's defense through increasing focus on resources in the Indo-Pacific and via arms sales to Taiwan, but issues remain in the delivery of long-awaited systems.

Taiwan's National Security Apparatus Maintains Course, Enhances Resilience Efforts

Taiwan's new cabinet signals a continuity of policy under Lai by retaining veteran security officials. Tsai Ming-yen remains as director-general of Taiwan's principal intelligence agency, the National Security Bureau, a position typically held by former military officers and one Tsai has held since January 2023. ¹⁸⁴ Joseph Wu, former foreign minister, heads Taiwan's National Security Council, a position he previously held under Tsai from 2016 to 2017. ¹⁸⁵ Secretary-General of Taiwan's National Security Council Wellington Koo serves as defense minister—the first not drawn from the ranks of retired generals since 2013. ¹⁸⁶ Koo's appointment is likely intended to create a greater push for the Lai Administration's desired reforms and changes to the political culture of the armed forces. ¹⁸⁷

Taiwan is also seeking to enhance the resilience of its society and institutions to better prepare for various contingencies. In June 2024, Lai announced the creation of the Whole-of-Society Defense Resilience Committee under the Presidential Office and announced he would serve as its head.* 188 Lai's establishment of that committee signals a fresh commitment to improving Taiwan's civil resilience. According to Lai, the committee will enhance emergency preparedness and disaster resilience by focusing on expanding civilian training, ensuring adequate supplies and shelters, and reinforcing energy and critical infrastructure security. 189 Lai emphasized the importance of the public's commitment to resiliency initiatives, noting that "only when our entire society possesses a strong will for self-defense and an unwavering confidence in ourselves can Taiwan effectively respond to various disasters and risks." 190

^{*}Vice President Hsiao Bi-khim, National Security Council Secretary-General Joseph Wu, and Secretary-General to the President Pan Men-an will serve as deputy conveners. Office of the President, Republic of China (Taiwan), President Lai Holds Press Conference to Mark First Month in Office, June 19, 2024.

Societal resilience is key as Taiwan faces threats of blockade or invasion from China. Taiwan's handling of disinformation enhances its societal resilience while government and civil society organizations continue to bolster its civil defense capabilities. 191 In September 2024, the U.S. nonprofit Spirit of America and Taiwan's Forward Alliance held a joint emergency preparedness exercise in Taipei with over 300 participants taking part in the exercise, which was attended by Vice President Hsiao Bi-khim. 192 China-origin disinformation efforts have been pushing various narratives designed to degrade the Taiwan public's will to resist should a conflict break out. 193 Scott W. Harold, senior political scientist at the RAND Corporation, assesses these include narratives designed to induce doubts about Taiwan's leadership, present Taiwan's armed forces as incapable of defending the island, and spread fears that the United States would abandon Taiwan in a contingency. 194 Experts assess that perceptions of the likelihood of U.S. military intervention in the event of conflict are a key factor in the Taiwan public's willingness to resist a Chinese attack and a major focus of Chinese state-sponsored disinformation efforts.* 195 Polls conducted by Taiwan's National Chengchi University examining Taiwan's confidence in U.S. involvement in a conflict have shifted based on U.S. actions. For instance, public confidence temporarily declined after observations that the United States was only sending weapons to Ukraine, rather than troops. 196 Later in 2022, academic researchers in Taiwan found that visits by high-level U.S. officials to the island had boosted confidence in the U.S. commitment to Taiwan. 197 A 2024 poll found that about 54 percent of people in Taiwan believed the United States would come to Taiwan's aid regardless of who the U.S. president is, even as only around 24 percent of respondents in Taiwan viewed the United States as "trustworthy" or "very trustworthy." 198 Other 2024 polls conducted in Taiwan found that respondents who were not confident in U.S. military involvement in a Taiwan conflict correspondingly had low confidence in Taiwan's military capabilities and lower willingness to fight. 199 More broadly, polling conducted by Taiwan's Institute for National Defense and Security Research (INDSR) from September 2021 to August 2023 found that support among Taiwan's populace to fight to defend Taiwan averaged between 65 percent and 75 percent during those two years.²⁰⁰ The most recent INDSR survey, published in October 2024, is consistent with earlier results, finding that about 68 percent of respondents would be willing to fight to defend Taiwan and approximately 53 percent believed the United States would send troops to Taiwan to aid in its defense.† 201

^{*}A survey conducted by the Election Study Center at National Chengchi University in 2024 found that 59.6 percent of respondents believe the United States will use force to defend Taiwan

found that 59.6 percent of respondents believe the United States will use force to defend Taiwan if China attacks, with 31.7 percent believing it will not; 58.2 percent of respondents answered that U.S. support for Taiwan's security had increased in recent years. National Chencghi University, "2024 Survey Results of the 'American Portrait' Press Release," July 18, 2024.

†According to Li Guangcheng, assistant research at the National Defense Academy, the poll results also indicated that if China invades Taiwan with force, most of the Taiwan public believes the United States would help Taiwan in indirect ways such as "airlifting food or medical supplies to Taiwan," "imposlingl economic and diplomatic sanctions on China," and "providlingl weapons and military supplies to Taiwan." However, there are reservations regarding the possibility of direct military intervention by the United States should conflict occur. Lai Yuzhen, "Institute for National Defense and Security Research Survey. More than Half of the Public Thinks That IIS National Defense and Security Research Survey: More than Half of the Public Thinks That U.S. Troops Would Come to Help if China Militarily Invades Taiwan" (國防院民調:中國若武力犯台 逾半民眾認為美軍將馳援), Central News Agency, October 9, 2024. Translation.

Taiwan Continues Military Reforms to Manpower and Training

Taiwan has taken steps to reform its armed forces, addressing a variety of issues related to training and recruitment, but it remains difficult for outside observers to assess its progress. Shortly after becoming defense minister, Koo emphasized the importance of developing better combat resilience, mobilizing civilian defense, strengthening reserve forces, promoting defense autonomy, and prioritizing the wellbeing of soldiers.²⁰² Defense Minister Koo has ordered updates to military regulations to improve the quality of life of Taiwan troops and remove training judged to have little practical use in modern warfare, such as bayonet drills and ceremonial goose-stepping.²⁰³ Before being cut short after three days due to troops being mobilized to support disaster-relief efforts following Typhoon Gaemi, the field portion of Taiwan's annual Han Kuang exercise was to be unrehearsed and less scripted than in previous years and to feature Taiwan forces operating at night and independently of orders from central command.*204 Exercises were also to be staged involving military-civilian cooperation, including testing the ability to conduct wartime supply delivery missions to maintain links to the outside world in the event of a blockade. Such reforms are intended to address criticisms that Taiwan's military training lacks realism and rigor, with Koo stating that Taiwan's Ministry of National Defense would cancel live-fire exercises that are "put up for a show or demonstration purposes only."206 An October 2023 report by the Legislative Yuan's Budget Center showed Taiwan has 155,218 active volunteer soldiers, the lowest number in its military in the past five years, and some army units are manned at as low as 80 percent of their authorized strength.²⁰⁷ Combined with Taiwan's longstanding recruitment problems for its volunteer force, this situation heightens the need for Taiwan's active conscripts and reservists to become better trained and more capable.²⁰⁸

Taiwan Continues Reforms to Conscription System

Taiwan has prioritized reforms to its conscription system, but challenges remain in implementation. In January 2024, Taiwan's government followed through with its Strengthening All-People's Defense Military Force Restructuring Plan, announced by then President Tsai in 2022 to initiate a new program that would extend conscripted military service for males from four months to one year.²⁰⁹ This program reverses a decline in mandatory conscription periods that successive Taiwan administrations had pursued since the early 2000s; the Chen Shui-bian Administration reduced the mandatory length of service from two years to one year in 2008, while the Ma Ying-jeou Administration in 2013 reduced the mandatory length of conscription from one year to fourth months.²¹⁰

Taiwan's Ministry of National Defense has improved basic training for conscript troops, basing the eight-week course on the training received by active-duty soldiers.²¹¹ Announced reforms in 2023 involve

^{*}Taiwan's military did exercise portions of the planned exercises during the first three days, including naval and air disbursal drills, naval mine-laying drills, mobilization of reservists, and a "nighttime counter-infiltration drill." John Dotson, "The 2024 Han Kuang Exercise—a Small Step towards More Decentralized Operations for Taiwan's Military?" Global Taiwan Institute, August 7, 2024.

more civil defense training, including medical training, air defense evacuation, and emergency rescue training intended to enhance the resiliency of Taiwan's populace by increasing the number of civilian former conscripts trained in civil defense skills.²¹² The new training will include greater weapons familiarization for the individual conscript; training with advanced weapons; and nuclear, biological, and chemical (NBC) training.²¹³ Most of the new conscript recruits will be directed to service in the army's new "garrison troops" classification—the forces charged with performing territorial defense and rear-echelon service as defined by the government's 2022 plan.²¹⁴ The new program represents a significant social change and could provide additional manpower to the understrength Republic of China (ROC) armed forces by freeing up active-duty volunteers to focus on combat operations.²¹⁵ Issues with implementation of these reforms remain, however; due to lack of equipment, some one-year conscripts did not train on the use of drones or advanced weapons this year as originally planned. 216 Questions also remain about how the Taiwan Ministry of National Defense will manage the new conscripts once their year of active service concludes and they are enrolled in Taiwan's reservist program.²¹⁷

Taiwan Seeks to Expand Reserve System

Taiwan's reforms to its reservist systems also aim to alleviate its military manpower shortages. As part of the 2022 plan, Taiwan's Ministry of National Defense was to improve the training and readiness of Taiwan's reservists.²¹⁸ Defense Minister Koo has highlighted reforms to Taiwan's reserves as a priority.²¹⁹ There are some indications of improvements. Taiwan has launched a limited expansion of firearms refresher programs for reservists and has opened the reserves to female veterans.²²⁰ However, Taiwan faces a significant challenge in reforming its reserves into an effective force. In 2022, Major General Yu Wen-cheng of Taiwan's All-Out Defense Mobilization Agency stated that training capacity limitations mean Taiwan can only host training for approximately 110,000 reservists per year, a number far smaller than the 300,000 reservists required to undergo annual training.²²¹ Taiwan reservists are officially required to undergo a refresher training course every two years, but in practice, many attend far less frequently. 222 Taiwan launched an extended two-week refresher training course for reservists in 2022, but reportedly only one-fifth of eligible reservists were able to participate in that program as of 2023. Furthermore, Taiwan's army reportedly does not have enough weapons and equipment to supply all of its reserve troops should they be mobilized. 224

