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PRC Applies Economic Pressure ahead of Taiwan's Local Elections

By: Russell Hsiao and Meghan Shoop

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With local elections in Taiwan less than five months away, Beijing is pulling out all the stops to apply pressure on the Taiwan government and affect voters on the island in the lead up to the vote. In a string of seemingly capricious import restrictions on a growing list of agricultural products from the island that began to ramp up in 2021—along with a record number of incursions into Taiwan's air defense identification zone—Beijing authorities have now placed import bans on pineapples, sugar and wax apples, and most recently on grouper fish. Arbitrary regulatory fines on Taiwanese companies operating in the People's Republic of China (PRC) that have reportedly donated to the Democratic People's Party (DPP) have accompanied these measures. [1] While these economic measures are consistent with Beijing's overall "soft-hard" strategy of utilizing both carrots and sticks to intimidate and cajole voters on the island, Beijing has begun employing more sticks, potentially signaling a new phase of Beijing's coercive tactics.

Targeted Economic Measures to Affect Political Conditions

Over the past year, China has banned the import of four major Taiwanese agricultural products: pineapples, sugar apples, wax apples—and most recently grouper fish in June. Although Chinese government officials have cited harmful pests or chemicals as justification, many experts believe that Beijing is using these bans as a tool of economic coercion. In 2020, China imported over USD \$1 billion worth of agricultural products from Taiwan, making it the largest importer of Taiwanese agricultural goods, including the ones it has recently banned. For instance, of the <u>420,000 tons</u> of pineapple that Taiwan produces annually, <u>China imported 41,661 tons of pineapple worth about USD \$53.9 million</u> in 2020. Thus, China accounted for <u>91.2 percent</u> of the total exported pineapples from Taiwan. The

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To subscribe, visit http://globaltaiwan.org/subscribe/ export market for sugar and wax apples relies on China even more heavily than pineapples. Annually, Taiwan produces around 55,000 tons of sugar apples and 54,000 tons of wax apples. In 2019, Taiwan exported around 13,900 tons of sugar apples and around 4,800 tons of wax apples to China, accounting for 97 percent and 98 percent, respectively, of exports for those products. Looking at the most recently banned product, <u>36</u> <u>percent</u> of the overall annual grouper output of 17,000 tons went to China in 2021. Beijing's dominance as the main overseas market for these products has allowed it to hold economic leverage over Taiwan, and use these agricultural bans to punish Taiwan for perceived slights.

China might have chosen these specific products to ban because counties in the southern part of Taiwan produce the bulk of the four banned products. The fact that Democratic Progressive Party (DPP) has historically possessed a stronghold in these southern counties indicates that China may be targeting these voters' livelihoods to influence their political decisions. Examining recent presidential and local election data for these counties can help determine the validity of this conjecture. Pingtung County, Tainan City, and Chiayi County all elected DPP candidates in the 2020 presidential and legislative elections and the 2018 mayoral elections. Pingtung County produces 30 percent of pineapples, 75 percent of wax apples, and 40 percent of groupers produced annually in Taiwan. Tainan City produces 14 percent of pineapples, 2.5 percent of sugar apples, and 25 percent of groupers; and Chiayi County produces 13 percent of pineapples and 8 percent of wax apples in Taiwan. Kaohsiung City, which produces 14 percent of pineapples, 10 percent of wax apples, and 25 percent of groupers in Taiwan, elected DPP candidates for the 2020 presidential and legislative elections, but elected a KMT candidate in the 2018 mayoral election. Although these counties elected almost all DPP candidates, Taitung County remains an outlier. Taitung County produces almost all the sugar apples grown in Taiwan at 94 percent, but voters in Taitung County elected KMT candidates in the 2020 legislative and 2018 mayoral election and voted for the KMT presidential candidate. Instead of targeting specific counties, China might be more broadly targeting products that represent Taiwan's main agricultural exports to China.

Many feared that the agricultural bans would devastate Taiwan's agricultural industries, but the Taiwanese government's quick and effective responses have offset much of the potential damage. The Taiwanese government has spent USD \$72 million to bolster the promotion of pineapples, sugar apples, and wax apples both abroad and domestically, and pledged to spend USD \$13 million to support the grouper industry. Additionally, the Taiwanese government has skillfully used social media to promote the banned products to overseas markets other than China, especially pineapples. The government marketed Taiwanese pineapples as "freedom pineapples" to symbolize Taiwan standing up to China's oppression. This effective utilization of social media greatly increased domestic and foreign demand for pineapples. Taiwan exported 28,000 tons of pineapple in 2021, with 70.6 percent going to Japan and 23.7 percent going to Hong Kong. From January to March 2022, Taiwan exported 9,805 tons of pineapple, up 12.2 percent from the same time period in 2021. Lastly, to counteract the most recent ban of grouper fish, Taipei announced plans to provide interest-free loans to grouper farmers, assist with processing frozen storage, and promoting groupers to foreign markets. Despite Chinese efforts to economically hurt Taiwan, Taipei's swift response has neutralized many of the impacts from these bans.

