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By: John Dotson

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The 2024 lunar new year (農曆新年) commenced on Saturday, February 10, initiating the Year of the Dragon in the 12-year Chinese zodiac cycle. As the largest annual holiday for both Taiwan and people of Chinese heritage throughout the world, the lunar new year festival is a traditional time for family gatherings, meals of dumplings and “longevity noodles” (長壽麵), and “red envelopes” (紅包) of cash gifts to children. Just prior to the holiday, Taiwan President Tsai Ing-wen (蔡英文) issued her annual [lunar new year message](#)—the last of her presidency—in which she extended new year’s greetings to her fellow citizens, praised Taiwan’s democratic achievements, and expressed her “thank[s] [to] our international friends for their consideration and support for Taiwan.”

Despite the positive message of this and similar speeches, other parties were prepared to step in with less uplifting messages. On February 7—just one day prior to Tsai’s address—the People’s Republic of China (PRC) People’s Liberation Army (PLA) observed something of an irregular lunar new year tradition of its own: releasing a [propaganda music video](#) that implicitly but clearly threatened the island’s people with offensive military action if they did not accede to Beijing’s demands for unification. This rather curious example of overt political warfare intended to impact the psychology of Taiwan’s citizens is not an isolated case—and it further illustrates both themes in the PRC’s annexation propaganda directed at Taiwan, as well as the continuing role of the PLA in conducting information operations directed at Taiwan’s civilian population.

The Legacy of PRC Political Propaganda Music Videos

This is not the first time that the Chinese Communist Party (CCP)—and specifically, the [political warfare elements of the PLA](#) that focus their efforts toward Taiwan—have employed music videos as a form of psychologically coercive propaganda. Five years ago, at the advent of the lunar new year for 2019, PRC

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state media-influenced outlets began to promote a music video titled [“Our War Eagles Circle the Treasured Island”](#) (我的戰鷹繞著寶島飛). The video, whose production was attributed to the PLA Airborne Corps Political Work Department (空降兵部隊政治工作部), alternated clips of various PLA aircraft with street scenes in Taiwan, montages of happy children playing, and prominent landmarks in Taiwan (such as Sun-Moon Lake, and the Taipei 101 skyscraper with a PLA airborne pin superimposed in the foreground).

In places, the 2019 video scenes were presented in such a way as to suggest that the PLA aircraft were flying over Taiwan itself. Throughout the video, a crooning male vocalist’s voice offered saccharine lyrics calling for Taiwan to return to the embrace of the motherland (“Our war eagles circle the treasured island, bringing the memories of your native soil, softly calling for you to return”). The video ended with a panoramic shot of an unidentified beach—presumably one intended to represent part of Taiwan’s coastline—with a PRC flag fluttering in the breeze. [1] The same song was [re-released by PRC media in early 2023](#) with different footage, which significantly increased the allotted time given to displays of PLA military hardware, including aircraft, missiles, and amphibious landing craft.

Such PLA videos have existed in tandem alongside similar videos, produced by other parts of the larger CCP propaganda system, that use a pop music format to promote the CCP’s narratives on unification. For example, on the calendar new year for 2024 (January 1), the Straits Forum (海峽論壇)—an ongoing united front project intended to promote the CCP’s vision for annexing Taiwan (see *previous GTI analysis* [here](#) and [here](#))—released a pop music video titled [“We Believe”](#) (我們相信). The video featured Taiwan pop singer Chen Li-nong (陳立農) and PRC vocalist Shan Yichun (單依純) performing a syrupy duet about a young man from Taiwan and a young woman from Xiamen who connect during a trip to the Great Wall, and sing of their hopes for a united future between the two sides. [2]

The PLA’s Menacing Musical Message for Lunar New Year 2024

This year’s lunar new year contribution from the CCP propaganda apparatus is a music video titled [“Only by Returning Home Can You Win”](#) (回家才會贏), released on February 7 and attributed to the PLA Eastern Theater Integrated Media Center (東部戰區融媒體中心). The new PLA video shares a number of commonalities with the earlier “Our War Eagles [...]” video—in particular, its sentimental appeals to being a common nationality and “family,” alongside clear threats to employ military force if Taiwan remains recalcitrant. However, the “Only by Returning

Home Can You Win” video includes some noteworthy differences in comparison with its 2019 predecessor, which appear reflective of broader trends in CCP policy. (*Note: A full translation of the song lyrics is available in endnote #3 of this article.*)

