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**Wolf Worriers: Repeated Cries for Reform Fail to Convince at Third Plenum**

*by Arran Hope*



Graphic for the Resolution from the Third Plenum with the words “the Resolution of the CCP Central Committee on advancing comprehensively deepening reform and promoting Chinese-style modernization.” (Source: [12371.cn](http://12371.cn))

**Executive Summary:**

- The Resolution from the Third Plenum focused primarily on economic reform but reinforced the Party’s existing strategy rather than announcing a change in overall direction.
- The Resolution does nothing to mitigate concerns about the real estate sector, weak domestic demand, subsidized export-oriented manufacturing, and plans to achieve dominance in critical technologies. The two longest 60 “specific tasks” focus on “deepening reform of the science and technology system” and emphasizing the role of the state in the economy.
- A new section on national security, absent in the equivalent document from 2013, indicates the increasing integration of economic and military strategy, suggesting the balance between development and security remains tilted toward security.
- Language on foreign affairs, rare for a third plenum document, also indicates growing concerns about the international environment and a need to actively reshape the global system.

The Central Committee of the 20th Party Congress held its third plenary session last week from July 15 to July 18. The results of the meetings, which focused on comprehensively deepening reform and achieving Chinese-style modernization, resulted in a “Communiqué (公报)” published at the conclusion of the session last week, followed by a more substantive “Resolution (决定)” on Sunday evening and an “Explanation (说明)” from Chinese Communist Party (CCP) General Secretary Xi Jinping, who oversaw all aspects of the plenum.

The Third Plenum was the first such meeting since November 2013, and the first since 1989 to be held in the summer. [1] Anticipation was high in some quarters that the July meetings would prove to be a breakthrough for economic reform, as third plena usually focus on economic issues, the 2013 iteration had unveiled an ambitious economic policy agenda, and the economy of the People’s Republic of China (PRC) has been beset by extensive problems of late. Such anticipation proved to be misplaced, however. Third plena are rarely catalysts for transformational change. Instead, they cement and expand on existing policy themes ([China Brief](#), November 20, 2013; [Asia Society](#), July 10). Domestic projections from outside the propaganda apparatus were cautious in their assessments prior to the meetings ([Gelonghui](#), July 11). That these predictions were largely borne out by the Resolution underlines this fact. Consequently, markets reacted in negative tones once financial analysts found “little signs of a major pivot or reassessment,” with Chinese stocks suffering their biggest decline in six months ([Barrons](#), July 22; [Bloomberg](#), July 23).

There are two key drivers of the consensus reaction from the Third Plenum. One is disappointment at Xi’s decision to double down on policies that have done so much to exacerbate structural problems within the PRC economy. The other is a lack of trust in Xi’s leadership and his ability to execute. Part of this latter reason stems from precedent. The Third Plenum of the 18th Party Congress in 2013 was unveiled to much fanfare, but according to some analyses, reforms in most of the touted areas “stalled or were eventually reversed” ([Rhodium Group](#), July 9). Another part of this is the increasing lack of transparency within the PRC system, of which last week’s plenum is illustrative. Originally expected to take place last November, no mention of a timeline for the meetings appeared until June, and no explanation was given for the unusual schedule. Such apparent volatility and uncertainty do little to reassure. [2]

### **Resolution Prioritizes the State in Economic Reforms**

The Resolution (or “Decision”) published at the end of last week provided a comprehensive overview of reforms, running the gamut from economic to cultural policy and from fiscal instruments to military procurement ([People’s Daily](#), July 22). The document already has its own hagiography. According to Party mouthpiece *People’s Daily*, the Resolution was drafted by a team of around 70 individuals, beginning back in December 2023. Input came from 78 research reports produced by 55 central departments and units alongside 16 regional investigative research groups. Several rounds of gathering opinions and revising the draft eventually led to the final version, which arrived on July 18 ([People’s Daily](#), July 23).

In terms of structure, the roughly 20,000 characters-long document is organized into 15 sections, each of which contains three to five “specific tasks (具体任务)” that number 60 in total, [3] covering 336 reform

measures ([People's Daily Online](#), July 24). According to Xi's Explanation, the Resolution should be read as having three parts: Part one, a general exposition of the plenum's themes, found in the first section of the document; part two, which includes the specific policy measures laid out in sections two through 14; and part three, which discusses strengthening the Party's leadership over reform, found in section 15 ([People's Daily](#), July 22).

Assessing the relative importance of each topic within the document is not an exact science. One method for intuiting the Party's priorities is to analyze the ordering of topics and the space given to each. In the substantive, second part of the Resolution, the first half focuses on various aspects of economic policy (sections 2–7); the next portion is dedicated to sociopolitical concerns (sections 8–11); and a short addition on the environment (section 12) precedes a discussion on security and military matters (sections 13–14). From this, it is clear that economic concerns were the overriding focus of the meetings, something that tallies with Xi's own précis, which highlighted economic structural reform, innovation, comprehensive reform, balancing development and security, and the Party's leadership, as the key themes to emerge from the plenum ([People's Daily](#), July 22).

The sections themselves also vary in length and scope. Some, such as Section 12 on “deepening reform of the system of ecological civilization,” only comprise three tasks. Others, meanwhile, contain five. Those at the longer end include section 3 on “strengthening the mechanism for promoting high-quality economic development (健全推动经济高质量发展体制机制),” section 7 on “improving the mechanism for high-level opening up (完善高水平对外开放体制机制),” section 9 on “improving the system of socialist rule of law with Chinese characteristics (完善中国特色社会主义法治体系),” and section 11 on “improving the system for safeguarding and improving people's livelihoods (健全保障和改善民生制度体系).” These all suggest a concerted institutional focus, specifically on refining and building on existing institutions rather than creating new ones. [4]

Finally, this analysis can be extended down to the 60 specific tasks, whose lengths also vary widely. [5] At this level, the longest is the 14th, which focuses on “deepening reform of the science and technology system (深化科技体制改革).” The Party's plans for rescuing its economy and building up its comprehensive national power largely rest on a bet that it can capitalize on opportunities presented by emerging technologies to lead the world in a new round of techno-industrial revolution. To this end, almost 70 percent of local government industrial investment funds that have been set up are invested in S&T manufacturing, according to one domestic analysis ([Gelonghui](#), July 11). In this light, the space dedicated to this specific task makes perfect sense. Two more lengthy tasks are (17) and (18), which focus on reforms to the fiscal systems and financial system, respectively, both of which will be crucial for improving the health of the PRC's economy. An upcoming financial law, signaled here, will be worth watching out for.

Two other lengthy “specific tasks” are (5) and (6), the first two in the substantive second part of the Resolution. Both appear in section two, titled “building a high-level socialist market economic system (构建高水平社会主义市场经济体制).” In this, the first place in the Resolution that focuses on economic

policy, task (5) is unambiguous about the primary importance of the state in the economy, and the prioritization of “strategic” sectors and industries. It starts out by referencing the “two unwaverings (两个毫不动摇),” which refer to “consolidating and developing the public sector of the economy; and encouraging, supporting, and guiding the development of the non-public sector of the economy (毫不动摇巩固和发展公有制经济, 毫不动摇鼓励、支持、引导非公有制经济发展).” While this formulation does underline the importance of the private sector (the second “unwavering”), it nevertheless makes clear that it is considered secondary to the state sector. This prioritization is echoed in the policies that are discussed next. Instructions concerning state-owned assets, firms, and capital, which include “promoting the concentration of state-owned capital in important industries and key areas that have a bearing on national security and the lifeblood of the national economy (推动国有资本向关系国家安全、国民经济命脉的重要行业和关键领域集中),” are covered first. Only then are policies to support the private sector addressed.

Task (6) is mostly dedicated to creating a unified national market—something that was also promised in the 2013 Resolution but has been stymied by strong vested interests within the Party and the government. Xi now declares that he has been successful in “breaking down the barriers erected by vested interests (突破利益固化藩篱),” but proof of this will come in the implementation phase. Task (6) also includes a short paragraph at the end on improving domestic consumption. This is something that (mostly overseas) economists have called for over the last several years. However, buried at the end of this task, and as the only reference to consumption in the Resolution, it is clearly not perceived as a priority by the Party leadership.

