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Authorities Renew Reform and Opening Amid Economic Pressures

By Arran Hope



Map of the Greater Bay Area and Guangdong Province. (Source: [GBA](#))

Executive Summary:

- The Party has updated plans to build the Greater Bay Area into a key growth driver, emphasizing attracting foreign investment and overseas talent.
- The measures from Beijing seek to make it easier for funds and elite global experts to move between the jurisdictions of Hong Kong and Shenzhen, with the goal of boosting development and cutting-edge innovation.
- Recent attempts to show support for the private sector have been unconvincing, including the Third Plenum Decision, the Private Economy Promotion Law, a meeting with tech entrepreneurs, and a front-page People's Daily interview with Huawei founder Ren Zhengfei.
- The Party is clear-eyed about the challenges posed by low consumption, an unsustainable export-driven model, and lack of high-quality innovation, as an article in its main theory journal this week explains. The latest measures are unlikely to change this overall picture.

The People's Republic of China (PRC) is keen to “deepen reform and broaden opening up” (深化改革、扩大开放), according to a policy document jointly released by the general offices of both the Chinese Communist Party (CCP) Central Committee and the State Council. The measures, titled “Opinions on Further Advancing Shenzhen's Comprehensive Pilot Reforms to Deepening Reform and Innovation and Expanding Opening-Up” (关于深入推进深圳综合改革试点深化改革创新扩大开放的意见), are the latest prominent attempt to energize development in one the country's key economic centers—the Guangdong–Hong Kong–Macao Greater Bay Area. They seek to improve the general business environment, especially for the region's science and technology sectors, by improving integration across its different jurisdictions and in particular by attracting top talent from around the world ([People's Daily](#), June 11).

The Opinions were released internally at the end of August 2024, shortly after the Third Plenum meetings that sought to help reinvigorate the economy ([China Brief](#), July 26, 2024). As with the Decision document from the Third Plenum, the public promulgation of the latest Opinions arrive at a time of persistent economic headwinds, including deflationary pressures and sluggish demand; and, as with the Decision document, this new measure does not indicate a significant shift from policymakers. They are instead a continuation of an earlier policy, issued by the same central bodies in 2020: the Shenzhen Comprehensive Pilot Reform Implementation Plan for Building the Advanced Demonstration Zone for Socialism with Chinese Characteristics (2020–2025) (深圳建设中国特色社会主义先行示范区综合改革试点实施方案(2020-2025 年)) ([Shenzhen Special Economic Zone Report](#), June 19). In case anyone needed reminding, the measures state (in the first point of the sixth and final section), “Uphold and strengthen the overall leadership of the Party (坚持和加强党的全面领导). Officials nevertheless have high ambitions for what it could achieve. One Shenzhen-based cadre describes it as signaling the “formal launch of comprehensive reform pilot 2.0” (标志着综合改革试点“2.0”正式启航) ([People's Government Report](#), June 20). [1] Another aims to build a “world-level scientific research hub” (世界级科研枢纽) ([Shenzhen Government](#), June 19).

Strategy Relies on Overseas Talent and Investment

The Greater Bay Area is a dynamic region, home to 70 million people, and consciously modeled on other metropolitan bay areas such as those in San Francisco, New York, and Tokyo. As of 2022, its economic output exceeded that of South Korea ([China Brief](#), January 19, 2024). It seeks to integrate three distinct jurisdictions, each with their own strengths. In the words of the man in charge of Qianhai (前海), one of Shenzhen's cooperation zones, the idea is to “rely on Hong Kong, serve the mainland, and face the world” (依托香港、服务内地、面向世界) ([Shenzhen Government](#), June 19).

Hong Kong is key in this strategy. Minister of Commerce Wang Wentao (王文涛) has described it as a “super-connector” (超级联系人) in the PRC's national strategy—crucial for building trade relations with like-minded countries ([Hong Kong Government](#), August 26, 2024). Its role as a major financial center has been central to the PRC's development for decades, but now officials are trying to integrate it with the wider region. One item in the Opinions calls for allowing eligible companies listed on the Hong Kong Stock Exchange to also list on Shenzhen's own exchange. According to a co-leader of audit services for Greater China at Ernst & Young, this move will “improve institutional support for the Shenzhen Stock Exchange, enhance its global competitiveness,

and promote cross-border flows of financial factor” (完善深交所的制度供给，增强其全球竞争力，推动金融要素跨境流动). Tang also uses the “super-connector” moniker, arguing that the policy will help attract international investment into Shenzhen’s burgeoning technology and manufacturing sectors ([International Financial News](#), June 12). The Greater Bay Area needs more than money, however.

Attracting talent is another central concern. The Opinions discuss “improving mechanisms for supporting and guaranteeing the introduction of talents from overseas” (完善海外引进人才支持保障机制), the lack of which are currently viewed as an “institutional barrier in the system” (体制机制障碍) that must be “cracked” (破解). One expert, in an article for Shenzhen Special Zone Report (深圳特区报), argues for “gathering global science and technology elites and high-level expatriates so as to inject new vitality into science and technology innovation” (集聚全球科技新锐、外籍高层次人才, 为科技创新注入新活力) ([Shenzhen Special Economic Zone Report](#), June 19). The leader of the Haishekou (海蛇口) free trade zone in Shenzhen’s Nanshan district notes one example of a successful policy solution, namely, allowing foreign scientists to serve as “legal representatives of new research and development institutions” (担任新型研发机构法定代表人) ([Shenzhen Government](#), June 19).

In this sense, opening up is imperative. But it is imperative, as the press conference makes clear, to “take on the mission of shouldering the national strategic platform” (扛起国家战略平台的使命担当) and support Chinese-style modernization—the Party’s primary ambition ([Shenzhen Government](#), June 19). The Party has made this priority abundantly clear over the last decade. The Greater Bay Area has been referenced in the last nine government work reports ([GBA](#), March 5). The Opinions, meanwhile, describe Shenzhen as an “important engine” (重要引擎) in the Greater Bay Area’s construction, which radiates out to spur on the overall national system (在全国一盘棋中的辐射带动作用).

Recent Support Measures Have Failed to Convince the Private Sector

The Party believes that by focusing on creating a world-leading science and technology sector, capable of innovating at the cutting edge and efficiently bringing new ideas to market, it can resolve its broader economic problems. Hence the need to “deepen integration of the innovation chain and the capital chain and the talent chain” (创新链产业链资金链人才链深度融合) and engineer the “efficient coordination of industry, academia, and research” (产学研高效协同) ([People’s Daily](#), June 11). Vice Premier Zhang Guoqing (张国清) usefully highlighted these ambitions in a trip this week to Guangdong Province ([Xinhua](#), June 17).

It is unclear whether the CCP will be successful in this endeavor. An article published on June 15 in Qiushi, the Party’s theory journal, warned of some of the problems the country currently faces—problems that no other country has ever experienced. This candid assessment, from a pseudonymous byline, echoed many of the critiques more often heard from external observers. On the economic side, “the export-driven, extensive growth model has become unsustainable” (以出口为导向的粗放型增长方式已经难以持续), and “insufficient effective demand has become a prominent issue, reflected in weak consumption capacity and willingness among residents, sluggish consumption demand, and slow growth in effective investment” (有效需求不足已成为当前经济运行的突出问题，主要表现为居民消费能力和意愿不足，消费需求不振，

有效投资增长偏弱)。On the technology side, problems include “insufficient high-quality scientific output, dependence on others for some key technologies, a lack of major original and disruptive innovation, and low conversion rates for research results” (存在高质量科技供给不足，部分关键核心技术受制于人，重大原创性、颠覆性创新缺乏，科技成果转化相对较低) ([Qiushi](#), June 15). This latter point was echoed by He Jie, the Shenzhen official, who noted that the conversion rate for scientific achievements was less than 30 percent (科技成果转化不足 30%) ([People's Government Report](#), June 20).

The Party's prospects of success will lie in its ability to promote private enterprise and foreign investment, but recent indicators do not provide much cause for optimism. After the disappointing results of the policies announced at the Third Plenum in July 2024, the Party has made a number of moves this year to showcase a more positive disposition toward the private sector. One such move was to fast-track the Private Economy Promotion Law, which came into effect on May 20 ([NPC Observer](#), April 30). This law was the country's first “foundational” (基础性) law intended to support and regulate the sector. As the scholar Jamie P. Horsley notes, however, it largely serves as a political statement of the CCP's intent to better ensure that the country's private firms continue to invest, hire, train, and innovate, and “seems unlikely to succeed on its own to substantially reassure private investors and spark entrepreneurial enthusiasm” ([Brookings](#), March 28; [NPC Observer](#), May15).

Other interventions have focused on optics, such as a January meeting between Premier Li Qiang (李强) and leading technology entrepreneurs, or a recent interview with Huawei founder Ren Zhengfei (任正非) that was published on the front page of the People's Daily ([Xinhua](#), January 20; [People's Daily](#), June 10). (The last time an entrepreneur featured so prominently in authoritative Party media was Jack Ma, in 2015 ([People's Daily](#), August 11, 2015).) In the interview, titled ““The More Open a Country Is, the More It Will Drive Our Progress” (国家越开放，会促使我们更加进步), Ren discussed many of the themes in the Opinions, noting for instance that “the real challenge lies in building our education and talent pipeline” (困难在我们的教育培养、人才梯队的建设). Huawei is likely to reap the benefits of a more prosperous Greater Bay Area, as its main campus in Dongguan is not far away from Shenzhen.

Conclusion

The Opinions for advancing reform and opening up constitute an ambitious signal from Beijing that it is serious about its goal of building a world-leading science and technology sector and is willing to marshal significant regulatory and financial firepower to pursue it. The measures that follow will likely go some way to helping build the Greater Bay Area into an impressive metropolis that contributes substantially to the national and global economies. It nevertheless faces headwinds, as it remains reliant on attracting investment and talent from overseas that is increasingly unwilling to support the Party's national rejuvenation agenda.

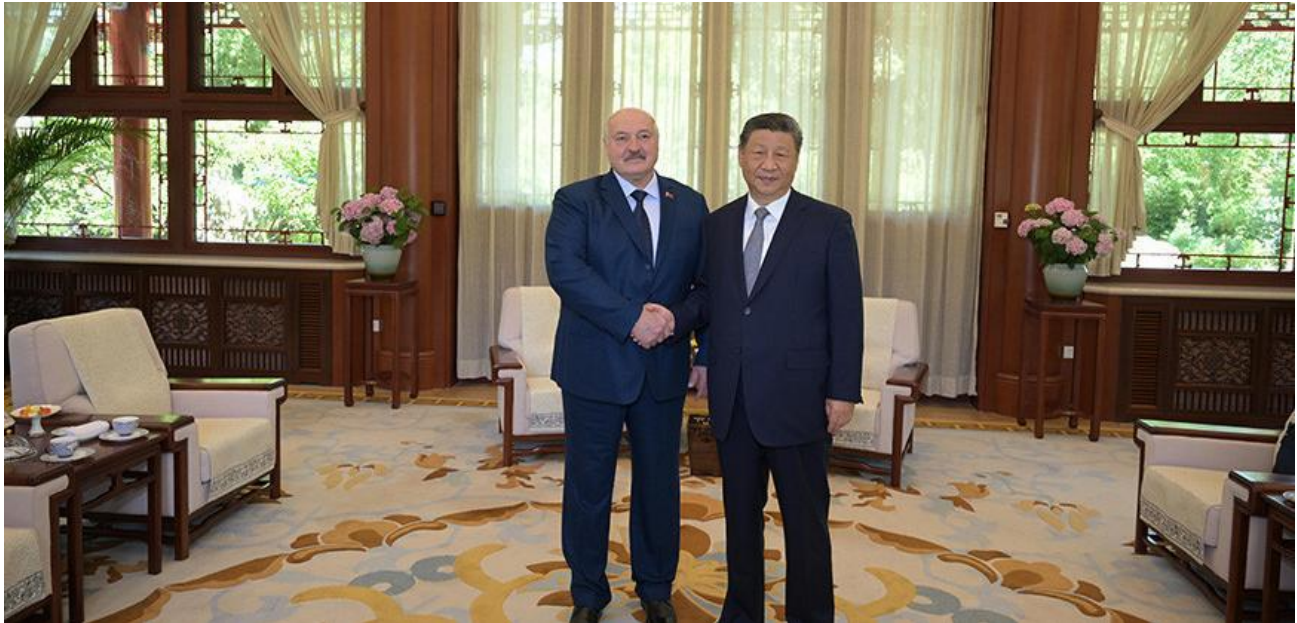
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Notes

[1] The official, whose article on the topic is featured on the website of the Chinese People's Political Consultative Conference (CPPCC), is called He Jie (何杰). He is the Chair of the Shenzhen Municipal Committee of the Revolutionary Committee of the Chinese Kuomintang and sits on the national committee of the CPPCC.

Xi Jinping's Central Position in Official Media Starts to Erode

By Willy Lam



President Xi Jinping meets with Belarusian President Alyaksandr Lukashenka in Zhongnanhai, before hosting him for a “family banquet” along with Xi’s daughter, Xi Mingze. (Source: [Belta](#))

Executive Summary:

- The relative absence of supreme leader Xi Jinping in authoritative media could indicate that his power, though still unassailable, is waning.
- There were no references to Xi or his eponymous ideology in coverage of crucial trade talks with the United States, the announcement of a new policy to boost social welfare, or at a ceremony where Premier Li Qiang and others pledged allegiance to the state constitution.
- Xi continues to face problems in two important areas: the military and the techno-industrial complex. In the former, purges have eroded his bases of support. In the latter, the unveiling of a third “big fund” for bankrolling the semiconductor industry indicates that return on investment—in the form of critical breakthroughs—has been underwhelming.
- In a first for a Party leader, Xi invited his daughter to join a dinner hosted for Belarusian President Alyaksandr Lukashenka. The rationale behind Xi Mingze’s appearance is unclear, though it could indicate he is making preparations for a partial retirement.