The new song is a parody version of the popular Hokkien (i.e., Taiwanese dialect) song [“Only If You Want to Fight Will You Win”](#) (愛拼才會贏), which encourages determination in the face of adversity. In line with the original song, the opening lyrics of the PLA parody (“When a family is not complete, it is hard to avoid regret / When a country is not complete, this will never be forgotten”) are performed in Hokkien. (The lyrics of the song are sung through twice—first in Hokkien, and then in Mandarin.) This is a somewhat surprising turn, as CCP policy has traditionally been geared toward emphasizing Taiwan’s absolute Chinese identity, while downplaying anything that might nod toward a distinct Taiwanese identity. However, at least in this case, it may be that the desire to increase the video’s exposure—and perhaps, reach a wider audience—may have outweighed the traditional approach. Despite this, the Hokkien lyrics of “Only by Returning Home Can You Win” contain odd phrasing, which likely indicates that both the writer of the lyrics and the singer were not conversant in Taiwanese. [4]

The video also makes pains to stress the cultural commonalities between the two sides—as with the line “our home and country are like the waves of Matsu’s town” (家國可比是媽祖鎮波浪), thereby referencing the sea goddess Matsu widely venerated on both sides of the Taiwan Strait. [5] This name-dropping reflects both the efforts of the CCP to [leverage Matsu worship in united front outreach](#) to Taiwan, as well as the CCP’s broader [“the two sides of the Strait are one family’ concept”](#) (“兩岸一家親”^㉔) that seeks to emphasize the ethnic and historical ties between Taiwan and the PRC. The video also includes a series of montage scenes intended to emphasize the PRC’s cultural greatness, such as images apparently drawn from the 2022 Winter Olympics.

However, while the song does make such softer nods to shared culture and history, the video overall has a noticeably harder edge than its 2019 predecessor. The 2019 video merely implied (albeit heavily so) military action against Taiwan, in the form of the watchful PLA aircraft circling the island. This year’s video takes a heavier hand, in terms of both the song lyrics and the imagery. Such examples include:

- “When a family is not complete, it is hard to avoid regret / When a country is not complete, this will never be forgotten” (一家未圓難免遺憾 / 一國未圓沒齒不忘) against the backdrop of flights of PLA bomber aircraft;

- “Every day the steel and guns go through the mud” (每日鋼槍泥漿) accompanied by scenes of amphibious landing vehicle exercises;
- “The spirited and courageous sky soldiers” (有魂有膽親像天兵將) set against scenes of attack helicopters, paratroopers parachuting from an aircraft, and airmobile soldiers rappelling from helicopters.

Most provocatively of all, the song contains the lines “Drive away the tigers and hit the foxes / We must teach a lesson to the unfilial” (驅虎打狐 / 更得要教訓不孝郎) superimposed over animated images of missile strikes against Taiwan—an unambiguous, high-handed message that Taiwan must cease its disloyal behavior toward its parent country, or else face stern punishment.

Conclusions

While it is only one modest example in an ongoing flood of hostile CCP propaganda directed at Taiwan, the PLA’s menacing lunar new year message for 2024 is illustrative of both broader CCP narratives, as well as the sharpening tone of Beijing’s messages directed at Taiwan. The very title of the song is evocative of CCP General Secretary Xi Jinping’s (習近平) June 2023 message that “Only when the country is well, and the nation is well, can cross-strait compatriots be well” (國家好·民族好·兩岸同胞才會好)—an indication that the people of Taiwan have no right to determine their own future outside of the very narrow parameters set by Beijing. Indeed, the curious duality in the tone of the video—sentimental in its invocation of shared “one family” cultural ties and ethnicity, while simultaneously overlaid with an imperious and sinister air of menace—carries with it something of the attitude of an abusive spouse: “I love you, but do as I say or else it will be your fault when I’m forced to hurt you.”

The 2024 PLA music video takes a harder tone than its 2019 predecessor, and is more overt in its threat of military action if Taiwan does not bow to Beijing’s demands for unification on the CCP’s terms. This is reflective of a broader pattern in terms of [Beijing’s harder-line policies toward Taiwan](#), which have been growing steadily more rigid and ideological since the PLA’s last threatening music video was released in early 2019. This small but telling example of political warfare, in the form of schmaltzy music, further points toward continued and intensified PRC coercion against Taiwan in the year ahead.

