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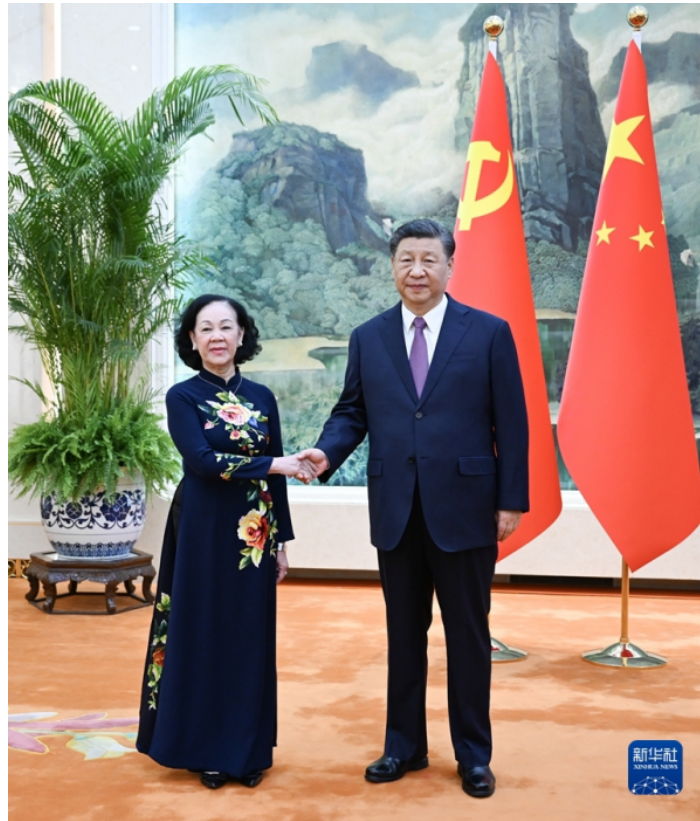
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Party Ties: Vietnam, Cuba and China's Relations with Other Marxist-Leninist States

John S. Van Oudenaren

Last month, on the 15th anniversary of the establishment of the China-Vietnam comprehensive strategic cooperative partnership (中越全面战略合作伙伴关系), Chinese Communist Party (CCP) General Secretary Xi Jinping met with Vietnamese Communist Party (VCP) Politburo Member and Head of the Central Committee Organization Commission Truong Thi Mai and asked her to convey his greetings to General Secretary Nguyen Phu Trong ([People's Republic of China Ministry of Foreign Affairs \[FMPRC\]](#), April 26). [1] The visit to Beijing by Mai, who has headed the VCP's powerful organization commission since 2021 and was appointed to the Secretariat in March, occurred days after U.S. Secretary of State Antony Blinken visited Vietnam ([NhanDan](#), April 15; [VN Express](#), March 6). As the maritime dispute between China and Vietnam in

the South China Sea has intensified over the past fifteen years, Washington has deepened its ties with Hanoi based on overlapping geostrategic interests. Nevertheless, the Biden administration's ability to achieve its goal of upgrading the U.S. relationship with Vietnam to a "strategic partnership" this year to mark the tenth anniversary of the establishment of the U.S.-Vietnam "comprehensive partnership" remains in question ([Fulcrum.sg](https://www.fulcrum.sg), April 20).



(Image: General Secretary Xi Jinping meet with VCP Politburo Member and Head of the VCP Central Committee Organization Commission in Beijing on April 26)

Vietnam undoubtedly perceives the PRC's drive to consolidate control over the South China Sea as its main geopolitical challenge. Moreover, Vietnam's relationship with its larger northern neighbor is colored by mistrust derived from historical memories of Chinese occupation and a long legacy of conflict, including the 1979 Sino-Vietnamese War and the subsequent series of border and naval clashes in the 1980s. However, the VCP, particularly the conservative faction, now views the U.S. as posing its primary ideological threat and is fearful that Washington aims to undermine its grip on power ([Nikkei Asia](https://www.nikkei.com), May 11, 2022). As two scholars at Ho Chi Minh City University of Social Sciences note in a recent analysis, Hanoi's reluctance to upgrade ties with the U.S. stems not only from fear of angering China but also from concern with "Washington's excessive focus on press freedom, religious freedom, and human rights as an internal intrusion and potential threat to Vietnam's political security." [2] Hence, Beijing is able to arrest Hanoi from drifting towards closer alignment with Washington by leveraging their shared Communist systems and mutual concerns about Western efforts to facilitate the "peaceful evolution" of communist states into liberal democracies.

During his meeting with VCP General Secretary Nguyen Phu Trong in Beijing last October, Xi spoke to both Party leaderships' mutual concern with regime security. He stressed that each side "should stay committed to the socialist orientation" and called for increased party-party exchanges to facilitate "mutual learning in party governance and state administration, maintain high-level communication and strategic dialogue between the two militaries, achieve more outcomes in cooperation on law enforcement and security, and safeguard the political security and social stability of respective countries" ([FMPRC](#), October 31). Party-to-party ties are a key element of the PRC's relationships with the other three states with ruling Communist Parties: Vietnam, Cuba and Laos. [3] As with the CCP, the Vietnamese, Cuban and Laotian Communist Parties have each adapted and modified Marxist-Leninism to suit their national conditions, regional situations and elite political preferences. Despite their considerable differences, these states' mutual Marxist-Leninist ideological orientations and systems foster shared interests, including maintaining regime security and "stability," opposing perceived external attempts to define and impose Western conceptions of democracy and human rights, advancing a state-led model of economic development and promoting a more multipolar world.

"Comrades and Brothers"

The ideological comity between the CCP and the VCP was underscored when General Secretary Nguyen Phu Trong led the first foreign delegation to visit China following Xi's attainment of a third term as Communist Party chief at the 20th Party Congress in late October ([CCTV](#), October 31, 2022). During Trong's visit, the two sides released a "Joint Statement on Further Strengthening and Deepening China-Vietnam Comprehensive Strategic Cooperative Partnership." In the statement, both sides agreed that their "traditional friendship as 'comrades and brothers' (同志加兄弟), which was forged and carefully cultivated by Chairman Mao Zedong, Chairman Ho Chi Minh and other older generation leaders is the precious inheritance of the two peoples," which must be maintained and advanced ([People's Daily](#), November 2, 2022).

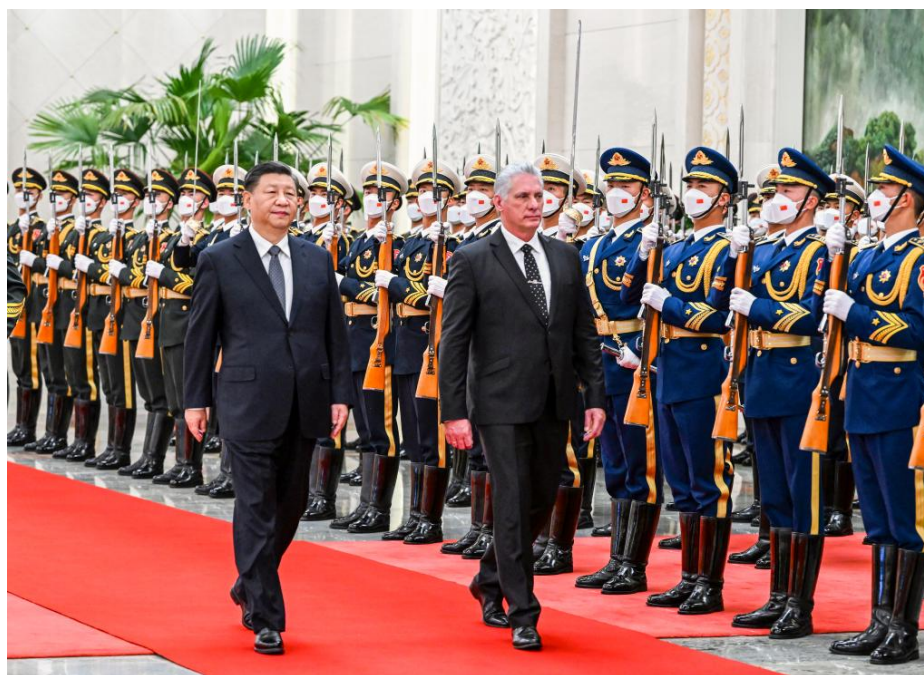
In the joint statement, both parties pledged unswerving adherence to Communist Party leadership based on the path of socialism that best suits their respective national circumstances. They also pledged to intensify party-to-party cooperation by continuing to implement the five-year (2021-2025) CCP-VCP cooperation and cadre training plans to hold joint theory seminars and strengthen exchanges between party members at all levels. Notably, the joint statement includes not only a pledge to strengthen defense cooperation and exchanges, but also calls for strengthening cooperation to enhance political security, including through leveraging mechanisms to resist "color revolution" and "peaceful evolution."

Inter-party exchanges between the CCP and the VCP on Marxist theory, party building and good governance practices are regularly held at the national, provincial and some local levels, particularly in border areas such as Guangxi and Yunnan, according to Xu Liping, director of the Chinese Academy of Social Sciences' Center of Southeast Asian Studies ([Guancha](#), November 1, 2022). Xu noted that as both countries are implementing policies of "reform and opening," they face many common challenges and stated that Vietnam can learn from China's success in combining communism and traditional Chinese culture so that Marxism can better take hold in the country. He stressed that these exchanges foster "self-confidence" in both the Communist system and theory. Xu also stated that large numbers of VCP officials will come to China to attend the Central Party School and selected local Party Schools for cadre training in order to learn from China's experience in socialist governance.