Taiwan Continues Development and Procurement of Indigenous Asymmetric Systems

Taiwan continues to develop indigenous advanced military equipment applicable to an asymmetric warfighting strategy. While Taiwan has made progress on reforms, its military is pulled between the competing priorities of reform and modernization, adopting asymmetric equipment, and maintaining conventional capabilities to respond to China's gray zone operations. In a report to the Legislative Yuan, Defense Minister Koo emphasized the importance of

adopting an asymmetric strategy focused on "precision, mobility, lethality, dispersion, survivability, and cost-effectiveness."*225 He has indicated that Taiwan is developing new battlefield air defense systems, high-performance naval ships, prototype submarines, various drone types, and precision munitions such as the Hsiung Feng IIE land-attack cruise missiles and Wan Chien air-to-ground cruise missiles.†226 Specific examples of capabilities that would further an asymmetric warfighting strategy include:

- Corvettes: In March 2024, Taiwan's navy commissioned four Tuo Chiang-class corvettes equipped with anti-ship and anti-air missiles as well as stealth capabilities.²²⁷ Taiwan currently has six of the corvettes and hopes to have 11 by $2026.^{228}$
- Drones: Taiwan is in the process of acquiring an initial 3,225 micro and small military drones from local suppliers by 2025, making progress toward the goals of sourcing from domestic suppliers a fleet of 7,000 commercial and 700 military drones by 2028, as laid out in Taiwan's 2023 National Defense Report. 229 However, Taiwan's indigenous drone program faces problems in some areas; for example, its Teng Yun drone, first unveiled in 2015, is still undergoing testing. 230
- Anti-drone system: Taiwan also recently integrated a new electronic warfare anti-drone weapon into its armed forces in late February 2024, part of a \$146 million program aimed at strengthening defense capabilities across Taiwan's military bases and countering Chinese drone intrusions over its outlying islands.231
- A new military innovation unit: Defense Minister Koo also announced the creation of a new military technology development unit modeled after the U.S. Defense Innovation Unit.‡232 The new unit, which will report directly to Koo, will work to combine the resources and capabilities of the Ministry of National Defense's top research unit, the National Chung-Shan Institute of Science and Technology (NCSIST), with those of other civilian-run defense technology companies.²³³ Instead of attempting to develop defense technology from scratch, the new unit will instead focus on investing in proven defense technologies such as next-generation drones and unmanned ships.²³⁴ NCSIST has

^{*}In August, Taiwan's Ministry of National Defense announced it would be retiring over 1,000 aging vehicles and weapons systems between 2024 and 2028, including M41D tanks, CM24 araging vehicles and weapons systems between 2024 and 2025, including M41D tanks, CM24 armored vehicles, and F-5 jets, some of which had been in service for over 50 years. The Ministry of National Defense claimed that the decommissioning of the systems will result in savings of \$98.6 million. Focus Taiwan, "Taiwan Military to Retire M41D Tanks, CM24 Armored Vehicles, F-5s in 5 Years," August 13, 2024.

F-5s in 5 Years," August 13, 2024. †Taiwan has also ordered equipment to enhance infantry capability with improved ballistic vests scheduled for delivery in 2025, built to U.S. military standards and reportedly able to withstand hits from standard-issue PLA bullets. Taiwan has also ordered 80,000 new T112 assault rifles for use by Taiwan's army, reserves, and military police that are set for delivery from 2025 to 2028. The newly developed rifles feature a standard optical sight and increased range and barrel life. Taiwan News, "Taiwan Army to receive over 80,000 T112 rifles in 2025," September 19, 2024, Military News Agency, "Minister Gu Thanked Friends in the Media For Emphasizing The Continued Improvement Of National Defense Capabilities And Resilience" (顧部長感謝媒體 詩友 強調持續提升國防戰力與韌性), September 19, 2024. Translation; Joe Saballa, "Taiwan Army to Buy 25,000 Upgraded Assault Rifles: Reports," Defense Post, April 9, 2024. ‡The Defense Innovation Unit is an organization within the U.S. Department of Defense that was established to expedite the U.S. military's adoption of emerging commercial technologies through partnerships with private technology companies. Defense Innovation Unit, About.

reportedly launched a two-year "unmanned attack vessel" development program, with the goal of starting production of at least 200 unmanned ships by $2026.^{235}$

Taiwan's defense spending as a share of its gross domestic product (GDP) has remained steady even as it continues to increase the nominal total. In August 2024, the Lai Administration proposed a 2025 defense budget 7.7 percent larger than the previous year, at \$20.2 billion, a record high.²³⁶ Although an increase in gross spending, this proposed budget would amount to 2.45 percent of Taiwan's GDP, a slight decrease from the previous two years' budgets that had rates closer to 2.5 percent of GDP.²³⁷ Hsieh Chi-hsien, head of the Ministry of National Defense's Comptroller Bureau, notes that increasing the budget to 3 percent of GDP remains a goal, but does not give a timeline.²³⁸ The proposal includes funding for the manufacture of seven additional indigenous submarines and a special fund for local development and production of missiles.²³⁹

Taiwan Learns Lessons from Russia's War in Ukraine

Taiwan continues to observe the Ukraine conflict for lessons that may apply in the case of Chinese military action. The conflict in Ukraine gave Taiwan greater impetus to reform its reservist system, enhance reservist training, and better incorporate reservists into defense plans.²⁴⁰ In the summer of 2022, following Russia's invasion of Ukraine, reservists were featured in Taiwan's annual Han Kuang exercise and have been involved in subsequent annual exercises. 241 Taiwan's 2023 National Defense Report notes that the war in Ukraine underscores the importance of energy security and Taiwan's vulnerability to disruptions of the international food market, energy imports, and supply chains for military materiel.²⁴² The report specifically cites the conflict in Ukraine as the reason for the Taiwan government's renewed emphasis on civil-military coordination and the publication of All-Out Defense Handbooks in 2022 and 2023.²⁴³ The expansion of Taiwan's annual Wan An air raid drill and enhanced efforts to build its drone fleet have also reportedly occurred in response to lessons learned from Ukraine.²⁴⁴

Taiwan has begun a program to launch its own communications satellites to ensure connection to the outside world in the event of Chinese military action, inspired by the role that SpaceX's Starlink constellation has played in Ukraine's defense. 245 Similar to Starlink, Taiwan's system would provide internet access through low Earth orbit (LEO) satellites, allowing individuals to tap into the data link emitted from overhead satellites for a variety of purposes, including civilian communication as well as military command and control.²⁴⁶ In 2023, then President Tsai pledged an additional \$1.3 billion to Taiwan's space program, which aims to begin launching its first dedicated communication satellite by 2026.²⁴⁷ Taiwan's Ministry of Digital Affairs announced in July 2024 that LEO and medium earth orbit satellite signals now cover all of Taiwan and its outlying islands.²⁴⁸ The ministry also tested LEO satellites' connectivity to over 700 ground terminals enabling military and government users to maintain communication capabilities during emergencies for a period of 12 hours each day via commercial satellites.²⁴⁹

The United States Continues to Provide Support for Taiwan's **Defense**

The United States continues to support Taiwan's defense through arms sales (see Appendix II) and foreign military financing pathways. Regarding priority acquisitions from the United States, Defense Minister Koo outlined plans to Taiwan's legislature to procure Patriot III Extended Range air defense missiles, Harpoon precision strike systems, Exocet missile coastal defense systems, F-16V fighters, and other long-range precision weapons for air, land, and maritime targets.²⁵⁰ A slate of man-portable anti-air and anti-armor munitions ordered in 2015 is expected to be delivered to Taiwan by the end of this calendar year. 251 In a significant boost to Taiwan's asymmetric systems inventory, the U.S. Department of State announced in June 2024 that it had approved the sale of over 1,000 loitering munitions for sale to Taiwan to be delivered by the end of 2025.²⁵² However, Taiwan also remains committed to building expensive, conventional systems, such as the Yushan-class landing platform docks, commissioning the first such vessel in 2022 with a total of four planned.²⁵³ Taiwan's anticipated delivery of F-16V fighters and Abrams tanks are also of questionable applicability toward an asymmetric strategy and make up over half of the current backlog of arms sales to Taiwan.²⁵⁴

Despite U.S. support, significant challenges remain with the backlog of arms that have been ordered but not yet delivered. The backlog of U.S. arms sales to Taiwan is currently estimated at over \$19 billion in gross value. 255 According to analysis conducted by the CATO Institute, 55 percent (\$10.87 billion) of the backlog's value is for capabilities considered "traditional" (e.g., F-16V, M1A2T Abrams tanks) rather than those supporting an "asymmetric" strategy (e.g., Harpoon coastal defense system, HIMARS,* and munitions).²⁵⁶ For example, two U.S.-made MQ-9B SkyGuardian drones, originally ordered in 2020, are not set for delivery until 2026, with another pair slated for 2027.257 The MQ-9Bs are a platform that could also assist Taiwan in countering China's gray zone campaign by monitoring Chinese naval assets. In addition to delays resulting from limitations in the U.S. defense industrial base, a House Foreign Affairs Committee Foreign Military Sales TIGER Task Force report published in February 2024 assesses several causes for Foreign Military Sales (FMS) delays attributed to the U.S. government's FMS processes.²⁵⁸ The task force finds that more arms sales cases are subject to congressional review because that threshold has not scaled with increases in costs of advanced systems over time, causing far more cases to be subject to congressional review than originally intended.†259 The task force also attributes delays in the process to a

^{*}U.S.-supplied High Mobility Artillery Rocket System (HIMARS) medium-range mobile rocket

^{*}U.S.-supplied High Mobility Artillery Rocket System (HIMARS) medium-range modile rocket artillery systems have proven to be highly effective when employed by the Ukrainian military in its conflict with Russia. Lyle Goldstein and Nathan Waechter, "China Considers CounterMeasures to US HIMARS Missile System," Diplomat, June 22, 2023.