### **National Security Additions**

In a departure from the composition of the 2013 Resolution, the latest Resolution contains a new section on “advancing the national security system and the modernization of capacity (推进国家安全体系和能力现代化)” (section 13). While some have read the Resolution as readjusting the balance between security and development in the PRC system back toward the latter (see [Twitter/ZhangTaisu](#), July 22), the addition of this section and its emphasis on the inseparability of the two suggest that security is increasingly factored in as an underlying economic consideration. For instance, this section contains calls for implementing the “mutual positive reinforcement of high-quality development and high-level security (高质量发展和高水平安全良性互动).” It is notable, too, that one of only two standalone references to Artificial Intelligence (AI) (that is, not part of a list of key technologies) appears here, in a pledge to establish an AI safety regulatory system.

In a related departure for third plena, this section also covers some foreign affairs-related issues. These include promoting security in “neighboring regions,” of overseas interests and investments, and by deepening law enforcement cooperation, global security governance, and safeguarding the PRC’s maritime rights and interests. Importantly, task (53) includes strengthening “mechanisms for countering foreign sanctions, interference, and long-arm jurisdiction (反制裁、反干涉、反‘长臂管辖’机制),” something that is at odds with the desire articulated in sections 3 to “improve the convenience for foreign investors to make equity

and venture capital investments” and in section 5 to “foster a first-rate business environment that is market-oriented, law-based, and internationalized, and protect the rights and interests of foreign investors in accordance with the law (营造市场化、法治化、国际化一流营商环境，依法保护外商投资权益).” [6]

Other parts of the Resolution also touch on security-related issues. Section 14 covers national defense and military reform. Beyond reiterating requisite phrases, such as the People’s Liberation Army’s “centenary goal” and emphasizing the need for political loyalty within the PLA, much of this section is taken up by instructions for the military-industrial complex, especially for equipment development and procurement. The call to “accelerate the development of strategic deterrence forces (加快发展战略威慑力量)” likely refers to doubling down on amassing the PLA’s nuclear arsenal. This focus could also reflect recent corruption-related issues in the PLA Rocket Force that have impacted procurement—last week’s meetings also saw former defense minister Li Shangfu (李尚福), and former senior officers in the PLA Rocket Force Li Yuchao (李玉超) and Sun Jinming (孙金明), expelled from the Party for serious disciplinary offenses ([Xinhua](#), July 18).

### **Conclusion**

The inauspicious mood music that surrounded the lead-up to the plenum continued in the week after its conclusion. Observers worry that, as in 2013, the Party will be unable to pursue the more ambitious of its policy proposals and is crying wolf once more. Whether these concerns are justified will become clear in the weeks and months ahead. Indications of more specific policies and relative successes or failures of implementation will be judged by parsing Xi’s speeches from the plenum when they are published in *Qiushi*, the Party’s theory journal, statements from individual state ministries and local governmental organs, and economic indicators. For now, the Party will shift to mobilizing the government to meet Xi’s goals by 2029, an ambitious time frame compared to the schedule articulated in the 2013 Resolution, but one throughout which he will remain in power.

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### **Notes**

[1] The third plenum of the 19th Party Congress was held in February 2018, but focused on topics usually associated with second plena, namely, State Council leadership appointments and institutional reform.

[2] There has been speculation about whether the plenum was “delayed,” as it has been widely characterized in the media, or not. If it was delayed, there is even less clarity on why that might be. The academic Wu Guoguang has suggested that Xi could have intentionally postponed the plenum to resolve internal debates



about the policy direction, only holding the plenum once consensus had been reached ([Asia Society](#), July 25).

[3] The Decision document from 2013 also comprised 60 “specific tasks.”

[4] This perhaps contrasts with the 18th Third Plenum, which saw the establishment of a National Security Council and a Leading Group on the Comprehensive Deepening of Reform (see [China Brief](#), November 20, 2013).

[5] Other possible explanations are available. It is possible that length could also indicate more technical policies—domains do vary in the level of complexity of preexisting policies or those required to achieve the intended results.

[6] For a fascinating paper that looks at the conflicts between further opening up and the prerogatives of the Party-state, see: Jia, Mark (2022). “Special Courts, Global China.” *Virginia Journal of International Law* Vol. 63:3, 559–622. [https://supremepeoplescourtmonitor.com/wp-content/uploads/2024/07/c860c-vol\\_62.3\\_article\\_jia.pdf](https://supremepeoplescourtmonitor.com/wp-content/uploads/2024/07/c860c-vol_62.3_article_jia.pdf)

**Xi Sets Out 2029 Vision at Third Plenum**

*by Willy Wo-Lap Lam*



The Central Committee of the Communist Party of China holds a press conference on the guiding principles from its third plenary session on July 19. (Source: [Xinhua](#))

**Executive Summary:**

- Chinese Communist Party (CCP) General Secretary Xi Jinping has solidified his position as the driving force behind achieving a “high-quality socialist market economy” by 2029. The recent CCP Central Committee Plenum indicated that he would rule until at least 2032.
- The Third Plenary Session of the 20th Central Committee of the CCP outlined its economic strategy, focusing on high-tech innovation. Despite ongoing efforts to revitalize the economy in this vein, growth remains sluggish.
- Discussions of tax reforms could upset business confidence, as the potential broadening of tax categories comes at a time when many companies are facing audits by local governments meant to force them to pay back years’ worth of taxes.
- The plenum hinted at adopting a policy of re-collectivization to address the underutilization of rural land and draw young workers back to agriculture, echoing failed Maoist policies.
- The plenum communiqué stressed the need for controlled pro-market reforms and other measures to attract foreign investment while acknowledging the myriad internal and external risks the system currently faces.



Chinese Communist Party (CCP) General-Secretary President Xi Jinping has consolidated his status as the anchor of efforts to attain a “high-standard socialist market economy in all respects (全面建成高水平社会主义市场经济体制)” by the year 2029 ([People’s Daily](#), July 19; [Xinhua](#), July 18). The enshrining of 2029 as the target for achieving these goals suggests that the Third Plenary Session of the CCP’s 20th Central Committee, which concluded on Thursday, July 18, has confirmed Xi Jinping Thought as the guiding light of the Party and nation. Likewise, the plenum guaranteed that the 71-year-old paramount leader will remain in power as CCP General Secretary and commander-in-chief for a fourth five-year term from 2027 to 2032 ([Deutsche Welle Chinese](#), July 19; [rfi](#), July 18). Meanwhile, a thorough-going purge is being undertaken in both civilian and military sectors. While recent rumors that Xi’s wife Peng Liyuan (彭丽媛)—recently made a member of the disciplinary and assessment office of the Central Military Commission—would be elevated to the Politburo failed to materialize, the commander-in-chief’s hold over the top brass still seems to be as strong as ever ([China Brief](#), May 24).

A Xinhua piece eulogizing “master reformer Xi Jinping (改革家习近平)” was mysteriously pulled from official media on the eve of the conclave. Beyond this, however, no voices challenging Xi’s position have been heard from rival cliques such as the Shanghai Gang, the Communist Youth League, or so-called second-generation “princelings” ([rfi](#), July 20; [CDT](#), July 18; [rfa](#), July 17). Yet apparently due to Xi’s desire to appease all Party factions, the authorities have used careful and somewhat neutral language to describe his call for “high-quality development” and deepening “reform and opening up.” The relatively uncontroversial measures prescribed by the plenum and other Party and government organs seem unlikely to reinvigorate the PRC economy, which grew a disappointing 4.7 percent in the second quarter of this year ([VOA](#), July 20, [BBC Chinese](#), July 16).

### **Three Key Themes**

#### *High-Tech Innovation in Focus*

The Xi leadership has lavished billions of US dollars on advanced technologies and high-tech manufacturing in a calculated bid to try to seize the commanding heights of what it sees as a new industrial revolution. This effort has gained urgency following the imposition of export controls on the transfer of technological components to the PRC and attempts to cut the PRC out of the global supply chains for certain goods. These include electric vehicles (EVs), lithium-ion batteries, photovoltaic cell components, and telecoms equipment, among others, that the PRC is already successfully exporting to countries outside of the US-led Western Alliance. According to forecasts by Bloomberg, technology industries could account for 23 percent of the country’s GDP by 2026, more than enough to fill the void from the ailing real estate sector, which is set to shrink from 24 percent to 16 percent over the next two years ([Bloomberg](#), July 16).

Local administrations are being encouraged to be more innovative, in addition to deploying central government spending. For example, cities such as Chongqing and Guangzhou have already approved autonomous rideshare vehicles for certain districts within their municipalities ([WSJ Chinese](#), July 20; [Xinhua](#), June 15; [Nanfang Daily](#), March 8). The success of this initiative depends on three factors: the extent of further tariffs that are to be levied by the United States and the European Union on these imports, the PRC’s capacity to

manufacture components indigenously for leading auto industry firms, and whether it can solve the worsening unemployment problem. As PRC-based analysts have noted, “the employment-absorbing capacity of science and technology industries is lower than traditional labour-intensive industries, leading to employment pressures (科技产业吸纳就业能力低于传统劳动密集型产业导致就业存在压力)” ([Gelonghui](#), July 11).