In addition, these bans have had the unintended consequence of creating closer ties between Japan and Taiwan, and have allowed Taiwan's agricultural sector to start breaking free from its reliance on China. Previously, China was the largest importer of Taiwan's agricultural goods, but that spot now belongs to Japan, with the United States coming in second. Japanese people began rallying behind Taiwan when China instituted its first major ban in 2021 on Taiwanese pineapples. Viewing Taiwan's security as linked to its own and wanting to return the favor of Taiwan supporting Japanese goods after the 2011 tsunami, Japan imported almost 18,000 tons of pineapples in 2021, up 726 percent from 2020. Japan's fervor for Taiwanese pineapples only continues to grow. Besides pineapples, Taiwan will begin exporting sugar apples to Japan using freezing technology sometime in 2022. Japanese people have also begun rallying behind Taiwanese grouper fish, referring to them as "democratic fish." Japanese people now feel more closely linked to Taiwan as two

democracies combatting China's authoritarian reach. Exporting to Japan and other countries comes with several logistical issues, such as frozen transportation and storage; however, the benefits outweigh the costs. Taiwan has not only garnered a closer relationship with the Japanese people, but also expanded its market beyond China.



Image: Workers pose with grouper fish at an aquaculture farm in Kaoshiung County, Taiwan, June 2022. Grouper fish are the latest of Taiwan's agricultural exports to be targeted by the PRC for politically motivated import restrictions. (Image source: Taiwan Central News Agency)

Implications for the Local Elections

The recent raft of economic sanctions ostensibly targeted at punishing certain parts of Taiwan's agricultural industry is consistent with Beijing's longstanding efforts to use a combination of diplomatic, information, military, and economic tools to shape the political behaviors of voters in Taiwan. In 1995-1996, Beijing provocatively test-fired several missiles in the Taiwan Strait in a failed attempt to intimidate Taiwanese voters in the lead-up to the country's first direct presidential election. On the economic front, the PRC's efforts in the past have relied more on using enticements to lure Taiwanese businesses and people to support cross-Strait integration, such as through the 31, and subsequent 26, preferential economic measures introduced in 2018 and 2019, respectively. As China's economic leverage over Taiwan expanded with increased trade and economic ties, however, Beijing has also become more willing to utilize economic levers like pressuring prominent CEOs of Pan-Green-leaning corporations, such as I-Mei (義美) to endorse Beijing's "One-China

Principle."

The imposition of the grouper ban announced on June 13 also follows a noticeable pattern in Beijing's efforts to influence public opinion through economic means. In the lead-up to the 2018 local elections, <u>Beijing announced the 31 economic measures</u> that offered preferential economic incentives to Taiwanese businesses and persons to enter the Chinese market. The KMT scored a significant electoral victory in those local elections, initially pointing to a reversal of political fortunes of the ailing party. While the KMT has <u>traditionally performed more strongly</u> at the local level due to its organizational infrastructure, these economic enticements likely played a role in the election due to the general focus on the economy as a salient local electoral issue.

Although cross-Strait relations do not currently appear to be a salient electoral issue in the upcoming local election in Taiwan, it remains unclear how this latest tranche of coercive measures will play out this November. Similar punitive measures in the past have tended to result in counter-productive effects for Beijing's perceived goals-and could end up helping, not hurting, the DPP. The Pan-Green Taiwanese Public Opinion Foundation (TPOF, 台灣民意基金會) released a poll in late June that asked respondents: "The Chinese Communist (China) authorities announced two days ago that they will ban grouper imports from Taiwan starting from June 13. Do you think the CCP's actions are reasonable?" Nearly 65 percent of respondents believed that the action was unreasonable, and only around 17 percent believed it was reasonable.

In addition, while China has been the largest exporter of Taiwan's agricultural products since 2013, from January to May of 2022 China <u>came in third</u> behind the United States and Japan. Consequently, China's own actions could be causing it to lose economic leverage over certain conduits of influence in Taiwan's agricultural industry. As noted in <u>a prominent RAND study</u> on economic coercion:

"For Beijing to initiate economic pressure, a key challenge is identifying and effectively exploiting 'conduits of influence' within the target's (e.g., Taiwan's) political system—that is, politically influential classes or groups in Taiwan with a stake in promoting the policies that Beijing also supports. These conduits of influence are a key factor in converting economic influence into effective political leverage. These conduits of influence are a key factor in converting economic influence into effective political leverage."

Chinese economic statecraft includes not just enticements but also punishments. Beijing's recent bans on specific Taiwanese agricultural exports indicate an amplification of the CCP's "<u>soft-hard</u>" strategy as laid out by General Secretary Xi Jinping at the 19th Party Congress. Although recent measures do not appear to represent a departure from this longstanding strategy, these bans do seem to represent a doubling down of Xi's strategy to pressure Taiwan and its voters. The risks of a full-scale military invasion still remain low in the near term, but the clear use of more sticks—both military and increasingly economic—likely signal an intensification of these types of coercive measures in the months and years to come, especially with the next presidential election in 2024.

The main point: A recent string of import restrictions placed on Taiwanese agricultural products by Beijing appears aimed at influencing the island's upcoming local elections. While this strategy is consistent with Beijing's overall "<u>soft-hard</u>" approach, China has begun employing more economic pressure, potentially signaling a new phase of Beijing's coercive tactics in the run up to the 2024 presidential election.

[1] Chinese textile and cement subsidiaries of Taiwan's Far Eastern Group (遠東集團) were <u>fined more than</u> USD \$13.87 million for a series of violations, including breaches of environmental protection rules. Ironically, the Far Eastern Group is a known donor to both major political parties.