†Congress is to be notified for major defense equipment sales of \$14 million or more, any defense articles and services of \$50 million or more, and design and construction services of \$200 million or more, with a 30-day review period. This threshold was last set in 2003 and has not been adjusted for inflation since. While this process is typically resolved quickly, the task force found that it has been the cause of significant delays in a small number of cases. House Exprign found that it has been the cause of significant delays in a small number of cases. House Foreign Affairs Committee, Foreign Military Sales Foreign Military Sales TIGER Task Force: Report, February 7, 2024, 8.

lack of a sense of urgency among relevant agencies, as well as the time it takes to reconfigure weapons systems to comply with U.S.

export policy.* 260

The task force and Administration officials find that another critical factor contributing to weapons delays are systemic issues within the U.S. defense industry itself.²⁶¹ Consolidation across the defense industry has left fewer suppliers and production lines to meet growing demand for U.S. weapons abroad, a challenge that has been exacerbated by complex production processes and long supply chains that are vulnerable to disruption. 262 Inconsistent demand signals from the U.S. government due to yearly budget uncertainty and continuing resolutions have led defense manufacturers to purposely refrain from investing in greater manufacturing capacity lest an anticipated demand fail to materialize.²⁶³ In an attempt to address these delays and long delivery timelines, Taiwan has increased production of indigenous systems and is exploring munitions co-production.²⁶⁴ (For more information on the U.S. defense industrial base, see Chapter 8, "China's Evolving Counter-Intervention Capabilities and the Role of Indo-Pacific Allies.") Taiwan is in the early stages of partnering with U.S. defense contractor Northrop Grumman to produce 30 mm munitions on-island under license. 265

Prominent leaders in Taiwan have called for closer cooperation with the United States to help Taiwan produce and procure the weapons necessary for effective deterrence and defense. In May 2024, Taiwan's then Vice President-elect, Hsiao Bi-khim, suggested that Taiwan and the United States enter into a Security of Supply Arrangement, an idea that was also endorsed by Taiwan's minister of foreign affairs at the time, Joseph Wu.²⁶⁶ Security of Supply Arrangements aim to "ensure the mutual supply of defense goods and services" by encouraging partner nations "to acquire defense goods from each other, promote interoperability, and provide assurance of timely delivery during peacetime, emergency, and armed conflict."267 The United States currently maintains Security of Supply Arrangements with 18 countries, including Indo-Pacific countries such as India, Japan, Korea, Australia, and Singapore.†²⁶⁸

In 2024, U.S. lawmakers continued to seek new pathways to provide for the defense of Taiwan while reducing the backlog of arms sales to Taiwan's military. The Further Consolidated Appropriations Act 2024 makes available no less than \$300 million in foreign military financing (FMF) for Taiwan.²⁶⁹ Separate emergency supplemental appropriations for fiscal year (FY) 2024 include \$8.12 billion to strengthen U.S. military capabilities and infrastructure in the Indo-Pacific and assist Taiwan and other regional partners in deterring China.²⁷⁰ This includes \$1.9 billion specifically for replacing

^{*}The task force also found that the lack of a "common operating picture" for the FMS process across DOD, the State Department, defense industry, and U.S. allies and partners has led to confusion and inefficiency in FMS cases globally. House Foreign Affairs Committee, Foreign Military Sales Foreign Military Sales TIGER Task Force: Report, February 7, 2024, 3.

†The 18 countries with which the United States maintains Security of Supply Arrangements are as follows: Australia, Canada, Denmark, Estonia, Finland, India, Israel, Italy, Japan, Latvia, Lithuania, the Netherlands, Norway, the Republic of Korea, Singapore, Spain, Sweden, and the United Kingdom. Canada is included in the list of countries with which the United States maintains Security of Supply Arrangements because DOD has a Memorandum of Understanding with Canada to "mutually provide priorities support." Assistant U.S. Secretary of Defense for Industrial Base Policy, Security of Supply: U.S. Department of Defense, DOD, India Ministry of Defence Enter into Security of Supply Arrangement, August 22, 2024.

stocks of U.S. defense articles and for services provided to Taiwan and \$2 billion in FMF for the Indo-Pacific region as a whole, of which Taiwan could be a recipient.²⁷¹ This emergency supplemental could enable the Biden Administration to authorize further Presidential Drawdown Authority (PDA) transfers to Taiwan now that the U.S. military has funding to backfill any transferred equipment.²⁷² PDA use by the Administration is unlikely to significantly reduce Taiwan's arms sale backlog, however, as it is not applicable to the biggest-ticket items on backlog.²⁷³ PDA only enables the Administration to send defense articles that are already in the U.S. military's inventory.²⁷⁴ Taiwan's F-16V aircraft, which make up approximately 40 percent of the backlog, are not applicable to PDA, as that variant is not in U.S. military inventory and is still being manufactured for Taiwan.²⁷⁵

Taiwan Advances Unofficial Ties while Beijing Works to Build Support for Its Territorial Claim

Taiwan began the year with a critical election that had global ramifications. Immediately after Lai's election, Beijing intensified its international campaign designed to further diplomatically isolate Taiwan. In response to international support for Taiwan, China has become increasingly vocal in its protestations and heavy-handed in its approach. Beijing's strategy has evolved, with Chinese officials now more blatant in their deliberate misrepresentation of international law and diplomatic agreements that serve their claim that Taiwan is an inalienable part of China.

Beijing's International Diplomacy Seeks to Isolate Taiwan, Build Support for "Reunification"

Taiwan continues to lose diplomatic allies as a result of Chinese pressure to switch diplomatic recognition. Immediately after the results of Taiwan's presidential election were announced in January 2024, the country of Nauru switched diplomatic recognition from the ROC to the People's Republic of China (PRC) in a move that was likely purposefully timed to be announced after the election.²⁷⁶ Taiwan's Central News Agency (CNA) claimed the switch was connected to a funding shortfall related to the Australian immigration detention facility Nauru hosts.²⁷⁷ Prior to the switch, CNA claims Nauru had asked Taiwan for \$83.23 million to keep the facility open.²⁷⁸ (For more on China's engagement with Pacific Islands, see Chapter 2, "U.S.-China Security and Foreign Affairs (Year in Review).") Taiwan is now left with 12 diplomatic partners in a continuation of a trend that Beijing accelerated in 2016 after the election of Tsai, when Taiwan had formal relations with 22 countries.* ²⁷⁹

Beijing has been campaigning internationally to conflate various countries' "One China policy" with its own "One China principle," accusing U.S. officials of violating the "One China principle" despite the United States never endorsing Beijing's viewpoint.† 280 (For a

of Foreign Affairs, *Diplomatic Allies*.

†China's "One China principle" refers to the Chinese government's position that Taiwan is an inalienable part of the state called "China" ruled by the PRC. Countries that maintain official

^{*}The remaining states that officially recognize Taiwan are: the Marshall Islands, the Republic of Palau, Tuvalu, Eswatini, the Holy See, Belize, the Republic of Guatemala, Haiti, the Republic of Paraguay, St. Kitts and Nevis, Saint Lucia, and St. Vincent and the Grenadines. Taiwan Ministry of Foreign Affairs, *Diplomatic Allies*.

discussion of the differences between Beijing's "One China principle" and the U.S. "One China policy," see Appendix I.) For example, the Chinese consulate in Los Angeles directly misrepresented the United States' position in a May 2024 statement, falsely writing that the United States "recognizes" China's position that there is only one China and Taiwan is part of China. \$\frac{1}{2}81\$ That same statement falsely claimed that every nation that established diplomatic relations with Beijing has endorsed its "One China principle" and that the principle is universally recognized.²⁸² Chinese government officials routinely accuse the United States of violating the "One China principle" for actions such as defense sales to Taiwan despite the United States never agreeing to the principle.²⁸³ In a similar example, China misleadingly portrayed Ireland as in agreement with its "One China principle" during a recent meeting between leaders. According to the Chinese readout of a January 2024 meeting between Irish Prime Minister Leo Varadkar and Chinese Premier Li, Varadkar stated that Ireland abides by the "One China principle" and that he "hopes that China will achieve peaceful reunification at an early date." 284 Varadkar later corrected the record however, stating that at the meeting he had instead reaffirmed Ireland's One China "policy." 285

In an important departure from the past, in 2024 Beijing also began to actively cultivate support from other countries for Taiwan's "reunification" with the Mainland. (For more on Beijing's use of "reunification," see Appendix I.) No longer satisfied with states just voicing support for the "One China principle," China has apparently begun persuading countries to make statements endorsing China's "national reunification." ²⁸⁶ This strategy has been evident in several statements between Chinese officials and foreign leaders, particularly in countries looking to China for economic development.²⁸⁷ In a statement during Chinese Premier Li's visit to Malaysia on June 20. for example, Prime Minister Anwar Ibrahim said that his country firmly supports China in "achieving national reunification." 288 King Hamad bin Isa Al Khalifa of Bahrain has said he supports "peaceful reunification," while leaders from Equatorial Guinea, Egypt, Pakistan, and Suriname have said they support "reunification" or "complete reunification" without reference to peaceful conditions. ²⁸⁹ After separate meetings between Xi and their respective heads of state this year, the Solomon Islands, Vanuatu, and the Federated States of Micronesia all expressed support for China's "national reunification," while Fiji reaffirmed "its adherence to the one-China principle." 290

*In May 2024, the Chinese consulate in Los Angeles claimed that "UNGA Resolution 2758 fully reflects and solemnly reaffirms the one-China principle" and that the resolution "made clear" that "Taiwan is a part of China, not a country," despite the complete absence of any judgment on sovereignty over Taiwan in the resolution. Consulate-General of the People's Republic of China in Los Ångeles, UNGA Resolution 2758 Brooks No Challenge, and the One-China Principle Is Unshakable, May 17, 2024; Jessica Drun and Bonnie Glaser, "The Distortion of UN Resolution 2758 and Limits on Taiwan's Access to the United Nations," German Marshall Fund, March 24, 2022.

ties with Beijing and unofficial ties with Taiwan often use the phrase "One China policy" to describe their own stance of officially recognizing the PRC while simultaneously recognizing that the interpretation of "One China" is up for debate. The United States maintains its own "One China policy" that similarly recognizes the PRC as the sole legal government of China, but it does not endorse—it only acknowledges—Beijing's position that Taiwan is a part of China, with the expectation that cross-Strait differences would be resolved peacefully. (For a fuller discussion of Beijing's "One China policy," see Appendix I.) Amrita Jash, "The 'One China Principle': China's 'Norm' versus Global Realities, Global Taiwan Institute, February 21, 2024; Economist, "A New Diplomatic Struggle Is Unfolding over Taiwan," January 25, 2024; Steven M. Goldstein, "Understanding the One China Policy," Brookings Institution, August 31, 2023.