### *Taxation Reforms*

The plenum communiqué only mentions tax reform very briefly. However, official and unofficial media have hinted at a potential broadening of tax categories, especially for consumption or sales taxes. Sales tax collected will be distributed between the central coffers and local governments, but with the larger share going to the latter. This is to relieve fiscal difficulties, namely, the massive debts amounting to some 100 trillion renminbi (\$13.8 trillion) accumulated by provincial, city, and county governments, as well as the firms that they support ([WSJ Chinese](#), July 10; [Caixin](#), July 9). Leveraging consumption taxes, however, may be counterproductive, impacting already weak consumer spending.

Changes in the tax system for privately owned firms cannot come quickly enough. Many such enterprises have recently been compelled to pay off taxes and late fees dating back several years, with one firm forced to pay thirty years’ worth of backdated taxes following an audit. These measures are being implemented by money-starved local administrations as a creative way to recoup funds. As with long-standing practice, the precise level of taxes are negotiated between firms and tax collectors. What is different now is the involvement of the police, cooperating with the tax authorities to extract the levies (“警税合作”). Authorities have denied that this is taking place. Nevertheless, this dampens the prospect for the development of private firms ([BBC Chinese](#), June 24; [Global Times](#), June 18; [RFA](#), June 18).

### *Re-Collectivization of Rural Land*

The plenum communiqué contains one mention of “deepening reform of the land system (深化土地制度改革).” Over the past few months, PRC observers have discussed the possibility of a new regulation on the “reorganization of land plots.” This refers to pieces of rural land left fallow due to a lack of farmers, millions of whom have flocked to the cities to find work in factories. Xi appears to be contemplating some degree of land re-collectivization. This would not support the high-tech economy that Xi is focused on, but it could be construed as a magic bullet, boosting agriculture’s contribution to the economy while simultaneously mitigating the unemployment problem by mobilizing more young men and women in the cities to return home to work in the agricultural sector ([VOA](#), July 13; [CCTV](#), July 10). Collectivizing the masses into “people’s communes” was a core tenet of Mao Zedong’s policies in the late 1950s and early 1960s for revolutionizing agriculture, reshaping the PRC’s social base, and achieving his own modernization goals. While these policies have a troubled legacy in the PRC, Xi is expected to go ahead with a less ambitious land reorganization program, though the exact form it will take is yet to be articulated.

### **Pro-Market Reforms Sit Uneasily with Foreign Policy Objectives**

Economic policy is frequently at the forefront at third plenums. Last week's meeting was no different, with the Central Committee endorsing more effective policies to push pro-market reforms. The caveat, however, is that while these policies would be “energetic and open-minded (放得活),” they must also be “subject to control (管得住).” The communiqué endorsed earmarking more resources for state-owned enterprises (SOEs), but the Central Committee also noted that the non-public economy should be given fair and equal treatment under the law.

The communiqué also evinced a desire to lure back Western multinationals that have pulled out of the country for geopolitical reasons. The document contained no recommendations beyond saying that the PRC would “expand systematic opening up, deepen the reform of the trading sector, and go deeper in the reform of the management system for foreign firms investing in the PRC and PRC firms investing overseas.” Given the likelihood that current or subsequent US administrations will tighten technological and trade sanctions on the PRC and Russia, implementing successful policies in this regard will be difficult. Many firms are either leaving the PRC or diversifying parts of their operations to countries such as Thailand, Vietnam, the Philippines, and India. The United States and several EU countries are also adopting a “reshoring” strategy, asking tech firms to boost their manufacturing capacities at home in sectors ranging from steel and commodities to artificial intelligence (AI) ([Bloomberg](#), June 21; [VOA](#), March 22).

The communiqué read-out has little to say about foreign policy. This is unsurprising for a third plenum. Nevertheless, the Central Committee emphasized Xi's rhetorical innovations in this domain, including “building a community of common destiny,” the global security, civilization, and development initiatives, and creating an “equal and orderly multipolar world.” This indicates that Xi's long-standing desire to flex the PRC's hard and soft power will continue, even though this will likely further deepen geopolitical conflict and reduce the likelihood of retaining foreign investments.

The plenum communiqué suggests that the Xi team seems eager to avoid using provocative and fiery language about Taiwan, though “work against Taiwan (对台工作)” does get a mention in the first paragraph after the preamble. The CCP leadership has left it beyond doubt that the task of national reunification cannot be shirked, however. It is also possible that the absorption of Taiwan could be tied to the accomplishment of the goal of “high-quality socialist modernization” to be achieved by 2029, when Xi Jinping is expected to be still at the helm of the Party and state apparatus. The two phrases were linked for the first time in this plenum's communiqué.

Xi's leitmotif at the plenum was to further enforce loyalty. All civilian and military cadres must profess unchallenged fealty to the “leadership core.” Moreover, all policies enacted by the Center and the localities must have Xi's personal approval. Xi's particular emphasis on the “absolute leadership exercised by the Party over the PLA (党对人民军队的绝对领导)” was notable, given the ongoing purge of military officers, especially those in the PLA Rocket Force. Following the dismissal of former defense minister General Li

Shangfu (李尚福) from the Central Committee for “serious disciplinary offences (严重违纪违法问题),” Xi is expected to fill more high-level slots with officers that meet his much-tougher criteria on loyalty.

### **Conclusion**

Xi’s position continues to appear unassailable within the Party. Indications in the plenum communiqué suggest, however, that the PRC remains in a precarious position. The external situation is characterized as “serious and complex (严峻复杂),” while the task of stable reform and development at home is viewed as “formidable and strenuous (艰巨繁重).” Moreover, the personnel changes at the end of the document underscore how the Party’s perennial bêtes noires of “formalism and bureaucracy (形式主义、官僚主义)” still need to be overcome. If Xi’s proposed reforms for the economy do not have the desired effects, and the deep structural issues are not resolved, the balance of power within the Party could finally start to shift. For now, however, Xi remains the undisputed core of the Party and of the country.

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**Joint Sword-2024A: Blockades and Gray Zone Tactics**

*by Yu-cheng Chen*



The Taiwanese Navy's Cheng Kung-class missile frigate "Pan Chao (班超)" monitors the PLA Navy's Type 052D destroyer "Shaoxing (绍兴)" on May 23. (Source: Taiwan's Ministry of National Defense)

**Executive Summary:**

- The "Joint Sword: 2024A" exercise marks a shift in military strategy by integrating China Coast Guard (CCG) vessels with People's Liberation Army (PLA) forces. This coordination enhances the People's Republic of China's (PRC) ability to leverage maritime law enforcement resources to support military objectives, effectively blurring the lines between military and paramilitary operations.
- The exercise demonstrated the PRC's commitment to employing gray zone tactics, which involve coercive actions that remain below the threshold of armed conflict. This approach allows for more flexible and controllable military operations, enabling escalation and de-escalation as needed to achieve strategic objectives without triggering full-scale conflict.
- For the first time, the exercise included Taiwan's offshore islands, including Kinmen, Matsu, Wuqiu, and Dongyin. This signifies an intent to erode Taiwan's jurisdiction over these areas and prepare for potential future blockades or invasions.
- Taiwan responded to the exercise with enhanced transparency, swiftly sharing information on PLA activities to prevent misinformation and maintain public confidence. International reactions underscored the risks posed by the PLA's actions, with calls for dialogue and cooperation to ensure stability in the Taiwan Strait. This response emphasizes Taiwan's improved capability to counter PLA tactics and the broader geopolitical implications of the PRC's actions.

At the inauguration of Taiwan's 8th president on May 20, 2024, following the island's 16th presidential election, President Lai Ching-te (賴清德) emphasized Taiwan's global connectivity and urged the People's Republic of China (PRC) to maintain peace while resisting Beijing's coercion. In response, on May 23, the People's Liberation Army (PLA) Eastern Theater Command announced a military exercise, "Joint Sword: 2024A (聯合利劍-2024A)," around Taiwan as a punishment for separatist activities and a warning against foreign interference ([81.cn](#), May 23).

