



Global Taiwan Institute

# Chinese Communist Party Lawfare and Economic Coercion Against Taiwan



Russell Hsiao and Benjamin Sando

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## About the Global Taiwan Institute

GTI is a 501(c)(3) non-profit policy incubator dedicated to insightful, cutting-edge, and inclusive research on policy issues regarding Taiwan and the world. Our mission is to enhance the relationship between Taiwan and other countries, especially the United States, through policy research and programs that promote better public understanding about Taiwan and its people.

### The GTI “Counter Ideological Work and Political Warfare” Research Series

This report is the fifth of a planned five-part series of GTI policy backgrounder reports on the means and methods employed in Chinese Communist Party (CCP) ideological work and political warfare directed against Taiwan—efforts that are intended to undermine Taiwan’s democratic system, its social cohesion, and its ability to resist coercive efforts for “reunification” on the CCP’s terms. The topics to be addressed are:

- [\*The Chinese Communist Party’s Political Warfare Directed Against Taiwan: Overview and Analysis\*](#), by John Dotson (May 2024)
- [\*The Chinese Communist Party’s Ideological Frameworks for Taiwan Policy\*](#), by John Dotson (August 2024)
- [\*The Chinese Communist Party’s Gray Zone Tactics Against Taiwan\*](#), by Derek Grossman (March 2025)
  - [\*Chinese Communist Party Covert Operations Against Taiwan\*](#), by Peter Mattis and Cheryl Yu (March 2025)
  - [\*Chinese Communist Party Lawfare and Economic Coercion Against Taiwan\*](#), by Russell Hsiao and Benjamin Sando (current report, April 2025)

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## Introduction

In January 2024, the Democratic Progressive Party's (DPP, 民進黨) Lai Ching-te (賴清德) was elected the president of the self-governing democracy of Taiwan—officially known as the Republic of China (ROC). Since then, Beijing has systematically intensified its pressure campaign against the island democracy with a combination of military and non-military measures. These operations are aimed at influencing the political conditions within and without the island and undermining the authority of the current Taiwan government.

Official cross-Straits negotiations have remained frozen since the summer of 2016, when DPP president Tsai Ying-wen (蔡英文) took office. Nonetheless, in the past year alone, the People's Republic of China (PRC) has rolled out a series of noteworthy non-military measures—particularly in the economic and legal space. These measures point to a new phase in the PRC's political warfare campaigns to subjugate and assert gradual political control over Taiwan through legal and economic integration.

Current trendlines indicate that the Chinese Communist Party (CCP, 中國共產黨) leadership is increasingly wary regarding the direction of Taiwan's body politic, following an unprecedented third DPP presidential victory in the 2024 elections. Despite the belligerent rhetoric and increasingly aggressive military maneuvers from Beijing, a thorough assessment of Chinese statements and activities still suggests that Beijing has not abandoned "peaceful reunification" as the preferred method for unification. Through these efforts, the CCP

has demonstrated a new suite of non-military coercive methods aimed at bringing Taiwan under PRC control.

### *Non-Lethal Political Warfare: Lawfare and Economic Coercion*

The CCP's political warfare crosses various domains, from the use of military and para-military assets to frighten foreign decision-makers into acquiescing to Beijing's demands (demonstrated in the PRC mari-

time disputes in the South China Sea) to non-lethal and non-kinetic means like lawfare and economic coercion.<sup>1</sup> Lawfare and economic coercion can be understood as the proper and improper exercise by state actors of legal and economic measures to achieve political goals by deterrence or compellence. Among non-military measures, lawfare and economic coercion present the most challenging tools for Taiwan and the United States to counter (in part because of the United States' longstanding stated policy to eschew a clear position on the issue of sovereignty over Taiwan).

A feature in the CCP's new multi-domain offensive against its adversaries, in particular Taiwan, is the use of lawfare that includes the application of legal and law enforcement instruments, intended to enforce and in some areas extend the jurisdiction of PRC over Taiwan, and also limit the effective jurisdiction of the Taiwan authorities. These measures are aimed at contesting and undermining Taiwan's *de facto* sovereignty and coaxing other states into recognizing Beijing's claims over Taiwan.

1 Cadet Jessica Williams, "Legitimizing and Operationalizing US Lawfare: The Successful Pursuit of Decisive Legal Combat in the South China Sea," *Journal of Indo-Pacific Affairs*, (December 2020), <https://www.airuniversity.af.edu/JIPA/Display/Article/2452650/legitimizing-and-operationalizing-us-lawfare-the-successful-pursuit-of-decisive/#sdendnote-8sym>.

## Intensifying Lawfare: Extending the Long Arm of the CCP

A feature in the CCP's new multi-domain offensive against its adversaries—and in particular Taiwan—is the use of lawfare. In the case of Taiwan, this activity includes the application of legal and law enforcement instruments intended to enforce and in some areas extend the jurisdiction of PRC over Taiwan, while limiting the effective jurisdiction of the Taiwan authorities. These measures are aimed at contesting and undermining Taiwan's *de facto* sovereignty and coaxing other states into recognizing Beijing's territorial claims over Taiwan.

On the international front, the PRC's application of Chinese criminal and national security law to persons outside its territorial jurisdiction is one of several alarming lawfare elements. In the case of Taiwan, these measures have the overarching goal of creating a legal *fait accompli* that could act as a legal barrier or impediment to foreign intervention in a Taiwan contingency. This includes the CCP's false assertions that its claim of sovereignty over Taiwan is supported by international law.

There are three features to the PRC's new lawfare campaign. One is the application of the *Anti-Secession Law* (ASL, 反分裂國家法) and other Chinese domestic laws. The second is the PRC's attempts to establish its “One-China Principle” (一個中國原則) as a matter of international law by misrepresenting UN General Assembly Resolution 2758. The third is the misuse of law enforcement mechanisms and instruments to contest and expand its territorial jurisdiction over Taiwan. This report will examine each in turn.

Three overarching objectives correspond to these features of the PRC's lawfare campaigns:

- Undermining the *de facto* sovereignty of Taiwan by challenging its exclusive jurisdiction over its own affairs through legal contests and law enforcement activities.
- Legalizing the “One-China Principle” and, by

extension, Beijing's sovereignty claims over Taiwan through UNGA Resolution 2758.

- Using legal measures to deter domestic and international support for Taiwan's independence and compel Taiwan's unification with the PRC.

### *Extra-Territorial Applications of Chinese Domestic Law*

Lawfare as a CCP weapon is not new. Lawfare (法律戰) has persisted as one of the three core doctrinal elements of the People's Liberation Army's (中國人民解放軍) “Three Warfare” (三種戰法) strategy.<sup>2</sup>

The clearest example of the CCP's lawfare against Taiwan is the 2005 passage of the *Anti-Secession Law* through the National People's Congress.<sup>3</sup>

The ASL is considered “a critical piece of domestic legislation that provides a legal foundation for China's approach to Taiwan, including a future attempt at forceful unification with the island.”<sup>4</sup>

It is helpful to remember that the *Anti-Secession Law* was passed out of panic due to the 2004 re-election of then-President Chen Shui-bian (陳水扁). Chen had called for a referendum on changing the ROC constitution (even though such a change was infeasible due to a KMT majority in the Legislative Yuan).<sup>5</sup>

Among nine loosely worded articles, the ASL stipulat-

2 Peter Mattis, “China's ‘Three Warfares’ in Perspective,” *War on the Rocks*, January 30, 2018, <https://warontherocks.com/2018/01/chinas-three-warfares-perspective/>.