The main point: In early February, the PLA provided a lunar new year message to the people of Taiwan in the form of a music

video, which clearly threatened offensive military action against the island if it did not embrace Beijing’s demands for unification. The video provides a curious but illustrative example of the CCP’s overt political warfare against Taiwan, and further reinforces that Beijing is likely to pursue a hardline policy toward Taiwan in the year ahead.

The author is grateful to GTI Spring 2024 Intern Willian Hung for his review of the content and translations contained in this article.

[1] For a more detailed discussion of the 2019 video, see: John Dotson, “Beijing Sends a Menacing Message in Its Lunar New Year Greeting to Taiwan,” *China Brief* (Feb. 15, 2019). <https://jamestown.org/program/beijing-sends-a-menacing-message-in-its-lunar-new-year-greeting-to-taiwan/>.

[2] The role in this song/video of Chen Linong, a native of Kaohsiung who first rose to fame as a member of the Chinese boy band Nine Percent (百分九少年), provides a particular illustration of the ways in which the Chinese government seeks to leverage pop celebrities from Taiwan—whether through sincere belief, or else via commercial pressure—to support the CCP’s narratives on unification. For further discussion of the pressures faced by Taiwan artists and musicians, see: Adrienne Wu, “The Normalization of CCP Censorship and its Threat to Taiwanese Creative Industries,” *Global Taiwan Brief* (July 13, 2022), <https://globaltaiwan.org/2022/07/the-normalization-of-ccp-censorship-and-its-threat-to-taiwanese-creative-industries/>; and *Taiwan Salon* podcast season 1, episode 8 (“Weining Hung on Taiwan’s Music Industry”), <https://globaltaiwan.org/podcasts/taiwan-salon/taiwan-salon-season-1/>.

[3] The song lyrics are available in the music video, but also in this PRC state media article: “祖国统一·台湾当归！东部战区发布重磅MV《回家才会赢》” (“Reunification of the Motherland, Taiwan Must Return! The Eastern Theater Releases the Blockbuster Music Video ‘Only by Returning Home Can You Win’”), *Xinhua* (Feb. 7, 2024), <https://baijiahao.baidu.com/s?id=1790242849745906771&wfr=spider&for=pc>. The complete lyrics are:

一家未圓難免遺憾 / 一國未圓沒齒不忘

When a family is not complete, it is hard to avoid regret /

When a country is not complete, this will never be forgotten.

每日鋼槍泥漿 / 天蒼海茫茫 / 有魂有膽親像天兵將 / 家國可比是媽祖鎮波浪

Every day the steel and guns go through the mud / The sky and sea are vast / The spirited and courageous sky soldiers / The family and country are like the waves of Mazu Town

要時起 / 禍時落 / 驅虎打狐 / 更得要教訓不孝郎

From time to time / Disastrous times come / Drive away the tigers and hit the foxes / We must teach the unfilial [young man] a lesson

家與國安定 / 國圓家鼎興 / 回家才會贏

Peace and stability in the home and country

The country is whole and prosperous

Only by returning home can you win

[4] Observations made by GTI Intern Willian Hung.

[5] The mention of “Matsu’s town” (媽祖鎮) may be a reference to Meizhou Island (湄洲島) in Fujian Province, traditionally held to be the birthplace of the goddess Matsu. CCP propaganda efforts regularly seek to leverage Matsu as a point of cultural connection between the PRC and Taiwan.

The “One-China Principle”: China’s “Norm” versus Global Realities

By: Amrita Jash

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Nauru has officially become the 183rd country to establish diplomatic ties with the People’s Republic of China (PRC). On January 24, [China and Nauru formally re-established relations](#) by signing a joint communiqué that read:

The Government of the Republic of Nauru recognizes that there is but one China in the world, the Government of the People’s Republic of China is the sole legal Government representing the whole of China, and Taiwan is an inalienable part of China’s territory. The Government of the Republic of Nauru undertakes that it shall no longer develop any official relations or official exchanges with Taiwan.

This statement was the culmination of a process that began on January 15, when the Pacific Island nation recognized Beijing’s “One-China Principle” (一個中國原則) and severed its diplo-

matic ties with Taiwan. The PRC Foreign Ministry [“welcomed” the move by stating:](#)

There is but one China in the world, Taiwan is an inalienable part of China’s territory, and the government of the People’s Republic of China is the sole legal government representing the whole of China. [This is] what has been affirmed in Resolution 2758 of the UN General Assembly and is a prevailing consensus among the international community. The Nauru government’s decision of reestablishing diplomatic ties with China once again shows that the one-China principle is where global opinion trends and where the arc of history bends.