The CCP Invokes the Legacy of Koxinga in Its United Front Propaganda for Taiwan

By: John Dotson

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Cheng Ch'eng-kung (鄭成功), better known as "Koxinga" (國姓爺) in most international histories, is one of the most famous—and colorful—figures in the history of Taiwan. The legacy of Koxinga has been invoked in different ways over past decades by the Nationalist Party (KMT, 國民黨) and Chinese Communist Party (CCP, 中國共產黨) in their polemical battle over China's future. This year marks the 360th anniversary of Cheng and his followers ending the Dutch colonial presence in Taiwan, and Koxinga's legacy has been revived once again by the CCP—with multiple events this spring and summer commemorating the "recovery of Taiwan" (收復臺灣) that were sponsored and publicized by the CCP's united front apparatus, as well as by organizations within Taiwan.

The Historical Legacy of Koxinga in Taiwan and China

In the decades following the Manchu seizure of Beijing and establishment of the Qing Dynasty in 1644, Cheng Ch'eng-kung became one of the most prominent military commanders in the resistance against the Manchu conquest of China. After many years resisting Qing armies from a fiefdom in Fujian Province, Cheng relocated his forces to southern Taiwan in the early 1660s. There, they campaigned against Dutch forces and seized Fort Zeelandia in 1662, effectively ending the Dutch colonial presence on the island. Unable to achieve his ambition to reverse the Manchu conquest and restore the deposed Ming Dynasty, Cheng and his descendants (following Cheng's early death from malaria, only a few months after defeating the Dutch) ruled over the declared Kingdom of Tungning (東寧王 國), a state that governed southwestern Taiwan and the Penghu Islands until it was conquered by a Qing expedition in 1683.

Under the years of the Kuomintang dictatorship in Taiwan (1945-1987), Cheng Ch'eng-kung was celebrated in KMT historiography and propaganda as a great Chinese national hero. The story of Cheng and his Ming loyalist troops bore obvious parallels to the story the KMT regime wished to present about itself and its leader Chiang Kai-shek (蔣介石): that of a heroic figure who resisted the conquest of China by a foreign force (the ethnic Manchus in one case, Soviet Communism in the other); who was forced by military pressure to retreat from the mainland; who reclaimed Taiwan as Chinese territory; and who established a redoubt on Taiwan, awaiting the opportunity to liberate China from foreign tyranny and restore its legitimate govern-

ment. [1]

For its part, the Chinese Communist Party regime also lionized Koxinga, but with a very different take on the story: in the CCP version, Cheng was a nationalist figure who fought to free Taiwan from foreign imperialism, and who unified the island with China. As written in a CCP propaganda magazine in early 1961:

"Three hundred years ago, in 1661, Cheng Cheng-kung (Koxinga), the famous general of the Ming Dynasty, sailed at the head of a fleet from the Chinese mainland and landed on the Chinese island of Taiwan, then occupied by the Dutch colonialists. After nine months of bloody fighting, he drove out the Dutch and recovered Taiwan for China. Ever since then Cheng Chengkung has been honoured by the Chinese people as a national hero [...] the Chinese people, including their compatriots in Taiwan, are unswerving in the struggle against foreign aggressors and to bring Taiwan back to the bosom of the motherland. [2]"

United Front Events in 2022 Promoting the Legacy of Koxinga

This year, the 360th anniversary of Cheng and his followers ending the Dutch colonial presence in Taiwan, has seen multiple events commemorating the "recovery of Taiwan" (收復臺灣)—many of them sponsored and publicized by the CCP's united front apparatus. These CCP-promoted events tend to leverage either marginal figures from fringe political parties in Taiwan, or else persons from the pro-unification wing of the Pan-Blue coalition. One such example was a March 27 event held in Taipei, convened under the title "The Historical Significance of Cheng Ch'eng-kung's Recovery of Taiwan" (鄭成功收復臺灣的時代意義). The host for the event was Wu Rong-yuan (吳榮元), the chairman of the Taiwan Labor Party (臺灣勞動黨), a fringe pro-communist party that functions as a mouthpiece for CCP narratives (see examples here and here). As quoted in PRC media, Wu stated that the anniversary

"[...] made clear that Taiwan is an inherent part of Chinese territory, demonstrating that both sides of the Strait belong to one China on the basis of historical facts and legal principles; this proves that opposing 'independence' and advancing unification uphold historical justice, [and] possess the essential conditions of legitimacy and legality. The history of Cheng Ch'eng-kung's driving out the Dutch colonizers and recovering Taiwan offers significance and historical inspiration for today's [efforts] to accomplish national unification, uphold national sovereignty, and oppose separatism."

Larger events, stressing these same basic themes, were held in mid-June in both Taiwan and China's Fujian Province. On June 14, the CCP's Central Taiwan Office (*Taiban*, 中共中央台辦) hosted another political event near Cheng's ancestral home in the city of Quanzhou-Nanan (泉州南安). [3] At this event, *Taiban* director Liu Jieyi (劉結一) asserted that "inside Taiwan island 'Taiwan independence' forces are continuously plotting 'independence' provocations, [and] certain foreign forces are scheming to 'use Taiwan to control China'." By contrast, according to Liu, Cheng's legacy affirmed the PRC's sovereignty over Taiwan:

"Cheng Ch'eng-kung's driving out the Dutch colonizers, and recovering the treasured island of Taiwan, was an immortal exploit for the Chinese nation (中華民族). Cross-strait compatriots together commemorate the 360th anniversary of [Cheng's] recovery of Taiwan; the most important [thing] is to carry forward the great patriotic spirit [... and] conform to historical trends, advance together cross-strait relations and peaceful development, and promote the process of the peaceful unification of the motherland."

