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Divergent Implications for Xi's Power From New Party Regulations

By Arran Hope, Matthew Johnson, Peter Mattis, and Peace Ajirotutu

CCP General Secretary Xi Jinping, followed by Cai Qi, at an event hosted in the Great Hall of the People. (Source: CPPCC)

Executive Summary:

- Speculation is growing about a power struggle at the top of the Party. An announcement of new regulations for influential decision-making and coordinating bodies is a clear sign of change in how the leadership makes policy. Its implications for Xi Jinping's power remain unclear.
- One interpretation sees the regulations as evidence of Xi enhancing his vertical control over the system, while another reading sees him being constrained by the rest of the leadership.
- If Xi's power remains supreme, the new regulations signal tighter control, allowing him to more effectively drive his agenda and giving more formal authority to Cai Qi.
- If the regulations are an attempt to bind Xi to formal mechanisms, the move to institutionalize the organizations through which he has driven the Party-state system could signal that other parts of the leadership are wresting some power from Xi and forcing him to abide by bureaucratic procedure.

On June 30, Chinese Communist Party (CCP) General Secretary Xi Jinping chaired a meeting of the Politburo to consider a new set of rules governing certain influential Party bodies. These are titled the "Regulations on the Work of the Party Central Committee's Decision-Making, Deliberative, and Coordinating Institutions" (党中央决策议事协调机构工作条例) (Xinhua, June 30). As the readout makes clear, the Politburo met to "review" (审议) the regulations. This implies that the regulations already exist internally and are being amended, or that they are currently being drafted and will be released at a later date, as has been the case for other Party rules. **[1]**

Table 1: Implications of the New Regulations for Xi

Quote	Xi Up?	Xi Down?
中共中央总书记习近平主持会议 (CCP General Secretary Xi Jinping chaired the meeting)	Standard: Xi has chaired every PBSC meeting since acceding to power	The readout was unusually brief
集中统一领导 (Centralized and unified leadership)	Indicates loyalty to Xi (as opposed to collective leadership)	No reference to either "The Party Center with Comrade Xi Jinping as its core" (以习近平同志为核心的党中央) or "taking Xi Jinping Thought on Socialism with Chinese Characteristics for the New Era as a Guide" (以习近平新时代中国特色社会主义思想为指导)*
顶层设计 (Top-level design)	Xi (the highest level) is still directing policy	No phrase calls for following Xi himself
… 对重大工作实施更为有效的统领和协调 (more effective command and coordination of major tasks)	Calls for more efficiency are a common refrain from Xi	Calls for more effective command and coordination could be a rebuke of Xi's personalistic leadership style
…不代替、到位不越位 (avoid taking over others' functions or overstepping boundaries)	As stated above, this could indicate Xi's concerns about a lack of effective execution	Can be read as a direct criticism of Xi, as this highlights failures of institutions he leads
戒形式主义、官僚主义 (guard against formalism and bureaucratism)	Xi is concerned that cadres are not faithfully and single-mindedly carrying out his agenda	These problems have persisted throughout the Xi era, despite numerous campaigns to root them out

*This is only the third instance (from a total of 28) in which a readout of a meeting of the CCP's 20th Politburo has not included either of these phrases. The other two took place in October 2023 and August 2024. Both covered relatively mundane matters, making it unclear what the cause for omission might be (Party Members Net, October 27, 2023, August 23, 2024). **[2]**

The meeting has drawn attention because of what it might signal about Xi's hold on power. As internal and external problems continue to mount for the CCP, two lines of analysis have swelled in volume, each painting a strikingly different picture. One posits that Xi Jinping himself is under fire and is engaged in a struggle to retain his position as supreme leader. The other views Xi as continuing to implement a system tailored to execute his specific policy ambitions. Either analytic line is an attempt to make a call on what appears to be an ongoing and evolving political struggle within the CCP's leadership. Historically, outside analysts have not had a good track record of making such judgments in real time. Concerns about Xi's power deserve to be taken seriously, because anomalies continue to arise in personnel decisions and purges that seem to be targeting Xi's people or destabilizing bureaucratic leadership—as four Jamestown contributors have assessed independently (China Brief, February 14; March 15; April 23).

The Politburo meeting's readout provides details that could be used to support either of these hypotheses (summarized in the table above). From the beginning of Xi's tenure as general secretary, he has repeatedly expressed concerns about unity, discipline, and efficiency (Xinhua, October 28, 2017, October 25, 2022). These same themes appear in the readout. Yet, some language could reasonably be read as Xi being shunted aside or otherwise constrained. Xi's honorifics as the "core" of the Party or taking Xi's thought as a guide are notably absent. The readout also notes the need to "avoid taking over others' functions or overstepping boundaries" (不代替、到位不越位), which could be read either as Xi's concern with effective policy execution or as a direct critique of Xi's overbearing leadership.

April Meeting Set Stage for New Regulations

The substance of the June 30 meeting was unusual—and not just because it provided the first mention of regulations for decision-making, deliberative, and coordinating institutions. The context for the regulations is a national meeting of the CCP's secretaries-general that was held in April and hosted by Cai Qi (蔡奇). Cai is a member of the Politburo Standing Committee and director of the Central Committee General Office—the first person to hold both roles simultaneously since the Mao era. The meeting focused on coordination and political discipline across the general offices, heralding further institutionalization of one-man rule. It previewed much of the language of the latest readout, calling for using the general offices system to support the authority of the centralized and unified leadership of the Party center and improving effective execution of policy, thereby becoming "model agencies" (模范机关) of loyalty and responsiveness. It also called for cadres to serve as "political gatekeepers" (政治把关作用) (Xinhua, April 24).

The focus on the general office system as a frontline mechanism of ideological supervision and political enforcement is directly relevant to the new regulations. The organizations that the Party categorizes as "decision-making, deliberative, and coordinating institutions" under the Party Center are all supported by general offices. While an official list of such bodies has never been published, they likely include various commissions and leading small groups that have emerged or been reformed under Xi. The online encyclopedia Baidu Baike provides a list of 10 such organizations on a page about the Central Committee's subsidiary organizations. This list, which is supported (with one minor change) by the Chinese large language model DeepSeek, is as follows (Baidu, accessed June 30):

- Central Commission for Comprehensively Deepening Reform (中央全面深化改革委员会)
- Central Comprehensive Law-based Governance Commission (中央全面依法治国委员会)
- Central Cyberspace Affairs Commission (中央网络安全和信息化委员会)
- Central Financial and Economic Affairs Commission (中央财经委员会)
- Central Foreign Affairs Commission (中央外事工作委员会)
- Central Auditing Commission (中央审计委员会)
- Central Education Work Leading Small Group (中央教育工作领导小组)
- Central Institutional Organization Commission (中央机构编制委员会) (According to DeepSeek, this should instead be the Central and State Organs Work Commission (中央和国家机关工作委员会)).
- Central Finance Commission (中央金融委员会)
- Central Science and Technology Commission (中央科技委员会)

Many of these organizations have either been created or undergone changes in the Xi era. Most notable is the Central Commission for Comprehensively Deepening Reform, created in 2013. Others, such as the Central Comprehensive Law-based Governance Commission, Central Auditing Commission, and the Central Education Work Leading Small Group, are products of the 2018 "Plan for Deepening the Reform of Party and State Agencies" (深化党和国家机构改革方案) (Xinhua, March 21, 2018; CSET, March 17, 2021). This plan also upgraded several extant organizations to the level of a commission. These include the Central Foreign Affairs Commission and Central Financial and Economic Affairs Commission, which both had existed in different forms since 1958. The Central Cyberspace Affairs Commission, which also became a commission in 2018, had only existed in its previous form since 2014. As for the Central Financial Work Commission and Central Science and Technology Commission, they were established almost exactly five years later in a similar reorganization: the "Plan on the Reform of Party and State Agencies" (党和国家机构改革方案). This more recent reform replaced coordinating bodies that had previously existed under the State Council, thereby centralizing more control under the Central Committee (Xinhua, March 23, 2023; Policy-Making Magazine, August 22, 2023).

These organizations have allowed immense power to accrue to Xi Jinping. Of the ten organizations listed above, Xi heads half of them. (The Central Finance Commission is led by Li Qiang (李强), Central Science and Technology Commission is led by Ding Xuexiang (丁薛祥), the Central Education Work Leading Small Group is led by Huai Jinpeng (怀进鹏), and Cai Qi leads the Central Cyberspace Affairs Commission and the Central Institutional Organization Commission.) As the key bodies that coordinate across the system, they work with multiple ministries and Party departments on specific elements of national strategy. Crucially, they lack legal enforcement mechanisms and external oversight, operating outside of constitutional constraints. This has made them powerful tools for Xi to drive his policy agenda forward, but also has attracted criticism due to their lack of clear status within the Party-state's organizational structure. A drop in the regularity of meetings held by some of these commissions in Xi's third term could reflect increasing limits to their power (Foreign Policy, June 25).

Two Conflicting Interpretations of the New Regulations

As Table 1 above suggests, there are two possible interpretations of the June 30 readout, each relying on different hypotheses of Xi's current hold on power or the current state of an ongoing power struggle at the top of the Party.

- ***Xi Remains the Party Core.*** Xi is using these latest regulations to further reform the system in pursuit of his goals. The readout features key phrases associated with his rule, like "centralized and unified leadership" (集中统一领导) and "top-level design" (顶层设计). This Politburo meeting was a regularly scheduled monthly meeting, with Xi chairing the session and delivering remarks, and was followed by a collective study session. No unusual announcements were made about personnel changes. While Xi has been absent from some high-level meetings in recent months and is set to miss the BRICS summit in Brazil next week, he has nevertheless maintained a packed schedule of travel and high-level meetings.

- ***Xi is Losing Ground.*** The Party is moving power away from Xi, both organizationally and ideologically. Although Cai Qi has been Xi's man, loyalty is not forever. His amassing of decision-making power through the general office system—which the Politburo readout formalizes in part—may be an acceptable compromise between Xi and his reputed opponents. For those opponents, any power clawed back from Xi himself is a positive development. The readout's omission of Xi as the Party's core or as providing the guiding ideology, though not unprecedented, could reflect such a compromise, even if the propaganda apparatus continues to publish those points elsewhere. **[2]**

Conclusion

Power struggles have been a feature of Leninist systems for the last century, even if the leader usually carries the day. The CCP has had a political crisis at least once every political generation. Top leaders, seemingly secure in their positions, had their influence wax and wane, and in some cases, had to remove their comrades, as Mao Zedong and Deng Xiaoping did on multiple occasions. Trusted proteges have long faced questions of how to secure their positions by promoting their confidants without attracting the ire of the paramount leader. Central Military Commission Political Department Director Miao Hua's purge could be just one more example (China Brief, April 23).

In his 20th Party Congress speech, Xi emphasized struggle and how he reforged the Party over the preceding decade (Xinhua, October 25, 2022). Xi has brutally driven the Party forward through constant campaigns, personnel reshuffling, and perpetual anti-corruption investigations. If Xi now faces a serious challenge, more developments that constrain Xi's position will emerge. These will show that he must follow Party procedures rather than operating above them, or force him to pass more decision-making power to other leaders, such as Premier Li Qiang (李强). If, instead, Xi wins in a contest for power, the clearest signal will come from the outcomes communicated at the fourth plenary session of the Central Committee, set to take place later this year.

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Notes

[1] Other internal Party regulations for which the full text is published include the 2020 "Regulations on the Work of the CCP Central Committee" (中国共产党中央委员会工作条例), the 2021 "Regulations on the Work of CCP Organizations" (中国共产党组织工作条例), and the 2019 "Regulations on the Work of the CCP's Organizational Structure (中国共产党机构编制工作条例).

[2] References to Xi as the Party core have continued elsewhere. For instance, the July 2 issue of the *People's Daily* contains a front page story on the All-China Youth Federation that uses this language (People's Daily, July 2). The propaganda apparatus is one of several CCP elements that are essential to a leader's ability to rule and guide the rest of the Party. Early in his tenure, Xi asserted himself over the propaganda apparatus. He has maintained control ever since, as evidenced by the early development of a "cult of personality" and promulgation of Xi's contributions to Party canon (China Brief, March 6, 2015).

'Command Innovation' Model Builds Momentum: Engineering Capital for Strategic Rivalry

By Matthew Johnson

The July 2019 launch of the STAR Market—"China's NASDAQ"—marked a major step in rewiring national capital markets for strategic tech self-reliance. (Source: China Daily)

Executive Summary:

- Xi Jinping has elevated Command Innovation to the core logic of the People's Republic of China's economy—superseding traditional growth drivers by fusing "self-reliant" strategic-industrial planning with direct financial control. This engineered system gives Beijing new leverage over how capital is deployed and who controls innovation, but its success depends on whether these channels can deliver real breakthroughs without succumbing to misallocation or political drag.
- A phased strategy since 2018 has steadily rewired the PRC's capital system, starting with crisis-induced self-reliance goals and then consolidating fragmented tools into a unified framework targeting strategic tech sectors. Each stage has pushed the Party closer to treating capital not just as a market input but as an instrument of national power, aligned with its broader geopolitical ambitions.
- In 2025, this model has shifted from design to rapid consolidation and deployment: top-level directives from Xi and Vice Premier Ding Xuexiang have activated new funding mechanisms, re-lending tools, national venture funds, and innovation-focused bond pilots. All of it operates according to explicit political metrics and with direct Party oversight.
- Implementation is now accelerating at the meso level: scoring systems for small and medium-sized enterprises (SMEs), risk-sharing guarantees, revamped capital market rules, and digital supply chain plans are embedding "command innovation" deep into everyday financial practice. Foreign capital flows are being brought under the same umbrella of Party-defined priorities and meso-level controls.

Since 2018, the Chinese Communist Party (CCP) has moved steadily to fuse its innovation strategy with the architecture of national finance. What began as a defensive reaction to U.S. technology sanctions has evolved into a sweeping campaign to reengineer the capital system of the People's Republic of China (PRC) around long-term innovation and technology self-reliance.

Under Xi Jinping's leadership, this campaign has gained not only ideological clarity, but institutional force. A new model is emerging that reshapes market rules, steers investment behavior, and redirects credit flows to deliver breakthroughs in sectors the Party deems vital—even when conventional financial logic resists.

What makes this model distinct in 2025 is no longer its ambition, but its scale and coherence. Consolidation of economic authority within the Party Center has stripped away many of the bureaucratic brakes that once diluted policy execution. Financial tools once used for macroeconomic smoothing now serve as delivery systems for Party-defined innovation targets. The strategic logic runs through every level: national venture funds for artificial intelligence (AI) and quantum computing, algorithm-driven credit for small and medium-sized enterprises (SMEs), and regional capital markets refitted for deep-tech equity.

This consolidation marks a deeper shift in how the Party's financial control apparatus governs risk and capital in a contested global economy. With U.S. and allied sanctions tightening, and foreign capital flows increasingly politicized, Beijing is no longer content to rely on established methods of delivering innovation. It is building a hybrid system in which administrative control, financial engineering, and geopolitical competition are fused (China Brief Notes, June 16).

This centralization nevertheless carries strategic risks. A system designed to force breakthroughs through top-down discipline must navigate misallocation, delayed returns, and the drag of institutional inertia. Whether Beijing's "command innovation" model succeeds will depend not only on how thoroughly it mobilizes capital but on whether that capital delivers the disruptive advances its leaders now treat as existential.

Consolidating Command: How the Party Rewired Finance for Innovation, 2018–2025

From Mao's "two bombs, one satellite" (两弹一星) to Deng's joint ventures and post-Reform industrial policy, the Party has long treated technology as a pillar of national power. In other words, the Party's pursuit of technological self-reliance is not new (Brookings, April 5, 2021). Xi Jinping has revived this legacy with a clear command economy instinct—elevating tech self-reliance from a strategic priority to a core function of the entire economic system, superseding heavy industry, dual-use manufacturing, and public goods.