While General Secretaries Xi and Truong have both re-emphasized Marxist-Leninist ideology during their tenures, they have also each launched anti-corruption campaigns to root out graft and strengthen their respective holds on power. Consequently, one area where there has been extensive inter-party exchange between the CCP and the VCP is anti-corruption coordination, enforcement and training. For example, in September 2021, the heads of each party's respective central anti-graft bodies, then Central Commission for Discipline Inspection (CCDI) chief Zhao Leji and VCP Central Inspection Commission head Trần Cẩm Tú held a video conference with other top party officials to review their experiences countering corruption ([Nhan Dan](#), September 6, 2021). In an example of the role that subnational, provincial disciplinary commissions also play in such exchanges, in May 2019, Liu Xuexin, who was then Secretary of the Fujian Commission for Discipline Inspection Commission, met with the head of the Vietnamese Discipline Inspection and Supervision Cadre Training Course to exchange views on anti-corruption enforcement, interdicting fugitives and recovering stolen goods ([Sohu](#), May 28, 2019).

Like Xi, Truong was able to orchestrate a third term as party head and on his watch, a number of senior officials, including former ministers, several of whom favored closer ties with the U.S., have been expelled from the party ranks. His biggest powerplay came in January, when President Nguyen Xuan Phuc, widely seen as a supporter of closer relations with the West, was compelled to step down amidst a string of recent corruption scandals ([DW](#), January 17). Phuc's exit, along with Truong's overall tightening of political control, plays into the PRC's favor by stalling and even threatening to reverse, the recent deepening of U.S.-Vietnam ties.

The Cuban Connection



(Image: First Secretary of the Cuban Communist Party Miguel Diaz-Canel with Xi on his state visit to Beijing last November, source: Global Times)

On the other side of the world, mutual enmity toward the U.S. and a common Marxist-Leninist orientation, have fostered close relations between China and Cuba. The Caribbean nation enjoys the unique designation in the PRC's lexicon of foreign relations as "good friend, comrade and brother" (好朋友、好同志、好兄弟) a relationship Xi hailed as "standing the tests of time" in his congratulatory call with then Cuban Communist Party First Secretary Raul Castro on the 60th anniversary of the establishment of official relations ([CCTV](#), September 28, 2020). Of course, PRC-Cuba relations have ebbed and flowed since 1960, far more than Xi acknowledged. The two countries enjoyed affable but distant relations in the period after Fidel Castro's revolutionary regime made Cuba the first country in the Western Hemisphere to recognize the PRC. However, the relationship cooled during the 1970s and early 1980s, when the Sino-Soviet split was at its most intractable.

As a staunch Soviet ally, Cuba mostly aligned with the Soviets in conflicts for influence in the developing world, which often put it at odds with the PRC. During the Angolan Civil War, Cuba deployed troops in support of the Soviet-backed MPLA, whereas the PRC, along with the U.S. and South Africa, backed the FNLA and later the UNITA, ([U.S. Department of State](#)). However, the collapse of the Soviet Union, along with the continued overall U.S. isolation of Cuba, precipitated a major warming of relations between Beijing and Havana.

In late November, Cuban Communist Party Secretary Miguel Díaz-Canel made a state visit to China, becoming the first leader from Latin America and the Caribbean to visit Beijing after the 20th Party Congress. In his meeting with Díaz-Canel, Xi stressed that the PRC accords Cuba a "special position in its diplomacy" and stressed that no matter how the international situation evolves, China will unswervingly "support Cuba in the path of socialism," "defend international fairness and justice" and resolutely oppose "hegemony in world politics" ([Xinhuanet](#), November 25, 2022). As Cuba's economy has struggled recently due to the impact of the global pandemic, excess debt and the destruction caused by Hurricane Ian last year, Havana has looked to the PRC for a lifeline. During Díaz-Canel's state visit to Beijing, the PRC agreed to restructure Cuban debt and extend \$100 million in hurricane relief assistance ([SCMP](#), November 27, 2022).

Conclusion

A common Marxist-Leninist orientation, mutual support for the "socialist cause" (社会主义事业) and shared concern about Western-orchestrated regime change, provide a normative framework for the PRC's relationships with Vietnam and Cuba ([Gov.cn](#), August 30, 2021). However, both relationships also carry strategic, diplomatic, and in Vietnam's case, economic importance, for Beijing.

The continuance of a Communist government in Havana precludes the full normalization of U.S.-Cuba relations and allows the PRC to occupy a position as Cuba's main external ally. As regards Vietnam, the shared ideological orientation is equally critical to maintaining a workable relationship despite the major dispute over the South China Sea. Once seemingly in decline, the VCP's concern over U.S. political interference appears to be on the rebound, which plays into Beijing's hands. Thus far, Hanoi has managed to balance its ideological comity with Beijing and its geopolitical synchronicity with Washington. However, the PRC can succeed in shifting Vietnam's focus from geopolitics to regime security, it could arrest and possibly even reverse the growing strategic cooperation between the U.S. and Vietnam.

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Notes

[1] Notwithstanding the specific titles applied to the PRC's relationships with a handful of key partners (e.g., Russia and Pakistan) a "comprehensive strategic cooperative partnership" is highest official designation in the PRC's hierarchy of strategic partnerships (see [SCMP](#), January 20, 2016).

[2] Huynh Tam Sang and Vo Thi Thuy An, "[Is a US-Vietnam Strategic Partnership Likely to Happen Soon?](#)" *The Diplomat*, April 21, 2023.

[3] Although the Korean Workers Party in North Korea originated as a Marxist-Leninist Party and retains many elements of Communism, the party's official ideology is Juche, which since 2012 has been derived solely on the bases of Kimilsungism–Kimjongilism and hence falls outside the scope of this article, see Hisashi Hirai, "[Comrade Kim Jong-un's revolutionary thought](#)," Japan Institute of International Affairs, February 20, 2023.

PRC Influence Operations in the Philippines: Can Beijing Flip the South China Sea Script?

Peter Chalk



(Image: Chinese and Philippine Coast Guard Vessels Face off in the South China Sea , source: Philippine Coast Guard)

Introduction

In early March, a flotilla of more than 40 suspected Chinese maritime militia vessels swarmed around Pag-asa (Thitu) Island, the Philippines' largest outpost in the South China Sea (SCS) ([The Philippine Star](#), March 5; [The Maritime Executive](#), March 5; [Radio Free Asia](#), March 5). The incident was the latest in an ongoing campaign by the People's Republic of China (PRC) to forcefully consolidate its presence in disputed waters that fall within or near the Philippines' exclusive economic zone (EEZ). Beijing is pursuing this agenda as part of a wider effort to entrench its territorial hold in the strategic and resource-rich South China Sea (SCS).

While many of these kinetic-oriented courses of action have received widespread coverage in the open-source literature, one aspect of PRC statecraft that has garnered comparatively less attention is the use of covert, coercive and corrupting practices to distort the national Filipino debate on sovereign competition in the SCS. [1] This tact falls under the ambit of the United Front Work Department (UFWD) and squares clearly with the ruling Chinese Communist Party's (CCP) general emphasis on achieving information dominance. This article provides an overview of the PRC's foreign influence operations (FIOs) in the Philippines. It will discuss the broad parameters of the UFWD's activities in the country and examine one major disinformation drive related to the SCS, *Naval Gazing*, which Facebook dismantled in 2020. The piece will also examine how the United

States can best assist the Philippines in countering subversive PRC interference as part of Washington's overall effort to support a rules-based order in the Indo-Pacific region.

The Growing Role of the United Front Work Department in Chinese FIOs

The original United Front between the CCP and the much stronger Nationalist Kuomintang (KMT) party first about during the 1920s and later played a key role in collaboration against Imperial Japan during the second Sino-Japanese war between 1937 and 1945 ([China Brief](#), October 19, 2022). The UFWD resurfaced in 1979 under the paramount leadership of Deng Xiaoping, and during General Secretary Xi Jinping's first decade in power has assumed an increasingly central role in spearheading PRC FIOs around the world ([China Brief](#), July 6, 2017).

The UFWD overlaps and interlinks with the PRC's intelligence community and also works closely with the CCP International Liaison Department (中国共产党中央委员会对外联络部) and Central Propaganda Department (中共中央宣传部) to exercise political influence inside and outside of the PRC. The Department oversees an elaborate network of proxies and front organizations to reward, intimidate, surveil and "positively" influence the overseas Chinese community as well as foreign academic institutions, political parties and other influential bodies and personalities. The overarching goal is to win the hearts and minds of these targeted entities and unite them in supporting the CCP's goals while neutralizing critics. [2] The UFWD's calling phrase, "to rally our true friends to attack our true enemies" (召集我们真正的朋友来攻击我们真正的敌人) comes directly from Mao Zedong, and General Secretary Xi has, himself, referred to United Front work as an "important magic weapon to win the cause of revolution, construction and reform, and also realize the greatness of the Chinese nation" ([Xinhua](#), July 30, 2015).

