PRC Election Interference Targeting Taiwan’s 2024 Elections Tests the Anti-Infiltration Act

By: Russell Hsiao

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Taiwan’s Ministry of Justice Investigation Bureau (MJIB, 法務部調查局)—the principal domestic intelligence agency and the equivalent of the Federal Bureau of Investigation (FBI) in the United States—recently revealed that it has launched an investigation into how China may be attempting to influence Taiwanese small and medium-sized enterprises (SMEs) with investments in the People’s Republic of China (PRC), with the apparent goal of laundering money for the purpose of manipulating Taiwan’s upcoming national elections. According to publicly available reporting about the ongoing investigation, China is currently targeting a variety of businesses, and specifically ones located in Taichung and Changhua. Some SMEs are suspected of taking Chinese capital in exchange for funding or assisting specific political candidates from those localities in the upcoming elections. The most recent revelation by the MJIB about the new investigation follows a string of recent reports that indicates how the PRC is ramping up its influence operations on Taiwan to sway the upcoming election in its favor.

Shift from Enticement to Coercion

According to the reports, China is using threats of tax inspections and other fines for supposed violations of Chinese regulations on these businesses to coerce and influence them into supporting pro-unification political candidates. This appears to signal a shift away from Beijing’s traditional methods of relying more on enticements, such as providing direct funding, in-kind entertainment, or travel. Instead, the PRC seems to be moving to a more coercive approach to exert its influence.

Indeed, these revelations are consistent with the findings of an in-depth investigative report conducted in 2018 by Al Jazeera. As part of this exposé, a leader of a united front group in Taiwan, Zhang Xiuye (張秀葉), was caught on film explicitly stating:
“Whoever gets caught taking money from China will be put in jail [...] [however] it’s not a problem if it’s money from a Taiwanese businessman. If you’re like our Chief who runs a business in China and uses the money for the Alliance [Chinese Patriotic Alliance Association], it’s no one else’s business. Authorities in China know which businesses support unification. They’ll do their best to make sure you don’t lose money.”

A former political candidate who ran for Taipei City Council on the China Democratic Progressive Party’s (CDPP, 中國民主進步黨) ticket in 2018, as well as a member of the Chinese Patriotic Alliance Association (CPAA, 中華愛國同心會, also known as the Concentric Patriotism Alliance), Zhang was indicted and then sentenced for illegally receiving and using funds from China for political purposes. However, she fled to China before authorities could take her into custody.

Political donation laundering schemes are very complex matters for authorities in Taiwan to investigate. Persons and businesses involved in political donation schemes can launder illicit cash flows in multiple ways under the guise of normal business and commercial exchanges. While there are laws in place that put a cap on how much an individual and businesses can contribute to a political campaign or are required to publicly disclose, such as the Company Act (公司法) and the Political Donations Act (政治獻金法), these can be circumvented. For instance, if an individual exceeds the limit of political donations, they can simply redirect the funds through other persons or businesses.

Further complicating investigators’ effort to uncover illegal political contributions is the fact that Chinese investigators reportedly will not cooperate with Taiwan’s investigators on such matters. As a result, even if there are credible leads, it is difficult for prosecutors in Taiwan to collect the necessary evidence, as doing so would require access to information available only in the PRC.

**Trends in Illegal Political Donation**

Vote-buying and illegal political contributions are not necessarily new phenomena in Taiwan’s politics, as this MJIB video cautioning against vote-buying schemes in 2022 reveals.

In the lead-up to the nine-in-one local elections held in November 2022, the MJIB initiated the **“2022 Year Pre-election Detection of Illegal Financial Flows”** (2022年度選前查緝不法金流) campaign to “prevent foreign illegal funds from flowing into Taiwan through underground channels.” The agency revealed that:

> “There had been 1,430 electoral bribery cases, of which 564 cases have been investigated, 162 cases of the main suspects were placed on bail, 55 cases were detained, the candidates themselves were detained in 27 cases, and another 86 cases were transferred. The detainees included two candidates for township chief, seven candidates for county and city councilors, nine candidates for township representatives, and nine candidates for village chief.”

Another interesting feature of these illegal political donation schemes is that the cash flow was reportedly coming in not only from China but also from Southeast Asian countries, including Vietnam. These funds were reportedly often routed through legitimate commercial enterprises, human resources companies, or third-party payment companies. In the past, the MJIB has also revealed that some people received funding from the Chinese Communist Party’s (CCP, 中國共產黨) Taiwan Affairs Office (TAO, 國務院台灣事務辦公室) through underground channels, in exchange for assisting specific candidates through bribery or for conducting espionage in Taiwan. In response, the MJIB has suggested that it could apply the **“Anti-Infiltration Act”** (反滲透法), passed as a law in 2020.

**Image:** A promotional graphic from an MJIB-produced short film warning about the dangers of vote buying in Taiwan's elections. (Image source: Radio Taiwan International)

**Enforcement of the Anti-Infiltration Act**

A key legislative accomplishment of President Tsai Ing-wen (蔡
By: John Dotson

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The state of China-related discourse among America's traditional European allies was mixed throughout the month of April, as
evidenced by French President Emmanuel Macron’s comments on Taiwan, and the dovish official China policy speech by UK Foreign Secretary James Cleveland. However, the picture among America’s Asian allies—and specifically, its treaty security allies in the Indo-Pacific—was quite different. In April, US treaty allies Japan, South Korea, and the Philippines—each led by relatively new executive administrations, which have assumed office within the past 18 months—all demonstrated continued intent to strengthen their security relationships with the United States. Furthermore, senior officials in these states have demonstrated an increasing willingness to identify rising tensions in the Taiwan Strait as the reason for these decisions—while also publicly criticizing the People’s Republic of China (PRC), either directly or in more muted terms, as the instigator of these rising tensions. Beijing’s increasingly heated rhetoric towards these states—and in some instances, its increasingly provocative coercive behavior—indicates that it is alarmed by these tightening relationships. As a result, Beijing is likely to work to prevent further developments in what it perceives to be a US-led “encirclement” of China.

