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Terminal Authority: Assessing the CCP's Emerging Crisis of Political Succession

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Official portrait of Xi Jinping. (Source: PRC Government)

Executive Summary:

- Xi Jinping continues to dominate the Chinese Party-state system, based on an assessment of evidence from spring and summer 2025. Despite high-level purges, unusual military reshuffles, and persistent rumors of elite dissatisfaction, there is no visible indication that Xi's personal authority has meaningfully eroded.
- Signs of rebalancing within the military-security apparatus add nuance to this assessment. Structural purges, which have halved the CMC's size, likely constitute a systematic rebalancing of Xi's patronage networks. While these actions do not yet amount to an overt power shift, they signal that the outwardly monolithic military-security apparatus Xi once relied upon is now visibly fractured and contested, even as he retains formal authority.
- The possibility of fragmentation and realignment within the elite can no longer be ruled out, though no fixed timetable for such a transition exists. As Xi enters what is effectively the indefinite phase of his tenure, Party elites will increasingly maneuver around the unresolved question of succession. For now, Xi appears capable of dictating terms, but as time goes on, the system will only reduce his power to do so.

Nobody knows what will happen when Xi Jinping passes from the scene. The general secretary of the Chinese Communist Party (CCP) has spent over twelve years at the apex of the Party-state system. This period has been transformational for the People's Republic of China (PRC), for its place in the world, and for Xi personally. One of the most important changes has been the personalization of the regime under Xi. But it will not last forever. It may not even last beyond the current decade. As he ages, certain questions are becoming more urgent. Is the mortality of the regime tied to the mortality of the man? Or will a successor emerge whom Xi—or the system he leads—can shepherd across the transition?

Central to all of these questions is the nature of political power within the Chinese Party-state. While studied silence from the Party center has left a void filled by rumors, a framework for understanding where power lies in the system and how it functions can provide tentative answers. Such a framework, like the one we provide in this article, should be based on the specific characteristics of the CCP, which mix qualities germane to Leninist political parties with those that are unique products of the CCP's evolution. Over the course of its history, control over five areas within the CCP has been key to consolidating power. These include the military and the security services—sources of hard power—alongside the nomenklatura/cadre system, the propaganda system, and the Party elites.

Xi Jinping spent the early acts of his tenure cementing his power over institutions and interests in all five of these critical power centers. In his third term, however, and especially over the last year, unusual developments and concerning trends have triggered speculation about Xi's position. The number of these anomalies has now reached a critical mass and received sufficient attention that they cannot be fully ignored. Rather, by laying them out in context, we attempt to provide a structured approach to thinking about what they entail. We arrive at three possible scenarios for Xi Jinping's status going forward. We conclude by providing our own judgment on which of the three we think is most likely and why.

The Party's Structure of Power

"The Party leads everything: the Party itself, the government, the military, and the schools, in the east, west, south, north, and center" (党政军民学，东西南北中，党是领导一切的). This was the most notable addition to the Party Charter made at the 19th National Congress of the Chinese Communist Party (CCP) in 2017. Other additions included Xi's eponymous ideological pronouncements, "Xi Jinping Thought on Socialism with Chinese Characteristics for the New Era" (习近平新时代中国特色社会主义思想) and "Xi Jinping Thought on Strengthening the Military" (习近平强军思想), as well as the "China Dream of the great rejuvenation of the Chinese nation" (中华民族伟大复兴的中国梦), the "One Belt One Road" (一带一路) initiative, and a new principal contradiction for the Party to resolve (Current Political News, October 24, 2017; People's Daily, October 28, 2017).

These changes, followed soon after by Xi's removal of presidential term limits from the state constitution, heralded a new era for the PRC (CSIS, May 8, 2020). They cemented Xi's vision—as the core of the leadership of the Party—of boldly reorienting the regime to more closely align with its totalitarian roots (Xu, *Institutional Genes*, August 2025). This vision has been buttressed by a decade-long initiative that "rewires the Party from within and recalibrates the Party's relationship with the state" via an increasingly potent system of "Party law" (China Journal, March 27, 2024).

Xi's new era has seen a return to prominence of personalist dictatorship as a primary governing principle within the PRC. As a Leninist party, the CCP often leans toward personalistic rule. Such parties are hierarchical, mobilizational, and task-oriented, so having a single figure to set the agenda by articulating goals for the system to work toward and mobilizing cadres to strive to achieve is helpful (Fewsmith, *Rethinking Chinese Politics*, June 2021). It helps, too, if the system can find a charismatic leader around whom to construct a cult of personality. This can improve longevity in a regime type that is inherently unstable (Mao and Stalin are outlier cases in this regard—such regimes are usually much more short-lived) (Pennsylvania State University, June 2016; Oxford University DPIR, February 27, 2018).

The personalist dictator has many enemies within the system. The structure of Leninist parties is such that power struggles between individuals and factions are frequent, intense, and brutal; and their outcomes can decisively shape national policy trajectories (World Politics, July 2006). Power struggles, however, rarely lead to the ouster of the top leader. Despite facing at least one significant political crisis per political generation since 1949, the CCP has yet to see a supreme leader irrecoverably taken down. Both Mao Zedong and Deng Xiaoping weathered serious challenges to their power or even isolation, and both returned to the top. The same has not been true for the Party's number two. Under Mao, both Liu Shaoqi (刘少奇) and, later, Lin Biao (林彪), were ruthlessly eliminated. In the 1980s, once Deng Xiaoping had secured power and achieved a level of stability, he eventually felt compelled to remove Hu Yaobang (胡耀邦) as General Secretary. He also purged Hu's replacement, Zhao Ziyang (赵紫阳), who lived out his days under house arrest. An ailing Deng even helped a subsequent general secretary, Jiang Zemin (江泽民), weather a political challenge from President Yang Shangkun (杨尚昆) and his younger brother Yang Baibing (杨白冰), who together wielded significant power over the military. The passing of the CCP's revolutionary generation did not bring reprieve from political clashes at the top. In the late 1990s, Jiang fell out with his security chief Qiao Shi (乔石), ostensibly over the Falun Gong issue. He was also reluctant to relinquish his position as the chairman of the Central Military Commission after Hu Jintao (胡锦涛) became the Party leader (Xinhua, September 19, 2024).

Xi's own rise to power and the early years of his tenure were similarly marred by crisis and coercion. The run-up to Xi's appointment as CCP general secretary led to the later jailing of his main rival, Bo Xilai (薄熙来), and the removal of one of his key backers, Zhou Yongkang (周永康), the Politburo Standing Committee member responsible for internal security. He also removed other officials with ties to Zhou from the internal security leadership. So prevalent has this pattern of senior leadership figures been throughout the Party's history that, when former premier Li Keqiang (李克强) passed away in October 2023, many suspected foul play. One former Xinhua bureau chief, who dared to call publicly for an investigation into his death, was jailed (China Brief, December 1, 2023; RFA, February 11). But while the Party's second-in-command has often posed a threat—and in Lin Biao's case (or that of his family) attempted a coup—individual challengers are not the main source of power struggles that a leader faces.

More frequently, the biggest struggle is between the leader and what might be called the "machine"—the organizations, actors, and networks that constitute the institutional bedrock of the ruling party. In this framing, the "man" and the "machine"—in other words, the leader and the party-state system—maintain a codependent relationship. Effective governance relies on an equilibrium between the two. But the balance is constantly in flux as the context and the dynamics of the relationship evolve over time. At various moments, one or the other

might have the upper hand (Jiang, Man versus Machine, June 2024). The "machine" that the supreme leader sits atop is a complicated matrix of various subsystems that interact and overlap in myriad ways. Or, as the Research Center for Xi Jinping Thought on Socialism with Chinese Characteristics for the New Era of the Central Party School explains in an article published in Qiushi, the CCP functions as the operational "axis" (轴心) for a national governance "*tixi*" system composed of many "*xitong*" systems (中国特色国家治理体系是由多个系统构成的) that have a "clear hierarchy" (层次清楚) between them (Qiushi, November 28, 2019).

Xi has sought to improve the mechanisms through which this system-of-systems functions. For instance, he emphasized the importance of "strengthening system integration" (强化系统集成) and "adhering to the system concept" (坚持系统观念) in the Decision document that emerged from the Third Plenary Session of the CCP Central Committee in July 2024 (Beijing Daily, March 17). He has done this—along with other centralizing efforts—to enhance his executive power and drive the system in his preferred direction. But the system has frequently resisted, albeit in oblique ways. The phenomenon of officials "lying flat" (躺平), by pursuing superficial compliance or active inaction in response to central policy directions, is one example of such resistance. Another is the various forms of corruption that officials engage in, which can undermine governance institutions. Further evidence of the supreme leader failing to implement his will can be seen in people voting with their feet—fleeing the country, shifting capital and business assets overseas, delaying starting families, or engaging in various forms of contentious politics.

Analyzing the Party-state by considering the constituent systems through which it exerts power—as the Party itself does—can help observers assess where power lies and monitor the leader's ability to wield it effectively. Such an analysis reveals five systems that matter as the main loci of power, including two hard and three soft. **[1]** The first and second are the People's Liberation Army (PLA)—here referred to as the "gun"—and the security and intelligence services—here referred to as the "knife." Control over the Party's army has been a constant preoccupation of the CCP, from Mao's utterance of the oft-repeated aphorism that "political power grows out of the barrel of a gun" (枪杆子里面出政权) to new provisions released by the CMC this week focused on "restoring and promoting the Party and the military's glorious traditions and fine work styles, and firmly establishing the authority of political work" (恢复和弘扬我党我军光荣传统和优良作风，把政治工作威信牢固立起来) (Party Members Net, December 20, 2023; PLA Daily, July 21). The PLA has frequently saved the Party at key historical junctures, such as restoring order during the Cultural Revolution and suppressing protestors in and around Tiananmen Square in 1989. It also played a vital role in the power transition following Mao's death and during Deng Xiaoping's ascension to power. The "knife," meanwhile, has been no less critical to securing the Party's power. Mao in particular benefited from his henchmen Zhou Enlai (周恩来) and Kang Sheng (康生), who used domestic intelligence against their opponents. More recently, the politicization of domestic security elements by Bo Xilai and Zhou Yongkang helped to make Bo a competitor to Xi in the leadership transition of 2012.

The three softer elements of CCP power are essential for running the Party's day-to-day affairs. Of these, the first is the propaganda system, here referred to as the "pen." Beyond constructing and managing the media and cyberspace, the Propaganda Department controls theory and doctrine, and every long-serving CCP leader has relied on trusted officials to craft his preferred narratives and package his policies within an appropriate

framework of communist orthodoxy. The second element is the central Party bureaucracy, or the nomenklatura system, hereafter referred to as the "paper." Within this system, the General Office of the Central Committee and the Secretariat manage paper flow, while the Organization Department and the Central Commission for Discipline Inspection (CCDI) maintain dossiers, evaluate cadres, and, in the latter's case, investigate Party officials. The requirement that all meetings be recorded and communicated ensures that leaders do not convene outside the setting of a formal meeting, something that would arouse suspicions of factionalism. The final element is the red families—the "blood." These consist of the top Party families that were present at the creation of the PRC (essentially those represented at the first CCP Central Committee after 1949). Not only do these individuals possess power and wealth, they also grew up in military and leadership compounds with peers who would rise to similar levels. Family heritage remains a criteria for vetting Party members and deciding who will lead Party institutions. Back in 2012, both Xi and Bo were the sons of Party "Immortals," and despite having a limited network and little central experience, Xi's heritage enabled him to win support from important revolutionary families. It also allowed him to take forceful actions against the Party "machine" (Jiang, Man versus Machine, June 2024).

Anomalies Across Five Pillars of Power

Xi's monopoly on power appears impervious. He retains the three highest-level appointments across the Party-state system—CCP general secretary, chairman of the Central Military Commission (CMC), and state president. Over more than a decade in power, he has diminished the state, rescinding constraints on his presidency; effected enormous reforms to the military, where he continues to purge high-level officers; and has woven his thoughts and words into the regulatory fabric of the Party, driving his personal agenda and corralling the system to support his objectives. To some, the idea that Xi Jinping's power might be diminishing seems heretical. From an official perspective within the PRC, the idea is indeed heresy. But a failure to consider the possibility that Xi might be navigating a turbulent environment is a failure of imagination—one that both Xi and the system he bestrides have carefully cultivated.

A recent spate of periodic rumors and speculation allege that Xi Jinping's red star is waning. Most of these are provably false. For instance, the claim that Xi's position in central media has declined—as measured by appearances—does not fit with the data (China Media Project, June 26). Similarly, claims that he is embattled do not appear to have affected his schedule, which continues to be filled with chairing meetings and delivering speeches, such as the Central Financial and Economic Affairs Commission and multiple Politburo study sessions. He has also conducted high-level engagements with foreign leaders, including leading the Central Asia Summit in Astana (June 16–18) and meeting with Brazilian president Lula (May 13), Russian Foreign Minister Lavrov (July 15), and European Commission President Ursula von der Leyen (People's Daily, May 14; June 18; MFA, July 15; July 24). The same remains true for the overall policy trajectory. There have been no signs of reversal in the core political trends that have defined the Party's evolution under Xi's rule. If anything, those trends—centralized control, disciplined struggle, and the subordination of institutions to personal authority—have only intensified in 2025. No other figure in the Party or military apparatus approaches anything like Xi's status.

At the same time, the context of the current moment makes it difficult to dismiss these rumors completely. The main contextual point is the question of succession, which looms ever larger, as it does for any aging autocrat. At 72 years old, Xi is no longer young. Rumors about his health notwithstanding, certain indicators suggest that

Xi's mode of governance has shifted in his third term, which could be related to waning physical stamina. For instance, the frequency of his travel has reduced, with Premier Li Qiang now going overseas more than his general secretary does (China Brief, November 15, 2024). Xi has shown other signs that he is delegating his authority and responsibilities now, too. He is convening meetings of certain central commissions less frequently, or is sending written instructions rather than attending in person (South China Morning Post, August 21, 2023; The Economist, July 20).

Anomalies such as these may be accounted for by a transition in Xi's leadership style—which does not entail any loss in his authority. Other anomalies, however, do not yield simple explanations. We cannot yet know what the system has not divulged, and any echoes from internal machinations cannot easily be deciphered. But the recent emergence of speculation in both diaspora media and anglophone discourse nevertheless provides an opportunity to reflect critically on the nature of Xi's power, the way in which power operates throughout the Party-state system, and how to assess the relative rise and fall of its key players (China Brief, July 2).

The Gun

The military is the country's most formidable bastion of hard power. Xi made consolidating his control over the PLA a priority after taking office, launching an anti-corruption campaign and an unprecedented number of personnel moves and promotions (China Brief, February 4, 2015). Having cemented his command, he has spent the last decade overseeing sweeping and ambitious reforms to the military's organizational structure and encouraged it to perform an increasingly active series of drills and exercises, most notably around Taiwan.

Xi's power over the PLA nevertheless has clear limits. He himself has no military credentials to speak of. He also had to make concessions in his efforts at reform, maintaining the predominance of the ground forces within the system and deciding against imposing external checks and balances (China Leadership Monitor, February 27). In addition, he appears to remain heavily reliant on his first CMC vice-chairman, Zhang Youxia (张又侠), who is now 75—unusually old for a CMC member (China Brief, January 17). (He is not the oldest, however. Secretary of the CMC Discipline Inspection Commission, Zhang Shengmin (张升民), is 79. Incidentally, Zhang Shengmin's position was only added to the CMC in 2017. His retention likely indicates Xi's trust in him—or at least Xi's lack of trustworthy alternatives—at a time in which purges in the PLA are ongoing.)

While purges within the PLA have been relatively constant under Xi's rule, the current state of affairs has departed in some ways from recent history. First, the CMC is currently at its smallest size in decades. Beyond Xi Jinping, Zhang Youxia, and Zhang Shengmin, only Liu Zhenli (刘振立) remains. This follows the dismissal of head of the CMC's Political Work Department Miao Hua (苗华) in June—one of the highest-level military removals since the Mao era—and the unacknowledged disappearance of He Weidong (何卫东) in March. Vice Admiral Li Hanjun (李汉军) was also stripped of his status in June. Earlier purges include two defense ministers and dozens of commanders across key branches. From 2023 to the present day, the PLA and parts of the military-industrial complex in the PRC have experienced the purging of at least 45 officials, including 17 operational commanders, 8 logistics and procurement officers, and 9 political commissars (see Appendix). The high number of operational commanders purged is unusual—logistics and procurement officers, as well as political commissars, have more opportunities to engage in corruption.

In another anomaly, the Beijing Garrison (中国人民解放军北京卫戍区) has been without a commander since March, when Major General Fu Wenhua (付文化) was transferred to the People's Armed Police. The current stretch—four months and counting—is the longest the Beijing Garrison has gone without a commander since Major General Wu Lie (吴烈), who left the position in April 1962. (Major General Zeng Mei (曾美) was promoted to commander 19 months later, in November 1963.) The garrison's political commissar, Zhu Jun (朱军), has been in the role since June 2024, though he was only appointed following an eight-month period during which the role was vacant. Previously, the garrison had never gone without a political commissar for any length of time. Next to the Central Guards Bureau that protects CCP leaders, the Beijing Garrison is the most important PLA unit for coup-proofing the capital.