3 Bonny Lin et al., *Employing “Non-Peaceful” Means Against Taiwan*, (Washington DC: CSIS, 2024), [https://csis-web-site-prod.s3.amazonaws.com/s3fs-public/2024-10/241015\\_Lin\\_Means\\_Taiwan.pdf?VersionId=4PU\\_wYq.V6AFbR22H8QsRyQF-gV2c6X7q](https://csis-web-site-prod.s3.amazonaws.com/s3fs-public/2024-10/241015_Lin_Means_Taiwan.pdf?VersionId=4PU_wYq.V6AFbR22H8QsRyQF-gV2c6X7q).

4 CSIS, “Employing Non-Peaceful Means Against Taiwan: The Implications of China's Anti-Secession Law,” video, October 15, 2024, <https://www.csis.org/events/employing-non-peaceful-means-against-taiwan-implications-chinas-anti-secession-law>.

5 CSIS, “Unpacking China's Anti-Secession Law: A Conversation with Dr. I-Chung Lai and Professor Jacques deLisle,” video, August 15, 2024, <https://www.youtube.com/watch?v=Y20awogLcX0>.

ed vague and broadly-defined conditions for the justification of military actions in response to so-called “secessionist” activities in Taiwan. (The law’s vagueness was purposeful to give wide latitude to Chinese decision-makers to interpret what may constitute a violation.)<sup>6</sup>

According to legal scholars, the ASL was not even very law-like in the traditional sense. For instance, the language is fairly short for a legal document, at 1,000 characters, and states multiple principles without systems for rules, sanctions, or enforcement.<sup>7</sup> This format underscores the political utility of the instrument.

When the *Anti-Secession Law* was passed, Chinese officials wielded it primarily as a political instrument to provide a legal justification for China’s possible use of military force against Taiwan. As such, it was a means to deter Taipei from declaring *de jure* independence.<sup>8</sup>

When the law was passed in 2005, discussions immediately began regarding amendments to the ASL and the need for an additional “unification law” (which could have created a timetable for unification). Although they did not enact the unification law, Chinese leaders periodically employed the threat of its passage as a political cudgel against Taiwanese leaders seen to be stepping out of line.

## *Expanding the Application of Anti-Secession Law*

6 United States Indo-Pacific Command, China’s Anti-Secession Law, USINDOPACOM J06/SJA TACAID SERIES, (Washington, DC: United States Indo-Pacific Command, 2023), [https://www.pacom.mil/Portals/55/Documents/Legal/J06%20TACAID%20-%20THE%20PRC%27S%20ANTI-SECES- SION%20LAW%20VER%202.pdf?ver=Y\\_3C\\_j58gshIVL3\\_iold-4Q%3D%3D](https://www.pacom.mil/Portals/55/Documents/Legal/J06%20TACAID%20-%20THE%20PRC%27S%20ANTI-SECES- SION%20LAW%20VER%202.pdf?ver=Y_3C_j58gshIVL3_iold-4Q%3D%3D).

7 “The Pernicious Impact of China’s Anti-Secession Law,” The Hudson Institute, Washington DC, May 15, 2024, <https://www.hudson.org/events/pernicious-impact-chinas-anti-seces- sion-law>.

8 Ibid.

In a notable evolution and escalation in Chinese lawfare, Beijing is now applying the vague provisions of the *Anti-Secession Law* as the foundation for new legal measures against Taiwan. In June 2024, based on the *Anti-Secession Law* and other legal decrees, the PRC promulgated the “Opinions on Punishing the Crimes of Splitting the Country and Inciting Splitting the Country by ‘Taiwan Independence’ Diehards,” (關於依法懲罰「台獨」頑固分子分裂國家、煽動分裂國家犯罪的意見). The legal guidelines interpret the ASL as justifying criminal punishment, and even the death penalty, to Taiwanese “secessionists” in absentia.<sup>9</sup>

The twenty-two articles and opinions criminalize actions that violate the ASL. The legal opinion marks an apparent shift in focus from deterring a declaration of independence by a Taiwanese leader to opposing a “creeping or gradual” independence achieved through the activism of individual Taiwanese. The opinion established individual criminal liability for various forms of speech and activism, including free association in the educational, cultural, and media space. In particular, the guidelines outline actions constituting “crimes of secession” and “incitement to secession,” including:

1. Initiating or establishing organizations, plans, or programs aimed at promoting Taiwanese independence.

9 “最高人民法院 最高人民檢察院 公安部 國家安全部司法部印發《關於依法懲罰「台獨」頑固分子分裂國家、煽動分裂國家犯罪的意見》的通知” [The Supreme People’s Court, the Supreme People’s Procuratorate, the Ministry of Public Security, the Ministry of State Security and the Ministry of Justice Issued “The Opinions On Punishing The Crimes Of Splitting The Country And Inciting Splitting The Country by “Taiwan Independence” Diehards In Accordance With The Law], *Taiwan.cn*, June, 21, 2024, [http://www.taiwan.cn/xwzx/PoliticsNews/202406/t20240621\\_12629550.htm](http://www.taiwan.cn/xwzx/PoliticsNews/202406/t20240621_12629550.htm); “China Focus: China Issues Judicial Guidelines on Imposing Criminal Punishment on Diehard ‘Taiwan Independence’ Separatists,” *Xinhua*, June 21, 2024, <https://english.news.cn/20240621/eb1b1b72aa394c459956c2efa070b673/c.html>.



2. Attempting to alter Taiwan's status through legislative means or referenda.
3. Seeking international recognition of Taiwan as an independent entity.
4. Using one's job or influence, such as in government, education, or media, to misrepresent or falsify the history of Taiwan's status as part of China.
5. Consistently taking part in or playing a major role in activities that support Taiwanese independence.<sup>10</sup>

The legal opinion can be viewed as Beijing's response to perceived internationalization of the Taiwanese issue in recent years and rising "external interference." The broad-ranging document notably does not limit legal application by geographical scope of citizenship. Therefore, it could presumably include both ROC citizens and non-ROC citizens. As it stands, the legal opinion constitutes a particularly gross and chilling application of transnational repression by signaling a legal justification for the repatriation of PRC non-citizens to China for arbitrary crimes. It further signal the "Hong Kongization" of Taiwan in terms of the external application of PRC domestic law and regulations.

In this sense, the document is an apparent attempt to deter other countries and persons from supporting Taiwan. Since the law opinion is framed under the premise that Taiwan and Hong Kong are Chinese territories, actions that take place in Taiwan are covered by the law.

Besides the opinion on punishing Taiwanese activism, the State Council's Taiwan Affairs Office (國務院台灣事務辦公室) added a page on its official website titled "Punish Taiwan independence in accordance with the law" (依法懲治『台獨』頑固分子). The webpage listed "Taiwan independence

10 Tyler Li, "China Issues Guidelines Introducing Severe Criminal Penalties for Supporting Taiwan Independence," *JURISTnews*, June 22, 2024, <https://www.jurist.org/news/2024/06/china-issues-guidelines-introducing-severe-criminal-penalties-for-supporting-taiwan-independence/>.



Image: A webpage posted by the PRC's Taiwan Affairs Office listing 12 Taiwanese individuals as "Taiwan independence elements."<sup>11</sup>

elements"—a set of 12 persons—at the top of the page.<sup>12</sup> It is worth noting that there is a "clue reporting mailbox" (線索舉報信箱) at the end of the webpage.<sup>13</sup>

11 Image source: Screenshot taken by authors, Taiwan Affairs Office of the State Council, "Punish Taiwan independence in accordance with the law," accessed April 16, 2025, [http://www.gwytb.gov.cn/zccs/zccs\\_61195/cjtdwgfz/](http://www.gwytb.gov.cn/zccs/zccs_61195/cjtdwgfz/).