**Japan Links Changes in Defense Policy to Concerns Over Chinese Behavior**

The Japanese government has been a treaty security partner of the United States since the 1950s, and has long maintained one of the most capable militaries in the region. However, it has traditionally been reticent to take forceful stances on regional security challenges. This posture began to shift under the tenure of the late Prime Minister Abe Shinzo (in office 2006-2007 and 2012-2020), but has shifted still more dramatically in recent months in response to the PRC’s increasingly aggressive behavior in the region.

In December, for the first time in a decade, the Japanese government released a revised National Security Strategy (NSS). The new NSS described Japan’s security environment as “as severe and complex as it has ever been since the end of World War II.” It clearly tied this alarming state of affairs to PRC actions in the region, particularly its coercive pressure against Taiwan:

> “China has been intensifying its military activities in the sea and airspace surrounding Taiwan, including the launch of ballistic missiles into the waters around Japan. Regarding peace and stability across the Taiwan Strait, concerns are mounting rapidly, not only in the Indo-Pacific region including Japan, but also in the entire international community. [...] China’s current external stance, military activities, and other activities have become a matter of serious concern [...].”

In recent months, Beijing has clearly signaled its displeasure with the moves by Japan’s government to increase its defense budget and further buttress security ties with the United States. To cite one example, in January the PRC tabloid Global Times asserted that Japan’s policy shift was aimed at “containing China,” and that it was another example of Japan “continuing to exaggerate the ‘China threat theory’ to cover up its own military expansion and preparations for war.” It also asserted that Japan’s defense build-up portends an aggressive military posture in the region: “Japan is no longer willing to act just as a ‘solid shield’ but now wants to play the role of a ‘sharp spear,’ and the US has given strong support for this.”

The Japanese government made further statements in April confirming its new posture, as well as its concerns over Taiwan. In comments before the Diet on April 6, Prime Minister Fumio Kishida signaled its displeasure with the moves by Japan’s government to increase its defense budget and further buttress security ties with the United States. In recent months, Beijing has clearly signaled its displeasure with the moves by Japan’s government to increase its defense budget and further buttress security ties with the United States. To cite one example, in January the PRC tabloid Global Times asserted that Japan’s policy shift was aimed at “containing China,” and that it was another example of Japan “continuing to exaggerate the ‘China threat theory’ to cover up its own military expansion and preparations for war.” It also asserted that Japan’s defense build-up portends an aggressive military posture in the region: “Japan is no longer willing to act just as a ‘solid shield’ but now wants to play the role of a ‘sharp spear,’ and the US has given strong support for this.”

**South Korea’s New President Speaks More Openly About Taiwan**

Since the Republic of Korea (ROK) shifted diplomatic recognition from the ROC to the PRC in 1992, Seoul has generally taken a deferential position to Beijing—a stance due not only to China’s military and diplomatic prominence in the region, but also to its status as South Korea’s largest trading partner. Accordingly, South Korean governments have traditionally been loath to upset Beijing. This has entailed maintaining a difficult balancing act between China on the one hand, and the United States, their treaty ally and primary security partner, on the other.

This has changed more recently under the administration of ROK President Yoon Suk-yeol, who has indicated concern over the PRC’s increasingly aggressive posture in the region. In an interview with Reuters on April 18, President Yoon stated that the rising tensions surrounding Taiwan were the result of the PRC’s coercive pressure against the island, and its efforts to change the status quo by force. He also identified Taiwan as a matter of international concern, stating that “The Taiwan issue is not simply an issue between China and Taiwan but, like the issue of North Korea, it is a global issue.”

These comments drew harsh condemnation from PRC officials. Speaking at a PRC Foreign Ministry press conference on April 20, spokesperson Wang Wenbin (汪文斌) responded to a question about Yoon’s comments by once again blaming any tensions in
the Taiwan Strait on “‘Taiwan independence’ separatists” and “foreign forces,” and opined that “We hope the ROK side will follow the spirit of [China-ROK relations], stay committed to the One-China Principle, and prudently handle matters related to the Taiwan question.”

Wang followed this up at the press conference on April 21, when he commented on the diplomatic spat with the ROK by stating that “China has made serious démarches to the ROK side in Beijing and Seoul respectively regarding the ROK side’s wrong remarks on the Taiwan question […] and urged the ROK […] to be prudent about its words and actions when it comes to the Taiwan question.”

However, the angry responses from the PRC apparently did little to sway the Yoon Administration. In the course of an official state visit to Washington DC in the last week of April, President Yoon and US President Joseph Biden issued a joint statement commemorating the 70th anniversary of the formal alliance between the two countries, which touched upon multiple policy issues of mutual concern, including security issues in the Indo-Pacific region. This included a direct statement on Taiwan, which implicitly but clearly criticized the PRC’s coercive military activities in the region:

“The Presidents reiterated the importance of preserving peace and stability in the Taiwan Strait as an indispensable element of security and prosperity in the region. They strongly opposed any unilateral attempts to change the status quo in the Indo-Pacific, including through unlawful maritime claims, the militarization of reclaimed features, and coercive activities.”