Other anomalies have been rumored too. These include the suggestion last year that Xi's wife, the renowned PLA singer Peng Liyuan (彭丽媛), had been appointed to the position of a senior staff member in an organization known as the CMC Cadre Assessment Committee (中央军委干部考评委员会) (China Brief, May 24, 2024). This rumor has not been corroborated, but it aligns with the idea that Xi is low on trust and continues to feel the need to assert his control.

The sheer scale and opacity of the crackdown have raised new questions—not about whether a struggle is underway, but whether Xi is still directing it or instead is responding to it. The loss of Miao Hua and his associated political commissars at lower levels almost certainly reduces Xi's ability to shape and direct the PLA as an institution, if not as a political player in CCP politics.

The Knife

A defining characteristic of the Xi Jinping era is the steady rise of national security, which now encompasses almost all aspects of governance. This is clear from Xi's "comprehensive national security concept" (总体国家安全观) and its integration with development (China Brief, May 23). As with the "gun," Xi has advanced a series of deep reforms to the Ministry of State Security (MSS) that one analyst characterizes as the most important development in the PRC's civilian intelligence system since its establishment in 1983 (China Brief, November 15, 2024). These efforts have sought both to enhance central Party control over the MSS system and to ensure that the "party center has supreme authority over state security" (国家安全大权在党中央) (Qiushi, April 15, 2024). For much of the MSS's history, the ministry was decentralized and its leadership chosen, in part, to keep it weak (China Brief, January 14, 2011).

At the top of the MPS, meanwhile, a reshuffle appears to have taken place in recent weeks. In late May, Hu Binchen (胡彬郴) left his role as assistant minister (部长助理) in Beijing to become head of the public security department and vice governor of Jiangsu Province (People's Daily Online, May 30). Hu, an official with experience working in the PRC embassy in Washington, D.C., and on international police work with the United States, had only served in the role of assistant minister for one year. This suggests that his transfer to Jiangsu could be politically motivated—a theory that is perhaps supported by the subsequent dismissal of two vice ministers (副部长), Chen Siyuan (陈思源) and Sun Maoli (孙茂利), in early July (Ministry of Human Resources, July 9). To replace them, Yang Weilin (杨维林) has been pulled up from the Guangxi Zhuang

Autonomous Region to be appointed as a new vice minister (Baidu Baike/杨维林, accessed July 24). Yang has been tied to the Communist Youth League (CYL) faction due to his connections with Bayanqolu (巴音朝鲁), who was in leadership positions within the CYL Central Committee over the period 1993–2001 (Jilin People's Government, October 29, 2014). The two overlapped in Jilin Province, where Yang worked in multiple roles in the political-legal system while Bayanqolu worked as the Jilin Party Secretary (Department of Public Security of Jilin Province, August 31, 2017; Siping Chang'an Net, January 24, 2019; HKCD, January 23). The CYL faction is closely associated with Hu Jintao's leadership. Overinterpreting such factional ties is ill-advised, but when viewed alongside these other high-level reshuffles, Yang's appointment could support an interpretation that the MPS has experienced some political turbulence in recent months. **[2]**

The knife may be one area where Xi is relatively weaker than he is elsewhere—at least in terms of the duration and depth of his direct influence. When Xi first became general secretary, he faced an internal security apparatus that had been politicized by his opponents and required significant organizational and personnel reforms to neutralize the knife as a political danger (China Brief, June 22, 2012; War on the Rocks, July 18, 2016). Of all the elements, the political-legal apparatus, including the MSS and MPS, was the last to face Xi's rectification campaigns, which finally arrived in 2020—well into his second term. This was much later than similar efforts to bind the military, propaganda, or central bureaucracy systems (iFeng, July 8, 2020). Even then, only around the 20th Party Congress in 2022 was Xi able to get his people into the leadership roles across the key ministries and the Central Political and Legal Affairs Commission (China Leadership Monitor, November 30, 2023).

The Paper

The Party-state bureaucracy continues to be governed by a tightly knit circle of Party elites whose legitimacy and authority are closely tied to Xi Jinping. These include senior figures on the politburo standing committee like Wang Huning (王沪宁), the CCP's chief ideologue and architect of "Xi Jinping Thought," Cai Qi (蔡奇), Xi's longtime chief of staff, Zhao Leji (赵乐际), the head of the CCDI who led past anti-corruption purges, and Ding Xuexiang (丁薛祥), Xi's former general office director now serving as vice premier. No group that could be seen as a rival faction or figure has surfaced. That said, loyalty remains fluid. For example, some rumors suggest that Cai Qi may be cultivating ties with CMC Vice Chairman Zhang Youxia, who is framed as the most plausible challenger to Xi (YouTube/老灯, June 12). On July 7, state media showed that Cai Qi led the ceremony in Beijing of the 88th anniversary of the beginning of the "entire nation's war of resistance" (全民族抗战) with Zhang Youxia and other senior CCP officials present, while Xi was in Shanxi paying tribute to the martyrs alone (Xinhua, July 7; People's Daily, July 7).

Several officials have been removed or transferred from key organs in the bureaucracy in recent months, though none of these changes suggest that Xi is losing his power over the nomenklatura. These have included the unusual switch of Li Ganjie (李干杰), who led the department for just two years, with former director of the United Front Work Department Shi Taifeng (石泰峰). Although this was framed as a lateral transfer, in practical terms this constitutes a demotion for Li (China Brief, April 23). The moves have also included former head of the CCDI's discipline inspection and supervision office (纪检监察组) Li Gang (李刚), who was expelled from the Party in April on corruption charges (Global Times, April 7). Li Gang and Li Ganjie both allegedly have ties

to Chen Xi (陈希)—a former Tsinghua University roommate of Xi Jinping's and a possible close ally (Aboluwang, October 2, 2024; Nikkei Asia, April 10). It is unclear, however, what the nature of these ties are, or whether Li Gang's dismissal is in any way connected with Li Ganjie's transfer. Overall, beyond the unusual switch between Li and Shi, there is little evidence that Xi's grip on the knife is slipping.

The Pen

The propaganda system is one area in which Xi's power has remained the strongest. His confidence in this part of the Party-state bureaucracy is perhaps reflected in the lack of senior personnel changes over the last year. His control is also reflected in the frequency of his appearances in state media, including on the front page of the *People's Daily* (人民日报) (China Media Project, June 26). In his first term, Xi toured state media organizations, delivering speeches as part of his "Propaganda Thought Work" (宣传思想工作), which emphasizes loyalty to the Party and the importance of guiding public opinion (China Brief, February 23, 2016). These tours also allowed Xi to diminish Liu Yunshun (刘云山), one of Jiang Zemin's men who headed the Propaganda Department from 2012–2017, laying the groundwork to place his own man in charge (China Brief, February 23, 2016). After sidelining Liu, Xi selected Wang Huning (王沪宁), a member of the Politburo Standing Committee, to oversee propaganda.

Part of Wang's mission has been to help build a cult of personality around Xi. It is possible that Xi could be dissatisfied with this system for its lack of success in creating such a cult, despite continuous attempts over the last twelve years (China Brief, March 6, 2015). Some analysts observe an emerging cult that emboldens and empowers Xi, making continuous purges feasible (Asia Society, February 26). Others, meanwhile, see the attempts to cultivate an image of Xi as a charismatic and visionary leader as "clumsy" and "counterproductive" (Xu, Institutional Genes, August 2025). Indeed, others still suspect that parts of the system have intentionally leaned into the personality cult as a form of resistance, using excessive and nauseating praise of Xi to remind the public and other elites of the traumatic experience of the Maoist era, thus delegitimizing Xi (Jiang, Man versus Machine, June 2024). Additional evidence of potential backlash against Xi's burgeoning personality cult emerged in the form of a series of articles in the *PLA Daily*, published in the second half of 2024. These emphasized the importance of "adhering to collective leadership" (坚持集体领导), which could be seen as pushback to Xi's governing style (China Brief, March 15).

In recent months, indicators of additional issues within the propaganda system have emerged. In terms of personnel, two officials have been recently purged from the *People's Daily*, with another reportedly under investigation. Hu Guo (胡果), the paper's first female vice president, and Yu Jijun (余继军), a member of the editorial committee, disappeared from the "leadership" section of the paper's website sometime between December 2024 and June 2025 (People's Daily, accessed December 18, 2024, accessed June 20; Lianhe Zaobao, June 9). Meanwhile, rumors are circulating that the president of the organization, Yu Shaoliang (于绍良), has been taken away for questioning. This is unconfirmed, however, and his name is still listed on the leadership page (YouTube/@yuege-nanfanglang, June 10). Yu was only promoted to president last September, so his removal would be unusual. Li Muyang, a U.S.-based commentator, argues that his removal could mean Xi Jinping "is in a bad way" (Epoch Times, June 9; Watch China, June 12). Some analysts believe that the removal of Yu Shaoliang, as a full ministerial leader, and Hu Guo, as a vice-ministerial leader, both of

whom were mouthpieces for Xi Jinping Thought, could indicate that Xi is losing power (Watch China, June 12). The Propaganda Department has not been entirely without its own issues either. In June 2024, Vice Minister Zhang Jianchun (张建春) was placed under investigation by the CCDI before being indicted in April on suspicion of accepting bribes (CCDI, June 21, 2024; Xinhua, April 18).

Despite these developments and apparent limited success in forging a personality cult, the propaganda system remains widely regarded as one of Xi's key strongholds. If Xi were involved in a power struggle, the propaganda system probably would be the last place for indicators to appear. Any appearance of such indicators, however, should be a tripwire signaling impending change to the structure of CCP politics.

The Blood

Perhaps the most opaque of all the Party's power centers, the position of the red families and "princelings" is difficult to discern. In the absence of evidence, rumors of discontent among retired senior CCP officials—and of their alleged efforts to collectively or individually challenge Xi Jinping's leadership—have circulated since 2017. The latest iteration of these claims surfaced in mid-2023, when reports alleged that three Party elders aligned with Hu Jintao and Wen Jiabao (温家宝) criticized Xi's policies during a closed-door discussion at the annual Beidaihe retreat (China Brief, June 24; The Bureau, June 25). The speculation quickly evolved, with some outlets claiming that Hu, Wen, Li Ruihuan (李瑞环), and Zeng Qinghong (曾庆红) had begun coordinating efforts to unseat Xi. Astonishingly, these rumors claim that the elders had succeeded, with Xi's resignation said to be inevitable, though these lack credible supporting evidence (YouTube/墙内普通人, June 28). The initial claim that Xi Jinping was criticized during the 2023 Beidaihe retreat originated from a report by Nikkei Asia, which cited an anonymous Party insider. It carries at least a small degree of plausibility. If such a meeting did occur, however, the intent may have been much more benign, such as well-meaning advice from senior figures in the spirit of the "intra-Party democracy" (党内民主) that some retired cadres are still nominally entitled to. All four of the individuals are over 80 years old, and Hu in particular appeared frail and disoriented when he was escorted out of the 20th Party Congress in 2022. This makes it hard to believe they could remain capable of sustained political engagement. Nor do they appear to have any significant political leverage over the key power institutions, especially with the "gun" and the "knife."

Today's retired Party elders lack the institutional mechanisms once available to influence policymaking or intra-Party deliberations. The Central Advisory Commission (中央顾问委员会) that existed under Deng Xiaoping provided a formal channel for senior cadres to remain engaged in elite politics, yet no such counterpart exists today (Institute of Party History and Literature, May 18, 2017). Even if that commission served as a polite fiction, Deng's peers shared his decades-long connection to leaders across the elements of CCP power and could exercise considerable influence outside formal channels. Since coming to power, though, Xi has made it clear that he does not want retired cadres to interfere. A commentary that ran in the *People's Daily* in 2015 used the phrase "tea getting cold after people have left" (人走茶凉)—meaning that people cease to care about those no longer in positions of power—and railed against unnamed leaders who "refuse to stay out of major decision-making of their original offices, even after stepping down for many years" (退下多年后，对原单位的重大问题还是不愿撒手) (People's Daily, August 10, 2015). This directive was widely interpreted as part of Xi's

broader effort to marginalize the influence of elders and enforce his own set of "political rules" (政治规矩) (China Brief, August 18, 2015).

Yet it is worth asking why such rumors—of retired Party elders rising to challenge Xi Jinping—persist, and why they tend to proliferate whenever Xi disappears from public view for an extended period. At the core lies a form of political imagination shared by many PRC citizens, especially among elite circles disillusioned with Xi's policies and autocratic leadership style. For these individuals, the Jiang-Hu era represents a kind of "golden age": a time of rapid economic growth, expanding urban wealth, and relatively greater economic freedom for private entrepreneurs—a stark contrast from Xi's preference for the advance of the state and the retreat of the private sector (国进民退). Within the Party-state system, many officials benefited from a more balanced power structure and limited but meaningful "intra-Party democracy" during the Jiang and Hu administrations. In contrast, Xi's rule has been marked by strict centralization, "one-man authority" (定于一尊的权威), and prohibitions against expressing dissent toward the central leadership (不得妄议中央). The nostalgia for the Jiang-Hu era, particularly its norms of collective leadership and relative openness, has therefore become a vehicle for passive resistance to Xi's governance.

This may explain why the protagonists in these anti-Xi rumors are invariably retired Jiang–Hu era leaders, rather than rising political challengers or reform-minded younger officials. From a practical standpoint, a younger challenger would be far more likely to pose a credible threat. Yet popular political imagination tends to favor the symbolic return of a bygone era over the emergence of an unknown alternative. In this sense, such rumors function less as accurate political forecasts and more as expressions of longing for a past that now appears irretrievably lost.

Throughout China's political history, rumors have often served as tactical instruments for reshaping power structures. In many episodes of dynastic succession and regime transition, political challengers first circulated rumors to test the ground before taking concrete action. In highly repressive environments where open dissent is dangerous, anonymous dissemination of rumors offers a low-risk means of probing whether their content resonates, either among regime insiders or among the broader populace. If the rumor finds traction, its originators may identify potential allies within the system or detect pockets of social discontent that can be mobilized. If the rumor fails to elicit a response, it still serves the purpose of venting frustration and testing the "political temperature" without direct exposure. Although today's anti-Xi rumors lack the metaphysical dimension of the "Mandate of Heaven" (天命) or "prophetic texts" (谶纬), the logic of their production and dissemination closely mirrors that of historical power struggles: to challenge centralized authority indirectly through anonymous, deniable signals when direct confrontation is not viable.

From this perspective, even if the content of these rumors is implausible, the fact that such narratives circulate at all may indicate undercurrents of discontent beneath the surface of Party unity. Under Xi's tightly controlled leadership, the CCP presents a highly centralized image of discipline and stability. Yet the persistent circulation of rumors suggests that beneath this facade lie latent political tensions. These tensions are occasionally brought to light by outspoken insiders. For instance, retired Central Party School professor Cai Xia (蔡霞), in a leaked 2020 address at a conference organized by princelings, denounced Xi's CCP as a "political zombie" (政治僵尸) and described him as a "mafia boss" (黑帮老大) who has turned 90 million Party members into

tools for personal power (China Digital Times, June 4, 2020). These undercurrents could resurface at a critical inflection point, such as if Xi, in his later years, is compelled to designate a successor, either publicly or in secret. At that moment, actors currently feigning loyalty may shift their allegiances and coalesce around the successor as a new, semi-autonomous center of power, potentially beyond Xi's control.

Scenarios

Power struggles are the norm, not the exception, in CCP politics. But uncovering them is a considerable analytical challenge. As Xi ages and the absence of a designated successor becomes more conspicuous, elite actors are inevitably maneuvering around the question of who—or what—comes next. The following three scenarios outline possible paths of political evolution, ordered by degree of disruption.

Scenario 1: Xi Jinping in Charge

In this scenario, Xi remains dominant and above the fray, even as elite competition intensifies beneath him. The leadership refrains from naming a successor, and Politburo Standing Committee members like Wang Huning, Cai Qi, and Zhao Leji continue to serve as loyal executors of Xi's agenda rather than rivals in waiting. Xi maintains control over key mechanisms of Party governance—particularly the Central Military Commission, the Politburo, and the central commissions that steer policy formation. Party messaging continues to elevate Xi as the Party's core leader, with ideological campaigns reinforcing his authority. Purges and personnel reshuffles persist, especially in the military and tech sectors, signaling that control is being maintained through disciplinary enforcement. Under this scenario, infighting may intensify, but it remains constrained within the system Xi built, with no alternative power center gaining real traction.