The UFWD and FIOs in the Philippines

The Philippines has been the focus for the bulk of PRC FIOs relating to the SCS, as much of the offshore territory claimed by the PRC in this area lies within the Philippines' EEZ. [3] The most contentious region covers the Spratly Island Chain, which at its nearest point is situated a mere 105 nautical miles from the Filipino island of Palawan ([Inquirer](#), June 15, 2011). The UFWD has three broad goals in the Philippines:

- Sow discord in domestic Philippine politics to encourage the population to focus on internal conflict and tensions rather than China as a main threat;
- Weaken the U.S.-Philippine defense alliance and promote a pro-PRC government in Manila; and
- Shape Philippine public opinion in supporting Beijing's claims in the SCS (Author's interviews, Manila, April 28, 2022).

Although much is still unknown about the overall bureaucracy of the UFWD in the Philippines, United Front affiliated groups are present and active in the country. According to 2018 testimony by Dr. Amy Searight before

the Congressionally mandated U.S.-China Economic and Security Commission, four such entities exist [4], which based on their websites and/or other official PRC sources, remain in operation:

- China Council for the Promotion of Peaceful National Reunification (CCPPNR; 中国和平统一促进会), which promotes universal adherence to the CCP's One China Principle by advocating against recognition of Taiwan and, presumably, its claims in the SCS ([CCPPNR](#), October 30, 2020).
- Chinese People's Association of Friendship with Foreign Countries (中国人民对外友好协会), which works to foster cordial relations with other countries to "improve" their opinions of the PRC ([China Daily](#), March 23).
- China Overseas Friendship Association (中华海外联谊会), which acts as a platform for information exchanges, people-to-people links and provides networking across the global overseas China diaspora ([China News](#), April 28, 2020).
- China Zhi Gong Party (中国致公党), which focuses on outreach to overseas Chinese individuals and communities ([China Zhi Gong Party](#), July 27, 2020).

These UFWD proxies all have a specific remit to coopt influential Filipinos and members of the national "Chinoy" community into backing the PRC's position on regional affairs. With respect to the SCS, the Department focuses on manipulating businessmen, civic leaders, academics, journalists and politicians to act as pliable conduits for promoting and endorsing Beijing's presence in this littoral area (Author's interviews, Manila, April 28, 2022).

In the run-up to the May 2022 Philippine gubernatorial elections, for instance, the UFWD reportedly attempted to manipulate Manuel Momba, the Governor of Cagayan Del Sur, into opposing the annual U.S.-Philippines Balikatan exercise, part of which was to involve an amphibious landing in the province's waters off Claveria (Author's interviews, Manila, April 28, 2022). Though the drill ultimately went ahead, it is noteworthy that Momba recently announced he would not support U.S. forces rotating through two military bases in Cagayan that Washington had requested access to last November ([Sun Star](#), February 6). [5] This reticence may reflect that the governor remains under some degree of PRC influence, at least in terms of his opposition to an American military presence in strategically significant regions of the archipelago (Cagayan sits directly across from the Taiwan Strait).

Philippine journalists, scholars, and intelligence officials have additionally linked United Front work to several pseudo-strategic think tanks in Manila that promote one-sided analyses and commentaries supporting President Xi's Indo-Pacific maritime policies—and issue pejorative critiques of those who dismiss his agenda. Three pertinent examples include the Philippines Association for China Studies (PACS), the Asia Pacific Pathways to Progress Association and the Integrated Development Studies Institute (Author's interviews, April 25, 28, May 2, 2022).

Apart from using these centers as a means for spreading pro-PRC propaganda, the UFWD has allegedly compromised these organizations' senior leadership to penetrate the highest echelons of the Philippine government and security establishment. A case in point appears to have occurred in August 2022, when the President of PACS had to withdraw his candidacy to become the deputy national security advisor to President "Bongbong" Ferdinand Marcos Jr. The retraction came after officials with the National Intelligence Coordinating Agency sent an unsigned letter accusing him of having close links to China and selling classified information on the SCS disputes ([South China Morning Post](#), August 23).

Analysts further contend that the PRC has hijacked major Filipino media outlets such as *World News* and the *Manila Times*, which they argue now effectively act as (plausibly deniable) mouthpieces for the CCP party line. Although no evidence of Beijing's direct involvement in the ownership of either newspaper exists, the UFWD reportedly helps to foster their biases by linking their leadership to pro-CCP groups in the Philippines. [6]

The Naval Gazing Campaign

Clear verification of subversive PRC FIOs in the Philippines came in September 2020 when Facebook announced that it had dismantled a major Chinese network that used false accounts and profiles to deceive Filipinos into consuming disinformation concerning domestic politics and developments in Southeast Asia. The campaign—dubbed *Naval Gazing* by the social media firm Graphika—developed several clusters of connected activity that: (1) decried the U.S. presence in the Pacific; (2) trumpeted the PRC's naval accomplishments in the SCS; and (3) promoted figures who were generally favorable, or at least not actively opposed, to Beijing's stance in the area, including then President Rodrigo Duterte. [7] Facebook traced the individuals behind the operation back to Fujian province in China and found that they had populated 161 accounts (Facebook and Instagram), eleven Pages, and nine Groups to attract at least 133,000 followers ([Meta](#), September 22, 2020).

Naval Gazing began creating Facebook portals targeting the Philippines in 2018, when the CCP was paying heightened attention to regional maritime affairs. The tenor and tempo of the campaign, however, rapidly intensified in February 2019, after former U.S. Secretary of State Mike Pompeo reaffirmed Washington's defense commitments to Manila in the SCS ([Inquirer](#), March 1, 2019).

In many ways the Philippines is an ideal target for online influence operations like *Naval Gazing* due to its high English literacy and voracious consumption of digital information. In January 2023, there were 85.16 million Internet users in the country (73.1 percent of the population), up from 76.01 million in 2022 ([Datareportal](#), February 9). According to advertising firms We Are Social and Hootsuite, individuals were spending an average of eleven hours and ten minutes online by the beginning of 2021, which was then the highest rate of daily internet usage of any country ([Rappler](#), January 28, 2021). Social media penetration is even greater. The most popular platform is Facebook, which in January 2023 had 87.4 million accounts in the Philippines ([NapoleonCat](#), January).

Although *Naval Gazing* is no longer active, the Philippines' national addiction to social media will likely mean that penetrating Facebook and other platforms will remain an important component of FIOs seeking to sway the country's attitudes towards the SCS. Moreover, disinformation aimed at inflaming negative views of the U.S. and its allies in the Asia-Pacific is also liable to play an important role in this effort. For Beijing, the overall

goal is to fundamentally decouple American-Philippine defense cooperation in order to gain strategic space to press its own national maritime agenda, both in the SCS and across Southeast Asia, more broadly.

Prospects for U.S. Efforts to Assist the Philippines in Countering Chinese FIOs

PRC efforts to validate its territorial claims in the SCS, including the employment of FIOs in the Philippines, have direct implications for the United States, which has a vested interest in fostering a stable, rules-based order in the region, guaranteeing freedom of navigation (FON) throughout the area and sustaining a strong U.S.-Philippines defense partnership. These priorities find direct expression in the Biden administration's 2022 *Indo-Pacific Strategy of the United States* (2022), which explicitly affirms that the growing U.S. focus on the region is due in part to the mounting challenges it faces, "particularly from the PRC," and refers to the coercive and aggressive acts Beijing has undertaken to entrench its political, economic, and military footprint in this part of the world, including "bullying of neighbors" in the SCS. In pushing back against these aspersive actions, the document declares an intent to shape the broader environment in which China operates by strengthening alliances to create a "balance of influence that is maximally favorable to the United States" ([The White House](#), February 2022).

Several interrelated ways exist with which the U.S. could help the Philippines offset Chinese FIOs and thereby promote greater transparency in the SCS in. Since 2016, when countering Russian interference and information operations emerged as an increasingly pressing priority, the U.S. has developed significant expertise in exposing, preventing and investigating malign FIOs. [8] Drawing on this experience, which has only expanded as the PRC has joined Russia as a major purveyor of disinformation, Washington could offer invaluable advice on how to foster and tailor the functional aspects of counterintelligence to blunt FIOs directed at Manila. In more specific terms, American subject matter experts (SMEs) could provide professional insight on threat and vulnerability assessments, the mechanics of generating response options, and guidance on how best to implement, evaluate, and, if necessary, refine these modalities.

Such input would be especially useful in growing and fostering the new Countering Ideological and Political Warfare course at the Ateneo de Manila University's School of Government (ASOG). Launched in 2021, this is the first and only closed-door formal academic forum in the country that specifically aims to promote anti-FIO cooperation between Filipino national security experts and practitioners, experienced technocrats, academics, and researchers (Author interviews, Manila, April 28, 2022). In August and October 2022, the ASOG held its first roundtable discussions between Filipino and foreign SMEs (including representatives from the Federal Bureau of Investigation) on modern political warfare, its tactics, techniques and procedures, as well as measures to effectively offset harmful interference ([Ateneo de Manila](#), October 11, 2022).

Another step that Washington could undertake to support the Philippines in countering malign PRC influence would be to sponsor programs that promote a more nuanced and deeper understanding of United Front work and how it compliments the PRC's general agenda in the SCS. Highlighting the PRC's use of co-optation, self-censorship, inducements and intimidation to exercise subversive influence would be particularly useful as it would improve the ability of Philippine officials to quickly recognize early warning signs of a FIO in progress. In turn, this would better situate the country's intelligence community in building relevant counter-narratives for debunking Chinese propaganda over its SCS intentions.