*In May 2024 the Chinese consulate in Los Angeles claimed that "UNGA Resolution 2758 fully

Beijing's Efforts to Distort UNGA Resolution 2758

Beijing has consistently misrepresented the meaning of UN General Assembly (UNGA) Resolution 2758, asserting the resolution provides a basis in international law for its claim that Taiwan is a part of China. The UNGA passed Resolution 2758 on October 25, 1971, recognizing the representatives of the government of the PRC as the "only legitimate representatives of China to the United Nations" while simultaneously "expel[ling]... the representatives of Chiang Kai-shek" (i.e., representatives from Taipei's government) from China's seat at the UN.²⁹¹ Because member states were unable to reach a conclusion regarding the legal status of Taiwan, Resolution 2758 solely addressed the question of China's representation in the UN and did not address the question of Taiwan's sovereignty.²⁹² Nonetheless, Beijing has increasingly asserted that Resolution 2758 endorses China's sovereignty over Taiwan.²⁹³ According to a spokesperson for China's permanent mission to the UN in 2020, "Resolution 2758 of the UN General Assembly has restored the lawful seat of the People's Republic of China at the UN and affirmed the one-China principle at the Organization, which has been strictly observed across the UN system and widely respected by UN Member States."294 Beijing has used its influence to require official UN references to Taiwan to be written as "Taiwan, Province of China" or refer to Taiwan as an "integral part" of China.²⁹⁵ Beijing also invokes Resolution 2758 to justify denying Taiwan's international participation in the UN or any other international organization whose membership is confined to sovereign states.²⁹⁶ Beijing pressures countries with which it maintains an official relationship to endorse its interpretation of UNGA Resolution 2758. When the government of Nauru officially switched its recognition to the PRC in January 2024, its statement specifically invoked Resolution 2758.²⁹⁷ If Beijing is successful in propagating its interpretation of Resolution 2758 as analogous to its "One China principle," it may be able to more convincingly justify the use of force or coercion against Taiwan as lawful. 298

Beijing Attempts to Deter Engagement with Taiwan

International messages of congratulations to Lai after the presidential election were met with outcry from Beijing. When President Ferdinand Marcos of the Philippines congratulated Lai on his victory in the 2024 presidential election, China's ambassador to the Philippines protested, stating that Marcos' remarks "constitute a serious violation of the One China principle and... a serious breach of the political commitments made by the Philippines to the Chinese side" and suggesting that Marcos ought to "read more books to properly understand the ins and outs of the Taiwan issue, so as to draw the right conclusions." Similarly, when Singapore's foreign ministry welcomed and congratulated the election, China's Ministry of Foreign Affairs swiftly delivered démarches to Singapore. The Chinese Embassy in Japan also lodged a protest with Japan's government after the Japanese Foreign Minister sent a congratulatory message to Lai. 301

In response to international support for Taiwan, China engaged in more blatant attempts to dissuade foreign officials from interacting with it. For example, China waged an aggressive influence campaign to deter participation in this year's Inter-Parliamentary Alliance on China (IPAC)* summit held in Taiwan. In the days leading up to the July 2024 meeting, reports emerged of some delegates being contacted by Chinese diplomats in what they said was a "clear attempt to intimidate and dissuade" them from attending.302 The Guardian reported that Luke de Pulford, executive director of IPAC, said some members had received calls or demands for meetings scheduled at the same time as the summit to "express to them why they shouldn't wade into the Taiwan question," or they were offered trips to China "as if they could be bought off." At the summit, Taiwan formally joined IPAC, with representatives from the DPP and TPP selected to serve as co-chairs leading Taiwan's delegation to the alliance.†304 IPAC members also launched the 2758 Initiative, pledging to pass resolutions in their respective legislatures to reject Beijing's distortion of UNGA 2758 as international law.³⁰⁵ In March 2024. the U.S. Department of Justice unsealed an indictment revealing that in or about 2021, Chinese hackers associated with the Ministry of State Security targeted 124 politicians that are members of the alliance.306

Taiwan Deepens Engagement with Unofficial Partners in Asia and Europe

Taiwan continued its efforts to find ways to deepen cooperation with other like-minded democracies. European nations and political parties appeared to be increasingly receptive to Taiwan's outreach and deepening economic relationships through trade agreements and investments in the continent. In Asia, more countries enhanced their relationships with Taiwan, much to Beijing's ire.

Europe Increasingly Receptive to Taipei's Outreach

Taiwan under DPP administrations has sought to strengthen ties with European countries by appealing to shared values of democracy and human rights, an effort the Lai Administration is seeking to enhance during a moment of increased trade tensions between Europe and China. 307 Besides the Vatican, which maintains official diplomatic ties with Taiwan, every other European country conducts relations with Taiwan through unofficial channels, with many stipulating their own versions of a "One China policy." ³⁰⁸ The EU also maintains a "One China policy" that recognizes the PRC as the sole legal government of China while maintaining relations and cooperation with Taiwan in a variety of areas.³⁰⁹ Europe has a vested interested in peace and stability in the Taiwan Strait. An estimated

^{*}The Inter-Parliamentary Alliance on China (IPAC) is a cross-party alliance of 250 lawmakers from 40 legislatures focused on relations with China and the CCP. The alliance was founded in 2020 and works to enhance the visibility of issues related to China and support lawmakers in developing their countries' China policies. Inter-Parliamentary Alliance on China, "Inter-Parliamentary Alliance on China, "About." †Due to perceptions that IPAC is "anti-China," no KMT representatives attended the IPAC summit. KMT legislator Lin Szu-ming explains that although the KMT did not send any representatives to participate in the summit, it also did not prevent KMT members from participating on their own accord. Yang Yaoru, Wang Yangyu, and Wang Chengzhong, "DPP and TPP Attend as Taiwan Joins IPAC, KMT Members Do Not Participate" (綠白出席台灣加入IPAC 藍委未參與), Central News Agency, July 30, 2024. Translation.

40 percent of the EU's external trade passes through the Taiwan Strait, total trade with Taiwan was \$73.8 billion in 2023, and some 30,000 Europeans live in Taiwan.³¹⁰

In March 2024, then Vice President-elect Hsiao traveled to four European countries: Belgium, the Czech Republic, Lithuania, and Poland, marking the first visit of an incumbent Taiwan Vice President to Europe. In Brussels, Hsiao met with over 30 European Parliament members, advocating for the uptake of a trade framework between Taiwan and the EU similar to the U.S.-Taiwan 21st Century Trade Agreement. In November 2023, Taiwan and the UK signed an Enhanced Trade Partnership, the first such deal in Europe. It bilateral framework came months after the EU members scuttled an investment agreement between the bloc and Taiwan proposed by the Tsai Administration. Notably, Taiwan Semiconductor Manufacturing Company (TSMC) broke ground on an \$11 billion semiconductor fab in Dresden, Germany, in August 2024 after about half the funding was provided in subsidies by the German government.

Former Soviet and Eastern Bloc countries in central and eastern Europe have been among the most outspoken in their support for Taiwan. Their shared experience resisting a threatening revisionist power intent on eroding their national identity has only come into sharper relief since Russia's invasion of Ukraine, opening an opportunity for Taiwan to appeal to these countries' historical sense of self determination. In 2021, Lithuania opened a "Taiwanese Representative Office in Lithuania" using the national nomenclature rather than Beijing-approved "Chinese Taipei," a decision it has upheld despite coming under pressure from China. Taiwan has also stepped up efforts to foster business ties with the region with the \$200 million state-backed Central and Eastern Europe (CEE) Investment fund.

Taiwan Increasingly Factored into Indo-Pacific Nations' International Policies

Japan and Taiwan continued to deepen ties, though limitations remain. As discussed above, Japan congratulated Taiwan for a successful democratic election and Lai on his victory, to China's dismay.³¹⁹ Lai hosted a delegation of 70 members of Japan's Liberal Democratic Party's Youth Division in August, stating that Taipei and Tokyo have "a shared future." 320 Taiwan's TSMC opened a new plant in Kumamoto, Japan, and Japan increased imports of Taiwanese pineapples, demonstrating Japan's willingness to assist Taiwan in withstanding China's economic coercion. 321 The Japan Coast Guard and Taiwan's CGA carried out a joint maritime exercise.³²² In July 2024, a Taiwan coast guard ship, *Hsun Hu No.* 9, engaged in a search, rescue, and communication drill with the Japan Coast Guard's Sagami patrol vessel after making a port call at Tokyo for supplies of fuel, water, and food.³²³ A Chinese Foreign Ministry spokesman protested this event, stating: "We urge Japan to abide by the 'one-China' principle... correct its mistakes immediately, not condone and support Taiwan independence separatist forces in any form."324 Direct Japanese cooperation with Taiwan remains limited, however, as the country lacks a domestic legal framework for building closer ties, particularly on defense issues.³²⁵ Japan and Taiwan maintain a regular maritime cooperation dialogue but lack any kind of formal security cooperation.³²⁶ While Japan's government has started describing peace and stability in the Taiwan Strait as important to its own security interests in strategic documents, Japanese businesses are wary of economic retaliation should Japan

openly enhance ties during peacetime.327

Indo-Pacific nations are also increasingly signaling support for maintaining peace in the Taiwan Strait through defense dialogues and training. In August 2024, Australia and Canada released a joint statement on strengthening their bilateral defense relationship that reaffirmed both nations' commitment to deterring conflict in the Indo-Pacific and opposing any unilateral changes to the status quo in the Taiwan Strait. 328 The joint statement of the United States-Japan-South Korea Trilateral Chiefs of Defense Meeting in June 2024 emphasized the importance of peace and stability across the Taiwan Strait.³²⁹ Likely in response to the increased aggressive activities of the CCG around the Philippines, Japan, and Taiwan, Japan conducted its first ever trilateral coast guard exercise with the United States and the Philippines in June 2024.³³⁰ The United States continues to deepen its partnership with the Philippines through joint training and the upgrading of military bases in the Philippines, which may prove vital in the case of a Taiwan contingency.³³¹ (For more on U.S. alliance-strengthening and deterrence efforts in the Pacific, see Chapter 8, "China's Evolving Counter-Intervention Capabilities and the Role of Indo-Pacific Allies.")