The PLA exercise took place at nine locations, including areas around Taiwan's main island and the offshore islands Kinmen, Matsu, Wuqiu, and Dongyin. During the two-day exercise, Taiwan detected 111 PLA aircraft, with 82 entering its air defense identification zone (ADIZ), and 53 PLA Navy and China Coast Guard (CCG) vessels ([UDN](#), May 25). The number of aircraft involved was lower than in the 2023 iteration of the exercise, which saw 232 aircraft, of which 134 crossed the median line ([NewTalk](#), April 11). However, this year's exercise was notable for being the largest joint action to date involving PLA Navy and CCG vessels. No navigation restrictions or live-fire drills were announced ([China Brief](#), May 5, 2023; [RTI](#), May 23). Another key difference this year was the inclusion of Taiwan's offshore islands as a focus of the exercise. These developments are part of the evolving strategy and increasing complexity of the PRC's military maneuvers around Taiwan, which could include further drills later this year.

### **Offshore Islands Targeted**

The inclusion of Taiwan's offshore islands for the first time in a PLA exercise, represents a significant escalation in the PRC's military posturing ([RTI](#), May 29). It also reflects the PRC's enforcement of a new normal, established after an incident in February where a civilian PRC speedboat collided with a Taiwanese Coast Guard vessel while attempting to flee after trespassing and illegally fishing in waters around Kinmen island ([CNA](#), March 23). By incorporating these offshore islands, the PRC aims to erode Taiwan's jurisdiction over its surrounding waters and prepare for potential future blockades and invasions ([Mainland Affairs Council](#), May 6; [Focus Taiwan](#), May 25). The exercise also tested Taiwan's Penghu defense line, a series of fortifications and military installations for monitoring PLA activities on the Penghu Islands that protect the central part of the Taiwan Strait and act as a buffer zone against potential amphibious assaults from the PRC ([INDSR](#), January 21, 2020).

The PLA did not provide specific coordinates for the "Joint Sword: 2024A" exercise. This led to slight differences between the areas announced for the exercise by Taiwan's Ministry of National Defense (MND) and the PRC's own MND. Taiwan's monitoring and reconnaissance efforts showed that none entered within 24 nautical miles of Taiwan, the extent of its territorial waters and contiguous zone ([Upmedia](#), May 23).

The PRC's inclusion of Taiwan's offshore islands served multiple purposes. It not only tested Taiwan's defensive capabilities but also sent a strong political signal to Taiwan and the international community. By demonstrating the ability to project power close to Taiwan's territory, the PRC seeks to assert its claims and showcase its growing military prowess ([Xinhua](#), May 23). This aligns with the broader PRC strategy of using gray zone activities to gradually shift the status quo in its favor without triggering a full-scale conflict ([CNA](#),



May 23). The exercise’s timing, coming shortly after President Lai’s inauguration, underscores the additional political purpose of directly challenging Taiwan’s newly elected leadership and its policies.

**Table 1: Comparison of the 2023 and 2024 ‘Joint Sword’ Exercises**

	2023	2024
<b>Exercise Name</b>	Combat Readiness Patrol and Joint Sword Exercise	Joint Sword-2024A
<b>Duration</b>	3 days	2 days
<b>Coast Guard Involvement</b>	None	Yes (first time)
<b>Scope</b>	Did not include offshore islands	Included offshore islands such as Kinmen, Matsu, Wuqiu, Dongyin
<b>Theater</b>	Taiwan surrounding maritime and airspace	Taiwan main island and offshore islands
<b>Live-Fire Drills</b>	None (animation to show joint firepower strikes)	None (3D animation simulating long-range rocket and missile attacks from the army, air maritime and Rocket Force)
<b>Aircraft Carrier Deployment</b>	Deployed Shangdong aircraft carrier	None

Source: Author.

### Integration of the CCG and PLA

The integration of CCG and PLA forces in joint exercises enhances the level of coordination and capabilities beyond what has been seen previously. Coordination with CCG allows the PRC to leverage its maritime law enforcement resources to support military objectives, effectively blurring the lines between military and paramilitary operations ([Taiwan MND](#), September 12, 2023). Even in the absence of live-fire drills, the exercise provided the opportunity for observers to glean information about the PLA’s air-sea coordination, maritime attacks, land strikes, and its attempts at multi-domain coordination and joint strike capabilities (PRC MND, [May 23](#), [May 24](#)). A spokesman for the Eastern Theater Command highlighted the exercise’s focus on “integrated operations inside and outside the island chain” and “testing joint operational capabilities, seizing control of crucial areas,” reflecting the PLA’s strategic goals of contesting key maritime areas and improving battlefield management around the Taiwan Strait ([Global Times](#), May 24).

The integration of the CCG with the PLA in this exercise marks a significant development in the PRC’s military strategy. The use of coast guard vessels in this exercise is a significant signal ([China Times](#), June 1). The two-day exercise involved not only PLA ground, naval, air, and rocket forces but also maritime law enforcement units conducting patrols around Taiwan’s offshore islands, complementing PLA activities ([Institute of Chinese](#)

[Communist Studies](#), May 27). On May 23, CCG ships from Fujian entered restricted waters around Wuqiu and Dongyin islands. The patrol routes, as shown on PRC maps, included areas within 2.8 nautical miles north of Wuqiu and 3.1 nautical miles east and south of Dongyin, entering restricted but not prohibited waters ([Liberty Times](#), May 23). The restricted and prohibited waters around Kinmen, Wuqiu, Matsu, and Dongyin are clearly defined, with prohibited waters aligning with Taiwan's territorial seas and restricted waters corresponding to the contiguous zone ([Law and Regulations Database of Taiwan](#), May 30, 2018). These exercises tested joint patrols, rapid response, and emergency handling capabilities ([Xinhua](#), May 23).

Actions encroaching on waters under Taiwan's control have been ongoing since February, with multiple patrols by CCG vessels deployed to send a deterrent signal to Taipei ([CNA](#), May 23). On May 24, the CCG conducted enforcement exercises in Taiwan's eastern waters, releasing photos but no specific activity maps. PLA forces also approached Dongyin and Wuqiu islands for the first time, while CCG vessels entered their surrounding restricted waters ([China News](#), May 24). Although no inspections of Taiwanese vessels by the PLA or the CCG were reported during "Joint Sword: 2024A," insiders quoted by Xinhua News Agency warned that if cross-strait relations worsen, Beijing might repeat the "Kinmen model" in other parts of the Taiwan Strait. In other words, CCG vessels could enter prohibited waters or inspect Taiwanese vessels around Wuqiu and Dongyin ([Xinhua](#), May 23). Both islands are strategically and militarily significant as they are close to the PRC mainland and control maritime routes in the Taiwan Strait, serving as a frontline in Taiwan's defense.

The use of CCG vessels also demonstrates the PRC's commitment to employing gray zone tactics, which involve coercive actions that remain below the threshold of armed conflict, to achieve its strategic objectives. The exercise in May did not match previous exercises along several metrics. For instance, this year's exercise did not involve any live-fire drills, while the 2022 exercise saw large-scale missile tests, and the inaugural Joint Sword exercise in 2023 saw the deployment of an aircraft carrier. The move away from such tactics in the May exercise could suggest a stronger focus on gray zone operations, which are more flexible and controllable, allowing for escalation and de-escalation as needed, making them easier to conclude ([Prospect Foundation](#), January 16).

### **Taiwanese International Responses**

Compared to previous responses to PLA military coercion, this time around, Taiwan's MND responded quickly and appeared to place greater emphasis on transparency. The MND swiftly integrated and publicly shared information on PLA activities during the exercise, as well as publicly releasing images of F-16V fighters and P-3C patrol aircraft monitoring PLA jet fighters and ships for the first time ([Tai Sounds](#), May 26; [RFA](#), May 30). Additionally, Taiwan's Chief of the General Staff commended the Psychological Operations Brigade for their proactive countermeasures during the exercise ([Military News Agency](#), May 31). By informing the public about the PLA's military exercises, Taiwan preempts misinformation and panic, ensuring the public remains well-informed and less susceptible to psychological manipulation. These measures highlight Taiwan's improved efficacy in countering PLA tactics. Nevertheless, some questioned why the Lai administration did not publicize "Joint Sword: 2024A" in advance. Records show that the head of Taiwan's National Security Bureau claimed

the MND detected unusual PLA movements along the PRC coast before President Lai's inauguration and anticipated military exercises ([China Times](#), May 29).