12 Su Zhenchang, You Xikun, Wu Zhaoxie, Xiao Meiqin, Gu Lixiong, Tsai Chi-chang, Ke Jianming, Lin Feifan, Chen Jiaohua, Wang Dingyu and others (蘇貞昌、游錫堃、吳釗燮、蕭美琴、顧立雄、蔡其昌、柯建銘、林飛帆、陳椒華、王定宇、沈伯洋、曹興誠). See, i.e., [http://www.gwytb.gov.cn/zccs/zccs\\_61195/cjtdwgfz/](http://www.gwytb.gov.cn/zccs/zccs_61195/cjtdwgfz/).

13 "國台辦設「懲戒台獨專欄」 十大台獨分子遭置頂" [The Taiwan Affairs Council of the State Council Sets Up a "Punishment Column for Taiwan Independence" and the Top 10 Taiwan Independence Activists are Listed at the Top], Yahoo News, August, 8 2024, <https://tw.news.yahoo.com/%E5%9C%8B%E5%8F%B0%E8%BE%A6%E8%A8%AD-%E6%87%B2%E6%88%92%E5%8F%B0%E7%8D%A8%E5%B0%88%E6%AC%84-%E5%8D%81%E5%A4%A7%E5%8F%B0%E7%8D%A8%E5%88%86%E5%AD%90%E9%81%AD-%E7%B-D%AE%E9%A0%82-100025409.html>.



## *Legalization of its “One-China Principle” through UNGA Resolution 2758*

In addition to the application of domestic legal measures to extend PRC jurisdiction over Taiwan, China has aggressively pushed a distorted interpretation of UN General Assembly Resolution 2758 that would endorse its claim of sovereignty over Taiwan.<sup>14</sup> The effort constitutes an attempt to legalize its “One-China Principle” as an international legal consensus.

In its January 2024 statement declaring a switch in diplomatic recognition from Taiwan to the PRC, the government of Nauru cited UNGA Resolution 2758 as the legal basis for its decision.

Moreover, civil society groups applying to join international organizations have been barred from admission due to an incorrect application of UNGA Resolution 2758. In the future, Beijing will likely attempt to force countries and international institutions to adopt language and measures that support its “One-China Principle” using a distorted interpretation of UNGA Resolution 2758.

<sup>14</sup> Bonnie S. Glaser et al., *Exposing the PRC’s Distortion of UN General Assembly Resolution 2758 to Press its Claim Over Taiwan*, (Washington DC: German Marshall Fund, 2024), <https://www.gmfus.org/news/exposing-prcs-distortion-un-general-assembly-resolution-2758-press-its-claim-over-taiwan>.

## *Hostage Diplomacy: A Corollary to PRC Lawfare*

Taiwan’s National Security Bureau (NSB, 國家安全局) Director Tsai Ming-yen (蔡明彥) announced that, between July 2023 and July 2024, “15 Taiwanese have been detained or undergone trials after entering China and the two special administrative regions, while 51 have been interrogated by border officers—and

the number is increasing.” The heightened risk led Taiwan’s Mainland Affairs Council (大陸委員會) to upgrade its travel alert for China from yellow to orange in June 2024. A few months later, a PRC court sentenced a Taiwanese political activist to nine years in prison in Wenzhou, China, for “separatism.” He had co-founded the Taiwanese National Party (台灣民族黨) and was arrested after traveling to China in 2022 before awaiting trial.<sup>15</sup>

Beijing is using the unilateral application of its domestic law and regulations as a form of lawfare to constrain the legal space of the Taiwan government—and deter other countries from engaging with it. These measures seem intended to limit the Taiwan government’s agency and represent Beijing’s efforts to deny the existence of the ROC and the objective reality that the ROC and PRC are two separate jurisdictions.

<sup>15</sup> Shelley Shan, “China Detaining More Taiwanese: NSB,” *Taipei Times*, July 9, 2024, <https://www.taipetimes.com/News/front/archives/2024/07/09/2003820540>; Mainland Affairs Council, “MAC Raises Travel Alert to ‘Orange’ for Mainland China, Hong Kong, and Macao Starting June 27; Citizens Advised to Avoid Unnecessary Travel,” News Release, June 27, 2024, [https://www.mac.gov.tw/en/News\\_Content.aspx?n=2BA0753C-BE348412&sms=E828F60C4AFBAF90&s=68582E452223D639](https://www.mac.gov.tw/en/News_Content.aspx?n=2BA0753C-BE348412&sms=E828F60C4AFBAF90&s=68582E452223D639); “China Imprisons a Taiwanese Person for ‘Separatism’ for the First Time,” *TIME*, September 6, 2024 <https://time.com/7018490/taiwan-independence-activist-china-prison-sentence-separatism-yang-chih-yuan/>.

## *Maritime Law Enforcement and Civil Aviation for Contesting Taiwan's Territorial Jurisdiction*

The PRC is now increasingly utilizing the China Coast Guard (中國海警局)—a paramilitary force directed by the Central Military Commission (CMC, 中央軍事委員會) and increasingly deployed alongside the People's Liberation Army Navy (PLAN, 中國人民解放軍海軍)—in patrols around Taiwan. These patrols are aimed at enforcing the CCP's maritime and territorial claims over Taiwan. Some of these activities by purportedly non-military vessels include expanding encroachment upon the 12 nautical miles of territorial waters claimed by Taiwan. Other activities include maritime surveillance around Taiwan, detention of ROC citizens for alleged illegal fishing, the forced inspection of civilian vessels, and PRC civilian intrusion into Taiwanese harbors.

In addition, on January 30, 2024, the Civil Aviation Administration of China (CAAC, 中國民用航空局) announced modifications to its civil aviation flight paths for the W123 (Xiamen) and W122 (Fuzhou) links along the M503 route. The adjustments moved southbound flights slightly west of the median line, dismantling a 2015 agreement between Beijing and Taipei that required China-bound flights to maintain a six-nautical-mile distance from the median line.<sup>16</sup> This shift further challenges Taiwan's sovereignty and escalates tensions in the cross-Straits airspace. China has also tightened its maritime law enforcement through "China Coast Guard Order #3," which grants authorities the power to detain foreigners accused of violating border entry or exit regulations for up to 60 days without trial. This law, effective June 15, 2024, authorizes the detention of foreign ships entering waters the PRC claims as territorial or adjacent.<sup>17</sup>

16 Shelley Shan, "Officials Protest Risky Flight Path Changes," *Taipei Times*, February 1, 2024, <https://www.taipei-times.com/News/front/archives/2024/02/01/2003812919>.

17 Chloe Yeng and Karen Hui, "China's New Coast Guard Regulations Up the Ante in Tense South China Sea," *Asia Pacific Foundation of Canada*, July 4, 2024, <https://www.asiapacific.ca/publication/chinas-new-coast-guard-regulations-in-south>

## *Legal Adjudication and Integration Measures*

In a new development in the CCP's efforts to integrate Taiwan into the PRC, Fujian province has taken substantial steps to solidify its role in maritime legal adjudication. The province established its first court dedicated to maritime trials in Xiamen, which has reportedly overseen 700 cases in the past three years (2021-2023), totaling CNY 1.4 billion (USD 193 million) in settlements. Further strengthening its legal infrastructure, in November 2023, China established the Fujian Maritime Dispute Resolution Center for Taiwan Matters (福建省涉台海事糾紛解決中心). This facility, the first of its kind in Xiamen, aims to resolve maritime disputes involving Taiwan residents and Taiwan-funded enterprises. Cases handled by the center range from seafarer rights and overwater accidents to port construction and business disputes. The center also provides maritime legal consultation, public legal education, and dispute resolution services.<sup>18</sup> CCP officials have also visited Hebei province to help resolve commercial legal disputes with Taiwanese businesses.<sup>19</sup>

In 2024, five Taiwan-related legal service centers across Fujian province processed 177 Taiwan-related civil and commercial disputes, alongside 275 additional Taiwan-related arbitration cases.<sup>20</sup> To encourage Taiwanese legal professionals and arbitration lawyers to engage in cross-strait affairs, Xiamen reportedly offers rental subsidies and financial incen-

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china-seas; "Lawfare: China's Legal Initiatives Against Taiwan," International Institute for Strategic Studies, January 27, 2025, <https://www.iiss.org/charting-china/2025/01/charting-china-chinas-legal-initiatives-against-taiwan/>.