In response to the joint statement, on April 27 Liu Jingsong (劉勁松), director-general of the Department of Asian Affairs within the PRC Foreign Ministry, reportedly summoned ROK embassy minister Kang Sang-wook for a formal protest, once again stressing Beijing’s “stern position on Taiwan and other issues.” In a press conference the same day, PRC Foreign Ministry spokesperson Mao Ning (毛寧) commented on the US-ROK joint statement by again asserting that “the Taiwan question is purely an internal affair at the core of China’s core interests […] that brooks no interference from anyone;” claimed that it was “external forces interfering in the situation […] who are responsible for undermining the status quo;” and urged “the US and the ROK to see the true nature of the Taiwan question, follow the One-China Principle, be prudent when it comes to the Taiwan question, and avoid going further down the wrong and dangerous path.” [1]

For its part, Taiwan’s Ministry of Foreign Affairs (MOFA) issued a statement on April 27 that praised the US-ROK position, stating that:

“The US-ROK leaders’ joint statement underscores the high degree of consensus among the international democratic community on maintaining peace and stability across the Taiwan Strait, which are of great significance to global interests and must be jointly safeguarded by democratic partners. MOFA will continue to work with the United States and other like-minded partners to uphold democratic values and maintain peace, stability, and prosperity across the Taiwan Strait and the region.”

The Philippines Turns Toward a Closer Relationship with the United States

The government of the Philippines has also become more outspoken about the rising tensions in the region in relation to Taiwan. While US-Philippines ties grew strained during the earlier phase of the administration of former President Rodrigo Duterte, relations between the two countries—as well as between the Philippines and Japan—have grown increasingly close since President Ferdinand “Bongbong” Marcos Jr. assumed office in June 2022.

Throughout Marcos’s tenure, relations with the PRC have been increasingly strained by maritime incidents between the two countries, frequently involving complaints of aggressive and hazardous behavior by PRC Coast Guard vessels directed against both Philippines Coast Guard and commercial fishing vessels. However, the rising tensions in the Taiwan Strait have also played a significant role in further straining PRC-Philippines relations. During a visit to Japan in February 2023, while discuss-
ing regional security matters and growing military ties with both Japan and the United States, President Marcos stated:

“When we look at the situation in the area, especially the tensions in the Taiwan Strait, we can see just by our geographical location, should there in fact be a conflict in that area, it’s not very hard to imagine a scenario where the Philippines will not somehow get involved [...] we feel that we’re very much on the front line. [...] Perhaps because [...] the temperature in the region has slowly ratcheted up, we have to also, as a response, be more judicious in making sure that we are defending properly our sovereign territory.”

Image: Philippines Coast Guard personnel observe a PRC Coast Guard vessel during an encounter in the South China Sea on April 28. The incident reportedly involved unsafe maneuvering by the PRC vessel, and a near collision between the two vessels. (Image source: AFP/Firstpost)

The issue of Taiwan was raised once again in mid-April when the PRC ambassador in Manila, Huang Xilian (黃溪連), attracted further controversy by stating that agreements to expand military base access for US military personnel between the Philippines and United States had “caused widespread and grave concern among Chinese people.” Huang went on to make comments that were widely interpreted as veiled threats to the large population of Filipino migrant workers in Taiwan. (For a more detailed discussion of this matter, see “Chinese Ambassador’s Remarks Highlight the Growing Importance of Philippines to Taiwan Security” by Thomas Shattuck, elsewhere in this issue.) President Marcos has indicated intent to seek clarification from Huang regarding the meaning of his remarks.

The trend of closer defense ties between the United States and the Philippines saw further progress at the beginning of May, with a visit by President Marcos to the White House. This trip was accompanied by announcements regarding new military cooperation measures—to include the adoption of new “Bilat-

eral Defense Guidelines” intended to facilitate interoperability between the two militaries, and the transfer of three C-130H transport aircraft and four naval patrol vessels to the Philippine Armed Forces. The visit also produced a joint statement that “reaffirm[ed] the United States’ ironclad alliance commitments to the Philippines,” including in cases of “an armed attack on Philippine armed forces, public vessels, or aircraft in the Pacific, including in the South China Sea.” The statement also “affirm[ed] the importance of maintaining peace and stability across the Taiwan Strait as an indispensable element of global security and prosperity.”

Conclusions

The steadily rising state of tensions over Taiwan—which have been building steadily over the past few years, but escalated dramatically in the face of provocative PRC military activity in 2022—are reinvigorating traditional US security relationships in the Indo-Pacific. While many states in the region no doubt prefer to take a neutral stance amid growing US-PRC tensions, the three US treaty allies in the Indo-Pacific—Japan, South Korea, and the Philippines—have all recently shown increased willingness to reinforce their security relationships with the United States. Furthermore, these three states have shown stronger inclination to directly link changes in their defense policies with their concerns over Chinese actions and the tensions in the Taiwan Strait.

All of this is no doubt playing very badly in Beijing. Anxieties regarding a US-led diplomatic and military “encirclement” (包圍) of China have long been a prominent theme in CCP discourse (see examples here and here). From Beijing’s perspective, the recently announced measures to reinforce the security ties between the United States and its three treaty allies are doing more than simply throwing further potential roadblocks in the path of Beijing’s irredentist designs on Taiwan: they are also tightening the net of US-led “encirclement” around China.

The steadily escalating trends of PRC “wolf warrior” diplomacy and military coercion are serving to bring about the very “encirclement” that the CCP’s paranoid worldview has long inveighed against. The CCP leadership itself seems to be unwilling either to recognize the effects of its own actions, or else to consider appropriate changes in policy direction. As the PRC continues to escalate both its menacing military exercises and its transgressive gray zone operations in the Indo-Pacific, the defense ties between the United States and its allies may be expected to strengthen even further.

The main point: Recent months have seen noteworthy mea-
sures to strengthen the security relationships between the United States and its three treaty allies in the Indo-Pacific: Japan, South Korea, and the Philippines. The leaders of these three states have shown increased willingness to link changes with their security policies to their concerns regarding the increased tensions over Taiwan. Beijing is likely to interpret these closer relationships as further evidence of a US-led effort to “encircle” China.