Particularly noteworthy was the participation of former KMT Vice-Chairman and Secretary-General Tseng Yong-chuan (曾永權) in a coordinated, parallel event held in Chiayi (嘉義) in southwestern Taiwan. As <u>summarized</u> in the pro-Pan Blue United Daily News (聯合 報), Tseng used the occasion to state that:

"Today cross-strait compatriots cherish the memory of the hero Cheng Ch'eng-kung, this is because we commonly inherit and carry forward Cheng Ch'eng-kung's spirit and Cheng Ch'engkung's culture, advancing cross-strait compatriots' heart-to-heart concordance. On the basis of persisting in the '92 Consensus' [九二共識] and opposing Taiwan independence, [we should] positively advance cross-strait relations and peaceful development, maintaining peace and stability in the Taiwan Strait."



Images: Two views of the June 14 activities organized to honor Koxinga in the Chinese city of Quanzhou-Nanan (Fujian Province). Image above: CCP Central Taiwan Office Director Liu Jieyi speaks at a conference commemorating the 360th anniversary of the "recovery" of Taiwan. (Image source: China Daily) / Image below: A parade held as part of the "Cheng Ch'eng-kung Cultural Festival," also celebrating the historical "recovery" of the island. (Image source: Toutiao.com)



Tseng's status as a senior former KMT official, as well as the invocation of the controversial "92 Consensus" in his comments, lent a greater political cast to the event from the Taiwan side. It also fits with a larger pattern of senior former KMT officials bandwagoning with CCP united front and propaganda efforts—such as former KMT chairperson Hung Hsiu-chu's (洪秀柱) visit to Xinjiang in May, during which she denied the overwhelming evidence of systemic cultural genocide directed at the Uyghurs and other Muslim peoples in the region. However, it should be noted that no current senior KMT officials appear to have engaged in the Koxinga anniversary events, perhaps due to perceived sensitivities connected to upcoming local elections. For its part, the Mainland Affairs Council (MAC, 大陸 委員會)—the cabinet-level agency of Taiwan's government charged with formulating policy towards the PRC—strongly <u>criticized</u> both the CCP-organized Koxinga memorial events, as well as the participation by persons from Taiwan. MAC identified the events as part of united front tactics intended to divide Taiwan's society, and further warned against participating in any such events that advocated for "One China" (一中國) or a "One Country, Two Systems" (一國兩制) model, or that otherwise advocated "democratic negotiations" (民主協商) (a CCP slogan for united front engagement with private persons or organizations, which sidesteps Taiwan's government).

Conclusions

Long the subject of dueling historical narratives surrounding Taiwan, the legacy of Koxinga is as fraught with controversy as ever. In past decades, both the KMT and the CCP were eager to adopt his mantle: whether as a hero holding out on Taiwan while maintaining hopes of liberating the mainland, or as a patriotic figure battling against foreign imperialism. For its part, the Taiwan nativist / pro-independence spectrum of Taiwanese political opinion has traditionally been more ambivalent about Koxinga: still revered by many as a hero in the island's history (as seen in the many popular shrines dedicated to him), but viewed more skeptically by others as an interloper from China, whose imposed state in the southwest of Taiwan proved transitory in nature. Further complicating the legacy—and an aspect of Koxinga's life that both KMT and CCP propaganda have tended to omit—was his half-Japanese heritage (his mother was Japanese), with the potential implications that holds for reevaluating Japanese historical legacies in Taiwan.

For the CCP, little has changed in the overall narrative, but as the united front activities of this year illustrate, first and foremost in contemporary CCP propaganda is Koxinga's role in "recovering" Taiwan as Chinese territory. In this sense, the historical memory of Koxinga—what some historians refer to as a "mnemonic regime"—is being harnessed as part of the CCP's intensifying drive to assert a position of absolute sovereignty over Taiwan. [4] What is dramatically different now is the extent to which some figures from the pro-unification Pan-Blue right (in curious conjunction with the marginal extreme left) have jettisoned the old KMT narrative of Koxinga as a heroic resistance fighter against tyranny in China. Such figures now appear eager to embrace the CCP's Koxinga narrative as a means to assert Taiwan's status as an inherent part of China. This shifting interpretation of Koxinga's legacy is yet another sign of how dramatically the KMT has transformed over the years, and how the CCP's united front efforts are seeking to exploit that transformation.

The main point: The legacy of Cheng Ch'eng-kung, or Koxinga, has long played a role in both KMT and CCP propaganda messages related to Taiwan. This year, CCP-sponsored united front events have played upon Koxinga's role in the "recovery" of Taiwan to further assert Beijing's sovereignty over the island and its inhabitants.

[1] Ralph C. Croizier, *Koxinga and Chinese Nationalism: History, Myth, and the Hero* (Cambridge, MA: Harvard East Asian Monographs, 1977). See in particular chapter 5, "His Undisputed Legacy in a Divided China," pp. 63-78.

[2] *Peking Review*, June 2, 1961 (Vol. 4, No. 22), <u>https://www.marxists.org/subject/china/peking-re-view/1961/PR1961-22.pdf</u>.