Since 2018, this instinct has crystallized into something more systematic: a deliberate push to fuse industrial planning with direct financial control. Each phase in building technological self-reliance (科技自立自强) since Xi's first term has moved the Party closer to aligning capital markets, credit flows, and regulatory levers with strategic technology priorities—making innovation, not just GDP growth, the raison d'être of the capital system itself. Fittingly, it was a crisis imposed by the PRC's principal source of advanced technology—and its chief adversary—that exposed hidden dependencies and jolted the Party's self-reliance strategy into overdrive.

- **2018: ZTE Crisis and Strategic Wake-up Call.** U.S. sanctions on ZTE forced the company to halt operations, exposing the PRC's dependence on foreign suppliers for critical technologies like semiconductors and design software (Bloomberg, April 16, 2018). In May 2018, Xi addressed the Chinese Academy of Sciences, warning that the situation where key core technologies are restricted by others "has not fundamentally changed" (没有得到根本性改变). He urged officials and scientists to "achieve autonomous controllability" (实现 … 自主可控) of those technologies and firmly grasp "innovation advantage" (创新主动权) and "development advantage" (发展主动权) through the accelerated construction of a national innovation system (Xinhua, May 28, 2018).

- **2018–2019: Policy Support for Private Innovation Finance and Launch of the STAR Market.** Regulatory groundwork began in 2018, led by the China Securities Regulatory Commission, with more flexible listing and disclosure rules to accommodate innovative but capital-intensive firms (State Council, March 30, 2018). State Council guiding opinions in February 2019 encouraged banks, venture capital, and private equity institutions to increase support for SMEs and high-tech firms (Xinhua, February 14, 2019). This was followed in June by the launch of the Sci-Tech Innovation Board in Shanghai to provide equity access for strategic and deep-tech firms (Shanghai Stock Exchange, June 6, 2019).

- **2019–2020: Second Tranche of the Big Fund.** The China Integrated Circuit Industry Investment Fund (国家集成电路产业投资基金; a.k.a. the "Big Fund" (大基金)) launched its second-phase capital raise, ultimately securing over 200 billion renminbi (RMB) ($28 billion). This new round of funding aimed to deepen support for the country's semiconductor ecosystem by targeting upstream bottlenecks such as materials, equipment, and EDA tools. Crucially, this went beyond just chip fabrication.

- **2021–2022: Beijing Reorients Finance to Serve the "Real Economy" (实体经济).** Xi Jinping's remarks at the December 2021 Central Economic Work Conference (CEWC) emphasized guiding capital toward manufacturing and industrial innovation, laying the ideological basis for later redirection of credit and market access (Xinhua, December 10, 2021). The following April, Xi chaired a meeting of the Central Committee for Financial and Economic Affairs that emphasized the need to enhance financial support for technological innovation and ensure the security and stability of supply chains (Xinhua, April 19, 2022).

- **2023–2024: Centralized Integration of Financial Mechanisms with Technological Innovation Goals.** In March 2023, a bureaucratic revamp led to the establishment of the Central Science and Technology Commission (CSTC), a key decision-making body designed to centralize leadership in those domains. In early 2023, the PRC launched an RMB 500 billion ($70 billion) tech re-lending program, expanded intellectual property-based lending, and raised SME risk-sharing ratios to 40 percent. Together, these policies eased financing constraints on high-potential but credit-constrained tech firms. They also coincided with pilot innovation bond programs and growing emphasis on science and tech finance as a strategic asset class.

- **2024: CEWC Sets Stage for Systemic Deployment**. The December 2024 CEWC placed innovation and "new quality productive forces" (新质生产力) at the heart of macroeconomic strategy. It called for financial tools to be structurally aligned with long-term technological upgrading and industrial security (Xinhua, December 12, 2024).

- **2025: March Two Sessions Signal Execution.** In the most recent government work report, Premier Li Qiang (李强) introduced the "AI Plus" initiative, pledged an 8.3 percent increase in tech spending—nearly double the rate of overall fiscal expansion—and called for capital markets and monetary policy to serve national innovation goals (Xinhua, March 12). In May, the China Securities Regulatory Commission (CSRC) and the People's Bank of China (PBOC) announced cooperation on bond issuance pilots for science and tech firms (CSRC, May 7).

Within this sequence, events in 2023 marked an inflection point. Previously fragmented financial tools began to converge under a more coordinated national framework. Though implementation remained uneven, these reforms revealed a shift in central priorities toward strategic innovation over growth.

That logic was codified at the 2024 CEWC, which framed "new quality productive forces" as the centerpiece of long-term development and called for aligning financial infrastructure with national security and industrial upgrading. Premier Li Qiang's 2025 Government Work Report echoed these priorities, advocating targeted structural tools and closer integration between financial and industrial bureaucracies.

These two authoritative documents signaled the transition from institutional centralization to policy activation. Capital markets were being primed to serve as instruments of national resilience and technological sovereignty. That logic was operationalized in April and May through a system-wide rollout of financial tools explicitly designed to fund state-aligned innovation.

Command Innovation Goes Operational: Xi and Ding Activate the Tech-Finance Machine

A series of high-level meetings in April 2025 confirmed that Xi Jinping's economic strategy had entered a new phase: the activation of institutional levers to serve technological resilience. On April 25, the Politburo held a dedicated economic session that framed external conditions as an "international economic and trade struggle" (国际经贸斗争) (China Brief Notes, May 21). The meeting emphasized stabilization, but within a broader narrative of confrontation—explicitly linking macroeconomic coordination to long-term competition over science, technology, and industrial capacity. For instance, it called for "creating a number of emerging pillar industries" (打造一批新兴支柱产业) and strengthening construction of the "two *zhongs*" (两重), which refers to the implementation of "major national strategies" (国家重大战略) and construction of "security capabilities in key areas" (国家重大战略) (Sanyuan District Development and Reform Bureau, February 14).

The readout called for conventional easing tools—reserve rate ratio cuts, interest rate reductions, and accelerated bond issuance—with a clear directive: create "new structural monetary policy tools" (新的结构性货币政策工具). This signaled that the Party would redesign financial instruments to channel long-term funding toward sectors where it seeks to engineer breakthroughs. The Politburo outlined multiple targets, putting science and technology finance first, alongside industrial upgrading, advanced manufacturing, and trade integration. The message was unambiguous: monetary and fiscal policy must now serve the innovation imperative.

Three weeks earlier, the Party's theory and policy journal *Qiushi* had published a major speech by Xi calling for the PRC to become a "strong country in science and technology" (科技强国) and to lead the next industrial revolution. Delivered the previous year but released strategically ahead of new U.S. tariffs, the speech underscored Xi's vision of technological strength as a prerequisite for national power. He called on cadres to "lead the new round of scientific and industrial transformation" (新一轮科技革命和产业变革) and accelerate breakthroughs in foundational technologies. There was no reference to growth targets or stimulus. Instead, the focus was on autonomy, resilience, and the need to control the "commanding heights" (制高点) of global innovation (Qiushi, March 31).

That same message was operationalized by Vice Premier Ding Xuexiang (丁薛祥) during a multi-day inspection tour of Xi'an in mid-April, where he translated ideological vision into policy coordination. As director of the CSTC—the Party's top-level body overseeing innovation strategy—Ding's remarks served as operational instructions for implementing the new tech-finance agenda (IGCC, September 25, 2024). He outlined priority sectors for concentrated investment: AI, telecommunications, cloud computing, energy systems, and biopharma. Industrial and tech firms, he instructed, should prioritize innovation-driven growth by upgrading legacy platforms, investing in emerging industries, and fostering cross-sector collaboration. He also emphasized the role of venture capital in accelerating commercialization, calling for greater funding of university-based research with market potential. Foreign tech firms were included: Ding encouraged them to reject "tariff wars and trade wars" (关税战、贸易战) and instead pursue mutually beneficial cooperation with PRC partners. Invoking "bottom-line thinking" (底线思想), Ding presented tech development as a core pillar of national security, reinforcing the view that innovation is no longer optional (Xinhua, April 16).

Engineering the Capital System: Venture Capital, Credit, and Parallel Markets

The transition from political signaling to financial execution began almost immediately. The clearest implementation signal came on May 13, when eight of the country's most powerful economic and regulatory bodies jointly issued a policy document titled "Notice on Several Policy Measures to Accelerate the Establishment of a Science and Technology Financial System to Effectively Support High-Level Scientific and Technological Self-Reliance" (PBOC, May 14). The document outlined a full-stack plan to fund innovation through venture capital, credit, insurance, and capital markets. The key financial bureaucracies involved underscored the political authority behind the initiative. They included the PBOC, Ministry of Finance, State-owned Assets Supervision and Administration Commission (SASAC), and CSRC. This was not routine policy guidance but rather the operational blueprint for the agenda Xi and Ding had articulated just weeks earlier: the construction of a parallel financial system engineered to fund innovation under conditions of geopolitical constraint.

At its core was the launch of a National Venture Capital Guidance Fund, seeded with state capital and directed at deep-tech sectors including AI, quantum computing, and hydrogen energy. Insurance and social security funds were formally authorized to participate in venture activity under regulated conditions, signaling a loosening of longstanding capital channel restrictions in the name of strategic innovation. Additional reforms included lifecycle evaluation of venture capital arms linked to state-owned enterprises, pilot programs for private equity secondary markets (S-funds), and expanded exit mechanisms through regional equity exchanges.

Credit reforms matched this intensity. The PBOC raised re-lending quotas for tech firms and launched new credit tools for mergers and acquisitions, offering 10-year maturities and high loan-to-value ratios. Regulators pushed banks to open dedicated technology finance branches in key innovation hubs, while fresh risk-sharing frameworks reduced internal resistance to longer-term lending. Crucially, the policy introduced due diligence exemptions inside designated innovation zones, cutting red tape and accelerating capital flows into politically aligned projects.

Together, these measures laid the groundwork for the next phase: embedding the new capital system into real institutions and markets.

Embedding Command Innovation: Meso-Level Controls and Capital Discipline

Implementation accelerated rapidly. On May 14, the *People's Daily* confirmed that the initial sectoral focus of the new National Venture Capital Guidance Fund would be on AI, quantum computing, and hydrogen energy, aligning financial capital with strategic technology roadmaps (People's Daily, May 14). Eight days later, on May 22, PBOC vice governor Zhu Hexin (朱鹤新) delivered a detailed update on implementation (PBOC, May 22). He revealed that over RMB 250 billion ($35 billion) in technology innovation bonds had already been issued by more than 100 institutions and announced that the PBOC had increased its dedicated re-lending quota for science and technology from RMB 500 billion ($70 billion) to RMB 800 billion ($112 billion), while reducing the rate from 1.75 percent to 1.5 percent.

Zhu's remarks revealed a second front in the financial mobilization campaign: the reshaping of investment platforms themselves. The PBOC is now actively encouraging bond issuance by venture capital firms, extending risk-sharing guarantees to long-duration equity investors, and pressuring credit rating agencies to develop innovation-specific methodologies. These moves represent a shift toward proactive institutional engineering, redefining market participants to align with national strategic priorities.

In parallel, new measures embedded these policies into day-to-day financial channels:

- **SME Financing Support.** On May 21, the National Financial Regulatory Administration (NFRA), together with eight other agencies, issued "Several Measures to Support Financing of Small and Micro Enterprises" (NFRA, May 21). While framed as a stabilization tool, the policy deepened support for politically favored segments: private SMEs in strategic sectors, export-exposed firms, and consumption-linked businesses. The measures included expanded unsecured lending, streamlined loan approvals, adjusted credit classifications, and broadened access to bond and equity financing for SMEs.

- **Expansion of Provincial Innovation Pilots.** That same week, the Ministry of Science and Technology (MOST), PBOC, and CSRC jointly launched a 15-point policy package to expand innovation finance pilots across 18 provinces, scaling experimentation initiated in previous years (People's Daily, May 23).

- **Innovation Points System 2.0.** By late May, implementation had moved from institutional launch to infrastructural embedding. One of the most telling examples was the nationwide rollout of the "Innovation Points System Upgraded Version 2.0" ("创新积分制"升级版 2.0), a data-driven scoring platform developed by MOST to quantify SME innovation potential (China News, May 22). Originally piloted in 2022, the upgraded system integrates an AI-powered "digital intelligence base" (数智底座) and links firm-level scores to credit allocation tools such as points-based loans, guarantees, and investment instruments—institutionalizing it as a foundational layer in the PRC's science and technology credit infrastructure.

- **Capital Market and Risk-Sharing Reforms.** This same logic is now being extended across the financial system through a structured division of labor. The CSRC is reforming the STAR Market and Hong Kong Stock Exchange's Growth Enterprise Market (GEM; 創業板) board to accommodate early-stage and unprofitable tech firms with clear breakthrough potential (Economic Reference News, May 23). Insurance regulators have expanded exposure caps to single VC funds and now allow equity investments in unlisted innovation firms aligned with insurers' core business. The PBOC is scaling its toolkit for risk-sharing, guarantees, and interest subsidies tailored to technology credit—collectively signaling that innovation finance is a system-wide mandate, operationalized through capital market rules, credit architecture, and risk absorption mechanisms.

- **Digital Supply Chains as Embedded Infrastructure.** Finally, the Ministry of Commerce's "Special Action Plan for Digital Supply Chains," released jointly with seven other agencies, illustrates how innovation finance is being embedded in the industrial base itself (MOFCOM, May 26). The plan calls for full-chain digital transformation across agriculture, manufacturing, logistics, and retail, with targets to establish national digital infrastructure and cultivate 100 digital supply chain leaders by 2030. Technologies such as AI, the Internet of Things (IoT), and blockchain are being positioned as financing qualifiers and operational baselines for industrial upgrading.

These latest developments confirm the central premise of the Party's 2025 financial strategy: innovation has been upgraded from policy priority to organizing principle of the entire economic system—from bank lending and bond issuance to supply chain modernization and credit scoring infrastructure.

Conclusion

The pace and precision of the Beijing's financial mobilization suggest this is the foundation of a new operating model—one that fuses capital control with strategic innovation as a core economic function.

In the months ahead, expect expansion of innovation bond issuance, pilot reforms in state-owned venture capital, and broader efforts to channel pension and insurance funds into deep-tech sectors. Reforms to IPO channels and equity-linked financing tools will likely accelerate. Recent speeches by senior financial officials—including Li Yunze (李云泽), Zhu Hexin, and Wu Qing (吴清)—underscore how Beijing aims to steer domestic and foreign capital into strategic tech sectors under Party control, using "patient capital" (耐心资本) new financial products, and risk firewalls. As part of this approach, Shanghai is now positioned as the core testbed for this controlled capital system alongside other emerging hubs (NFRA, June 18; PBOC, June 18; CSRC, June 18).The upcoming Fourth Plenum and the drafting of the 15th Five-Year Plan will reveal whether these instruments remain tactical or are codified as enduring pillars of Party-state economic governance (China Brief, May 20).

There are reasons for caution. The same features that give this model its strategic cohesion may also expose it to new forms of stress. A financial system designed to serve national innovation goals depends on long time horizons, administrative capital allocation, and top-down political guidance, all of which carry risks. Credit misallocation, delayed returns, and pressure on regional banks to deliver results may intensify as capital is absorbed by unproven sectors.

Market signals are now shaped more by Party metrics than by price. If innovation quality lags, signs of misallocation will surface: weaker productivity, underperformance in flagship sectors, or political purges targeting under-delivering cadres and fund managers. If innovation fails to deliver real competitive advantage, the very tools meant to secure tech sovereignty could become liabilities—exposing the limits of Beijing's "command innovation" model in an increasingly competitive geotechnological race.

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Taiwan's 'Great Recall' a Historic Bid to Overturn the Opposition's Legislative Majority

By Courtney Donovan Smith

Protestors in support of recalling Kuomintang legislators. (Source: [Wikipedia](https://www.wikipedia.org))

Executive Summary:

- In a historic first for any democracy at the national level, mass recall campaigns in Taiwan are seeking to overturn the opposition's legislative majority that was elected in 2024.
- The recall campaigns are the latest battleground in an ongoing power struggle between the executive and legislative branches.
- Between 26 and 31 lawmakers from the Kuomintang (KMT) will face a recall vote. KMT-led recall campaigns against Democratic Progressive Party (DPP) lawmakers all failed amid widespread allegations of voter fraud.
- Both sides claim they must win to "save democracy," with the KMT accused of promoting a "pro-CCP" agenda to "unconstitutionally" destabilize the government and the DPP accused of being "more communist than the communists, more fascist than the fascists."
- Beijing would prefer the recalls to fail, while Washington would find a DPP-dominated legislature easier to work with.