Supreme leader Xi Jinping is in no danger of losing his top spot as the “core” (核心) of the leadership before the CCP’s 21st National Congress in late 2027. According to the CCP charter, a general secretary can only be removed by either a Central Committee plenum or a full-fledged Party Congress. Most members of the CCP Central Committee confirmed at the 20th Party Congress in 2022 are Xi loyalists, so it is unlikely they will want to abandon Xi at the forthcoming Fourth Plenum (rumored to be scheduled for the autumn), or in subsequent plenary sessions.

Xi’s power increasingly appears to have peaked, however, with the high point coming at the Party’s 20th National Congress at the end of 2022. This was the moment at which “Xi Jinping thought on socialism with Chinese characteristics for the new era” (习近平新时代中国特色社会主义思想) was enshrined as state dogma and Party members vowed to “safeguard the ‘core’ of the Party leadership” (维护 ... 党的领导核心) ([China Media Project](#), February 2, 2022). Since then, Xi has lost a sizable swathe of power in foreign as well as domestic affairs. This is despite that fact that opposition among many countries to the isolationist and quasi-unilateralist rhetoric and actions from the Trump administration in the United States has provided a platform to the super-nationalist hawk President Xi to show the world that the PRC should be a leader of a new world order of free trade and just international intercourse.

Xi’s desired new world order is one ruled supposedly by Confucianist principles. He often discusses the world as being “one big family” (一个大家庭) ([CCTV](#), October 10, 2022). This family is one in which the PRC sits as patriarch—a message that was broadcast during Xi’s recent visits to Vietnam, Malaysia, and Cambodia as well as on-going meetings in Kazakhstan with participants in the second China-Central Asian summit ([FMPRC](#), April 17; [Xinhua](#), April 17; [Xinhua](#), June 18).

Xi Conspicuously Absent From Frontline Policy

In the PRC’s most important diplomatic mission this year, Xi apparently failed to demonstrate strong leadership. Following negotiations with the Trump administration in Geneva on May 11–12 and then in London on June 10–11, neither Xi’s name nor Xi Jinping Thought was mentioned in comments from either the Foreign Ministry, the Commerce Ministry, or Vice-Premier He Lifeng (何立峰)—a close Xi ally and lead negotiator with the Americans ([BBC Chinese](#), June 11).

After the London negotiations, the PRC side made a limited concession by re-opening exports of rare earth materials to the United States. The readout of the framework from the U.S. side—which was not disputed by the Chinese—claimed that Washington would levy 55 percent tariffs on PRC exports while Beijing’s duties on U.S. imports would be set at only 10 percent. A key point of leverage for the United States appears to have been allowing PRC citizens to maintain access to student visas—something that had not been a bone of contention in bilateral talks during the first Trump Administration or during the previous Biden or Obama administrations. While Trump mentioned the possibility of further talks with President Xi, PRC officials continued to avoid reference to either Xi or Xi Jinping Thought ([Xinhua](#), June 11; [FMPRC](#), June 12).

Domestically, citations of Xi’s name have become thinner and thinner in authoritative official media, including in the *People’s Daily*, *Xinhua*, and *CCTV*. For example, an article on the front page of the June 10 issue of the *People’s Daily* announced the release of an Opinion from the General Office of the CCP Central Committee on

improving people's livelihood. The measures discussed include boosting medical and social welfare handouts. Here, too, there was no mention of either Xi Jinping's guidance or that cadres must follow Xi Jinping Thought while executing this important series of policies ([People's Daily](#), March 2).

Reference to Xi was also absent from a ceremony held by the State Council in early June. At the event, nearly 50 central government officials including ministers and department heads pledged their loyalty to the PRC Constitution ([Xinhua](#), June 11). Premier Li Qiang (李强) oversaw the ceremony and called for implementing the plans of the CCP Central Committee but made no mention of Xi Jinping. The event itself—honoring the state constitution—is unusual in the Xi era. Since coming to power in late 2012, Xi has schemed to sideline central government units under the State Council and put all decision-making relating to both socio-economic and foreign policy concerns under CCP departments that report directly to him. Xi has seldom made reference to the PRC Constitution, despite the fact that the PRC has always claimed to be a constitutionally governed country. The most attention he has paid what is nominally the highest law in the land was in 2018, when he decided to abolish the clause limiting the tenure of the state president and premier.

Xi Faces Pressure From PLA Turmoil and Economic Woes

Xi also continues to face problems in two important areas: the military and the techno-industrial complex. Within the People's Liberation Army (PLA), evidence has emerged of infighting between generals loyal to Xi and those who have strayed to follow Xi's foes. Since early 2025, three top generals deemed protégés of Xi—and on whom Xi relied to maintain his hold over the defense establishment—were removed by his opponents. They were General He Weidong (何卫东), the second-ranked vice-chairman of the CMC; General Miao Hua (苗华), the head of personnel and ideological inspection in the army; and the Commander of the East Theatre Command General Lin Xiangyang (林向阳). All three have disappeared from public functions since late February. Since Generals He, Miao, and Lin first earned their spurs in the now-defunct 31st Group Army based in Fujian Province, they have been close cronies of Xi when the latter served in the “frontline province” (前线省) in 1985–2002 (China Brief, [March 15](#), [April 11](#), [April 23](#)).

On the technology front, a state-directed investment initiative associated with Xi is not functioning as planned. Results of policies that have earmarked tens of billions of dollars to develop high-tech sectors such as artificial intelligence, quantum computing, electric vehicles (EVs), and green technologies have been disappointing. For example, in mid-2024, Xi personally approved a “Big Fund 3” to invest \$45 billion to subsidize chosen technologies, in particular the chip sector. This built on two previous funds set up in 2014 and 2019, respectively ([Cailianshe](#), May 31, 2024; [Nikkei Asia](#), January 5). Despite heavy propaganda, however, this revival of Soviet-style industrial policy has failed to achieve desired breakthroughs. Instead, corruption has been rampant. In May, Zhao Weiguo (赵伟国), the former billionaire chairman of top chip firm Tsinghua Unigroup, was given a suspended death sentence for corruption and embezzlement ([Xinhua](#), May 14). He is only the most recent CEO of a firm that has secured subsidies from the “Big Funds” over the last decade to be found guilty of corruption ([The China Project](#), January 4, 2023; [Tom's Hardware](#), May 14). Continued reliance on foreign technology in this sector was underlined earlier this year as the PRC raced to import at least \$20 billion-worth of chips from Western firms before the Trump administration could take any measures to restrict access to cutting-edge technologies ([Nikkei Asia](#), May 14; [CNBC](#), May 30). The EV industry is in similar turmoil, entering

a new round of a brutal price war, which the authorities appear powerless to stop. According to industry reports, over 400 EV firms in the PRC have shut down since 2018, a drop of 80 percent ([EVBusters](#), April 29; [Xinhua](#), June 4).

Party Figures Push For Policy Pivot as Xi Signals Possible Step Back

Major leaders in the party want an overall shift to the “right.” In other words, they are pushing for a pivot toward the policy of reform and opening championed by Deng Xiaoping and largely led by the Communist Youth League Faction once headed by ex-president Hu Jintao (胡锦涛) and the late premier Li Keqiang (李克强). This could be one reason for Xi’s slight decline in prominence in recent times.

On June 10, at the height of U.S.-PRC trade negotiations in London, the *People’s Daily* ran a front-page article by Ren Zhengfei (任正非), the founder and CEO of hi-tech pioneer Huawei. The article is headlined “The More Open the Country, the More Progress we can Make” (国家越开放，会促使我们更加进步) ([People’s Daily](#), June 10). As with other recent prominent news items, Ren’s article did not mention either Xi Jinping or Xi Jinping thought. Ren’s article—foregrounding the country’s most famous entrepreneur—was highly unusual. The last time someone from the private sector received front-page treatment in the *People’s Daily* was Jack Ma, back in August 2015 ([People’s Daily](#), August 11, 2015).

Another incident reinforces the notion that Xi is taking a small step back in the run-up to the 21st CCP National Congress. At a “home banquet” thrown for the visiting Belarusian president Alyaksandr Lukashenka on June 4, Xi was unexpectedly joined by both his wife, PLA singer General Peng Liyuan (彭丽媛), and his daughter, Harvard graduate Xi Mingze (习明泽). The unusual event was not reported in PRC media and was initially reported by Belarusian state media, citing the country’s First Deputy Prime Minister Nikolai Snopkov. The Belarusian coverage has since been removed ([Belta](#), accessed June 10). No CCP leader, including Mao Zedong, has ever brought his children to diplomatic functions ([China Times](#), June 12; [Lianhe Zaobao](#), June 11). While there is no substantial evidence to help observers understand why Xi decided to show off his daughter at this “family banquet” (家庭晚宴), there is a tradition in Chinese politics in which appearing in public with one’s children can be interpreted as a sign that a once-authoritative father is making preparations for at least partial retirement ([Lianhe Zaobao](#), June 11; [Radio French International](#), June 11).

Conclusion

With the Party’s putative number one apparently losing his clout in major areas of decision-making, PRC politics have entered an intriguing period. Uncertainty is exacerbated by the lack of obvious challengers to Xi Jinping—figures apparently favored by the party elders, the military, and the “red second generation” (红二代) are either deemed not heavyweight enough or are not interested in the job ([Asia Society](#), February 14, 2024; [Financial Review](#), February 18).

Failure to sufficiently nurture domestic technological innovation—Xi’s signal policy goal—could cripple the country’s long-standing agenda for national rejuvenation. At the same time, delays in programs to inject more investment into social security systems could hamper consumer spending, which has for decades been a weak link in the PRC’s economy. Worse, at a time when an authoritative figure could effectively parry the threats of

a strongman antagonist such as Donald Trump, Xi's relative absence could disadvantage the PRC, and further harm Beijing's desire to contest U.S. leadership in anchoring a new world order in trade, finance, and global affairs.

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Drills and Experts Suggest Beijing Favors Blockade on Longer Timeline

By Daniel Fu



A 2022 map of military exercises in key locations around Taiwan. (Source: [CCTV](#))

Executive Summary:

- The People's Liberation Army increasingly emphasizes blockade scenarios in its exercises and drills, signaling a strategic shift in Beijing's approach to a military contingency in the Taiwan Strait.
- Policy elites and current and former military officials corroborate this shift but largely project any military action as unlikely before 2027, citing economic challenges and geopolitical risks.
- Going forward, Beijing will act to normalize blockade tactics around Taiwan and bolster salami-slicing tactics, thus advancing coercive capabilities on a longer timeline.

Recent military exercises and drills conducted by the People's Liberation Army around Taiwan have emphasized blockade scenarios, indicating a growing preference for a military blockade over direct invasion ([Observer](#), April 3). Commentary and writings by Chinese academics, think-tank scholars, and current and former military officials reflect this shift. Where these writers discuss potential a timeline for such actions, they appear to extend far beyond 2027, often citing the PRC's current economic woes and potential blowback from retaliatory sanctions as reasons to prolong any Taiwan timeline.

Drills and Commentary Focus on Blockade Scenario

Prominent military scholars within the People's Republic of China (PRC) have observed a shift in PLA military exercises in the Taiwan Strait toward emphasizing a potential blockade or quarantine of the island. PLA exercises conducted in response to former House Speaker Nancy Pelosi's visit to Taiwan in 2022 were the first to include blockade scenarios ([China Brief](#), October 4, 2022). Zheng Hao (郑浩), a senior news commentator at state-owned network Phoenix TV, stated that Pelosi's visit to Taiwan was a "great opportunity" (极好的机会) for the PLA to "thoroughly rehearse various operational plans" (充分演练各种打击). One such plan entails "imposing a blockade on the island—encircling without engaging" (而封控台岛、围而不战) ([Sohu](#), August 3, 2022). Major General Meng Xiangqing (孟祥青), a professor at PLA's National Defense University, noted that earlier exercises were "mainly along the mainland" (主要是在大陆沿线) and that the proximity of live-fire exercises to the island represented "an unprecedented siege of Taiwan in the history of our military" (我军历史上前所未有的合围台岛). Meng explained that "the demarcation of [training areas] had special meaning" (它蕴含着深刻的内涵). For example, two areas to Taiwan's northeast were specifically chosen for drills to practice blocking the Taiwanese port of Keelung ([PLA Daily](#), August 6, 2022). Retired Senior Colonel Zhou Bo (周波), now a senior fellow at Tsinghua's Center for International Security and Strategy, noted then that "through these actions, the PLA proved that it could coordinate operations and implement a comprehensive blockade as long as it wanted" (解放军通过这些行动证明，只要它愿意，它可以协调行动，实施全面封锁) ([CISS Tsinghua](#), August 15, 2022).