18 "First Dispute Resolution Center for Taiwan-Related Maritime Disputes Established in Xiamen," *Global Times*, November 10, 2023, <https://www.globaltimes.cn/page/202311/1301606.shtml>.

19 "Lawfare: China's Legal Initiatives Against Taiwan," *Charting China*.

20 "Taiwan Related Public Legal Service Centers, Have Provided Verification and Comparison Services for a Total of 3,426 Notarized Documents from Taiwan," *China News*, October 29, 2024 <https://wap.chinanews.com/wap/detail/chs/zw/10310040.shtml>.

tives of up to CNY 2 million (approximately USD 279,000 in 2024).<sup>21</sup> Additionally, the Fujian Provincial Administration for Market Management (福建省市場監督管理總局), in partnership with the State Administration for Market Regulation (國家市場監督管理總局), has launched 38 pilot projects to integrate industrial certification and regulatory standards across the Taiwan Strait. These initiatives have resulted in the establishment of 119 new cross-Strait standards, enhancing regulatory alignment between China and Taiwan.<sup>22</sup>

These unilateral acts are likely directed as a legal infringement on exclusivity and aimed at contesting the sovereignty of Taiwan.

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21 Fujian Provincial Department of Justice, “Notice on Learning and Promoting Typical Experiences and Practices of the 148 Legal Service Work,” January 17, 2025 [https://sft.fujian.gov.cn/zwgk/zfxxgkzl/zfxxgkml/qtyzdgkdzfx/202501/t20250117\\_6704197.htm](https://sft.fujian.gov.cn/zwgk/zfxxgkzl/zfxxgkml/qtyzdgkdzfx/202501/t20250117_6704197.htm).

22 Erik Green, “China’s Continued Experimentation for Peaceful Reunification,” *International Institute for Strategic Studies*, <https://www.iiss.org/online-analysis/online-analysis/2024/09/chinas-continued-experimentation-for-peaceful-reunification/>.

## The "Kinmen Model"

On February 14, 2024, tensions surrounding the Kinmen Islands—which lie 6.2 miles from PRC-administered Xiamen—escalated following an incident between a Chinese motorboat and Taiwan's Coast Guard Administration (CGA, 海巡署). In response, the Chinese Coast Guard (CCG, 中國海警局) announced increased patrols around the Kinmen Islands, framing the move to protect Chinese fishermen while simultaneously challenging Taiwan's sovereignty over the area. A few months after the February 14<sup>th</sup> confrontation, Taiwan detected 11 Chinese vessels encroaching on Kinmen's maritime boundaries. These incursions included fishing rescue missions and military exercises, potentially rehearsing a future blockade.

The "Kinmen Model" (金門模式), as described by China's state-run outlet *Yuyuan Tiantian*, aims to normalize Beijing's law enforcement presence in Kinmen and potentially extend it to Matsu, Penghu, and the entire Taiwan Strait. Chinese state media asserted that the Taiwanese claim of "restricted and prohibited waters" around Kinmen was obsolete, signaling an expansionist approach. Under the Kinmen Model, the PRC bypasses Taiwanese central government authorities in economic development negotiations with Kinmen County leadership. *Yuyuan Tiantian* claims that Kinmen representatives and local businesspeople actively engage with the PRC government on tourist exchanges, in conflict with Taiwan central governments limits on this business. Meanwhile, in August 2024, a group of Kinmen legislators visited Beijing to discuss development cooperation and visited PRC infrastructure firms.

Liu Kuangyu (劉匡宇), a research associate at the Chinese Academy of Social Sciences (CASS, 中國社會科學院) Institute of Taiwan Studies, argued that from the perspective of law enforcement practice, Kinmen has already been deeply integrated with Xiamen's governance and is "one step away" from unification.

As a demonstration of the "Kinmen Model," on October 14, 2024, the PLA executed the "Joint Sword-2024B" exercises, an extension of the May "Joint Sword-2024A" drills, in response to Taiwan President Lai Ching-te's "Double Tenth" speech. The CCG deployed a fleet of six ships to conduct law enforcement inspections, including patrols around Dongyin and Matsu. Notably, the "2901 Zhaotou-class" ship, the largest armed vessel of its kind was deployed, further cementing China's assertion of maritime control in disputed waters.

### Notes:

"China to Send Coast Guard Ships as Tensions Rise Over Taiwanese Islands," *Reuters*, February 18, 2024, <https://www.reuters.com/world/asia-pacific/china-says-no-banned-areas-around-taiwanese-islands-after-two-killed-2024-02-18/>

Yuyuan Tiantian, "The 'Kinmen Model' is extended again! China's Coast Guard launches new law enforcement model [“金門模式”再延伸！中國海警開啟執法新模式]" *People's Daily Online*, June 26, 2024, <http://politics.people.com.cn/BIG5/n1/2024/0626/c1001-40265101.html>.

Yuyuan Tiantian, "Mainland tourists travel independently, and the influence of the 'Kinmen model' is evident [大陸遊客自由行，‘金門模式’影響力顯現]" *CCTV*, September 25, 2024, <https://news.cctv.com/2024/09/25/ARTIogDatZgbi0NEqsh0nyWa240925.shtml>

Eric Green, Meia Nouwens, "China's Taiwan-related Legal Initiatives: Actors and Strategic Implications," International Institute for Strategic Studies, July 30, 2024, <https://www.iiss.org/online-analysis/charting-china/2025/01/chinas-taiwan-related-legal-initiatives-actors-and-strategic-implications/>

"'Kinmen Model' Can be Expanded to Taiwan Strait," *China Daily*, May 14, 2024, <https://maritime-executive.com/article/china-tests-kinmen-model-for-expanding-its-maritime-domain>

Ministry of National Defense of the People's Republic of China, "The Ministry of National Defense Warns 'Taiwan independence' Elements: A Sword Hangs Over Your Head, and Seeking 'Independence' is a Dead end," Ministry of National Defense, October 14, 2024, <http://www.mod.gov.cn/gfbw/qwfb/16345357.html>

Kevin Kusumoto, "China Concludes Military Drills Near Taiwan," Foreign Military Studies Office, January 21, 2025, [https://fmso.trafdoc.army.mil/2025/china-concludes-military-drills-near-taiwan/#\\_edn1](https://fmso.trafdoc.army.mil/2025/china-concludes-military-drills-near-taiwan/#_edn1)

"Lawfare: China's Legal Initiatives Against Taiwan," International Institute for Strategic Studies.



## Economic Measures: A Shift Towards Coercion

*“The motivations behind China’s ban are politics and elections. China’s ambition for Taiwan has always been unification [...] It’s a comprehensive top-down strategy, wrapping around Taiwan’s agriculture, farmers, and agricultural products like a net.”*

- Chiao Chun (焦鈞), author of “Fruits and Politics—A Recollection of Cross-strait Agricultural Interaction Over the Past Decade” (水果政治學：兩岸農業交流十年回顧與展望)<sup>23</sup>

Encapsulated by the concept of “using economics to promote politics” (以經促政), the PRC’s strategic guiding principle in cross-strait relations has been to use the economy to advance its political goals. To do so, the PRC advances measures to shorten the political distance between the two sides through economic integration and create conditions for future peaceful unification. It weaponizes dependencies so as to weaken Taiwan’s capacity to withstand the PRC’s economic pressure.