[3] It is worth noting that the CCP Taiwan Affairs Office (a party body) and the PRC State Council Taiwan Affairs Office (a nominal state body) are in fact one and the same organization. Liu Jieyi, the current director, is dual-hatted as the head of both.

[4] For an exemplary exploration of the meaning of a "mnemonic regime" in a different context in Taiwan's history, see: Dominic Meng-Hsuan Yang, *The Great Exodus from China: Trauma, Memory, and Identity in Modern Taiwan* (Cambridge, UK: Cambridge University Press, 2021).

The Principle of "Estoppel" and Beijing's Sovereignty Claims over the Taiwan Strait

By: Lin Cheng-Yi

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In September 2020, after People's Liberation Army (PLA) fighter jets repeatedly crossed the median line of the Taiwan Strait, Beijing-for the first time-officially denied the existence of that line. In June 2022, Beijing claimed that the Taiwan Strait is not international waters. These two Chinese statements run counter to China's position of many decades. The emergence of China's new position on the airspace and waters of the Taiwan Strait serves as legal preparation for the "overall policy for resolving Taiwan question in new era" under Xi Jinping, which is likely to be declared in the 20th National Congress of the Chinese Communist Party (CCP). Beijing hopes to deliver the message that the military conflict in the Taiwan Strait is a civil war brooking no foreign interference, and to warn the United States and its democratic allies to reduce the number of routine transits in the Taiwan Strait—and to even stop sending military ships to the Taiwan Strait.

China's Policy Incongruence

The concept of "estoppel," regarded as a customary principle of international law, refers to the fact that a state may not speak, nor act, contrary to what it has declared or done before. As per the customary law of estoppel, the Chinese government's acquiescence by record, and deed, with respect to the median line in the Taiwan Strait, both through practices of cross-Strait civilian air transport and the drawing of the M503 route in 2015, has created a precedent that should be respected. Several Chinese scholars have mentioned that the M503, an international air route over the Taiwan Strait, could reduce "the possibility of military conflict," and should be regarded as a peace corridor. On January 11, 2017, then-Chinese Vice Minister Liu Zhenmin (劉振民) (currently Under-Secretary-General of the United Nations) publicly mentioned that the transit of the Liaoning (遼寧) aircraft carrier through the Taiwan Strait is very normal, specifying that the Taiwan Strait is an "international waterway" shared by Beijing and Taipei. In June 2022, Yuan Zheng (袁征) of Chinese Academy of Social Sciences publicly confirmed that the Taiwan Straits are "an important international waterway."

The median line separating the parties along the two sides of the Taiwan Strait was <u>established in 1955</u> by US Air Task Force 13 Commander Benjamin Davis. Beijing has long acknowledged and acquiesced to the median

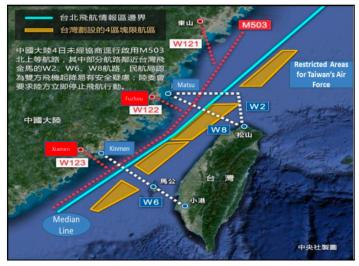


Image: The PRC's M503 Flight Routes in the Taiwan Strait. (Image source: <u>Central News Agency</u>, January 14, 2018)

line, though it sporadically crossed the line: in August 1999, in March 2019, and the most recent incidents in <u>August-September 2020</u>, which coincided with visits by Secretary of Health Alex Azar and Undersecretary of State Keith Krach to Taiwan. This month, several Chinese fighter jets <u>crossed the northern part of the median line</u> on July 8, 2022 when US Senator Rick Scott met with President Tsai in Taipei. Observation of the median line has been praised as a cross-Strait tacit confidence-building measure, even though both sides lack a written formal agreement to validate this practice.

The median line is not an imaginary line, but a line of demarcation with five coordinates stretching from North Latitude 23' to 27' and East Longitude from 119' to 123'. Civil aviation and fighter pilots from both sides have observed the existing practice regarding the median line for many decades. Assurances to keep their distance from the sensitive line were given when cross-Strait flight arrangements were deliberated and later signed upon as part of the 2008 Air Transport Agreement and its Supplementary Agreement in 2009. There are hundreds of cross-Strait flights each week, none of which are permitted to fly directly across the median line, even though doing so would be the shortest route and save time and fuel.

In 2014, the PRC delineated a M503 route parallel to that of the Taiwan Strait median line in order to ease traffic congestion amid the growing number of flights over the Yangtze River and Pearl River Delta areas. At Taipei's insistence, Beijing <u>agreed</u> on March 20, 2015 that flights on the southbound M503 would operate at a distance of 10.2 nautical miles, instead of the already announced 4.2 nautical miles, from the median line, opening some greater distance from the sensitive demarcation line. To alleviate Taiwan's concerns, Beijing re-drew its M503 air route, released a new notice to airmen, and prohibited its aircraft from deviating eastwards beyond M503. Supposing there was no such median line, Beijing would not bother to modify its original flight plans.

Compared to PLA fighter jets entering Taiwan's southwest Air Defense Identification Zone (ADIZ) on an almost daily basis, crossing the median line of the Taiwan Strait is a greater threat to Taiwan's defense. Mid-air high-speed maneuvers pose a high risk of accidents and grave consequences for future cross-Strait relations. Taiwan's pilots have been instructed to fulfill their missions without dangerously provoking and prematurely responding to Chinese provocation of the median line. The Chinese air incursions are meant to establish a regular PLA presence in the airspace of the Taiwan Strait through a non-war, "gray zone" conflict pattern. Such actions impose further strain on Taiwan's air force in terms of maintenance and operating costs in the effort to prevent the Chinese military from establishing air dominance in the Taiwan Strait.