Situated between the national elections in 2024 and the upcoming nationwide local elections slated for 2026, 2025 was not expected to be a major election year. But at large-scale political rallies, speakers and supporters engage in enthusiastic call-and-response of slogans and exhortations to pump up voter turnout. Scooters and trucks festooned in campaign materials tour the streets, and billboards and banners are up in districts around the country.

The press has dubbed it the "great recall" (大罷免). At stake is the control of the legislature. If the ruling Democratic Progressive Party (DPP) can win six extra seats, they will regain a majority. On July 26 and August 23, voters in districts around Taiwan will vote on whether to recall their local legislator. Out of 113 lawmakers, 26 are confirmed to be on the ballot, along with suspended Hsinchu City Mayor Ann Kao (高虹安), and another five might yet qualify for a recall (Focus Taiwan, June 20). This is roughly equivalent to one quarter of the entire legislature and potentially over one third of the 79 district and indigenous legislators who qualify to be recalled. **[1]**

Supporters of both the ruling party and the opposition launched campaigns against the majority of eligible legislators. Most failed to pass the required thresholds to advance beyond the first two stages of the process required to appear on a recall ballot. All of the lawmakers on the ballot are from the Chinese Nationalist Party (KMT), as every campaign against DPP legislators fell short. **[2]** Mayor Kao, formerly of the TPP, resigned from the party following her conviction on corruption charges and suspension as mayor, pending appeals. The TPP continues to back her and is campaigning to oppose her recall (Taiwan People's Party, June 27).

Bluebird Movement Takes Flight Following Legislature Controversies

The recall campaigns are a result of a power struggle between branches of government: the legislature, which is under the control of the opposition KMT-TPP alliance; and the executive, which the ruling DPP controls. In the legislative elections, the DPP won over half a million more votes than the KMT in district elections and over 200,000 more votes in the proportional party list vote. This did not translate into victory over the KMT, however, which won 52 seats to the DPP's 51. The KMT is also bolstered by two independents that caucus with the party, bringing them to 54 (Taiwan News, February 11, 2024). The TPP brought their eight seats into an alliance with the KMT, pushing their bloc above the 57 seats needed to form a majority.

After eight years of DPP control of both the executive and legislative branches, the newly opposition-controlled legislature began passing a series of laws intended to assert and boost legislative power, including slashing and freezing government budgets, refusing to approve nominations to the National Communication Commission that approves broadcast licenses, and targeting the Control Yuan, the government oversight branch in Taiwan's five-branch of government system. They passed controversial amendments to the *Act Governing the Legislative Yuan's Power* (立法院職權行使法) and the Criminal Code that would have given them broad investigative powers. Provisions included a "contempt of legislature" (藐視國會) provision that would have compelled officials to testify to investigative committees and the ability to impose punishments on those who failed to comply or lied to the committees.

The opposition touted these actions as necessary supervision and oversight powers after eight years of DPP "monopoly" on power. The DPP countered that it was an unconstitutional power grab and that the KMT intended to "paralyze" (癱瘓) the government. Physical confrontations erupted in the legislature, including fights over control of the podium, hospitalizations, and unusual antics likely never seen in any other legislature worldwide (Taipei Times, May 18, 2024). Protestors opposed to the KMT and TPP legislative actions formed near the legislature for daily rallies, at one point reportedly reaching 100,000 people. They gathered to "defend Taiwan's democracy" and "oppose abuse of power by legislators" (Taipei Times, May 25, 2024). This movement came to be known as the "Bluebird Movement" (青鳥行動) **[3]**.

The Constitutional Court later ruled that key elements of the amendments to the *Act Governing the Legislative Yuan's Power* were unconstitutional because they usurped powers the constitution grants to the Judicial Yuan and Control Yuan (Taipei Times, October 26, 2024). The KMT-TPP bloc criticized the court's ruling, as well as another ruling limiting—but not eliminating—the death penalty. Every four years the president nominates seven or eight new candidates for the 15-member court, so the entire court had been appointed under former President Tsai and approved by the then–DPP majority legislature. The opposition claimed the court was biased and passed changes to the *Constitutional Court Procedure Act* in response. These restored a previous standard of two-thirds majority to rule laws unconstitutional and added a new provision requiring a quorum of 10 members to issue rulings (ConstitutionNet, December 13, 2024). They then rejected seven nominees President Lai had selected to fill newly vacant seats, making it impossible to form a new quorum and risking a constitutional crisis (Taipei Times, December 25, 2024). The president promulgated the law as legally required and nominated new candidates, but the legislature has yet to bring them up for review (Taiwan News, January 23).

The 'Great Recall' Moves From Grassroots Activism to Party Politics

In December 2024, Bluebird Movement activists and civic groups began organizing recall campaigns against KMT lawmakers over concerns that "power-abusive KMT legislators" were trying to deprive them of their democratic rights and "steal Taiwan's democracy" (Taipei Times, December 25, 2024). Widespread budget cuts and freezes imposed by the legislature on the executive further raised the temperature over fears of cuts to defense, diplomatic operations, and other items deemed necessary for countering threats from the Chinese Communist Party (CCP) (Taiwan Insight, March 17).

In a big boost to the recall efforts against the KMT, in January United Microelectronics Corporation founder and former chairman Robert Tsao (曹興誠) launched the "Anti-Communist Volunteers Taiwan Protection League" (反共護台志工聯盟) to oppose what he considered to be collusion by the KMT with the "real enemy," the CCP (Taiwan News, January 23).

The DPP initially kept their distance from the recall campaigns, unsure of how the public might react to this highly unusual use of recall law, which was originally designed to give the public a mechanism to remove individual bad actors. No one anticipated it being used to target an entire party's lawmakers. Soon after the first recall campaigns were announced, however, some in the party became openly supportive, most notably DPP caucus convener Ker Chien-ming (柯建銘) (Taiwan News, January 4). Over time, the party has become increasingly supportive, assisting with practical issues like booking billboards. However, it continues to leave control of the campaigns to civic groups (Focus Taiwan, June 21).

The KMT responded by spearheading recall campaigns of their own. These were beset with problems, however, starting with a lack of momentum and resources and growing to include allegations of fraudulent activity. Party membership rolls were used to generate forms and signatures were forged—including of thousands of people already deceased. One campaign leader found his campaigners had added his deceased mother to two lists with different signatures, and promptly resigned (PTS News, June 3).

Roughly 100 KMT officials and campaign staffers around the country are now under indictment for fraud. Some have confessed. Press coverage has focused on the arrest of the KMT Taipei chapter director, but Taichung may have seen the most arrests at 34 (Taipei Times, June 19, June 28). Local KMT government officials also allegedly accessed citizens' private data illegally through the household registration system (Taipei Times, May 27). As the arrests spread, volunteers began leaving the campaigns. As a result, none of the KMT campaigns passed the second stage of the process.

Campaign Messaging Sees Rhetorical Escalation

Both sides have mobilized to boost voter turnout. (The elections must meet a threshold of 25 percent of eligible voters to be legitimate.) The pro-recall campaigners rely heavily on "painting red" (抹紅) the KMT by associating them with the CCP's agenda. They suggest that efforts by the opposition to "paralyze" the government, stymie defense spending, and throw the Constitutional Court into crisis are part of the CCP's plan to throw Taiwan's politics into disarray. The KMT deny this, and there is no proof of them taking direct orders from the CCP. Possibly to blunt these allegations, they have largely unfrozen the defense budget (Domino Theory, June 27).

The KMT remains vulnerable to these accusations. They maintain the official "one China principle" (一個中國原則) that Taiwan is a province of China, and lawmakers frequently visit top CCP officials in the People's Republic of China (PRC). For instance, former President Ma Ying-jeou (馬英九) of the KMT attended an event in June with Song Tao (宋濤), director of the PRC's Taiwan Affairs Office, at which he stated: "My advocacy is that the two sides of the Taiwan Strait should pursue peaceful and democratic unification" (我的主張是兩岸要和平民主統一) (CNA, June 27).

The DPP is strategically harder to attack, as its positions on Taiwan sovereignty, identity, and the threat from the People's Republic of China (PRC) are more representative of mainstream voter sentiment (Focus Taiwan, April 25). The opposition strategy involves accusing the DPP of being autocratic and President Lai a dictator. This use of hyperbolic language is not new, but putting it front and center in messaging from the very top of the party is. KMT Chair Eric Chu (朱立倫) has doubled down on comparing Lai to Hitler, saying that Lai is "more communist than the communists, more fascist than the fascists" (比共產黨還共產黨，比法西斯還法西斯) (KMT, April 26; YouTube/TaiwanPlus News, May 8). Both the KMT and TPP accuse Lai and the DPP of "weaponizing the judicial system for political persecution" (Taiwan People's Party, January 15). They allege that the arrest of TPP founder Ko Wen-je (柯文哲) on multiple corruption charges and investigations into the KMT recall campaigns for fraud are examples of this "persecution" The DPP deny this, and there is no proof backing these allegations.

Potential Outcomes

A handful of recalls have been held annually at various levels of government in recent years as controversial and combative politicians have consistently drawn enough ire to motivate opponents to mobilize against them. In general, less polarizing politicians survive recalls, while attention focuses on more controversial ones. This could be a factor in the current set of elections.

The recall drawing the most attention and effort is of the powerful KMT caucus convener Fu Kun-chi (傅崐萁), widely known as the “King of Hualien” (花蓮王) on account of his and his wife’s dominance of that county’s politics. A convicted felon who is currently facing many legal challenges, Fu has been in charge of crafting the KMT’s legislative agenda and many view him as friendly to the PRC.

Polling has been inconsistent on whether the public approves of the recall campaigns. Broadly speaking, polls agree that turnout will be high, particularly on the DPP side. Predictions on how many will be successful also vary. While there is general consensus that some races are competitive, views diverge on the precise number of competitive races.

A successfully recalled politician must step down the day the results are announced, and a by-election must be held within three months. The recalled politician may not run in the by-election. If 12 of the current recalls are successful, the DPP will hold a legislative majority until at least the conclusion of the by-elections, from which it needs six wins to secure a lasting majority. This will be difficult. The by-elections will involve the entire electorate—not just the 25 percent required for the recalls to proceed. There is a reasonable chance new KMT candidates will step up to replace those recalled, just as it is possible the DPP may not be able to field strong candidates.

Conclusion

The “great recall” remains the KMT’s to lose. Much will come down to messaging and motivation. So far, both have been on the side of the DPP. The KMT nevertheless has a strong bench of political experience and talent. In the meantime, President Lai has kicked of a national tour, delivering “Ten Lectures on National Unity” (團結國家十講). Though nominally not related to the recalls, the subtext is that Taiwan needs to be unified to defend its sovereignty, promote a “whole of society” (全社會) defense posture, resist CCP efforts to divide the nation, and strengthen national security. Left unsaid—but understood by voters—is Lai’s desire for a unified DPP-led government to advance these goals. Public sentiment is behind this agenda, but the president nonetheless may find it a hard sell. Voters could choose to repeat their message from the 2024 election and opt for maintaining oversight by the opposition after eight years of DPP dominance of the executive and legislative branches of government.

The results of the “great recall” will have implications for both Beijing and Washington. Beijing hopes the recalls will fail, continuing infighting between the administration and the opposition-controlled legislature. Washington likely will view a unified DPP-dominated legislature backing the administration as easier to work with. However, unpleasant surprises from Washington could bolster the KMT, which advocates for a more “balanced approach” between Taiwan and Beijing; while poor choices by the CCP—which they have a history of making—would benefit the DPP.

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Notes

[1] Five had enough signature petitions disqualified to push them below the minimum threshold to qualify, but under Taiwan election law they have a 10-day grace period to find enough new signatures to requalify for the threshold, and as of July 4, several campaigns have announced they have enough to requalify (Taiwan Ministry of Justice, updated February 18).

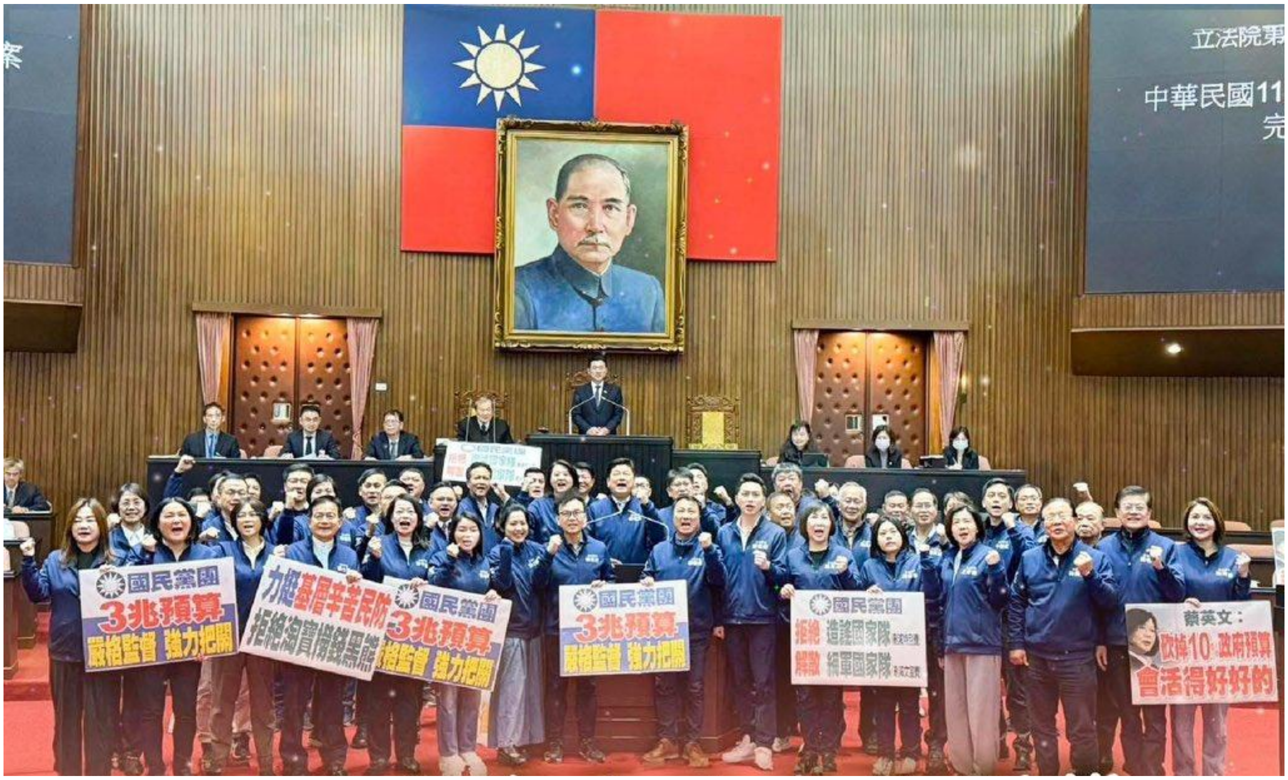
The recalls are held in three stages. The first and second qualification stages require eligible voters to fill out basic identification information and to provide a valid signature. The first stage requires one percent of the eligible electorate to sign off, followed by 10 percent in the second stage. The vetting of the information is very strict, down to the smallest details. For example, authorities can disqualify signatories for substituting Arabic numbers for traditional Chinese numerals (and vice versa) when the other is used on their identification, or for misspellings. If a campaign successfully passes muster in the first two stages, the third stage is a recall vote, on which voters can mark "agree" or "disagree" to the recall.

[2] Taiwan's thirty-four party-list lawmakers elected by proportional representation are exempt from recall petitions. These include all eight legislators from the KMT-allied Taiwan People's Party (TPP).