For over four decades from the start of the PRC’s economic liberalization to the 2000s, Beijing’s economic measures focused primarily on using economic integration to entice Taiwan into political integration. Since the 2000s, however, Beijing has begun to employ a combination of economic enticements and coercion.

After the election of President Tsai Ing-wen in 2016, the CCP has preferred economic coercion as a tool to secure political objectives related to Taiwan and the wider world.<sup>24</sup> Beijing leans on coercive economic measures such as targeted suspensions of preferential tariff terms, selective bans and restrictions on imported goods, arbitrary regulatory enforcement against select companies deemed

oppositional, and the targeted sanctioning of individuals and organizations.<sup>25</sup> Although such tactics do not represent a radical departure from the PRC’s longstanding strategy of using coercive economic measures, it is incrementally dialing up its pressure on Taiwan if its political demands are not met.

### *Weaponizing Dependencies: Targeted Suspension of Preferential Tariff Terms*

Since 2016, when the DPP took back power from the KMT, Beijing has repeatedly suggested that it could rescind the Economic Cooperation Framework Agreement (ECFA, 海峽兩岸經濟合作架構協議)—which lowers trade barriers between Taiwan and the PRC—as a means to punish the ruling administration. These concerns reached fever pitch in 2022 during US House of Representatives Speaker Nancy Pelosi’s visit to Taiwan, when China significantly escalated its rhetoric regarding the future of the agreement. Accordingly, right as Speaker Pelosi visited Taiwan—and while the PLA was conducting unprecedented exercises around the islands—the KMT’s Vice Chairman Andrew Hsia (夏立言) flew to Beijing to obtain reassurances that China would not scrap the ECFA.<sup>26</sup>

A clear example of this shift towards coercion can be discovered in a case that took place just nine months before Taiwan’s 2024 national elections. In April 2023, Beijing initiated a comprehensive trade barrier investigation into Taiwan’s alleged restrictive trade measures

23 Vox, “How China Uses Fruit to Punish Taiwan,” [https://www.youtube.com/watch?v=eFdMUPTM\\_9Y](https://www.youtube.com/watch?v=eFdMUPTM_9Y).

24 Peter Harrell, Elizabeth Rosenberg, and Edoardo Saravalle, “Use of Coercive Economic Measures,” June 11, 2018, <https://www.cnas.org/publications/reports/chinas-use-of-coercive-economic-measures>.

25 “China Suspends Tariff Concessions on 134 Items under Taiwan Trade Deal,” *Reuters*, May 31, 2024, <https://www.reuters.com/world/asia-pacific/china-suspends-tariff-concessions-134-items-under-taiwan-trade-deal-2024-05-31/>; Russell Hsiao, “China’s Intensifying Pressure Campaign Against Taiwan,” *Jamestown Foundation China Brief* Vol 18, Issue 11 (June 19, 2018), <https://jamestown.org/program/chinas-intensifying-pressure-campaign-against-taiwan>; Hsiao, “China Ramps Up Economic Coercion on Taiwan,” <https://globaltaiwan.org/2023/04/china-ramps-up-economic-coercion-on-taiwan-ahead-of-2024-elections/>.

26 Shih Hsiao-kuang, Jason Pan, and Liu Tzu-hsuan, “KMT Says Hsia Spoke Up for Taiwan,” *Taipei Times*, August 27, 2022, <https://www.taipeitimes.com/News/taiwan/archives/2022/08/27/2003784251>.

against China.<sup>27</sup> The PRC Ministry of Commerce issued a public notice announcing that the investigation was targeting 2,455 products, primarily in the areas of agriculture, minerals, chemical products, and textiles.<sup>28</sup> Lying in plain sight is the political motivation of the decision. The investigation was slated to conclude on or before October 12, while also explicitly indicating that it could be extended “under special circumstances” (特殊情況下) to January 12, 2024—a day before Taiwanese voters headed to the polls.<sup>29</sup> Beijing used the determination of the ECFA review to justify and repeatedly threaten the cancellation of the ECFA agreement, which was struck in 2010 between the KMT government under Ma Ying-jeou (馬英九) and the PRC.

## *Weaponizing Dependencies: Arbitrary Import Restrictions*

From 2021 to 2022, China banned the import of four major Taiwanese agricultural products: pineapples, sugar apples, wax apples, and grouper fish. While Chinese government officials cited the presence of harmful pests or chemicals as the justifications for these measures, many experts believe that Beijing is employing the bans as a method of economic coercion. In 2020, China imported over USD 1 billion worth of agricultural products from Taiwan and was the largest importer of Taiwanese agricultural goods.<sup>30</sup> The PRC was the also the largest importer of the four Taiwanese

agricultural products that it later banned. For instance, out of the 420,000 tons of pineapples that Taiwan grows annually, China imported 41,661 tons (worth about USD 53.9 million in 2020).<sup>31</sup> That year, China purchased 91.2 percent of the total exported pineapples from Taiwan.<sup>32</sup>

The export market for sugar and wax apples relies on China even more heavily than pineapples. Annually, Taiwan produces around 55,000 tons of sugar apples and 54,000 tons of wax apples.<sup>33</sup> In 2019, Taiwan exported 13,900 tons of sugar apples and 4,800 tons of wax apples to China, constituting 97 percent and 98 percent of all exports, respectively.<sup>34</sup> The PRC consumed 17,000 tons (36 percent of all Taiwan’s exports) of grouper fish—the product subject to the most recent ban. Beijing’s status as the main overseas market for these products has allowed it to wield economic leverage over Taiwan and use agricultural bans to punish Taiwan for perceived slights.

In the summer of 2022—after the visit of then-Speaker Pelosi to Taiwan—China severely escalated its coercive economic measures by suspending natural sand exports to Taiwan and simultaneously blocking imports of citrus fruits, chilled white scallops, frozen mackerel, and confectionery products from 35 Taiwanese exporters of biscuits and pastries.<sup>35</sup> In total, the PRC’s Gener-

27 Matthew Strong, “Taiwan Sets Jan 13, 2024 for Presidential, Legislative Elections,” *Taiwan News*, March 10, 2023, <https://www.taiwannews.com.tw/en/news/4831353>.

28 Ministry of Commerce of the People’s Republic of China, “商務部公告2023年第11號 商務部關於就台灣地區對大陸貿易限制措施進行貿易壁壘調查的公告” [Ministry of Commerce Announcement No. 11 of 2023: Announcement by the Ministry of Commerce on the Trade Barrier Investigation into Taiwan’s Trade Restriction Measures Against Mainland China] April 12, 2023, <http://www.mofcom.gov.cn/article/zwgk/gkzcfb/202304/20230403403369.shtml>.

29 Ibid.

30 Dong Xing, “China’s Ban on Taiwanese Fruit Imports May Jeopardize Trade Application,” *ABC News*, September 21, 2021, <https://www.abc.net.au/news/2021-09-21/china-taiwan-fruit-ban-may-jeopardize-application/100479612>.

31 Yang Yuan-ting and Lee Hsin-fang, “Local Firms Step Up for Pineapples,” *Taipei Times*, February 28, 2021, <https://www.taipeitimes.com/News/front/archives/2021/02/28/2003752965>; Keoni Everington, “Taiwanese Buy Entire Year’s Worth of Pineapple Exports to China in 4 Days,” *Taiwan News*, March 3, 2021, <https://www.taiwannews.com.tw/en/news/4140768>.