In June 2022, Chinese Ministry of Foreign Affairs spokesman Wang Wenbin (汪文斌) stated that China enjoys sovereignty, sovereign rights and jurisdiction over the Taiwan Strait according to the United Nations Convention on the Law of the Sea (UNCLOS). Wang went on to state that "There is no legal basis of "international waters" in the international law of the sea. It is a false claim when certain countries call the Taiwan Strait "international waters" in order to find a pretext for manipulating issues related to Taiwan and threatening China's sovereignty and security. China is firmly against this." The PRC tries to project an international image that waters in the Taiwan Strait represent either Chinese territorial sea, a contiguous zone, or an exclusive economic zone. China only respects the legitimate rights of other countries in the relevant waters of the Taiwan Strait for purposes of non-military transit passages. Simply put, China wants to turn the Taiwan Strait from China's "exclusive economic zone" into Chi-

na's "exclusive military zone."

Security Implications of Legality of the Taiwan Strait

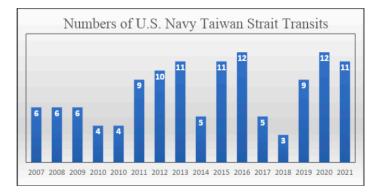
By denying both the validity of the median line of the Taiwan Strait, as well as the status of the Taiwan Strait as international waters, China is waging psychological warfare against the Tsai Ing-wen Administration for "leaning on America in the pursuit of independence." The PRC is also constructing a legal and diplomatic framework for Xi Jinping's overall strategy for resolving the Taiwan issue, which could nullify the tacit agreement on the median line of the Taiwan Strait between Taipei and Beijing, and complicate the implementations of the 2014 United States-China Memorandum of Understanding Regarding the Rules of Behavior for Safety of Air and Maritime Encounters. China aims to change the status quo in the Taiwan Strait by dissuading routine US transits of the strait (conducted almost monthly from 2020 onward), as well as the sporadic passage of navy ships from Australia (2017), Canada (2019), France (2019), and the United Kingdom (2021).

The US government has a longstanding position that the Taiwan Strait is international waters, not just an international waterway. The USS Nimitz and USS Kitty Hawk carrier battle groups sailed through the Taiwan Strait in December 1995 and November 2007, respectively (even though there was not a crisis in 2007). To fill the vacuum, the Chinese aircraft carriers Liaoning (遼寧) (CV-16) and Shandong (山東) (CV-17) sailed through the Taiwan Strait at least 12 times, starting in November 2013 and November 2019 respectively, back and forth between the East and South China Seas. In response, the US Navy continues to send warships and Coast Guard cutters into the Taiwan Strait. The standard statement of the United States' 7th Fleet spokesman is that US transit through the Taiwan Strait "demonstrates the US commitment to a free and open Indo-Pacific," and "the US Navy will continue to fly, sail and operate anywhere international law allows."

Several possible actions could be taken by the PRC to refute US-Taiwan security cooperation. China may track or even harass US military aircraft, warships and Coast Guard vessels in the Taiwan Strait. Chinese warships and military aircraft might further press towards the Taiwan side, disregarding the median line in the Taiwan Strait. PLA fighter pilots could squeeze the

training space of the Taiwan Air Force to east of the median line in the Taiwan Strait. China Coast Guard ships could increase their law enforcement activities in the Taiwan Strait to weaken response capabilities of the Taiwan Coast Guard. The geographical scope of the Taiwan Relations Act (Sec. 15, Article 1) covers the Pescadores (Penghu), and the importance of Penghu for the security of Taiwan should be deeply studied by Taiwan and the United States.

China has already adopted a military strategy by bracketing the island of Taiwan through a 360-degree military approach. The launches of Chinese missiles into the waters to the south and the north of Taiwan in 1996 provide one example; the fact that Chinese fighter jets and naval ships have increasingly passed through the west and the east maritime and air domains of Taiwan is another. The potentiality of Beijing declaring the Taiwan Strait as a military security zone in a crisis cannot be ruled out.



(Graphic Sources: Adapted from <u>South China Morning</u> <u>Post</u>, May 3, 2019; the numbers for 2019, 2020, and 2021 have been added by the author)

The flight route between Matsu and Kinmen/Quemoy might present potential risks when Taiwan government officials are boarding an administrative plane or helicopter to visit the offshore islands closer to the PRC. China has already intended to interdict Taiwan's air transportation to Dongsha/Pratas Island. Chinese fishing boats crossing the maritime median line into the waters surrounding the Penghus could increase not to mention the already aggressive Chinese dredging boats or sand mining boats operating in the Taiwan Bank, southwest of Penghu Island. These Chinese assertive marine depletion activities have made it more difficult for the Taiwan Coast Guard to enforce the law of protection of fishing zones and preservation of fishing resources. Chinese coast guard vessels have increased their harassment against Taiwan's scientific research vessels not only in the Taiwan Strait, but also in the South China Sea.

According to Part III of the UNCLOS, the Taiwan Strait can be categorized as a strait used for international navigation. All ships and aircraft should enjoy the right of transit passage in the Taiwan Strait, which connects the South China Sea and the East China Sea, and it should be treated as a "high seas corridor." The United States and more than 30 other like-minded countries have underscored the importance of peace and stability across the Taiwan Strait through various summit statements. Any acquiescence with China's assertive maritime and air activities will only invite further provocative actions from Beijing in the East and South China Seas.