Similarly, a [Xinhua commentary](#) stated that: “The choice made by the people of Nauru once again confirms that the one-China principle is a consensus of the international community and a recognized basic norm in international relations.” However, it is important to note that what China dubs as “consensus” primarily consists of efforts to poach Taiwan’s allies through loans, contracts, and aid, commonly disparaged as “checkbook diplomacy.” For instance, in 2019, Chinese companies approached Tuvalu with an offer of a [USD \\$400 million project](#) to build artificial islands to mitigate the effects of climate change, ostensibly in exchange for switching recognition. However, Tuvalu rejected the proposal and remains Taipei’s diplomatic partner.

Despite this modest victory, Beijing has been largely successful in peeling away Taiwan’s allies. Since the Democratic Progressive Party’s (DPP, 民進黨) Tsai Ing-wen’s (蔡英文) victory in 2016—after an eight-year “diplomatic truce” under the Kuomintang’s (KMT, 國民黨) Ma Ying-jeou (馬英九)—China has poached 11 of Taipei’s diplomatic allies. These countries (Kiribati, Solomon Islands, Dominican Republic, Burkina Faso, El Salvador, Panama, the Gambia, São Tomé and Príncipe, Nicaragua, Honduras, and Nauru) all switched recognition from Taipei to Beijing on the basis of the “One-China Principle.” Now, Taipei is left with only 12 diplomatic allies, mainly in Latin America, the Caribbean, and the Pacific. One of the most pressing concerns for Taipei is to prevent its remaining diplomatic partners from abandoning it.

Beijing’s Weaponization of the “One-China Principle”

[According to the PRC](#), “There is but one China in the world, Taiwan is an inalienable part of China, and the Government of the People’s Republic of China is the sole legal government representing the whole of China.” This expansive statement is referred to as the “One-China Principle.” Interestingly, China today portrays this principle as a widely accepted consensus and fundamental norm in international relations. China validates

this position based on its interpretation of [United Nations Resolution 2758](#), passed by the 26th session of the United Nations General Assembly in 1971. For the PRC, the “[applicability of the one-China principle is universal, unconditional and indisputable](#),” and therefore:

All countries having diplomatic relations with China and all member states of the UN should unconditionally adhere to the one-China principle and follow the guidance of UNGA Resolution 2758. Any attempt to unilaterally add preconditions and provisos to the one-China principle, to distort, fudge and hollow out the one-China principle is illegal, null and void.

In 2022, the PRC issued a white paper entitled “[The Taiwan Question and China’s Reunification in the New Era](#).” This document asserted that “Resolution 2758 is a political document that encapsulates the one-China principle whose legal authority leaves no room for doubt and has been acknowledged worldwide.” Critically, Beijing also invokes the Resolution as a means of denying Taiwan’s international participation, [claiming](#) that Taiwan does not have any ground, reason, or right to join the United Nations or any other international organization whose membership is confined to sovereign states. Chinese officials and media claim that the “One-China Principle” represents an international consensus or embodies the “basic norms governing international relations”—which cannot be violated, as the PRC Foreign Ministry [claims](#):

Adhering to the one China principle means safeguarding the international order, and challenging the one-China principle means challenging the international order, which will inevitably be opposed by the international community.

For instance, in August 2022, when then-US House Speaker Nancy Pelosi visited Taiwan, the PRC Foreign Ministry condemned the visit as “a serious violation of the one-China principle,” and argued that the United States “should stop distorting, obscuring and hollowing out the one-China principle. It must take credible actions to observe strictly the one-China principle.” Accusing the United States of undermining international norms, a [Xinhua commentary](#) posited:

The one-China principle is a very crucial international consensus currently recognized by the United Nations, which has the legal effect of international law and is an important prerequisite and basis for maintaining the stability of relations among major countries. The United States has wilfully challenged international rules, which will undermine the

function and status of the United Nations in the international system and damage the interests of the vast majority of countries in the international community.

To project this so-called “consensus” over “One China,” both the Chinese government and state media draw references from foreign countries. Following the victory of DPP candidate Lai Ching-te (賴清德) in the 2024 Taiwan presidential election, Beijing stated that over 100 countries and international organizations had [reaffirmed their commitment to the “One-China Principle,”](#) their firm support for China’s efforts to safeguard the nation’s sovereignty and territorial integrity, their opposition to any form of “Taiwan independence,” and their support for China’s cause of “national reunification.”