Scenario 2: Xi Jinping Diminished

In this scenario, the Party-military "center" becomes fragmented. Xi's authority remains intact but is increasingly contested. Elite infighting spills into visible institutional dysfunction, evidenced by prolonged vacancies in key roles, unusual personnel turnover, or divergent policy signals between Party organs. Xi's close allies, such as Cai Qi or Ding Xuexiang, may be drawn into factional disputes or begin cultivating patronage ties with other factional "mountaintops" (山头) (such as Cai's rumored alignment with Zhang Youxia). Parallel centers of influence may form around powerful actors in the military, primary economic nodes (e.g. energy), or provincial Party apparatuses. Xi's ability to dominate central commissions and Politburo processes weakens, and the system reasserts its power through more transactional elite coordination. Purges may become riskier and more destabilizing, as all factions treat them as moments of existential crisis rather than political recalibration. This scenario does not imply a coup or collapse, but it does suggest the re-emergence of real horizontal contestation, breaking the top-down coherence of Xi's first 13 years in power.

Scenario 3: Xi Jinping Finished

This, the most disruptive and least probable scenario, would see Xi abruptly sidelined, reduced to a figurehead, or removed entirely. Triggers could include a sudden health crisis, an engineered Party plenum to strip Xi of real authority, or a coordinated institutional realignment initiated by top-level officials—most likely from within the CMC or Politburo Standing Committee. Signals for this kind of development would include sharp discontinuities: the rapid elevation of a successor figure, a dramatic shift in state media tone, or sweeping

changes in policy language disavowing aspects of Xi's governance model. Key allies such as Wang Huning or Ding Xuexiang would likely disappear from public view, replaced by more conciliatory or transitional technocrats. Though unlikely, this scenario cannot be entirely ruled out, especially given the historical precedents of sudden shifts at moments of perceived overreach or vulnerability (e.g. Mao's death and subsequent fall of the Gang of Four). The decisive feature would be that the system no longer merely "contains" struggle—but that struggle spills over into open political conflict.

Conclusion

We assess that "Scenario 1"—that is, Xi Jinping continues to dominate—remains the most likely description of the current political status quo, based on the weight of evidence from spring and summer 2025. If a challenge had emerged over succession-related issues, the state of the economy, and the U.S.-PRC trade war, then Xi successfully dealt with that challenge by the time of publication.

Despite high-level purges, unusual military reshuffles, and persistent rumors of elite dissatisfaction, there is no visible indication that Xi's personal authority has meaningfully eroded. He continues to chair Politburo meetings, oversee the work of key commissions, and dominate state media coverage. Xi's closest allies—Wang Huning, Cai Qi, Zhao Leji, and Ding Xuexiang—remain firmly embedded across the Party's institutional core. No rival faction or potential successor has emerged with the political standing or organizational base to challenge him. While signs of elite maneuvering suggest the system is becoming more fluid, it still functions through the structures and personnel Xi built, not in defiance of them.

A note of caution is warranted, however. Recent developments also indicate signs of rebalancing within the military-security apparatus, adding nuance to our assessment of a still-intact Xi power center. June's Politburo meeting, which reviewed new internal regulations for Party decision-making bodies, spoke to growing institutional awareness of the need to formalize procedures and curb unchecked command, even as it underscored Xi-era priorities (China Brief, July 2). Simultaneously, sweeping turnover in the military and security services has taken shape this year. June 2025 alone saw Admiral Miao Hua—the head of the CMC's Political Work Department and once a close Xi appointee—removed from the Central Military Commission and expelled from the NPC, alongside the sidelining of Vice Admiral Li Hanjun and the disappearance of General He Weidong from public duties. The structural purges, which have halved the CMC's size, are widely understood not only as anti-corruption efforts but also as a systematic rebalancing of Xi's patronage networks. While these actions do not yet amount to an overt power shift, they signal that the outwardly monolithic military-security apparatus Xi once relied upon is now visibly fractured and contested, even as he retains formal authority.

Early signs of tension suggest that a transition to "Scenario 2"—fragmentation and realignment within the elite—can no longer be ruled out. There is no fixed timetable for such transitions. Scenario 2 may endure for years, or it could quickly spill into open power struggle if elite competition spirals. Although the Party once developed norms to manage succession and prevent destabilizing uncertainty, Xi's dismantling of those rules has reintroduced precisely the kinds of internal tensions those norms were meant to contain. If anything, those tensions are likely to intensify. As Xi enters what is effectively the indefinite phase of his tenure, Party elites will increasingly maneuver around the unresolved question of succession. Biological fact ensures that the core will

not hold forever. For now, Xi appears capable of dictating terms, but as time goes on, the system will only reduce his power to do so.

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Notes

[1] This structure of power is drawn from how Mao Zedong rose to power in the 1930s and regained power at the start of the Cultural Revolution. In his rise, Mao sequentially placed or converted CCP cadres across these systems (Gao, *How The Red Sun Rose*, February 2019). At the start of the Cultural Revolution, Mao removed the PLA chief of staff, the propaganda department director, and the head of the Central Committee's General Office before reforming the Beijing Garrison and folding local public security forces into it (see, MacFarquhar & Schoenhals, *Mao's Last Revolution*, 2008, esp. chapter 2). Other analyses of CCP speeches and leadership dynamics highlight similar systems (BBC [Chinese], January 11, 2014). The authors would like to offer particular thanks to Dimon Liu, who has repeatedly highlighted the importance of these systems.

[2] For more on the CYL faction, see: China Brief, May 11, 2016, November 30, 2012.

PLA Navy Shifts Training Focus from Near-Shore to Blue-Water Operations

By Yu-cheng Chen & K. Tristan Tang

The Liaoning and Shandong aircraft carrier formations, which recently engaged in coordinated training drills in the Western Pacific. (Source: Xinhua)

Executive Summary:

- In June 2025, the Liaoning and Shandong carrier strike groups conducted operations in the Western Pacific, achieving three major milestones with significant strategic implications for the U.S. military and Indo-Pacific regional states.
- The three key milestones include the first simultaneous deployment of two carrier strike groups beyond the First Island Chain; the first time a Chinese carrier has operated beyond the Second Island Chain; and a record-breaking duration for carrier operations outside the First Island Chain.
- These military actions were part of far-seas mobile operations training, conducted within the People's Liberation Army Navy's annual routine training program. This indicates that the navy has begun to regularize far-seas mobile operations training, which may require the United States to adjust its force posture in the region.
- ogether with the large-scale PLA military operations around Taiwan that have taken place since 2022, these developments suggest that the Central Military Commission likely assesses that the Chinese military possesses comprehensive near-seas combat capabilities, implying that the PLA Navy could believe it has secured operational dominance in nearby waters and may adopt more assertive actions against foreign naval vessels in these areas.

On May 27, the People's Liberation Army Navy's (PLAN) Liaoning aircraft carrier crossed the first island chain and entered the Western Pacific. On June 7, the Shandong carrier group followed suit, transiting from the South China Sea into the Philippine Sea. While in the Western Pacific, the carrier groups engaged in a round of far-sea realistic combat training (远海实战化训练) and adversarial drills (对抗演练). The drills included reconnaissance and early warning, counter-strike operations, anti-surface assaults, air defense, and round-the-clock tactical flights by carrier-based aircraft; achieving new milestones for the PLA Navy (PLA Daily, July 1). By June 22, both groups had returned to the East and South China Seas, respectively.

The drills constitute a shift in the PLAN's focus toward long-range operations. This likely stems from an assessment by the PLA's Central Military Commission (CMC) that the navy has achieved sufficient combat capability in the country's near seas (近海). This is something that could have important implications for U.S. force posture in the region. The PLA has begun to cross the Second Island Chain, which includes Guam, in the Western Pacific. This shift brings Chinese forces closer to Hawaii. As a result, the United States may need to adjust its force deployments and rotation schedules accordingly. In addition, the latest shift could imply that the PLA Navy believes it has secured operational dominance in nearby waters. If so, it likely will engage in more assertive and potentially unsafe behavior during naval encounters with vessels from neighboring states in future.

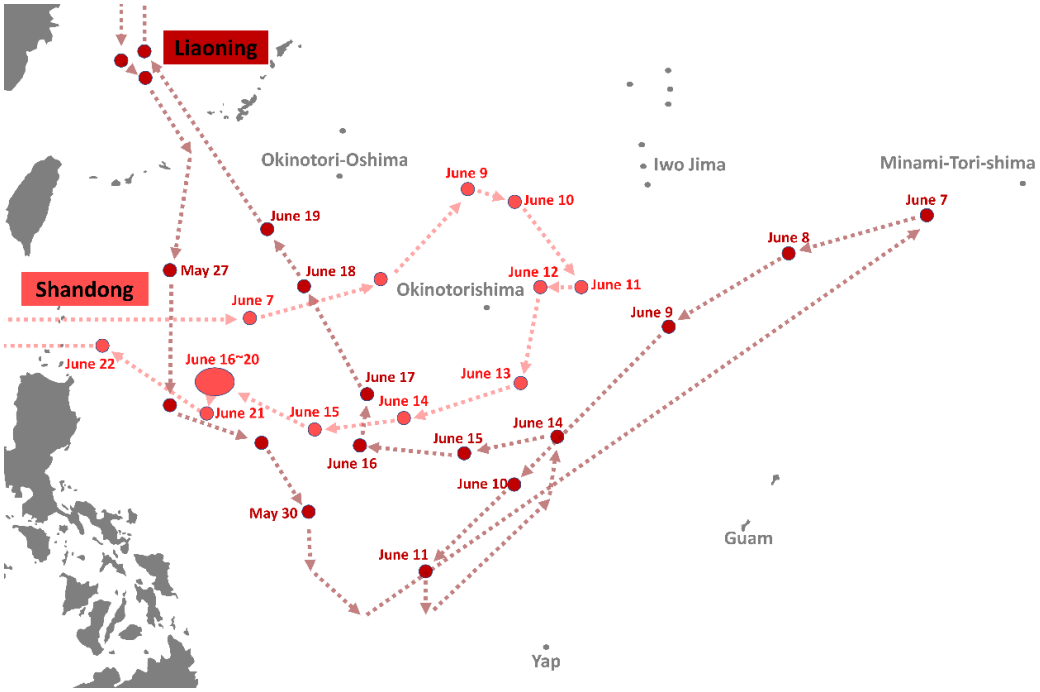
Deployment Achieves Milestones for Scale, Range, and Duration

The PLA Navy achieved three milestones during this latest round of training drills.

First, the drill marked the first time two PLA aircraft carriers had operated simultaneously in the Western Pacific, a deployment that lasted approximately 13 days. The Liaoning group conducted operations from May 27 to June 19, while the Shandong group operated from June 7 to June 22. This contrasted with previous instances of carrier groups crossing the first island chain into the Western Pacific. According to Japan's Ministry of Defense, which publishes data going back to 2021, there have been 14 instances of Chinese carrier group deployments in the Western Pacific prior to the two aircraft carrier deployments this June. In each of those earlier cases, only a single carrier group operated in the region. The shortest interval between different Chinese carrier groups entering the Western Pacific had been about two weeks, when the Liaoning carrier group operated there from October 13–15, 2024, before the Shandong group entered the area on November 4, 2024. On that occasion, despite operating in proximate areas, they did not conduct operations simultaneously.

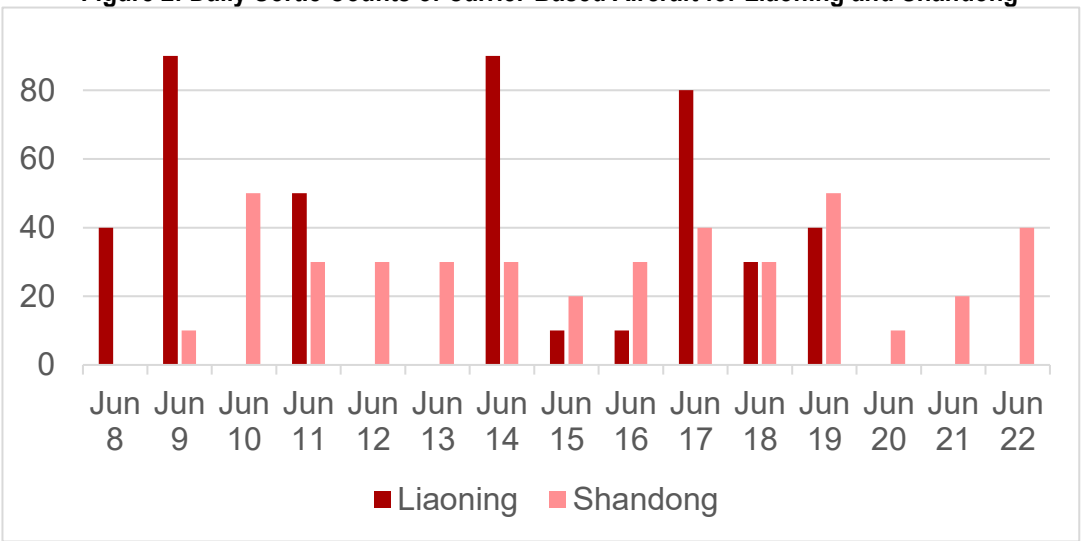
In the period June 14–18, the two carriers likely conducted carrier-versus-carrier training exercises. We can infer this from the fact that they maintained a distance of 500–600 kilometers for the duration of that period—beyond their outer defense zone boundary. (This boundary extends to about 400 kilometers, according to analysts at the China Maritime Studies Institute (CMSI Notes, July 16, 2024)). The high number of sorties from the Liaoning carrier over those five days—90 on June 14 and 80 on June 17—also supports this thesis. These were the joint-highest and second-highest single-day sortie counts across the entire period (see Figures 1 & 2 below).

Figure 1: Area of Operations for the Liaoning and Shandong Carrier Strike Groups



(Source: Created by K. Tristan Tang based on Japan Ministry of Defense press releases)

Figure 2: Daily Sortie Counts of Carrier-Based Aircraft for Liaoning and Shandong



(Source: Created by K. Tristan Tang based on Japan Ministry of Defense press releases)

The operation also marks the first time Chinese aircraft carriers have sailed beyond the second island chain—a second milestone achievement. On June 7, the Liaoning carrier group operated approximately 300 kilometers southwest of Minami-Tori-shima. It then moved southwest about 400–500 kilometers on June 8, navigating waters between the second and third island chains. Previously, the farthest distance traveled by a Chinese carrier was in late December 2022, when the same carrier operated in the Philippine Sea about 870 kilometers south of Okinotorishima and roughly 700 kilometers west of Guam (see Figure 3). As in 2022, the Liaoning's farthest distance from its homeport in Qingdao, Shandong, was about 3,000 kilometers; however, this time it came much closer to Midway Island than any previous excursion.

Figure 3: Closest Distances of Chinese Aircraft Carrier Deployments near Guam

(Source: Created by K. Tristan Tang based on Japan Ministry of Defense press releases)

The movements of the Liaoning likely indicate that it played the role of a "blue force," simulating a U.S. carrier group, while the Shandong group possibly acted as a "red force" in adversarial exercises (Xinhua, July 1). Until June 7, the Liaoning carrier group advanced toward its easternmost point—roughly 3,000 kilometers from Midway Island. At this point, it turned around and proceeded west, just as the Shandong carrier group exited the first island chain into the Philippine Sea, sailing eastward. These were not necessarily tactical-level drills involving individual ships and aircraft but may have involved strategic-level maneuver tests of carrier group deployments in the Philippine Sea.

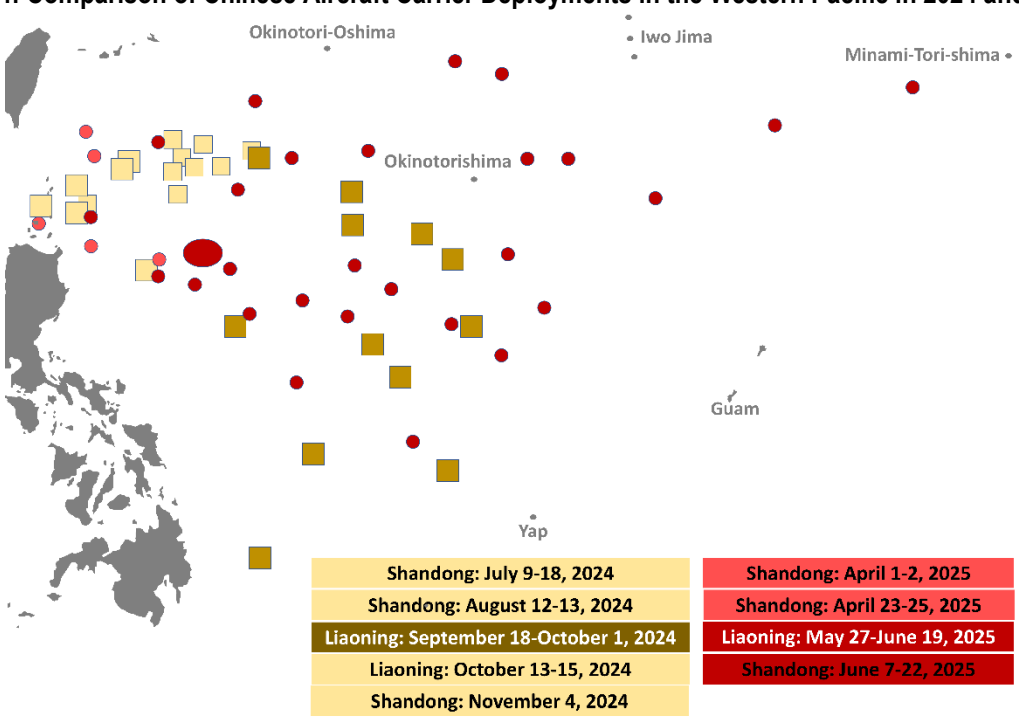
Compared to PLA carrier group operations conducted in 2024, those conducted in 2025 so far have taken place farther from the PRC. Among five carrier group deployments in 2024, four operated in a relatively concentrated area near the Bashi Channel, except for the batch at the end of September 2024 that showed a noticeably wider operational range. In contrast, the four carrier group deployments in 2025 displayed a clear pattern of dispersion, as illustrated in Figure 4 below. In another divergence from the Joint Sword 2024B exercise and the Strait Thunder 2025A drill—both of which involved carrier deployments—no carrier-based aircraft flew near Taiwan's

eastern coast during the latest drills, according to Taiwan's Ministry of National Defense (China Brief, November 1, 2024; April 11).