The Joint Sword-2024B exercises conducted in October 2024 marked the first time the PLA explicitly emphasized blockade scenarios in exercises ([China Brief](#), November 1, 2024). During these drills, the China Coast Guard fully encircled Taiwan—also for the first time. Shen Yi (沈逸), an international politics professor at Fudan University, observed that the blockade of key ports and areas was a "new subject" (新增 ... 科目). He highlighted the presence of four China Coast Guard formations, including 10,000-ton-class coast guard vessels as demonstrating "a uniquely Chinese approach to the 'gray zone'" (富有中国特色的灰色区域) ([Guancha News](#), October 14, 2024). [1] Zhang Chi (张弛), an associate professor at the PLA National Defense University, commented that exercise represented how an "unprecedented strength of the squeeze" (挤压的力度是前所未有的) over Taiwan ([CCTV](#), October 14, 2024).

Military drills announced by the Eastern Theater Command (ETC) in April 2025—called Strait Thunder-2025A—further highlighted "blockades on key areas and sea lanes to test the joint operations capabilities of its troops" (要域要道封控等科目，检验战区部队联合作战实战能力) ([Weibo/ETC](#), March 31; [China Brief](#), April

11). Zhang Junshe (张军社), a former researcher at the PLA Naval Research Academy, commented that the PLA had carried out simulated strikes on ports in Keelung, Kaohsiung, and Hualien with the express aim of “blocking the channels” (堵疏泊暗道) through which Taiwan obtains energy, weapons, and other forms of military assistance ([Ta Kung Pao](#), April 3). Wang Zhenwei (王贞威), director of the Institute of Politics under the Taiwan Research Center at Xiamen University, stated that the exercises showcased the PLA’s ability to “block and control key areas and roads” (要域要道封控) and to target Taiwan’s “energy and water ways” (能源、航道相关能力的管控) ([Xiamen University](#), April 3).

PRC sources have extensively studied what Zhang Hua (张华), a distinguished researcher at the Chinese Academy of Social Science’s (CASS) Institute of Taiwan Studies, has referred to as Taiwan’s “extreme shortage of energy” (极度缺少能源) ([Aisixiang](#), January 6; China Brief, [March 29, 2024](#), [August 23, 2024](#)). Some believe that at certain points during the summer, Taiwan possesses only seven days of natural gas reserves ([Sina Finance](#), April 3). In a recent article, Zheng Jian (郑剑), chair professor at the Taiwan Research Institute at Xiamen University, cited an incident in which a ship carrying liquefied natural gas was stuck in port during the April drills. He argued that this was evidence that “the exercise’s blockade zones—including the areas of operation for naval and air forces—were specifically designed and arranged” (此次演习封控区、包括海空兵力的活动区域，是经过特别设计、精准布局) ([Beijing Daily](#), April 25). Meng Xiangqing extrapolated from the drill to argue that, “if Taiwan loses its supply lines, its domestic resources will be quickly exhausted and its social order will plunge into chaos” (还在失去海上供给线那么到位资源会快速消耗枯竭社会秩序陷入混乱) ([PLA Daily](#), April 2).

This strategic shift toward a blockade-centric approach is corroborated by several prominent Chinese scholars and commentators. Zhang Weiwei (张维为), the director of Fudan University’s China Institute, has stated that “naval blockade has become the main choice for opposing Taiwan independence and promoting unification” (封锁台湾已成为“反独促统”的主要选项) ([Guancha News](#), November 10, 2024). Military columnist Chen Feng (晨枫) has also observed “a shift in thinking from a focus on landing operations with strikes as a secondary effort, to one where strikes take the lead and landings play a supporting role, and now to a model where blockade takes precedence” (从以登为主、以打为辅，到以打为主、以登为辅，再到以封为主、打登为辅的思路转变) ([Guancha News](#), April 3). Yu Yuan Tan Tian (玉渊谭天), an account on Weibo operated by the PRC’s state broadcaster, said that “if last year we established the ‘Kinmen Model’ of normalized operations in the waters near Kinmen and the Taiwan Strait, then in this new phase of drills this year, our operations toward Taiwan are evolving from expanding the scope of force projection to developing a ‘key-island control model’ that enables precise control over critical areas” (如果说，去年，我们实现了在金门附近海域及台湾海峡常态化行动的“金门模式”，那么在今年新一阶段的演训中，我们对台行动正在从扩大力量覆盖范围，发展到能够精确掌控要害的“控岛模式”) ([Weibo/Yu Yuan Tan Tian](#), April 2).

Experts Opine on Longer Timeline

Escalated activity in the military, cyber, and trade realms does not necessarily indicate that the PRC will launch a military contingency in the Taiwan Strait in the near future. The PRC's timeline for unification appears to be 2049, when Beijing is set to realize a great rejuvenation of the Chinese nation that is inextricably linked to the idea of national reunification. Sun Yafu (孙亚夫), vice president of the Association for Relations Across the Taiwan Straits, has stated that the level of equipment and technological capability the PLA has demonstrated in the process of imposing military blockades on Taiwan will be "highly beneficial to the process of China's unification" (会大大有利于中国的统一进程). He concedes, however, that it is "unlikely that individual exercises will accelerate that [unification] process" (不会因为这么一次行动一下子就会加速发展了). Sun's argument is that Beijing must adopt an "overarching perspective" that takes into account the "broader strategy of national rejuvenation and profound changes unseen in a century" (从中华民族伟大复兴的战略全局和世界百年未有之大变局统筹中来考虑这个问题) ([The Paper](#), August 17, 2022).

Some Western analysts have interpreted Xi's instruction that a military option be ready for Taiwan by 2027 as a definitive deadline for invasion ([Stanford](#), April 2, 2023). In reality, Beijing appears more likely to prioritize its increasingly severe economic woes instead. Yan Xuetong (阎学通), Dean of the Institute of International Relations at Tsinghua University, argued at the end of 2024 that Beijing "will not formulate a timetable for the unification of Taiwan in the next four years" and instead "focus on revitalizing the economy" (未来四年会将注意力主要集中在重振经济上, 不会在关注国内经济增长的同时制定统一台湾时间表) ([Lianhe Zaobao](#), December 25, 2024). Sheng Jiuyuan (盛九元), Director of the Taiwan Research Center at Shanghai Jiao Tong University, similarly has warned that unification "cannot be rushed" (急不得), instead emphasizing "making unification more attractive—that is, by accelerating the process of Chinese-style modernization" (应当塑造统一的吸引力更强, 也就是加快中国式现代化进程; 中国式现代化就是「让统一的治理更容易」) ([CNA](#), May 11). Wang Yingjin (王英津), director for the research center for cross-strait relations at Renmin University, has stated that the Taiwan issue "has not yet developed to the point where it must be solved" (尚未发展到非解决不可的地步). He believes that even if the PRC were to prevail in a cross-strait conflict, the resulting sanctions imposed by the United States and others could "impact or even delay the process of the rejuvenation of the Chinese nation that is getting closer and closer every day" (蒸蒸日上的中华民族复兴进程将会遭受重大冲击, 甚至有可能被迟滞) ([CRNTI](#), February 10).

Beijing might be comfortable delaying military action as it perceives time as being on its side. Wang Jisi (王缉思), President of the Institute of International and Strategic Studies at Peking University, has argued that although Beijing has "increased military, political, and economic pressure in response to 'Taiwan independence [trends]'" (加大了对“台独”的军事、政治、经济压力), "the situation in the Taiwan Strait can be controlled to a certain extent in the next few years" (为未来几年台海局势可以得到一定程度的管控) ([China-U.S. Focus](#), January 4). Jin Canrong (金灿荣), a prominent international relations professor at Renmin University, has likewise declared that "as time goes by, the final situation will become more and more unfavorable for Taiwan" (随着时间推移, 我相信最终局势对台湾地区将越来越不利) ([Guancha News](#), October 15, 2024). Zhang Weiwei has expressed a similar view, stating that "the later unification is

delayed, the fewer options Taiwan will have” (统一的时间越往后拖，台湾的选择余地就越小) ([Guancha News](#), July 14, 2024). Another influential political scientist, Zheng Yongnian (郑永年), has recently concurred, stating that “with the socioeconomic development of mainland China, time is on our side” (随着中国大陆的社会经济发展，时间是站在我们这一边) ([CRNTT](#), March 27).

Conclusion

In the coming years, Beijing is likely to escalate coercive activity toward Taiwan while continuing to refine and expand its blockade and quarantine tactics in preparation for a potential military contingency. Liu Kuangyu (刘匡宇), an associate research fellow at CASS’s Institute of Taiwan Studies, has stated that the “six-direction encirclement of Taiwan military exercise model” (六向锁台) is being continuously refined and strengthened and that “‘island encirclement’ and ‘Taiwan blockade’ have become the new normal for PLA exercises around Taiwan” (“环岛”“锁台”成为解放军对台军演的新常态) ([The Paper](#), May 24, 2024). Tang Hua (唐桦), deputy director of the Institute of Politics under the Taiwan Research Center at Xiamen University, recently foreshadowed the possibility of bolstered ‘salami-slicing’ by Beijing, with the China Coast Guard playing a leading role, given that Strait Thunder-2025A “signaled normalized law enforcement operations in the disputed waters of the Taiwan Strait for the future” (预示着未来可能在台海争议的海域实施常态化的执法) ([Xiamen University](#), April 3). In early 2025, PRC vessels also began practicing maneuvers anticipated during a future blockade, such as cutting the international undersea cables that keep Taiwan connected to the internet ([Lianhe Zaobao](#), February 25).

Since 2022, the concept of a blockade has gained significant traction among PRC policy and military elites. This strategic shift does not signal an accelerated or imminent timeline for military action; instead, PRC sources indicate that any military contingency is more likely to occur after 2027. PRC analysts widely agree that Beijing will prioritize economic recovery and stability in the near term and that, on the Taiwan question, time is on Beijing’s side. It is important not to downplay the long-term risks of a potential blockade—especially given Taiwan’s limited energy reserves—and equally critical to avoid alarmist predictions of an impending attack that could damage investor confidence or induce public panic.

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Notes

[1] Shen defines gray zone activities as “the capability to operate in this space using non-lethal force and military assets deployed in non-lethal ways” (即非致命武力和军事力量在非致命运用领域的行动能力).

Scandal Exposes Technocracy, Nepotism, and Control Among PRC Elite

By Shijie Wang



The Cancer Hospital of the Chinese Academy of Medical Sciences, where Dong Xiying Worked. (Source: [Wikipedia](#))

Executive Summary:

- Elite privilege and lack of transparent checks and balances mean that corruption scandals are a feature of the Chinese Communist Party's (CCP) system of governance. As Beijing seeks to manage rising public discontent and technocratic continuity, it faces a delicate balancing act between providing symbolic accountability while ensuring elite preservation.
- A recent scandal involving a medical intern recently sparked public outrage when it transpired that her parents likely abused their powerful positions to engineer an impressive but unlikely career trajectory. The scandal exposed mechanisms through which elite families in the PRC navigate and dominate key institutional pathways.
- The episode has unfolded with a surprising degree of media tolerance from Beijing, with light-touch censorship suggesting that the Party may seek to leverage the incident to restructure entrenched power networks within the healthcare sector and academia.
- The official response—revoking the intern's medical license—was largely successful in appeasing growing public frustration over elite privilege, indicating a sophisticated playbook for stability maintenance.

On April 18, an open letter circulated online accusing Dr. Xiao Fei (肖飞), a thoracic surgeon at the China–Japan Friendship Hospital (中日友好医院), of engaging in extramarital affairs with multiple colleagues ([InnoMD](#), April 28). Public accusations by spouses targeting disloyal partners are not uncommon on the internet within the People's Republic of China (PRC); however, by April 28, the focus of online discourse had shifted. Attention turned away from Dr. Xiao's personal misconduct to focus on one of the named mistresses, Dong Xiying (董袭莹), and the circumstances surrounding her rapid career advancement within the country's healthcare bureaucracy.

Investigative research suggests Dong Xiying has been able to engineer a meteoric rise in part by leaning on the connections and questionable behavior of her powerful parents. This story offers a glimpse into how a technocratic elite—what some call a “scholar-official clan” (学阀)—can exert influence across seemingly unrelated sectors within the PRC's institutional ecosystem ([China Digital Times \[CDT\]](#), accessed June 18). It also shines a light on how the Chinese Communist Party (CCP) balances between an opaque system that often relies on informal patronage networks and a discontented public that calls for accountability for perceived injustices.

Elite Networks Helped Dong Cheat the System

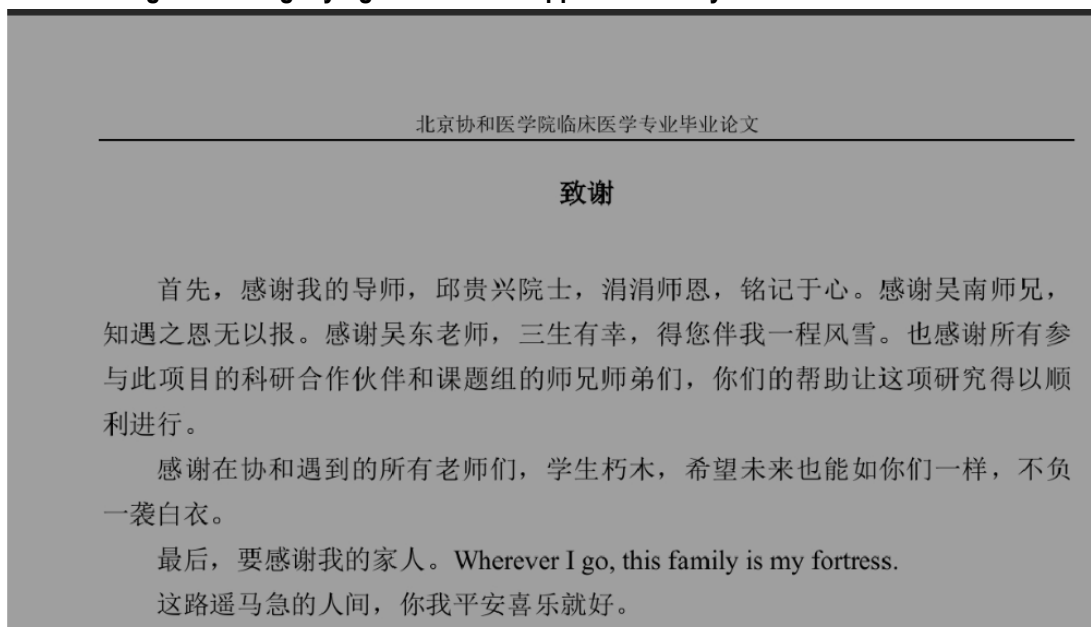
According to publicly available information, Dong is currently a licensed physician at the Cancer Hospital of the Chinese Academy of Medical Sciences (中国医学科学院肿瘤医院) ([Baidu Health](#), accessed May 1). At the time of the affair, however, she was an intern at the hospital where Xiao worked. Her attainment of a medical doctorate from Peking Union Medical College (北京协和医学院; PUMC), widely regarded as one of the most prestigious medical institutions in the country, and possibly in all of Asia, has been the focus of public scrutiny.