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**Chinese Ambassador’s Remarks Highlight Growing Importance of Philippines to Taiwan Security**

By: Thomas Shattuck

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Since President Ferdinand “Bongbong” Marcos, Jr., took office in June 2022, the Philippines has quickly become an intriguing element in cross-Strait relations, and Beijing has taken notice. It is no surprise that Chinese Ambassador to the Philippines Huang Xilian (黃溪連) has weighed in and stoked controversy regarding Manila and its potential role in a Taiwan-related crisis. Speaking at the Eighth Manila Forum, Huang attempted to divide Manila and Washington on the expansion of Enhanced Defense Cooperation Agreement (EDCA) locations. The EDCA, ratified in March 2016, initially allowed the United States to station troops and build military infrastructure at five sites in the Philippines. In April 2023, the Philippines and the United States announced the expansion of EDCA locations, adding an additional four locations and bringing the total to nine.

During his remarks, Ambassador Huang outlined several questions facing the Philippine people:

“Why are the new EDCA sites only a stone’s throw away from Taiwan? How will the Philippines effectively control the prepositioned weapons in the military bases? Why will the Philippines fight for another country through the new EDCA sites? These are soul-searching questions of the Philippine people and also doubt [sic] by people in China and across the region.”

In doing so, he was evidently attempting to directly connect the EDCA, and particularly its expansion, to cross-Strait tensions—likely in an effort to diminish its importance for the development of the Philippine Armed Forces and improved Philippine national security.

**Rising Philippine Involvement in the Taiwan Strait**

Beyond the EDCA expansion, President Marcos has taken a decidedly more vocal approach to cross-Strait tensions, which at times has translated into calling out Chinese aggression. Less than two months into office, Marcos was forced to respond to a Chinese naval exercise that overlapped with the Philippines’ exclusive economic zone (EEZ). The exercise in the Bashi Channel occurred in response to then-House Speaker Nancy Pelosi’s meeting with President Tsai Ing-wen (蔡英文) in Taipei. During a February 2023 visit to Tokyo, Marcos admitted that “it’s very hard to imagine a scenario where the Philippines will somehow get involved” in a Taiwan-related crisis or conflict due to the country’s geographic proximity. The Marcos Administration’s approach to Taiwan was once again brought into the spotlight following the announcement of the expansion of EDCA locations. Notably, one of the new sites is located at Naval Base Camilo Osias in Santa Ana, Cagayan, near the Luzon Strait. Given how close northern Luzon is to southern Taiwan, this site is widely viewed as a possible location for the United States to position assets, weapons, and personnel with a Taiwan crisis in mind.

The attempt by the Chinese ambassador to start a rift over EDCA and Taiwan is not why his speech is notable. More importantly, he took his complaints and elevated them to veiled threats against the Philippines and its people. Near the conclusion of his speech, Huang attempted to intimidate the Philippines and its 150,000 Overseas Filipino Workers (OFWs) who live and work throughout Taiwan. Huang stated that “The Philippines is advised to unequivocally oppose ‘Taiwan independence’ rather than stoking the fire by offering the US access to the military bases near the Taiwan Strait if you care genuinely about the
150,000 OFWs.”

The speech—and obvious threat—caused a firestorm in Philippine politics, led by Senator Risa Hontiveros and the Anakbayan Party list. Anakbayan called Huang a “hostage-taker” and demanded that President Marcos expel him from the Philippines because “he has no right to threaten our citizens while enjoying our country’s hospitality.”

Senator Hontiveros flipped the script on “wolf warrior” diplomacy in her statement, arguing that “[Huang] has no business being a diplomat if he is unable to engage with us in a respectful and dignified manner. He, along with his country’s ships and artificial islands in the West Philippine Sea, should pack up and leave.”

Hontiveros even stated that it is exclusively up to the “Taiwanese people to [exercise] self-determination, and this right must be upheld by all other nations that share this planet, even including the autocratic regime of China.” This point diverges strongly from Manila’s “One-China Principle,” which recognizes the People’s Republic as the sole legitimate government of China and “understands and respects” Beijing’s claim that “Taiwan is an inalienable part of China.” Statements like Hontiveros’ have served to draw the Philippines further into the cross-Strait standoff. Given the Philippines’ proximity to multiple critical waterways—and Taiwan itself—this could have significant implications for the archipelagic nation.

In the wake of the controversy, the Chinese Embassy in Manila argued that Huang’s statements were taken out context or misinterpreted. The issue created such a firestorm that President Marcos said that he would allow Huang to clarify his remarks personally.

It is important to note that the OFW issue did not first come to fore as a result of Huang’s remarks. Since the August 2022 Chinese military exercises around Taiwan, lawmakers in Manila have highlighted the importance of creating an evacuation plan for the OFWs in the event that cross-Strait relations devolve into full-fledged conflict.

Senator Ruffy Tulfo called on the relevant Philippine government agencies to create such a plan. Specifically, he said that:

“The tension between China and Taiwan is not something to be taken lightly. [...] This is the perfect time for government agencies to show their united force by working together for the safety and security of our workers abroad. [...] We should be ready to evacuate OFWs in the event that the current situation escalates into a war.”

Even more Filipino lawmakers emphasized this need after the latest round of Chinese military exercises around Taiwan in response to President Tsai’s meeting with US House Speaker Kevin McCarthy in California in mid-April 2023. As a part of this round of exercises, the Chinese aircraft carrier Shandong transited through the Bashi Channel to conduct exercises in the Philippine Sea.

On April 20, Senator Francis Tolentino wrote an op-ed outlining his views on how the Philippines should prepare for and conduct a potential OFW non-combatant evacuation operation (NEO) out of Taiwan. He called for the planners of the Balikatan 2023 military exercises to practice a NEO during the trainings. Unfortunately, major changes to the largest-ever Balikatan exercises—which occurred from April 11-28 and included over 17,000 personnel—were not possible since he called for major changes in the middle of the pre-planned exercises.