Taiwan Seeks to Diversify Trade

Taiwan's economy registered strong topline growth in 2024, fueled by global demand for its high-value technology exports as the shift of outbound investment from Taiwan away from the Mainland accelerated. Taiwan's dynamic market economy in 2023 ranked 22nd largest in the world, with a nominal GDP of \$753.6 billion, just behind Poland and ahead of Belgium.³³² The island's 23.4 million inhabitants enjoy a high standard of living, with per capita income of \$76,900, when adjusted for purchasing power parity, over three times higher than China (\$25,000) and nearly on par with that of the United States (\$85,400).333 Taiwan achieved rapid economic advancement through pursuit of an export-oriented growth strategy, and today exports still account for about 70 percent of total GDP.³³⁴ Taiwan is a top trading partner for both China and the United States for important industries, including electronics, information technology, petrochemicals, textiles, steel, cement, autos, pharmaceuticals, and machinery. 335 Notably, Taiwan fabricates 92 percent of the world's most advanced semiconductors, an industry thrust into greater prominence during pandemic-induced supply chain disruptions and continuing with the AI boom.336 In recent years, the semiconductor industry has accounted for 13–15 percent of Taiwan's total economic output. 337 Despite its prosperity, Taiwan's economy faces a number of external and internal destabilizing forces, including threats from natural disasters, dependency on imported energy, land and housing constraints, a low birthrate and an aging population, ongoing economic coercion from China, and the risks of potential shocks from a breakdown in cross-Strait relations.³³⁸

The stability of the global economic system is inextricably linked to the stability of Taiwan's industries, particularly technology.³³⁹ Semiconductors are a key input across a variety of sectors, including automotive, durable household goods, and consumer electronics. Given Taiwan's critical position in semiconductor supply chains, a disruption to Taiwan's output would increase prices across the board. Staff economists from the U.S. International Trade Commission estimated that, in the event of a major disruption of output in Taiwan, the cost of logic chips may increase as much as 59 percent for buyers in the United States.³⁴⁰ The authors stipulate this is a lower bound estimate—they suggest price increases would be much higher after accounting for U.S. imports of downstream products assembled with Taiwan chips.* 341 The impact on the global economy from a disruption to Taiwan's output would likely dwarf Russia's 2022 invasion of Ukraine, as recent projections from Bloomberg Economics estimate a 5 percent drop in global GDP from a blockade scenario and a 10 percent drop in the event of Chinese invasion, equivalent to a cost of \$10 trillion.³⁴²

Taiwan's Domestic Economy

Taiwan posted strong topline economic numbers to start 2024, resurgent on the back of global demand for advanced chips used for AI applications.³⁴³ The government's statistical bureau reported a yearover-year real GDP growth rate of 6.56 percent in Q1 and 5.09 percent in Q2, fueled by 11.4 percent year-over-year export growth. †344 The Taiwan Stock Exchange (TWSE) has been on an extended bullish run since October 2022; the weighted stock index is up 26.1 percent in the 2023 calendar year and 24 percent through Q3 of this year.345 Over this period, Taiwan's stock market has outperformed most exchanges globally, including U.S. exchanges, where the S&P 500 grew 24.2 percent in 2023 and is up 20.8 percent through Q3 2024.346 The market capitalization of Taiwan's largest company, TSMC, stood at \$805.1 billion (NTD 25.6 trillion) to September 30, 2024, over one-third of the total value of the 997 companies listed on the TWSE.³⁴⁷ So far this year, TSMC is responsible for about 70 percent of total market capitalization growth of all companies listed on the exchange and has reported net revenue of \$63.8 billion (NTD) 2 trillion) through the first three quarters of 2024, a 31.9 percent year-over-year increase.³⁴⁸

Beyond accelerated growth in the export sectors and the equity markets, key domestic economic indicators remained steady. The unemployment rate was 3.48 percent in August 2024, and despite concern over rising energy costs, inflation as measured by the con-

‡Unless noted otherwise, this section uses the following exchange rate throughout: \$1 = NTD 31.8

^{*}Their model also assumes that chips from China could be used to replace supply from Taiwan, which may also cause them to underestimate the price impact. Lin Jones et al., "U.S. Exposure to the Taiwanese Semiconductor Industry," *U.S. International Trade Commission*, November 2023, 26.

[†]It should be noted that a strong base effect is present in the GDP growth figure for Q1, as the growth rate a year prior was -3.49 percent. For this reason alone, GDP growth for the remaining quarters in 2024 is expected to moderate, with official estimates forecasting 3.94 percent GDP growth for the whole of 2024.

sumer price index (CPI) has remained relatively low at just under 2 percent. After ticking up interest rates 12.5 basis points in March 2024, Taiwan's central bank held its benchmark discount rate at 2.00 percent in June. Real average wage growth grew in the first half of 2024 for the first time in three years. The price of housing remains exorbitantly high, with the average price of a dwelling in Taipei hovering around 16 times the average annual income, higher than London (8.6 times), New York (5.9 times), or Vancouver (13 times). Constrained land, high savings rates, and speculation contributed to surging housing prices starting after the 2008 global financial crisis, yet since 2015 the unaffordability issue has moved out of Taipei to smaller cities around the island. However, some observers believe decreasing overall population will alleviate price pressure on housing in the coming years. In August 2024 consumer confidence reached its highest level since March 2020.

Trade and Investment

Taiwan is a heavily trade-dependent economy. In 2023, Taiwan's total goods and services trade with the world was \$783 billion, with exports of \$432 billion and imports of \$352 billion, resulting in an \$81 billion trade surplus. Through September 2024, exports and imports are each up 10.2 percent from the same period in 2023. Thina was Taiwan's top trading partner in 2023, accounting for almost 30 percent of trade (the Mainland accounted for 21.2 percent, and Hong Kong and Macau accounted for an additional 7.4 percent). The United States (14.9 percent), Japan (9.7 percent), and South Korea (6.0 percent) round out Taiwan's top five trading partners. The United States (14.9 percent) and Macau \$56.6 billion), followed by the United States (\$76.2 billion) and Japan (\$31.4 billion). Exports to the United States have outpaced exports to the Mainland through the first half of 2024, marking the first time this has been the case since 2003.

Under the DPP, Taiwan has pursued policies to diversify its economic and trade relationships in recognition of the vulnerabilities of being reliant on China as its top trade partner. In 2016, the Tsai Administration established the Office of Trade Negotiation as an independent agency under the Executive Yuan, headed up by the minister without portfolio. As part of this drive to recalibrate the trade profile, Taiwan's government has sought to join existing multilateral agreements like the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP), ink new bilateral agreements, and promote its own regional initiatives, namely the Tsai Administration's flagship New Southbound Policy (NSP).

Taiwan Presses for Ascension to the CPTPP

Three years after formally applying for membership in the CPTPP, the multilateral successor to the Trans-Pacific Partnership, Taiwan

^{*}Taiwan has one of the lowest fertility rates in the world at 0.87 children per female. Taiwan's National Development Council assesses if the total fertility rate stabilizes at the projected rate of 0.9 the population is estimated to shrink from 23 million in 2023 to 15 million in 2070. Fuxian Yi, "The Demographic Costs of a War Over Taiwan," *Diplomat*, April 10, 2024; Eric Cheung, "Taiwan Needs More Babies. But Conservative Traditions Are Holding Back Some Fertility Solutions," *CNN*, March 30, 2024.

officials have identified an opportunity in 2024 to clear the initial screening process for entry. The United States is not a participant in the CPTPP, a comprehensive agreement that includes relatively high environmental, labor, and investment standards, market access provisions for both goods and services, and a dispute settlement mechanism. To date, the UK has been the only country to join through an accession process, bringing the trade bloc to a combined 15 percent of global GDP. For Taiwan, CPTPP members represent 24 percent of its total annual international trade, and the National Development Council estimates joining would result in a 2 percent increase to GDP. China applied to join the CPTPP less than a week before Taiwan in 2021, complicating Taiwan's efforts to join the agreement. Thus far, no member country has dismissed either China or Taiwan's prospects of joining, though some analysts doubt that all CPTPP countries would support Taiwan's accession given risks of retaliatory action from China.

The next meeting of the CPTPP Executive Committee where members will likely take steps to consider both applications is set to take place in the latter half of 2024.³⁷⁰ Canada is the rotating chair for the year and will host the meeting, a situation Taiwan officials have described as a "window of opportunity" given close ties and the recent completion of a bilateral investment agreement between Ottawa and Taipei.³⁷¹ If Taiwan's application proceeds, the next step would be establishment of an Accession Working Group to negotiate details of accession before a process requiring unanimous approval.³⁷²

"New Southbound Policy"

A central pillar of Taiwan's recent efforts to reduce trade reliance on China has been to establish its own framework for stronger economic and cultural ties with Indo-Pacific nations, a policy the Lai Administration has signaled intent to continue. Announced in 2016, the New Southbound Policy (NSP) was a flagship element of Tsai Ing-wen's foreign policy and economic diversification strategy seeking to draw Taiwan closer to 18 countries in south Asia, southeast Asia, and Oceania.*373 Along with promoting closer economic and trade relationships, the NSP prioritized cultural and people-to-people ties; resource-sharing in medical, agricultural, technology, and small and medium-sized enterprises; and expanded opportunities for official engagement on multilateral and bilateral trade agreements.³⁷⁴ Aggregate trade between Taiwan and these countries increased 58.9 percent between 2016 and 2023 from \$95.8 billion to \$152.2 billion, outpacing the 54.2 percent total trade increase by Taiwan over the same period (see Figure 4).375 While campaigning, President Lai indicated an intention to maintain the NSP in its current form and in June 2024 announced an investment agreement with Thailand to add to similar agreements signed since 2016 with India, Vietnam, and the Philippines.³⁷⁶

^{*}New Southbound Policy countries are Australia, Bangladesh, Bhutan, Brunei, Cambodia, India, Indonesia, Laos, Malaysia, Burma (Myanmar), Nepal, New Zealand, Pakistan, the Philippines, Singapore, Sri Lanka, Thailand, and Vietnam.