In [Beijing’s view](#), this reflects the broad consensus of the international community in firmly upholding the UN Charter and the basic norms governing international relations. Similarly, Chinese media claimed that the “[international community stands firm on the ‘One-China Principle’](#)” by citing statements from the leaders of Indonesia, Singapore, Sudan, Zimbabwe, and others. Specifically, [Xinhua noted](#) that:

Algerian President Abdelmadjid Tebboune and Prime Minister Nadir Larbaoui said that the Taiwan question is purely China’s internal affairs, and Algeria has always firmly adhered to the one-China principle.

President of Cote d’Ivoire Alassane Ouattara reaffirmed the adherence to the one-China principle, saying that Cote d’Ivoire’s position on the Taiwan question is clear: there is only one China in the world, and Taiwan is part of China.

The Many Different International Interpretations of Taiwan’s Status

These tactics by the PRC serve as a means of reinforcing the “One-China Principle” as an established international norm. However, China’s claim that it is a “consensus” or “norm” is misleading. While many countries agree with elements of the PRC’s “One-China Principle,” there is a significant difference regarding the issue of Taiwan’s sovereignty. For instance, scholar Lee Tzu-wen has described [nine primary categorizations of positions](#) that states adopt in describing Taiwan’s position *vis-à-vis* China:

- Those that view Taiwan as part of China (Belarus, South Africa, and others);
- Those that “acknowledge” the PRC’s claim that Taiwan is an “inalienable part of China” (Australia, the United Kingdom, and others);

- Those that “take note of” the PRC’s claim that Taiwan is an “inalienable part of China” (Brazil, Italy, and others);
- Those that “understand and respect” the PRC’s claim that Taiwan is an “inalienable part of China” (Denmark, Japan, and others);
- Those that “respect and support” the position of the PRC over Taiwan (Russia);
- Those that “respect” the PRC’s claim that Taiwan is a province of the PRC (The Netherlands and South Korea);
- Those that “acknowledge” the PRC’s position that Taiwan is part of China (the United States);
- Those that make no explicit mention of Taiwan’s sovereignty (Indonesia, Saudi Arabia, and others); Those that neither recognize the PRC as the sole legitimate government of China, nor mention Taiwan’s sovereignty (the United Arab Emirates, Sweden, and others).

To this classification, one more category could be added: countries that [recognize the Republic of China \(ROC\)](#). This category would include Taiwan’s remaining diplomatic allies: Belize, Eswatini, Guatemala, Haiti, the Marshall Islands, Palau, Paraguay, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Tuvalu, and the Holy See.

China’s discourse on the “One-China Principle” as an “international norm” is also weakened by the fact that many countries have affirmed their support for Taiwan’s democratic system. For instance, Washington called Nauru’s diplomatic switch from Taipei to Beijing “[disappointing](#),” while Japan’s foreign minister offered congratulations to Lai Ching-te on his victory in the 2024 presidential elections. More specifically, in 2023 the [US Congress approved a USD \\$80 million package to Taiwan](#), the first to be implemented under Washington’s Foreign Military Financing (FMF) program, which generally involves grants or loans to sovereign countries. With so many countries maintaining their own, distinct “One-China Policy,” it is therefore misleading for Beijing to insist that its “One-China Principle” is an international norm.

The main point: Beijing has developed its narrative around the idea of “One-China,” presenting the “One-China Principle” as a basic international norm. China restates this position in the context of a misreading of UN Resolution 2758. However, China’s claim is misleading, since there exist many different positions amongst different countries regarding the issue of Taiwan’s sovereignty.

Chinese Balloons over Taiwan: What We Know and What We Don’t Know

By: Thomas Shattuck and Benjamin Lewis

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On December 7, 2023, the Ministry of National Defense (MND, 中華民國國防部) of the Republic of China (Taiwan) released its regular daily report on Chinese military activity inside Taiwan’s air defense identification zone (ADIZ), a standard practice that the MND adopted in September 2020. The reports typically document flight paths of Chinese military aircraft flying in the southwestern ADIZ and across the median line of the Taiwan Strait. However, that day’s report included something unusual: a balloon flying over the median line of the Taiwan Strait.

Through the end of December, another six balloons crossed the median line and flew toward Taiwan before “[disappearing](#)” near the west coast of the island. The MND stated that the balloons were [meteorological in nature](#). While the inclusion of these balloons in the daily ADIZ reports was a step in the right direction, there was no context provided about how novel these activities really were and what sparked the decision to include the balloon in the December 7 report.