Unlike the conventional pathway in the PRC, where medical education spans 11–12 years from undergraduate study to clinical qualification, Dong earned her medical doctorate in just four years through a special track known as the “4+4” program. Officially titled the “Pilot Reform Class for Clinical Medical Training” (临床医学专业培养模式改革试点班), this program, according to PUMC's website, was established to “respond to the spirit of the National Undergraduate Education Conference in the New Era ... targeting outstanding undergraduate students with ... high potential to become exceptional physicians” (响应新时代全国高等学校本科教育工作会议精神 ... 招收 ... 具备成为卓越医生潜质的优秀本科生) ([PUMC](#), accessed May 2). Entry requirements for the program are stringent, requiring a high number of undergraduate class credits from a top 50 global university (or, in the case of U.S. liberal arts colleges, a top 10 national university). Each applicant also must secure recommendations from at least two associate professors or above in medical-related disciplines ([PUMC](#), accessed May 2).

Dong holds an undergraduate degree in economics from Barnard College in New York. Based on publicly stated admissions criteria, she would not appear to meet the entry requirements for the “4+4” program. More controversially, during her time as a student and intern, Dong is credited with authoring or co-authoring a total of 11 academic papers—including her dissertation—spanning disciplines as varied as orthopedics, gynecology, radiology, polymer physics and chemistry, and materials science ([YiCai](#), April 30; [GitHub](#), accessed May 2). Particularly notable is her position as lead author on a paper titled “Clinical Practice Guideline of Bladder

Cancer,” a role typically reserved for seasoned clinicians ([Sohu](#), April 30). Dong’s unusual resumé has led to widespread skepticism, leading CNKI, the PRC’s largest academic database, to retract her doctoral dissertation.

Figure 1: Dong Xiying Thanks her Supportive Family in her Dissertation.



(Source: Github)

As news of the scandal broke, netizens uncovered information about Dong Xiying’s family that added to criticisms of corruption and a lack of fairness within the PRC. Dong Xiying’s mother, Mi Zhenli (米振莉), is deeply embedded in the PRC’s materials science establishment, judging from her academic publications and patents ([Chinalco](#), August 19, 2024; [USTB](#), accessed May 3). She currently serves as a deputy director of both the National Engineering Research Center for Advanced Rolling and Intelligent Manufacturing (高效轧制与智能制造国家工程研究中心) and the Institute of Engineering Technology at the University of Science and Technology Beijing (北京科技大学; USTB) ([Baidu Baike](#), April 30). Critiques of Dong Xiying’s family ties have focused substantial textual and technical overlap between sections of Dong Xiying’s doctoral dissertation and a patent registered by several professors at USTB, where her mother works ([Yangcheng Evening News](#), May 1). This discovery has fueled speculation that Mi Zhenli may have played a direct role in contributing to Dong’s dissertation.

Dong Xiying’s father, Dong Xiaohui (董晓辉), holds multiple senior roles within the state-owned metals conglomerate system. He currently serves as a board member, general manager, and deputy Party secretary of the China Metallurgical Construction Research Institute (中冶建筑研究总院; MCC), a subsidiary of China Minmetals Corporation (中国五矿集团) ([AiQicha](#), accessed May 2; [MCC](#), accessed May 2). He also concurrently holds the position of general manager at Chalco Advanced Material (中铝新材料), a wholly owned subsidiary of the Aluminum Corporation of China (中铝集团; Chinalco), the world’s largest aluminium

producer ([AiQicha](#), accessed May 2). In 2018, Dong transferred the largest shareholding of a private equity firm he owned called Beijing Junxiao Equity Investment (北京君晓股权投资中心) to his daughter ([AiQicha](#), accessed May 2).

Dong Xiaohui has connections to the Cancer Hospital of the Chinese Academy of Medical Sciences, the very institution where his daughter is now employed. Public records reveal that Dong Xiaohui personally attended both the groundbreaking and topping-out ceremonies for the construction of the hospital in 2017. At the time, according to corporate registration records, he served as board director and general manager of Beijing Yuanda Engineering Management Consulting (北京远达国际工程管理咨询), a wholly owned subsidiary of the MCC, where he currently serves as a board member ([AiQicha](#), accessed May 3). During his tenure, Yuanda secured a number of contracts related to hospital construction and managing medical equipment procurement tenders (Sohu, [December 26, 2017](#); [May 2](#); [Xunbiaobao](#), accessed May 3).

Information concerning Dong Xiaohui's father (Dong Xiyong's grandfather) has deepened suspicions about Dong Xiyong's career trajectory. Dong Baowei (董宝玮), according to online sleuths, is a medical specialist and former director of the ultrasound department at the prestigious PLA General Hospital (a.k.a. 301 Hospital) in Beijing. Authorities, however, have sought to quell these rumors. On May 1, an official statement from Weibo's administrators refuted suggestions that Dong Baowei and Dong Xiaohui were related ([Tencent News](#), May 2). The refutation did not provide any alternative explanation of Dong Xiyong's family ties, however. Authorities also refuted a separate rumor suggesting that Mi Zhenli was the daughter of a foreign member of the Chinese Academy of Engineering ([Weibo Trends](#), accessed June 19).

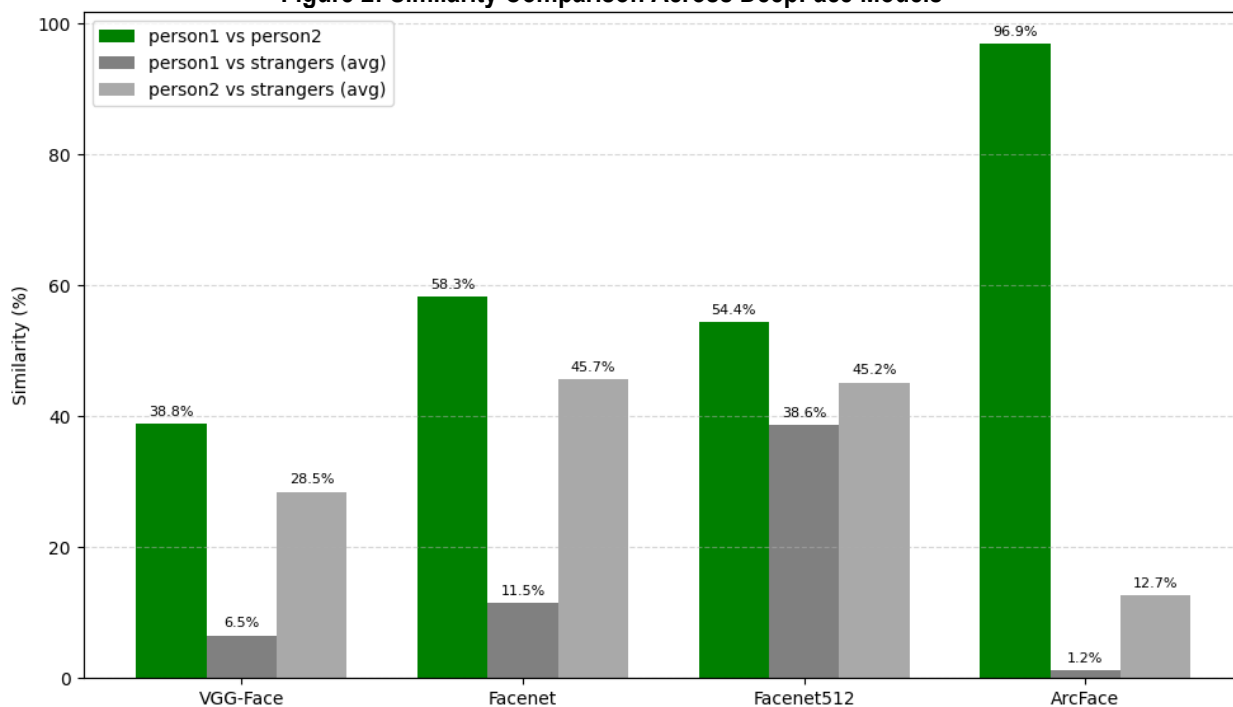
To assess the plausibility of a familial link between Dong Xiaohui and Dong Baowei, I conducted a facial similarity analysis using four deep learning-based face recognition models on publicly available official ID photographs of Dong Xiaohui and Dong Baowei. The results strongly suggest that the two men are related, contrary to official denials. The results of the experiment are summarized in the following table and figure, and the codes can be found in the appendix below.

Table 1: Model results on Whether Dong Xiaohui and Dong Baowei are the Same Person

Model	Same Person?
ArcFace	True
VGG-Face	True
Facenet	False
Facenet512	False

(Source: Author)

Figure 2: Similarity Comparison Across DeepFace Models



(Source: Author)

All four facial recognition models consistently found that the similarity between Dong Xiaohui and Dong Baowei was significantly higher than their respective similarities to unrelated control subjects the models were also tested on. Among the models, Facenet and Facenet512 returned similarity scores for the two men's photographs in the 54–58 percent range. According to experts who blog about facial recognition on Github, this range is often interpreted as indicating biological resemblance; that is, suggestive of a familial relationship ([National Institute of Standard and Technology](#), September 11, 2019; [Github](#), accessed June 19). The ArcFace model, by contrast, tends to classify first-degree relatives with near-identical facial features as the same individual due to the model's high sensitivity. In this case, it returned a score approaching 100 percent, suggesting an extremely close resemblance. The fourth model, VGG-Face, also returned a positive score that, despite being more moderate than the other models' scores, was still above the usual threshold for unrelated individuals. Taken together, the combined results show a high probability of a first-degree familial relationship between the two men. If so, Dong Xiaohui's institutional ties may have been established well before his tenure at Yuanda, and perhaps were facilitated by pre-existing familial connections within the PRC's medical establishment.

Beijing's Crisis Management Playbook

The exposure of such a privileged family's apparent ability to covertly leverage resources across two seemingly unrelated sectors—medicine and heavy industry—has triggered public anger. Witnessing how an entrenched academic elite family can bypass fierce competition to secure lucrative positions for their offspring is likely to provoke widespread resentment—especially among young people, many of whom face the dual pressures of “involution” (内卷) and the grim reality of “graduation equals unemployment” (毕业即失业). Beijing is eager

to suppress that anger, which could easily fuel a form of passive resistance—a phenomenon known as “lying flat” (躺平) ([People's Daily](#), November 15, 2022). Popular among disillusioned university graduates, “lying flat” entails opting out of societal expectations by drastically curbing consumption, refusing to work, and rejecting marriage.

The latest scandal paints a picture of a governance system where outcomes are markedly different from the regime's ideal of equality and Xi Jinping's narrative of a “China dream” (中国梦). The picture that emerges instead is one that chimes with phrases like “dragons beget dragons, phoenixes beget phoenixes” (龙生龙, 凤生凤), which children in the PRC are taught to characterize the injustices of the “old society” (旧社会)—particularly the infamous “Four Great Families” of the Republican era: the Chiangs, Soongs, Kungs, and Chens (蒋宋孔陈四大家族), who have long been portrayed in public education as cautionary tales ([Baidu Baike](#), May 20). In this way, the Dong family scandal does more than expose an alternate path to success that remains inaccessible to ordinary citizens—it calls into question the validity of the formula that underpins the CCP's approach to governance.

Beijing clearly recognizes the crisis of credibility it faces as a result of such scandals. In the case of Dong Xiyi, the government responded with a series of measures aimed at salvaging its image and restoring public trust ([People's Daily Online Public Opinion Data Center](#), May 19). Unlike in many past cases, authorities did not censor online discussions or complaints. Instead, they even allowed some rumors to circulate. This strategy created an illusion of responsiveness, encouraging the public to believe that their outrage could compel the government to act seriously and punish those involved. Beijing's official denials of any familial ties between Dong Xiaohui and Dong Baowei, as well as between Dong Xiyi's mother, Mi Zhenli, and a foreign academician, formed a second stage of this playbook ([Jimu News](#), May 2). The denials aimed to minimize the scandal's scope, framing it not as the exposure of a powerful hereditary “scholar-official clan” but merely as an isolated case of a father helping his daughter circumvent university admissions rules. Crucially, the intended end-state informed the state's response, rather than any relationship its claims had with the truth. The goal was instead for the regime's myth of “equality” to remain nominally intact.