The Beijing government conducted this exercise to send a strong political message to Taiwan. The PLA primarily serves the Party and its political goals, as emphasized in recent speeches from PRC leaders and military documents ([81.cn](#), July 19, 2023). CCP General Secretary Xi Jinping has intensified military pressure on Taiwan, using PLA drills and other exercises as the main deterrent against Taiwanese independence ([NBR](#), May 7). "Joint Sword: 2024A," held three days after President Lai's inauguration, aimed to punish Taiwan for electing Lai, whom state media characterized as a "Taiwan independence worker (台独工作者)" and a "peace destroyer (和平破坏者)" ([Global Times](#), May 21). The PRC's Ministry of National Defense echoed this framing, describing the exercise as a direct response to President Lai's inaugural address. PLA spokesman Colonel Wu Qian (吴谦) stated that Lai's actions challenged the One-China principle by advocating the "Two-State Theory (两国论)" and attempting to reject reunification. Wu warned that each provocation would lead to stronger countermeasures until full reunification is achieved ([81.cn](#), May 25).

"Joint Sword: 2024A" also aimed to deliver a warning message to the United States. At a press conference on May 15, spokesman for the PRC's Taiwan Affairs Office Chen Binghua (陈斌华) reiterated the country's opposition to US support for "Taiwan independence forces" and urged it to stop arms sales to Taiwan ([Taiwan.cn](#), May 15). The PRC government also opposes high-level US officials' visits to Taiwan and Taiwanese presidential transits through the United States ([NBR](#), May 7). Using military exercises to function as a deterrent aligns with the PRC's approach under Xi to preventing and controlling crises. [1]

International reactions highlighted the potential risks posed by PLA. Japanese Minister for Foreign Affairs Yoshimasa Hayashi underscored the importance of peace and stability in the Taiwan Strait for both Japanese and global security, calling for dialogue and cooperation with allies, especially the United States ([RTI](#), May 23). The EU, meanwhile, urged restraint and stressed the need to maintain the status quo in the Taiwan Strait ([European Union](#), May 23). The United States expressed concern over the risk of escalation, reaffirming its commitment to regional peace and stability ([UDN](#), May 26). Finally, Singapore's Deputy Prime Minister Lawrence Wong warned of severe global repercussions from any conflict and urged dialogue between the United States and the PRC to mitigate risks ([CNA](#), May 24).

### **Conclusion**

May's "Joint Sword: 2024A" exercise highlighted the complexity and evolving nature of the PRC's military strategy toward Taiwan, as well as reflecting its broader geopolitical ambitions. It demonstrated the PRC's willingness to pressure the Lai administration, framing the maneuvers as a direct response to Taiwan's democratic elections and leadership statements. The exercise also saw unprecedented coordination between the CCG and PLA, which is likely to increasingly become the norm in maritime operations around Taiwan and the South China Sea. The inclusion of offshore islands in military exercises for the first time is also evidence of intent to erode Taiwan's jurisdiction and prepare for potential future operations.

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#### **Notes**

[1] See 肖天亮主編, 战略学 [Science of Military Strategy]. (北京市: 國防大學出版社, 2020), Chapter 8.



**Secrecy and Solidarity: PRC Internal Security Partnerships with Socialist States**

*by Jake Rinaldi*



China-North Korea Friendship Program performance in Arirang. (Source: [Wikipedia](#))

**Executive Summary:**

- The People's Republic of China (PRC) engages in extensive security cooperation with other single-party socialist states. This includes deploying the People's Armed Police (PAP) to train paramilitary and police forces in these countries, offering cybersecurity support, and assisting with online information control.
- Policymakers and academics in the PRC see their country as the leading single-party socialist state to its junior partners—Vietnam, Cuba, Laos, and North Korea—in a “Community of Common Destiny for Socialist Countries,” helping sustain these states’ regimes and thereby buttressing its own claims to legitimacy.
- The PRC promotes the concept of the Community internally, but exercises caution by rarely mentioning it in its general external discourse to avoid international reputational costs. This is in contrast to other multilateral groupings that the PRC spearheads, such as the Shanghai Cooperation Organization and BRICS.

In May 2024, state media in the People's Republic of China (PRC) reported that the PRC and Vietnam had conducted their 27th joint coast guard patrol in the Beibu Gulf of the South China Sea to “maintain the security and stability in the waters and build the two countries into a community with a shared future that bears strategic significance” (*China Daily*, May 1). This constituted part of the PRC's wider military diplomacy, which has intensified following the end of the Covid-19 pandemic. Alongside an increase in military engagement, new conceptual frameworks such as the Global Security Initiative (GSI; 全球安全倡议) have emerged to support this activity. Bilateral and multilateral cooperation on internal security is a burgeoning part of these efforts, particularly with ideologically aligned single-party Leninist states. These relationships are characterized by a high degree of opacity. Unlike the PRC's interactions with democratic nations, where more information is available, the PRC and its single-party state counterparts have a preference for maintaining a high level of secrecy. In the PRC's policy lexicon, these relationships are categorized under the “Community of Common Destiny for Socialist Countries,” (hereafter “the Community”). Recently, this has been translated by PRC state media as the “Community of Shared Future for Socialist Countries (社会主义国家命运共同体)” to mitigate unfavorable perceptions associated with expansionist ideologies.

Cooperation within the Community is critical to enhancing the legitimacy of the PRC's single-party system and extending its influence over neighboring countries (Vietnam, Laos, North Korea) and in strategic regions further afield (Cuba). For the Chinese Communist Party (CCP), maintaining regime stability is central to both domestic governance and foreign policy, mirroring the priorities of other authoritarian states. Whilst the PRC promotes the concept of the Community internally to reinforce regime legitimacy and coordinate policy priorities with other socialist states, it exercises caution by rarely mentioning the concept in its general external discourse to avoid international reputational costs. The opacity of these states and the PRC's deliberate ambiguity regarding internal security cooperation has meant that it has largely flown under the radar, particularly in comparison to other international groupings that the PRC spearheads, such as the Shanghai Cooperation Organization (SCO) or the BRICS countries. It is nevertheless an important part of the PRC's diplomatic engagement.

### **Organizational Structure**

The “Community of Common Destiny for Socialist Countries” is primarily a conceptual framework for Chinese academics and policymakers whose scope comprises authoritarian states with a socialist or communist leading party. Membership as outlined in prominent Chinese political science and international security publications includes the PRC, Vietnam, Laos, North Korea, and Cuba. [1] Notably, multi-party states are excluded from this group. The academic Li Zhengang (李珍刚), for instance, emphasizes that member states' constitutions must mandate the leadership of Marxist political parties and adherence to the socialist road. Chinese authors frequently use the term “similar national system” to highlight this single-party requirement. From an ideological standpoint, Yu Zhonghai (余中海) points out that the leading parties must be the “products of combining Marxism-Leninism with their own national realities.” In other words, states engaged in the indigenization of Marxism to suit local conditions.



In this analytical framework, researchers position the PRC as the leading nation, with other member states viewed as junior partners. Central Party School professor Chang Xinxin (常欣欣) refers to the PRC as the “leading banner for socialist countries around the world,” emphasizing its responsibility to guide other socialist states. [2] Li Zhengang asserts that “no one can crush us ... as long as China does not collapse, one-fifth of the world’s population will adhere to socialism.” [3] The overarching goal of this analytical framework is to study and strengthen other socialist regimes, mitigate common perceived threats, and legitimize the PRC’s political system through the unity and resilience of socialist states.

### **Organizational Goals**

The prevailing worldview in PRC scholarship reveals Beijing’s strategic aims within the multilateral policy concept. Li Zhengang emphasizes the importance of socialist countries seizing the opportunities presented by the increasingly multipolar nature, or “democratization,” of international relations, suggesting the need for cooperation amid the perceived decline of the United States. Despite the opportunities identified by Chinese academics, however, substantial challenges remain, particularly regarding national security, social stability, regime stability, and external infiltration. Li Zhengang argues that the “Community of Shared Future for Socialist Countries” is essential not only for promoting mutual development but also for collectively preventing and resolving these risks.

Coup-proofing stands as a paramount objective in the dominant scholarship. Yu Zhonghai underscores the strategic vulnerability of socialist states to revolutions orchestrated by capitalist nations. [4] Separately, Huang Chao (黄超) writes that “Western countries continuously export Western values, enticing the people of socialist countries to abandon their communist ideals and beliefs.” [5] This process, according to Yu, involves the insidious cultivation of internal dissent through financial support and media influence, aiming to destabilize political, economic, and cultural life. As a result, Beijing expects deepening cooperation among states in the Community. Li Zhengang writes, “When the political power of socialist countries is threatened, mutual cooperation and support can be used to help socialist countries overcome difficulties” and “promote the sustainable development of the socialist cause.” Yu concurs, asserting that “if governments are unable to effectively contain opposition forces, assistance and support from other socialist countries should be sought to jointly combat them.”