The balloon flights were met with both [interest](#) and [confusion](#), but that quickly changed to concern when a balloon [flew over Taiwan](#) on January 1, 2024. While the report caused concern throughout Taiwan, it was reported after the fact, so it did not cause as much domestic outrage as what occurred in [early 2023 in the United States](#) when a [Chinese surveillance balloon](#) was spotted over Montana and eventually shot down off of the Carolina coast. Despite U.S. government confirmation that the balloon did in fact [gather intelligence](#) and transmit it back to China, official in Taipei continue to insist that the reported Chinese balloons were still meteorological.

In the 12 days before the January 13 presidential elections, another 12 Chinese balloons violated the island’s territorial airspace, with many flying [over key military installations](#). China’s use of coercive military activity to signal its displeasure with geo-

political developments involving Taiwan has become a well-documented behavior since the MND began releasing reports on Chinese military aircraft, but none of the [4,800+ sorties](#) included a publicly confirmed violation of Taiwan's airspace. Even the almost 200 incursions by unmanned aerial vehicles (UAVs) did not breach Taiwan's airspace or fly over the island. Before the balloon incidents, the most controversial element of PRC military coercion in the air was Chinese military aircraft crossing the median line of the Taiwan Strait. Of the 1,300+ median line crossings, none of them entered Taiwan's airspace, so these balloons can be considered a form of escalation in this regard.

The MND's official policy is that any military aircraft that enters [Taiwan's territorial airspace](#) will be [considered a "first strike"](#) and shot down. This policy developed in the aftermath of an influx of UAVs flying over the island of Kinmen in August 2022 after a visit to Taipei by then-US House Speaker Nancy Pelosi. After the now-infamous Chinese spy balloon that flew over the continental United States was shot down in February 2023, the MND stated outright that it reserves the right to shoot down any balloon [deemed a threat to Taiwan's security](#).

That same month, an MND official stated that Chinese balloons were being tracked around Taiwan "[very frequently](#)" and the wreckage of one such balloon was [found on Tungyin Island](#) in the Matsu archipelago. While the focus on balloons peaked in early 2023, the MND confirmed PRC balloons flew over the island of Taiwan, specifically over the cities of Keelung, Taoyuan, and Hsinchu, one year prior in [February 2022](#). In both 2022 and 2023, the MND made the same conclusions: the balloons posed no direct security threat.

With these statements and policies in mind, there are several questions the MND should answer to increase clarity about these activities. How frequently were balloons flying through the ADIZ and over Taiwan before December 7, 2023? How many times did PRC balloons violate Taiwan's airspace before January 1? Why did the MND choose to begin including balloons in its daily reports as late as December 2023—one month before Taiwan's elections? What policy changes did the MND implement to make these determinations? The MND is very specific about what information it chooses to share, and when, as they relate to specific changes to the cross-Strait status quo. If balloons were regularly tracked, the MND should share this information to provide stronger context about their novelty.

The lack of context and information on the balloons caused many to rightfully assess the first airspace violation as a [significant escalation](#) of coercive activity by Beijing, especially as

the balloon that the United States shot down had the ability to conduct "[signals intelligence collection operations](#)." The MND should set the record straight by providing information about previous balloon violations. How does the MND know what kind of balloons these are? Since Taiwan's military has not confirmed that it has shot down any balloons, are we to assume that they are all meteorological? Given the proximity of balloon overflights to [major military installations](#), the MND should provide a justification for its assessment to verify claims that China is conducting aggressive surveillance of Taiwan's defenses, without any reciprocal response from Taipei.

When balloons "disappear" above Taiwan, where do they go? Six of the balloons that violated Taiwan's airspace supposedly [vanished above the island](#), with many more disappearing immediately off Taiwan's coast. MND should explain where these balloons went and articulate their policy for tracking them and not shooting them down.

Since the election, another 13 balloons have violated Taiwan's airspace, with five of those flying over the island, and another 36 have been tracked in the ADIZ. The concentration of airspace violations at the start of January implies that the sudden spike in balloon overflights was directly related to Taiwan's elections, but the MND should provide an assessment of their purpose.

Until these questions are answered, our understanding of the novelty, scope, and impact of these balloon flights will remain limited. As it is likely that balloons will continue to fly over and around Taiwan, the MND should take action to increase the public's understanding of these activities—and explain why the "first strike" policy has not been conducted.

With a global focus on the security situation in the Taiwan Strait, the MND should take every possible step to maximize the transparency of its information sharing to counter Beijing's efforts to undermine the status quo and normalize its coercive behaviors.