32 Jens Kastner, “China Stalls Over Redoing Taiwan Trade Pact.”

33 Council of Agriculture, Executive Yuan, Republic of China (Taiwan), *Agricultural Production (2020)*, [https://eng.coa.gov.tw/upload/files/eng\\_web\\_structure/2505655/2-1%E8%BE%B2%E6%A5%AD%E7%94%9F%E7%94%A2\(109\).pdf](https://eng.coa.gov.tw/upload/files/eng_web_structure/2505655/2-1%E8%BE%B2%E6%A5%AD%E7%94%9F%E7%94%A2(109).pdf).

34 Jing Zang, “China Bans Imports of Sugar and Wax Apples from Taiwan,” *Produce Report*, September 25, 2021, <https://www.producereport.com/article/china-bans-imports-sugar-wax-apples-taiwan>.

35 Ralph Jennings, Ji Siqi, and Luna Sun, “China’s Economic Sanctions on Taiwan over Pelosi Visit ‘Symbolic,’ but Could Hit Billions if Tensions Escalate,” *South China Morning Post*, August

al Administration of Customs (GAC, 海關總署) suspended imports of more than 2,000 of about 3,200 food products exported to the PRC from Taiwan.<sup>36</sup>

## *Weaponizing Dependencies: Arbitrary Regulatory Enforcements Targeting Select Companies*

As China's economic leverage over Taiwan has expanded with increased trade and economic ties, Beijing has also become more willing to pressure CEOs of prominent DPP-friendly corporations to endorse Beijing's "One-China Principle," such as the food conglomerate I-Mei (義美). Beijing began issuing stern warnings to Taiwanese businesses operating in the PRC to mind their political contributions within Taiwan. In November 2021, PRC-based textile and cement subsidiaries of Taiwan's Far Eastern Group (遠東集團)—a major donor to both the DPP and KMT parties in Taiwan—were arbitrarily fined more than USD 13.87 million,<sup>37</sup> supposedly for regulatorily breaches including breaches of environmental protection rules.

## *The Case of Presidential-candidate Terry Guo and Foxconn in the 2024 Elections*

The case of technology industrialist Terry Gou (郭台銘), Taiwan's third richest person, sheds light on the PRC's ability to influence certain business tycoons in Taiwanese politics.<sup>38</sup> Gou founded Hon Hai Precision Industry (Foxconn, 鴻海科技集團) in 1974, which eventually became the world's biggest electronic man-

ufacturing company.<sup>39</sup> With no prior experience as an electoral candidate, Gou launched his political career in 2019 when he ran for the Taiwanese presidency. Competing in the KMT primary, Gou announced that the sea goddess Mazu (媽祖) appeared to him in a dream to encourage his run for office.<sup>40</sup> Gou finished second in the KMT primary with 27.7 percent of the vote, losing to the Kaohsiung mayor Han Kuo-yu (韓國瑜).<sup>41</sup>

Nonetheless, in August 2023, Gou announced his candidacy for the next presidential election cycle. This time, Gou ran as an independent with the intention of solidifying the KMT and emergent Taiwan People's Party (TPP, 民眾黨) against the DPP. Gou stated that "if the opposition is not integrated, it will benefit Lai Ching-te" (在野不整合, 便宜賴清德).<sup>42</sup> On September 2, Gou resigned from Foxconn's board of directors and chose actress and writer Lai Pei-Hsia (賴佩霞) as his vice-presidential running mate.<sup>43</sup> Despite Gou's alignment with

3, 2022, <https://www.scmp.com/economy/global-economy/article/3187591/chinas-economic-sanctions-taiwan-over-pelosi-visit-symbolic>.

36 Kathrin Hille and William Langley, «China Suspends 2,000 Food Products from Taiwan as Nancy Pelosi Visits,» *Financial Times*, August 3, 2022, <https://www.ft.com/content/ff15198f-cdc2-48fa-bed5-4a59bebbf01a>.

37 Lawrence Chung, "Fines on Taiwan's Far Eastern Group Fan Fears of More Retaliation by Beijing over Political Donations," *South China Morning Post*, November 24, 2021, <https://www.scmp.com/news/china/politics/article/3157108/fines-taiwan-far-eastern-group-fan-fears-more-retaliation>.

38 "50 Richest," *Forbes*, accessed February 27, 2025, <https://www.forbes.com/taiwan-billionaires/list/#tab:overall>.

39 "創辦人 [Founder]," Hon Hai Technology Group (Foxconn), accessed February 27, 2025, <https://www.foxconn.com/zh-tw/about/group-profile/founder>.

40 "郭台銘宣布參選台灣總統, 稱獲媽祖託夢 [Terry Gou Announces Candidacy for Taiwan's Presidency, Claims to Have Received a Vision from Mazu]" *New York Times (Chinese version)*, April 18, 2019, <https://cn.nytimes.com/asia-pacific/20190418/terry-gou-foxcon-taiwan-presidential-race/zh-hant/>.

41 Keoni Everington, "Han Kuo-yu Wins KMT Primary, to Face Tsai in 2020 Presidential Election," *Taiwan News*, July 15, 2019, <https://www.taiwannews.com.tw/news/3744684>.

42 Li Teng-Sin, "郭台銘宣佈獨立參選台灣2024總統大選, 是「整合藍白」還是「便宜賴清德」?" [Terry Gou Announces Independent Candidacy for Taiwan's 2024 Presidential Election: A Move to Unite the Pan-Blue Camp or an Advantage for Lai Ching-te?], *BBC (Chinese version)*, August 28, 2023, <https://www.bbc.com/zhongwen/trad/chinese-news-66637365>.

43 "鴻海科技集團聲明" [Hon Hai Technology Group Statement], Hon Hai Technology Group, September 2, 2023, <https://www.honhai.com/zh-tw/press-center/press-releases/latest-news/1105>; "鴻海科技集團聲明" [Hon Hai Technology Group Statement], Hon Hai Technology Group, September 2, 2023, <https://www.honhai.com/zh-tw/>



the KMT on policy, analysts forecast that his candidacy as an independent would likely split the KMT vote and would inevitably hand the DPP a victory.

On October 22, 2024, the *Global Times* reported on a sudden tax audit by PRC authorities on Foxconn locations in Guangdong and Jiangsu provinces and land use investigations by the natural resources departments of Henan and Hubei provinces.<sup>44</sup> By October 23, shares of the PRC-based subsidiary Foxconn Industrial Internet shares were down 3 percent in Taipei and 10 percent in Shanghai.<sup>45</sup> Analysts concluded that the CCP was sending a warning message to Gou.<sup>46</sup> On October 23, Hon Hai Technology Group announced that it would cooperate with the investigation. In a November 14 statement attached to Foxconn's third quarter financial results, CFO David Huang emphasized Foxconn's cooperation with the investigation and scolded the media for overblowing the situation.<sup>47</sup>

press-center/press-releases/latest-news/1105.

44 Liu Xin, Yang Sheng, and Xing Xiaojing, "Mainland Tax, Natural Resource Authorities Inspect Foxconn Companies in Several Provinces," *Global Times*, October 22, 2023, <https://www.globaltimes.cn/page/202310/1300340.shtml>.