300.0 250.0 200.0 150.0 100.0 50.0 0.0 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 (Jan-Sep) ■ China + HK and Macau ■ New Southbound Policy ※ USA ■ Japan

Figure 4: Taiwan's Total Trade with Top Trading Partners (2014–September 2024)

Source: Taiwan's International Trade Administration, Trade Statistics.

Taiwan Business Community Shifts Focus of Investment out of the Mainland

The shift of outbound investment flows away from China gained momentum in 2023 after years of slow movement by the business community to substantively diversify operations, though significant dependency remains given the cumulative stock of capital investment. Many of the reasons behind this shift are consistent with a similar shift in other advanced economies, driven by increased secular risk from China and concerns about the uncertainty stemming from Xi Jinping's economic and regulatory policies. 377 Flows of approved outbound FDI from Taiwan globally jumped from \$15 billion in 2022 to \$26.6 billion in 2023 thanks to investment by digital and information technology companies in overseas manufacturing facilities.³⁷⁸ Between 2013 and 2022, annual approved outbound FDI averaged \$18.2 billion, with investment into the Mainland accounting for an average portion of 43.4 percent.³⁷⁹ China's share of Taiwan's annual FDI flows had slowly declined over that decade (from about 65 percent in 2013 to about 30 percent in 2021), but 2023 could signal a major acceleration of the trend. Approved outbound investment from Taiwan into the Mainland dropped off nearly 40 percent in 2023, accounting for merely 11.4 percent of total approved outbound FDI for the year.³⁸⁰ By contrast, investment into the United States and Europe surged 791 percent and 502 percent year-over-year, respectively, and together they accounted for 56.7 percent of Taiwan's total approved outbound FDI (see Figure 5).³⁸¹ A large portion of these increases are attributable to major investments by TSMC in semiconductor production facilities in Arizona and Dresden, Germany.³⁸² In April 2024, TSMC announced it would expand its planned investment in the United States over 60 percent to \$65 billion after receiving a \$6.6 billion federal grant as part of the CHIPS and Science Act.³⁸³

It is worth noting that Taiwan's total FDI stock in China remains significant, as announced FDI projects from Taiwan-based companies into the Mainland totaled \$139 billion in the two decades from 2003 to 2023, compared to \$64.9 billion in the United States.³⁸⁴ Taiwan's top businesses, including Foxconn, TSMC, and Acer, remain dependent on Chinese-based manufacturing for a significant portion of their supply chains.³⁸⁵ This dependency remains a considerable source of leverage for China over Taiwan, would require years to alter, and likely would be accompanied by high costs and disruptions to output.³⁸⁶ Furthermore, the deep cross-Strait business ties complicate Taiwan's domestic politics. For instance, in October 2023, China's Ministry of Commerce (MOFCOM) announced an investigation into Foxconn, owned by Terry Gou, who at that time was an independent candidate for president of Taiwan. The move was largely seen as political in nature, as Gou's candidacy was likely to pull votes away from China's preferred candidate.³⁸⁷ Lastly, as of 2022 there were 177,000 Taiwan citizens working in mainland China, a point of growing concern given the recent increase of detentions and arrests of Taiwan citizens by Chinese authorities under expanding national security and anti-espionage laws.³⁸⁸

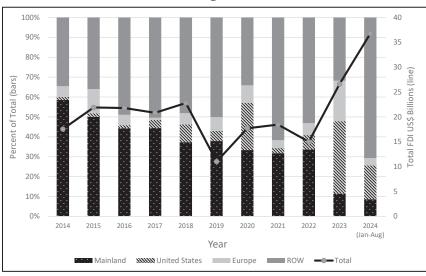


Figure 5: Taiwan Outbound FDI Annual Flows by Region (2014-August 2024)

Note: ROW stands for rest of world.

Source: Taiwan's Ministry of Economic Affairs, Economic Indicators: Approved Outbound Investment by Area, October 2024.

Heavy Reliance on Fuel Imported by Sea Persists despite Effort to Reconfigure Energy Grid

With scant natural energy resources of its own and a decision to largely abandon nuclear energy, Taiwan is heavily dependent on energy imports. Such import dependence makes Taiwan particularly vulnerable to a blockade. In 2023, crude oil and petroleum made up the largest portion of Taiwan's total energy mix (44.0 percent), followed by coal (28.8 percent), natural gas (20.3 percent), nuclear (3.9 percent), and renewables (3.0 percent). 389 Imported energy com-

prised 96.7 percent of Taiwan's annual energy supply.*390

Nuclear power has become a point of contention in the island's domestic politics and a key consideration for assessing Taiwan's preparedness to withstand an external energy shock.³⁹¹ Construction on three nuclear power plants began in the 1970s, and their combined power generation provided nearly 50 percent of total electricity production by the mid-1980s.³⁹² However, in the wake of the Fukushima nuclear incident in 2011, concerns grew over the risk of reactors on an earthquake-prone island, leading the DPP to announce plans to phase out nuclear power completely.393 In July 2024, one of two units at the last operational nuclear plant on the island was decommissioned, with the second unit slated to shutter in May 2025.³⁹⁴ Though a majority of citizens still support the reduction of nuclear reactors, a slew of high-profile power outages in recent years has increased concern over the grid's ability to effectively manage demand.³⁹⁵ Furthermore, increased industrial production in the semiconductor and manufacturing sectors has steadily raised demand for electricity and resulted in surging energy rates. 396 Thus far, broader prices have been largely unaffected by energy costs as Taiwan's government has provided heavy subsidies to offset sustained losses of the state power company, though recently prices for industrial consumers have begun to increase. 397

Starting in 2016, the DPP sought to accelerate the adoption of clean energy† and improve the power system's resilience by setting ambitious targets for an electricity generation mix of 50 percent natural gas, 30 percent coal, and 20 percent renewables by 2025.398 The amount of clean energy Taiwan uses to generate electricity stood at 16.1 percent in 2022, half that of the average for the whole of Asia and well behind China's 34.9 percent.³⁹⁹ Though the Tsai Administration made strides toward increasing renewable energy capacity and building out liquified natural gas (LNG) facilities and infrastructure, in 2023, natural gas-fired plants generated 39.5 percent of the island's power, coal-fired 42.2 percent, and renewables 9.5 percent—leading to a reduction of the 2025 renewable energy target downward to 15 percent.⁴⁰⁰

Beyond concerns over how energy constraints may raise prices or fail to meet peak demand during peacetime, the proposal to incorporate more clean energy and natural gas has implications for China's ability to disrupt power during a military operation against the island. The government's current stockpile requirements man-

†Clean energy includes wind, solar, hydro, nuclear, biomass, and other renewables. Ember, "Data into Action."

^{*}Taiwan's government includes nuclear in import figures, as uranium used in domestic reactors is sourced elsewhere. Joseph Webster, "Does Taiwan's Massive Reliance on Energy Imports Put Its Security at Risk?" Atlantic Council, July 7, 2023.

date that oil operators and importers maintain a 60-day supply—on top of a national 30-day strategic reserve—and eight days of natural gas.⁴⁰¹ Given that natural gas generates nearly 40 percent of electricity and is set to increase to 50 percent, major disruptions would occur from a one- to two-week blockade once the stockpile was depleted.*⁴⁰² Currently there are two operational LNG terminals, the largest in the southern city Kaohsiung and another in Taichung, from which gas is piped to major cities along the western coast and in the north.⁴⁰³ Three new LNG receiving terminals are planned, as well as expansion of the existing facilities.⁴⁰⁴ Resupplying LNG would be difficult to impossible under a maritime blockade enforced by China.⁴⁰⁵

Cross-Strait Economic and Trade Relations

Economic and trade relations between the PRC and the government of Taiwan have steadily deteriorated since President Tsai Ingwen was first elected in 2016, a signal of Beijing's willingness to use economic levers to signal displeasure with the ruling DPP and attempt to coerce Taiwan into submission.

Economic Coercion Enters a New Phase Post-Election

Along with stepping up its rhetoric and military exercises in the immediate aftermath of Lai's inauguration on May 20, 2024, Beijing announced on May 29 that it would impose punitive trade measures on 134 export products from Taiwan. 406 This is the latest move in a concerted pressure campaign carried out by MOFCOM to weaponize cross-Strait trade. In 2021, China banned imports of pineapples from Taiwan and a handful of other food products, citing sanitary and phytosanitary issues. 407 However, there was a clear correlation between the southern rural districts that produce the majority of products subject to bans and the historically high levels of support for the DPP in these districts. 408 Over the course of 2022 and 2023, China continued to ban imports that accounted for a small portion of cross-Strait trade but for which producers relied on the mainland market; the bans were often timed around political events Beijing took issue with, like then Speaker of the U.S. House of Representatives Nancy Pelosi's visit to Taipei in August 2022. 409

China laid the groundwork for the recent bans with a sprawling trade probe launched last year at the onset of Taiwan's campaign cycle that intended to threaten rollback of preferential trade arrangements contingent upon the outcome of the election. In April 2023, one week after then President Tsai met with then Speaker of the U.S. House of Representatives Kevin McCarthy and one day after Lai Ching-te announced his candidacy, MOFCOM announced it was launching a unilateral investigation into nearly 2,500 products it alleged Taiwan subjected to unfair restrictions, including agricultural, plastic, metal, and chemical products. The investigation was set to expire one day before Taiwan's election and carried the implicit threat of revoking in part or completely the Economic Coop-

^{*}Taiwan is expected to have 20 days of LNG storage capacity by 2025. However, total storage capacity of LNG is limited by atmospheric evaporation called "boiling off" that afflicts this fuel when stored in large quantities. S&P Global, "Taiwan Vulnerable to LNG Supply Risks in the Event of a Maritime Blockade," May 30, 2024; Taiwan Ministry of Economic Affairs Energy Administration, Stable Supply of Natural Gas, February 21, 2024.