[3] The name bluebird (青鳥) is a play on the name of one of the main streets they gathered to protest on in Taipei, Qingdao East Road. Concerned over alleged interference by Facebook's recommendation algorithm, protestors slightly modified the second character in Qingdao (青島, the name of a city in the People's Republic of China) to "bird" (鳥). Together, the two characters could be translated as "blue bird," and the name stuck. Many began to associate the Formosan blue magpie—a bird sometimes used as a symbol of Taiwan—with the movement in related artwork. The character (青) can also be translated as "green" and some used that color in their English translations before "blue" became standardized. The character also has connotations of youth, which likely added to its appeal.

Inside Taiwan’s Opposition: How the KMT’s Future Could Shape Cross-Strait Stability

By Dennis Weng



KMT lawmakers during budget discussions in January. (Source: [X/KMT](X/KMT))

Executive Summary:

- The Kuomintang (KMT) is undergoing a complex transformation, seeking to redefine itself by moving away from its perception as a “pro-China” party to one grounded in support for the Republic of China’s (ROC) democratic institutions. Internal factions—ranging from pro-unification traditionalists to sovereignty-leaning localists—reflect deep strategic and ideological divergences.
- The KMT’s credibility on national defense and sovereignty remains undermined by inconsistent messaging, legislative actions perceived as weakening deterrence, and lingering commercial ties to Beijing. These dynamics reinforce the party’s trust deficit both at home and abroad.
- For the United States and its allies, a clear-eyed understanding of the KMT’s evolving role and key players is essential. Engaging with reformist elements within the party can strengthen Taiwan’s democratic pluralism and ensure strategic continuity in cross-Strait and Indo-Pacific policy.

Taiwanese President Lai Ching-te is currently touring the island, urging voters to recall Kuomintang (KMT) lawmakers perceived as supportive of the People's Republic of China (PRC) (CNA, June 28). Meanwhile, former President Ma Ying-jeou of the KMT is visiting China (CNA, June 27). This contrast underscores why Western audiences often hold differing perceptions of Taiwan's political parties. Amid heightened tensions across the Taiwan Strait driven by strategic competition between the United States and the People's Republic of China (PRC), a nuanced understanding of Taiwan's internal political structure is imperative. While the Democratic Progressive Party (DPP) has held executive authority since 2016 and remains Washington's primary interlocutor, the Kuomintang (KMT)—Taiwan's oldest political party—is frequently perceived as "pro-PRC" or even "pro-Communist" in U.S. policy circles. Such characterizations often rest on outdated Cold War paradigms and media biases, overlooking the party's evolving factional politics and recent strategic recalibrations (The Diplomat, January 18, 2023).

The KMT faces challenges both internally and externally. Internally, the party today is marked by contestation. In place of a cohesive ideological platform, closer observation reveals leadership shifts, ideological debates, and policy realignments. Competing views on national identity, cross-Strait relations, and security policy reflect a process of democratic deliberation and strategic recalibration to evolving geopolitical realities. These are worth paying attention to, as prevailing misperceptions risk strategic miscalculations. Externally, the KMT is losing ground among younger voters and those who identity primarily as Taiwanese (China Brief, February 16, 2024). These people increasingly are alienated by the party's historical baggage, factionalism, and ambiguous cross-Strait messaging. While certain deep-blue factions advocate closer ties with Beijing, other party members are seeking alternative approaches to defend Taiwan's sovereignty—ones distinct from those of the DPP (China Brief, May 30).

KMT Evolving From 'Pro-China' to 'Pro-Republic of China'

Founded in 1912, the KMT is one of East Asia's most historically significant political parties (Taiwan Insight, December 20, 2022). After retreating to Taiwan in 1949, it claimed to be the sole legitimate government of all China under the Republic of China (ROC) constitution, upholding a staunch "One China" and anti-communist unification policy that defined much of Taiwan's postwar identity and foreign policy orientation.

In the 21st century, however, the political terrain has shifted dramatically. With over 90 percent of Taiwanese now favoring the status quo and fewer than 2 percent supporting unification, the KMT's traditional narrative has grown increasingly disconnected from public sentiment. This renders it both strategically impractical and electorally unsustainable (National Chengchi University, January 13). In response, the KMT has begun redefining its identity—from "pro-China" to "pro–Republic of China." A new generation of party leaders advocates preserving Taiwan's democratic system and constitutional order while approaching cross-Strait relations through the lens of economic resilience and defense readiness (Brookings, October 12, 2023). This evolution reflects a growing alignment with the civic nationalist values shared by much of the electorate.

The party's transformation remains incomplete, despite this shift. Legacy institutions such as the Central Committee still serve as informal conduits for engagement with Beijing, and some party elites with vested interests in the PRC have remained silent during episodes of military intimidation. This hesitancy, while often pragmatic, perpetuates the "pro-China" label and undermines public trust in the KMT's ability to defend Taiwan's national interests.

This disconnect has become a persistent liability—one that the DPP routinely capitalizes on to cast doubt on the KMT's strategic reliability. Within the KMT, however, there is growing recognition that restoring credibility on sovereignty and defense is essential for regaining centrist and youth support.

To complete its transition, the KMT will need to go beyond rhetoric and implement structural reforms—clearly separating political leadership from commercial entanglements and projecting an unambiguous commitment to Taiwan's democratic sovereignty. Only then will the party be able to reestablish itself as a viable, modern opposition capable of leading in a complex regional environment.

Factional Dynamics and Strategic Divergence Within the KMT

The KMT encompasses a spectrum of internal factions with divergent views on a range of policy domains, including cross-Strait relations and national identity. This internal diversity has led to strategic inconsistencies, impacting the party's coherence and public perception.

Greater China Traditionalists

Led by figures like Hung Hsiu-chu (洪秀柱) and Chang Ya-chung (張亞中), this faction adheres to the orthodox "One China" principle, advocating for a "One China, Joint Interpretation" approach to cross-Strait integration (一中同表，兩岸統合), with the ultimate goal of reunification with the mainland (Yazhou Zhoukan, November 7, 2016). It allows for differing interpretations of what that might mean, suggesting room for engagement without fully endorsing the PRC's preferred definition of unification. It promotes cultural and educational exchanges to foster closer ties. This position holds little appeal among younger Taiwanese, who increasingly identify with a distinct Taiwanese—rather than "Chinese" identity.

Pragmatic Centrists

Represented by former President Ma Ying-jeou (馬英九), this group promotes engagement with the PRC through frameworks like the "1992 Consensus," aiming to maintain peace and economic cooperation without compromising Taiwan's sovereignty (U.S. Congress, December 12, 2024). Their ultimate goal is "peaceful democratic unification" (和平民主統一論), emphasizing that any consensus must be reached democratically and with mutual respect. This approach facilitated significant cross-Strait agreements during Ma's tenure, but has since faced criticism from both sides. Beijing views it as overly focused on Taiwanese public while ignoring sentiment on the mainland; in Taiwan, it is increasingly seen as out of step with prevailing public sentiment, which favors a stronger assertion of Taiwanese identity (UDN, July 2; LTN, June 28).

Dual-Track Strategists

Figures such as Eric Chu (朱立倫) and Han Kuo-yu (韓國瑜) advocate a balanced approach. This combines dialogue with the PRC through the principle of "seeking common ground while respecting differences" (求同尊異) while simultaneously strengthening Taiwan's defense capabilities to reassure the United States—an approach often referred to as the "2Ds" strategy (China Brief, February 16, 2024). Aimed at appealing to centrist voters desiring stability and security, this pragmatic line has struggled to gain traction due to inconsistent messaging and ongoing divisions within the party.

Sovereign Localists

Emerging leaders like Hou You-yi (侯友宜), Lu Shiow-yen (盧秀燕), Johnny Chiang (江啟臣), and Chiang Wan-an (蔣萬安) represent a generational shift toward emphasizing Taiwan's sovereignty and democratic values. They advocate for increased defense spending and stronger ties with democratic allies, while distancing themselves from the "One Country, Two Systems" (一国两制) model. Hou's "3D" strategy—Deterrence, Dialogue, and De-escalation— illustrates this pragmatic approach. Grounded in the so-called "Constitutional 92 Consensus" framework (憲法九二), which ties cross-Strait policy to the existing ROC Constitution, the approach views constitutional amendments as major shifts in the status quo—one reason even the DPP avoids initiating them. This framework combines a strong deterrence posture with flexible diplomacy to maintain peace without compromising Taiwan's autonomy (World Journal, March 19, 2023; Foreign Affairs, September 18, 2023).

The interplay among these factions underscores the KMT's ongoing struggle to reconcile its historical legacy with evolving public opinion. According to the KMT's institutional norms, the party's cross-Strait policy is primarily determined by the party chair. While differing views from individual factions may be discussed if the chair is open to inclusion, the party's overall direction ultimately rests on the chair's authority. As voters increasingly prioritize a distinct national identity and democratic values, the KMT's upcoming leadership election will be pivotal (Yahoo/FTNN News, May 25). Whether the new chair can unify the party's internal dynamics and present a cohesive strategy will be crucial for its future relevance.

Recalibrating Trust: The KMT's Security Posture and Strategic Perception

The KMT as a whole faces a growing credibility gap amid Taiwan's shifting security landscape. Its strategic ambiguity and inconsistent defense posture have undermined domestic support and drawn concern from international partners.

KMT leaders such as Eric Chu and Hou You-yi advocate for cross-Strait dialogue under the ROC constitutional framework paired with a baseline defense posture. This message is often contradicted, however, by legislative actions—particularly KMT-backed proposals to freeze or cut U.S. arms procurement under the banner of fiscal discipline. Without clear strategic justification, such moves are widely perceived as weakening deterrence and aligning, intentionally or not, with Beijing's interests (Focus Taiwan, March 5; ASPI, March 21).

At the core lies a deeper issue: segments of the KMT still adhere to the outdated belief that dialogue alone ensures security. In the face of escalating military pressure and gray-zone tactics, this posture—absent credible deterrence—raises doubts about the party's commitment to safeguarding Taiwan's sovereignty. In Washington, especially in national security circles, this is viewed less as prudence and more as strategic unreliability (Financial Times, January 22).

Taiwan's 2025 defense budget totals 647 billion New Taiwan dollars (NTD) ($22 billion)—approximately 2.45 percent of GDP (Reuters, August 6 2024; Overseas Community Affairs Council, August 24, 2024). The proposed NTD 4.68 billion ($160 million) cut in the regular budget is modest, but controversy has centered on the special budget, where the KMT supported temporary freezes on several line items. These included half of the funding for the indigenous submarine program, 30 percent of military operational expenses, and one-third of funding for drone industrial infrastructure. **[1]** These are procedural holds, not permanent cuts, but the optics matter.

When such actions are led by legislators with friendly ties to the PRC, perceptions of conflict of interest are difficult to dismiss (CNA, April 26, 2024). For international observers, the gap between rhetoric and behavior is central to the KMT's trust deficit. Unless the KMT recalibrates its security strategy—recognizing that deterrence is not a substitute for dialogue but its precondition—it risks further marginalization. Without greater clarity and consistency, the party's ability to function as a credible opposition in Taiwan's democratic system will remain in question.

Upcoming Party Election is Democratic Crossroads for KMT

Taiwan's KMT continues to struggle with the "pro-China" label—a perception shaped not only by individual lawmakers' controversial rhetoric but by deeper structural and institutional factors within the party itself.

The KMT's internal governance system, particularly its largely symbolic Central Committee, has long served as a platform for political elites to gain status, enabling business ties in the PRC. In dealing with Beijing, such titles often confer political protection and economic advantage. As a result, some within the KMT have remained silent during episodes of PRC military or diplomatic pressure—or even voiced support for Beijing. For instance, Fan Cheng-lien (范成連), a former expelled Central Standing Committee member recently convicted of vote-buying, runs businesses in the PRC (LTN, May 24). During Johnny Chiang's chairmanship, Fan argued that the KMT's cross-Strait messaging should seek Beijing's approval—an approach that badly damaged the party's domestic credibility. The pattern of institutionalized silence or accommodation on sovereignty issues sends mixed signals. Domestically, it appears evasive; internationally, it raises concerns about the KMT's democratic commitment and defense posture. For many among Taiwan's youth, this ambivalence increasingly appears as tacit approval of PRC pressure, contributing to declining party support and identity.

A new generation of KMT leaders is now starting to show that the situation is more nuanced than this "pro-China" stereotype suggests. These Party members reject Beijing's "One Country, Two Systems" model and have reaffirmed support for the ROC's constitutional democracy. Their primary challenge is structural, not simply ideological: dismantling outdated symbols, breaking entrenched patronage networks, and restoring policy clarity.

The upcoming KMT Chair election in late September will be a pivotal moment. A new party image is urgently needed. Whoever takes the next leadership role will need to implement institutional reforms that sever ties to commercial interests in the PRC and anchor the party's identity in constitutional integrity and national dignity. Concrete steps—such as banning party officials from business activity in the PRC—would enhance the KMT's credibility at home and abroad. Most crucially, the KMT will need to articulate a coherent, values-based cross-strait policy that aligns with Taiwan's national security consensus and unites the party under a clear democratic vision. Only by doing so can it shed its "pro-China" stigma and play a constructive role in Taiwan's democratic system.

Conclusion

For the United States and its democratic allies, a realistic and forward-leaning Taiwan strategy must include a clearer more nuanced understanding of the KMT. Long shaped by Cold War-era assumptions, perceptions of the KMT among many outside Taiwan often reduce the party to a monolithic "pro-China" force. This view no longer captures the complexity or internal evolution of the party within Taiwan's competitive political landscape.

In the short term, the KMT is preoccupied with recall campaigns and electoral defense, sidelining structural reform. The looming party chairmanship election is steadily bringing internal debates to the fore. Those on hot-button issues like cross-Strait relations and national security will likely intensify.

Two key dynamics warrant close attention. First, whether the KMT can genuinely distance itself from longstanding commercial entanglements with the PRC—an essential step toward enhancing its reform credibility and aligning more closely with Taiwan's democratic values. Second, whether the party can consolidate its political and electoral leadership and avoid a repeat of the "two suns" (两个太阳) scenario in which party leadership and presidential candidacy are split (CNA, March 26, 2018). This will be critical for maintaining strategic coherence ahead of the 2028 election. More broadly, any future KMT engagement with Beijing should be evaluated on its grounding in democratic principles and strategic transparency. Distinguishing authentic reform from mere tactical repositioning will be vital for U.S. policy planning.

Proactive engagement with KMT reformers—such as Lu Shiow-yen, Johnny Chiang, Chiang Wan-an, and Chang San-cheng (張善政)—also would provide Washington with long-term insight into Taiwan's evolving political dynamics and help maintain steady bilateral channels through periods of transition. **[2]** Diplomatic engagement is not equivalent to political endorsement; rather, it affirms U.S. support for transparency, institutional competition, and democratic accountability. The KMT's future direction will ultimately be determined by Taiwanese voters, but electoral outcomes will shape Taiwan's regional posture and have implications for the credibility of U.S. strategy in the Indo-Pacific.

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Notes

[1] Taiwan's annual regular defense budget stands at NTD 476 billion ($16 billion). Proposed cuts of NTD 4.68 billion ($160 million) are lower than the NTD 6.1 billion ($210 million) trimmed in 2024, despite a larger base. The controversy lies primarily in the special defense budget, where the KMT supported temporary freezes on several line items: half of the funding for the indigenous submarine program, 30 percent of military operational expenses, and one-third of funding for drone industrial infrastructure.

[2] Taoyuan Mayor Chang San-cheng (張善政) has not been with the KMT for long and views on cross-Strait policy remain to be seen. He is undoubtedly a potential future leader, however, and one worth watching closely.