45 VOA Chinese (@VOAChinese), "台灣鴻海富士康遭中國當局稅務調查," [Taiwan's HonHai/Foxconn Under Tax Investigation by Chinese Authorities], *X (formerly Twitter)*, October 22, 2023, [https://x.com/VOAChinese/status/1716431794277400868?ref\\_src=twsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwterm%5E1716431794277400868%7Ctwgr%5Eaef4e1eb15a3c7f464e793d959854d-9e051f082f%7Ctwcon%5Es1\\_&ref\\_url=https%3A%2F%2Fwww.voachinese.com%2Fa%2Ftaiwan-s-foxconn-faces-china-tax-probe-seen-as-politically-motivated-20231023%2F7322292.html](https://x.com/VOAChinese/status/1716431794277400868?ref_src=twsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwterm%5E1716431794277400868%7Ctwgr%5Eaef4e1eb15a3c7f464e793d959854d-9e051f082f%7Ctwcon%5Es1_&ref_url=https%3A%2F%2Fwww.voachinese.com%2Fa%2Ftaiwan-s-foxconn-faces-china-tax-probe-seen-as-politically-motivated-20231023%2F7322292.html); Shunsuke Tabeta and Hideaki Ryugen, "Foxconn's China Hubs Targeted in Tax Probes," *Nikkei Asia*, October 22, 2023, <https://asia.nikkei.com/Business/Electronics/Foxconn-s-China-hubs-targeted-in-tax-probes>.

46 "富士康查稅風暴，後續兩大觀察點中國不只對郭台銘參選有意見 [Foxconn Tax Investigation Storm: Two Key Points to Watch – Is China Concerned About More Than Just Terry Gou's Candidacy?]" *Common Wealth Magazine*, October 27, 2023, [https://www.cw.com.tw/article/5127859?\\_gl=1\\*m21ib\\*\\_gcl\\_au\\*MjAyMjIxNDE3MS4x-NzMTc2ODgz&\\_ga=2.102099842.2046944348.1738957574-2091991574.1738176884](https://www.cw.com.tw/article/5127859?_gl=1*m21ib*_gcl_au*MjAyMjIxNDE3MS4x-NzMTc2ODgz&_ga=2.102099842.2046944348.1738957574-2091991574.1738176884).

47 Hon Hai Technology Group (Foxconn), "Hon Hai Announces Third Quarter 2023 Financial Results," November

In late November 2024, China's Wuhan authorities issued a minor fine to Foxconn for violating tax laws by misreporting expenses. The fine totaled CNY 20,000 (USD 2,816).<sup>48</sup> In the midst of the Foxconn audit, Gou declined to comment on the issue and seldom made media appearances.<sup>49</sup> Despite garnering enough signatures to officially register as a presidential candidate, Gou dropped out of the race on November 23. In a *Reuters* report, two anonymous Foxconn sources relayed that the company was preparing multiple contingency plan scenarios following the tax audit announcement.<sup>50</sup> Since his withdrawal from the election, Gou has maintained a relatively low profile in public media.

## *Weaponizing Dependencies: Leveraging Taiwan Businesspeople in the PRC*

In addition to Taiwanese political figures, Beijing has long targeted Taiwanese businessmen based in the PRC (台商). The Association of Taiwan Investment Enterprises on the Mainland (ATIEM, 全國台灣同胞投資企業聯誼會) is the most prominent vehicle for this form of PRC influence.

Founded in 2007, ATIEM is a business association under the auspices of the PRC's Taiwan Affairs Office (TAO, 國務院台灣事務辦公室), consisting of around 300 Taiwanese-funded enterprises and their members

14, 2023, <https://www.foxconn.com/en-us/press-center/press-releases/latest-news/1143>

48 "富士康遭查稅據報有結果 罰款2萬元人民幣 [Foxconn Faces Tax Investigation Results, Fined 20,000 RMB]" *Yahoo Finance*, August 25, 2022, <https://hk.finance.yahoo.com/news/%E5%AF%8C%E5%A3%AB%E5%BA%B7%E9%81%AD%E6%9F%A5%E7%A8%85%E6%93%9A%E5%A0%B1%E6%9C%89%E7%B5%90%E6%9E%9C%E7%BD%B0%E6%AC%BE2%E8%90%AC%E5%85%83%E4%BA%BA%E6%B0%91%E5%B9%A3-222727541.html>

49 Kayleigh Madjar, "Hon Hai fined in China over misreported tax issues," *Taipei Times*, November 23, 2023, <https://www.taipeitimes.com/News/front/archives/2023/11/23/2003809580>.

50 Yimou Lee and Ben Blanchard, "Foxconn Founder Terry Gou Withdraws from Taiwan Presidential Race," *Reuters*, November 24, 2023, <https://www.reuters.com/world/asia-pacific/foxconn-founder-terry-gou-withdraws-race-be-taiwan-president-2023-11-24/>.



in the PRC.<sup>51</sup> The organization acts as a lobbying group for Taiwanese businesses both in China and Taiwan. According to a 2012 investigative report by *Reuters*, ATIEM has tried unsuccessfully to lobby the Taiwan government to overturn a rule that bars citizens of Taiwan from taking positions in state or party bodies in China, such as the Chinese People's Political Consultative Conference (CPPCC, 中國人民政治協商會議).<sup>52</sup>

ATIEM and its sub-organizations, the Taiwanese Compatriot Investment Enterprises Associations (臺灣同胞投資企業協會), offer a chance for Taiwanese businesspeople to establish relationships with PRC officials and industry leaders so as to improve their business opportunities in China.<sup>53</sup> Like many united front institutions, the associations constitute an incentive structure through which Taiwanese businesspeople that advance CCP political objectives are rewarded with enhanced money-making opportunities.

For example, the Taiwanese businessman and vice-president of the Xiamen Taiwanese Compatriot Investment Enterprises Association (廈門台商協會) Ye Yong-song, (葉永松), concurrently served as chairperson of the Xiamen Belt and Road Initiative Committee (廈門一代一路委員會).<sup>54</sup> Ye, a restaurant entrepreneur in Xiamen,

publicly rebuked Taiwanese president Lai Ching-te at a 2025 event for overseas Taiwanese businesspeople, urging Lai not to anger the PRC with his policies.<sup>55</sup> Ye later denied he had significant relationships with PRC officials, despite appearing a conference at the invitation of the Qingyang United Front Work Department (慶陽市委員會統一戰線工作部) in Gansu province months before.<sup>56</sup>

Taiwanese businesspeople in China may also wield sizable voting power in Taiwan's elections. A quarter of a million Taiwanese residents in China reportedly voted in the country's 2012 presidential election,<sup>57</sup> and an estimated 100,000 Taiwanese businesspeople voted in 2016.<sup>58</sup> Meanwhile, ATIEM and its sub-organizations have organized voter drives encouraging PRC-based Taiwanese to fly back to Taiwan to vote in major elections. In December 2019, the Xiamen Taiwanese Compatriot Investment Enterprises Association—the organization associated with Ye Yong-song—held an event mobilizing 5,000 Taiwanese to return home to vote in the 2020 presidential election.<sup>59</sup> The event was titled “Safe Taiwan, prosperous people” (台灣安全, 人民有錢), the exact same phrase as the campaign slogan of the pro-PRC KMT presidential candidate,

%B4%BB%E5%8B%95-052238980.html.

51 “Archived Version of QGTQL Website,” *Way-back Machine*, February 25, 2020, <https://web.archive.org/web/20200225163302/http://www.qgtql.com/dsq/>.

52 Yimou Lee and Faith Hung, «Special Report: How China's Shadowy Agency Is Working to Absorb Taiwan,» *Reuters*, November 27, 2014, <https://www.reuters.com/article/us-taiwan-china-special-report/special-report-how-chinas-shadowy-agency-is-working-to-absorb-taiwan-idUSKCN0JB01T20141127>.

53 Jeremy Hong (洪子傑), “Outlook on the CCP's Recent Efforts to Conduct United Front Operations against Taiwan Through Taiwanese Businesspeople in China, [近期中共透過台商組織對台統戰之觀察]” INDSR, December 20, 2019, <https://indsr.org.tw/respublicationcon?uid=12&resid=749&pid=2939>.