The third milestone achievement from the most recent deployment was the setting of a new record for the longest continuous duration of Chinese carrier groups conducting operations beyond the first island chain. For 27 consecutive days, at least one carrier group operated in the Western Pacific. The Liaoning group remained active for 24 days, matching its operational duration in April 2021, while the Shandong group operated for 16 days, the longest since its 20-day deployment in April 2023 (see Figure 5 below).

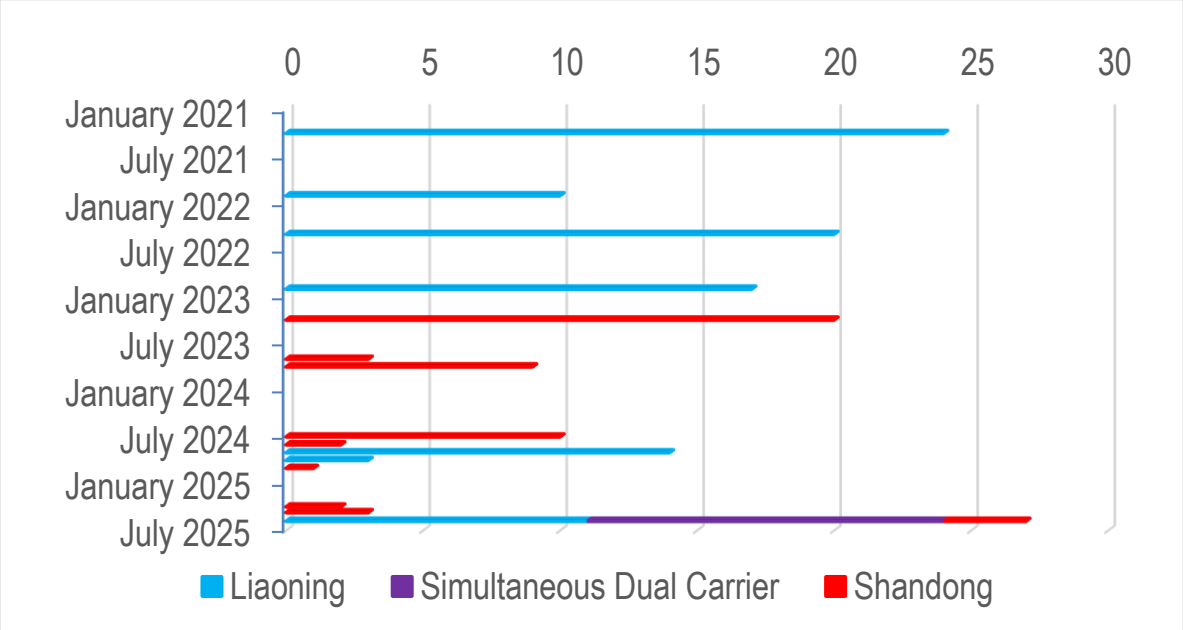
PRC officials have emphasized that this carrier activity is part of the PLA's annual routine training program (根据年度计划组织的例行性训练), focusing on exploring formation combat elements and the practical application of combat power (PLA Daily, July 1). This indicates that the expanded operational range beyond the second island chain reflects a military-issued training plan aimed at exploring and validating training scenarios and maritime areas that were previously rarely addressed.

Figure 4: Comparison of Chinese Aircraft Carrier Deployments in the Western Pacific in 2024 and 2025



(Source: Created by K. Tristan Tang based on Japan Ministry of Defense press releases)

Figure 5: Number of Days of Chinese Aircraft Carrier Deployments Beyond the First Island Chain



(Source: Created by K. Tristan Tang based on Japan Ministry of Defense press releases)

Latest Training Drills Emphasize Far-Seas Mobile Operations

Two key implications emerge from the foregoing analysis of the PLAN's latest drills. The first is that the PLA has started shifting the focus of its training from near-seas comprehensive operations (近海综合作战) toward far-seas mobile operations (远海机动作战). The second—which follows from the first—is that the CMC likely has determined that the PLA now possesses comprehensive near-seas combat capabilities (近海综合作战能力), such as those needed for operations around Taiwan.

Supporting evidence for the first implication—that the PRC has begun shifting its training focus to far-seas mobile operations—can be found in the 2020 edition of the *Science of Military Strategy* (战略学), published by the PLA. According to official definitions, near-seas comprehensive operations describe the integrated use of forces in near-sea areas for homeland defense, island and reef protection, convoy escort, and maritime raid operations through multi-branch coordination and multi-disciplinary support. It primarily includes the navy's reconnaissance and early warning capabilities in near-seas areas, situational control, rapid response to emergencies, strike capabilities against enemy targets, self-defense abilities, and the effective deployment of support within the operational maritime area. Far-seas mobile operations, meanwhile, refer to maritime combat actions conducted in "oceanic waters far from land" (远离陆地的远海海域). These operations primarily aim to control key strategic passages, protect sea lines of communication, safeguard overseas interests, deter maritime military crises, and maintain global peace.

Conducting mobile operations far from the homeland poses unique challenges due to the lack of shore-based air support and close-range logistical supply. It requires that the navy concentrate its elite forces at sea to sustain "far-seas raiding and guerrilla warfare" (远海破袭游击作战), striving for speed and effectiveness. To achieve

this, it must enhance battlefield early warning and monitoring capabilities, the collection, processing, and dissemination of information and data, decision-making and command functions at the command centers, coordination among fleet units, precise strike capabilities of main combat weapons, and self-defense abilities of mobile task forces.

Efforts to explore and train command decision-making capabilities and fleet coordination skills are clear in the PLAN's approach to recent far-seas activities. This is true for both the recent dual carrier operations in the Western Pacific, which involved extensive fleet movements, multiple changes in fleet composition, and frequent carrier-based aircraft activities, as well as for the live-fire drills that took place in February in waters east of Australia, which included tests of precise strike capabilities for main combat weapons.

The second, equally important implication of the latest drills—that the shift to focusing on developing far-seas mobile operations indicates satisfaction that sufficient near-seas combat capability has been achieved—is also supported by doctrine. The *Science of Military Strategy* states that far-seas mobile operations build upon a foundation of near-seas comprehensive combat capability.

Since August 2022, the PLA has announced and conducted five large-scale military exercises and drills targeting Taiwan. The first, launched in response to Speaker Pelosi's visit to Taiwan, was officially categorized as a drill, with official statements emphasizing its training purpose and validation of operational scenarios. The subsequent three "Joint Sword" (联合利剑) exercises conducted in 2023 and 2024 built upon that initial drill, advancing into more complex military exercises. Unlike the multi-day military operations conducted in 2022 and 2023, the two exercises in 2024 lasted only two days and one day, respectively, yet still involved the deployment of a large number of aircraft and vessels. This aligns with the rapid response capabilities required for near-seas comprehensive combat operations. One possible reading of these drills is that, beyond political posturing, they may also have been motivated by a desire to expand maritime defense depth and enhance the ability to respond to external major threats, particularly from the United States (Xinhua, June 11; Global Times, June 17).

It is plausible that the Central Military Commission is satisfied with the outcomes of these previous drills. This could also explain why the Strait Thunder 2025A drill in April reverted to a less complex drill format (China Brief, April 11). Now, having increasingly normalized its military presence in its neighborhood, the PRC seeks to do the same in the Western Pacific. Ambitions to expand the reach of its military are evident in recent national security pronouncements, such as a white paper on national security released in May (China Brief, May 23, July 17). These indicate that the PLAN hopes eventually to establish an integrated maritime defense system that connects near and far seas and combines internal and external security—a direction for "maritime battlefield construction" (海上战场建设) that military strategists such as Liu Mingfu (刘明福) advocate (China Brief, July 3, 2024). **[1]**

Conclusion

The PLA Navy's shift in training focus from near-seas to far-seas operations could lead to more direct pressure on the United States. Key U.S. military outposts beyond the mainland—such as Hawaii—could have to contend with increased naval presence by Chinese naval forces operating closer and with greater endurance than before. This development not only challenges the United States's strategic depth in the Pacific but may also compel it to reconsider its force deployment and readiness posture throughout the Indo-Pacific region.

The views expressed are solely those of the authors and do not represent the positions of the National Defense University, the Ministry of National Defense, or the government of ROC (Taiwan).

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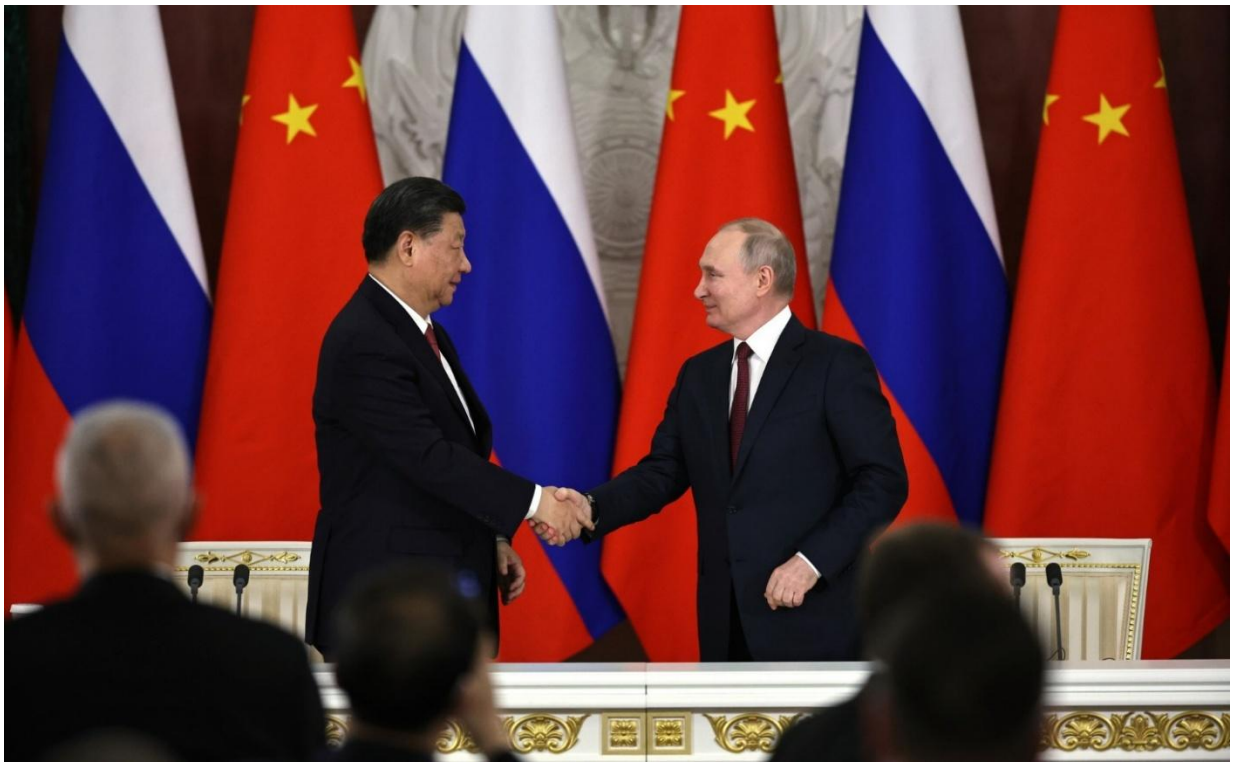
Notes

[1] 劉明福，《新時代中國強軍夢》(北京：中共中央黨校出版社，2020)，頁 264.

Beijing Learning Lessons From Russian Response to Financial War

By Sunny Cheung



President Xi Jinping meets President Vladimir Putin in Moscow after Russia's full-scale invasion of Ukraine. (Source: Wikipedia)

Executive Summary:

- Beijing has tracked Russia's response to what it perceives as financial warfare from the United States and its allies and has begun mitigating its vulnerabilities and building an offensive toolkit in response. Chinese experts take confidence from Moscow's resilience in face of more than 21,000 sanctions imposed since February 2022, and also quietly praise Russia for accelerating the internationalization of the renminbi (RMB).
- The PRC now is prioritizing financial security over maximizing investments returns, pursuing reserve diversification, capital controls, anti-sanctions legal instruments, and accelerated development of alternative infrastructures like the Cross-Border Interbank Payment System (CIPS) and a digital currency–based settlement platform, Project mBridge.
- Dedollarization has been helped by Russia's use of the RMB for energy, commodities, and bond issuance, as well as for some trade with partners like India and Brazil. Hong Kong also plays a central role, and has become a testing ground for Beijing's financial reforms.
- Despite progress, the RMB accounts for a small proportion of global payments. Without full capital account liberalization, its credibility and usability remain constrained—posing a core dilemma between financial openness and domestic control that Beijing has yet to resolve.

Three years after the United States and its allies imposed sweeping financial sanctions on Russia following its full-scale invasion of Ukraine, it is clear that war is now waged as much with code, currency, and clearing systems as with conventional weapons. Financial and economic tools can be mobilized with unprecedented speed and scale to hold authoritarian regimes accountable.

For the People's Republic of China (PRC), this form of financial warfare has provided monitory lessons, prompting the government and its financial security apparatus to assess whether their financial system can endure and respond to similar actions. Research from official and academic institutions, as well as economists from top research and finance institutes, has mapped financial vulnerabilities and explored resiliency and contingency strategies, and reveals a growing sense that the PRC's financial system must be elevated to the same strategic level as military, diplomatic, and broader economic planning.

Some of Beijing's actions taken as a result of this work are beginning to bear fruit. At the 17th BRICS Summit in Rio de Janeiro, Russian Finance Minister Anton Siluanov praised the growing use of national currencies in trade, calling it a "reliable, independent" alternative to Western financial systems. With Russia–PRC trade now largely settled in rubles and renminbi and bilateral volumes reaching $245 billion last year, momentum behind dedollarization is real (Sina, July 6).

PRC Sees Successful Russian Response to Financial Sanctions

For Chinese analysts, the most alarming part of the U.S. and allied sanctions package—including more than 21,000 sanctions on Russian individuals and entities—was the freezing of $300 billion in Russian central bank reserves. Previously, such a move was considered untouchable, even at the height of the Cold War. The result was capital flight, ruble depreciation, and rising inflation (Castellum, January 19). Experts from the Central Party School called this a fundamental shift in international finance, signaling that no foreign reserve held in the West is secure if strategic interests diverge. **[1]** Russia's National Settlement Depository was blocked from making payments in dollars and euros, while major banks were removed from SWIFT—the global interbank messaging network (see EDM, May 1, 2024). Chinese scholars concluded that SWIFT had lost neutrality and become a tool of American economic coercion. **[2]**

Chinese experts also highlight the strategic intent behind these measures. As analysts at the PBOC's Financial Research Institute (中国人民银行金融研究所) argue, modern U.S. sanctions are designed not just to punish but to deter—by showcasing the asymmetric power embedded in global financial infrastructure. **[3]** In the Russian case, unprecedented sanctions have driven up domestic inflation and increased the risk of corporate bankruptcies, delivering widespread and structural shocks to Russia's economy and employment (see Strategic Snapshot, March 13).

One unexpected takeaway from many Chinese analysts is the ultimately limited impact of the sanctions. Russia's economy has not collapsed under pressure. Instead, Moscow has mounted a resilient and adaptive response. The ruble recovered much of its value in the year following the invasion and in July 2025 is nearly half as weak as its historical low in March 2022 (Trading Economics, accessed July 9). While still weaker than pre-war levels, Chinese commentators see the ruble's rebound as a testament to the effectiveness of Moscow's proactive response.