### **PRC Tailors its Outreach with Each Party-State**

The PRC has taken specific measures with each member of the Community to ensure internal political security. During his recent visit to Vietnam, Xi Jinping declared that “both sides should deepen mutual trust on security. The two sides must prioritize national political security, ensure the red flag of socialism is not changed, and spare no effort to prevent, defuse, and contain all kinds of political and security risks” ([Xinhua](#), December 13, 2023). Beijing foresees the People’s Armed Police (PAP) as a key instrument in this regard. In November 2023, Vietnam’s Minister of Public Security General To Lam met with senior PAP officials to “study and support the organization of training courses for officers in areas, including counterterrorism, anti-protest, and anti-riot” ([Vietnam+](#), 2023). On the cyber front, the PRC’s Baise Executive Leadership Academy (百色

干部学院) trains Vietnamese and Laotian officials to guide public opinion online ([South China Morning Post \[SCMP\]](#), July 14, 2018). Private companies like Meiya Pico affiliated with the PRC Ministry of Public Security instruct Vietnamese on surveillance and censorship technology ([Open Technology Fund](#), 2019, p.42).

PRC-Laos internal security cooperation is extensively documented. In 2013, the two countries signed an intelligence gathering and sharing agreement, which mandates coordination to combat the “peaceful evolution of hostile forces,” a phrase implicitly referring to perceived United States-directed coup attempts. [6] PRC telecoms giant Huawei supplies censorship technology, facial recognition cameras, and encryption technology for government communications to Laos and North Korea ([Open Technology Fund](#), 2019, p.42). The two countries have also held consistent joint military exercises under the auspices of the Community, including Friendship Shield 2023 which focused on law enforcement and anti-terrorism work ([Xinhua](#), May 12, 2023).

North Korea has received political security support from the PRC for decades. Cheng Long (成龙) at the PLA Information Engineering University writes that China Unicom opened up the first land-based optical fiber cable system from Beijing to North Korea in 2005. [7] More recently, the PRC has supplied “pervasive” digital tracking technology to prevent North Koreans from escaping the country ([SCMP](#), May 12). It has also played a critical role in the construction of North Korea’s cyber infrastructure and intranet systems. Cheng notes that North Korean government and military offices have “their own local intranets” such as the “shield network” and the “fortress network” which are “separately managed and operated by various departments ([SCMP](#), May 12).” Kan Daoyan (阚道远), who at the time was a PhD student at Renmin University and a lecturer in the State Administration of Tax Affairs’ Party School (国家税务总局党校), argued that government organizations can use these local networks to “issue administrative orders and production information, promote [interagency] information sharing, and improve work efficiency.” [8]

PRC-Cuba relations have also featured political security coordination in recent years ([CGTN](#), September 20, 2023). In 2023, the PRC invested \$100 million to support Cuban cybersecurity, following a bilateral cybersecurity agreement designed to prevent political subversion ([14ymedio](#), April 4, 2023). It has also operated an intelligence installation in the Caribbean country since 2019 ([The New York Times](#), June 10, 2023). The two states are reportedly negotiating the establishment of a new joint military training facility on the island ([Reuters](#), June 20, 2023).

### **Conclusion**

PRC military diplomacy, which includes internal security cooperation on censorship, cybersecurity, intelligence, and anti-riot training, is designed to advance the country’s broader foreign policy objectives. Conceptual frameworks like the “Community of Shared Future for Socialist Countries” not only support existing cooperation but also guide future activities, shape policy agendas, and set strategic goals. The prevailing discourse on this Community also reveals the worldview of PRC academics and policymakers, illustrating their understanding of the country’s role as the leading socialist country with a responsibility to assist other socialist states in maintaining their internal security. The rhetoric and policy surrounding the

Community of Shared Future for Socialist Countries indicate that the PRC views the political security of single-party Leninist states as integral to its own political stability, and it will remain a key component of military engagement with other countries in the years to come.

The rhetoric and policy surrounding the Community of Shared Future for Socialist Countries indicate that the PRC views the political security of single-party Leninist states as integral to its own political stability and that it will remain a key component of military engagement with other countries in the years to come. In domestic politics, the strength and stability of socialist states enhance the CCP's legitimacy, where regime stability is foundational to both its governance and foreign policy strategies. Externally, cooperation within the Community facilitates the PRC's projection of influence over neighboring states such as Vietnam, Laos, and North Korea, as well as strategically vital countries like Cuba.

Future research on this important subject should focus on the internal security missions and interagency competition among all the PLA services, most notably the PAP. Chinese analysts should also examine how internal security cooperation could lead to a more permanent security presence in other states. Finally, experts should observe how socialist countries, especially Southeast Asian countries like Vietnam, balance internal security cooperation with the PRC against more frequent requests for US external security assistance against Chinese expansionism.

*The views expressed are those of the author(s) and do not reflect the official position of the United States Army War College, Department of the Army, or Department of Defense.*

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*The author would like to thank CLSC intern Cadet Brandon Tran, whose research contributed to this article.*

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[2] Chang Xinxin and Zhang Zijian, “Development of Socialist Countries in the World: New Trends, New Characteristics and New Challenges—Taking Vietnam, Laos, North Korea, and Cuba in 2016 as an Example [世界社会主义国家发展·新动态·新特点·新挑战—以 2016 年越南、老挝、朝鲜、古巴为例],” *The Journal of Yunnan Provincial Committee School of CPC* 18, no. 4 (2017). 154.

[3] Zhengang Li, 2018.

[4] Zhonghai Yu, 2014.

[5] Chao, Huang, “The Collapse of the Soviet Union has Several Implications for Today’s Socialist Countries,” [苏联解体对当今社会主义国家的几点启示],” *The Era of Intellectual Wealth* 3, no. 2 (2017).

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[6] Lao Ministry of Foreign Affairs, 60 Years of Laos-China Diplomatic Relations 25/4/1961–25/4/2021 (Vientiane, Laos: State Printing House, 2021), p. 82.

[7] Cheng Long, “An Analysis of DPRK Cyberspace Development.” *International Data Information*, no. 8 (2021), 24-31.

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**Economic and Technological Zones: Economic Strategy in the Tibet Autonomous Region**

*by Devendra Kumar*



Highway connecting Lhasa and Linzhi. (Source: [Wikipedia](#))

**Executive Summary:**

- New Economic and Technology Development Zones (ETDZs) in the Tibet Autonomous Region (TAR) are focused on pockets of the Han population, which will exacerbate tensions within the region. The Tibetan economy is already largely under Han control (except for in the agriculture and livestock sectors), and Han people constitute the majority group in many of Tibet's urban centers.
- The TAR government has set up the zones to import practices from elsewhere in the People's Republic of China (PRC) and shift the region's economy away from traditional sectors and toward export-oriented industries, construction, and even high-tech manufacturing.
- The TAR's external trade is currently limited to Nepal, due to ongoing border tensions with India. Meanwhile, infrastructural challenges hampering the development of the Sichuan-Tibet railway or national highways connecting the TAR with other provinces suggest that further integration with the rest of the PRC remains some way off.
- In a related policy, the PRC has developed border towns strategically located near land border ports that it has built along its borders with India, Nepal, and Bhutan. Infrastructure buildup on the border could also serve a dual-use purpose in the case of a conflict, as has been the case in India in recent years.

In June, Wang Junzheng (王君正), Party Secretary for the Tibet Autonomous Region (TAR; 西藏自治区), went on an inspection tour of the Lhasa Economic-Technological Development Zone (Lhasa ETDZ, 国家级拉萨经济技术开发区) in the regional capital's Doilungdêqên District (堆龙德庆区). While there, he instructed officials to improve various aspects of the zone to help boost businesses such as cross-border e-commerce and support Tibetan products to “go out,” creating a new source of growth for the region's foreign trade ([Lhasa Daily](#), June 13). The readout of Wang's visit reflects a concerted focus on ETDZs and expanding overseas trade as local growth drivers.

The government of the People's Republic of China (PRC) has been trying to recalibrate Tibet's economy over the last 15 years. In 2008, angry protests triggered a shift in government policy to massive investments in internal security and tighter control of the socio-cultural sphere (see *China Brief*, [May 13, 2008](#), [September 21, 2017](#), [September 22, 2020](#)). Although the region has registered growth rates above the national average since the 1990s, this has largely been fueled by massive subsidies and transfer payments by the central government. [1] Since 2008, the government has focused on developing the tourism, mining, and construction industries, but their potential to help shift to indigenous growth remains limited. Provincial policymakers therefore have launched an array of initiatives that broadly replicate the growth model of inland provinces (内地).