The main point: Beijing's expansive claims of territorial sovereignty over the waters of the Taiwan Strait are at odds both with its prior positions ("estoppel"), customary international maritime practices, and with international law as defined in UNCLOS.

The Normalization of CCP Censorship and its Threat to Taiwanese Creative Industries

By: Adrienne Wu

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In the wake of increasingly strict content restrictions from Beijing, government-backed Taiwanese agencies such as the Taiwan Creative Content Agency (TAICCA, 文化內容策進院) have increasingly sought to market Taiwan as a more open alternative for production companies who want to make more progressive content. *Moneyboys*, an Austrian-Taiwanese film about a gay sex worker that was later presented at the <u>Cannes Film Festival</u>, is an example of one such successful collaboration. Although the film's Chinese-Austrian director C.B. Yi had originally intended to shoot a documentary about gay sex workers in China, he eventually chose Taiwan as his filming location instead, also opting to make his documentary into a feature film. In some

regards, Beijing's hardline attitude toward censorship could benefit Taiwan, as it provides a stark contrast to Taiwan's role as a progressive East Asian country that cares about protecting creators' freedom of speech, while also opening the door to new international partnerships.

Soft Power in East Asia

Ever since Joseph S. Nye coined the term "soft power," governments have chosen to interpret the concept in various ways. After the United Kingdom advocated for the economic viability of "creative industries" and their potential for improving perceptions of the UK abroad, other governments-including in Taipei-followed Britain's example. To coordinate the promotion of creative industries, South Korea established the Korea Creative Content Agency (KOCCA) in 2009 and Taipei created the government-backed TAICCA in 2019. Both agencies attempt to nourish creative industries by supplying financial and educational support for creators, while also providing a gateway to overseas expansion through content pavilions and events. In contrast, Beijing's approach towards creative industries has been more interventionist and in some aspects can be characterized as "sharp power." China uses censorship to prevent its culture from becoming "polluted" domestically, before it then broadcasts these domestic depictions to a greater global audience. While both Taiwan and China are striving for the same result—the ability to promote their countries to a foreign audience—the approach is fundamentally different. Through TAICCA, Taipei aims to create "free and open" Taiwanese content that "delve[s] into a variety of social issues," while Beijing's main objective is to produce state-approved propaganda that can be distributed both domestically and internationally.

Beijing Control, Globalized

Two important facets of Beijing's approach to soft power inform its approach to globally produced media: 1) domestic perception of the content is the principal concern; and 2) the content made for domestic Chinese audiences should also be disseminated to international audiences. The overwhelming size of China's consumer market means that Chinese companies have no incentive to cater to international markets, while international companies face <u>intense pressure</u> to conform to Beijing's state-directed norms. The practice of creating region-specific versions of content is standard, but the expectation that a region-specific version must also be distributed to a global audience is unique to Beijing.

Emblematic of this phenomenon is Paramount's controversial choice to remove references to Taiwan from the trailer for Top Gun: Maverick due to financing from Chinese entertainment giant Tencent. Reflecting on the decision, former President of DMG Entertainment Chris Fenton related: "So Paramount, the filmmaker of that movie, said 'Fine, we will cut that out or blur [the Taiwanese flag] out for the China market.' But China said, 'No, no, no, it's not just for the China market, we do not want that seen anywhere in the world." In the end, Paramount gave up on a Chinese release and aired the movie with the original Taiwan (Republic of China) flag intact, not due to backlash from moviegoers, but due to Tencent's own decision to withdraw funding because of fears that the Chinese Communist Party (CCP) would not be happy with the movie's pro-American content.



Image: A screenshot from a pre-release advertisement for Top Gun: Maverick, alongside the original patch. (Image source: <u>Taiwan News</u>)

Reducing Taiwan's Creative Space

Beijing's interest in controlling the global narrative of China has also led them to encroach upon other countries' cultural narratives. In a 2022 Stanford study, over half of South Korean respondents who held anti-Chinese sentiments said Beijing's "cultural imperialism" of claiming cultural Korean symbols such as *hanbok* and *kimchi* as Chinese contributed to their negative feelings. Due to the CCP's sensitivity regarding Taiwan, the topic of Taiwan is "<u>commonly understood to be</u> <u>untouchable</u>" in Hollywood movies. As a result, Taiwanese references are removed from movies during production; such as the aforementioned *Top Gun: Maverick* controversy. Although the public has not yet uncovered proof of any Taiwanese characters intentionally being rewritten, the fact that *Doctor Strange*'s Ancient One was <u>transformed</u> from a Tibetan (one of China's forbidden "<u>three Ts</u>," along with Taiwan and Tiananmen) to an individual of Celtic descent shows that it would not be outside the realm of possibility.

Erich Schwartzel, the author of Red Carpet: Hollywood, China, and the Global Battle for Cultural Supremacy, agreed in a talk given at the East West Center that there are few examples of Hollywood censoring Taiwan-related content, because mentions of Taiwan are often already self-censored by writers and studio executives during the production phase. As PEN America noted in their report on Beijing's influence on Hollywood, "censorship is most notable not for its presence, but for the absence it creates: the absence of films, stories, characters, and plotlines that would have existed-or existed in a different form—were it not for the power of the censor." If Beijing's erasure of Taiwan becomes accepted as standard practice, then it reduces chances for Taiwanese representation—as both a nation and as a people-in creative content.