Editor's Note: The figures for balloon flights in this article were current as of February 19, 2024.

The main point: The December 2023 confirmation that a Chinese balloon flew into Taiwan's air defense identification zone has sparked more questions than answers regarding the frequency and capabilities of the balloons, as well as the Ministry of National Defense's policy on shooting them down after they enter Taiwan's airspace and fly over Taiwanese land.

Taiwan's Economy in 2024: Less Geopolitics, More Macroeconomics

By: Riley Walters

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There is widespread optimism for Taiwan's economy in 2024. In a recent [survey](#) by the American Chamber Commerce in Taiwan, 81 percent expressed confidence in Taiwan's economic growth outlook this year. [Government](#) agencies, [think tanks](#), and international [observers](#) have all suggested that Taiwan's economy could grow anywhere between 3 percent and 3.5 percent this year, thanks to an estimated increase of investment and exports.

There is also optimism to be had for economic growth to stabilize, now that many of the global disruptions from the pandemic have worn off. The supply chain issues created by conflict in the Red Sea are disruptive, but not to the scale that the pandemic caused. Businesses also expect cross-Strait relations to be less of an issue this year – even though the PRC [may still](#) react poorly to the inauguration of Taiwan's President-Elect William Lai (賴清德) in May. But there is nothing to suggest that are any major changes in the offing this year for either Taiwan's local economy, or its demand for new investment.

However, there appears to be an excess of optimism regarding the prospects for the growth of global trade this year. For Taiwan's economy, of which the import and export of goods and services is equal to over 110 percent of GDP, the ebb and flow of trade is an important indicator. Taiwan's economy will still grow at a steady rate in 2024—but not as quickly as some are predicting, because of a probable slowdown in trade.

Taiwan's Economic Mix

The most common indicator for the health of any economy is its gross domestic product (GDP). While it is not a perfect indicator of economic welfare, GDP is an aggregate value of production in an economy during a period of time. For example, production can be measured quarterly (three months) or annually (12 months). The growth rate over time tells us whether an economy is growing or decreasing, and at what rate. For example, Taiwan's annual [GDP](#) grew by 2.59 percent in 2022 and 1.4 percent in 2023. Both numbers show that Taiwan's economy grew over both 2022 and 2023, but that growth was slower in 2023.

The main components of GDP, when measured by expenditures, are private and public (government) consumption, invest-

ment, and trade. Different economies have a different ratio of consumption to investment to trade. For example, US GDP is composed of roughly 68 percent private consumption, 18 percent private investment, and 17 percent public spending; and while the United States normally runs a trade deficit, total trade (imports plus exports) is equal to roughly 25 percent of GDP. For Taiwan, its GDP is 48 percent private consumption, 21 percent private investment, and 17 percent public spending, and total trade equal to 114 percent of GDP. These numbers show Taiwan's economy relies a lot more on trade than does the economy of the United States—which makes sense, given Taiwan's geographical limitations and the global demand for its exports like semiconductors and electronics.

Trade has also been one of the largest contributors to Taiwan's economic growth these last five years. The value of imports and exports combined has increased over 19 percent from 2019 to 2023. The height of the pandemic (2021-2022) saw a significant expansion of trade—trade with some of its largest trading partners, in particular. Total trade between Taiwan and the United States increased 31 percent between 2020 and 2022. During that same time, total trade increased 19 percent with China, 24 percent with Hong Kong, 21 percent with Japan, and 34 percent with ASEAN. Prior to the pandemic, Taiwan's annual growth in trade was negligible. And in 2023, we saw total trade starting to come back down to pre-pandemic levels.

Before the pandemic, Taiwan would average about USD \$392 billion in exports and USD \$322 billion in imports a year. In 2022, exports increased to USD \$535 billion and imports to USD \$441 billion. In 2023, exports decreased to USD \$483 billion and imports to USD \$390 billion—moving the total value of trade closer to the pre-pandemic average, but still elevated. Taiwan's government is now [estimating](#) that exports and imports in 2024 will return to similar levels of trade as in 2022, with an estimated USD \$523 billion in exports and USD \$424 billion in imports—a nearly 10 percent increase.