Conclusion

The PRC's investment in cultivating its subversive influence in the Philippines reflects the general importance that Beijing attaches to achieving a favorable outcome in its ongoing SCS disputes with Manila. As a result, Chinese FIOs are unlikely to diminish and, indeed, could increase now that Marcos Jr. is in power. Although Marcos Jr. is an ally of former President Duterte, who adopted a largely pro-PRC policy stance while in office, the new president has made it clear that he will strenuously defend Philippine territorial rights in the SCS, including upholding the Permanent Court of Appeal's 2016 ruling against Beijing's "Nine-Dash" line in the region ([Rappler](#), May 26, 2022). The CCP may well view this stance as inimical to its core interests in Southeast Asia, which could trigger more intensive efforts to sway elite Filipino opinion in China's favor.

An uptick in PRC FIOs in the Philippines will be of immediate concern to the U.S. given its sensitivity to any Chinese endeavor that could endanger FON in the SCS. Consequently, Washington must further develop and strategically prioritize proactive initiatives to help Manila identify and counter foreign interference that China is specifically using to expand and entrench its littoral presence around the archipelago's northwestern waters. This sort of engagement would provide a useful and relevant adjunct to ongoing American endeavors aimed at promoting Manila's maritime domain awareness (MDA) capabilities. These efforts fall within the broader parameters of the Maritime Security Initiative—a \$425 million program announced in 2016—and currently constitute an important programmatic focus of the Defense and Security Cooperation Agency's Institute for Security Governance. [9]

The development of a robust and resilient counter interference network in the Philippines would not only assist in stemming Chinese territorial adventurism in the SCS, but in doing so, would also contribute to weakening the CCP's drive to recalibrate Asia's power structure in Beijing's favor. Both outcomes support the basic underlying premise that has long informed Washington's emphasis on regional MDA, namely, to augment U.S. partner nations' institutional capabilities for resisting foreign interference and augmenting their concomitant ability to promote "the stability and openness necessary for the unimpeded flow of resources and trade" across Southeast Asian waterways ([The White House](#), November 17, 2015).

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Notes

[1] Covert, coercive and corrupting are the accepted "3 cs" that separates legitimate influence from unacceptable interference.

[2] See Alexander Bowe, "[China's Overseas United Front Work: Background and Implications for the United States](#)," testimony for the U.S.-China Economic Security Review Commission, August 24, 2018; and Laura

Rosenberger and John Garnaut, ["The Interference Operations from Putin's Kremlin and Xi's Communist Party: Forging a Response."](#) *The Asan Forum*, January-February 2023.

[3] Since 2012, successive Filipino administrations have designated all maritime areas west of the Philippine archipelago and lying within Manila's EEZ as the *Karagatang Kanlurang Pilipinas*, or West Philippine Sea.

[4] Amy Searight, ["Chinese Influence Activities with U.S. Allies and Partners in Europe and the Asia Pacific."](#) testimony before the U.S.-China Economic and Security Review Commission, Washington D.C., April 5, 2018.

[5] The two bases are part of a February 2023 deal allowing U.S. forces to access four military camps. This adds to the five sites that the U.S. military already has access to under the terms of the 2014 Enhanced Defense Cooperation Agreement, allowing the U.S. to station equipment and build facilities in nine locations across the country—its largest military presence in 30 years. Manila and Washington concluded the deal amid wider concerns over Beijing's territorial aggression and assertiveness in the SCS and growing fears of a possible invasion of Taiwan.

[6] Scott Harold, Nathan Beauchamp-Mustafaga, and Jeffrey Horning, [Chinese Disinformation Efforts on Social Media](#) (Santa Monica, CA: RAND, 2021), 91,; Searight, "Chinese Influence Activities with U.S. Allies and Partners in Europe and the Asia Pacific."

[7] Ben Nimmo, Shawn Eib, and Léa Ronzuad, [Operation Naval Gazing: Facebook Takes Down Inauthentic Chinese Network](#) (New York: Graphika, September 2020), 1-2, 27-31.

[8] See, for instance, James Lamond and Jeremy Venook, [Blunting Foreign Interference Efforts by Learning the Lessons of the Past](#) (Washington D.C.: Center for American Progress, August 2020).

[9] The U.S. Department of Defense launched the Institute for Security Governance in 2019 as a successor to the Center for Civil Military Relations at the Monterey Naval Postgraduate School in California. Its primary function is to advance Washington's security interests through mobile education and training programs designed to promote partner nation institutional capabilities for addressing mutual threats and challenges. For further details see "Institute for Security Governance," n.d., <https://instituteforsecuritygovernance.org/about-the-institute>.

Serving the Real Economy: From De-dollarization to RMB Internationalization?

Nathaniel Sher



(Image: The Headquarters of the People's Bank of China (PBOC) in Beijing, source: China Daily)

Introduction

In March, the yuan became the most widely used currency by China in cross-border payments, surpassing the U.S. dollar for the first time ([Guancha](#), April 27). This rising usage of China's currency has coincided with the government's renewed push for "Renminbi (RMB) internationalization" (人民币国际化). On April 14, People's Republic of China (PRC) President Xi Jinping and Brazilian President Lula da Silva agreed to "strengthen local currency trade" (加强本币贸易) ([Xinhua](#), April 14). On April 27, Argentina's Economy Minister announced that the country would begin buying \$1 billion worth of monthly imports from China using RMB ([Sina](#), April 26). Last September, the Shanghai Cooperation Organization (SCO) released a "roadmap for the gradual increase in the share of national currencies in mutual transactions" ([SCO](#), September 16, 2022).

Two global shocks—the Russia-Ukraine war and the U.S. Federal Reserve's interest-rate hiking cycle—explain the recent momentum behind RMB internationalization. Beijing is promoting the RMB to insulate itself from U.S. sanctions, reduce exposure to foreign exchange rate fluctuations and ultimately gain the prestige of a great power with a great currency. Nevertheless, in the near term, the Chinese Communist Party (CCP) is more interested in de-dollarization than RMB internationalization. The government remains highly attuned to the risks associated with capital-account liberalization, including capital flight and exchange-rate volatility. For this reason, Beijing is elevating the RMB in a gradualistic fashion: first promoting the RMB as a medium of exchange

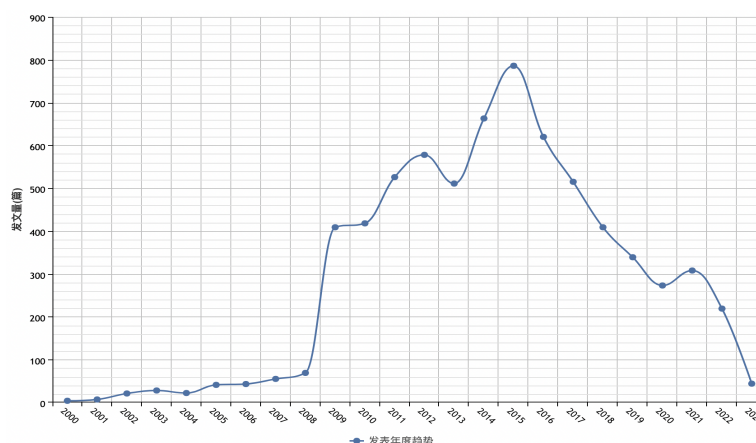
for cross-border trade settlement and, then gradually expanding capital-account convertibility to facilitate the long-run development of the RMB as a reserve currency. In short, RMB internationalization remains a work in progress.

Promote RMB Internationalization in an Orderly Manner

Over the past decade, the path of RMB internationalization has been neither steady, nor orderly. The first wave of RMB internationalization began during the global financial crisis, when the U.S. credit crunch created a global dollar shortage. Starting in 2009, the People's Bank of China (PBOC) began extending currency swap lines to the central banks of China's major trading partners, thereby reducing the risk of liquidity shortfalls. In 2011, Chinese regulators announced a pilot program to allow Qualified Foreign Institutional Investors (RQFII) to invest in domestic securities ([People's Daily](#), December 19, 2011). In 2015, the PBOC allowed full access to the interbank bond market for long-term investors. These reforms ultimately led to the Renminbi's inclusion in the International Monetary Fund's Special Drawing Rights (SDR) basket in 2016 ([PBOC](#), September 2022).

Events leading up to the 19th Party Congress in 2017, however, diminished the government's confidence in RMB internationalization. China's yuan devaluation episode in 2015, which necessitated renewed capital controls for domestic investors, highlighted the risks of capital account liberalization ([South China Morning Post \[SCMP\]](#), September 13, 2015). Xi's 19th Party Congress work report then completely omitted any reference to "RMB internationalization" ([Xinhua](#), October 27, 2017). A keyword search on CNKI illustrates that usage of the term "Renminbi internationalization" in Chinese journals, periodicals, and books peaked in 2015, falling precipitously thereafter (Figure 1). Nonetheless, at the 20th Party Congress last October, Xi Jinping reintroduced the phrase "promote RMB internationalization in an orderly manner" (有序推人民币国际化) into the Party's lexicon ([Sina](#), October 25, 2022).

Figure 1. Frequency of journal articles, periodicals, and books in the CNKI database mentioning "renminbi internationalization" (人民币国际化). 2000–2023



De-dollarization or RMB Internationalization?