Foremost among those actions were strict capital controls. Chinese sources widely praise the Kremlin's rapid imposition of foreign exchange restrictions, mandatory ruble conversions of export earnings, and temporary bans on divestment by foreign investors. Moscow also raised reserve requirements for dollar deposits, restricted capital transferal, tightened lending conditions for foreign currencies, and banned most foreign currency payments. These steps, in their view, bought Moscow time to stabilize its financial system and prevent mass capital flight. **[4]**

Another measure closely watched in Beijing was Russia's move to demand that other countries make energy payments in rubles (see EDM, January 27). Scholars from the Chinese Academy of Social Sciences interpreted this as an effort to construct a "commodity-backed ruble" (商品锚定卢布)—a bold attempt to reassert monetary sovereignty by tying the national currency to essential exports. While acknowledging the limited and short-term impact of this measure, Chinese analysts nonetheless view it as a symbolically powerful step toward economic self-reliance. **[5]**

Perhaps the most consequential development, in the Chinese view, was Russia's pivot to the renminbi (RMB). Across the board, Chinese analysts credit RMB usage with helping Russia maintain liquidity, finance trade, and preserve foreign reserves. Hong Kong has played a pivotal role in supporting Russia's access to offshore RMB and advancing the internationalization of the RMB in the process. By mid-2023, the RMB had overtaken the euro as the most traded foreign currency in Russia. For many in the PRC, this shift validated the RMB's strategic potential as a reserve asset and sanctions-resistant currency, especially in bilateral trade outside the Western orbit. **[6]**

On the retail and payment front, the adoption of UnionPay (银联) following the exit from Russia of Visa and Mastercard is viewed as a practical example of Chinese financial infrastructure and products filling a geopolitical vacuum. Demand for UnionPay cards surged tenfold in the early months of 2022, prompting the largest Russian state-owned and private banks (Sberbank and Alfa-Bank), both of which are sanctioned by the U.S. government, to begin issuing co-branded UnionPay cards for use domestically and abroad (Treasury, April 6, 2022) **[7]** Despite Chinese analysts regarding this as a positive development, reporting suggests that take-up of UnionPay cards in Russia ultimately has been limited, as only a small number of banks issued cards and Russians have faced issues using the cards both at home and abroad (Financial Times, April 9, 2023; Newsweek, February 28, 2024; The Moscow Times, November 22, 2024). Chinese commentary nevertheless emphasizes Russia's broader strategy of dedollarization through global partnerships—not only with the PRC, but also with other countries—as a successful response to U.S. sanctions (see EDM, September 27, December 13, 2022, January 8, February 8, 12, 2024, March 10). **[8]**

PRC analysis must be taken with caution, however. Its narrative of Russia's financial resilience is based on a selective reading of economic indicators. Many experts are quick to highlight Russia's short-term stabilization—such as the ruble's rebound or the shift to RMB trade—but few acknowledge the broader picture of sustained economic decline and extreme difficulties that Russia is facing (see Strategic Snapshot, May 8; see EDM, May 14, June 1). This disconnect suggests that objectivity is compromised by strategic considerations—legitimizing the Sino-Russian partnership while avoiding domestic anxiety over the PRC's own vulnerabilities.

Russia Accelerates RMB Internationalization

To Chinese analysts, Russia appears to have helped accelerate the emergence of a parallel, RMB-centered financial architecture. As early as 2015, Russian banks—reeling from sanctions imposed after the unlawful annexation of Crimea—began turning to Hong Kong for financing to help domestic companies refinance approximately $117 billion in foreign debt. Gazprombank, Russia's third-largest bank, applied for a license to provide securities services in Hong Kong, and major state-owned banks like Sberbank and Vnesheconombank signaled similar interest (Bloomberg, July 28, 2015). Despite these early warning signs, the international community failed to formulate a response to prevent Russia from leveraging the PRC's financial system for sanctions evasion.

Since mid-2022, Russia has further integrated its financial system with that of the PRC. It has issued RMB-denominated sovereign bonds and encouraged corporations to raise capital through Chinese markets—especially via the Saint Petersburg Stock Exchange (SPB Exchange), Russia's second-largest bourse, which pivoted in 2022 to include nearly 80 Hong Kong-listed Chinese companies, triggering a 76 percent surge in trading volume (Shangyou News, June 17, 2022; Sputnik, December 8, 2022). The first half of 2022 also saw a surge of Russian companies listing in Hong Kong, nearly tripling the figure from the previous year (Liber, October 17, 2022). Russia has also promoted its own System for Transfer of Financial Messages (SPFS) financial messaging system and its Mir payment network, forming local currency swap agreements and partnerships across the world (see EDM, May 1, 2024).

Energy cooperation marked a major milestone. In September 2022, Gazprom and the China National Petroleum Corporation (CNPC) signed an agreement—now implemented—to settle pipeline gas sales through the Power of Siberia pipeline using a 50-50 split between rubles and RMB (Huanqiu, September 7, 2022; Weixin/Heilongjiang Economic and Trade Platform With Russia, September 24, 2024).

Other countries also now settle trade with Russia in RMB. These include Indian coal purchases, Pakistani crude oil purchases, Brazilian fertilizer imports, and a Bangladeshi loan repayment (PBOC Online, February 27, 2023; China Energy, April 18, 2023; Huanqiu, June 13, 2023, November 23, 2023). **[9]**

PRC Responses Align With Assessment of Vulnerabilities

Surveying the research conducted to date reveals five key areas of vulnerability in the PRC's current financial system. These include the following:

- **Overreliance on the U.S. Dollar:** Over 70 percent of the PRC's $3.2 trillion in reserves are held in Western currencies. As with Russia, these could be frozen in the event of geopolitical conflict.
- **Insufficiently Insulated Payment Systems:** Beijing remains reliant on SWIFT. Despite investing in an alternative—the Cross-Border Interbank Payment System (CIPS)—this system is limited in scale and is itself partially reliant on SWIFT's messaging infrastructure.
- **Limited Global Reach of the RMB:** RMB internationalization has been only a partial success. Although usage of the currency surged in Russia, it still lacks the global liquidity, legal clarity, and capital account openness required for reserve currency status (Local Financial Governance Research, 2023).

- **Exposure of Overseas Assets:** The PRC now maintains a massive portfolio of offshore assets, many of which are exposed to multi-jurisdictional legal regimes. These include One Belt One Road (OBOR) initiative projects, sovereign wealth investments, and extensive holdings by state-owned enterprises. These could be a liability in the event of coordinated direct and secondary sanctions (Future and Financial Derivatives, April 2022). **[10]**
- **Institutional Gaps in Financial Crisis Planning:** The PRC's response architecture is fragmented and lacks a national-level financial security coordination mechanism, unlike Office of Foreign Assets Control and the National Security Council in the United states. **[11]**

In light of these vulnerabilities—and following analysis of Russia's response—the PRC clearly sees a counterstrategy for financial coercion as necessary. Experts believe this should be built on a robust legal framework and macro-level planning, and operationalized through mapping out tiered response scenarios, stress-testing critical sectors. This could be managed by a new centralized financial security commission. Such a body could simulate SWIFT cutoff scenarios, model reserve freezes, coordinate emergency responses across financial regulators, and help safeguard PRC's monetary and legal interests abroad **[12]** The hope is that by building a functional monetary fortress in peacetime (做到平战结合), the PRC might deter sanctions in a time of crisis (Financial Minds, February 2024).

Policymakers have been implementing a multi-pronged financial security strategy in response that largely aligns with experts' recommendations. The country is slowly reducing its holdings of U.S. treasuries—now down over 27 percent from mid-2022 and 2024—while increasing allocations of gold, IMF special drawing rights (SDRs), and RMB-denominated bonds in politically neutral jurisdictions (World Journal, February 20; Financial Times, May 2; Baijiahao, June 18; CSSN, July 18). This suggests that survivability, not returns, is now being prioritized (International Monetary Institute of Renmin University of China, July 2024).

Authorities also have intensified regulatory intervention to manage capital outflows and stabilize domestic markets. The PBOC and the State Administration of Foreign Exchange (SAFE) recently tightened oversight of outbound capital, especially scrutinizing overseas share sales and cross-border transfers tied to Hong Kong, in a bid to prevent capital flight (Reuters, February 27). The PBOC also reinstated a 20 percent foreign exchange risk-reserve requirement on forward sales to discourage speculative hedging and reduce pressure on the RMB—part of a wider set of currency control measures apparently deployed over much of the last year (Bloomberg, January 9; CFR, July 16).

On the equities front, the China Securities Regulatory Commission (CSRC) adopted a series of defensive measures in 2024 to contain volatility to prepare for potential contingencies. These included a temporary ban on securities lending to curb short-selling and direct appeals to major institutional investors to reduce or pause net selling during market downturns (Financial Times, February 6, 2024; People's Daily, July 10, 2024).

An emerging legal framework seeks to proactively deter and counter foreign economic coercion. At the center of this framework is the Anti-Foreign Sanctions Law (反外国制裁法), passed in June 2021 and modified in 2025 (China Brief, July 7, 2023; State Council, March 23). This legislation authorizes the PRC to impose retaliatory sanctions against individuals, entities, and institutions that enforce or support foreign sanctions against PRC interests. Complementing this are the Unreliable Entity List (不可靠实体清单制度) and

administrative rules issued by the Ministry of Commerce and the State Council. Together, these provide legal cover for Chinese firms to refuse compliance with extraterritorial measures while deterring international actors from participating in what Beijing deems unjustified sanctions regimes.

CIPS usage is also growing, allegedly processing RMB 123 trillion ($17 trillion) across 119 countries in 2023 (PBOC, April 12, 2024). Most recently, CIPS signed a memorandum of understanding with the central bank of the United Arab Emirates in May to boost cross-border payment cooperation and develop a program for RMB clearing services across the Middle East and North Africa (Global Times, June 18).

Experiments with digital currency are ongoing. Project mBridge, announced in 2022 and developed by central banks from the PRC, Hong Kong, Thailand, United Arab Emirates and Saudi Arabia, has introduced a digital currency–based settlement platform supporting 15 cross-border use cases such as supply chain finance and trade settlement (BIS, October 26, 2022; China Brief, November 10, 2023). The project is also a vehicle to promote the digital RMB (e-CNY) and broaden RMB application in commodity pricing, futures, swaps, and consumer markets (Ledger Insights, June 18). Adoption remains limited, however, due to regulatory fragmentation and technical inconsistency, prompting calls to strengthen its scalability and integrate with regional economic partnerships.

Hong Kong has emerged as a critical offshore hub to support RMB use. In 2023, settlement services were launched to promote CIPS and the usage of RMB for daily transactions and trades, and a swap line between the PBOC and HKMA was upgraded to a permanent RMB 800 billion ($110 billion) facility. Hong Kong has also announced an RMB 100 billion trade finance facility for offshore banks, benchmarked to onshore rates; expanded bond connect channels; a dual-currency trading mechanism on the Hong Kong Stock Exchange; and RMB clearing banks have been established in 31 countries (Shanghai Securities Journal, January 14). Officials are aware, however, that true RMB internationalization depends on practical usage in trade, capital markets, and commodities, and the RMB—which accounts for approximately 3.8 percent of global market share—still has a long way to go. **[13]** The lack of full capital account liberalization and greater RMB convertibility will continue to hamper further internationalization. Doing so, however, would expose the PRC's tightly controlled financial system to external shocks, capital flight, and political risk, undermining the very stability it seeks to protect.

Conclusion

Russia's full-scale invasion of Ukraine and the sweeping financial sanctions that followed have triggered a paradigm shift in how the PRC understands its financial systems—not just as tools of trade and growth, but as levers of geopolitical coercion.

Chinese experts have expressed overwhelming confidence in response to Russia's financial resilience, whose experience is being mined, distilled, and repurposed into a roadmap for the PRC's own economic fortification. The level of internal coordination in translating these lessons into policy is striking, from the push for RMB internationalization and CIPS expansion, to legal and institutional reforms, to cutting U.S. treasury holdings, accumulating gold, launching digital RMB pilots, and strengthening Hong Kong's offshore financial role. Beijing also is actively exploring ways to weaponize global supply chain interdependence, leveraging foreign reliance on Chinese products.

The central message is clear: financial independence is now being treated with the same urgency as territorial sovereignty. The PRC's strategic challenge remains twofold, however. It must stay connected to the global financial system while also preparing for scenarios of exclusion. As this dual-track strategy evolves, the United States and its allies must not misread Beijing's intent. Financial sanctions can only remain effective if policymakers understand how the PRC is adapting. The window to disrupt PRC's long-term monetary insulation strategy is narrowing, and the time to act is now.

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Notes

[1] 郭炜 [Guo Wei] and 薛敏 [Xue Min], 美国对俄金融制裁的演变历程、制裁形式及对中国的启示 [U.S. Financial Sanctions on Russia: Historical Evolution, Sanctions Format, and Lessons for China], 国际金融 [International Finance], 党校（国家行政学院）[Party School of the Central Committee (National Academy of Governance)], (2025).

The U.S. Treasury's Office of Foreign Assets Control (OFAC) deployed multiple sanctions tools that aim to sever access to dollar-based financing, transactions, and settlement systems—cutting off sanctioned entities from the global dollar network (OFAC, February 24 2023). These include:

- The Specially Designated Nationals (SDN) List, which freezes U.S. assets belonging to and bans dealings with listed entities.
- The Non-SDN Menu-Based Sanctions (NS-MBS) List, which allows tailored, sector-specific sanctions.
- The Correspondent Account or Payable-Through Account (CAPTA) List, which blocks targeted foreign banks from accessing U.S. financial institutions.

[2] 李仁真[Li Renzhen] and 关蕴珈 [Guan Yunjia], 俄乌冲突下的 SWIFT 制裁及其对中国的启示 [SWIFT Sanctions Under the Russia–Ukraine Conflict and Their Implications for China], 国际安全研究 [International Security Review], (2022).

[3] 黄余送 [Huang Yusong], 美国金融制裁评析与对策建议 [A Review of U.S. Financial Sanctions and Countermeasure Recommendations],金融参考 [Finance Reference] (2025), 中国人民银行金融研究所 [Financial Research Institute, People's Bank of China].

[4] 张蓓 [Zhang Bei], 金融制裁对国家金融安全影响及应对措施 [The Impact of Financial Sanctions on National Financial Security and Response Measures], 国家金融安全 [National Financial Security Journal] (2023), 中国人民银行金融研究所 [Financial Research Institute, People's Bank of China].

[5] 徐振伟 [Xu Zhenwei], 俄乌冲突下粮油金融危机联动逻辑分析 [Crisis Linkage and Dynamics Among Food, Oil, and Financial Sectors During the Russia–Ukraine Conflict], 经济安全与战略 [Economic Security and Strategy] (2023); 侯蕾 [Hou Lei], 卢布汇率与经济制裁关系研究——以俄乌冲突为例 [The Impact of Economic Sanctions on the Ruble Exchange Rate: A Case Study of the Russia–Ukraine Conflict], 世界经济展望 [World Economic Outlook] (2023).

[6] 许文鸿 [Xu Wenhong], 美欧货币制裁与人民币国际化在俄罗斯的新发展 [U.S.-EU Monetary Sanctions and the New Development of RMB Internationalization in Russia], 欧亚经济评论 [Eurasian Economic Review] (2023).

[7] Ibid.

[8] Guo and Min, supra **[1]**.

[9] Ibid.

[10] 梁潇 [Liang Xiao], 俄乌金融制裁对中国启示 [Lessons for China from Western Financial Sanctions Against Russia], 货币政策参考 [Monetary Policy Insight] (2023).

Some experts, however, believe that binding overseas assets with the interests of Western stakeholders might cause Western countries hesitate to act against the PRC due to the potential for self-harm (Future and Financial Derivatives, April 2022).

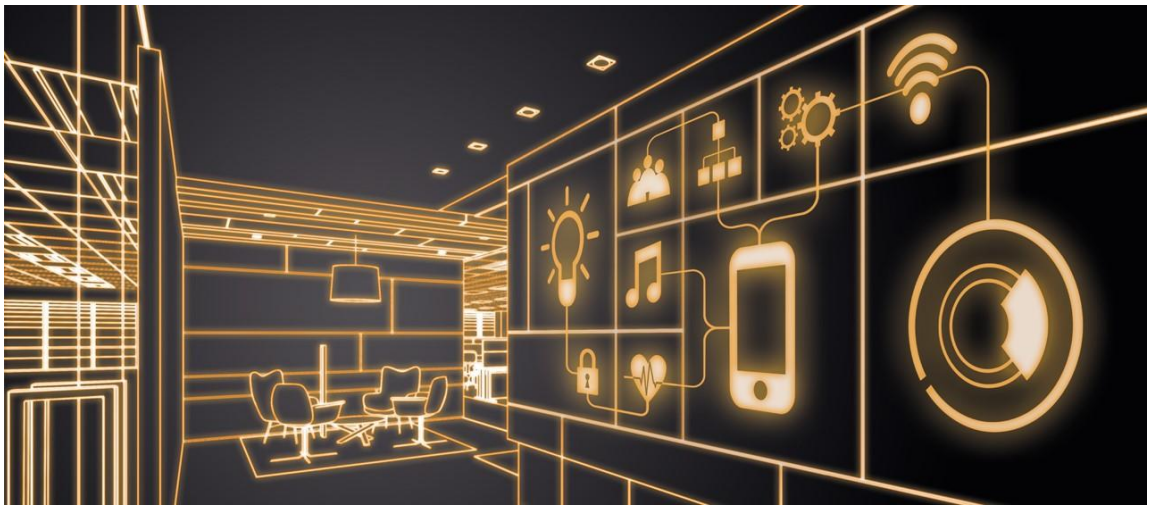
[11] 朱海华 [Zhu Haihua] and 高思宇 [Gao Siyu], 金融制裁博弈：俄罗斯与西方 [The Game of Financial Sanctions Between Russia and the West: Strategies, Effects, and Lessons], 国际关系学刊 [Journal of International Relations] (2023) (Eurasian Economy, January 2024).