Tolentino’s argument is relatively sound, emphasizing the maritime nature of such an operation. In his article, he stated that:

“Philippine commercial vessels will transport OFWs from Taiwan to Cagayan or Batanes to be assisted in international waters by the Philippines or US navies, and then from there will be processed before their return to their respective hometowns. I believe that evacuation via sea is the most feasible necessitating the recognition of a safe passage sea lane, the most practical and the fastest way to repatriate our working kababayans [countrymen] in Taiwan should the Beijing-Taipei rift worsen.”

Such an operation would require proper planning, and Balikatan would be an appropriate venue for future planning regarding an OFW NEO. However, in the event that Manila needs to evacuate its OFWs out of Taiwan, it is difficult to imagine commercial vessels being able to operate easily in what will certainly be a hotspot in the conflict. Beijing is likely to immediately attempt to cut off access to southern Taiwan by blocking off the Bashi Channel and Luzon Strait. Additionally, Beijing would surely not allow the Philippines to utilize the US military to assist in the operation.

Growing Philippines-China Tensions

Tolentino is just one of several lawmakers who now have OFW evacuation preparation on their minds. These growing calls for developing an OFW evacuation plan out of Taiwan do not bode well for China. Now, because of Huang’s veiled threat—in addition to Beijing’s attempts to increase pressure on Taipei—lawmakers in Manila are publicly sounding the alarm regarding
the potential danger of a Chinese military invasion of Taiwan. And the more that Manila ponders the ramifications of a Taiwan conflict, the greater the likelihood that such conversations will move beyond OFW repatriation.

Such inflammatory statements by Chinese government officials have a pattern of putting the spotlight on the very issue that Beijing hopes that third parties would ignore. It creates an aura of defensive insecurity and provides these countries with a “tell,” alerting them to issues that are important or valuable to Beijing. The best way for Beijing to stop the Philippines from emphasizing the need for greater planning to get its OFWs out of Taiwan is to lower the temperature—not to threaten the OFWs currently living in Taiwan.

The last thing that Beijing should want is for Manila to think about Taiwan, because Washington assuredly is pushing that agenda item during the many high-level bilateral meetings that have occurred between the two countries, including between President Biden and President Marcos. Indeed, in the lead-up to an upcoming White House Summit between the two leaders, Philippine Ambassador to the United States Jose Manuel Romualdez stated that the Taiwan issue could become a point of discussion.

It is clear that the Biden Administration—in its quick expansion of the military relationship with Manila, in sending high-level administration officials such as Vice President Kamala Harris, and in restarting the 2+2 meeting between the two countries’ defense and foreign secretaries for the first time since 2016—has pinpointed the important role of the Philippines for its Indo-Pacific strategy. This role is likely to continue to grow as the United States attempts to help modernize and train the Philippine Armed Forces to push back against China’s consolidation of power in the South China Sea, and to play some sort of role in a potential Taiwan crisis or conflict.

The main point: Chinese Ambassador to the Philippines Huang Xilian recently made a veiled threat against Overseas Filipino Workers living in Taiwan, which caused a political firestorm in Manila. The remarks highlight Manila’s need to take more seriously the ramifications of a Taiwan crisis for Philippine security.

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The Role of Economic Issues in Taiwan’s 2024 Presidential Election

By: Riley Walters

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There are many issues that can influence an election. Local and national elections often present different issues for political candidates. National elections, like Taiwan’s presidential election scheduled for January 13, 2024, tend to place a greater emphasis on issues like national identity, national defense, and geopolitics in comparison to local elections. The economy can also have a powerful influence on national politics. While politicians do not control the economy, they will often debate the merits of different economic policies—and incumbent politicians will either take credit or be blamed for economic conditions, whether those conditions are related to government policies or not.

Since the last presidential election in 2020, Taiwan’s economy has experienced what we might call a “pandemic bump.” Because of the global COVID-19 pandemic, industrial production in—and exports from—Taiwan increased in tandem with increased demand abroad for personal electronics. In the beginning of 2021, Taiwan saw its greatest increase in gross domestic product (GDP) in over a decade. However, because Taiwan’s economy relies heavily on trade, there has also been an increase in prices (inflation), which has in turn put pressure on household wages. As the election approaches, Taiwan’s economy is expected to see a slowdown in growth, though this will likely be accompanied by a slowdown in price increases. Meanwhile, Beijing is already using its trade relationship with Taiwan as a means to influence Taiwan’s election. What follows in this article is a preliminary analysis of the ways in which economic issues could affect the 2024 Taiwan presidential election.

The Pandemic Bump

Despite the toll the 2020 COVID-19 pandemic took on the world—death, lockdowns, confusion, and more—Taiwan’s economy managed relatively well. Between the 2016 presidential election and 2019, Taiwan’s annual GDP grew between 2.2 percent and 3.1 percent annually. But in 2020, Taiwan’s economy grew 3.4 percent and reached an annual GDP growth rate of 6.5 percent in 2021—the highest growth rate since 2010. This was mostly thanks to an increase in exports. Taiwan’s exports grew 32 percent between 2020 and 2021, primarily because global demand for electronics increased as more people started
working (and living) at home.

Overall, the export of electronic devices such as computer parts and smartphones (and the semiconductors that support them) accounts for 62 percent of Taiwan’s total annual exports. But in 2021, most other exports increased as well, including vehicle parts, chemicals, metals, and plastics. Given Taiwan’s small geographic size, its economy relies predominantly on trade. The value of total trade (exports plus imports) was roughly equal to 116 percent of Taiwan’s GDP in 2019, though this ratio of total trade-to-GDP reached 123 percent in 2021.