A key feature of the emerging strategy is the establishment of several Economic and Technology Development Zones (ETDZs, 经济技术开发区) to attract investments, promote exports, and incubate industries. New provincial-level ETDZs were established in Chamdo City (昌都市) in 2013, Lhokha (山南市) in 2018, and Shigatse (日喀则市)—near the border with Nepal—and Nyingchi (林芝市) in 2019 (see Table 1). The State Council established an ETDZ in Lhasa in 2001 ([State Council Information Office \[SCIO\]](#), September 19, 2001). The new ETDZs seek to promote industrialization, help reduce the urban-rural gap, and pursue other policy objectives through encouraging urbanization, export-oriented industries, commercialization of agro-pastoral products, and tourism.

### **ETDZs as Hubs for Regional Integration**

The arrival of ETDZs in the TAR represent a belated extension of a national strategy adopted in 1978 ([People's Daily](#), October 1, 2008). While long held as a “pole of socio-economic development (重要的经济和社会发展极),” EDTZs were largely concentrated in eastern and central regions of the country until their rapid expansion to western provinces after 2010 ([Sogou Baike](#), July 17; [MOFCOM](#), June 13) [2]. The TAR has established four provincial-level ETDZs in the last 11 years. However, the Lhasa EDTZ remains the region's only national-level ETDZ, lagging behind other western provinces and regions. [3]

The policy of setting up ETDZs has been articulated and endorsed politically at higher levels, underscoring their significance in overall economic planning. For example, the Thirteenth Five-Year Plan of the Tibet Autonomous Region (2016-2021) laid out plans to establish ETDZs in Shigatse and Lhokha ([Tibet Government](#), April 4, 2018). At the same time, the Western Development Conference, the Tibet Coordination



Group, the highest Chinese Communist Party (CCP) coordination body of Tibet policy, and the sixth and seventh Tibet Work Forums have consistently underlined the importance of the Lhasa ETZ (NDRC, January 23, 2017; [Reform Data](#), June 29, 2010).

**Table 1: National- and Provincial-Level Economic and Technological Zones in the TAR**

Name	Location	Year Established	Key Industries	Ranking	Area (km <sup>2</sup> )	Estimated Investment (million RMB)
Lhasa Economic-Technological Development Zone (国家级拉萨经济技术开发区)	Doilungdêqên District, Lhasa City	2001	Agriculture and animal husbandry, tourism, ethnic medicine and handicrafts, and high-tech industries such as bioengineering and new energy	National Level (国家级)	12.8	n/a
Chamdo Economic and Technological Development Zone (昌都经济技术开发区)	Chamdo New District (昌都新区), Chamdo City	2013	New energy, biomedicine, environmentally friendly building materials, agricultural processing, tourism, ethnic handicrafts	Provincial level (省级)	8.184	c.25,000
Lhokha Economic and Technological Development Zone (山南市经济技术开发区)	Tsetang (泽当镇), Nedog District (乃东区)	2018	Agriculture and animal husbandry, tourism, ethnic handicrafts	Provincial level (省级)	25.69	380
Shigatse Economic and Technological Development Zone (日喀则经济技术开发区)	Samzhubzê (桑珠孜区)	2019	Development of processing of agricultural and livestock products, natural drinking water and green food production, logistics, Tibetan medicine, handcraft	Provincial level (省级)	36.3	60,000
Nyingchi Economic Development Zone (林芝经济开发区)	Bayi District (巴宜区)	2019	Eco-tourism, clean energy, modern services, biotechnology, and production and processing of local agricultural and animal husbandry products	Provincial level (省级)	7.11	1,030

Source: [TAR DRC](#), April 4, 2018, page 48; [Lhasa ETZ](#), accessed July 16.; [Chamdo Government](#) course, accessed July 16; [Xinhua](#), accessed July 17.

ETDZs are designed to create functional linkages with local industrial parks (产业园区) and rural commercial enterprises like farmers and herders' cooperatives (农牧区合作组织) ([Shannan Government](#),

December 20, 2018). Both industrial parks and ETDZs aim at incubating more “non-public economic organizations (非公经济组织)” to increase local tax revenue ([Tibet Daily](#), 29 November 2018; [China Tibet News Network](#), 12 October 2023). [4] In the long run, the flourishing of such enterprises is also intended to incentivize Han private entrepreneurs to invest in the region. The TAR has 74 industrial parks, three-quarters of which are based in Lhasa city, followed by Nyingchi, Shigaste, and Lhokha. Nagqu, Chamdo, and Ngari each have one industrial park. This geographic distribution reflects the economic focus of the government on the “central economic zone (中部经济区),” a term used in previous regional planning documents. [5]

A related set of initiatives comes under the umbrella of “Five Cities and Three Hours Economic Belt (五城三小时经济圈), centering on Lhasa and Lhokha prefecture-cities and creating linkages with Shigatse in the west and Chamdo in the east (Map 1; [Xinhua](#), 30 May). This regional integration plan, begun in 2018 and set to complete its second phase of implementation in 2025, will improve railway connectivity by completing the Lhasa-Nyingchi line of the Qinghai-Tibet railway, as well as road and air transport infrastructure ([TAR Government](#), April 4, 2018; [TAR Development Reform Commission \[DRC\]](#), February 2018). At the regional planning level, these interrelated projects and initiatives are crucial for creating local sources of revenue and growth. Lhasa and Lhokha, whose combined populations equate to 41 percent of the TAR’s total, contribute 48 percent of the region’s GDP and 58.8 percent of total revenue ([TAR DRC](#), 2018). This population has grown significantly since 2016 due to the massive relocation of farmers and herders from Nagqu to Lhasa, Nyingchi, and Lhokha ([Human Rights Watch](#), May 21).

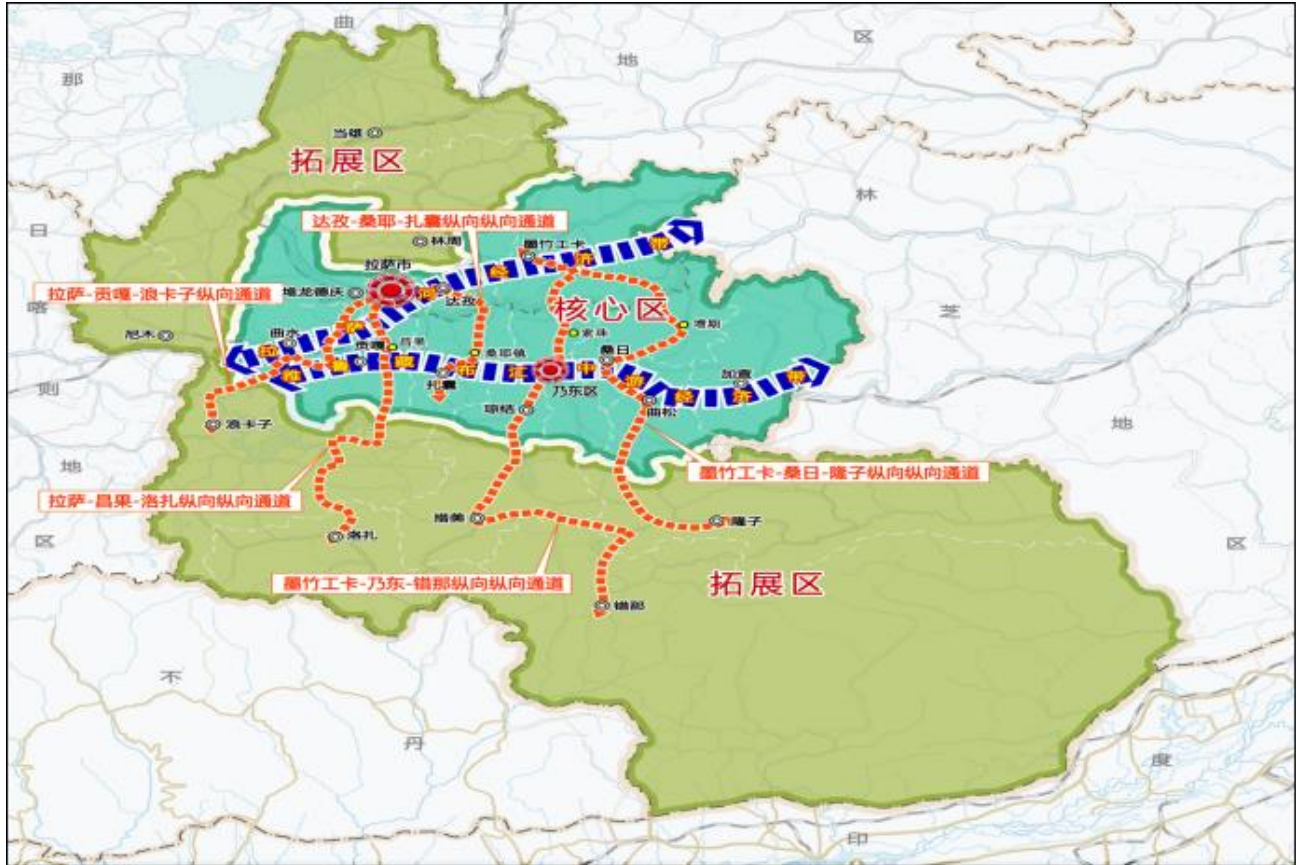
Emphasis on “sub-regional integration” since 2014 follows significant investment in infrastructure to support new urbanization and export-oriented businesses, especially in ethnic handicrafts, animal husbandry, and ethnic medicine. Beyond the railway construction, other projects include Gonggar International Airport (which is jointly owned and operated by Lhasa and Lhokha) and the expansion of the G560 and G349 highways as well as the S5 expressway.