Two major shocks have driven Beijing's renewed interest in RMB internationalization: the Russia-Ukraine conflict and the U.S. Federal Reserve's recent run of interest-rate increases. While Chinese officials have long disliked their vulnerability to U.S. sanctions, the war in Ukraine crystallized Beijing's concerns. The sanctions imposed on Moscow in February 2022 highlighted the growing risk of China's reliance on dollar-denominated settlements and Western payments infrastructure. Chinese experts closely studied how the United States was able to freeze \$300 billion worth of Russian reserves, prevent dollar-based trade in key sectors, and eject Russian financial institutions from the Society for Worldwide Interbank Financial Telecommunication (SWIFT) ([Sina](#), February 28, 2022). In February, the PRC Foreign Ministry released a report entitled "U.S. Hegemony and Its Perils," claiming that "'the United States of America' has turned itself into 'the United States of Sanctions.'" ([PRC Ministry of Foreign Affairs \[FMPRC\]](#), February 20).

In order to insulate itself from future sanctions, the Chinese government is not only promoting greater usage of the RMB in international trade, but also accelerating the construction of an alternative payments infrastructure, the Cross-Border Interbank Payment System (CIPS). According to the PBOC, by the end of 2021, 1,259 foreign and domestic institutions were linked with CIPS, a six-fold increase since its launch in 2015 ([PBOC](#), September 2022). China views the development of an indigenous payments system as necessary because even transactions conducted via SWIFT that are denominated in RMB can be detected by the United States, which jointly oversees SWIFT's traffic data ([SWIFT](#)). Although CIPS functions primarily as an RMB clearinghouse and the bulk of its transactions are still communicated via SWIFT, CIPS role as an interbank messaging system could grow going forward ([CSIS](#), May 2022). The use of CIPS as an interbank messaging system will not automatically render Chinese entities immune from U.S. sanctions or secondary sanctions, but it will make it more difficult for the U.S. Treasury Department to detect cases of sanctions evasion.

Second, the volatility of U.S. monetary policy has accelerated Beijing's push to promote the RMB. Chinese policymakers have long lamented the fact that the policies of the U.S. Federal Reserve have an outsized impact on the global economy. In 2009, amid the global financial crisis, former PBOC governor Zhou Xiaochuan famously called for an international reserve currency "disconnected from economic conditions and sovereign interests of any single country" ([BIS](#), March 23, 2009). Over the last three years, U.S. monetary policy has been particularly volatile. The yield on the 10-year U.S. Treasury bond rose from a low of 0.5 percent in 2020 to a high of 4.3 percent in 2022, following the fastest pace of Federal Funds rate increases since the 1980s ([Caixin](#), April 22).

Amid this backdrop, Chinese commentators have grown increasingly frustrated with U.S. dollar dominance. Huang Zhuo, Assistant Dean of Peking University's National School of Development, recently argued that "every time the Fed's quantitative easing policy is withdrawn, there are exchange-rate or financial crises in emerging market economies" ([Aisixiang](#), July 16, 2022). Throughout 2022, the *Global Times* constantly criticized the Fed for "exporting its own crisis to the rest of the world" ([Global Times](#), June 8, 2022). In 2021, however, before the Fed began hiking rates, the *Global Times* criticized the Fed for its "unlimited quantitative easing," calling it "one of the most radical monetary experiments in history" ([Global Times](#), April 6, 2021; [Global Times](#), October 17, 2021).

Finally, from a strategic perspective, Beijing resents the United States' power of "seigniorage" (铸币税), which allows it to run trade and fiscal deficits without facing difficulties financing its military ([PRC Ministry of Foreign Affairs \[FMPRC\]](#), February 20). Add to this the fact that the size of China's economy would exceed that of the United States if the value of the U.S. dollar reflected its purchasing power instead of global demand for the dollar ([World Bank](#), 2021). In short, Beijing's objective to globalize the RMB is interlinked with its interest in de-dollarization.

Preventing and Defusing Risks

Despite the Chinese government's interest in de-dollarization, there remain limits to RMB internationalization. The scars of the 2015 devaluation episode remain imprinted on the minds of Chinese officials, when over \$300 billion in reserves were spent to stabilize the RMB exchange-rate ([SCMP](#), 2021). For Xi Jinping, "preventing and defusing risks" (防范化解风险) has become an important feature of Chinese governance ([Sina](#), October 25, 2022). In the lead-up to the 20th Party Congress, the PBOC reiterated that "no systemic risk" (不发生系统性风险) is the "bottom line" (底线) of RMB internationalization ([Jingji Ribao](#), October 9, 2022).

The Party recognizes that maintaining control over exchange-rate and interest-rate policy is necessary to ensure China's financial market stability and export competitiveness. Unlike many Western central banks whose mandates include price stability, full employment, and financial stability, the *Law of the People's Republic of China* tasks the PBOC with maintaining "the stability of the value of the currency" to "promote economic growth" ([PBOC](#), December 27, 2003). While PBOC Governor Yi Gang recently claimed that "the RMB exchange rate is determined by the market," he also noted that Chinese citizens are not allowed to purchase more than \$50,000 per year in foreign exchange ([BIS](#) April 20, 2023). Such capital controls act as a buffer against downward movements in the RMB. Meanwhile, the purchase of foreign assets by the PBOC and state-owned banks prevents upward pressures on the RMB ([Reuters](#), September 29, 2022). In 2022, net purchases of U.S. assets by Chinese investors remained robust, despite reductions in the mark-to-market value of the PBOC's dollar reserves ([Sina](#), March 6). Allowing exchange-rate fluctuations within a controlled range enables the PBOC to balance the risk of capital flight with the priority of export competitiveness.

Serving the Real Economy

In addition to preventing risks, the Chinese government wants to ensure that RMB internationalization furthers its domestic economic goals. As the PBOC writes, RMB internationalization must "serve the real economy" (服务实体经济) ([Jingji Ribao](#), October 9, 2022). For the Party, the "real economy" consists of those sectors that enhance China's strategic capacity such as manufacturing, science and technology and infrastructure ([Qiushi](#), November 1, 2020). Conversely, the growth of sectors like real estate, fintech and e-commerce tend to be viewed as offshoots of "excessive financialization" (过度金融化), contributing to the "disorderly expansion of capital" (资本无序扩张) ([Guangming Daily](#), September 7, 2021; [Renmin Ribao](#), March 15, 2022; [China Daily](#), April 30, 2022). Some Chinese economists also worry that promoting the RMB as a reserve

currency could lead to the negative economic outcomes seen in the United States such as the “hollowing out of American industry” (美国产业空心化) ([Sina](#), April 11).

According to the PBOC, therefore, RMB internationalization should be promoted only insofar as it opens up new export markets for Chinese firms, lowers transaction costs and minimizes exchange-rate fluctuations ([Jingji Ribao](#), October 9, 2022). The goal, however, is not to turn China into a global financial center. From the early stages of RMB internationalization, current-account convertibility preceded capital-account convertibility ([Financial Street Meeting Room](#), 2014). This explains why many of Beijing’s recent efforts to promote the RMB include agreements to strengthen cross-border trade settlement, as in the case of Brazil and the SCO, rather than attempts to further liberalize China’s capital account.

A Renminbi Reserve Currency?

In the long-run, however, the promotion of RMB-denominated trade will be curtailed by China’s lack of capital-account liberalization. In order to incentivize foreign firms and financial institutions to trade and hold RMB, they must have access to liquid, interest-bearing investments such as bonds and equities, as well as instruments to hedge their exposure such as futures and interest-rate swaps. Otherwise, companies will be unlikely to hold RMB in amounts above what they need for the purchase of intermediate goods from China and foreign central banks will only need to accumulate RMB as insurance against the exchange-rate risk of their own countries’ bilateral trade with China. The depth and breadth of U.S. dollar trading, on the other hand, beyond its role in cross-border trade, explains why the currency still accounts for more than 90 percent of foreign exchange transactions ([BIS](#), December 5, 2022). Recent reports indicate that some Russian firms have been unable to adequately hedge their RMB exchange-rate risk due to insufficient access to RMB futures ([Asia Times](#), April 20).

Beijing’s focus on the real economy, coupled with the risks of capital-account liberalization, explain why the government has prioritized the RMB as a means of payment over and above its use as an international store of value. While the government wants to insulate itself from U.S. sanctions and monetary policy, it does not want to risk financial instability or undermine export competitiveness. The result is that, for now, de-dollarization is the key driver behind RMB internationalization. Even so, globalizing the RMB will likely remain a long-term project, regardless of the near-term risks. As Nobel laureate Robert Mundell once quipped, “great powers have great currencies” ([IMF](#), September 2009). For China, RMB internationalization is “not only a symbol of China’s economic rejuvenation, but also an international responsibility for the great rejuvenation of the Chinese nation” ([Aisixiang](#), October 29, 2022).”

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Can the Belt and Road Initiative Succeed in Afghanistan?

Sudha Ramachandran



(Image: PRC Foreign Minister Qin Gang, Pakistani Foreign Minister Bilawal Bhutto Zardari and acting Foreign Minister of Afghanistan Amir Khan Muttaqi attend the fifth China-Afghanistan-Pakistan Foreign Ministers' Dialogue in Islamabad, source: FMPRC)

Introduction

At a trilateral meeting in Islamabad on May 9, the foreign ministers of China, Pakistan and Afghanistan agreed to extend the China-Pakistan Economic Corridor (CPEC) into Afghanistan and reaffirmed their support for multilateral infrastructure projects already underway, including the Central Asia-South Asia (CASA) power project and the Trans-Afghan Railways ([People's Republic of China Ministry of Foreign Affairs \[FMPRC\]](#), May 9). Earlier on January 5, the Taliban regime signed an agreement with the Xinjiang Central Asia Petroleum and Gas Company (CAPEIC), a subsidiary of the state-owned China National Petroleum Company (CNPC), for the extraction of oil from the Amu Darya basin, under which China will invest \$150 million annually for three years and increase it thereafter to \$540 million for the contract's 25-year duration ([Kabul Now](#), January 5). Then on April 13, Afghanistan's Ministry of Mines and Petroleum announced that the Chinese company Gochin had expressed interest in investing \$10 billion in Afghanistan's lithium reserves ([Kabul Now](#), April 13). Meanwhile, China is reported to be in talks with the Taliban regime over renegotiating the terms of a 2008 contract to mine copper from the Mes Aynak reserves in Logar province ([The Print](#), June 8, 2022).