Those overestimating Taiwan's growth in trade this year may be overestimating global demand. If we look at the economies of Taiwan's largest trading partners—the United States, China, Japan, and Europe—we can see that growth in these economies is [expected](#) to be slower in 2024 as compared to 2023. US GDP in 2024 is expected to slow to 1.8 percent, down from 2.4 percent in 2023. Imports and exports are expected to grow a modest 1.1 percent, respectively. China's [GDP](#) is expected to grow 4.6 percent, but this may also be an overestimate given the current state of China's [economy](#). Japan's [GDP](#) is expected to grow by just 0.9 percent, and Europe GDP to grow 1.2 percent. Even

the more optimistic estimates for global demand this year are relatively moderate. The World Trade Organization (WTO) [estimates](#) that imports of goods by North America will grow just 2.2 percent, Asia by 5.5 percent, and Europe by 1.6 percent—thereby bucking the negative trend these countries saw last year in imports, but still not to the levels Taiwan would need to return to pandemic levels of trade.

The other main drivers of Taiwan's economy, investment and consumption, both look positive in 2024. Of the companies surveyed by the American Chamber of Commerce in Taiwan, 92 percent of respondents said they plan to maintain or increase investments in Taiwan in 2024. And consumption will be helped by activities like increased tourism. Worldwide tourism is expected to return to pre-pandemic levels this year. [Tourism](#) to Taiwan in 2023 was still about 50 percent of what it was pre-pandemic—meaning that there is plenty of room for growth.

[Economic issues](#) were some of the leading factors in the recent election in Taiwan. Issues like housing costs and availability, wages, and increasing prices were all prevalent talking points amongst the three presidential candidates. Many of these issues now appear to have more positive prospects in 2024. Taiwan's [consumer price index \(CPI\)](#), a common measure for the price of consumer goods, is expected to grow only 1.6 percent in 2024, down from 2.5 percent growth in 2023. Monthly [earnings](#), while still slightly lower than inflation in November, were still some of the highest in recorded history. And as inflation comes down this year, this offers households the chance to spend or save more.

Geopolitical Costs Haven't Disappeared

Macroeconomics will be the most influential driver of Taiwan's economy in 2024, but geopolitical uncertainty is always a potential cost to Taiwan and the global economy. We have already seen Beijing implement several [restrictions](#) on trade with Taiwan ahead of the island's January elections. The deployments of formations of naval vessels around Taiwan by China's PLA have become more normal. And while there hasn't been significant economic or military pressure out of Beijing since the election, there may very well be activity around the time of Lai's inauguration in May.

Given Taiwan's important position as a market for globally traded goods, it's not just cross-strait [geopolitics](#), but also global politics, that Taiwan must be wary of. Certainly, geopolitics remain at the top of many people's minds—and of the geopolitical risks for businesses, the US-China competition stands at the top of that list of concerns.

As the United States and China are two of Taiwan's largest trading partners, what happens between those two countries affects Taiwan. It also affects the whole Indo-Pacific region. The Biden Administration has been working to build new [financial](#), [economic](#), and [counter-narcotics](#) dialogues between Washington and Beijing, and so the relationship between the two has been relatively cordial these last few months. But the US presidential election later this year brings a lot of uncertainty to the longevity of the current detente. It is still too early to tell which party will win the White House, but an obvious difference between the potential Democrat and Republican nominees is how much uncertainty they bring to the US-China economic relationship. That being said, this is more a concern for 2025.

In fact, as we approach 2025, it is possible that the increasing uncertainty of American politics may incentivize greater trade and investment around the world, including with Taiwan. Companies may seek to build resiliency in their supply chains, as well as build inventories in the event that the United States might in the future either impose new tariffs on imports, or else unduly restrict certain investments by foreign companies.

Turning Economics into Politics

As the Lai Administration comes into power later this year, it will have to deal with the same problem the Tsai Administration has had to deal with these last eight years: staying in political power in the face of low economic growth. Since 2012, Taiwan's [annual GDP](#) growth has been between 2 percent and 5 percent (except for 2021). In the 10 years prior, it was not uncommon to see annual GDP growth between 5 percent and 7 percent. Unfortunately, slowing growth is a common occurrence in developed economies in Asia (see Japan, South Korea, Hong Kong, and Singapore).

GDP is not always the best measure of economic welfare. GDP growth in 2024 is still likely to be positive—but it will not be as high as many are estimating. It will take more than waiting for global demand to pick back up if the Lai Administration wants a successful economy going into 2025.

The main point: Taiwan's export-reliant economy is likely to grow at a modest but steady rate in 2024—but Taiwan's economic growth is likely to fall short of more optimistic expectations, due to a probable slowdown in international trade this year. This will present challenges to the incoming administration of President-Elect William Lai as it faces the expectations of the electorate for more rapid economic growth.