PLA Military Aerospace Force: On the Frontier of Innovation and Competition

By John Costello

Patch of the PLA Aerospace Force. (Source: Wikipedia)

Executive Summary:

- The People's Liberation Army (PLA) Aerospace Force (ASF) is structured to rapidly integrate space-based surveillance, targeting, and offensive capabilities into any conflict involving the PLA, signaling Beijing's strategic anticipation of conflicts over Taiwan or the South China Sea.
- By consolidating the People's Republic of China's (PRC) diverse military space assets, the ASF centralizes domain awareness and counter-space operations, significantly enhancing the PRC's ability to conduct precision strikes and counterintervention operations against the United States.
- The ASF's seven primary "space bases" anchor the country's space capabilities, with specialized units managing critical missions including satellite launches, space domain awareness, and early missile warning, reflecting deep reform and strategic prioritization within the PLA.
- The ASF has driven technological advancements in space-based surveillance and anti-satellite weaponry, positioning the PRC to exploit vulnerabilities in U.S. military reliance on satellites—critical in Beijing's strategy of denying adversary space operations. (In other words, "no satellite, no fight").

On April 19, 2024, the People's Liberation Army (PLA) eliminated the Strategic Support Force (SSF; 战略支援部队). It reconstituted its subordinate components into three distinct arms (兵种), each directly subordinate to the Central Military Commission (CMC), the highest-level body within the Chinese armed forces (China Brief, April 26, 2024). These organizations include the Cyberspace Force (网络空间部队; Cyberspace Force), the Information Support Force (ISF; 信息支援部队), and the Aerospace Force (ASF; 军事航天部队). One year on from its formation, analysis of thousands of recruitment notices, public procurement documents, academic publications, and news coverage, sheds light on the Military Aerospace Force (ASF; 军事航天部队). **[1]**

Aerospace Force Space Bases

The ASF does not maintain as rigid a structure as other services or forces, such as the Cyberspace Force; nor does it strictly align with the regional Theater Command (战区) construct. This indicates that its mission is strategic and functional rather than directly supporting individual Theater Commands. **[2]** The core structural elements of the ASF comprise seven primary "space bases" (航天基地) that undertake the majority of the ASF's principal operational functions. Notably, Base 35, responsible for Battlefield Environment Support (战场环境保障), was reassigned to the newly established Information Support Force (ISF; 信息支援部队) following the disbandment of the SSF last year. In terms of command structure, the Aerospace Force does not appear to be divided into Theater sub-commands; rather, its bases report to the ASF Headquarters, which in turn interfaces with the joint Theater Commands as needed. This means that in a conflict, ASF units would provide support to all Theater Commands (for targeting, communications, navigation, etc.) and execute strategic missions under central CMC direction (CASI, December 2022).

The ASF inherited these bases from the former General Armament Department (GAD; 总装备部) when it was created within the SSF in 2016. Over time, evidence suggests that clear distinctions have emerged between the testing and operational aspects of each base's infrastructure, organization, and operations. For instance, Base 21 (a.k.a. the Malan Nuclear Test Base) appears to have incorporated Base 33 (a former GAD test base in Luoyang specializing in electronic warfare) and was treated separately from the ASF under the SSF. These units were transferred to the Central Military Commission Equipment Development Department (CMC-EDD; 中央军委装备发展部) upon the SSF's dissolution in 2024 (Author research, 2025). However, the ASF's various bases appear to have some level of presence at Base 21, indicating potential dual management responsibilities or a division of labor focused on advanced testing operations. The ASF also frequently collocates personnel from different units (or whole units themselves) within facilities or centers, with each unit detachment taking on different roles within that center's mission. This is particularly the case when such units have substantial overlap or intrinsically shared missions. Two good examples include Base 26, which is responsible for telemetry, tracking, and command ("TT&C"), as well as space tracking; and Base 37, with is responsible for space surveillance and early warning.

Complementing the space bases, the ASF encompasses various bureaus and specialized centers tasked with providing critical support and assurance for space missions. These entities include the Aerospace Reconnaissance Bureau (ARB; 航天侦察局), which was previously under the Second Department of the General Staff Department (2PLA; 总参二部); the Beijing Aerospace Flight Control Center (AFCC; 北京航天

飞行控制中心); the Beijing Satellite Main Station (北京卫星地面站); the Special Engineering Technology Corps (特殊工程技术兵团); the Beijing Institute for Tracking and Telecommunications (北京跟踪与通信技术研究所); the Beijing Institute of Applied Meteorology (北京应用气象研究所); and the China Astronaut Research and Training Center (中国航天员科研训练中心). These components were variously inherited from the GAD and the General Staff Department's First and Second Departments (总参二部) (Institute for National Strategic Studies, October 2018).

The SSF appears to have been highly judicious in allocating new military unit cover designators (MUCD; 军事代号). The ASF has been assigned a portion of the 32001–32100 MUCD block previously allocated to the SSF, generally occupying the range of 32011 to 32045, though there are exceptions. Typically, former GAD bases and subordinate units retained their original designations (the former GAD's 63000 block), as did former General Staff Department units (61000 block MUCDs). New MUCDs are generally assigned only when a unit enters a new operational structure or echelon without a previous designation, or when its parent or previous designation is already occupied. This practice commonly occurs within the ASF when units are elevated or split—as with Base 35 and its subordinate elements—or entirely newly established—as is the case with Bases 36 and 37. Because the ASF primarily consists of semi-independent, division-echelon "bases" (基地), there was little impetus or need to assign new MUCD designators beyond these specific circumstances. **[3]**

Overview of the Seven Primary Bases

Base 23: China Satellite Maritime Tracking and Control Department

Base 23, or the China Satellite Maritime Tracking and Control Department (中国卫星海上测控部), is assigned the cover designator of Unit 63680 and is located in Jiangyin, Jiangsu Province on the east coast of the People's Republic of China (PRC). It maintains additional unit locations in Shanghai and Xinzhou, with the latter likely collocated with Base 25 elements. Base 23 is the PLA's only oceanic telemetry, tracking, and control unit. It operates the Yuanwang-class space tracking ships and associated facilities, providing mobile tracking and relay coverage for satellite launches and intercontinental missile tests over the open seas (The Paper, March 15, 2016). This corps leader-grade unit is essential for extending the PRC's TT&C network beyond its land coverage. Under the ASF, Base 23 continues to ensure the PRC can track spacecraft and missiles throughout their flight. This is a critical support function for launches from any of the country's space centers, as well as for global space situational awareness. The unit also coordinates transportation of launch vehicle stages by sea (e.g. delivering rockets to the Wenchang Launch Center in Hainan) (USCC, March 30, 2020).

Base 25: Taiyuan Satellite Launch Center

Base 25, or the Taiyuan Satellite Launch Center (TSLC; 中国太原卫星发射中心), is assigned the cover designator 63710 and is situated in the mountains of Shanxi Province (Kelan County, near Wuzhai or Xinzhou). It maintains unit locations in Taiyuan proper, Xinzhou, and Yinchuan. Due to its high latitude, Taiyuan specializes in launching satellites into polar and sun-synchronous orbits, including meteorological, earth-observation, and military reconnaissance satellites. It is also used for testing medium-range ballistic missiles and anti-ballistic missile systems (given its inland location and instrumented test range). Under the ASF, Base

25 continues these functions and likely coordinates closely with the PRC's missile forces for testing kinetic interceptor technologies (USCC, March 30, 2020). Often called the "Wuzhai" (五寨) base in military context, it remains a key node for both space launches and strategic missile testing, reflecting the dual-use nature of aerospace technology.

Base 26: Xi'an Satellite Control Center (XSCC)

Base 26, or the Xi'an Satellite Control Center (XSCC; 中国西安卫星测控中心), is assigned the cover designator 63750 (63750 部队) and is headquartered in Xi'an, Shaanxi Province (with facilities in the suburb of Lintong). It maintains a vast network of facilities across the PRC, with units stationed in Weinan, Sanya, Xiamen, Harbin, Qingdao, Kashgar, Tianjin, Lingshui, Jiamusi, Kunming, Nanning, Shantou, Mudanjiang, Chengdu, Urumqi, Changchun, and Beijing. Base 26 serves as the land-based backbone of the country's space TT&C network. This corps leader-grade organization manages a worldwide network of ground stations and control centers, including the Xi'an Satellite Control Center itself and the Beijing Aerospace Flight Control Center (BACC). Base 26 is responsible for monitoring and controlling satellites in orbit, sending telecommands, and receiving telemetry and mission data. It also oversees tracking assets at various sites across the PRC and abroad. Notably, Beijing's Flight Control Center, which handles crewed Shenzhou missions and high-priority satellite operations, is subordinated to this base (USCC, March 30, 2020). The consolidation of TT&C under Base 26—and its close integration with Base 37's Space Situational Awareness (SSA) tasks—gives the ASF central control over both routine satellite operations and detection of foreign space objects.

Base 27: Xichang Satellite Launch Center

Base 27, or the Xichang Satellite Launch Center (XSLC;中国西昌卫星发射中心), is assigned the cover designator 63790 and is based in Xichang, Sichuan Province. Base 27 has likely incorporated the Wenchang Space Launch Site (文昌航天发射场) and maintains key facilities in other locations including Jingshan, Haikou, Yibin, Guiyang, and Chengdu. Base 27 is the PRC's primary site for launching satellites to geostationary orbit (GEO) and high-altitude orbits. It has been operational since the early 1980s and was the launch site for the PRC's first communications satellites and Beidou navigation satellites. Base 27 also oversees the newer Wenchang Space Launch Site on Hainan Island, a coastal launch complex used for heavy rockets such as the Long March 5 and 7. As such, Base 27 handles the country's most powerful launch vehicles and many military communications, weather, and ISR satellite deployments. It was notably the launch site for the infamous 2007 anti-satellite weapon (ASAT) test that destroyed a satellite in orbit (USCC, March 30, 2020). Under the ASF, Base 27 continues to be critical for accessing high-value orbits and likely coordinates closely with Base 26 and Base 37 for launch tracking and space domain awareness. Its control of the Wenchang site also positions it at the forefront of the PRC's crewed spaceflight and deep-space ambitions.

Base 35: Battlefield Environment Support Base

Base 35, or the Battlefield Environment Support Base (BESB; 战场环境保障基地), is a newly-formed corps leader-grade base. Headquartered in Wuhan, Hubei Province, at a facility formerly owned by one of the former GSD's former survey, mapping, and navigation units (Unit 61175), Base 35 has been assigned the cover designator 32020. It integrates various missions related to geodetic survey, mapping, satellite navigation, and other space-based support operations (USCC, March 30, 2020). Base 35 essentially took over responsibilities that were formerly under the GSD's survey & mapping bureau and the Beidou Navigation Satellite System ground segment. By bringing these together in one base, the ASF has created a dedicated organization to manage positioning, navigation, and timing (PNT) support for the military, as well as mapping and geospatial intelligence from satellite imagery.

Figure 1: Base 35 Headquarters in Wuhan

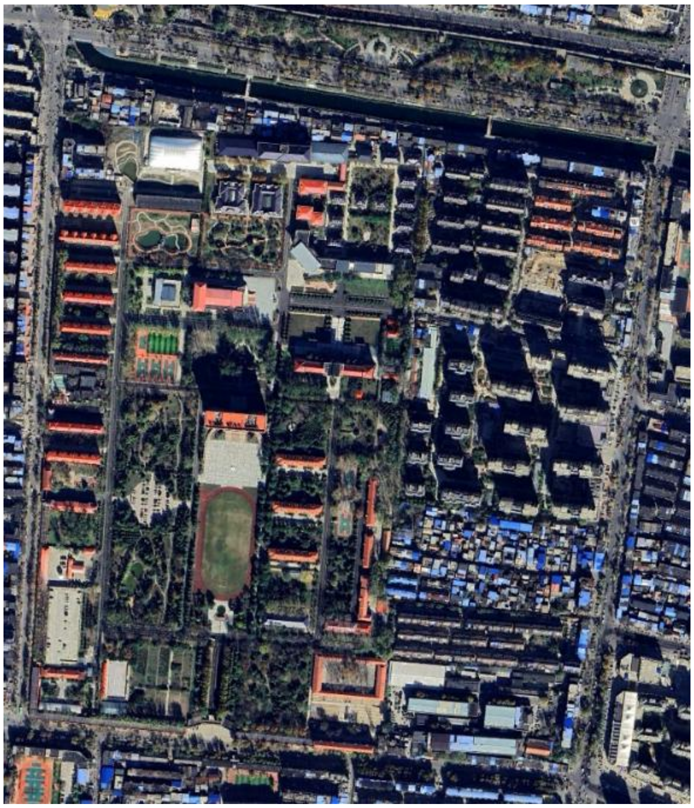
(Source: Author)

Base 35 oversees five subordinate centers, incorporating the former Beijing Satellite Navigation Center (BSNC; 北京卫星导航中心), Unit 61081; the Meteorological, Hydrological, and Space Weather Main Station (气象水文和空间天气总站), Unit 61741; and the Tianhui Satellite Center (中国天绘卫星中心), Unit 61618, among others. It oversees a five regional Battlefield Environment Support Centers (战场黄静保障中心) that align to the five military theater commands (Author research, 2025). These regional centers were formed from the former General Staff Department Battlefield Environment Support Bases (before "base" was established as a division leader-grade echelon) which were themselves drawn from former military region survey, mapping, and navigation units.

Base 36: Kaifeng Base

Base 36 is wholly new unit assigned the cover designator 32026 and headquartered in the former 20th Group Army's headquarters in Kaifeng, Henan Province (Shanqiu Normal University, April 13, 2016; China Defense Blog, July 1, 2017). It appears to be focused on space equipment research and development (R&D), testing, and evaluation. Involved in advanced technology research, development, testing, and evaluation, it likely consolidates what used to be several GAD research or proving ground units. Base 36 also has a presence in Haidian District Beijing, Hedong District Tianjin, Xi'an, and Bayingolin (巴州) in Xinjiang (Author research, 2025). Its charter, as described in Chinese sources, is to "undertake weapons and equipment requirements demonstration, testing, appraisal, and evaluation" for space systems. In practice, this means Base 36 is where new satellite technologies, anti-satellite arms, or space launch hardware are tested and integrated into the force. For example, reports note that Base 36 units have participated in exercises involving electronic warfare and space-information confrontation alongside other services (CASI, December 11, 2023).

Figure 2: Base 36 Headquarters in Kaifeng



(Source: Author)

Base 37: Early Warning Base

Base 37 is a wholly new unit assigned the cover designator 32035 and based out of Lintong District Xi'an, Shaanxi Province, in the former 47th Group Army's headquarters (Baidu Baike, December 12, 2011; Shaanxi Tenders Platform, accessed July 11). **[4]** It has four principal locations in Chongqing, Urumqi, Jinan, and Hangzhou (Bilibili, March 7, 2023). It is focused on SSA and missile early warning, being charged with identifying, tracking, and cataloguing foreign space objects (satellites and debris) and providing timely warning of potential threats to PRC satellites or of incoming missiles (CASI, September 11, 2023). It has merged units from various sources: some tracking and sensor departments carved out of the Xi'an Control Center (Base 26), elements of the Air Force's early-warning radar units, and probably new observational assets. Base 37 operates at least several large phased-array radar (LPAR) sites across the PRC—open-source evidence shows it now controls radars in Qinghai and Yunnan that were previously operated by the PLA Air Force. By consolidating these under ASF, the PLA aims to build an integrated space surveillance network that can both track adversary satellites (for intelligence or targeting purposes) and detect ballistic missile launches in real time. By improving the PLA's ability to observe and interpret actions in space, Base 37 enhances both the defensive and offensive potential of the Aerospace Force (for example, distinguishing natural anomalies from hostile interference on satellites, or cueing ASAT units to target enemy spacecraft) (CASI, September 11, 2023, December 11, 2023, September 16, 2024).

Figure 3: Base 37 Headquarters in Lintong, Shaanxi Province

(Source: Author)

Figure 4: Base 37 Unit 32036 in Nanchuan, Chongqing as of 2022 (Geo: 29.112573° 107.323694°)

(Source: Author)

Figure 5: Base 37 Unit 61191 in Hangzhou Xihu District (Geo: 30.247261° 120.056707°)

(Source: Author)

Notably, some tensions and overlaps remain as the ASF carves out its domain. For example, the PLAAF still controls active air-defense missile units and some space surveillance assets (like space tracking telescopes) which were not immediately shifted to ASF (CASI, September 11, 2023; The Diplomat, February 20). As of late 2024, analysts observed possible frictions over the Large Phased Array Radars: both the PLAAF and ASF could end up operating parallel networks of missile-warning radars if not resolved (CASI, September 16, 2024). However, the general trend is that the Aerospace Force will assume increasing responsibility for space control missions, allowing the PLAAF to focus on the air domain. Coordination mechanisms are likely being developed at the CMC Joint Staff level to ensure seamless integration of ASF's space picture with air and missile defenses managed by the Air Force or Rocket Force (The Diplomat, February 20).