The agreements, including plans to extend CPEC—a key leg of China's Belt and Road Initiative (BRI)—into Afghanistan, are a significant development. The deal relating to oil extraction in the Amu Darya basin is the Taliban regime's first major foreign investment deal. However, in the past, major Chinese projects have failed to take off. Will the recent deals remain in limbo as well? China's growing role in Afghanistan faces formidable challenges.

Limited Engagement

Although China shares a border with Afghanistan, it remained largely aloof from developments in the country for decades. Apart from covert support for the U.S. arming of the Mujahideen in the 1980s, the People's Republic of China (PRC) kept its distance from its turbulent neighbor. Moreover, Beijing maintained no official diplomatic ties with the first Taliban regime (1996-2001) ([Observer Research Foundation \[ORF\]](#), August 6, 2019).

While Beijing revived diplomatic relations with Kabul following the ouster of the Taliban regime in 2001, its role in Afghanistan remained small, especially compared to that of the U.S. and other major powers. It had few interests to protect or advance in Afghanistan at that time. Besides, the PRC was not interested in playing a subordinate role to the U.S. and did not send troops to support the U.S.-led counter-insurgency operations in Afghanistan ([Indian Council of World Affairs](#), April 20, 2022). Even its support for Afghan reconstruction was "modest," with China providing just \$240 million in financial aid between 2001 and 2013 ([Institute for South Asian Studies \(ISAS\)](#), June 25, 2021). In comparison, the U.S. extended \$146.68 billion towards Afghan relief and reconstruction in the 2001-2020 period ([Special Inspector General for Afghan Reconstruction](#)).

China's Interests in Afghanistan

Only after Afghan President Hamid Karzai announced the opening of Afghanistan's energy, mineral and raw materials sectors to foreign investment did China begin to show an interest in Afghanistan ([Eurasia Review](#), May 18, 2010). Afghanistan's natural resource wealth is estimated at between \$1 and \$3 trillion ([Global Times](#), September 14, 2021). In 2007, China Metallurgical Group Corporation (MCC) won a contract to mine copper from Mes Aynak, the world's second-largest copper deposit. China's pledge to invest \$3 billion was the single largest foreign investment tender to date ([China Daily](#), August 13, 2018). In 2011, China National Petroleum Corporation (CNPC) and its Afghan partner, Watan Oil & Gas, secured the rights to three oil blocks in the Amu Darya basin, with plans to invest \$700 over five years ([Tolo News](#), December 26, 2011). Other deals for infrastructure projects followed.

Afghan stability is required not only for the success of Chinese investments and economic interests but also because it has implications for the security situation in the western region of Xinjiang. Since the 1990s, Beijing has perceived a growing risk of Uyghur separatism in Xinjiang. Some Uyghur militants that the PRC has ascribed as belonging to the East Turkistan Islamic Movement (ETIM) have taken sanctuary in Afghanistan, purportedly allied to the Taliban and al-Qaida. International experts question the existence of ETIM as a coherent militant organization (see [China Brief](#), February 11, 2022) and the U.S. government removed the group's designation as a terrorist organization in October 2020 due to a lack of evidence for its continued

existence ([RFA](#), November 5, 2020). However, the PRC continues to see Uyghur militancy in Afghanistan as a major threat, viewing the security situation in its Central Asian neighbor through the prism of its longstanding struggle with the “three evil forces” (三股势力) of “ethnic separatism” (民族分裂势力), “religious extremism” (宗教极端势力) and “violent terrorism” (暴力恐怖势力) ([Xinhuanet](#), June 13, 2019).

Since the early 2000s, a particular concern for Beijing has been that Uyghur militant groups and their allies could use the experience gained on the Afghan battlefield against Western and Afghan government forces to target China. Consequently, stability in Afghanistan has taken on growing importance to China over the past two decades. As Davood Moradian, director of the Afghan Institute for Strategic Studies, pointed out in 2015, it prompted Beijing to link “its internal security policy with the stability in Afghanistan” ([Anadolou Agency](#), January 24, 2015).

Of course, strategic concerns also came into play with regards to Afghanistan. China was uneasy with the post-2001 surge in American presence and influence in Afghanistan. But this concern was secondary to its interest in Afghan stability. Hence, it did not raise objections to the U.S. counter-insurgency efforts, choosing to free-ride on its efforts to stabilize Afghanistan.

Rising Concerns, Growing Role

However, the role of a bystander was increasingly not an option for China. The situation in Xinjiang deteriorated, as evident from the outbreak of riots in Urumqi in July 2009 and the Uighur militants' attack on a police station in Hotan in southern Xinjiang in 2011 ([ORF](#), August 6, 2019). Meanwhile, Chinese economic interests in the region grew as the Belt and Road Initiative (BRI) got underway in 2013. Given its geographic location along the BRI, Afghanistan's development and stability were important to the success of the effort. The Chinese government was eager to involve Afghanistan in the BRI, and the two countries signed a Memorandum of Understanding in this regard in 2016 under which Beijing pledged an investment of roughly \$100 million in infrastructure projects ([FMPRC](#), May 18, 2016). However, this investment did not materialize ([The Hindu](#), July 5, 2022). Indeed, Beijing's plans for mineral and oil extraction from the Mes Aynak mines and the Amu Darya reserves, respectively, did not make progress either. Persisting instability in Afghanistan contributed to Chinese projects not taking off.

Adding to Chinese concerns was U.S. President Barack Obama's announcement in 2012 that American troops would begin to pull out from Afghanistan from 2014 onward. This brought home to the Chinese that, henceforth, they could not depend on the U.S. to stabilize Afghanistan. The pending U.S. withdrawal served as a catalyst for Beijing to shift its Afghan policy from one of “calculated indifference to strategic engagement” ([ORF](#), August 6, 2019).

China's Strategic Engagement in Afghanistan

In 2014, the PRC became more proactive in its efforts to promote stability in Afghanistan, with the Foreign Ministry appointing veteran diplomat Sun Yuxi as special envoy for Afghan affairs ([China Daily](#), July 18, 2014). In October 2015, Beijing hosted the Heart of Asia Conference, where Chinese Foreign Minister Wang Yi called

on "relevant countries...to help create conditions for the resumption of talks between the Afghan government and Taliban" ([Global Times](#), December 10, 2015). Thereafter, China stepped up its mediation efforts, urging the Ashraf Ghani government and Taliban officials to talk directly to each other and leveraging close ties with Pakistan to enlist its support in the negotiation process ([Express Tribune](#), March 13, 2015; [ISAS](#), June 25, 2021). Parallely, Beijing worked with the U.S., Russia and regional powers in bilateral and multilateral formats.

Importantly, China began providing military support to the Ghani government. In July 2015, it offered military equipment and training for Afghan soldiers for the first time ([Dawn](#), July 11, 2015). The Taliban's capture of Kunduz in September 2015 underscored to Beijing that the situation in Afghanistan was rapidly worsening and that it needed to intervene more robustly and quickly. In 2016, China supplied over \$70 million in military aid to the Afghan government ([Khaama Press](#), March 1, 2016). The PRC is reported to have helped Afghanistan build a military mountain brigade for deployment in the Wakhan Corridor bordering Xinjiang ([South China Morning Post](#), August 28, 2018). It must be noted that even as China provided the Ghani government with military equipment, it kept up its outreach to the Taliban insurgents.

China and the Taliban Regime

Consequently, when the Taliban captured power on August 15, 2021, China was better placed than other powers to work with the new regime. Beijing quickly embraced the power shift, refrained from condemning the Taliban's seizure of power, and kept its embassy open through the fall of Kabul ([Xinhua](#), August 16, 2021). The PRC has maintained extensive diplomatic contact with the Taliban leadership and although it has not yet been extended official recognition, the Islamic Emirate is permitted diplomatic representation in Beijing ([Global Times](#), June 23, 2022).

For the Taliban regime, which has failed to gain international recognition from any country yet and remains isolated under enormous economic pressure, aid, trade, and other support from Beijing are a veritable lifeline ([China Brief](#), October 4, 2022). China has spoken out in Afghanistan's favor at global forums, calling for the unfreezing of Afghan assets and the lifting of sanctions and other restrictions ([Global Times](#), December 23, 2021; [Global Times](#), June 17, 2022).

Unlike in 2002, China is keen to play a major role in Afghanistan today. With the U.S. gone, China is the dominant power in Afghanistan. Moreover, Beijing hopes to advance its substantial, yet largely unrealized, economic interests in the country. Within months of the Taliban's return to power, contracts for projects that failed to take off under successive Republican governments, such as the Mes Aynak and Amu Darya projects, were reviewed and signed. Gaining access to Afghanistan's lithium reserves is a priority for the Chinese economy. Chinese businesses have also expressed interest in investing in the agricultural and infrastructure sectors, including power projects as well as industrial parks ([Global Times](#), April 28, 2022; [Global Times](#), August 26, 2021). However, Afghan officials say that Chinese businessmen visit the country, make inquiries and do feasibility studies but do not return to invest ([Japan Times](#), September 27, 2022). Instability and insecurity are stumbling blocks to moving forward with ambitious plans.