Development of border towns has been another important policy, as referenced in the Thirteenth Five-Year Plan for the TAR. These include Shiquanhe (狮泉河镇) and Burang town (普兰真) in Ngari, Yadong (亚东) in Shigaste, Longzi Town (隆子镇) and Mainling (米林市) in Lhokha, among others. As part of this urbanization push, the government has upgraded several county-level administrative units to city (urban) status since 2013 to facilitate further devolution of resources and administrative power to local governments. [6]

These border towns are strategically located near land border ports that the PRC has built along its borders with India, Nepal, and Bhutan, as well as the new ETDZs in Shigatse and Lhokha. Currently, the PRC has five land border ports, namely Zhangmu in Nyalam County, Gyirong in Gyirong County, Riwo in Dinggye County in Shigaste on the Nepal border, Burang in Ngari on the Indian border, and Yadong in Shigaste on the India-Bhutan border ([Tibet Online](#), July 5). Land ports along the India-PRC border have been marred by geopolitical tensions along the disputed boundary, leading to negligible trade. Border trade with Nepal, however, remains strong.

The ETDZs and industrial parks focus on export-oriented agriculture, handicraft manufacturing, and Tibetan traditional medicine. There is some heavy and high-tech industry in the TAR, but only in Lhasa's national-level ETDZ. The focus on agro-pastoral industries is also notable given that the TAR provincial authorities have pushed for commercializing the animal husbandry sector, rigorously creating farmers' and herders' cooperatives (农牧区合作组织) since 2009 ([TAR Government](#), August 19, 2021).

**Map 1: Outline of Five Cities and Three Hours Economic Belt (五城三小时经济圈) Plan**



Source: [TAR DRC](#), 2018.

### ETDZs Concentrate on Han Population

The government's decision to double down on ETDZs at the provincial level reflects an extension of key pillars of the PRC's economic strategy that began in coastal regions in 1978 to the TAR. Under Xi Jinping, economic policy in the TAR has focused on urbanization and infrastructure in border areas, cross-border trade, and connectivity with Nepal, in an effort to spur local growth drivers and stabilize borders ([Xinhua](#), August 29, 2020; [People's Daily Online](#), August 26, 2015). In doing so, the provincial leadership has pursued central directives in attempting to develop the TAR's foreign trade profile over the last decade (See, [Center for Himalayan Studies](#), March).

There have been negative impacts to these policies, however. Heavy subsidization, Han control of the Tibetan economy (except for in the agriculture and livestock sectors), and the marginalization of ethnic Tibetans could cause problems for both the local economy's prospects and are likely to deepen social tensions. The government's more recent initiatives could simply exacerbate the problems, particularly as the new parks and zones are focused on pockets of the rising Han population.

Ma Rong (马荣), a sociologist of population in Tibet, has noted that the TAR's Han population has increased overall but especially in certain pockets. Gar County in Ngari had a Han population ranging from 10 percent to 30 percent, Nyalam and Yadong in Shigaste had between 5 and 10 percent of total population from the 1990s up to the early 2000s. [7] However, these estimates, at best, underestimate the Han population by excluding or undercounting the "floating population (流动人口)" of Han temporary migrants and small businesses. The latest official socio-economic survey statistics suggest that Han people now constitute a majority or close to a majority of the population in specific urban centers like Bayi District in Nyingchi (around 39 percent) [8] and Gar County in Ngari (around 57 percent) ([National Bureau of Statistics](#), 2019). [9]

The establishment of ETDZs signals a commitment to a certain kind of economic strategy, but it will be a while before it begins to bear fruit. ETDZs are designed in part to support exports, but the TAR's external trade is currently limited to Nepal, due to ongoing border tensions with India. Meanwhile, infrastructural challenges hampering the development of the Sichuan-Tibet railway or national highways connecting the TAR with other provinces suggest that further integration with the rest of the PRC remains some way off.

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## Notes

[1] See Fischer, Andrew Martin. *The disempowered development of Tibet in China: A study in the economics of marginalization*. Lexington Books, 2013; and Jin, Wei 靳薇. *Xizang Yuanzhu yu Fazhan 西藏援助与发展* [Aid and Development in Tibet]. Tibet: Xizang renmin chubanshe. 2010.

[2] Out of 230 national-level ETDZs present by 2022, 104 were established after 2010.

[3] In contrast, other provinces in the western region have a greater number of national-level ETDZs: Xinjiang (9), Ningxia (2), Qinghai (2), Gansu (5), Shaanxi (5), Chongqing (3), Yunnan (5), Sichuan (8), and Guizhou (2).

[4] The TAR also has two High Tech Industrial Development Zones (HTIDZs; 高新技术产业开发区), a national level HTIDZ in Lhasa established in 2022 and a provincial-level one in Chamdo ([MOST](#), January 28,

2023; [TAR DRC](#), November 10, 2023).

[5] Liu, Gang 刘刚 & Shen, Lei 沈镭. *Xizang chanye jingji buju yu youhua tiaozheng zelue chutan* 西藏产业经济布局与优化调整策略初探 [Xizang's Industrial Economy Distribution and Adjusted & Optimized Strategy]. Beijing: Ziyuan kaifa yu shichang, 2007.

[6] The TAR stands as an outlier in this respect too. The pace of upgrading administrative units to urban status has slowed down from the first decade of the 21st century in inland (内地) provinces while it has picked up from 2013 onwards in the TAR. Upgrading administrative units to city status has several interrelated objectives including greater financial power to local county level cities in terms of taxation and planning and greater administrative power. Since 2013, a number of administrative units at prefecture and county levels have been upgraded to city status. Qamdo and Shigaste were upgraded to city status in 2014, Nyingchi in 2015, Lhokha in 2016, and Nagqu in 2018. At county levels, in addition to Mainling and Tsona in 2022, eight new urban districts have been created including Doilungdêqên and Dagze urban districts in Lhasa, and Bayi district in Nyingchi.

[7] Rong Ma. *Population and Society in Contemporary Tibet*. Hong Kong: Hong Kong University Press, 2011.

[8] As per the Seventh Census, the total population of Nyingchi was 238,936, of which approximately 25 percent (58,983) was Han. This was a substantial increase from the Sixth Census in 2010, in which the Han population numbered 25,162 ([Nyingchi Government](#), June 17, 2021).

[9] Confusion about the actual population persists. Differentiating between various categories used in censuses, socio-economic surveys, and other statistics remains a challenge. The difference between “registered population (户籍人口),” i.e., those who have *hukou* (household registration) and “permanent population (常住人口)” i.e. the registered population plus the inward floating population and minus the outward floating population is stark. For example, the county level statistical yearbook states that the permanent population of Shiquanhe town (狮泉河镇)—the main population center and capital of Gar County—was 54,947 in 2017 while, in 2019, the registered population was 13,400, a difference of more than 40,000. The problem is compounded by another contradictory figure in the Seventh Census which pegs the permanent population of the town at 24,112. See, National Statistical Bureau. *Zhongguo Tongji Nianjian 2018 (xiangzhen chuan)* 中国县域统计年鉴·2018 (乡镇卷) [China County Statistical Yearbook-2018 Rural-Town Edition]. Beijing: Zhongguo Tongji Chubanshe. 2018, p. 587; National Statistical Bureau. *Zhongguo Tongji Nianjian 2021 (xiangzhen chuan)* 中国县域统计年鉴·2021 (乡镇卷) [China County Statistical Yearbook-2021 (Rural-Town Edition)]. Beijing: Zhongguo Tongji Chubanshe. 2021, p. 598 & [Ngari CCP Committee](#), January 1, 2021.