



China Policy Monitor No. 1575

November 27, 2023 **Joshua Eisenman**

Related Categories: Arms Control and Proliferation; Intelligence and Counterintelligence; Public Diplomacy and Information Operations; Corruption; Border Security; China; South Asia; Nepal; Southeast Asia; Cambodia; Taiwan

TAIWAN RAMPS UP ARRESTS OF CHINA'S SPIES

So far this year, Taipei has arrested at least 16 people for spying for China, as compared to the 44 total individuals arrested between 2013 and 2019. Last month, Air Force Colonel Liu Sheng-shu was sentenced to 20 years in prison for running a spy ring for Beijing. Five other Taiwanese Navy and Air Force officers were sentenced to stretches of between six months and 20 years behind bars for their involvement. Liu, who was recruited during a 2013 trip to China, paid his informants through shell companies for intelligence on planes and warships. In July, Lu Chi-hsien and four others were arrested for recruiting hard-up soldiers by focusing on pawnshops, money lenders, and loan-shark operations near army bases. In July, a businessman and his son were charged with soliciting two soldiers to help them collect sensitive information. (*BBC*, November 9, 2023)

U.S. PROVIDES ARMS, TRAINING TO TAIWAN'S MILITARY

The U.S. will give Taiwan \$80 million in military equipment under the Foreign Military Finance (FMF) program. The grant, the first in forty years, could be just the tip of the iceberg, however. In July, President Biden approved \$500 million in military services and equipment for Taiwan, a figure that could reach \$10 billion over the next five years. While deals involving military equipment can take years to be completed, the FMF program is a shortcut that sends weapons directly from the U.S.' existing stocks. Taiwan will also send two troop battalions to the U.S. for training for the first time since the 1970s. "The U.S. is emphasizing the desperate need to improve our military capacity. It is sending a clear message of strategic clarity to Beijing that we stand together," notes Wang Ting-yu, a Democratic Progressive Party legislator close to President Tsai Ing-wen. (*BBC*, November 5, 2023)

\$1 TRILLION IN DEVELOPING COUNTRY DEBT TO CHINA IS COMING DUE

As of 2021, developing countries owed Chinese lenders between \$1.1 trillion and \$1.5 trillion, and repayment costs are soaring. For years, Chinese financing flowed into roads, airports, railways, and power plants from Latin America to Southeast Asia. Now, nearly 80% of Beijing's lending to the developing world is supporting countries in financial distress, and 55% of its loans have entered repayment. Loans issued under the Belt and Road Initiative generally came with 5-7-year grace periods, and many countries were given another two years due to the pandemic. "Now we're at this pivot point where it's really about (China) as the world's largest official debt collector," says AidData's executive director, Brad Parks. (*CNN*, November 13, 2023)

CHINA EXPANDS ITS NAVAL BASE IN CAMBODIA

China's new naval base in Ream, Cambodia is being expanded with a new dry dock on adjacent reclaimed land. The base, which Phnom Penh maintains is for its tiny navy, is at least the same size as China's base in Djibouti. And like the Djibouti base, the main pier in Ream, which is nearly finished, will be large enough to accommodate an aircraft carrier. In fact, given the construction footprint in Ream, the Cambodian outpost may end up being larger than the Djibouti base. (*Naval News*, November 13, 2023)

NEPAL'S NEW CHINESE-BUILT AIRPORT INVESTIGATED FOR CORRUPTION

Anti-corruption officials in Nepal are investigating the new \$216 million international airport in Pokhara, which was built by the Chinese state-owned company CAMC Engineering. The airport, which was financed with Chinese loans and opened in January, has not attracted international flights, raising concerns about whether it will generate sufficient revenue. Last month, amid reports about the project's inflated costs and poor quality, Beijing refused Kathmandu's request to convert the airport loans into a grant. The Nepal Commission for the Investigation of Abuse and Authority has now raided the offices of Nepal's Civil Aviation Authority, which oversaw the airport's construction. Engineers on the project claim CAMC's construction did not meet quality standards. (*New York Times*, November 12, 2023)