The final stage of the official response was to announce an investigation that found Dong Xiyi guilty of academic fraud, falsified grades, and involvement in an irregular admissions process. Her medical degree and license were revoked ([China News](#), May 15). With this apparent fait accompli, the government asserted that the public was largely satisfied with the outcome—though neither Dong Xiyi's father nor PUMC faced punishment ([People's Daily Online Public Opinion Data Center](#), May 19). This selective accountability reinforced the message that the system remains fair while avoiding any real disruption to elite networks.

Beijing has constructed an effective playbook for managing online discourse by maintaining so-called harmony and dampening criticism. In the Dong Xiyi case, this playbook was almost a complete success. Discontent continued after official attempts to dole out justice on minimally disruptive terms, but ultimately the regime was able to engineer more positive views of the regime by capitalizing on the arrival of a fresh news cycle. As conflict erupted south of the border between India and Pakistan, stories emerged of PRC military technology helping Pakistan to down Indian fighter jets. These stories spread rapidly across screens, flooding digital spaces with nationalist pride. The dominant tone of online discourse shifted from skepticism of the government to renewed confidence in the state's military and technological prowess.

Conclusion

The Dong Xiyang affair is indicative of the balance Xi Jinping intends to strike in his quest to achieve national rejuvenation via Chinese-style modernization. In this instance, Beijing was able to capitalize on external developments to reinforce regime stability and quell public dissatisfaction that had been mounting for several months by pointing to evidence of material progress in the country's technological development. As economic problems persist in the months and years ahead, Xi increasingly is set to pin the nation's hopes on ever-greater technological advances to underwrite the legitimacy of his regime. His ability to maintain this fine balance is now a key determinant of the PRC's fortunes.

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China Spares No Expense For Latin America and Caribbean Ties

By Matthew Fulco



President Xi Jinping delivers a speech at the opening ceremony of the 2025 China-CELAC Forum. (Source: [FMPRC](#))

Executive Summary:

- The People's Republic of China (PRC) has cultivated close ties with Brazil, which it sees as a prime candidate to co-lead the Global South in an emerging multipolar world.
- Beijing is now the top trading partner for the South American continent, including with individual countries like Brazil, Chile, and Peru, and has persuaded 24 of the 33 members of CELAC—the Community of Latin American and Caribbean States—to join the One Belt One Road initiative.
- The PRC has also been successful in poaching Taiwan's dwindling allies in the region and is currently targeting Paraguay and Guatemala with economic incentives.

In May, People's Republic of China (PRC) President Xi Jinping announced an RMB 66 billion (\$9.2 billion) credit line to partners in the Community of Latin American and Caribbean States. Unveiled at the opening ceremony of the annual at the China-CELAC Forum in Beijing, this was the latest example of a determination to leverage the PRC's vast financial and economic resources to expand influence in the region. Xi also vowed to increase imports from the region and encourage PRC firms to invest there ([Xinhua](#), May 13).

In his speech to representatives from 33 countries, Xi placed the PRC's relationship with the region in the context of Beijing's broader great power competition with the United States. "Changes unseen in a century are accelerating and evolving" (世界百年变局加速演进), Xi said, reflecting the Chinese Communist Party's (CCP) assessment that U.S. power is waning while the PRC's is ascendant. Emphasizing "bullies and hegemons" (霸凌霸道)—that is, the United States—will only isolate themselves through trade wars, Xi added that the PRC and Latin American countries had formed a "China-CELAC community of common destiny" (中拉命运共同体), tying the region to the Party's vision for global governance ([PRC Foreign Ministry](#), May 13).

The PRC is now Latin America's second-largest trading partner after the United States, with bilateral trade reaching nearly \$520 billion in 2024. Beijing is the top trading partner for the South American continent, including with individual countries like Brazil, Chile, and Peru ([Xinhua](#), May 23). It is now attempting to use what is depicts as hostile actions from the Trump administration to present itself as a more reliable partner. Some countries are wary of Beijing's overtures but many are attracted to its promises of greater trade and investment. Absent a dramatic shift in U.S. foreign policy, the PRC is likely to make deeper inroads into Latin America in the coming years.

PRC-Brazil Ties Consolidate

The PRC's has cultivated a close relationship with Brazil, which ranks first in the region in terms of size, economic scale, and population. In a November 2024 article published in Brazilian paper Folha de S. Paulo shortly before the G20 summit, Xi noted that Brazil was the first country to establish a strategic partnership with the PRC and the first Latin American nation to establish a comprehensive strategic partnership ([China Brief](#), September 20, 2024; [FMPRC](#), [Folha de S. Paulo](#), November 17, 2024).

Xi's article articulated a desire for Brasília to play a co-leading role in the Global South alongside Beijing. He noted that PRC-Brazil ties "have always been at the forefront of the PRC's relations with developing countries" (系始终走在同发展中国家关系的前列)—something that he reiterated in his latest meetings with President Luiz Inácio Lula da Silva ([China Brief](#), May 27). Xi argued that the "voice and demands" (声音和诉求) of Global South countries have not been fully reflected in the current international governance system. To rectify this, he called on Brazil and the PRC to join hands with the rest of the Global South to firmly defend developing countries' interests and push the global governance system in a "more just and reasonable direction" (更加公正合理的方向) ([FMPRC](#), November 17, 2024).

Beijing's desire to promote a more multipolar global order is a direct challenge to the United States and the liberal international institutions it supports. Until recently, Brazil had less interest in directly challenging the United States, of which it is a major non-NATO ally and with which it has extensive economic ties (U.S. Department of State, [September 9, 2024](#), [January 20](#)). That may now be changing. During a visit to Beijing in

May, President Lula expressed dissatisfaction with “the so-called ‘taxation’ that the U.S. president tried to impose on the planet overnight.” He emphasized the PRC and Brazil’s interdependence and said the two nations can make the Global South respected worldwide “like never before” ([Brasil de Fato](#), May 13). The relationship is even branching out to include security cooperation under the CELAC umbrella, though this is currently limited ([China Brief](#), May 27).

International finance is an important growing domain for bilateral cooperation. In May, the Brazilian and PRC central banks signed three memoranda of understanding: One on financial strategic cooperation that aims to facilitate cooperation on investment, financial infrastructure, payments, and local currencies; one renewing a bilateral currency swap agreement valued at RMB 190 billion (about \$26 billion); and one focused on jointly combating money laundering and terrorist financing ([PBOC](#), May 13).

Tightening Belts and Deepening Inroads

An important measure of the PRC’s success in Latin America is the near ubiquity in the region of the One Belt One Road (OBOR) initiative. Currently, 24 out of 33 CELAC countries are partners—including Brazil ([Belt and Road Portal](#), accessed June 16). Hector Morales, an executive at Macquarie Capital Latin America, notes that the unifying factor for every country in the region is that “virtually all face a significant infrastructure gap” ([Macquarie](#), December 1, 2023). OBOR’s initial phase, which emphasized physical infrastructure development, thus found eager participants. Its flagship project in the region is Peru’s Chancay Port, “the first large-scale deep-water and smart port built by a Chinese company in South America,” which officially began commercial operations this month ([China Brief](#), March 15, 2024; [Global Times](#), June 13).

Colombia became the OBOR initiative’s newest member in May, in defiance of U.S. opposition. This represented a significant strategic shift. Bogotá long resisted the PRC’s overtures, but under Gustavo Petro, the country’s first-ever left-wing president, Colombia is pivoting. This comes despite longstanding economic and security cooperation with the United States, with whom it is another Major Non-NATO Ally. Petro has frequently expressed frustration with what he sees as U.S. “indifference” toward Colombia’s needs ([U.S. Department of State](#), January 20; [The City Paper](#), May). The PRC lauded Bogotá’s decision to join the “Belt and Road” family” (“一带一路”大家庭), with a Xinhua commentary framing it as a “strategic choice for Colombia to grasp the pulse of the times and follow the trend of development” (哥伦比亚把握时代脉搏、顺应发展潮流的战略抉择) ([Xinhua](#), May 22).

OBOR has nevertheless encountered challenges in Latin America. The International Cooperation Center (ICC), a Beijing-based think tank affiliated with the CCP’s United Front Work Department, notes that disagreements among countries involved in multilateral projects has slowed their progress. This is particularly true for the transoceanic railway project intended to connect Brazil’s Atlantic coast to the Pacific coast of Peru. As early as 2014, the PRC, Brazil, and Peru issued a joint statement and established a working group in support of the project. In the 11 years since, however, the project has made no substantial progress despite extensive negotiations ([ICC](#), June 17, 2024).

The International Cooperation Center also accuses the United States of trying to hinder the OBOR initiative’s advancement in Latin America, which it says Washington sees as “another important region for competition with China” ([ICC](#), June 17, 2024). Most U.S. efforts in this vein have not borne fruit—with the notable exception

of Panama choosing to withdraw from the Maritime Silk Road (the maritime portion of OBOR) in February following a visit to the country by U.S. Secretary of State Marco Rubio ([China Brief](#), March 28). At the time, PRC Deputy Foreign Minister Zhao Zhiyuan (赵志远) blamed the United States for the decision, accusing it of using “pressure and threats to wantonly undermine China-Panama relations” (通过施压威胁的手段肆意破坏中巴关系) ([Lianhe Zaobao](#), February 8).

Squeezing Taiwan’s International Space

Poaching some of Taiwan’s last remaining diplomatic allies represents another dimension of the PRC’s increased presence in Latin America and ramped up geopolitical competition with the United States. In the past decade, Beijing has successfully persuaded five erstwhile regional allies of Taiwan to derecognize the island democracy and instead to establish ties with the PRC. Beijing began these efforts in earnest following the January 2016 election of Tsai Ing-wen (蔡英文), whom the PRC leadership views as encouraging separatism and Taiwan independence. [1]

Beijing’s pitch has centered on trade and investment promises that Taipei cannot match. In some cases, it has made good on its promises, such as in Panama, where the PRC has invested billions of dollars. In other, less strategically important countries, it has invested considerably less. In El Salvador and the Dominican Republic, the main result of recognition on trade was to subject its market and producers to increased competition from the PRC (CSIS, [March 22, 2021](#), [October 31, 2023](#)). For its part, Nicaragua nixed a controversial canal concession to a PRC businessman in 2024, given concerns it could harm the environment and displace rural communities ([VOA Chinese](#), May 23, 2024).

For the United States, Taiwan’s loss of Honduras—which occurred in March 2023—was especially troubling. Honduras is the most important American military partner in Central America, hosting up to 500 U.S. military personnel at Soto Cano Air Base. The United States took the unusual step of trying to publicly dissuade Honduras from making the switch after behind-the-scenes efforts failed. An article on the PRC website 163.com described Honduras’s shift as evidence of the continuing rise of the PRC’s global influence, arguing that it was “a trend of the times and a general trend” (时代趋势，大势所趋) ([163.com](#), March 21, 2023).

The PRC is now turning its attention to some of the last of Taiwan’s Latin American allies: Paraguay and Guatemala. [2] In December 2024, Beijing reportedly offered to expand beef imports from Paraguay (beef is its top export) as well as other products if Asunción agreed to derecognize Taiwan. The Paraguayan government refused, however ([CNA](#), March 6). Some Latin America-based Taiwanese analysts worry that Guatemala, Taiwan’s last Central American ally, could cave to PRC pressure during President Trump’s second term. Yang Jianping (楊建平), an honorary professor of the National Defense University of Honduras, noted that U.S. Secretary of State Marco Rubio’s February visit to Guatemala was focused on the United States’s own interests (in this case, immigration) and cautioned against excessive optimism about how the visit could stabilize Taiwan’s ties with the country ([World Journal](#), February 5).

Conclusion

Against the backdrop of an intensifying great-power competition with the United States, the PRC has been steadily increasing its presence in Latin America. In this region, where the United States has traditionally been the most influential external power, the PRC has become a larger trading partner to and investor in many countries over the past decade. Given Latin America's need for infrastructure investment, Beijing's OBOR initiative has been largely welcomed, though its results vary significantly by country. Some Latin American countries that broke official ties with Taiwan to establish diplomatic relations with the PRC have not reaped the expected trade and investment benefits.

The PRC sees an opening for further overtures given Washington's unpopular protectionist trade policies. As a result, Latin American countries are likely to drift further into the PRC's orbit as Beijing positions itself as a stalwart of freer trade and leader of the Global South. Beijing also has moved aggressively to address the Trump administration's attempt to force the sale of ports on the Panama Canal—currently owned by Hong Kong-based firm CK Hutchinson—to a consortium led by U.S. financial services giant BlackRock. A Panama Canal Authority official recently criticized the deal, while industry reporting suggests that PRC state-owned giant COSCO could be involved in a restructured deal ([South China Morning Post](#), June 11; [Maritime Executive](#), June 13). The deal's eventual outcome could be yet another sign that the PRC is ascendant in Latin America, at the expense of U.S. influence.

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Notes

[1] These six countries include Panama, the Dominican Republic, El Salvador, Nicaragua, and Honduras.

[2] Taiwan has seven remaining regional allies: Belize, Republic of Guatemala, Haiti, Republic of Paraguay, St. Kitts and Nevis, Saint Lucia, and St. Vincent & the Grenadines.