China in the ISKP's Crosshairs

Although fighting has stopped, attacks by the Islamic State-Khorasan Province (ISKP) have surged in Afghanistan. Worryingly for the Chinese, they are in the ISKP's crosshairs. ISKP propaganda has strongly criticized Chinese oppression of Uyghur Muslims and has accused China of "imperialism," a reference to its BRI projects across the developing world ([Terrorism Monitor](#), November 18, 2022). Importantly, ISKP's targeting of China is not restricted to rhetoric but includes physical attacks. On December 12, 2022, the ISKP attacked a hotel in Kabul frequented by Chinese officials, businessmen, and students ([Global Times](#), December 13, 2022). This was followed by a suicide attack on the Afghan foreign ministry building on January 11 of this year, when Taliban officials were inside engaged in a meeting with a Chinese official delegation ([Al Jazeera](#), January 11).

Targeting China is an important part of the ISKP's strategy to weaken the Taliban regime and undermine its efforts to revive the Afghan economy by wooing Chinese investments. These attacks are also aimed at appealing to hardline Taliban cadres, global jihadists and Uyghur Muslims by projecting the Islamic State as the true guardian of jihad, one that does not shy away from confronting China. The ISKP hopes to reap the benefits of this approach by drawing recruits from among Muslims who are angry with China's oppression of Uighurs.

Is the Taliban a Reliable Partner for China?

Another major worry for Beijing is the possible threat posed by the ETIM and/or other Uyghur militants using Afghanistan as a base of operations. A related concern here is whether the Taliban regime will crack down on such groups. The Taliban's record in this regard does not bode well. During its first regime as well as the insurgency, although it ensured that its Uyghur militant allies did not attack China, it provided them with shelter. In the months after it returned to power, the Taliban was under pressure from China to shut down camps purportedly operated by the Uyghur militant group in Badakhshan province in Afghanistan. However, the Taliban only shifted these camps away from the China border ([RFERL](#), October 5, 2021). According to a 2022 United Nations report, the ETIM's "operational space" has expanded in Afghanistan, with the group aligning with local Taliban commanders and buying weapons from them to boost its capability for "terrorist activities" ([Japan Times](#), September 27, 2022).

Especially with ISKP propaganda targeting it for not standing up for Uyghur Muslims, the Taliban will likely refrain from cracking down on Uyghur militants. Moreover, the Taliban does not want disaffected Uyghur fighters allying with ISKP or Taliban members defecting to the ranks of ISKP. The presence of Uyghur militants in Afghanistan also provides the Taliban with leverage over China. Consequently, the regime is unlikely to "resolutely crack down" on them, as Beijing demands ([Xinhua](#), September 10, 2021).

Chinese projects and nationals are also under threat from the Tehreek-e-Taliban Pakistan (TTP). In order to weaken the Pakistan government and its economy, the anti-Pakistan TTP has targeted Chinese consulates, CPEC and Chinese nationals in Pakistan ([Dawn](#), November 14, 2018). Chinese projects in Afghanistan are potential targets as well ([Global Times](#), September 18, 2021). However, the TTP may not want to antagonize the Taliban regime at this point for fear of losing its patronage and sanctuary on Afghan soil. Consequently, the TTP may prefer to limit its attacks to Chinese interests in Pakistan rather than targeting those in Afghanistan.

Will Beijing's Plans Take Off?

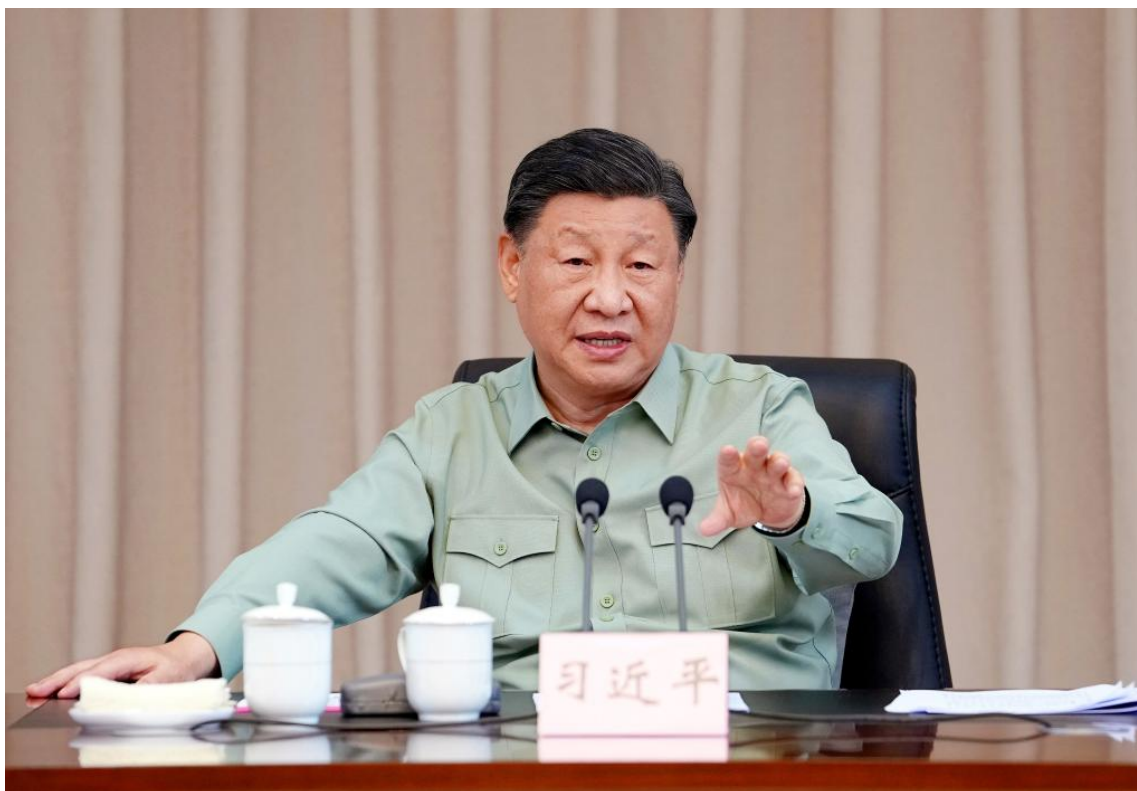
China provides the Taliban regime with humanitarian aid, economic deals, and military equipment, including Blowfish attack drones ([China Brief](#), January 19). Humanitarian assistance and economic projects could go some way in easing Afghan suffering. If implemented successfully, the recent deals are expected to create tens of thousands of jobs. However, doubts abound. While smaller Chinese businesses may survive, it will be difficult for major projects to take off given the dire security situation in Afghanistan.

China today is in the crosshairs of far more terror groups than the U.S. confronted in Afghanistan. Moreover, Beijing's plans for Afghan stability involve consolidating Taliban rule. This is a shaky premise to begin with, as the Taliban is not a reliable ally. Roping in Pakistan to secure and stabilize Afghanistan is a non-starter, as Pakistan is itself roiled in unrest and instability and hardly in a position to put out fires next door.

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Xi Jinping and Taiwan: Change and Continuity with Past CCP Leaders

Matthew Fulco



(Image: President and Central Military Commission Chairman Xi Jinping delivers a speech at the navy headquarters of the People's Liberation Army's Southern Theater Command, source: SCIO)

Introduction

Since the outbreak of the coronavirus pandemic over three years ago, both cross-Strait and U.S.-China relations have greatly worsened, reaching a post-1979 nadir. This deterioration has coincided with a broad push by the Chinese Communist Party (CCP) to “struggle” (奋斗) with the U.S. and its allies, whom it sees as trying to contain China’s inevitable ascendancy to superpower status and punish Taiwan, which it views as actively seeking to permanently separate itself from the Chinese mainland. [1]

In this precarious geopolitical environment, China has accelerated its military buildup, training and signaling to unprecedented levels ([China Brief](#), May 5). As early as 2020, as China stepped up its gray-zone pressure with regular incursions into Taiwan’s air defense identification zone (ADIZ), a worrisome theory took hold in Washington: an impatient Xi Jinping is determined to speed up unification with Taiwan by armed force. Some U.S. analysts predicted that Beijing would exploit the post-U.S. presidential election tumult to attack Taiwan. “There may never be a better moment for China to strike than the week of Nov. 3,” wrote Seth Cropsey, then the Hudson Institute’s Director of the Center for American Seapower, in September 2020. [2] However, having

faced a military threat from China for more than seven decades, officials in Taiwan had a different assessment. On the eve of the U.S. elections, Taiwanese Foreign Minister Joseph Wu told the Legislative Yuan that “If it [China] wanted to mobilize its forces, it would have had to make some movements and deployments by now” ([SETN.com](#), November 2, 2020).