[12]钟春平 [Zhong Chunping], 金融制裁法律路径与机制及中国海外资产安全保障 [Legal Framework and Mechanisms of Financial Sanctions and Chinese Overseas Asset Security], 法经研究 [Legal and Economic Studies] (2023).

[13] 李律仁 [Li Lüren], 建设金融强国：香港助力人民币国际化进程 [Building a Financial Powerhouse: Hong Kong's Role in Promoting RMB Internationalization], 香港金融论坛 [Hong Kong Financial Forum] (2024).

Smart Device Empire: Beijing's Expansion Through Everyday Digital Infrastructure

By Matthew Johnson



As everyday life becomes more connected, geopolitical risk is migrating into intimate edge networks. (Source: Shanghai Smart Home Technology)

Executive Summary:

- The People's Republic of China (PRC) is exporting an integrated system of smart devices, data infrastructure, and governance standards. Through industrial policy, state-backed overproduction, and strategic data asymmetry, Beijing is building a global Internet of Things (IoT) architecture designed to embed PRC standards, influence, and governance into the connected environments of other countries.
- By dominating core components like cellular IoT modules and steering global standards through initiatives like China Standards 2035, Beijing is creating long-term supply chain dependencies and rewriting the rules of digital interoperability.
- Devices manufactured by PRC firms often carry embedded risks: unpatched vulnerabilities, mandated government access under the country's Data Security Law, and use in cyber operations like Volt Typhoon and LapDogs.
- Expansion into emerging markets is fueled by Digital Silk Road diplomacy, subsidized financing, and turnkey infrastructure deals—seen in Huawei's smart city platforms and Haier's bundled appliance systems deployed across Asia, Africa, and Latin America.
- Looking ahead, the global spread of the PRC's IoT platforms signals a deeper push to shape the foundations of digital infrastructure—where influence over connected devices gradually extends to norms, data flows, and governance models.

The People's Republic of China (PRC) dominates the smart home technologies sector, serving as a powerful illustration of its broader strategy to dominate the global Internet of Things (IoT) ecosystem. Smart home devices—ranging from voice-activated assistants and connected appliances to security cameras and thermostats—have flooded international markets in recent years. Chinese manufacturers like Haier, TCL, and Hisense capturing significant market shares through aggressive pricing and rapid innovation (Telecom Review, April 12, 2024; ITIF, September 16, 2024). By the end of 2025, the PRC's smart home market is projected to reach approximately $37 billion in value domestically, with an expected compound annual growth rate (CAGR) of 11 percent through 2030 (Statista, 2025 [accessed July 21]). Meanwhile, exports from PRC firms may account for 20–30 percent of global shipments within the next three years (Omdia, November 18, 2024). This export surge is part trade phenomenon, part strategic maneuver, as domestic overproduction—fueled by subsidies—creates excess capacity that undercuts competitors abroad, raising concerns of dumping in markets like the United States and Europe (MERICS, April 1).

PRC companies' market dominance in smart homes is underpinned by state-orchestrated policies that blend industrial upgrading with geopolitical ambitions. These include cascading industrial strategies that have poured resources into IoT components, domestic industry support that indirectly promotes exports through cost efficiencies, and nonreciprocal data flows and low margins that augment the more domestically-oriented policies and allow firms to dominate global supply chains and standards.

PRC Smart Home Devices Pose Security Risks

PRC smart home devices constitute an underappreciated risk. In foreign markets, these affordable products promise convenience but embed vulnerabilities, including backdoors for data exfiltration under laws like the Data Security Law, which mandates access for state security services (Hoover Institution, April 18, 2023). This nonreciprocal model allows Beijing to harvest user data for training artificial intelligence (AI) models, economic intelligence, or geopolitical leverage, while restricting outflows from the PRC.

Broader risks stemming from the PRC's IoT dominance include economic coercion, cybersecurity threats, and geopolitical influence that could reshape global tech landscapes through leveraging connectivity. This is because devices generate real-time data on user behaviors, locations, and habits, potentially feeding into surveillance ecosystems or enabling state-engineered disruptions (House Select Committee on the CCP, August 8, 2023). Vulnerabilities like firmware backdoors in CIMs could facilitate espionage or sabotage in critical infrastructure (CGTN, September 12, 2024).

PRC-manufactured IoT devices are already serving as attack vectors infiltrating critical infrastructure across the United States, Europe, Japan, and allied nations (Council on Geostrategy, March 19, 2024; Chertoff Group, October 18, 2024). The "LapDogs" espionage campaign, identified by SecurityScorecard, hijacked over 1,000 routers and IoT devices across the United States, Japan, South Korea, Taiwan, and Hong Kong, turning them into operational relay boxes with custom backdoors like "ShortLeash" to maintain stealthy, persistent access and facilitate downstream infiltration into corporate networks (SecurityWeek, June 24). British intelligence officials have raised alarms over Chinese cellular IoT modules embedded in traffic systems, electric vehicles, financial terminals, and smart grids, warning that these modules could allow Beijing to freeze traffic lights, immobilize vehicles, or cut power remotely (Coalition on Securing Technology, March 2024; The Times, May 14). In the United States, Volt Typhoon, Flax Typhoon, and other PRC government-linked APT groups have

leveraged unpatched IoT endpoints, successfully compromising networks like Massachusetts water utilities and Guam infrastructure, even if persistence was ultimately disrupted (Department of Justice, September 18, 2024; CISA, February 7; TechRadar, July 16).

Power in the IoT age will be increasingly "implied in the structures" of networks rather than just military might. (MERICS, June 24, 2021). By shaping those structures, the PRC envisions a future in which it enjoys both economic prosperity and strategic security, with the smart home and connected device boom serving as a crucial stepping stone toward those ends.

Table 1: PRC IoT Industrial Buildout From Strategic Industry to Global Expansion (2009–2025)

Strategic turning points	Key top-level initiatives	Outcomes
National prioritization, 2009-2012	Strategic designation of IoT as a priority industry.	IoT identified as a "strategic emerging industry" and one of the "commanding heights" of economic development. Wen Jiabao's 2010 work report called for national strategy status and pledged RMB 3.86 trillion investment. Early pilots launched in smart cities (e.g. Wuxi).
Integration into industrial strategy, 2015	Made in China 2025 and Internet Plus Plan	MIC2025 prioritized intelligent manufacturing and IoT integration across the industrial chain, with targets for raising domestic content in core IoT components from 40 percent in 2020 to 70 percent by 2025. The plan highlighted smart terminal products – e.g. smart appliances, wearables, and connected vehicles – as key areas for growth, linking them to broader goals in industrial software, personalized manufacturing, and lifecycle data management. Internet Plus Plan called for the "deep integration of the Internet with various fields of the economy and society" to create a "new economic form" centered on connected infrastructure, while advancing standards for "smart instruments, smart homes, and Internet of Vehicles." Internationally, it urged greater influence in global bodies like ISO and ITU to shape emerging IoT norms.
National security and ecosystem frameworks, 2016-2020	13th Five-Year Plan and National Informatization Strategy Framework	State-supported expansion increased cellular IoT connections to over 1 billion by 2020. 13th FYP embedded IoT as foundational infrastructure for smart cities, agriculture, and industrial modernization, calling for a "ubiquitous secure Internet of Things" integrated with cloud, big data, and platform openness. It also pushed for a national "Internet+" standards

		system to boost China's influence over global IoT rulemaking. 2016 National Informatization Development Strategy re-consecrated IoT as a national strategic priority. The plan called for overcoming tech bottlenecks and "consolidating global leadership" in next-generation infrastructure, including IoT, mobile Internet, and cloud platforms.
Infrastructure maturation and standards push, 2021-2023	14th Five-Year Plan, 3-Year New IoT Infrastructure Action Plan, and 14th FYP Informatization Plan	14th FYP prioritized IoT as "new infrastructure," promoting fixed-mobile convergence and secure networks. Positioned IoT alongside 5G, AI, and big data as a core pillar of national modernization. Internationally, the Plan envisioned building "new international communication gateways" to expand China's global digital footprint and extend IoT-linked infrastructure beyond its borders. New IoT Infrastructure Action Plan emphasized deploying IoT across key sectors while driving breakthroughs in sensors, chips, operating systems, and smart device standards. It promoted integration of IoT with cloud computing, big data, and AI, aimed to scale adoption in major cities by 2023, and laid the foundation for smart home systems, industrial platforms, and international influence through standard-setting in ISO, IEC, and ITU. 14th FYP Informatization Strategy advanced the integration of IoT with AI, promoting adoption of IoT-enabled smart home systems and the development of fully digital households.
Global scaling and systems fusion, 2024-2025	"Intelligent Connection of Everything" Notice	China's IoT connections surpass 3 billion (estimated), achieving a "thing-to-human" ratio of greater than 1. "Intelligent Connection of Everything" Notice designated mobile IoT as a national digital infrastructure priority and strategic enabler of industrial transformation. It targets 3.6 billion terminal connections and nationwide coverage of NB-IoT and NR-Light by 2027, promotes integration with AI, cloud, and big data, and aims to embed IoT across key sectors while shaping international standards and strengthening platform security and control.

Engineering Inevitability: The Strategic Logic Behind Beijing's IoT Push

The PRC's drive to dominate the global Internet of Things (IoT) landscape is rooted in a long-term strategy to become the world's leading manufacturer of the cyber-physical systems that increasingly underpin modern life. These systems blur the line between the digital and physical worlds, embedding connectivity into homes, factories, transportation networks, and utilities. Chinese Communist Party (CCP) leaders view mastery of such systems not merely as an economic priority, but as a form of structural power—enabling control over the technological environments in which individuals, organizations, and entire societies operate. Control over IoT ecosystems allows states to set standards, shape data flows, and embed influence across borders. For the People's Republic of China (PRC), this control is a stepping stone toward its broader ambition of becoming a manufacturing and technological superpower—a national objective described by Xi Jinping and other senior officials as securing the "commanding heights" (制高点) of innovation (see Xinhua, October 25, 2019; Qiushi, March 15, 2021).

Beijing's ambition to dominate the Internet of Things (IoT) ecosystem—and, by extension, the connected devices that shape daily life—has deep roots in national strategy. Party leaders began publicly articulating this vision over a decade ago. In 2009, then-Premier Wen Jiabao (温家宝) visited the Chinese Academy of Sciences' (CAS) IoT sensor research and development (R&D) headquarters in Wuxi and later delivered a speech identifying the Internet of Things as one of five "emerging strategic industries" (新兴战略性产业) for the country (CAS, March 16, 2010). In Wen's government work report delivered the following year, development of a national IoT industry was elevated to the level of a national development strategy backed by a projected RMB 3.9 trillion ($540 billion) in investment over the subsequent decade (Xinhua, March 15, 2010). In an early signal that connected devices were viewed as central to the PRC's future competitiveness, the report urged accelerated deployment and application of IoT technologies.

In the years that followed, Beijing rolled out a flurry of national plans and directives to promote IoT development. A 2011 joint policy directive (关于加快推进信息化与工业化深度融合的若干意见) issued by five central ministries laid a foundational framework for integrating digital technologies, including IoT, across the PRC's industrial ecosystem (Xinhua, March 31, 2011). **[1]** It explicitly identified IoT, cloud computing, and intelligent manufacturing as critical enablers of a "modern production system" (现代生产体系), emphasizing their role in digitalizing and networking industrial products, equipment, and processes. The document called for IoT application demonstrations in infrastructure, logistics, and industrial control systems, and promoted the R&D and industrialization of smart terminals, sensors, radio-frequency identification (RFID), and supporting systems. This signaled the state's long-term commitment to embedding IoT across strategic sectors. By positioning IoT at the core of its broader development plan for integrating informatization industrialization strategy (信息化和工业化深度融合发展规划), the PRC laid the groundwork for its current efforts to dominate global connected device supply chains and standards.

Later that same year, MIIT issued the country's first five-year plan (2011–2015) for IoT (物联网 '十二五' 发展规划), marking a strategic elevation of IoT to a national priority by framing it as one of the "commanding heights"—i.e. a strategic influence and control point—in global economic and technological competition (MIIT November 28, 2011). The plan aimed to secure supply chain dominance by developing core technologies (e.g.

sensors, chips, and short-range communications), building industrial clusters, and accelerating domestic standard-setting to shape global norms. It also embedded data governance and security into the IoT agenda, requiring lifecycle risk assessments and state-led oversight. Demonstration zones in cities like Wuxi and Hangzhou served not only to scale domestic applications but to export the PRC's ecosystem designs abroad. This laid the foundation for the country's long-term strategy: using IoT as both a pillar of industrial modernization and a vehicle for geopolitical and data leverage.

Building on this foundational strategy, Beijing continued to institutionalize and expand its IoT ambitions through a series of successive policies and plans. These planning documents not only reinforced the centrality of IoT to national development but also signaled a deeper integration of connected devices into the PRC's industrial policy, cybersecurity regime, and global technology standards push.

- ***12th Five-Year Plan for the Development of National Strategic Emerging Industries* ('十二五' 国家战略性新兴产业发展规划):** This plan embedded the Internet of Things within the PRC's national industrial strategy as a critical technology for seizing the "commanding heights" of global competition. IoT was identified as a "new generation information technology" (新一代信息技术) and foundational infrastructure for smart homes, cities, logistics, and industrial automation. The plan aimed to build a complete domestic IoT ecosystem—from low-power sensors and RFID to core chips, cloud computing, and intelligent terminal integration—backed by centralized standard-setting, targeted funding, industrial clusters, and state-led demonstration zones. Strategic goals included upgrading the PRC's position in global supply chains, scaling domestic innovation capacity, and embedding Chinese technical standards internationally (State Council General Office, July 9, 2012).

- ***National New Urbanization Plan (2014–2020)* (国家新型城镇化规划(2014–2020 年)):** Under this plan, smart city construction was positioned as a key deployment channel for national IoT strategy. It promoted the integration of IoT, cloud computing, and big data into urban infrastructure, governance, and public services to optimize resource use, improve cross-sector coordination, and modernize city management. This included building out core infrastructure, such as networks and data centers, to enable cross-departmental data sharing and developing intelligent systems for transportation, utilities, and public safety (Xinhua, March 16, 2014).

- ***Made in China 2025* (中国制造 2025):** This plan positioned intelligent manufacturing—and by extension, IoT—as central to the PRC's strategy for industrial transformation and global competitiveness. It identified smart terminal products such as smart home appliances, wearables, and connected vehicles as key areas of expansion, linking them to broader industrial goals of personalization, lifecycle management, and responsive manufacturing. The plan called for accelerating IoT applications in intelligent monitoring, remote diagnostics, and full-chain traceability, emphasizing the development of secure, independent operating systems and industrial software to support these functions. Internationally, it encouraged global integration via open industrial ecosystems and expanded cloud and big data platforms, laying groundwork for Chinese IoT standards and platforms to gain international market share while reducing reliance on foreign technologies (State Council, May 8, 2015).

- ***Guiding Opinions on Actively Promoting the 'Internet Plus' Action* (关于积极推进'互联网+'行动的指导意见):** This document positioned IoT as a foundational pillar in the country's effort to restructure its economy through digital integration and global competitiveness. It called for "deep integration of the Internet with various fields of the economy and society" (把互联网的创新成果与经济社会各领域深度融合) to reshape productivity and enable a "new economic form" (新经济形态) centered on intelligent services and connected infrastructure. In the smart home domain, it advanced the standardization of "smart instruments, smart homes, and Internet of Vehicles" (智能仪表、智能家居、车联网), laying groundwork for interoperable ecosystems. Internationally, the document urged the enhancement of the PRC's voice in global standards bodies like ISO, IEC, and ITU—seeking to "simultaneously promote international and domestic standardization work" (同步推进国际国内标准化工作) and expand the PRC's global influence over emerging IoT norms and technologies (State Council, July 4, 2015).

- ***Framework of the 13th Five-Year Plan for National Economic and Social Development* (中华人民共和国国民经济和社会发展第十三个五年规划纲要):** This document embedded IoT into multiple layers of national development strategy, viewing IoT as both foundational infrastructure and as a lever for future competitiveness. The plan called for building a "ubiquitous secure Internet of Things" (泛在安全物联网), integrating IoT with cloud platforms, big data, smart cities, and agricultural modernization. It directed key firms to open platform resources and pushed for a national "Internet+" standard system to strengthen the PRC's influence in international rulemaking. Strategic industries were to include IoT as part of a forward-looking "information network" (信息网络) agenda, while smart city development was explicitly tied to the expansion of IoT-enabled infrastructure (Xinhua, March 17, 2016).