Explainer: How Xi's 'New National System' Centralizes Innovation to Counter Tech Containment

By Matthew Johnson



Dancing robots are unveiled at the 2024 World AI Conference in Shanghai. (Source: [Xinhua](#))

Executive Summary:

- Since 2019, the Party has promoted the construction of a “new national system”—a centrally directed, institutionalized framework for mobilizing state and market resources to achieve breakthroughs in core technologies vital to national power and security.
- Beijing sees this system as already delivering results by tightly integrating planning, technical expertise, and real-world application to overcome complex strategic challenges.
- Under this model, the central government coordinates top-level missions through Party-led ministries, directing state-owned enterprises, elite research universities, national laboratories, military-affiliated institutes, and emerging tech champions to execute targeted objectives.
- These efforts are reinforced by “social resources”—a category that includes private firms, local governments, policy banks, and even venture capital platforms—brought into alignment through political incentives and institutional design.
- The system’s performance will shape not only the PRC’s technological trajectory, but also the evolving global balance of innovation and industrial power.

The so-called “new national system” (新型举国体制) is the Party’s own term for a governance model that mobilizes state and market resources to achieve breakthroughs in core technologies essential to national power and security. First formally articulated under Party General Secretary Xi Jinping, it is not a new label for central planning but an evolving mechanism of Party-led strategic coordination in the context of a socialist market economy. Though frequently invoked in the PRC’s policy discourse, the concept remains poorly understood abroad. In Beijing’s own telling, the new national system is a modernization of the old Mao-era approach of concentrating national resources to “accomplish big things” (成大事) with a reengineered structure that links government leadership with enterprise initiative, market incentives, and innovation networks.

Strategic Direction: Party Leadership and Top-level Design

Direction and strategic authority come from the highest levels of the Chinese Communist Party (CCP). Xi Jinping and the Central Committee set long-term science and technology priorities through Party congress reports, five-year plans, and institutional directives. This top-level design defines national mission areas, aligns funding and policy tools, and requires all actors—from ministries to firms to universities—to coordinate under centralized leadership. The Party describes this authority as a “magic weapon” (法宝) for organizing collective efforts in response to crisis, competition, or scientific opportunity ([Beijing Daily](#), July 15, 2019).

Institutional Architecture: Who Implements What

The system draws on a wide array of actors. The central government coordinates missions through ministries, especially the Ministry of Science and Technology and the National Development and Reform Commission. State-owned enterprises, elite research universities, national laboratories, military-linked research arms, and bleeding-edge tech champions like Huawei or SMIC are mobilized as “national strategic scientific and technological forces” (国家战略科技力量). These actors work to implement mission objectives alongside private firms—referred to as “social resources” (社会资源)—as well as local governments, policy banks, and even venture capital platforms. New institutional mechanisms such as innovation consortia and task-based alliances are designed to break silos and incentivize cooperative breakthroughs ([CCP Central Party History and Documents Research Institute](#), March 14).

What’s New: Market Logic, Distributed Incentives, and Networked Innovation

What makes the system “new,” according to authoritative Party exegesis, is its integration of market logic and flexible organization into the longstanding principle of concentrating resources for strategic goals. The government no longer monopolizes research and development direction or resource allocation. Instead, it combines the “visible hand” (看得见的手) of political mobilization with the “invisible hand” (看不见的手) of the market to better allocate funding, talent, and intellectual property. Firms are treated not just as implementers but as co-creators of national strategy, and project evaluation now incorporates both technical outcomes and real-world application. Innovation is framed as an adaptive, whole-of-nation enterprise that includes government, industry, academia, and finance ([Beijing Daily](#), July 15, 2019).

Table 1: Functional Structure of China's New National System

Component	Definition	Main responsibilities
CCP Central Committee & Xi Jinping	Supreme political leadership and strategic command center	<ul style="list-style-type: none"> • Set national strategic goals (e.g., self-reliance, security) • Define key mission areas (e.g., AI, chips) • Issue political guidance and top-level design • Ensure alignment across state, market, and society
Leading small groups / central commissions (e.g., for S&T)	High-level policy coordination bodies under the CCP	<ul style="list-style-type: none"> • Align ministries and regions with Party directives • Monitor implementation of science and technology priorities • Coordinate cross-sectoral national strategies
State Council and ministries (MOST, NDRC, MIIT, etc.)	Central government bodies responsible for policy implementation	<ul style="list-style-type: none"> • Translate Party goals into policies, programs, and plans • Manage public R&D funding and infrastructure • Shift role from administrative R&D control to innovation services
National strategic scientific and technological forces	Core implementation units (e.g., national labs, key universities, SOEs, leading private tech firms)	<ul style="list-style-type: none"> • Execute major research tasks • Coordinate national-level technical capabilities • Serve as key nodes in innovation ecosystems • Tackle “choke point” technologies
Enterprises (SOEs and private firms)	Firms integrated into national missions, including tech giants and specialized startups	<ul style="list-style-type: none"> • Co-develop technologies with strategic application value • Commercialize R&D results • Participate in task-based consortia and public-private innovation platforms
Universities and research institutes	Academic and applied research organizations	<ul style="list-style-type: none"> • Conduct basic and applied research aligned with national missions • Provide talent and knowledge resources • Collaborate with firms on innovation chains
Financial institutions (policy banks, VCs, equity funds)	Innovation finance enablers, including state and hybrid capital actors	<ul style="list-style-type: none"> • Channel capital into strategic industries • Support commercialization and scale-up of technology • Help structure long-term industrial policy incentives
Local governments and regional clusters	Subnational implementers and resource mobilizers	<ul style="list-style-type: none"> • Host key infrastructure (e.g., science parks, manufacturing bases) • Attract and support strategic enterprises • Implement national plans through local policy support
Regulatory and institutional mechanisms	Systemic tools (e.g., talent incentives, project funding models, IP regimes)	<ul style="list-style-type: none"> • Encourage collaborative innovation • Allocate resources efficiently (balance market + state) • Ensure accountability, performance evaluation, and legal compliance

Strategic Context: U.S.-PRC Competition and Systemic Exclusion

This modern framing of the “new national system” was formally introduced around 2019 against the backdrop of escalating U.S.-PRC technological rivalry. Faced with the growing threat of exclusion from U.S.- and G7-led innovation ecosystems—especially in semiconductors, advanced manufacturing, and AI—the Party identified the need for a system capable of accelerating domestic breakthroughs while building buffers against external chokepoints. This sharpened the system’s purpose: not just to drive innovation but to ensure the PRC could survive and compete under conditions of technological containment.

Track Record of Delivery

Beijing sees the new system as already delivering results. Xi Jinping has explicitly credited it for landmark space achievements such as the Chang’e-4 and Chang’e-5 lunar missions, which included the PRC’s first soft landing on the far side of the moon ([Beijing Daily](#), July 15, 2019). Other high-profile successes include the Beidou satellite navigation system, the development of the country’s own commercial passenger jet (the Comac C919), and progress in quantum communications, deep-sea exploration, and pandemic response. In each case, the new national system is portrayed as enabling the integration of planning, technical expertise, and application to solve complex challenges.

Significance: The ‘Innovation State’ as Mode of Governance

The new national system is the structure through which the PRC organizes its innovation state. It preserves the Party’s political command of strategic direction while adapting to the complexity of a digitized, globalized, and increasingly AI-driven economy. It is both a doctrine of national mobilization and an institutional framework for long-term competitiveness. Its success or failure will not only shape the country’s technological trajectory but also influence the structure of global innovation and industrial power in the years ahead.

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Notes

[1] 新型举国体制 has also been translated as the “new structure for leveraging national capabilities” ([CSET](#), April 28).

Beijing Accelerates State-Led AI Mobilization Under Xi's 'New National System'

By Matthew Johnson



The Headquarters of the Ministry of Industry and Information Technology in Beijing. (Source: [Wikipedia](#))

Executive Summary:

- Beijing is moving to systematically embed artificial intelligence into its national innovation system, according to a high-level leadership meeting of the Ministry of Industry and Information Technology (MIIT) in early June. This marks the beginning of a new phase in which AI development is treated as a system-wide strategic imperative.
- The Party now frames AI as a strategic national project, meaning quasi-private actors must align with state priorities to secure support. This is enhanced by new legislation, such as the Private Economy Promotion Law, and policy documents, such as the Intellectual Property Nation-Building Promotion Plan, which impose quasi-public obligations on firms and institutionalize state integration.
- MIIT outlined priorities including infrastructure upgrades, advancement of the AI technology stack, accelerated deployment of large models, establishment of technical standards and governance frameworks, and construction of integrated systems to drive AI development and innovation. These efforts blur boundaries across sectors and institutions, complicating the logic of targeted export controls as nearly any component may serve broader state-directed goals.

On June 3, the Ministry of Industry and Information Technology (MIIT) convened a leadership meeting to translate Xi Jinping's April 25 Politburo directives on artificial intelligence (AI) into concrete implementation. MIIT Party secretary and minister Li Lecheng (李乐成) explicitly framed the session as a response to Xi's "important instructions" (重要指示) and laid out a multi-pronged roadmap for embedding AI into the industrial system. This signaled the launch of a new phase of AI-industrial convergence ([MIIT](#), June 4).

Xi's instructions stated that AI development must fully exploit the "new national system" (新型举国体制), leveraging its advantages to uphold self-reliance and prioritize innovation ([China Brief](#), May 21). By linking the new national system to AI, Xi signaled that this too is entering a high-priority, mobilized campaign—one that demands coordinated effort across ministries, industries, and quasi-private actors under Party-led strategic direction.

MIIT's Implementation Blueprint: Mobilization Over Market

While the Politburo had elevated AI as a strategic imperative tied to national security and global competitiveness, MIIT's focus was squarely on execution. This focus centered on four strategic pivots that collectively align with Xi's repeated calls for full-stack domestic autonomy, AI-enabled industry, and institutionalized governance capacity, as well as a developed system to support these goals:

- **Infrastructure and stack development:** Strengthening computing power supply, coordinating general and industry-specific large models, advancing software-hardware integration, and building high-quality industrial datasets.
- **Application-driven upgrading:** Accelerated deployment of large models in manufacturing, refinement of real-world application scenarios, and cultivation of AI service providers to drive sectoral transformation.
- **Standardization and governance:** Hierarchical and systematic standards across AI domains, balancing market dynamics with strong state guidance.
- **Ecosystem and incentive design:** Support for specialized AI enterprises, such as expanded open-source platforms, improved fiscal and tax incentives, and guiding capital toward AI development.

Building Security into the Stack

The meeting also wove security governance into the industrial agenda. MIIT proposed embedding safeguards at every stage of AI development—from deep synthesis detection to ethics frameworks and technology risk oversight—treating risk as a core design principle. This approach directly reflected Xi's call for early warning and response systems and underscored a broader strategy in which national security logic is inseparable from industrial modernization ([China Brief](#), May 23).

In past domains such as COVID vaccine development, semiconductors, and lunar exploration, official sources (e.g. Xinhua, the State Council Information Office) attributed the PRC's rapid progress to this centrally orchestrated system. These efforts did not focus solely on technological breakthroughs but also on downstream control—establishing standards, managing risk, and building institutional mechanisms to translate breakthroughs into long-term capacity. Now, with AI elevated to the same strategic tier, the same model is being extended: state-guided standards, platform-building, embedded risk controls, and targeted fiscal support are being mapped directly onto the sector.

Strategic Firms, State Obligations

The significance of harnessing AI to the “new national system” is twofold. First, it signals that AI is no longer merely a growth engine, but a multidimensional national project—one in which firms must align with Party-defined missions to access state support. Second, it implies that quasi-private actors like DeepSeek will increasingly operate under quasi-public obligations: sharing data, adhering to public procurement standards, and coordinating innovation pipelines with state priorities ([China Brief](#), February 11). This governance approach is not simply about enabling industry. It is about synchronizing it with the Party’s long-term technological ambitions.

This synchronization is already being institutionalized through a suite of new laws and policy tools that extend state leverage over nominally private firms. During the April rollout of the *Private Economy Promotion Law*, state media singled out AI firm DeepSeek as an example of innovative “key players” eligible for strategic financing and policy support, highlighting the firm’s rise as emblematic of how private tech champions are being aligned with national priorities ([Xinhua](#), April 30; [NPC Observer](#), May 15). Access comes with conditions, however.

Under the *2025 Intellectual Property Nation-Building Promotion Plan*, firms engaged in major state projects must contribute proprietary IP to national pools and submit to centralized arbitration. This mechanism recalls the IP collectivization and procurement strategies of earlier campaigns like *Made in China 2025* ([State Council](#), May 19, 2015; [CNIPA](#), May 9). For quasi-private firms, the new model requires operating within a governance framework defined by Party oversight, shared IP regimes, and policy alignment, in exchange for privileged access to capital, contracts, and state data. This is unambiguous state integration. Under the “new national system,” the PRC’s most promising AI applications are now industrial instruments within a broader architecture of centralized planning and Party-led coordination.

Conclusion

The PRC’s deep integration of AI into its national innovation system under the “new national system” makes it increasingly difficult for policymakers—especially in Washington—to draw clean lines between civilian and military, public and private, or commercial and strategic domains. Any one part of the system may directly or indirectly support another, meaning that AI compute infrastructure, open-source models, or enterprise applications can all serve state objectives. This systemic entanglement complicates the enforcement logic behind U.S. export controls, which rely on identifying specific end-users or downstream applications. As Beijing accelerates AI-industrial convergence through Party-led coordination, the very notion of a clearly defined “dual-use” boundary erodes—by design.

Just as important, the Party-state’s AI campaign is being built on increasingly routinized institutional architecture. The combination of governance protocols, incentive structures, and legal instruments—such as mandated IP pooling and capital allocation—suggests that the Party is building a replicable model for mission-driven innovation, one that subordinates market dynamics to long-term strategic goals. This shift toward managed ecosystems will not only reinforce domestic technological self-reliance but also give Beijing greater flexibility in insulating critical pathways from foreign disruption. In the years ahead, understanding the PRC’s AI trajectory

will require less focus on individual firms and more on how systemic governance is being used to fuse innovation with strategic Party command.