Industrial production picked up in 2021 as well, which contributed to overall GDP growth. Annual month-over-month growth in Taiwan’s Industrial Production Index increased from -9.5 percent in March 2019 to 18.1 percent in June 2021. And, investment as a percentage of domestic demand increased from 26 percent to 33 percent between the third quarter of 2019 and the third quarter of 2021. Perhaps this is why Taiwan saw no significant shock to its employment levels during the pandemic, as employers kept staff on to try and meet increased production demands.

However, the pandemic bump has largely subsided in recent months. Taiwan’s projected annual GDP growth rate for 2023 is estimated to be 2.1 percent – the lowest growth rate since 2015. The monthly value of Taiwan’s exports has already been decreasing since it peaked in July 2022, and the growth rate of exports started diminishing as early as May 2021. A silver lining to this is that the monthly value of exports is still higher than pre-2021 levels. However, the continued slowdown in global demand will mean a slowdown for Taiwan’s economy going forward.

**Inflation Versus Wages**

GDP is a useful gauge for determining how well an economy is doing on a macro level, but it is practically meaningless for households, and therefore meaningless to voters. What generally matters for most people are wages and affordability (i.e., prices measured by inflation). Unfortunately, the pandemic and the war in Ukraine have put considerable pressure on global prices in recent years. Given Taiwan’s reliance on trade, the island nation has faced price increases as well.

The prices of goods and services in Taiwan have been increasing, with inflation increasing significantly in 2021 and 2022 for both consumers and producers. Producer prices are important for understanding the increase in production costs, which can sometimes be passed on to consumers in the form of higher consumer costs. Taiwanese producers saw a 10.5 percent increase in prices by the end of 2021, and a 6.4 percent increase by the end of 2022. These were primarily driven by price increases for fuel and electrical parts.

As a result, consumers saw prices increase by 1.97 percent in 2021, and 2.95 percent in 2022. These were the highest price increases Taiwanese consumers have experienced since 2008. This has been particularly painful for Taiwanese consumers, who have gotten used to seeing inflation below 2 percent, with some years even experiencing deflation (price decreases). Notably, food and services prices experienced some of the steepest increases.

Generally, employers increase wages to keep up with the increase in inflation. However, many countries—including the United States—have not been able to keep up with the pace of the most recent spike in inflation. This is possibly due to the quick and non-structural nature of the current rise in inflation. In Taiwan, wages have increased marginally, but there has still been a noticeable gap between wage growth and inflation.

The annual growth of monthly earnings in Taiwan has been increasing, with wage growth standing at 2.4 percent in the first quarter of 2023. Over the last several years, wage growth was 2.8 percent in 2022, 1.9 percent in 2021, and 1.5 percent in 2020. These are significant increases, especially considering wage growth in Taiwan rarely grew beyond 2 percent post-2000. However, it might not be enough for consumers, especially as day-to-day items like food have increased at higher rates.

While prices have grown only slightly faster than wages in recent years—with prices for some goods, like eggs, making headline news—the central bank of Taiwan expects prices to “gradually cool down” for the rest of 2023. This means that by the time of the election, voters may not feel as much pressure from inflation as they did last year, while the economy still maintains relatively higher wages.

**Beijing’s Attempts to Influence the Election**

Beijing is increasingly using economic tools—such as leveraging its massive trade relationship with the world—as a means of political coercion. Taiwan has frequently been a target of both economic sticks and carrots wielded by Beijing. As the 2024 election approaches, Taipei is already starting to see Beijing use these tools again to exert influence.

On April 12, one week after President Tsai Ing-Wen (蔡英文) met with House Speaker Kevin McCarthy, China’s Ministry of Commerce announced an investigation into Taiwan’s alleged...
restrictions on the import of certain goods from China. The investigation involves 2,455 products, mostly consisting of agricultural goods, minerals, chemicals, and textiles. Beijing could use this investigation as a pretense to levy punitive measures against goods exported from Taiwan. While the investigation is scheduled to be concluded by October, the official statement notes that the investigation may be extended until January 12, 2024— one day before Taiwan’s presidential election.

This is not the first time that Beijing has used trade as a political tool. Beijing suspended the import of some fruits and fish from Taiwan last year after former US Speaker of the House Nancy Pelosi visited Taiwan. It also suspended the import of pineapples, apples, and grouper in 2022. Many of these restrictions were cited as relating to food and safety concerns. Unfortunately, Beijing’s use of economic coercion as a political tool has undermined any of its legitimate concerns about food safety. Additionally, Beijing’s tools are not just limited to trade, as it limited Chinese tourism to Taiwan before the last election. It has also implemented measures in the past to coerce Taiwanese investment into the mainland.

Since President Tsai took office in 2016, Beijing has made no attempt to hide its contempt for the ruling Democratic Progressive Party (DPP). PRC officials frequently describe the DPP as “separatists” who are making cross-Strait relations worse. Meanwhile, Beijing has increased its military drills around Taiwan, destabilizing the Indo-Pacific region while simultaneously blaming the Tsai Administration. It certainly appears that this newest trade development is another attempt to influence Taiwan’s upcoming election in ways that would negatively impact the DPP and any other political party not approved by Beijing.

**Voters’ Opinions**

Trade, wages, prices, and so much more affect Taiwan’s economy. Polling offers a roller coaster of opinions on how individuals perceive Taiwan’s economy, as well as the Tsai Administration’s performance in managing it. Overall approval of the Tsai Administration’s economic performance has swung from 29 percent approval/64 percent disapproval in 2019; to 58 percent approval/37 percent disapproval in 2020; back down to 35 percent approval/52 percent disapproval so far in 2023. During this same time, another poll found that roughly 60 percent of respondents feel the economy is the same as the year before. However, between 2019 and 2023, the percentage of individuals who feel the economy was getting better has decreased from 13 percent to 6 percent, while the percentage who feel the economy is getting worse has increased from 24 percent to 32 percent.