The High Ground of PLA Modernization

The establishment of the PLA Aerospace Force is more than an administrative reform. It is a strategic statement about how the PRC views the role of space in modern military competition. In Chinese military literature, space is frequently referred to as the "commanding heights" (制高点) of future warfare, and the ASF's creation demonstrates the PLA's resolve to secure that high ground. Several implications stand out:

First, space is integral to joint operations. By placing all military space capabilities under one service, the PLA seeks to ensure that space assets can be centrally managed and rapidly brought to bear in a conflict. As with the parallel Cyberspace Force and Information Support Force, the ASF is a bellwether of conflicts Beijing is preparing for. This means the ASF will be a leading indicator of the conflicts the PRC anticipates in space.

As such, the ASF is expected to play a pivotal role from the very outset of any conflict involving the PRC, particularly in scenarios centered on Taiwan or the South China Sea. Crucially, the ASF's capabilities in space-based surveillance position it as an essential element in the PRC's strategy for counterintervention against the United States. Chinese strategic thinking emphasizes achieving dominance in the space domain—securing it for PRC use while denying access to adversaries. This reflects their doctrinal view that the U.S. military heavily relies on satellite capabilities, succinctly captured in the phrase "no satellite, no fight" (无星不战) (FX361, July 22, 2016). Space-based surveillance also is indispensable for maintaining domain awareness in both the East and South China Seas, as well as in space itself. It enables the PRC to defend potential invasion operations and to create targeting opportunities against U.S. carrier strike groups, thus effectively employing long-range ballistic missile standoff weapons. During initial phases of a conflict, the ASF would deploy navigation satellites to guide precision missile strikes, use ISR satellites for target acquisition, and employ ASAT weapons to disable or destroy enemy command, control, communication, computer, intelligence, surveillance, and reconnaissance (C4ISR) capabilities (China Brief, April 25).

Table 1: Aerospace Force Base Names and Military Unit Cover Designators

Name (English)	Name (Chinese)	MUCD	Address/Location
Base 35 (likely the Battlefield Environment Support Base)	第三十五基地 (战场环境保障基地)	Unit 32020	No. 15, East Lake East Road, Wuhan (武汉市东湖东路 15 号) Geo: 30.535464°, 114.386265°
Base 36 (Unknown Name)	第三十六基地	Unit 32026	No. 68 Weidu Road, Gulou District, Kaifeng (开封市鼓楼区魏都路 68 号) Geo: 34.780264°, 114.327976 **[a]**
Base 37 (Unknown Name)	第三十七基地	Unit 32035	No. 11 Huancheng East Road, Lintong District, Xi'an (陕西省西安市临潼区环城东路 2 号) Geo: 34.369242°, 109.214786**[b]**

(Source: Author Research)

a. http://new.hnzhaobiao.com/info_show.asp?id=2201899.

b. https://d.wanfangdata.com.cn/patent/CN202310158118.6.

Second, the ASF provides centralized space intelligence and attack capabilities, unencumbered by inter-service rivalries. Its technical reconnaissance satellites and the processing centers that interpret their data are unified, theoretically enabling faster targeting cycles and a more complete situational picture for decision-makers. At the same time, the ASF controls the PRC's counterspace arsenal, including jamming units and direct-ascent ASAT missiles, through structures like a probable "Space Operations Base" (analogous to the Cyberspace Force's Cyberspace Operations Base for offensive cyber). In the cyberspace domain, consolidation has been linked to an observable leap in sophistication of PLA operations (China Brief, April 25). We can expect a similar effect in space: a unified ASF command likely drives improvements in training and operational discipline for units tasked with satellite attacks or defenses, making the PRC's space operations more coordinated and effective, and constituting a truly global intelligence apparatus.

Third, the ASF emphasizes space control and counterspace. The very name "Military Aerospace Force" (as opposed to just "Space Support Force") indicates a broad mission set including space combat. In an analogy to air superiority, Chinese writings on military strategy increasingly speak of gaining "space superiority" (制天权) (NDU Press, February 5, 2019). The ASF's formation comes amid evidence that the PLA's risk tolerance in space is growing. Over the past decade, the PRC has become more willing to engage in provocative or risky behavior in space to achieve strategic goals (RAND, June 24, 2024). With the ASF in charge, such activities (e.g. closely shadowing foreign satellites and testing co-orbital inspector satellites that could double as weapons) may further intensify under a clear military chain of command.

The ASF also synergizes with PRC's push on ballistic missile defense (BMD). Space and missile defense are entwined, as early warning satellites and radars (now under the ASF) must cue interceptor missiles (still under the PLAAF or Rocket Force). By prioritizing the build-up of Base 37's capabilities, Beijing is signaling its intent to create a credible BMD system—something that was previously limited by organizational divides (The Diplomat, February 20). This will not only protect the PRC's homeland and forces but also complicate adversary planning by introducing uncertainty about the effectiveness of their missile arsenals.

Fourth, the ASF will drive technological advancement. The ASF is able to champion cutting-edge technologies vital for the next generation of warfare. Whether deploying satellite constellations for global surveillance, developing directed-energy weapons to target satellites, or fielding rapid-launch "responsive space" capabilities, the ASF provides a focused command to drive these projects. For example, Base 36's work on co-orbital interference and laser ASAT suggests the PLA is investing in novel means of space attack beyond traditional missiles (CASI, December 11, 2023). Likewise, the integration of multiple sensor types under Base 37 will spur advances in data fusion and space domain awareness software. In sum, the ASF serves as a custodian of the PRC's military space modernization, aligning academic, technical, and operational communities toward the goal of making the PLA a peer competitor in space to the United States.

Conclusion

The PLA Aerospace Force has rapidly become a core component of the PRC's military might. Its formation marks the culmination of a decades-long evolution of the country's space efforts, from the early missile and satellite tests of the Mao era, through the informatization drive of the 2000s, into a new era where space is central to multi-domain "system-of-systems" warfare. By structuring the ASF with dedicated bases for launch, support, and combat operations in space, the PRC has laid the groundwork for strategic advantages in any conflict that extends to the space domain. As Beijing continues to modernize its forces, the Aerospace Force will be on the front line of both innovation and potential confrontation, truly exemplifying the old adage: "Whoever controls space controls the initiative in war" (谁掌握太空，谁就掌握战争主动权) (China Social Sciences Net, July 30, 2023).

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Notes

[1] A previous *China Brief* article covers the Cyberspace Force (China Brief, April 25). As in that article, not every source surveyed in the research for this article is disclosed in the present work.

[2] In this sense, it is similar to the PLA Rocket Force (火箭军).

[3] Initially, it appeared that the SSF and ASF had allocated new cover designations in blocks of 5–10 assigned to each new base (i.e. Base 35 is 32020–32025, Base 36 is 32026–32034, Base 37 is 32035–32039). However, on further research this does not appear to be the case. There are too many exceptions to these rules for it to be said they were ever applied with consistency. That said, the ASF's assignment of personnel and units—and their frequent collocation within facilities that may or may not be jointly owned or managed—complicated efforts to understand order-of-battle and unit assignment.

[4] The address of the former 20th Group Army is listed as No. 68 Weidu Road, Kaifeng (开封市魏都路 68 号) in 2016. This is the same address listed for Base 36 in 2018. (The 20th Group Army was disbanded in 2017.)

[5] The address of the 47th Group Army (also known as Unit 68310) is listed as No. 2 Huancheng East Road, Lintong District, Xi'an (西安市临潼区环城东路 2 号) in 2015. This is the same address listed for Base 37 in 2022. (The 47th Group Army was disbanded in 2018.)

PRC Seeks Dominance in Submarine Power Cable Infrastructure

By Tsaiying Lu and Athena Tong

An ultra-high-voltage submarine cable testing center owned by Orient Cables. (Source: Xinhua)

Executive Summary:

- Beijing is promoting cross-border power transmission projects, deploying its leading producers of submarine electric cables to deepen integration with other countries' critical infrastructure.
- Orient Cables, a national champion firm that has received generous government subsidies and has achieved several technical breakthroughs, is now expanding overseas. It is involved in the One Belt One Road initiative and Beijing's Global Energy Interconnection Strategy, as well as a project that will link power generation in Morocco with demand for electricity in the United Kingdom.
- Reliance on strategic rivals for critical infrastructure opens recipient states to vulnerabilities that those rivals can exploit. Previous examples include Germany's reliance on energy supplied by Russia's Nord Stream 1 pipeline and various countries' reliance on Huawei to provide critical telecommunications infrastructure.

Beijing sees submarine cables as critical infrastructure that can serve as conduits not just for electrical power but also for its own geopolitical power. This was evident in the 2025 government work report, which highlighted "deep-sea technology" (深海科技) as a key emerging industry to develop (Xinhua, March 12). Deep-sea technology is used as a tool to deepen other countries' integration with the People's Republic of China (PRC). This vision was evident in a recent joint statement signed at the China-ASEAN-Gulf Cooperation Council Summit, which explicitly encouraged investment and cooperation in submarine cable and cross-border power transmission projects (Ministry of Foreign Affairs, May 28).

Ningbo Orient Wires & Cables (Orient Cables; 东方电缆) is the PRC's current sectoral leader. Having built up nearly two fifths of domestic market share, it is now expanding overseas—including via a project that will link power generation in Morocco with demand in the United Kingdom. As with previous international energy and critical infrastructure projects, reliance on strategic rivals for such infrastructure opens recipient states to vulnerabilities that rivals can exploit.

Beijing Wants to Use Undersea Energy Infrastructure for Power Projection

PRC policy documents and state media portray submarine cable technology as strategic national infrastructure. Its inclusion in the most recent government work report built on the Chinese Communist Party's (CCP) 13th Five-Year Plan, which emphasized offshore wind development and coastal nuclear power construction—both of which require transmission cables to connect power plants to grid infrastructure (National Development and Reform Commission, November 7, 2016). Multiple provinces have outlined marine economy development plans for 2025, with Shandong focusing on developing high-technology vessels, Zhejiang expanding its marine engineering equipment, and Guangdong enhancing maritime vessel manufacturing, all aimed at reinforcing the PRC's maritime dominance (Xinhua, January 23).

The PRC has established a leading position in the submarine power cable industry through several technical breakthroughs. One recent example is the successful testing of a new power converter system by China Southern Power Grid (中国南方电网), reportedly achieving 19 "world firsts" (世界第一) in transmission technology (China Energy News, January 17). This is a reminder that PRC technologies have reached global standards, innovating to overcome challenges posed by long-distance transmission.

Beijing is now integrating submarine power infrastructure with broader geopolitical objectives. Submarine cable projects are included in projects as part of the One Belt One Road (一带一路) initiative and Global Energy Interconnection Strategy (全球能源互联网发展战略). This positions submarine power cables as critical arteries for cross-border energy transmission and regional influence (GEIDCO, February 22, 2017; China (Shanghai) International Cable Industry Exhibition 2025, accessed June 24). **[1]** These developments align with a broader maritime expansion strategy characterized as "managing the ocean, strengthening the country through the sea" (经略海洋 向海图强) (CCTV, September 4, 2023).

Table 1: The PRC's current three leading cable providers

	Orient Cables	Hengtong Group	Zhongtian Technology
Start of Submarine Cable R&D	2005	2009	2010
Domestic market share in the PRC	39%	33%	15%
Oversea Cases	• 2024: Xlinks project • 2023: Baltica 2 Hardware • 2022: Hollandse Kust West Beta Export Cable • 2020: Scottish and Southern Energy plc	• 2024: Landsnet in Iceland • 2023: Koh Tao in Tailand • 2018: Russia Kerch Strait • 2017: 35kV Submarine Cable EPC Project in the Gulf of Finland	• 138kV High Voltage Submarine Cable Project in Brazil • 230kV three-cores Long-Length Cable in Middle East • Vietnam Electricity (EVN) Submarine Cable System
Main Technologies	• Subsea Umbilical Cables • Long-Length Cable • Designed for Depths Exceeding 2000 Meters	• Photovoltaic (PV) Cable • Combiner Cable • Low voltage cable (0.6/1kV) • Medium Voltage Power Cable	• The PRC's First 330kV Offshore Wind Power Project • 10kV Polypropylene Lightweight Submarine Cable Project • World's Largest Single-unit Floating Wind Turbine

(Source: News and website information gathered and organized by DSET)

Chinese Firms Overseas Expansion and Technological Advancement

Orient Cables exemplifies how a national "single-item champion enterprise" (单项冠军企业)—a PRC company that specializes in a niche sector, leads globally in technology, and holds a top market share worldwide—can leverage strong policy support from Beijing to capture overseas markets. According to a statement on its website, the company ranks first in the PRC for providing total submarine cable solution services. It is integrated across the value chain, engaging in in-house research and development (R&D), manufacturing cables themselves, and providing services from installation to maintenance (Orient Cables, April 22, accessed June 23).

Established in 1998, Orient Cables began investing in the production of "optical fiber composite submarine cables" (光电复合海底电缆) in 2005. Through participating in national technology programs such as the National Science and Technology Support Program (国家科技支撑计划), it was able to produce steadily more advanced cables. State support has also come in the form of subsidies. Ningbo's Municipal Finance Bureau and Bureau of Ocean and Fisheries have provided over renminbi (RMB) 30 million ($4 million) for an industrialization demonstration project, and an additional RMB 19 million ($2.7 million) a rolling project aimed at scaling advanced subsea technologies (Orient Cables, December 21, 2016). In 2018, the firm successfully delivered the country's first optical fiber composite submarine cable rated at 220 kilovolts (kV) and a 500kV high voltage direct current (HVDC) cables insulated with cross-linked polyethylene (XLPE)—the technology currently favored for long-distance bulk power transmission (Orient Cables, September 15, 2018; Sina Finance, August 7, 2019). **[2]**

In 2022, Orient Cables expanded overseas, opening an office in Rotterdam to cover the Netherlands, Poland, and the United Kingdom (Sina Finance, March 10, 2023). Orient Cables has supplied over 12,000 kilometers of submarine cables globally—approximately the distance from Beijing to the PRC's Zhongshan Station in Antarctica. Its ultra-high-voltage (UHV) power transmission technology enables transmission over distances of 1,000–3,000 km.

In 2024, it acquired a 2.4 percent stake in a project that will supply the United Kingdom with energy generated in Morocco via cables crossing the territorial waters of Morocco, Spain, Portugal, and France (Offshore Energy, January 29, 2024). The deal, signed with XLCC, a British subsea cable manufacturer, targets R&D cooperation on cables and aligns with the company's mid- and long-term goals of expanding into overseas markets (Xinhua Finance, January 23, 2024).

As part of the deal, Orient Cables secured preferential bidding rights in the event that XLCC fails to deliver the required cables by 2028. Given that XLCC's R&D capacity relies heavily on Orient Cables' technical services, this is a distinct possibility (Orient Cables, January 23, 2023).

Dependency Leads to Security Vulnerabilities

PRC dominance in submarine cable infrastructure can create dependency relationships with external partners, exposing them to vulnerabilities. This creates the possibility that patterns seen elsewhere could be repeated. These include the energy sector, where Russia was able to exploit Germany's reliance on energy supplied by its Nord Stream 1 pipeline in the early stages of its full-scale invasion of Ukraine, and in the telecommunications sector, where Western nations became reliant on potentially compromised critical infrastructure. PRC media makes the link with the latter example, referring to advanced power cables as the "5G of power transmission" (那特高压输就是名副其实的'5G') (Huxiu, November 3, 2020; China News Service, June 20, 2022).