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New Legislation Could Increase Security Presence in Hong Kong

By Matthew Brazil



Metropark Hotel Causeway Bay in Hong Kong, which could house security officials from the People's Republic of China mainland. (Source: [Wikipedia](#))

Executive Summary:

- Two new pieces of national security legislation in Hong Kong introduce six offenses and six “prohibited places,” signaling closer alignment with the laws of the People’s Republic of China (PRC) mainland and . raising concerns about the safety and freedom of foreigners and locals.
- The Office for Safeguarding National Security (OSNS), Beijing’s counter-subversion arm, is central to these efforts. Established in 2020, its leadership is selected from the Ministry of Public Security, the Ministry of State Security, the Central Commission for Discipline Inspection, and the Hong Kong and Macau Affairs Office in Beijing.
- The apparent requisition of around 1,700 rooms across four hotels suggest that Beijing’s security presence on the ground in Hong Kong is set to ramp up and could lead to increased efforts to build cases against targets abroad and their relatives at home.

The Hong Kong government rushed two pieces of security-related legislation through the Legislative Council in a single day on 13 May. Six new national security offenses and six “prohibited places” (禁地) were unveiled, enacted under the National Security Law. The government claimed that the urgency was due to an “increasingly turbulent global geopolitical landscape” (全球地緣政治局勢震盪升溫) ([China Brief](#), March 1, 2024; [Hong Kong E-legislation](#), May 13; [Hong Kong Government Information Office](#), May 13). Officials have also stated that the legislation will support the work of the Office for Safeguarding National Security (OSNS; 特別行政區維護國家安全公署), the central government’s powerful counter-subversion arm in Hong Kong. This suggests that Beijing may deploy additional security personnel to the city in the near future.

Sharp Penalties for New Offenses

Table 1: The Six New Offenses

Offence	Maximum penalty
Failing to comply with the OSNS’s legal instruments.	7 years in jail and HK\$500,000 fine
Providing false or misleading information or documents.	7 years in jail and HK\$500,000 fine
Disclosing measures being taken or investigations being conducted by the OSNS.	7 years in jail and HK\$500,000 fine
Forging OSNS documents, etc.	7 years in jail and HK\$500,00 fine
Resisting or obstructing the OSNS or staff members of the OSNS in the performance of duty, etc.	3 years in jail and HK\$200,000 fine
Pretending to be or be able to influence OSNS staff members.	3 years in jail and HK\$200,000 fine

(Source: Hong Kong government gazette notice via [Hong Kong Free Press](#), May 13)

Violation of any of the new offenses carries prison terms of three to seven years and stiff fines of up to 500,000 Hong Kong Dollars (\$63,700). People in Hong Kong are also required to keep confidential anything they learn about the work of the OSNS—a stipulation that echoes the mainland’s intelligence and counterintelligence laws ([Ming Pao](#), May 12). Chen Hongyi (陳弘毅), a former member of the Basic Law Committee and professor at the Faculty of Law of the University of Hong Kong, said that if the National Security Office exercises jurisdiction

over a case, the mainland’s “Criminal Procedure Law” (刑事诉讼法) applies in prosecuting the defendant ([Ming Pao](#), May 13). This is another sign that Hong Kong laws are being brought closer to PRC statutes.

As detailed in Table 2, the “prohibited places” include four hotels with a total of 1,709 rooms. This could signal an increase in the number of mainland security officials being sent to live in Hong Kong. Together, the two measures appear to presage a significant escalation in enforcement activities by OSNS.

Table 2: The Six Prohibited Places

OSNS Permanent Offices	Location	District
OSNS’s future permanent site	The junction of Hoi Fai Road and Sham Mong Road, Kowloon, occupied by the OSNS	Tai Kok Tsui
OSNS’s future permanent site	Hoi Fan Road, Kowloon, occupied by the OSNS	Tai Kok Tsui
‘Prohibited’ Hotel	Location	Room Count
City Garden Hotel	North Point, Hong Kong Island	613 [1]
Island Pacific Hotel	Sai Wan (Sai Ying Pun), Hong Kong Island	343 [2]
Metropark Hotel Hung Hom	Hung Hom, Kowloon	487 [3]
Metropark Hotel Causeway Bay	Causeway Bay, Hong Kong Island	266 [4]

(Source: [Hong Kong Free Press](#), May 13)

Before 1997, the colonial equivalent to the OSNS in Hong Kong was the British Special Branch, called the “political branch” (政治部) in Chinese. It was charged with protecting Hong Kong’s security, in part by preventing the crown colony from being drawn into China’s Nationalist-Communist conflict. Special Branch carried out counter-intelligence work, tasks related to border control, and political surveillance, often with the cooperation of Britain’s security services. [5]

A former Hong Kong Police Special Branch officer told China Brief that, during colonial times, the counterespionage unit had 1,200 officers at its height (Author interview, May 24). That number is significantly lower than the possible total of 1,700 mainland security officials for whom there is room in the prohibited places.

Beijing Intelligence Officers Lead OSNS

OSNS appears to be staffed by personnel from the PRC's Ministry of Public Security, the Ministry of State Security, and the Central Commission for Discipline Inspection, the party's anti-corruption arm. When it was first formed on July 8, 2020, its leadership posed for the cameras in front of its newly designated headquarters, the Metropark Hotel. The selection of this location was no coincidence: Metropark looks over Victoria Park, which was previously the site of annual demonstrations commemorating Tiananmen Incident on June Fourth, 1989.

The officials who posed for the photo revealed something about its structure and missions (see Figure 1). The unit's then-chief was Zheng Yanxiong (郑雁雄), a Cantonese-speaking senior CCP cadre best known for suppressing the 2011 anti-corruption protests in Guangdong Province known as the Wukan Uprising (乌坎事件) ([Washington Post](#), July 3, 2020). He remained chief of OSNS until January 2023, when he was transferred to become the head of the PRC Liaison Office in Hong Kong ([Ming Pao](#), May 31). Zheng was reportedly demoted on June 3, however, and sent back to Beijing to take a post in the National People's Congress. His successor at OSNS is Zhou Ji (周霁), a man who previously worked at the Hong Kong and Macau Affairs Office in Beijing ([China News](#), June 3).

Also in the 2020 photo were Ministry of Public Security First Bureau Chief Chen Siyuan (陈思源), who is in charge of the PRC's internal political security and was visiting for the event; and Li Jiangjiu (李江舟), a deputy director (副主任) at OSNS ([RTHK](#), April 15, 2023; [MPS](#), accessed June 11). Li represents the ministry's first bureau in Hong Kong, charged with hunting down political dissidents, terrorists, and unapproved religious organizations, including the Falun Gong and underground Christian churches. The ministry has taken a greater counterintelligence role since Xi Jinping ascended to become the country's leader, indicating a broad political security remit for OSNS ([China Brief](#), April 12, 2013).

Sun Qingye (孙青野), OSNS's other deputy director, is also a senior officer in the Ministry of State Security, which hunts spies at home and seeks foreign intelligence abroad. Sun made his first public appearance in the 2020 inauguration of OSNS ([Ministry of Human Resources and Social Security](#), July 3, 2020). More recently, in an interview with RTHK in early March, Sun said that Hong Kong's young people had a weak sense of national security before the 2020 National Security Law and that relevant education should be promoted in schools in a way that schoolchildren can understand ([Guancha](#), March 8). He is otherwise a relatively unknown figure, however, with only a few items available about him on the internet. It seems likely that he has the lead on catching foreign spies in Hong Kong and local people who are persuaded to act as their agents. He may also direct an intelligence-gathering effort aimed at foreigners living in and passing through Hong Kong.

Ma Yinming (马寅明), referred to officially as a "group leader" (组长) rather than a deputy director, also posed with the leaders of the OSNS in July 2020. He was assigned there by the Central Commission for Discipline Inspection. Before 2022, he was occasionally mentioned in the Hong Kong and Chinese press, but not since then ([news.gov.hk](#), July 8, 2021).

Figure 1: Beijing Opens National Security Office in Hong Kong, July 2020



From left to right: Sun Qingye (MSS), Chen Siyuan (MPS), Zheng Yanxiong (then-OSNS director), Li Jiangjiu (MPS), and Ma Yinming (CCDI). (Source: [X/Global Times](#))

Figure 2: Zhou Ji (L) and Zheng Yanxiong (R) in Beijing



(Source: [Ming Pao](#))

Conclusion

These latest developments raise concerns about the safety and freedom of foreigners and locals in Hong Kong as its authorities have vociferously pursued the extraterritorial application of the National Security Law ([Ming Pao](#), [July 3, 2023](#), [May 30](#); [Ta Kung Pao](#), December 15, 2023; [China Brief](#), May 10, 2024). Travel to Hong Kong and Macau may become even more hazardous for foreigners who have inadvertently or intentionally violated the National Security Law.

Within Hong Kong, an increase in the number of OSNS personnel could lead to increased efforts to build cases against targets abroad and their relatives at home, expanding the scope of such enforcement to additional jurisdictions. Attention by analysts is therefore warranted to determine whether the PRC will escalate its efforts to pursue extraterritorial enforcement of a law that affects free speech and free association worldwide.

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Notes

[1] “The City Garden Hotel features top quality, contemporary accommodation. Each of the 613 rooms are spacious and comfortable.” <https://city-garden-hong-kong.hotel-m.com/>?

[2] “Island Pacific is a waterfront hotel situated in the lively Sai Ying Pun area of Hong Kong...All 343 guest rooms are non-smoking and many feature views of the harbour or city skyline.” <https://www.trivago.sg/en-SG/oar/hotel-island-pacific-hong-kong?search=100-54250>

[3] “Metropark Kowloon is a 4 star hotel in Hong Kong located in the Kowloon district...There are 487 air conditioned guest rooms and suites with en-suite bathroom, hair dryer, alarm clock...” <https://www.trivago.com/en-US/oar/metropark-hotel-kowloon-hong-kong?search=100-54430>

[4] “Overlooking the sea, Metropark Hotel Causeway Bay Hong Kong is a 12-minute walk from Causeway Bay in Hong Kong. This hotel has 266 rooms and features a currency exchange and a lift on-site.” <https://metroparkcausewaybay.hotelsofhongkong.com/en/>

[5] “Royal Hong Kong Police Force: the Cell and the Safe House.” The Hong Kong Jockey Club University of Chicago Heritage Courtyard and Interpretation Centre. <https://heritage.uchicago.hk/exhibits/permanet-exhibits/royal-hong-kong-police-force-the-cell-and-the-safe-house>

Fungus Smuggling Case Highlights Agricultural Espionage in the United States

By Matthew Gabriel Cazel Brazil



Seeds found in the luggage of Liu Zunyong. (Source: [U.S. District Court for the Eastern District of Michigan](#))

Executive Summary:

- The People's Republic of China (PRC) has a long history of engaging in agricultural espionage and, potentially, sabotage in the United States. This is partly to decouple from U.S. agriculture, and partly to achieve food security in the event of a major conflict or naval blockade.
- In the latest incident, the U.S. Department of Justice has charged two former employees at a University of Michigan laboratory with smuggling samples of a toxic fungus described as "a potential agroterrorism weapon" into the United States.
- The two citizens of the People's Republic of China (PRC) are both specialists in the fungus and its modes of transmission and infection in crops. One, Jian Yunqing, is alleged to be a Chinese Communist Party (CCP) member.
- Other cases include those of Mo Hailong and Zhang Weiqiang, both PRC-citizen research scientists who used their employment to cover attempts to smuggle genetically modified seeds to the PRC, and speculation that PRC-linked sabotage may be behind Florida's citrus greening disease epidemic.

On June 3, Jian Yunqing (简云青), 33, and Liu Zunyong (刘尊永), 34, were charged in a criminal complaint for conspiracy, smuggling goods into the United States, false statements, and visa fraud. The pair is accused of conspiring to smuggle samples of the crop-destroying fungus *Fusarium graminearum*—which the U.S. Department of Justice (DOJ) describes as “a potential agroterrorism weapon”—into the United States (DOJ, June 3). Consumption of grain contaminated by this fungal blight can cause vomiting and liver damage in humans and livestock.

Party Member Involved in Researching Pathogen

Liu attempted to smuggle *Fusarium graminearum* into the United States in July 2024. After landing at the Detroit Metropolitan Airport, authorities found several samples of the fungus concealed in his luggage. When questioned, Liu initially denied the samples were his before claiming he intended to use them to continue his research at the University of Michigan lab, where his girlfriend, Jian Yunqing, worked. (Liu was once an employee at the same lab.) Liu was deported back to the PRC, where he is unlikely to face trial unless he attempts to return to the United States. Jian, his alleged accomplice and romantic partner, will face charges.

Liu and Jian, both nationals of the People's Republic of China (PRC), are research scientists specializing in the *Fusarium graminearum* fungus, its mode of transmission, and the defense mechanisms of plants against the fungus (AMiner, accessed June 9, [1], [2]). Papers authored in English and Chinese reveal that both have worked on *Fusarium graminearum* (AMiner, accessed June 9, [1], [2]). Jian and Liu even share co-author credits on a 2022 research paper on disease resistance and plant immunity when the *Fusarium graminearum* fungus infects maize corn (*Zea mays*) (AMiner, accessed June 9). The pair seem to specialize in the infection function of the fungus in crops, plant immune signaling against fungal infection, the ways in which crops can be rendered more or less susceptible to infection, and how the fungus can be made more or less sensitive to fungicides and other treatments (AMiner, accessed June 9 [1], [2], [3], [4], [5]).