The PRC's messaging on Taiwan has remained remarkably consistent over time: insistence on unification, preference for "peaceful reunification" and refusal to rule out the use of force. Nevertheless, concern over a near-term invasion in the U.S. remains intense. The CIA has concluded that Xi wants the People's Liberation Army (PLA) to be ready to fight a cross-Strait war by 2027 but has some doubts about the military's capabilities. Furthermore, the CIA has not found evidence of a specific timeline for such an operation ([The Australian](#), February 27). In fact, no Chinese leader has ever expressly laid out a timeline for unification. Some analysts postulate that 2049, the centennial of the PRC's founding, by which Xi intends for China's "great rejuvenation" to be complete, could be a deadline, but he has declined to explicitly set even this distant benchmark.

In January 2021, Xi told cadres at the Central Party School that “time and momentum are on our side” and that “the balance of history is tilting towards China” ([Qstheory.cn](#), March 11, 2021). Though he did not mention Taiwan in the speech, its tone telegraphed steely confidence.

The Power of Coercion

While every Communist Party leader since Mao Zedong has held up achieving unification with Taiwan as a sacred mission, Xi Jinping is the first with a realistic chance of achieving the goal. During Xi's decade in power, the Chinese military has made big strides. These improvements have come to the fore in the past year as cross-Strait tensions have spiked.

With its massive live-fire drills in the wake of Nancy Pelosi's August 2022 visit to Taiwan, the PLA demonstrated the capability to implement a quasi-blockade of the island. The drills included the firing of missiles over Taiwan, which Beijing claimed "accurately hit their targets" near Taiwanese ports ([The Taipei Times](#), August 16, 2022). The drills held by the PLA in early April, ostensibly in response to President Tsai Ing-wen's meeting with U.S. Speaker Kevin McCarthy, were less dramatic but nonetheless suggested that the Chinese military is able to more effectively threaten Taiwan's east coast than previously believed ([China Brief](#), May 5).

Absent direct U.S. and probably Japanese support, Taiwan could not hold out long against the PLA. Even then, the allies might not win. If they did, it would almost certainly come at a tremendous cost. Moreover, China remains indispensable to the Taiwanese economy. Including Hong Kong, China accounted for 38.8% of Taiwan's exports in 2022, more than the U.S., Japan, Singapore and South Korea combined ([World's Top Exports](#)). Thus, Xi has greater reason than previous CCP leaders Hu Jintao and Jiang Zemin to see unification as within his grasp. Even if he eschews the use of force, the coercive power of China's military threat could bring Taiwan to the negotiating table.

The recent saga surrounding Foxconn chairman Terry Gou, who sought to run as the Chinese Nationalist Party (KMT) presidential candidate in 2024, called for talks with Beijing and accepts a “one China principle”—albeit based on the Republic of China (ROC) Constitution—that considers Taiwan part of Chinese territory, provides

a case in point ([Focus Taiwan](#), May 13). Though Gou ultimately lost out to New Taipei City Mayor Hou Yu-ih ([World Journal](#), May 17) the outspoken billionaire was still the choice of more than 29 percent of respondents in a recent survey ([Taiwan Public Opinion Foundation](#), May 13). Gou has the support of Taiwan's ultra-conservative "deep blues," who favor unification for ethno-nationalist reasons, as well as some businesspeople who see economic opportunity in a stable cross-Strait relationship. Hou, who is perceived as less overtly pro-Beijing than Gou, will have to find a way to appeal to this constituency if he wants to prevail in what is sure to be a close election.

For his part, former President Ma Ying-jeou has warned voters that the 2024 election is "a choice between peace and war," with the implication that Taiwan would lose a conflict with China ([RFI](#), April 7). Ma, who recently completed the first trip to Mainland China by an ex-Taiwanese leader, has previously stated it would be impossible for the U.S. military to intervene successfully on Taiwan's behalf given Beijing's advantages ([CGTN](#), April 7; [Central News Agency](#), August 10, 2020).

Dogged Determination

It is not just China's military power that makes Xi's Taiwan policy loom larger than that of his predecessors. The Chinese leader has a greater personal stake in unification than any of them, owing to his father Xi Zhongxun's many years of involvement in United Front Work. In the early years of the PRC, this involved incorporating former KMT officials into the Communist Party. According to American University scholar Joseph Torigran, the elder Xi played a leading role in secretive 1980s united front work that focused on Taiwan. The failed unification efforts reportedly "rankled" Xi Zhongxun in the twilight of his life. On a recent Twitter thread, Torigran recounted two anecdotes that illustrate Xi Jinping's determination to resolve the so-called "Taiwan question" ([Twitter](#), August 2, 2022). The first is about a conversation between Xi and former German chancellor Angela Merkel, of which the Chinese leader spoke to Ma Ying-jeou during their 2015 meeting in Singapore. "Merkel told Xi Chinese should be more like Germans and give up lost territory to history." Xi told Ma his answer: "We Chinese are not like you Germans." Xi also asked Ma "what the hell" former Taiwanese President Lee Teng-hui believed in." Xi's father blamed the independence-leaning Lee for the failed back-channel unification discussions in the 1980s.

Early in his first term, Xi signaled that he would take a more assertive approach to Taiwan than any previous Chinese leader. Xi told former Taiwanese Vice President Vincent Siew ahead of the 2013 APEC summit that discussing the political side of the cross-Strait conundrum could not be postponed indefinitely ([The Taipei Times](#), October 7, 2013). Xi's bluntness surprised many observers, as he seemed to be impatient for an elusive political resolution.

In a January 2019 speech that has since become infamous in Taiwan, Xi went further. He restated that the two sides' political division "cannot be passed down from generation to generation," but then explicitly called for Taiwan to be incorporated into China under the "one country, two systems" framework that governs Hong Kong and Macau ([People.cn](#), January 2, 2019). In fact, One Country, Two Systems has been in terminal decline ever since Xi came to power. 18 months after Xi called on Taiwan to accept it, Beijing effectively terminated the governance model with the imposition of draconian national security legislation that bypassed Hong Kong's legislature ([China Brief](#), July 29, 2020).

By linking a political resolution to the cross-Strait stand-off with Taiwan's acceptance of One Country, Two Systems, Xi inadvertently crippled the chances of the Beijing-friendly KMT in the 2020 presidential election. The KMT had previously managed cross-Strait relations through the vague 1992 Consensus that allowed it to sell "one China" to Taiwanese voters as connoting the Republic of China, rather than the PRC. Now, the KMT had nothing to sell. The Democratic Progressive Party's (DPP) Tsai Ing-wen won re-election in a landslide with 57.1% of the vote ([The Taipei Times](#), January 12, 2020).

Xi responded to Tsai's decisive re-election with an unprecedented pressure campaign on Taiwan, which did not relent until after he secured a third term at the 20th Party Congress last fall. The CCP's Taiwan white paper that appeared ahead of the Party Congress, the third of its kind and the first since 2000, did reiterate Beijing's preference for "peaceful reunification" and did not include a unification timetable or any new military threats. However, it doubled down on One Country, Two Systems as the only valid model of governance for Taiwan. The white paper also omitted a previous pledge not to station troops or administrative personnel in Taiwan after unification ([Taiwan Work Office of the CPC Central Committee, Taiwan Affairs Office of the State Council](#), August 10, 2022).

Conclusion

With less than eight months until Taiwan's presidential election, Xi Jinping has fallen back on a familiar strategy: woo Beijing-friendly politicians in the hope that Taiwanese voters will choose the path of least resistance. Now that he has locked down a third term in the top leadership posts and the COVID-19 pandemic is at an end, Xi can afford to strike a less militant tone on Taiwan. The PRC has lifted sanctions on various Taiwanese exports, hosted former President Ma Ying-jeou and emphasized "peaceful reunification" in propaganda channels.

At the two sessions in March, Xi said that "national reunification" is "the essence of national rejuvenation" while pledging to promote "the peaceful development" of cross-Strait relations. He refrained from mentioning the use of force ([People.cn](#), March 13). Fears that Beijing would respond even more forcefully to Tsai's meeting with McCarthy than it did to Pelosi's Taiwan visit did not materialize. Indeed, Xi showed that he could keep his eyes on the prize—a DPP defeat in 2024—and not react disproportionately, at least not by the standards to which the world holds the CCP.

At the same time, Xi has strongly resisted any attempt by "external forces" to influence Beijing's Taiwan policies. After European Commission President Ursula von der Leyen told him in April that it is unacceptable to threaten the use of force to change the status quo in the Taiwan Strait, he responded by saying that anyone who expects to influence Beijing on Taiwan is deluded ([Taiwan News](#), April 13).

While Xi's dedication to "national reunification" is indisputable, it is important not to confuse that with a willingness to hastily use force against the island, as some military planners do. Nothing Xi has said or done during his decade in power indicates a low threshold for pursuing armed unification.

In the short term, Xi hopes for the ousting of the DPP in Taiwan's 2024 presidential election, which could pave the way for the resumption of normal cross-Strait exchanges. Thus, Beijing will concentrate on boosting the electoral prospects of Taiwan's China-friendly opposition in the coming months.

If the DPP prevails anyway, China can be expected to accelerate pressure on Taiwan but will refrain from taking any dramatic action unless it perceives a massive provocation. Xi has too much else on his plate, from a sluggish economy to demographic decline to a cold war with the West to roll the dice on a military operation that could derail the national rejuvenation that remains his priority.

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Notes

[1] For an official exegesis of the CCP's view of the ascendancy of China, and Xi's central role in it, see the historical resolution issued at the Sixth Plenum of the 19th Central Committee in November 2021: "[Resolution on the Major Achievements and Historical Experience of the Party over the Past Century of Striving](#)" (中共中央关于党的百年奋斗重大成就和历史经验的决议), Xinhua, November 16, 2021.