Western governments are increasingly cognizant of these vulnerabilities. Undersea cables have been the focus of meetings in 2021 of the U.S.-EU Trade and Technology Council (TTC), as well as of a 2025 joint statement signed by the United States with European countries, Australia, Canada, Micronesia, Japan, the Marshall Islands, New Zealand, South Korea, Singapore, Tonga, and Tuvalu. The statement implicitly warned against dependence on the PRC, calling for "managing security risks, including from high-risk suppliers" (Carnegie India, December 16, 2024; U.S. State Department, September 26, 2024). Japan also has announced plans to list undersea cables as critical supplies (Nikkei Asia, April 15).

Conclusion

As technology from PRC companies becomes entrenched in critical infrastructure overseas, other countries must be aware of the risks that any degree of dependency involves. Reliance on PRC manufacturers of submarine energy cables may pose an ongoing risk for countries seeking to avoid dependence on the PRC for their critical infrastructure. As these firms expand abroad, their strategic acquisitions and state backing threaten to repeat patterns of technological dominance seen in other sectors.

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Notes

[1] The Global Energy Interconnection Development and Cooperation Organization (GEIDCO) is a Beijing-based international organization established in 2016 to promote the PRC's vision of a worldwide electricity grid connecting renewable energy sources across continents. Founded with backing from State Grid Corporation of China, GEIDCO advocates for massive cross-border power transmission infrastructure as part of the One Belt One Road initiative, aiming to create what it calls a "global energy internet" (全球能源互联网) that would facilitate both clean energy transition and the PRC's geopolitical influence through energy connectivity.

[2] The 525kV HVDC XLPE cable system has become the standard technology for large cable projects internationally, allowing the company to enter the global market and compete with leading players from other countries (NKT, November 3, 2023).

PLA Purges Provide Opening for Xi's Rivals

By Brandon Tran, Eric Liu, and Gerui Zhang

Hu Chunhua at a meeting with representatives from the Thai government. (Source: CCTV)

Executive Summary:

- New evidence suggests that a faction within the Chinese Communist Party (CCP) aligned with former president Hu Jintao and former premier Wen Jiabao could be exerting influence on the direction of the Party.
- Three party elders—all of whom were Hu Jintao allies—reportedly criticized General Secretary Xi Jinping at Beidaihe in August 2023, while subsequent purges have eroded Xi's base of support in the military.
- More recently, signs that Xi's erstwhile successor Hu Chunhua is regaining prominence following a demotion from the Politburo in 2022 could indicate that this "Tuanpai" faction is gaining ground. These signs include Hu leading an overseas delegation and visiting the Vietnamese embassy to convey his condolences for the passing of its former president—a role usually reserved for a politburo member.
- Xi also recently made a speech referring to "scientific, democratic, and law-based policymaking," a key phrase associated with his predecessor, Hu Jintao. This could be interpreted as a concession to the Tuanpai faction.

New evidence suggests that a faction within the Chinese Communist Party (CCP) aligned with former president Hu Jintao (胡锦涛) and former premier Wen Jiabao (温家宝) could be exerting influence on the direction of the Party. Earlier this year, we speculated that CCP General Secretary Xi Jinping's power was being curtailed following purges that eroded his bases of support in the military (China Brief, March 15). Now, the return to prominence of Hu Chunhua (胡春华), alongside reporting about events that took place at the leadership's summer retreat in Beidaihe in August 2023, could indicate that the "Hu-Wen faction" is resisting Xi Jinping to some degree.

The Fall of the Hu-Wen Faction

When Xi became paramount leader of the PRC in 2012, he blunted the power of Hu Jintao's supporters. Hu's base of support within the Party was known as the Communist Youth League or "Tuanpai" (团派) faction—also referred to as the "Hu-Wen" faction to reflect the involvement of Wen Jiabao, who was never a part of the Youth League (Brookings, April 29, 2009). On ascending to power, Xi had officials aligned with the Tuanpai faction arrested, like Ling Jihua (令计划), or sidelined, like Li Keqiang (李克强) (New York Times, August 4, 2016; Reuters, October 26, 2022). Xi also stymied the rise of Hu Chunhua, who was Hu and Wen's preferred candidate to succeed him, by demoting Hu Chunhua from the Politburo in 2022 (Xinhua, December 18, 2012, accessed June 17). **[1]** In so doing, Xi rejected a soft norm known as "skipping a generation to designate a successor" (隔代指定接班人), whereby each former leader selects the leadership candidates who will follow their own successor (DW, July 28, 2017). **[2]**

The final blow to the Tuanpai appeared to come in the form of public spectacle, when Hu Jintao was unceremoniously removed from the closing ceremony of the 20th CCP National Congress (Reuters, October 26, 2022). During the ceremony, Hu Jintao attempted to confirm a rumor that Hu Chunhua was missing from the Politburo list but was stopped and dragged away (VOA, October 31, 2022; Radio France Internationale, November 10, 2022). Xi also appeared to break precedent by allowing Wang Huning (王沪宁) to remain on the Standing Committee while Li Keqiang and Wang Yang (汪洋) had to step down. This violated another soft norm—that of "seven up, eight down" (七上八下), whereby cadres aged 68 or more are expected to step down (Liberty Times, October 23, 2022, [1], [2]; China Brief, January 17). Since then, the Tuanpai have been largely impotent as a faction within CCP politics.

The Hu-Wen Faction Returns?

Hu Chunhua, Xi's erstwhile successor, recently has regained a degree of prominence. In April, he led a delegation of the Chinese People's Political Consultative Conference (CPPCC), of which he is a senior official, to West Africa (Xinhua, April 17). This was his first such mission since his demotion. The following month, Hu was again tapped to represent the PRC, visiting the Vietnamese embassy to convey his condolences for the passing of former President Trần Đức Lương (Báo Quốc Tế, May 25). Vietnam, a fellow socialist state, is an important partner for the PRC (China Brief, July26, 2024). The significance of this visit is underscored by the PRC's "funeral diplomacy" (葬礼外交) norms, whereby representatives attending the mourning of a former head of state are usually at least a deputy national-level official and a

Politburo member (The Paper, April 6, 2015). Hu's attendance, especially in a country like Vietnam with close Party ties, signifies a subtle increase in his stature within the CCP. **[3]**

A third suggestion of the Tuanpai faction's rising clout is a reference Xi made in a recent speech on the upcoming 15th Five-Year Plan to "scientific, democratic, and law-based policymaking" (科学决策、民主决策、依法决策). This slogan is one that Hu popularized, and that he repeated in his final report to the 18th CCP National Congress (Xinhua, November 17, 2012; People's Daily, May 20). Xi rarely echoes phrases associated with his predecessor, making this instance unusual (Nikkei Asia, May 29).

Pressure Building since 2023 Beidaihe Meetings

Pressure on Xi Jinping from officials aligned with Hu Jintao can be traced back to the summer of 2023. During August meetings at the leadership's retreat in Beidaihe, Xi was reportedly criticized by a group of three party elders, Chi Haotian (迟浩田), Zeng Qinghong (曾庆红), and Zhang Dejiang (张德江). This prompted him to vent his frustration to his aides, according to reporting at the time by Nikkei Asia that cited anonymous insiders as sources (Nikkei Asia, September 5, 2023; September 21, 2023). While the Beidaihe meeting is a scheduled event, the timing of the elders' reprimand came just after the initiation of the most recent anti-corruption purges, the initial wave of which disproportionately targeted PLA personnel aligned with Central Military Commission Vice Chairman Zhang Youxia (张又侠).

Zeng, the leader of the group, was previously one of former CCP General Secretary Jiang Zemin's (江泽民) most capable assistants (Nikkei Asia, September 5, 2023). He made a name for himself under Hu Jintao, for whom he acted as an effective crisis manager and kingmaker, before retiring in 2008 as PRC vice president. Zeng also played a critical role in elevating Xi Jinping through the ranks of the CCP (New York Times, September 25, 2005, October 4, 2006; Foreign Policy, October 15, 2022).

Chi, a distinguished PLA officer who served in both the Civil War and the Korean War, is a former defense minister and CMC vice chairman under Jiang Zemin (China Leadership Monitor, April 3, 2002). He previously cultivated ties to both Hu Jintao and Zhang Youxia—his son Chi Xingbei (迟星北) served as one of Zhang's subordinates in the PLA General Armaments Department (Royal United Services Institute, March 18, 2005; The Paper, September 12, 2018). Chi's presence at the Beidaihe meetings could indicate dissatisfaction among senior military leaders (Nikkei Asia, September 21, 2023).

Zhang Dejiang rose to the rank of vice premier under Hu Jintao, who trusted him to handle political crises and natural disasters. He later served as chairman of the National People's Congress Standing Committee (South China Morning Post, December 6, 2003, March 16, 2012).

Reports about the Beidaihe meetings have not been corroborated; however, if true, they would lend credence to rumors that Xi faces mounting pressure, in particular from the Hu-Wen faction.

One additional indicator that senior military leaders are exercising agency independent of Xi involves a conference that took place on April 23. The National Conference on the Naming of Model Cities and Counties for Supporting the Military and Cherishing the People is held every five years and historically was a large-scale affair. This year, however, Xi Jinping was not in attendance. Instead, Zhang Youxia and several members of the Tuanpai faction featured prominently, raising the possibility that both groups are cooperating in some way (Chen Pokong, April 29; Jilin Department of Veterans Affairs, April 29).

Conclusion

The return to visibility of Hu Chunhua in the wake of anti-corruption purges in the PLA that have eroded Xi's base of support is a tentative indication of turmoil within the CCP. When viewed alongside rumors of dissension among Party elders dating back to 2023, it could suggest that power struggles are ongoing. It is premature to declare a full-fledged return of the Tuanpai faction or to assert a significant weakening of Xi Jinping's political dominance, but gathering evidence challenges the image of unchallenged authority that Xi has meticulously cultivated. These currents are worth monitoring, as future developments may reveal growing constraints on Xi's push for centralization and the reemergence of factional balancing as a feature of CCP politics.

The views expressed in this article are the authors' own, and do not reflect the official position of the United States Military Academy, Department of the Army, or Department of Defense.

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Notes

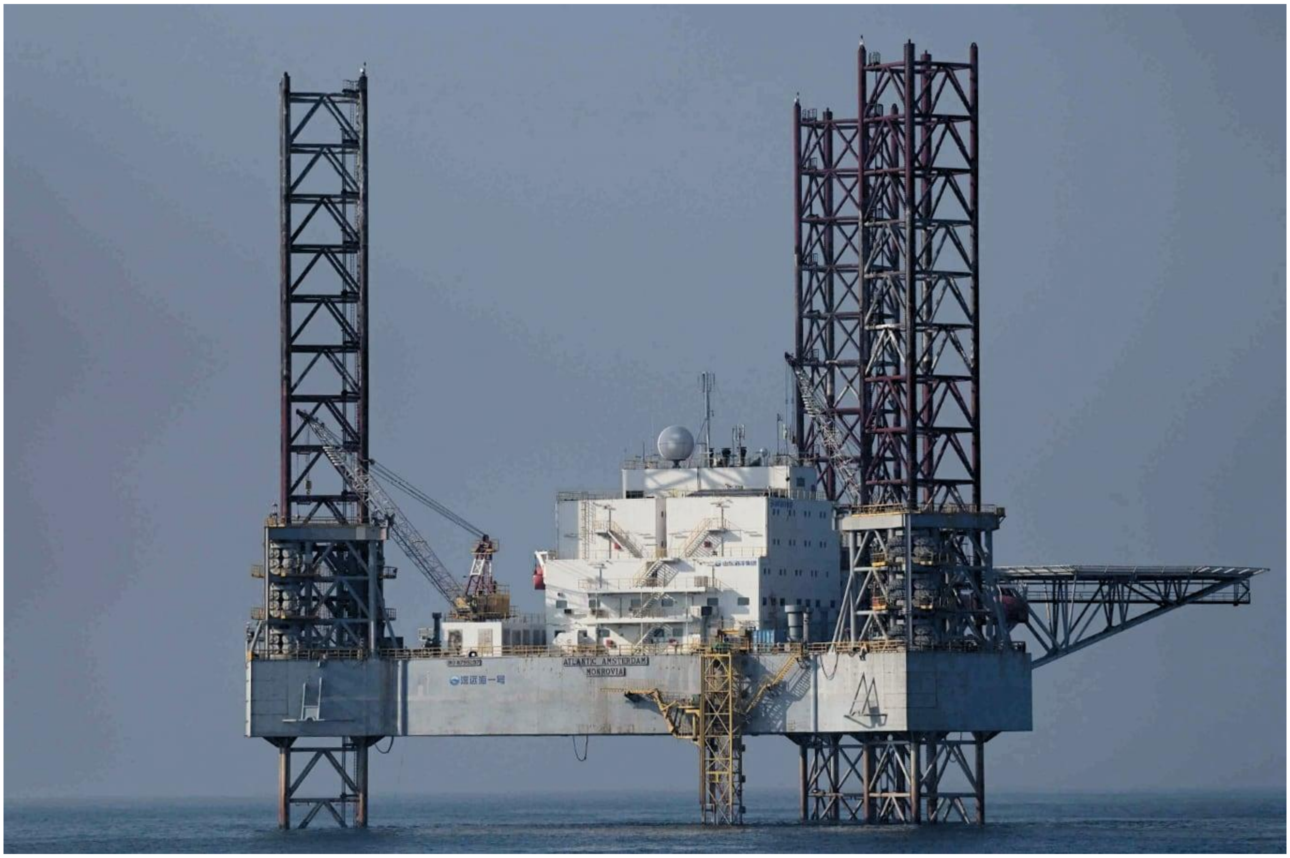
[1] After the 20th National Congress of the CCP in 2022, Hu stepped down from his position as the Vice Premier and assumed office as the second-ranking Vice Chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) in 2023. While it seemed like a lateral transfer between deputy national-level positions, the reassignment is in practice a demotion that effectively removes Hu from the Politburo and the inner circle of the CCP (South China Morning Post, October 24, 2022).

[2] "Skipping a generation to designate a successor" (隔代指定接班人) refers to the CCP's effort to institutionalize leadership transitions. Initiated by Deng Xiaoping, the idea was that former leaders, detached from immediate power struggles, could take a longer view and avoid factional conflict and corruption to select the future leadership. In this way, Deng named Hu Jintao and Wen Jiabao to succeed Jiang Zemin, while Jiang named Xi Jinping and Li Keqiang to succeed Hu and Wen. Hu named Sun Zhengcai and Hu Chunhua as Xi's successors, but Hu has been sidelined and Sun was sentenced to life in prison in 2018.

[3] While non-Politburo members have attended memorial services before in other countries, Vietnam's diplomatic status created a tradition of high-level PRC officials paying their respects. The fact that this tradition was seemingly broken when Hu Chunhua, who is not currently on the Politburo, attended the most recent memorial services, indicates that his power and influence is growing beyond what his billet entails. The CCP's "funeral diplomacy" norms require a CCP leader who holds, at minimum, a billet within the Politburo. For example, Yang Jiechi (杨洁篪), the Central Foreign Affairs Commission Office Director and a member of the Politburo, attended both Vietnamese former General Secretaries Đỗ Mười and Lê Khả Phiêu's memorial services at the Vietnamese Embassy in Beijing in 2018 and 2020 (Xinhua Net, October 6, 2018; Vietnam Plus, August 14, 2020). Li Zhanshu (栗战书), Chairman of the Standing Committee of the National People's Congress and also a member of the Politburo Standing Committee, likewise attended the services at the Vietnamese Embassy for former President Trần Đại Quang. Zhao Leji (赵乐际), Secretary for the Central Commission of Discipline Inspection and member of the Politburo Standing Committee, attended the funeral in Vietnam (People's Daily, September 28, 2018). Most recently, for General Secretary Nguyễn Phú Trọng, Xi Jinping, Cai Qi (蔡奇), and Wang Yi (王毅) all went to the Vietnamese Embassy to express their condolences (Vietnam Net, July 20, 2024). For the funeral itself, Wang Huning traveled to Vietnam (China Daily, July 26, 2024). Vietnam practices collective governance, and the offices of General Secretary and President are ranked 1st and 2nd respectively, though a single person may concurrently hold both offices.