Moreover, pressure from Beijing has the potential to make enduring changes to the industry through normalized self-censorship. PEN America detailed how the CCP's lack of clear censorship guidelines, accompanied by the high risk of financial losses for production companies, has resulted in creators liberally self-censoring their work in anticipation of Beijing's demands. Examples of this have not only been seen in Hollywood, but also in other creative fields looking to access the Chinese market, such as the gaming industry. Chinese-language video game developers based in Taiwan and Hong Kong often end up appealing to the Chinese market due to language barriers with English-speaking publishers. Yet, this access also comes at a cost: video game developers from Taiwan have stated that "We have to recognize Taiwan as a province of China or at least be quiet." Taiwanese creators not only have to censor their work, but also the presentation of their own identity.

Additionally, many video game developers have come to view self-censorship as part of the production pro-

cess. One Hong Kong-based video game developer, Johnson Siau, said that video game developers either need to be "pragmatic" and find ways to develop their games to avoid running afoul of censorship, or else they simply have to find a new market for their games. Another Taiwanese video game developer similarly stated, "If we are considering making a game [for the Chinese] market, either we self-censor the story or remove the story, or we will try to edit it for a new China special version." This type of internalized acceptance of self-censorship is dangerous, as PEN America points out, because "over time, writers and creators don't even conceive of ideas, stories, or characters that would flout the rules, because there is no point in doing so." The more that Beijing's restrictions endure and become internalized, the less likely it is that productions that break those rules—exactly the productions that Taiwan is hoping to attract—will exist at all.

Even when projects that incite Beijing's criticism make it into the production phase, they face the difficulty of securing resources. Sylvia Feng, one of the producers of Taiwan's political TV drama *Island Nation*, <u>stated in</u> <u>an interview that</u> "*Island Nation* had difficulty attracting investors, cast, and crew. Institutions and individuals would often express enthusiasm for the show, but not follow through." Many Taiwanese were afraid that participating in the drama would bar them from future jobs and opportunities in China, especially after Chinese state-media *Global Times* issued a <u>verbal attack</u> on the drama.

Finding distributors is another problem that Taiwanese productions face. Schwartzel noted that Netflix, which has signed a memorandum of understanding with TAICCA, may be more open to hosting China-sensitive content due to the fact that they do not operate in China. Yet, an anecdote related by Isaac Wang has indicated that an unnamed transnational streaming platform, also not operating in China, declined hosting Island Nation 2 due to fears that it would cause a public relations crisis. This example shows that even companies who do not have a Chinese presence might be hesitant to host Taiwanese content. Similar problems have also occurred in video game development, such as when hidden in-game criticism of Xi Jinping caused Red Candle Games' Devotion to be pulled from international distributor Steam. After GOG.com also backed out from its agreement to sell the game, *Devotion* is now only available to buy directly from the Red Candle Games' website. Additionally, those in the gaming industry have relayed that the incident has made both Western and Taiwanese publishers even <u>more cautious</u> <u>about publishing Taiwanese content</u>. Taiwanese productions are subjected to a higher level of scrutiny and have more difficulty finding international distributors and partners simply because they are made in Taiwan.

Top Gun: Maverick, while being one of the most high-profile cases of Hollywood censorship connected to Taiwan, also acts as an excellent example of why Hollywood should not be vying for Chinese funding indiscriminately. This example has not only revealed that money makes the final decisions in Hollywood, but it has also exposed that access to the Chinese market is not a sure investment. It could be that the volatility of the Chinese market will further erode Hollywood's interest in pandering to CCP censorship. Yet, other measures also need to be taken domestically to safeguard creators against Beijing's creative coercion.

Recommendations:

- Protect against the globalization of CCP censorship: Production companies need to pledge that localized versions of content made for entry into the Chinese market will not be the same versions that are distributed to a global audience. Additionally, united action from trade associations such as the US Motion Picture Association should be leveraged for clearer censorship guidelines and closer regulation of Beijing's demands.
- Resist the normalization of self-censorship in creative industries: To counter self-censorship, creators need to call attention to and discourage instances of censorship within the industry. Production companies also need to ensure that creators are educated about the dangers of such practices.
- Reduce the dependency of Taiwanese creators on the Chinese market: Greater effort needs to be made to connect Taiwanese creators with global resources, companies, and distributors. TAICCA's International Co-Funding Program and Taiwan Pavilion are already positive moves in this direction, and ways in which these programs can be expand-

ed need to be further explored.

As senior manager of TAICCA's Content Lab Joyce Tang says, "As long as your film or story is specific to Chinese culture, or Asian culture in general, Taiwan is a really strong choice of location and production partner, because we have very few restrictions and social or political taboos." Still, Taiwan does not exist in a political or economic vacuum. Although Taiwan can potentially benefit from Beijing's unyielding stance towards soft power in the short-term, CCP censorship continues to creep into the global market, threatening the viability of this as a long-term strategy.

The main point: Although Taiwan has been able to benefit from Beijing's strict content restrictions by positing itself as a freer creative environment, the increasing normalization of CCP censorship in creative industries continues to threaten the viability of this as a long-term strategy. United action from major players in creative industries is needed to maintain Taiwan's creative space in terms of representations of Taiwan and Taiwanese creative industries' enduring survival.