As for Taiwan-China relations, 71 percent of individuals polled feel that Beijing’s attitude towards the government of Taiwan is generally unfriendly. 85 percent disapprove of Beijing’s efforts to use its economy to “poach” Taiwan’s diplomatic allies and ostracize it from international organizations. However, 84 percent approve of the efforts of Taiwan’s government to resume cross-Strait exchanges.

**Conclusion**

Even though Taiwan is a nation with a population of less than 24 million, it is still one of the most significant economies in the world. There are many economic issues that could become major factors in the upcoming election—including wages, prices, employment, trade, taxation, semiconductors, foreign investment, water usage, food scarcity, and more. While presidential candidates will undoubtedly debate over who can offer the better economic policies in the next administration, voters will have to be careful to avoid being unduly influenced by Beijing’s efforts to influence this election.

The main point: The COVID-19 pandemic generated both economic growth and uncertainty in Taiwan. While Taiwan’s economic growth is expected to cool down by the January election, inflation is expected to do the same. It will be difficult to gauge how the 2023 economy might influence voters by that point in time. However, Beijing will almost certainly be looking for new ways to leverage its economy to influence Taiwan’s presidential election.

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**Making Taiwan’s History Visible through Museum Diplomacy**

By: Adrienne Wu

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With rising cross-Strait tensions, news stories—and misinformation—about Taiwan’s National Palace Museum (NPM, 國立故宮博物院) have often emphasized its status as a cultural flashpoint in the relationship between Taiwan and China. The points of controversy have ranged from discussions of evacuation strategies to protect museum collections in the face of a Chinese invasion, to broken artifacts igniting outrage from Chinese netizens, and—just last month—digital images leaked from the
NPM ending up for sale on Taobao (淘寶).

These incidents are notable for illustrating the importance of museums in preserving as well as promoting a shared historical memory and identity. However, solely focusing on the NPM’s Chinese origins and its significance for both China and Taiwan risks minimizing the role of Taiwan’s museums in contributing to alternative perspectives of Taiwanese identity. Notably, over the past two decades, Taiwan’s cultural policy—particularly under the Democratic Progressive Party (DPP, 民主進步黨)—has sought to redefine Taiwanese identity as one that is more diverse, presenting Taiwan as a “multicultural society.”

Curating Taiwan’s Identity

Comparing the origins of the NPM, the National Taiwan Museum (NTM, 國立臺灣博物館), and the National Museum of Taiwan History (NMTH, 國立臺灣歷史博物館) provides excellent examples of how governments have used museums to complement their broader political and cultural agendas.

Established in 1908, the NTM is the oldest museum in Taiwan. Intended to “commemorate the opening of the west coast railway,” the NTM was designed by two Japanese architects, built by a Japanese company, and was a “symbol of Japanese colonial achievement.” To this day, the NTM remains the only museum built during the Japanese colonial era of Taiwan open at its original site. Despite this background, the permanent exhibition at the museum now focuses on the history of indigenous people in Taiwan.

Following the arrival of the Kuomintang (KMT, 中國國民黨) in Taiwan, cultural policies favored a national identity that emphasized the Chinese ethnic heritage of many Taiwanese. The NPM, full of what some consider to be the most valuable parts of China’s Palace Museum collection, served to assert the KMT’s legitimacy as the sole legitimate Chinese government, as well as to educate local Taiwanese about their Chinese heritage.

In the years since the lifting of martial law in Taiwan, NPM has sought to expand and modify its image—first by opening the Southern Branch of the National Palace Museum (NPMSB, 國立故宮博物院南部院區) in 2015, and then stating its intention in 2017 to show its visitors “art and culture through the lens of [a] pan-Asia or pan-Taiwan, instead of a China-centric view.” Despite these changes, Taiwanese youth still often view the NPM as “mired in the past,” and more representative of China’s legacy than of Taiwan’s own history.

By contrast, the NMTH—founded in 2011—was one of the first museums to be established after Taiwan’s democratization. In line with recent cultural policies that stress the multicultural character of Taiwan, NMTH aims to “[consist] of multiple dialogues that shape the cultural subjectivity, civil society, and cultural diversity of Taiwan.” Unlike the NTM and NPM, visitors to the NMTH are invited to not only participate in the exhibitions, but also help create them. Adopting a bottom-up approach to its curation, NMTH allows visitors to the museum to actively contribute to its exhibits, with roughly a third of its collection of 150,000 artifacts donated by the public.

Greater public participation is a positive step for Taiwan’s nation branding. Grassroots depictions of Taiwan provide more nuance and give agency to the public in shaping the country’s image. Furthermore, such depictions are also “more likely to strike an emotional chord.” Another benefit to a more multicultural and open approach is that rather than rewriting history into a new dominant narrative, prior narratives can be reframed as part of that diverse Taiwanese identity. This is evident in the description for a joint exhibition held between the NTM, the NPM, and the NMTH, stating that the three museums “reflect the history and material culture of the three main players in Taiwan’s history: the indigenous people (NTM), Han Taiwanese (NMTH), and the Chinese imperial court and officials (NPM).”