- ***Framework of the National Informatization Development Strategy* (国家信息化发展战略纲要):** This framework places IoT at the heart of the PRC's informatization drive. It states that whoever occupies the commanding heights in informatization will be able to "seize the initiative, gain advantages, win security, and win the future" (够掌握先机、赢得优势、赢得安全、赢得未来). It also mandates a systematic approach to overcoming "weak links" (薄弱环节)—especially in areas like integrated circuits, basic software, and core components—and explicitly identifies IoT, alongside mobile Internet, cloud computing, and big data, as a field in which the PRC must "strive to build comparative advantages" (着力构筑…比较优势) and "consolidate global leadership" (巩固…全球领先地位) in next-generation infrastructure (SCIO, July 28, 2016).

- ***Framework of the 14th Five-Year Plan for National Economic and Social Development and 2035 Long-Range Goals* (中华人民共和国国民经济和社会发展第十四个五年规划和2035年远景目标纲要):** This consecrated IoT as a core pillar of national modernization, positioning it alongside 5G, AI, and big data as part of an integrated digital infrastructure strategy. The plan called for the "comprehensive development" (全面发展) of IoT, enabling ubiquitous sensing and intelligent coordination across sectors like transportation, energy, and municipal services. Internationally, Beijing aimed to "expand the interconnection nodes of the backbone network" (扩容骨干网互联节点) and build "new international

communication gateways" (新设一批国际通信出入口), signaling ambitions to extend IoT-linked infrastructure beyond PRC borders (Xinhua, March 13, 2021).

- ***Three-Year Action Plan for the Construction of New IoT Infrastructure (2021–2023)* (物联网新型基础设施建设三年行动计划 (2021–2023 年)):** This plan marked a turning point in the country's strategy to scale IoT domestically while positioning itself as a global standard-setter. It directly backed the rollout of smart home systems, alongside wearable health devices, smart appliances, and cross-sector IoT deployments in elderly care, sports, and health. Specifically, it called for smart home systems with "interconnected heterogeneous products and centralized control" (异构产品互联、集中控制的智慧家庭) in homes, buildings, and communities. At the same time, the plan aimed to entrench the PRC's global leadership in technical standards, platform development, and industrial coordination, with support for "open source communities" (开源社区), international standard-setting, and expansion through the One Belt One Road initiative and Regional Comprehensive Economic Partnership (RCEP). Key goals included reaching over 2 billion IoT connections by 2023, integration with AI, 5G, and cloud computing, and the development of a secure, high-performance domestic supply chain. The vision was not only to embed IoT across sectors domestically but also to shape future international ecosystems, anchoring them in Chinese technologies, architectures, and governance norms (MIIT, September 10, 2021).

- ***Notice of the MIIT General Office on Promoting the Development of the Mobile IoT 'Intelligent Connection of Everything'* (工业和信息化部办公厅关于推进移动物联网 '万物智联' 发展的通知):** Most recently, this MIIT regulations frames mobile IoT as a core pillar of the PRC's digital infrastructure and as a strategic enabler of national industrial transformation. It outlines an ambitious buildout of 4G/5G-based IoT networks, aiming for over 3.6 billion terminal connections and national coverage of NB-IoT and NR-Light (RedCap) technologies by 2027 (these are technologies designed for low-power, wide-area IoT applications). The plan supports widespread deployment across sectors—including manufacturing, logistics, energy, healthcare, smart cities—and emphasizes intelligent integration with AI, big data, and cloud platforms. It promotes international standards-setting, industrial clustering, and cross-sector collaboration, while calling for platform openness, security safeguards, and talent training. The overarching goal is to shift from "connection of everything" (万物互联) to "intelligent connection of everything" (万物智联) reinforcing the PRC's strategic control over next-generation IoT ecosystems and embedding them into the fabric of economic governance and societal management (MIIT, August 29, 2024).

Conclusion

Beijing's dominance in the global smart home and IoT sectors is not accidental—it is the product of a coordinated, long-term strategy that fuses industrial planning, global market saturation, and geopolitical ambition. By embedding connected devices into homes, cities, and critical systems worldwide, the PRC has positioned itself not only as a manufacturing superpower, but as a potential gatekeeper of data, infrastructure, and the digital rules that govern daily life. This bid for industrial-structural power is already reshaping global markets, security norms, and technological sovereignty in Beijing's favor. The expansion of PRC-made IoT systems into foreign markets enables Beijing to shape global technology standards, influence data flows, and embed infrastructure that may be subject to Party-state oversight. This raises long-term risks of technological

dependence, data capture, and potential exposure to surveillance or disruption in critical connected environments.

Looking ahead, the PRC's trajectory suggests that smart homes are only the entry point to a much larger strategic architecture—one that will increasingly fuse AI, 5G, cloud, and edge computing into a globalized digital nervous system with Party characteristics. As its domestic IoT infrastructure nears full-stack deployment and global reach accelerates, the next arenas of competition will include leadership in international data governance, influence over embedded technical standards, and the security implications of a world increasingly wired through PRC-controlled platforms.

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Notes

[1] The five ministries include MIIT, MOST, MOF, MOFCOM, and SASAC.

Taiwan Bounty: The PRC's Cross-Agency Operation Targeting Taiwanese Military Personnel

By Sze-Fung Lee

Bounty notice for 20 Taiwanese personnel from ICEFCOM issued by the Guangzhou PSB. (Source: Weibo)

Executive Summary:

- For the first time, public security authorities in the People's Republic of China (PRC) are targeting Taiwanese military personnel and so-called "Taiwan independence" forces through a law enforcement framework. Akin to techniques previously used in Hong Kong, the Guangzhou Public Security Bureau recently issued a "wanted" notice offering a reward for information leading to the apprehension of 20 retired and active personnel in Taiwan's Information, Communication, and Electronic Force Command (ICEFCOM).
- The operation appears to involve close coordination between the Public Security Bureau and state media outlets. Within minutes of the announcement, the photos and ID numbers of the 20 Taiwanese personnel were plastered across the Chinese Internet, as was a detailed report purporting to show how they had launched a cyberattack against PRC institutions.
- Part of a growing trend of cyber and psychological warfare tactics, this latest operation sought to reframe the issue by portraying the PRC as a victim and Taipei as an aggressor, while also aiming to deter any future pro-independence activities by threatening punishment.

Over the past two years, Hong Kong authorities have placed bounties on 19 prominent pro-democracy activists of Hong Kong Dollar (HKD) 1 million ($127,000). The People's Republic of China (PRC) now appears to be extending similar tactics to its broader hybrid warfare playbook, this time targeting Taiwan's military personnel. In early June, the Guangzhou Public Security Bureau (PSB) issued a "wanted" notice offering a renminbi (RMB) 10,000 ($1,400) reward for information leading to the apprehension of 20 retired and active personnel in the Information, Communication, and Electronic Force Command (ICEFCOM; 國防部資通電軍指揮部) of Taiwan's Ministry of National Defense (MND).

This marks the first known instance of PRC public security authorities targeting Taiwanese military personnel and so-called "Taiwan independence" (台独) forces through a law enforcement framework. The level of cross-agency coordination involved in the operation far exceeds the norm for local PSB branches. It engaged state and state-affiliated entities across multiple domains, employing mutually reinforcing tactics, techniques, and procedures (TTPs). Its goal was to erode morale and exert psychological pressure on Taiwan's military while discrediting its reputation in the public sphere, ultimately deterring pro-independence sentiment and obstructing perceived challenges to Beijing's broader reunification agenda.

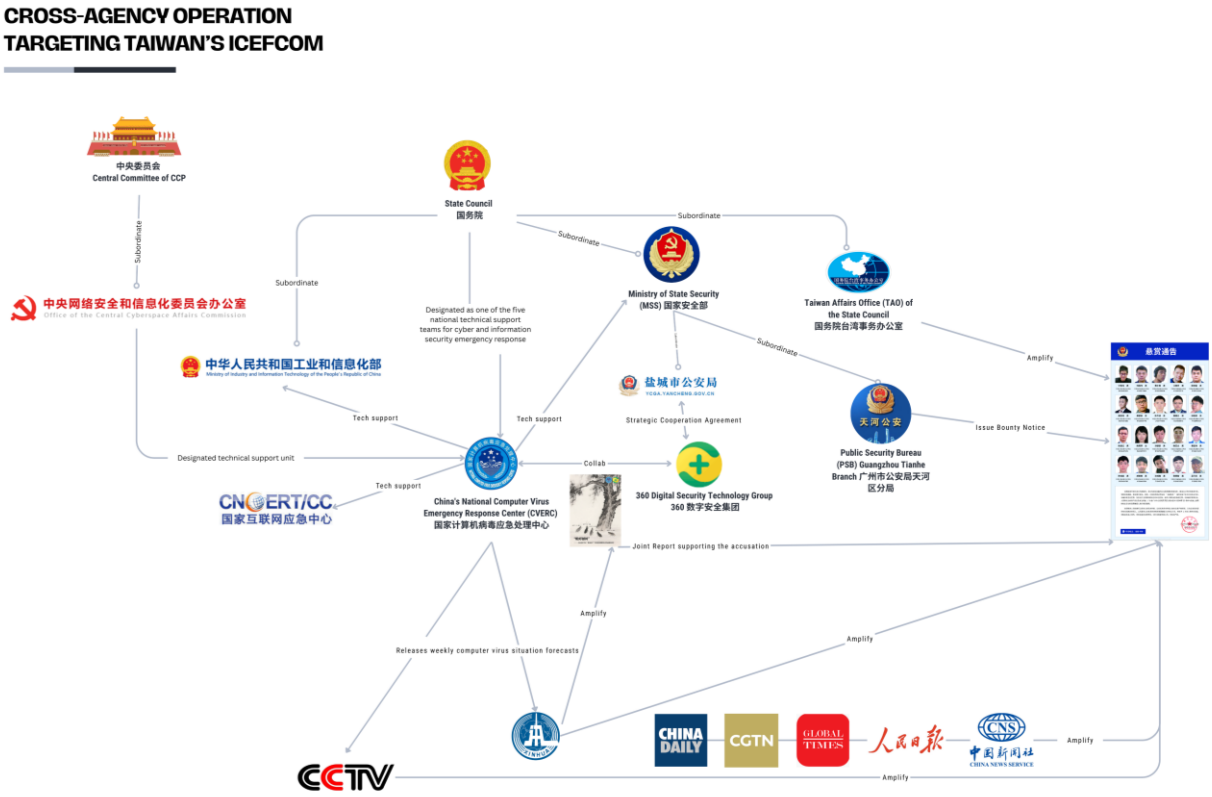
Coordinated Cross-Agency Operation

On the morning of June 5, the Tianhe Branch of the Guangzhou PSB issued a "wanted bounty notice" (悬赏通告) targeting 20 personnel from Taiwan ICEFCOM. The announcement was a response to an accusation that a "hacker organization" (黑客组织) linked to the Democratic Progressive Party (DPP) government had launched a cyberattack against a PRC tech company (Weibo/Guangzhou PSB Tianhe Branch, June 5).

Within two minutes of Tianhe PSB's Weibo post, PRC state media Xinhua amplified the bounty notice, reposting the same photo and personal information of the 20 listed "suspects" (嫌疑人) (Xinhua, June 5). It also cited a joint report released on the same day by the PRC National Computer Virus Emergency Response Center (CVERC, 国家计算机病毒应急处理中心) and 360 Digital Security Group (360 数字安全集团) as "detailed evidence" of ICEFCOM's alleged crime. The 43-page joint technical report supports PSB's claim that ICEFCOM was involved in cyberattacks against PRC institutions. It alleges that these actions form part of a broader effort to support long-term U.S. government and military strategies—including information, public opinion, and cognitive warfare—intended to sow social discord, threaten PRC national security, and obstruct Beijing's "reunification" agenda. Beyond outlining ICEFCOM's mission, structure, and operations, it also discloses personal details for six additional senior officers—none of whom are listed in the bounty notice (CVERC, June 5).

Over the next three hours, all major PRC state media—including Xinhua, China Central Television (CCTV), People's Daily, China News Service (CNS), China Global Television Network (CGTN), Global Times, and China Daily—amplified the allegation and bounty notice using near-identical headlines and content (CCTV; People's Daily; CNS; CGTN; Global Times; China Daily; June 5).

Figure 1: Relationship Between PRC State and State-affiliated Entities Targeting Taiwanese Military Personnel



(Source: Author)

By mid-afternoon, the Taiwan Affairs Office (TAO) had shared the news across its website and social media accounts, and domestic media outlets and key opinion leaders (KOLs) provided further dissemination over the following days (Taiwan Affairs Office, June 5). Notably, some posts were published in English and traditional Chinese, and shared on platforms such as Facebook and YouTube that are popular among Taiwanese users, suggesting a targeted effort to influence both international and Taiwanese public opinion (Facebook/Taiwan.cn; YouTube/Taiwan.cn, June 6).

The involvement of national media and state-level agencies in actively amplifying the accusation contrasted with minimal coverage from either the Tianhe PSB itself—restricted to three Weibo posts on May 20, May 27, and June 5—or the websites and official social media accounts of the Guangzhou Tianhe District Government and Guangzhou PSB, which both remained silent (Weibo/Guangzhou PSB Tianhe Branch, accessed June 5). The first two posts were "Police Notices" (警情通报) stating that the PSB initially assessed the cyberattack against the Chinese tech company to have been launched by foreign entities, and later attributed the attack to the DPP administration (Weibo/Guangzhou PSB Tianhe Branch, May 20, May 27). This suggests the operation was a part of a broader, coordinated effort beyond the scope of a single municipal-level PSB branch.

Hybrid Warfare Targets Taiwan's Military Personnel

The "Taiwan bounty" operation marks the PRC public security authorities' first attempt to target Taiwanese military personnel and "independence forces" through domestic legal frameworks and law enforcement measures. The coordinated, cross-agency nature of the operation underscores its strategic importance. It may also indicate that ICEFCOM's work has proven effective in countering PRC information warfare efforts to date.

While the bounty approach might be new, it is not the PRC's first attempt to defame Taiwan's ICEFCOM. Earlier efforts were led by a different state agency, the Ministry of State Security (MSS). On September 22, 2024, the MSS accused a hacker group named "Anonymous 64" (匿名者 64), allegedly managed by ICEFCOM, of launching frequent cyberattacks on the PRC, Hong Kong, and Macau, and of spreading disinformation about Beijing's political system and policies (WeChat/Ministry of State Security, September 22, 2024). The MSS post that made the accusation included the doxxing of three ICEFCOM personnel. On March 17, the MSS released another post exposing four more ICEFCOM officers. This post also provided multiple channels, including a hotline, an online platform, and an in-app WeChat function, for submitting reports about these individuals (WeChat/Ministry of State Security, March 17).

The involvement of the MPS and PSBs in the latest operation signals a more integrated and sophisticated approach to targeting Taiwanese military personnel—one that combines psychological warfare, lawfare, and social media influence operations. Under this model, the MPS and local PSBs first initiate allegations, issue arrest warrants, and announce bounty notices through the PRC's legal system. Multiple laws have been invoked to justify these actions, including the Criminal Law (刑法), Cybersecurity Law (网络安全法), Counter-Espionage Law (反间谍法), and Anti-Secession Law (反分裂国家法). In addition, the 2024 judiciary guidelines titled "Opinions on Punishing the Crimes of Secession and Incitement to Secession by 'Taiwan Independence' Diehards According to the Law" (关于依法惩治"台独"顽固分子分裂国家、煽动分裂国家犯罪的意见) have been repeatedly cited to legitimize these increasingly assertive measures. (Ta Kung Pao, June 6)

The MPS and PSBs then coordinate with state agencies and state-affiliated cybersecurity firms, which bolster the accusation by providing supporting evidence of the alleged crime. In this case, the CVERC and 360 Digital Security Group-authored technical report served this purpose.

A third step further weaponizes these accusations by building a wider influence operation. One part of this step involves PRC state and state-affiliated media broadcasting a unified narrative aimed at demonstrating the PRC's superiority. In this case, the narrative portrayed the PRC as possessing superior cyber capabilities, Taiwan's cyber defenses as ineffective, and "reunification" as inevitable and unchallengeable. Another part is the use of relevant government agencies to make assertive claims—in this case, using the TAO to frame the operation as part of the broader campaign to punish "separatists" (分裂势力).

These influence operations serve dual purposes. First, they seek to reframe the issue to reflect Beijing's preferences. This entails portraying the PRC as a victim and Taipei as an aggressor provoking cross-strait conflict by engaging in criminal activity—a narrative ploy to justify Beijing's assertive actions and extra-territorial law enforcement. The second purpose is to deter actions that go against Beijing's preferences. By clearly

articulating the (largely symbolic) arrest warrants and cash bounties, the PRC likely aims to dissuade pro-independence activities by threatening punishment for individuals involved in countering the PRC's cyber, information, and cognitive warfare efforts against Taiwan. The exposure of detailed information about ICEFCOM and doxxing its personnel—by releasing photos and ID numbers—constitutes a further psychological deterrent. Even the title of the CVERC report, which includes the idiom "蚍蜉撼树"—literally, "an ant trying to shake a tree"—is intended to underline the futility of resistance. In this way, the operation also aims to legitimize extraterritorial law enforcement and even encourage surveillance and harassment of wanted individuals.