eration Framework Agreement (ECFA) between China and Taiwan that reduced tariffs on a broad swath of cross-Strait trade since its enactment in 2010.*411 Taiwan's premier denied the allegations of unfair trade barriers, saying the investigation was clearly intended to influence voters and did not adhere to dispute resolution channels under the WTO, of which both sides are members.412 Less than a month before the election, China suspended preferential tariffs on 12 petrochemical products under the ECFA.⁴¹³ After the election, as noted above, China expanded suspensions of preferential tariffs to the 134 export products previously mentioned, including chemical products, textiles, metals, rubbers and plastics, and machinery, for which China comprises 16–35 percent of Taiwan's exports. 414 Confirming the political nature of its trade actions, on April 28, 2024, MOFCOM announced it would lift the ban on some Taiwan fruit and seafood products after KMT legislative caucus leader Fu Kun-chi visited the Mainland and expressed support for Beijing's interpretation of the 1992 Consensus. 415

China Continues Efforts to Acquire Taiwan's Technology, Talent, and Knowhow

In recent years, Chinese companies and the government have increasingly carried out licit and illicit efforts to obtain trade secrets from Taiwan's leading firms in industries of strategic importance. No economy is more integrated in global semiconductor supply chains than Taiwan's, with its national champion TSMC responsible for producing leading-edge logic chips, including those designed by NVIDIA for AI training and the 3nm chips that power Apple smartphones. ⁴¹⁶ In February, Taiwan's representative in the United States Alexander Yui said of China's chip makers that they "cheat" and "steal" technology. ⁴¹⁷

National security laws on the island were tightened in 2022 to prohibit Chinese investment in certain parts of the industry and the transfer of trade secrets, making it difficult for Chinese chip companies to legally operate in Taiwan.⁴¹⁸ That same year, Taiwan's Investigation Bureau opened around 100 probes into Chinese companies suspected of illegally poaching Taiwan technology talent.⁴¹⁹ Chinese competitors often look to poach workers from Taiwan by offering salaries two to three times higher in some cases.⁴²⁰ In April 2024, four Taiwan nationals were convicted of poaching on behalf of Chinese tech companies, and in May authorities named eight companies accused of conducting illegal operations in Taiwan and poaching talent, including Chinese Apple supplier Luxshare Precision Industry and Zhejiang Dahua Technology, a company currently on the U.S. Entity List.⁴²¹

Taiwan's coveted engineering workforce would become an even more significant strategic asset in the event of a Chinese invasion. If invasion appears imminent, Benjamin Noon of the Vandenberg Coalition and Allison Schwartz, formerly of the American Enterprise Institute, have advocated for evacuating Taiwan's semiconductor engineers in an effort akin to the allied Operation Paperclip that

^{*}For more background on the ECFA and evolution of the cross-Strait trade relationship, see U.S.-China Economic and Security Review Commission, Chapter 5, Section 2, "Taiwan," in 2023 Annual Report to Congress, November 2023, 615–616.

brought German scientists to the United States in the twilight days of World War II.⁴²² This proposal would seek to relocate them at foundries in the United States and allied nations to ramp up production and curb the ensuing supply shock.⁴²³ As discussed previously, staff from the U.S. International Trade Commission released a working paper in November 2023 that projected a 58.6 percent average price increase for logic chips in the U.S. market in the hypothetical event of a major disruption to Taiwan's semiconductor output, noting this may be a conservative estimate.⁴²⁴

The continued operation of Taiwan's chip fabs would be subject to other constraints beyond staffing during a blockade. The deeply integrated supply chains for semiconductor fabrication inputs such as chemicals, silicon, and photomasks are mainly supplied by the United States and its allies and, if cut off, would inhibit utilization of the facilities. 425 TSMC Chair Mark Liu has stated that it would be impossible to take TSMC by force because operations depend on "real-time connection with the outside world [for] materials to chemicals to spare parts to engineering software and diagnosis."426 Chemicals, gases, and other raw materials used in fabs are sourced from a few suppliers and spoil in a matter of months, which would render the facilities inoperable after existing supplies run out. 427 Furthermore, the Dutch company ASML reportedly claimed in May 2024 that in the event of a Chinese invasion they maintain the capability to remotely disable their \$217 million extreme ultraviolet machines used to etch silicon wafers in TSMC's fabs. 428

U.S.-Taiwan Economic and Trade Relations

Taiwan is a key trade partner of the United States, and over the past year efforts to enhance ties by both Taipei and Washington have resulted in substantial investment announcements and continued progress on substantive agreements like the U.S.-Taiwan Initiative on 21st Century Trade. According to the U.S. Bureau of Economic Analysis data, Taiwan ranked 13th among U.S. trade partners on the basis of total two-way trade in goods and services in 2023 (\$152 billion), behind France and ahead of Singapore. Looking at only goods trade in 2023, Taiwan was the United States' seventh-largest merchandise trading partner (\$128 billion), tenth-largest export market (\$40 billion), and eighth-largest source for imports (\$88 billion).

Trade Negotiations Progress

Negotiations for the U.S.-Taiwan Initiative on 21st Century Trade remain ongoing.⁴³¹ The initiative was announced in June 2022 and seeks to reach commitments and "economically meaningful outcomes" in 11 areas as part of its negotiating mandate, according to the Office of the U.S. Trade Representative.⁴³² A first agreement was signed on June 1, 2023—exactly one year after the initiative was announced—and covered four of the 11 issue areas: customs administration and trade facilitation, regulatory practices, anticorruption, and small and medium-sized enterprises.⁴³³ These issue areas were seen as the less complex areas where interests and existing regulations between the two parties were already in relative alignment.⁴³⁴

In April 2024, negotiators convened an in-person round of talks on issues pertaining to agriculture, environment, and labor as part of efforts to reach a second-stage agreement on the next three mandate areas. ⁴³⁵ If this stage of negotiations concludes successfully, the remaining mandate areas of digital trade, standards, state-owned enterprises, and non-market policies and practices will be addressed in a final stage. ⁴³⁶

To date, these negotiations do not include traditional "market access" issues (e.g., tariffs, services market access) or investment protections. Additionally, it is not clear if the broader U.S. suspension of digital trade negotiations in the Indo-Pacific Economic Framework for Prosperity (IPEF) following withdrawal of U.S. support for standards at the WTO will apply to the digital chapter in these negotiations. 437

Implications for the United States

Taiwan remains a potential flashpoint for conflict with China. China's leadership has expressed its intention to bring the island under its control and has not deviated from its goal of unification. Beijing has made it clear that it is willing to use a wide variety of methods to achieve this goal, from information operations to shape Taiwan's public opinion to the use of force. While Lai's election raises concerns in Beijing, the DPP's position as a minority government is likely to be interpreted by Chinese leadership as a sign of weakness and potential opportunity to further its agenda through engagement with the opposition. This interpretation will likely result in Beijing intensifying its pressure campaign on the DPP, raising the risk for miscalculation between not only China and Taiwan but possibly also China and the United States.

While the Lai Administration is clear in its intent to adopt an asymmetric defense strategy, China's pressure campaign presents challenges to the adoption of that strategy, as Taiwan will have to make complex decisions about resource allocation between countering China's gray zone activities or following through on adopting equipment more appropriate for countering an invasion. The United States can assist Taiwan in both countering China's gray zone efforts and in providing material for its asymmetric strategy, but challenges exist in the rapid armament of Taiwan. U.S. defense industrial base manufacturing limitations and extended delivery timelines mean that at the current rate, Taiwan is unlikely to be armed to a degree sufficient to deter or counter China from invading on its own, and so it will rely on the United States to provide for its deterrence as the PLA continues to approach its 2027 and mid-century modernization goals. Even if it can be deterred from outright invasion. China continues to build the capability to quarantine or blockade the island, which represents a unique challenge for U.S. and Taiwan

Cross-Strait economic relations have significantly deteriorated given Beijing's increased intimidation and economic coercion activities. Though China remains Taiwan's top trading partner, exports to the United States have surged since late 2023, driven in large part by demand for advanced integrated circuits used for AI and advanced computing. This coincides with substantial investment by

TSMC in production facilities outside of Taiwan, including construction of three semiconductor foundries in Arizona capable of producing cutting-edge logic chips. In the meantime, Taiwan remains by far the most dominant in production of advanced semiconductors, and any disruption to output on the island will have major ramifications for the global economy and—more importantly—U.S. national and economic security.

Appendix I: Beijing's "One China Principle" and the U.S. "One China Policy"

Though Beijing attempts to conflate the issue of "One China," Beijing's "One China principle" and the U.S. "One China policy" are very different. Beijing's One China principle claims that Taiwan is an inalienable part of the People's Republic of China (PRC). In contrast, the U.S. One China policy does not take an official stance on the PRC's claim to sovereignty over Taiwan. Rather, the United States only "acknowledges" Beijing's position "that there is but one China and Taiwan is part of China."438

Beijing's "One China Principle"

Beijing's One China principle insists that "there is only one China in the world, Taiwan is part of China, and the government of the PRC is the sole legal government representing the whole of China."439 According to a Chinese government white paper on Taiwan published in February 2000, Beijing developed the One China principle after the 1949 founding of the PRC in order to establish diplomatic relations with other countries while safeguarding its national sovereignty and territorial integrity.⁴⁴⁰ Nevertheless, prior to 1949, CCP leaders had sometimes expressed explicit support for Taiwan's independence. In 1936, Mao Zedong, who had recently consolidated his position as the dominant figure in the CCP, told American journalist Edgar Snow that the CCP would support Taiwan in its "struggle for independence" from Japanese imperialism.*441 While CCP authorities have consistently claimed sovereignty over Taiwan since 1949, the specific term "One China principle" was not widely used until the 1970s, and the phrase only became a mainstay of official Chinese government rhetoric in the 1990s and early 2000s.†442 The PRC's first white paper on Taiwan in 1993 only mentioned the "principle of one China" in passing on four occasions. 443 In contrast, China's 2000 white paper on Taiwan was titled "The One China Principle and the Taiwan Issue" and uses the term on 41 separate occasions. 444 Since the early 2000s, the "One China principle" has been ubiquitous in Chinese propaganda about Taiwan, and Chinese officials often repeat the false claim that all countries with which it has established diplomatic relations accept the "One China principle."445