Graph: Visitors to NPM, NTM, and NMTH by Year. (Graph by author. Data from: Taiwan Tourism Bureau, MOTC)

Still, even if Taiwan finally has a coordinated strategy to bring these museums together into an overarching identity, how many people actually get to experience these exhibits? While visitors to the NPM were high prior to the COVID-19 pandemic, numbers have decreased precipitously in the years since, and it remains to be seen whether the attendance levels will return to what they once were. Therefore, to expand their reach and combat the effects of COVID-19, Taiwan’s museums should pursue other methods of international engagement. In doing so, they could contribute a great deal to updating Taiwan’s national image abroad.
**International Outreach**

**Digitization**

In the wake of COVID-19, going virtual could be one way of expanding Taiwan’s reach to other countries. In 2016, Academia Sinica (中央研究院) introduced the Open Museum (開放博物館) platform to promote digital transformation. Through the platform, museums, archivists, and private collectors can *store, view, and curate uploaded collections*. From 2020 to 2022, in lieu of museum closures and travel restrictions, Open Museum *held* virtual events on International Museum Day, allowing visitors access to museums around the world. The 2022 event *featured* 18 overseas museums and libraries, as well as 43 domestic museums and institutions, including international museums such as The Cleveland Museum of Art and the Tokyo National Museum. In addition to collections hosted on the Open Museum website, many Taiwan museums and institutions—such as Art Bank Taiwan (managed by the National Taiwan Museum of Fine Arts), the NTMH, and the NPM—have online exhibitions and digital archives of their collections available on their websites.

This move towards digitization, which even began pre-COVID, is an excellent example of how Taiwan has been able to increase the accessibility of museum collections and promote collaboration between researchers. However, the fact that the Open Museum website, along with many of the digital museum databases, is only offered in Chinese limits its usefulness for foreign audiences. Still, even if the platform itself is not used directly as a method of international outreach, the skills behind these digitization processes could nevertheless serve as a foundation for future exchanges.

**Memoranda of Understanding and Exchange**

Cooperation on physical exchanges is another way to help Taiwanese museums bring their exhibitions abroad. On February 6, Taiwan’s National Museum of Taiwan Literature (NMTL, 國立臺灣文學館) *signed a Memorandum of Understanding (MOU)* with Václav Havel Library (VHL) in the Czech Republic. Aiming to increase mutual understanding between the two countries, the NMTL and the VHL agreed to exchange exhibitions, with the Taiwanese exhibition focusing on “a wide range of themes such as transgender [identity] and ethnicity, fully demonstrating the island’s diversity, vibrancy, and openness.” Considering that subnational relations are underutilized in Central Eastern Europe (CEE)-Taiwan ties, this MOU is a positive step towards increasing understanding between CEE states and Taiwan, which could in turn contribute to *positive trends of opinion between the two regions*.

In addition, cooperation between the two countries also presents an opportunity for participants to learn from each other. The two institutions *announced* that they would collaborate on an exchange program for experts of their institutions, as well as publishing and professional training programs. VHL Executive Director Michael Žantovský *also mentioned* that the VHL was interested in learning digitization techniques from Taiwan experts, suggesting that Taiwan can also use its digital advancements as a basis for cooperation in training and professional programs.

*Image: MOU signing ceremony between the NMTL and Václav Havel Library (Image Source: Ministry of Culture Website)*

**Leasing Exhibitions**

Even without an MOU or a framework for reciprocal exchange, Taiwanese works can also be leased for display. For instance, Taiwan’s Ministry of Culture (MoC, 文化部) developed the Art Bank Taiwan (藝術銀行) project in 2013 to help finance local artists and introduce Taiwanese art to foreign audiences by securing exhibition spaces (domestically and overseas) and loaning art to government agencies. With an *annual budget of USD $2.4 million*, Art Bank Taiwan purchases art from emerging artists and has *regular open calls* for new artwork submissions, during which any Taiwanese citizen is eligible to submit their artwork for consideration. Currently, the Art Bank is in possession of more than 2,921 contemporary Taiwanese artworks, and their digital collection of works is maintained by the National Taiwan Museum of Fine Arts (NTMoFA, 國立臺灣美術館). Additionally, many of these works can be viewed online through *exhibitions in English*.

Art Bank Taiwan also *partnered with Taiwan’s Ministry of Transportation and Communications (交通部)* to put artwork in locations such as Taoyuan International Airport and Kaohsiung International Airport, in addition to reaching out to the private
sector. However, their clients are still primarily Taiwan-based corporations. To bring Taiwanese art abroad, the MoC and the Ministry of Foreign Affairs (MOFA, 外交部) had their first joint collaboration in 2017, when the Taipei Representative Office in Singapore hosted art loaned from Art Bank Taiwan. In the years since, Art Bank Taiwan has held exhibitions in New York, London, and Washington, among others. Yet, many of these exhibitions are still held at Taiwan’s representative offices—in part due to pressure from China that limits Taiwan’s ability to use its own name in exhibitions abroad. In the future, to allow Taiwanese art to be viewed by wider audiences, exhibitions by Art Bank Taiwan will hopefully be able to graduate from being hosted in purely Taiwan-owned locations, to taking up residence in overseas locations that are more integrated domestically and will be more widely attended by foreign populations.

**Conclusions**

Considering the important role that museums, art, and cultural artifacts can play in allowing other countries to learn about a nation’s identity, it will be important for Taiwan to think about not only curating its image domestically, but also how that image can be shown to the international world. This is especially crucial for Taiwan, as such exhibitions are often seen as “neutral” ways for countries to connect. Accordingly, they could serve as a way to increase international understanding of how Taiwan views itself and its own history.

Taiwan has already begun the process of displaying a more updated and inclusive Taiwanese identity in its museums. Foreign countries can help support Taiwan’s growth in this regard in a number of ways, including: directly consuming Taiwanese exhibitions online through Open Museum and other museum websites; pursuing agreements and MOUs to co-host exhibitions or host training exchanges; and leasing exhibitions from Taiwanese institutions such as Art Bank Taiwan. Through these methods, the international community can help promote more modern images of Taiwanese identity and allow Taiwan to control more of its narrative—which the People’s Republic of China persistently seeks to define—when it comes to global perceptions.

**The main point:** Through top-down policy decisions and greater public participation, Taiwanese museums are increasingly working to present a more modern and diverse image of Taiwan. To showcase these efforts to the global community, they will need to work more closely with international partners—and current efforts in digitization are a great starting point.