Each element of this hybrid warfare approach reinforces the others, aiming to erode morale, apply psychological pressure on Taiwan's military, and damage its public credibility. Taken together, these measures aim to deter pro-independence efforts and any actions perceived as hindering Beijing's broader reunification agenda.

Trend of Intensifying Psychological Operations

Recent developments suggest a growing trend of intensified psychological operations targeting Taiwan military personnel and "independence separatists." In addition to accusations leveled against ICEFCOM by the MSS and MPS/PSB, the TAO has also escalated its efforts. On March 26, the TAO launched a dedicated webpage on its official website titled "Reporting column for the malicious acts of 'Taiwan independence' separatists and accomplices persecuting fellow Taiwanese" ('台独'打手、帮凶迫害台湾同胞恶劣行径举报专栏). While presented as a new initiative, previous data indicate the platform was originally introduced on August 2, 2024 (TAO, August 2, 2024). Shortly after this apparent relaunch, the TAO claimed that it had garnered significant public attention—reporting 323 emails on the evening of its "launch day" and nearly 6,000 emails within two months (Taiwan Affairs Office, March 26, May 14).

Additional lawfare and psychological operations occurred during the same three months, including an announcement by TAO of sanctions against a company owned by the father of Puma Shen (沈伯洋), a member of Taiwan's Legislative Yuan (TAO, June 5). **[1]** TAO claimed the measure as a punishment for pro-independence individuals and a warning that affiliated entities would be barred from profiting in the PRC.

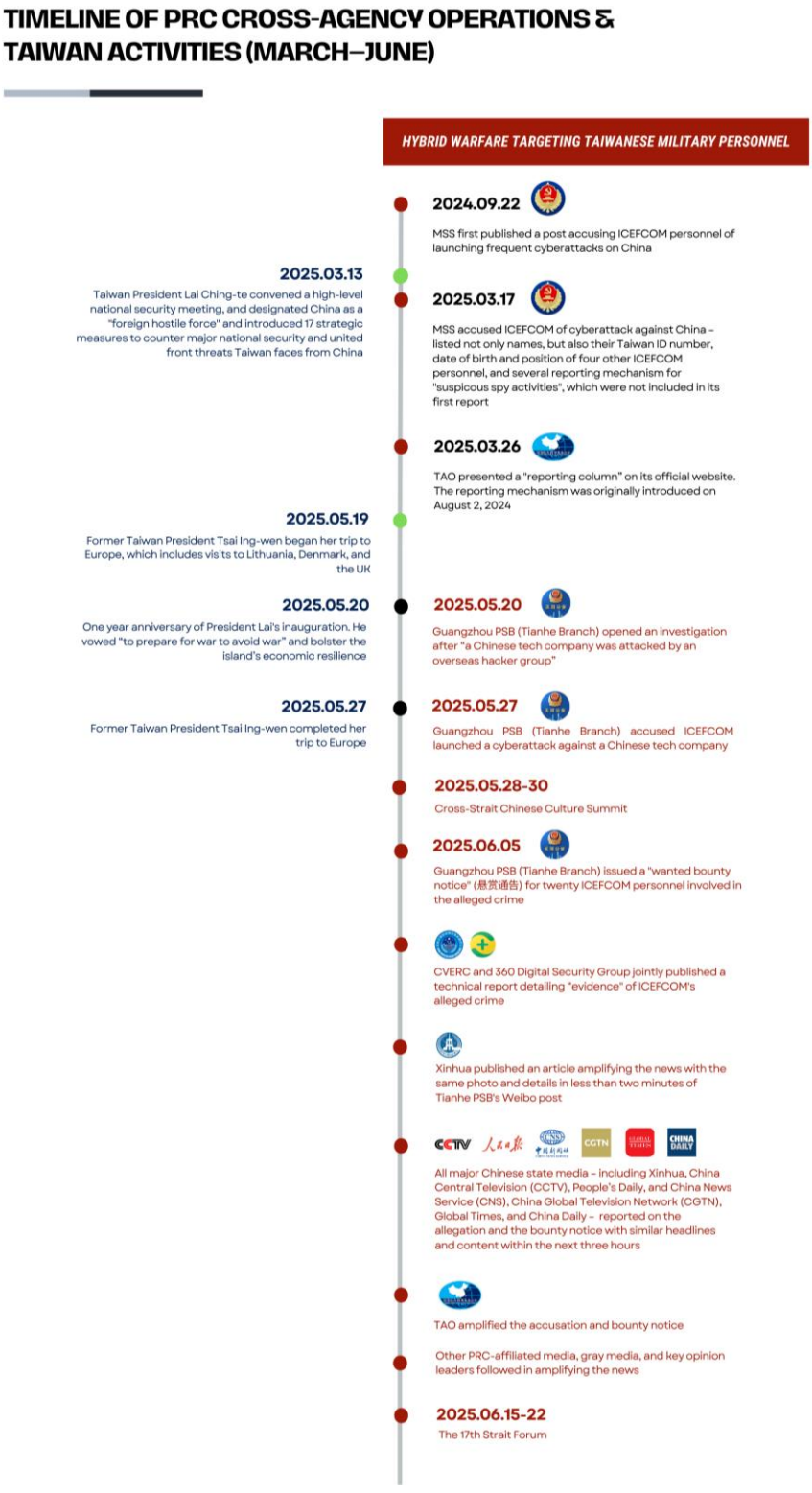
Additional evidence indicates that these actions are interconnected. On June 5, PRC state media Xinhua first published an article on the "Taiwan bounty" at 08:01 am (China Standard Time). Within 30 minutes, it also reported on the TAO's sanction, with the TAO using the content to publish it as "Important News" (要闻) on its website shortly thereafter (Xinhua; TAO; June 5). The well-orchestrated timing of the operations provides abundant materials for subsequent influence operations aiming to frame Taiwan as a provocateur while falsifying an image of Beijing's targeted and all-around attack on "separatism." For instance, on June 8, Xiake Island (侠客岛)—a WeChat account managed by People's Daily—published an article titled "Taiwan's so-called 'mystery unit' is exceptionally weak" (台湾的'神秘部队'弱爆了). The piece synthesized content from previous MSS disclosures, the PSB's bounty notice, and the TAO's sanctions against the company owned by Puma Shen's father to project an image of a decisive and effective crackdown on the pro-independence movement. It also warned that "more severe actions will follow" (后续将推出更多的狠招) (WeChat/Xiake Island, June 8).

An examination of the timeline between March and June suggests that these PRC operations often coincide with countermeasures Taipei takes against PRC hybrid threats, as well as politically significant events with strategic implications for Taiwan (See Figure 3 below). These include President Lai Ching-te's (賴清德) designation of the PRC as a "foreign hostile force" (境外敵對勢力) and the rollout of 17 national security measures, the first anniversary of Lai's inauguration, former Taiwan President Tsai Ing-wen's (蔡英文) trip to Europe, and high-profile mainland events like the Cross-Strait Chinese Culture Summit and the 17th Strait Forum (CNA, March 13; MOFA, May 20; Xinhua, June 14). This integrated approach likely attempts to isolate the pro-independence camp and deter both its supporters and the general public from taking actions that might challenge Beijing's asserted sovereignty claim over the island.

Figure 2: TAO's Introduction of the Reporting Mechanism on August 2, 2024 (L); TAO's Repackaging the old Mechanism and Presenting it as a new 'Reporting Column' on March 26 (R).

(Source: Screenshots from the TAO website)

Figure 3: Timeline of PRC Cross-Agency Operations and Taiwan Activities (March–June 2025)



(Source: Author)

Conclusion

The reality behind the PRC's supposed exposé of ICEFCOM-linked cyberattacks on mainland institutions contrasts with its official narrative. The telling detail is the nature of the accusation referenced in the Tianhe PSB's original announcement, which revealed minimal information about the alleged attack or the affected organization. In fact, the accusation appears to be fabricated. The attempt to dox military personnel was also based on inaccurate information, according to Taiwan's Defense Minister. In a statement, the minister said that the defamation campaign was largely assembled using outdated open-source information, including data from old Facebook profiles. As a result, two-thirds of the listed individuals had already retired from military service (SETN, June 11).

However, it is noteworthy that at least some of the objectives behind the operation appear to have been achieved. These likely include eroding Taiwan citizens' confidence in their government and damaging morale (though psychological effects are difficult to assess accurately)—the influence operation has received widespread coverage in Taiwan, leading to increased scrutiny of the government (SETN, June 11). The integrated nature of Beijing's hybrid warfare—characterized by cross-agency coordination and intensifying psychological operations—as well as the specific targeting of Taiwanese military personnel and pro-independence individuals indicates that the PRC's deterrence strategies are increasingly focused on individuals and organizations it sees as hostile.

Beijing's hybrid warfare playbook is designed for replication far beyond its immediate periphery. The bounty cases in Hong Kong and Taiwan are likely merely the beginning of increasingly expansive and assertive behavior overseas (China Brief, July 17). Operations against those who do not toe the line on issues the PRC sees as critical to its national security are set to ramp up in the months and years ahead.

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Notes

[1] Puma Shen has previously written for China Brief (China Brief, February 16, 2024).

Recent Developments Underscore Beijing's Global Security Ambitions

By Eduardo Jaramillo

The permanent site of the Bo'ao Forum, where Xi Jinping announced the Global Security Initiative in 2022. (Source: Qiushi)

Executive Summary:

- Beijing is looking to increase its security presence in Asia and further afield, according to two recent high-level statements of intent—a white paper on "national security in the new era" and a new "model of security for Asia."
- Beijing senses opportunities amid policy uncertainty from the United States. Efforts on the margins, such as limited security cooperation with Southeast Asian states, could lay the groundwork for higher-stakes security cooperation in the future.
- The ideas behind the Party-state's latest announcements have been over a decade in the making. One such idea, the "comprehensive national security concept," is now linked explicitly with Xi Jinping's Global Security Initiative, indicating Xi's ambitions to promote his governance models beyond the borders of the People's Republic of China.

Two high-level announcements relating to international security shed light on how the leadership of the People's Republic of China (PRC) sees the state of the world and its role in it. A white paper titled "China's National Security in the New Era" (新时代的中国国家安全)—the first of its kind for the country—portrays Chinese society as an example of stability amid a world facing "new turbulent changes" (新的动荡变革). It also stresses the need for a "comprehensive" (总体) approach to national security (Xinhua, May 12). **[1]** Meanwhile, General Secretary Xi Jinping has introduced the concept of a "model of security for Asia" (亚洲安全模式), described as featuring "sharing weal and woe, seeking common ground while shelving differences, and prioritizing dialogue and consultation as the strategic support" (以安危与共、求同存异、对话协商的亚洲安全模式为战略支撑) (FMPRC, April 9; People's Daily, April 10).

Both of these statements build on ideas articulated by Xi Jinping over a decade ago. The white paper leans heavily on the "Comprehensive National Security Concept" (总体国家安全观) that Xi Jinping announced in April 2014; while precedent for the "model of security for Asia" can be found in the "Asian Security Concept" (亚洲安全观) Xi introduced the same year (Xinhua, April 15, 2014; MFA, May 14, 2014). Taken together, the latest announcements suggest Beijing is looking to expand its own security cooperation activity at a time when Chinese leaders may perceive the United States as likely to adjust its own security presence in the region.

Taking the Comprehensive National Security Concept Global

The white paper builds on the "Comprehensive National Security Concept," expanding on the 11 types of security found in the original formulation to include emerging issue areas like overseas interests, space, deep sea, polar, artificial intelligence, data, and "many other fields" (等诸多领域). **[2]** While focusing primarily on domestic security concerns, the latter sections pivot to concentrate on the global context.

In its fifth section (out of six), the document lays out the PRC's vision for implementing the Global Security Initiative (GSI; 全球安全倡议), declaring it as "not only the 'security chapter' of the community of common destiny for mankind, but also the 'world chapter' of the Comprehensive National Security Concept." This is the first time that an authoritative document has so explicitly linked GSI—a campaign introduced by Xi in April 2022 to promote a Chinese vision of global security—with the Comprehensive National Security Concept, although credible PRC academics and security researchers have directly made the connection before (World Issue, February 28, 2023; Teaching and Research, December 12, 2024). **[3]**

The GSI continues to defy easy analysis. All manner of activities are included under its implementation. For instance, a July 2024 report on the topic by the official MFA think tank, the China Institute of International Studies, runs over a hundred pages. It lists efforts the PRC has made to contribute to global security that often predate the announcement of the initiative itself. Some efforts involve actors not usually associated with traditional security issues (such as the Ministry of Ecology and Environment or the Ministry of Natural Resources), while others are carried out by non-state actors (such as the National Computer Network Emergency Response Technical Team/Coordination Center of China (CNCERT), a "non-governmental non-profit cybersecurity technical center") (China Institute of International Studies, July 2024; CNCERT, accessed July 2). Among western analysts, there is ongoing debate between those who see GSI as part of a global order-building project (Atlantic Council, June 21, 2023; Foreign Affairs, July 28, 2023), and those who see it instead

as "propaganda intended to shape foreign perceptions of China" or to create space for the PRC's growing role in international security (Polity, March 2025; NBR, May 16).

The ultimate role of the GSI in PRC statecraft remains to be seen and its purpose may change over time depending on the country's needs. Officially tying the Comprehensive National Security Concept into the initiative, however, shows that Beijing is constructing a conceptual framework that will underpin an expansion of its security-related activities abroad into a wide array of issue areas.

A New 'Asian Security Model'

The new "model of security for Asia" represents a pitch to regional players for a more muscular Chinese presence in the region. Introduced at the Central Conference on Work Related to Neighboring Countries in April it has subsequently been expanded upon in official commentaries in the *People's Daily* and *PLA Daily*. These assert that the model inherits "the Asian peoples' tradition of advocating peace" (传承亚洲人民崇尚和平的思想传统) and is in the interests of all the PRC's neighbors (People's Daily, May 4; PLA Daily, June 6). Commentators also make thinly veiled references to the United States as a negative force in regional security dynamics, with one writing that "some countries have continued to fan the flames and create tensions in order to maintain their own hegemony" (个别国家为维护自身霸权 … 持续煽风点火、制造紧张) (People's Daily, June 4).

The model builds on the "New Asian Security Concept" that Xi unveiled in 2014 at the Conference on Interaction and Confidence Building Measures in Asia, a multilateral meeting in Shanghai. His remarks then made a similar case to his more recent statements, arguing that the security interests of Asian nations were closely intertwined, and that "it is for the people of Asia to run the affairs of Asia" (Embassy of the PRC in the Republic of Indonesia, May 30, 2015). As in 2014, Beijing does not expect neighboring countries to immediately pivot toward entering new security partnerships or abandoning security ties with the United States, even as it presents an alternative regional security order to its neighbors. At the same time, Beijing believes it now can make a more compelling case for playing an enlarged security role: it possesses the largest navy in the world by number of vessels, has increased military diplomatic activities in the region, and aspires to present itself (credibly or not) as a past and future mediator of tensions in the Middle East and between Russia and Ukraine (Xinhua, April 8, 2023, May 31, 2024, July 23, 2024, China Strategic Perspectives, June 23).

Conclusion

The timing of the PRC's new white paper on national security and the announcement of the Asian Security Model is difficult to ignore. Both arrived in the early month of Donald Trump's return to the White House, during which he has floated a troop drawdown in South Korea and demanded Tokyo raise defense spending, while his administration's approach to Southeast Asia—likely a frontline in the competition for security cooperation opportunities with the PRC—has been at best mixed. (AP News, May 29; South China Morning Post, June 21, 2025). PRC officials may see this moment as one in which the PRC's neighbors are feeling insecure in their security relations with the United States and therefore liable to hedge toward the PRC.

Policymakers in Beijing will continue to push security cooperation with the PRC's neighbors on the whole range of issues included in the Comprehensive National Security Concept. Although these efforts may start on the

margins, such as security cooperation with Southeast Asian states on issues like transnational crime or counterterrorism, they could lay the groundwork for improved mutual trust that leads to deeper, higher-stakes security cooperation. If the PRC can deepen security cooperation with some countries on its periphery, it may create leverage in the region that complicates the United States's own latitude of maneuver in a variety of ways.

This work represents the views of the author and is not to be regarded as representing the opinions of CNA or any of its sponsors.

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Notes

[1] The official English translation of 总体 in this context is "holistic." For more *China Brief* coverage of the Concept, see: China Brief, June 19, 2015; October 4, 2022; May 23. Interestingly, Xinhua claims that the white paper aims to "enhance the international community's understanding of China's national security" (Xinhua, May 12). However, as of this article's publication, only the white paper's abstract has been translated into English (Xinhua, May 12; May 13).

[2] The original 11 types of security under the Concept were: political, territorial, military, economic, cultural, societal, scientific and technological, information, ecological, resource, and nuclear security.

[3] For example, neither the "GSI Concept Paper" released in September 2023, nor speeches on GSI implementation by Ministry of Foreign Affairs (MFA) official Chen Xiaodong (陈晓东) in 2024 and 2025 make this link (MFA, March 28, 2023; July 19, 2024; March 26). For more information on the GSI, see: China Brief, March 3, 2023; May 23.