The Department of Justice claims that Jian is a member of the Chinese Communist Party (CCP). A signed self-assessment form uncovered from her time employed at Zhejiang University reads “I conscientiously do a good job as an international student, conscientiously implement the rules and regulations of the school, and always remind myself to maintain the image of a Chinese person and not smear the motherland” (DOJ, June 2).

Deeper Roots of Sabotage Targeting U.S. Agriculture

This is not the first time the pair has attempted to smuggle biological materials into the United States, according to WeChat messages recovered from Jian's phone. In August 2022, she seems to have smuggled other seeds into the United States. This follows earlier cases of agricultural espionage, most notably Mo Hailong (莫海龙) and Zhang Weiqiang (张伟强).

Mo was initially caught by DuPont Pioneer employees while digging through a newly-planted field of research crops in Iowa. He claimed to be associated with the University of Iowa before escaping on foot. Over a two-year investigation, the FBI tracked Mo's links to PRC seed companies and his attempts to ship hundreds of pounds of stolen seeds from the United States to Hong Kong—some disguised as bags of popcorn. Mo was indicted along with his sister, Mo Yun (莫云), the wife of Dr. Shen Genhuo (邵根伙), the CEO of Beijing Dabeinong Technology Group (大北农集团). Four other PRC citizens—all employees of Dabeinong or its

subsidiaries—were also indicted. Dabeinong's website describes the company's mission as "Strengthen Agriculture to Serve the Nation, Strive to Be Number One, and Mutually Develop" (强农报国、争创第一、共同发展) ([Dabeihong](#), accessed June 9). Mo was arrested in December 2013. In 2016, he received a 36-month prison sentence and was stripped of farmland in Iowa and Illinois. Charges against his sister were dropped when a judge declined to admit evidence gathered from her electronic devices ([DOJ](#), October 6, 2016).

Zhang Weiqiang, another PRC-citizen research scientist living in the Midwest, used his employment with U.S.-based Ventria Bioscience to steal trade secrets. He also transferred experimental genetically modified rice seeds to "personnel from a crop research institute in China" who then attempted to smuggle the seeds to the PRC ([DOJ](#), February 16, 2017). These were intercepted by U.S. Customs and Border Protection officers. Zhang was sentenced to 121 months in federal prison in 2018 ([DOJ](#), April 4, 2018).

Few confirmed instances of PRC agricultural sabotage in the United States are publicly available. One possible case might be the introduction of insects responsible for the spread of citrus greening disease to Florida, which has caused billions in damage to Florida's citrus industry since it was first detected in 2005, affecting as many as 90 percent of the state's citrus acres. This may have been intentional, according to a senior analyst at the Center for Security Policy ([Journal of Integrated Pest Management](#), January 22, 2020; [Sun Sentinel](#), March 26, 2020; [IFAS](#), April 7, 2022).

Conclusion

The FBI has identified actions like those of Liu and Jian as part of a broader trend of Chinese economic espionage targeting U.S. agricultural technology, with the potential to threaten America's competitive edge in high-tech agrarian innovation. It routinely produces materials to warn U.S. agricultural technology employers about "foreign intelligence officers" attempting to gain access to trade secrets ([FBI](#), 2019). These tactics mainly appear to be a tool employed by PRC individuals and organizations to obtain agricultural industrial secrets. Liu and Jian's motives remain unclear, though they may instead have intended to sabotage the U.S. agricultural industry—the complaint characterizes their actions as "an imminent threat to public safety" ([DOJ](#), June 3).

PRC authorities also have engaged in a concerted campaign to decouple from U.S. agriculture and achieve food security in the event of a major conflict or naval blockade ([China Brief](#), May 23). Historically a major importer of U.S. agricultural products, especially soybeans, the PRC government has introduced three- and five-year plans explicitly designed to reduce reliance on American products like soybeans, and establish total food security for the nation (MOA, [December 29, 2021](#); [April 23, 2023](#)). This campaign has been successful but is not yet complete. As this latest episode indicates, however, the PRC remains committed to leveraging scientific research in the United States to bolster its food security ambitions.

Matthew Gabriel Cazel Brazil is an independent China analyst interested in technology exchange and evolving global trade between the US, China, and Latin America.

Xinjiang Security Expo Reflects the Limits of U.S. Sanctions

By Jonah Reisboard



The opening ceremony of the 2024 Central Asia Digital Security Expo. (Source: [CIAAE](#))

Executive Summary:

- The annual Central Asia Digital Security Expo in Xinjiang is supported by the U.S.-sanctioned Xinjiang Public Security Bureau and brings technology firms together to network and market their products under the context of the CCP's ongoing campaign of repression.
- Federal sanctions, due diligence, and regulatory policies have not limited U.S. exposure to human rights risks or eliminated funding for Chinese corporate R&D, which can be used to innovate the security and surveillance state.
- Nearly one third of the Expo participants analyzed have international connections, especially to the United States, in the form of overseas customers and branches, attendance at U.S. expos, or foreign regulatory approvals.
- Seemingly benign participants present alongside direct perpetrators, who have built Xinjiang Public Security Bureau infrastructure or sell torture devices used by the Bureau.

At the end of August, security and technology companies will arrive in Urumqi, the capital of the Xinjiang Uyghur Autonomous Region, for the 11th annual Central Asia Digital Security Expo ([Central Asia Digital Security Expo](#)). With support from the Xinjiang Public Security Bureau (XPSB), a U.S.-sanctioned entity, the expo will showcase the latest technologies for surveillance, policing, and social control. [1] According to its website, the expo serves to “improve the level of the northwestern region’s public security technology and prevention technology” (为全面提升西北地区公共安全技术和防范技术水平) by inviting companies to Xinjiang to collaborate and market their products ([Central Asia Digital Security Expo](#), May 18, 2020).

An analysis of 50 companies that attended the 2024 expo highlights persistent failures of Western policies to meaningfully constrain international engagement with Xinjiang’s security industry. [2] Attendees included companies previously sanctioned for providing material aid to Russia in its full-scale invasion of Ukraine and one that manufactures torture devices used in Xinjiang detention facilities. Of the 50 participants analyzed, at least 16 have international connections, according to publicly available information. [3] International connections are defined here as selling to customers abroad, attending U.S. expos, operating offices overseas, or obtaining foreign legal certifications and regulatory approval. None of these companies has been sanctioned for complicity in genocide. A look at two firms is illustrative of the expo’s participants and their activities in Xinjiang.

**Figure 1: Registration Page for the Central Asia Digital Security Expo
Acknowledges Support From the XPSB**

展会介绍

63196展会热度

主办单位：新疆安全技术防范行业协会

展览面积：20020.00m²

展商数量：500家

观众数量：31732人

举办周期：1年1届

新疆安防展——新疆安防博览会（CAESE）已发展成为西北乃至中亚地区重要的安防行业展会。由新疆维吾尔自治区党委政法委（综合管理处）、新疆维吾尔自治区公安厅、乌鲁木齐市人民政府、乌鲁木齐市公安局、乌鲁木齐商务局（食品局）支持。由新疆省安防技术防护行业协会、深圳市安防行业协会、新疆国际会展中心共同主办的展览、论坛、相关活动为一体的知名安防行业品牌博览会。

(Source: Central Asia Digital Security Expo)

Digibird (小鸟科技) is a direct participant in the CCP’s security state through its links to the XPSB. Its monitoring systems were used in the bureau’s facilities throughout the region—including at its headquarters in Ili Kazakh Autonomous Prefecture—as well as by the Xinjiang Prison Administration and Xinjiang Production and Construction Corps (PjTime, [June 3, 2016](#), [November 9, 2016](#)). [4] The adoption of Digibird products coincided with Chen Quanguo’s (陈全国) arrival as Xinjiang’s Party Secretary and the attendant increase in repressive policies.

According to Digibird’s official website, the company has an office in San Francisco and services customers in over 60 countries ([Digibird](#), accessed June 16). It has completed projects for the Ministry of Defense of Malaysia and Chiang Mai University in Thailand, and its products have been approved by regulatory bodies in the United

States, South Korea, and Europe ([China Security Industry Network](#), June 19, 2017). It also has a tool listed on Apple's App Store ([Apple App Store](#), accessed May 12). Digibird claims to have a partnership with NASA, but while procurement filings confirm that three Digibird products were sold through an intermediary in the period 2015–2021, there appears to be no direct relationship ([Solutions for Enterprise-Wide Procurement](#), accessed June 16).

Figure 2: Ili Kazakh Autonomous Prefecture Public Security Bureau HQ



(Source: [PiTime](#))

GTXD (国泰兴达) also supports the apparatus of Xinjiang's repressive police state. The company designs and sells forensic investigation products such as DNA and drug testing equipment ([GTXD](#), accessed June 16). It also sells an "interrogation chair" (审讯椅). More commonly known as a "tiger chair" (老虎凳), human rights experts describe it as a torture device ([Human Rights Watch](#), May 13, 2015). Open sources do not contain evidence of any international connections, but GTXD's presence at the expo alongside international-facing firms serves as a reminder of the expo's purpose.

Figure 3: A 'Tiger Chair' Advertised by GTXD



(Source: [GTXD](#))

Overview of Trends in International Connections

Among the 16 companies with an international presence, many export their products all over the world. One company, Everpro (长芯盛), lists 90 countries and regions ([EverPro](#), May 2024). The majority sell to the United States, with Germany, France, Singapore, and Brazil also featuring as prominent markets. This is also true for many of the companies that have participated in expos held in the United States. For example, audiovisual technology firm Ansjer (安士佳电子) boasts customers in over 100 countries (though these are unspecified). As recently as 2020, it showcased its products at CES in Las Vegas, one of the world's largest trade shows, suggesting direct links to the U.S. market ([Devic](#), January 13, 2022; [Ansjer](#), accessed June 16).

Fewer companies have established overseas branches. EverPro has a presence in the United States, Germany, the United Kingdom, Sweden, Italy, Japan, and Singapore. Another expo participant, Xi'an Jiexu Biotech (西安杰旭生物科技), does not have an overseas branch itself, but its parent company, Assure Tech (按旭生物), has at least two subsidiaries—in the United States and Singapore.

Analysis of Assure Tech's products and corporate history shows multiple foreign regulatory approvals, including by regulatory bodies in the United States and Canada. In 2020, the company's COVID-19 antibody tests received emergency use authorization from the U.S. Food and Drug Administration (FDA). The tests are sold by Thermo Fisher Scientific, an American company whose DNA sampling equipment was used by the XPSB to forcibly extract biometric data from Uyghurs ([New York Times](#), February 21, 2019; [Thermo Fisher](#), accessed May 20; [Assure Tech](#), accessed June 16). The company's current job postings for international sales positions request applicants with German, Spanish, French, and English language skills, reflecting their continued confidence in expanding across international markets ([LinkedIn/Assure Tech](#), May 4). Several other companies at the expo have received regulatory approvals—and, in four instances, additional third-party approvals—for overseas markets. These include for the United States, Canada, South Korea, European Union, Germany, Japan, and Australia.

Regulatory certification permits the use of approved products in a specific jurisdiction, while federal and third-party approvals also tell the public that such products are safe for use. These determinations effectively legitimize and protect the reputation of the companies selling the products, support their marketing efforts, and obscure their ties to human rights abuses.

Conclusion

Past sanctions on officials and bureaus in Xinjiang have overlooked the commercial networks that underwrite Xinjiang's security apparatus. Evidence of ties to this apparatus is publicized on companies' official websites, in press releases, and in media reports, suggesting that businesses continue to operate unimpeded.

The expo organizers explicitly recognize the support of the XPSB. This demonstrates participating firms' interest in the Xinjiang security market and, therefore, their complicity in the region's human rights abuses. Ties to these companies thus pose a reputational danger to overseas firms that continue to depend on their exported technology. Operational risks are also present—PRC partner firms may find themselves subject to future sanctions designations or market restrictions.

The most urgent risk for foreign entities is the likelihood that they are currently funding human rights abuses in Xinjiang. By engaging with these firms, purchasing their products, and implementing their technologies, foreign entities are funding the research and development of companies engaged in Xinjiang's security and surveillance state.

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Notes

[1] The U.S. Department of State determined in 2021 that the Chinese Communist Party (CCP) had committed genocide against minority populations in Xinjiang ([U.S. State Department](#), January 19, 2021). The following year, the European Parliament adopted a resolution that stated that CCP actions "amount to crimes against humanity and represent a serious risk of genocide" ([European Parliament](#), June 9, 2022). Other countries' governments have made similar declarations. In response to human rights abuses in Xinjiang, the U.S. government and others have placed sanctions on PRC officials and entities. In 2020, the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC) sanctioned former regional Party Secretary Chen Quanguo (陈全国), his deputy Zhu Hailun (朱海仑), the Director and Party Secretary of the XPSB, as well as the XPSB itself ([Victims of Communism Memorial Foundation](#), November 24, 2019; [Department of Treasury](#), July 9, 2020).

[2] The database includes the first 57 companies included in the participant list. Seven of these companies were excluded from the analysis due to a lack of online presence ([Flourish/Expo Participant Database](#), May 8).

[3] The true figure may well be higher (see database and sources).

[4] The Xinjiang Production and Construction Corps (XPCC) is also known as the Bingtuan. It is a state-owned enterprise and paramilitary organization.