Beijing's Use of "Reunification"

In Chinese propaganda, the "One China principle" is closely associated with Beijing's stated goal of achieving "reunification" with Taiwan. 446 Beijing uses the term "reunification" to refer to the pro-

^{*}These interviews were published in Edgar Snow's 1937 book, *Red Star Over China*. Chinese translations of *Red Star Over China* continued to include Mao's quote supporting Taiwan independence until at least 1979. More recent Chinese editions of the book, however, have censored Mao's comment on Taiwan. Edgar Snow, *Red Star Over China* (New York: Grove Press, 1994), 110; Edgar Snow, *Red Star Over China* (西行漫记) (Beijing: SDX Joint Publishing Company, 1979), 83–84. Translation; Edgar Snow, *Red Star Over China* (西行漫记) (Beijing: Foreign Language Teaching and Research Press, 2005), 146. Translation.
†The first use of the term "One China principle" (一个中国的原则) in *People's Daily was not until March 1971. *People's Daily, "The Japanese Reactionary Faction's Ambition to Plot to Re-Occupy China's Taiwan Province Is Exposed" (日本反动派阴谋重新霸占我台湾省的野心毕露), March 21, 1971, 6. Translation. *These interviews were published in Edgar Snow's 1937 book, Red Star Over China. Chinese

cess of absorbing Taiwan as an inalienable part of the state called "China" and to imply that cross-Strait relations are "purely an internal matter for China."447 In contrast, Taiwan, the United States, and some international observers generally avoid the term "reunification" because Taiwan has never been governed by the PRC.*448 This report uses the term "reunification" only when quoting CCP sources and sources that conform to CCP preferences. The choice to use "unification" or "reunification" is primarily an issue for English-language sources, as both words are used to translate the same Chinese-language term, tongyi ("to unite as one"). Nevertheless, the CCP has not always used the English term "reunification" to describe its ambition to rule Taiwan. After 1949, Beijing vowed to "liberate" Taiwan from Chiang Kai-shek and the Kuomintang by military means before adopting the term "peaceful liberation" in the mid-1950s in a reexamination of its policies and an attempt to sway Chiang's government toward a negotiated political settlement. 449 It was not until the 1970s that the CCP consistently replaced "liberation" with "reunification." ⁴⁵⁰ Deng Xiaoping made this change in terminology official during his visit to the United States in 1979, speaking of "reunifying the motherland" and telling U.S. senators that China "no longer use[s] the term 'liberation of Taiwan.'" 451 Xi Jinping and CCP leaders now refer to the "complete reunification" of China—by which they mean imposing PRC sovereignty over Taiwan—as "indispensable for the realization of China's rejuvenation."452 China's 2022 white paper on Taiwan uses the term tongyi (translated in English as reunification) no fewer than 124 times. 453

The U.S. "One China Policy"

Despite Beijing's false claim that China and the United States established diplomatic relations "on the basis of the One China principle," the U.S. One China policy does not take a position on sovereignty over Taiwan. As articulated by the U.S. Department of State Bureau of East Asian and Pacific Affairs: "The United States has a longstanding one China policy, which is guided by the Taiwan Relations Act, the three U.S.-China Joint Communiques, and the Six Assurances."† 454 Significantly, in the 1978 U.S.-China Joint Communique, which established diplomatic relations between the United States and the PRC, the United States reaffirmed it only "acknowledges" (but does not endorse) "the Chinese position that

1978, 1982), and the Six Assurances (1982) can be found in the Commission's 2019 Annual Report. U.S.-China Economic and Security Review Commission, 2019 Annual Report to Congress, November 2019, 452–453.

^{*}English-language statements published by Taiwan's government, including the Mainland Affairs Council and Ministry of Foreign Affairs, generally refer to China's pursuit of "unification" with Taiwan. The U.S. government generally does not use either "unification" or "reunification" in with Taiwan. The U.S. government generally does not use either "unification" or "reunification" in official statements pertaining to cross-Strait relations, which instead refer to the United States' opposition to "any unilateral changes to the status quo from either side." Major international newspapers, including the New York Times and Washington Post, also generally use the term unification. Taiwan's Mainland Affairs Council, MAC 2024 First Quarter Report on the Situation in Mainland China, May 6, 2024; Taiwan's Ministry of Foreign Affairs, MOFA Response to False Claims Made in Joint Communiqué between PRC and Russia Regarding Taiwan, December 22, 2023; U.S. Department of State Bureau of East Asian and Pacific Affairs, U.S. Relations with Taiwan: Bilateral Relations Fact Sheet, May 28, 2022; Chris Buckley and Christ Horton, "Xi Jinping Warns Taiwan That Unification Is the Goal and Force Is an Option," New York Times, January 1, 2019; Adela Suliman, "China's Xi vows peaceful 'unification' with Taiwan Days after Sending a Surge of Warplanes near the Island," Washington Post, October 9, 2021.

†A detailed explanation of the Taiwan Relations Act (1979), Three Joint Communiques (1972, 1978, 1982), and the Six Assurances (1982) can be found in the Commission's 2019 Annual Re-

there is but one China and Taiwan is part of China."* 455 Beijing has obfuscated this distinction through deliberate mistranslation. The Chinese text of the 1978 Communique translates "acknowledges" as *chengren* ("to recognize"), a term that in Chinese clearly implies U.S. agreement with China's position. 456 In contrast, the Chinese text of the 1972 Joint Communique, which first articulated each respective government's position on Taiwan, had translated "acknowledges" as renshi ("to be aware of"), a term that more faithfully conveys the meaning of the English text. 457

According to its One China policy, the United States:

- "Oppose[s] any unilateral changes to the status quo from either side";
- "[Does] not support Taiwan independence";
- "Expect[s] cross-Strait differences to be resolved by peaceful means"; and
- "Continue[s] to have an abiding interest in peace and stability across the Taiwan Strait." 458

In line with the Taiwan Relations Act (1979), the United States also makes available defense articles and services to Taiwan "as necessary to enable Taiwan to maintain a sufficient self-defense capability" and maintains its own ability to resist any use of "force or other forms of coercion that would jeopardize the security, or the social and economic system, of Taiwan."

^{*}In the 1972 Joint Communique, the "U.S. side declared [that] the United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position. It reaffirms its interest in a peaceful settlement of the Taiwan question by the Chinese themselves." American Institute in Taiwan, U.S.-PRC Joint Communique (1972), March 31, 2022.

Appendix II: U.S. Military Sales to Taiwan, September 2023–September 2024

Date of State Department Approval*	Content of Purchase	Value
December 15, 2023 ⁴⁶⁰	Follow-on life cycle support to maintain Command, Control, Communications, and Computers (C4) capabilities managed under its Syun An program. The C4 capabilities consist of previously procured Multifunctional Information Distribution Systems-Low Volume Terminals (MIDS-LVT) and Joint Tactical Information Distribution System (JTIDS) equipment as well as procurement of spare and repair parts; repair and return of equipment; technical documentation; personnel training; software and hardware; software development; maintenance of Continental United States (CONUS) technical laboratories; U.S. government and contract engineering and technical support; logistics; and other related elements of logistics and program support.	\$300 million
February 21, 2024 461	Foreign Military Sales (FMS) Cross Domain Solutions (CDS); High Assurance devices; Global Positioning System (GPS) receivers; communications equipment; requirements analysis; engineering; tech- nical services; and other related elements of logistics and program support.	\$75 million
June 5, 2024 462	Standard spare and repair parts, components, consumables, and accessories for F-16 aircraft; U.S. government and contractor engineering, technical, and logistics support services; and other related elements of logistics and program support.	\$220 million
June 5, 2024 463	Non-standard spare and repair parts, components, consumables, and accessories for F-16 aircraft; U.S. government and contractor engineering, technical, and logistics support services; and other related elements of logistics and program support.	\$80 million

^{*}According to the U.S. Defense Security Cooperation Agency, the Foreign Military Sales (FMS) program is a form of security assistance authorized by the Arms Export Control Act (AECA), as amended by 22 U.S.C. 2751, et. seq., and a fundamental tool of U.S. foreign policy. Under Section 3 of the AECA, the United States may sell defense articles and services to foreign countries and international organizations when the president formally finds that to do so will strengthen the security of the United States and promote world peace. Under the FMS program, the U.S. government and a foreign government enter into a government-to-government agreement called a Letter of Offer and Acceptance (LOA). The secretary of state determines which countries will have programs. The secretary of defense executes the program. See Defense Security Cooperation Agency, Foreign Military Sales (FMS).

Appendix II: U.S. Military Sales to Taiwan, September 2023–September 2024—Continued

Date of State Department Approval	Content of Purchase	Value
June 18, 2024 464	Up to 291 ALTIUS 600M-V systems, composed of an Unmanned Aerial Vehicle (UAV) loitering munition with extensible warhead and electro-optical/infrared (EO/IR) camera; ALTIUS 600 inert training UAVs; Pneumatic Integrated Launch Systems (PILS); PILS transport trailers; ground control systems; associated support, including spares; battery chargers; operator and maintenance training; operator, maintenance, and training manuals; technical manuals; logistics and fielding support; testing; technical assistance CONUS and OCONUS, including for engineering services; program management; site surveys; facility, logistics and maintenance evaluations; quality assurance and de-processing team support; field service representative support; transportation; and other related elements of logistics and program support.	\$300 million
June 18, 2024 465	Seven hundred twenty (720) Switchblade 300 (SB300) All Up Rounds (AURs) (includes 35 fly-to-buy AURs) and one hundred one (101) SB300 fire control systems (FCS). The following non-Major Defense Equipment will also be included: first line spares packs; operator manuals; operator and maintenance training; logistics and fielding support; Lot Acceptance Testing (LAT); U.S. government technical assistance, including engineering services, program management, site surveys, facilities, logistics, and maintenance evaluations; quality assurance and de-processing team; field service representative(s); transportation; and other related elements of logistics and program support.	\$60.2 million
September 16, 2024 466	Return, repair, and reshipment of classified and unclassified spare parts for aircraft and related equipment; U.S. government and contractor engineering, technical, and logistics support services; and other related elements of logistics and program support.	\$228 million

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