54 Chen Chenxuan and Dong Youjun (粘宸瑄及董佑駿), “Lambasting the President on the Scene! Taiwanese Businessmen in Xiamen have attended United Front Events [當場嗆總統! 廈門台商曾出席陸統戰活動],” *Yahoo News*, February 4, 2025, <https://tw.news.yahoo.com/%E7%95%B6%E5%A0%B4%E5%97%86%E7%B8%BD%E7%B5%B1-%E5%BB%88%E9%96%80%E5%8F%B0%E5%95%86%E6%9B%BE%E5%87%BA%E5%B8%AD%E9%99%B8%E7%B5%B1%E6%88%B0%E6>

55 Hong Zhaojun (洪肇君), “Xiamen Xinglin Investment Park sees first OT case by Taiwanese businessman, [廈門杏林投資園區 首見台商OT案]” *China Times*, January 3, 2012, <https://www.chinatimes.com/newspapers/20120603001545-260303?ch=dtv>.

56 Gansu United Front, “The United Front Work Department of Qingyang Municipal Party Committee and the Municipal Federation of Industry and Commerce invite guests from all over the world to attend the Lanzhou Investment and Trade Fair [慶陽市委統戰部工商聯廣邀五湖賓朋共赴蘭洽盛]” July 10, 2024, <https://www.gsswtzb.gov.cn/news/show-47077.html>.

57 Russell Hsiao, “Fortnightly Review,” 3, no.22, *Global Taiwan Brief*, (November 14, 2018), <https://globaltaiwan.org/2018/11/fortnightly-review-v3-i22/>.

58 John Ruwitch, “As Nationalist Chances Dim, Fewer Taiwanese in China Go Home to Vote,” *Reuters*, January 13, 2016, <https://www.reuters.com/article/taiwan-election-businessmen-idUSL3N14W3TW20160113>.

59 Hong, “Outlook on the CCP's Recent Efforts to Conduct United Front Operations against Taiwan Through Taiwanese Businesspeople in China.”

Han Kuo-yu.<sup>60</sup>

Nonetheless, the number the Taiwanese working overseas in China is dwindling. According to the Taiwan's Directorate General of Budget, Accounting and Statistics (DGBAS, 行政院主計總處),<sup>61</sup> 163,000 Taiwanese worked in China in 2021—representing a decrease of 76,000 people from 2019 and 261,000 persons from 2011. While this may dilute the voting power of Taiwanese working in China, the demographic still maintains significant political influence in terms of campaign contributions and constituent size.

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60 Cai Yijie (蔡儀潔), “Xiamen Taiwanese Compatriot Association Mobilizes 5000 People to Return to Taiwan to Vote, calling ‘Safe Taiwan, Prosperous People’ [廈門台協動員5000人返鄉投票 喊「台灣安全，人民有錢」] *ETtoday*, December 8, 2019, <https://www.ettoday.net/news/20191208/1597016.htm>.

61 “Taiwanese Working in China Has Steadily Dropped Since 2014: Report,” *Focus Taiwan*, April 11, 2023, <https://focus taiwan.tw/cross-strait/202304110013>.

## Conclusion

The intensification of non-military measures both in the legal and economic space broadly indicates a significant shift in Beijing's overall approach from one of deterring Taiwan's independence to compelling its unification with the PRC.

While Beijing does not appear to have abandoned its desire for so-called “peaceful reunification” and would prefer to annex Taiwan without the use of military force, this review of PRC measures, especially in terms of lawfare, represents a departure from a prior stance of tacit acknowledgement of the separate jurisdictions of the PRC and ROC. These measures are directed at limiting the Taiwan government's agency and reflect Beijing's efforts to deny the existence of the ROC and this *de facto* reality across the Taiwan Strait. It bears noting that such PRC lawfare tactics are likely intended to provoke a response from the United States and Taiwan (or reveal an inability to respond). If not properly managed, these tactics could drive a wedge between new leadership in Taiwan and the United States.

The PRC's increasing adjudication of Taiwan-related cases, updates to laws and regulations, and expansion of maritime law enforcement in the Taiwan Strait is intended to force the integration of Taiwan. The “Kinmen Model” may serve as a case study for future Chinese maneuvers aimed at expanding legal jurisdiction and military presence in the region, further complicating cross-Strait relations.

Chinese economic statecraft includes not just enticements, but also punishments. Beijing's recent measures reflect a hardening of its coercive economic approach through a combination of targeted bans of select goods, broadened import restrictions, arbitrary regulatory enforcements, and sanctions of individuals and organizations.

Nonetheless, the PRC has not completely shifted to its economic strategy away enticement. On September 12, 2023, the PRC government unveiled a significant

policy document titled “Communist Party Central Committee and State Council Opinions Concerning the New Path of Supporting Fujian Explorations in Cross-Strait Integration and Development and Building Cross-Strait Integration and Development Model Zones” (中共中央國務院關於支持福建探索海峽兩岸融合發展新路建設兩岸融合發展示範區的意見).<sup>62</sup> This directive outlines Fujian's role as a demonstration zone for integrated cross-Strait economic development, and signals China's efforts to further incorporate Taiwan-related affairs into its legal and economic framework.

Meanwhile, the US Congress has proposed sweeping measures to mitigate the effects of PRC economic coercion in particular. However, it is unclear whether US relief will can be delivered in time to mitigate PRC pressures. Two notable legislative efforts have been introduced that address PRC economic coercion. The *Stand with Taiwan Act* attempts to deter PRC military aggression through threats of severe economic punishment. Simultaneously, the *Countering Economic Coercion Act* would seek to blunt the effects of PRC economic coercion at the moment of application.<sup>63</sup> A recent study by the Center for Strategic and International Studies suggests that the latter approach has more benefit, arguing that “Deterrence by denial—focused on resilience and relief for targeted countries—is more

62 Taiwan Affairs Office of the State Council, “中共中央 國務院關於支持福建探索海峽兩岸融合發展新路 建設兩岸融合發展示範區的意見 [Opinions of the CPC Central Committee and the State Council on Supporting Fujian ] n Exploring New Paths for Cross-Strait Integrated Development and Building a Cross-Strait Integrated Development Demonstration Zone]” September 12, 2023, [http://www.gwytb.gov.cn/topone/202309/t20230912\\_12566987.htm](http://www.gwytb.gov.cn/topone/202309/t20230912_12566987.htm).

63 Congress.gov, “S.4789 - STAND with Taiwan Act of 2024,” Accessed February 28, 2025, <https://www.congress.gov/bill/118th-congress/senate-bill/4789>; Congress.gov, “S.295 - Countering Economic Coercion Act of 2023,” Accessed February 28, 2025, <https://www.congress.gov/bill/118th-congress/senate-bill/295?s=1&r=36>.

likely to mitigate, and over time deter, China's problematic behavior by decreasing its likelihood of success, frustrating Beijing's intent."<sup>64</sup>

The first real indication of success for these new tools will happen in the 2026 Taiwan local elections.<sup>65</sup> In 2022, before the last local elections, China leaned heavily on economic measures in its attempt to influence the outcome. Beijing is likely to dial up lawfare and economic measures before the local elections slated for 2026—which will offer a telling preview of CCP political warfare directed at interfering with the island's 2028 national elections.

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64 Center for Strategic and International Studies, "Countering China's Economic Coercion - Report Launch," March 22, 2023, <https://www.csis.org/events/countering-chinas-economic-coercion-report-launch>.

65 Hsiao, "China Ramps Up Economic Coercion on Taiwan."