Xi–Lee Reset Extends Beijing's Regional Project—and Tests Seoul's Commitments

By Matthew Johnson



A PRC "fish farm support facility" in the Yellow Sea's Provisional Measures Zone. Beijing's expanding naval footprint will force Seoul to weigh economic engagement against rising security risks in its strategic calculus. (Source: Chosun)

Executive Summary:

- The Xi Jinping–Lee Jae Myung phone call on June 10 signals a tactical thaw after years of strain under Yoon Suk Yeol, reviving "good-neighborly friendship" language and soft power channels Beijing had suspended when Yoon restarted work on deploying the U.S. missile defense system THAAD.
- Korea's trade and financial ties with the People's Republic of China remain deep and are expanding incrementally through upgraded free trade agreement, digital governance frameworks, and modest renminbi (RMB) usage. This interdependence is pragmatic, however, and not an endorsement of Beijing's regional order.
- Beneath the thaw, persistent maritime incursions, gray-zone coercion, and tech friction reveal that Beijing's leverage and pressure tools remain fully active, capping how far trust can deepen.
- Seoul's alliance with Washington, dollar-based trade flows, and strategic diversification in semiconductors anchor its core orientation firmly in the U.S.-led order—the hedge that balances Beijing's gravity.

President Xi Jinping's June 10 phone conversation with South Korea's new president, Lee Jae Myung, signaled Beijing's intent to reinvigorate ties with Seoul. Cast as a diplomatic reset, Xi emphasized five themes: strategic trust, supply chain stability, cultural exchange, multilateralism, and mutual respect for "core interests" (核心利益). At the same time, he framed the relationship as a source of "certainty" (确定性) amid "regional and international turmoil" (变乱交织的地区和国际形势注). Crucially, he called for ensuring that bilateral ties "always move forward on the right track" (始终沿着正确轨道向前发展)—a phrase Beijing typically uses to signal that the other side has drifted from its preferred posture and should course-correct (Xinhua, June 10).

This diplomatic pivot follows a period of sustained cooling under former Korean president Yoon Suk Yeol, whose tenure deepened Seoul's alignment with Washington's Indo-Pacific strategy, expanded trilateral security ties with the United States and Japan, and was defined—in Beijing's eyes—by open criticism of PRC assertiveness. Relations had stagnated across political and cultural domains, with people-to-people ties largely frozen. Political and cultural exchanges stagnated, people-to-people contact froze, and a lingering dispute over the THAAD missile defense system remained unresolved in the background (China Brief, June 2, 2023).

Lee's reset may reopen economic and cultural channels that froze under Yoon, giving Beijing fresh leverage to test Seoul's posture. Yet maritime tensions and the enduring U.S. alliance mean Korea's deeper orientation is unlikely to change.

A Conditional Thaw: Beijing Tests Seoul with Culture and Commerce

The Xi–Lee call revived the idea of "good-neighborly friendship" (睦邻友好), a theme Xi first championed with Park Geun-hye early in his tenure and once a fixture of bilateral framing under her administration (2013–2017) (Korea.net, June 4, 2014). With this language, Beijing is signaling its intent to pull Seoul back into its preferred Asian diplomatic orbit.

On the ground, commercial and diplomatic signals are already shifting. Tencent has reentered Korea's media market via SM Entertainment, and discussions of restarting research and educational exchanges are gaining momentum. The Chinese Communist Party (CCP) appears ready to reactivate soft power tools that had been shelved since the THAAD backlash—but only if Seoul avoids overt alignment with efforts to contain the PRC in the Asia-Pacific. These emerging trendlines cluster under four main categories:

- **Investment:** In 2024, Tencent acquired a minority stake in SM Entertainment, marking the first major Chinese entertainment investment in Korea since Beijing's informal cultural sanctions began in 2017 (Reuters, May 28).
- **Media:** While not officially declared, PRC regulators had eased bans on K-dramas and K-pop content on major streaming platforms like iQIYI and Tencent Video as of late 2024 (Korea Herald, May 30).
- **Tourism:** Korean tourism industry analysts projected a 30–40 percent increase in PRC tourist arrivals in 2025, citing warmer diplomatic tone and loosening restrictions (TTW, June 10).
- **Education and research diplomacy:** Momentum has accelerated in June 2025. Following the Xi–Lee call, China, Japan, and South Korea held a trilateral Innovation Cooperation Conference in Yantai and broke ground on the new China–Japan–Korea Innovation Cooperation Center in Shandong Province (MOST, June 26).

These moves remain modest in scale but symbolically and practically important. They serve both as trust-building gestures and as a quiet test of how far Seoul is willing to reciprocate under Lee's more PRC-friendly posture.

Table 1: Decoding 'Xiplomacy' in the Xi-Lee Call, June 10

	Xi's emphasis	Beijing's likely intent
Economic ties & supply chains	"Deepen economic cooperation," protect regional supply chains	Preserve South Korea's economic dependence; counter U.S. pressure
Multilateralism & free trade	Promote multilateral frameworks, resist protectionism	Undercut U.S, regional trade strategy; embed Seoul in PRC-centric institutions
Respecting core Interests	Mutual respect for each other's fundamental concerns	Discourage South Korea from aligning too closely with U.S. security aims
Regional/security cooperation	Support PRC's role in Korean Peninsula denuclearization	Position Beijing as indispensable to any talks with North Korea
People-to-people & cultural exchanges	Expand exchanges and cultural links	Reinforce soft power leverage beyond economics

Seoul Deepens Trade Ties, but Stays Hedged

Despite a recent political chill, interdependence between the two countries remains robust. In 2024, Korea exported $133 billion to the PRC—still its largest trading partner—and imported $149 billion in return. Trade flows have held steady even as security frictions persist.

Beyond headline trade, institutional ties are quietly expanding. Both countries are members of the Regional Comprehensive Economic Partnership (RCEP), operate under the China–Korea Free Trade Agreement (CKFTA), and joined the Digital Economy Partnership Agreement (DEPA) in 2024. In late June 2025, the two sides held the twelfth round of negotiations on the second phase of the CKFTA in Seoul, making "positive progress" (取得积极进展) on cross-border services, investment, financial services, and negative list market access—a clear sign Beijing intends to bind Seoul more tightly into its preferred trade and tech standards regime (MOFCOM, June 27).

Financially, Korea holds a RMB 120 billion ($17 billion) quota under the PRC's Renminbi Qualified Foreign Institutional Investor (RQFII) program (Bloomberg, July 3, 2014). This gives Korean investors direct access to onshore PRC assets—a channel reinforced by currency swap lines, first signed in 2009 and periodically renewed to reduce dollar dependence in bilateral trade (Korea Capital Markets Institute, November 1, 2012). By 2019, local currency-denominated interbank trading reached nearly RMB 4 trillion ($560 billion), and Korean firms are increasingly invoicing in RMB (Swift, September 1, 2015). This shift, linked to faster export growth, shows Seoul pragmatically tapping Beijing's RMB channels—a side-effect that still feeds Beijing's hopes of anchoring Asia's financial flows in its own currency (Does RMB Internationalization Promote Cross-Border Trade?, October 8, 2024).

Table 2: Korea's Position in the PRC's Asian Integration Strategy

	Metrics	Strategic effect
Trade & supply chain	$133 billion exports; mutual FTA; RCEP-driven intraregional trade growth	Korea deeply embedded in PRC-led trade architecture
Financial integration	RMB access under RQFII; capital-market opening under CKFTA	Tentative erosion of dollar reliance; RMB use grows
Digital cooperation	DEPA membership; Korea's digital-standards leadership	Co-shaping of regional digital norms, partly aligned with Beijing's push
Tech sovereignty	Dependence on PRC critical minerals; joint semiconductor value chains	Strategic inputs bind Korea to PRC supply chains, but with active diversification via the United States and Japan
Institutional forums	Revived CJK trilateral meetings; expanded digital/economic frameworks	Asia-focused institutional architecture strengthened, with Seoul balancing ties

Threading the Needle: Trading with Beijing, Aligning with Washington

Despite recent gestures of goodwill, structural tensions remain entrenched. Maritime frictions, gray-zone coercion, and tech disputes continue to offset any meaningful reset.

PRC naval incursions into Korea's claimed waters exceeded 330 in 2024—triple the number in 2017 (Safety4Sea, April 14; Friedrich Naumann Foundation, May 13). Fishing zone disputes, technology concerns, and gray-zone coercion continue to undercut diplomatic progress (Financial Times, April 22; The Times, April 22).

Table 3: Seoul's Balancing Act Under Lee—Forecasts by Domain

	Yoon Era	Lee Era	Expected trajectory
Economic & cultural	Strained post-THAAD; K-pop ban	Active re-engagement; soft power revived	Interdependence deepens
Diplomatic orientation	Strong pro-U.S. line	Attempts more balance	Slight recalibration, fundamentals unchanged
Security alignment (U.S. alliance)	Firm U.S. alliance	Continues, more sensitive to PRC leverage	Alliance holds steady
Strategic autonomy (economic / tech)	Tilt toward United States	Seeks more autonomy in trade / PRC ties	Hedging continues
Maritime & tech disputes	Naval incursions rising; tech disputes hardened	Still active despite diplomatic thaw	Likely to intensify further

Meanwhile, Seoul's alliance with Washington remains foundational. Over 80 percent of Korea's global trade is still denominated in U.S. dollars, while RMB use accounts for just 1–2 percent (BIS, December 2011; Journal of International Money and Finance, March 2024). South Korea's semiconductor strategy continues to align with U.S.-led diversification away from PRC supply chains, particularly amid tech war pressure on firms like SK Hynix and Samsung (Reuters, December 16, 2024).

Conclusion

The Xi–Lee call signals a tactical thaw and growing bilateral alignment in areas Beijing cares about most: trade volumes, capital channels, and shared digital governance frameworks. Over the next two years, Seoul is likely to keep deepening its economic and soft power engagement with China—reopening markets, normalizing cultural flows, and cautiously expanding joint standards-setting under frameworks like the CKFTA upgrade and the DEPA. If this track holds, the PRC will see modest gains in embedding Korea more firmly in its Asian integration blueprint.

Structural realities will continue to cap how far this reset can go. Maritime incursions and gray-zone coercion are likely to persist—or intensify—testing diplomatic goodwill. Meanwhile, the core alliance with Washington will anchor Seoul's security posture and drive semiconductor diversification away from overdependence on PRC supply chains. In other words, while the PRC may see Korea as a critical node in its regional rewiring project, Seoul will keep threading the needle—leveraging Beijing for growth while remaining firmly planted in a global order that Beijing ultimately seeks to overturn.

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PRC Promotes Iranian Coverage and Showcases Advanced Weapon Systems

By Shijie Wang

Screenshot of CCTV coverage on the PLA's Yunjian-1000 missile. (Source: [Sohu])

Executive Summary:

- Beijing interprets recent U.S. strikes on Iran's nuclear facilities as a demonstration of deterrence aimed at supporters of Iran's Islamic regime.
- In response, state media showcased the Yunjian-1000 bunker-busting missile, implying that the People's Liberation Army has superior capabilities than those of the United States.
- Experts have also been platformed to describe defense systems protecting the People's Republic of China's (PRC) own nuclear arsenal.
- The PRC's diplomatic response has been mostly conventional, while online public discourse has framed the United States and Israel as principal instigators of instability in the Middle East.

Starting on June 13, Israel and Tehran engaged in 12 days of hostilities following attacks launched by the Israeli Defense Force on Iranian military installations (The Jerusalem Post, June 13). In the days immediately following the strikes, Beijing's response remained largely confined to conventional diplomatic rhetoric. The People's Republic of China (PRC) issued statements condemning what they described as unilateral escalations by the United States and Israel, called for dialogue-based conflict resolution, and reiterated support for Iran's peaceful use of nuclear energy within the framework of the International Atomic Energy Agency (IAEA) (Foreign Minister PRC, June 14, June 24).

PRC state media primarily relied on reports from Tehran as their source material for war coverage. This reinforced Iranian narratives that portrayed the conflict as one in which Iran had launched a righteous counteroffensive, Israel had suffered substantial losses, and Tel Aviv was engulfed in flames (Guangming Daily, June 17; China National Radio, June 19). Reliance on such coverage reflects Tehran's status as a "comprehensive strategic partner" (全面战略伙伴) for Beijing (MFA, accessed June 27).

Government censors also allowed anti-American and anti-Israeli discourse to circulate online. This ranged from portraying the United States and Israel as primary instigators of instability in the Middle East to anti-Semitic content promoting variants of the international Jewish conspiracy that claims the world is dominated and controlled by a circle of jews. A search for terms like "Jewish" (犹太) or "Israel" (以色列) on major Chinese social media platforms—such as Bilibili, Xiaohongshu, Weibo, and Douyin—reveals a surge of antisemitic content. This content has become increasingly common following Hamas's October 7, 2023 attacks on Israel and the ensuing war in Gaza (Discourse Power, June 17). Many of these posts, which have received a large number of shares and likes from users, are rife with racism and Holocaust denial—content that, by the platforms' own regulations, should have been removed. Bilibili, for instance, nominally bans posts that promote discrimination or constitute hate speech (see Figure 1); yet suggested videos have titles like "Why the whole world hates Jews! After watching this you will know why they don't deserve mercy!" (为何犹太人被全世界所憎恶！看完后就知道他们并不值得怜悯!) (see Figure 2).

Figure 1. Bilibili Regulations Prohibit Content That Promotes Hatred or Racial Discrimination

关于仇恨性言论内容

bilibili禁止发布对特定对象和群体的仇恨言论，或藉由相关内容挑拨矛盾，煽动对立、仇恨情绪。以下列举了一部分会被bilibili认为属于仇恨性歧视言论的内容，包括但不限于：

1.对特定群体使用带有侮辱性的称呼；

2.使用诋毁性内容鼓动对特定群体的仇恨。

(Source: Bilibili)

Figure 2: Recommended Videos for Lectures on Jewish History on Bilibili are Filled with Antisemitic Conspiracy Theories

(Source: Bilibili)

Coverage shifted in the fallout from "Operation Midnight Hammer," where the U.S. military used seven B-2 bombers to deploy GBU-57 Massive Ordnance Penetrator (MOPs) bombs targeting three nuclear sites in Iran (U.S. Department of Defense, June 22). The next day, state broadcaster CCTV aired a military segment showcasing video footage of the PLA's Yunjian-1000 bunker-busting missile (云箭 1000 型钻地弹) in action (Douyin/CCTV, June 23). Unlike the GBU-57, which free-fall vertically from strategic bombers, footage showed the Yunjian-1000 being launched from a supersonic FBC-1 "Flying Leopard" fighter-bomber ("飞豹"全天候超音速歼击轰炸机) using a Dongfeng missile system. The video footage implied that the lighter PRC missile, when launched at higher velocity via missile propulsion, could achieve greater impact force on contact—thereby enhancing its ability to penetrate and destroy deeper subterranean targets. In other words, the PRC has superior capabilities.

In a separate interview program, CCTV featured Professor Qian Qihu (钱七虎) of the PLA Army Engineering University (解放军陆军工程大学). The program stated that Qian's research team had developed an advanced defensive system designed specifically to protect PRC's own underground nuclear infrastructure from penetration weapons like those recently used by the United States (CCTV, June 24).

Beijing's actions suggest that it does not view the U.S. strikes on Iran's nuclear facilities solely as a case of strategic bombing. Rather, it interprets them as a demonstration of deterrence aimed at supporters of Iran's Islamic regime. In response, the PRC appeared eager to signal that, unlike Iran, it is not without countermeasures in the face of the B-2 and GBU-57 combination and may in fact possess even more advanced weaponry.

Beijing is also well aware that the B-2 bombing mission was made possible by the U.S. military's global defense posture, including access to overseas bases and the support of regional allies. Lacking a comparable military infrastructure, Beijing instead focused its own deterrence messaging on showcasing weapons with greater precision and destructive capability. The fact that its warhead can be delivered via Dongfeng missiles was a deliberate message: the PRC possesses long-range strike capabilities that do not rely on foreign basing, allowing it to project power from its own territory.

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