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CPC SEEKS TO TIGHTEN "PARTY DISCIPLINE"

China's Politburo has tightened punishments for violating party "political discipline." Party cadres will now face expulsion if they read materials that speak ill of the CPC, "distort" history, solicit prostitution, or use drugs. The new rules also penalize violations of "national financial and economic disciplines," including the misuse or pilfering of public funds, tax revenues, and state assets. CPC members who join "cliques" or befriend "political swindlers" risk being fired or expelled from the party. Gifts disguised as fees for lectures, consulting or other services are now considered bribery. By "listing all imaginable offences, especially in the chapter on political discipline violations," the new code sets a bar that is "almost impossible" to meet, says Deng Yuwen, the former deputy editor of the official *Study Times*. (*South China Morning Post*, December 28, 2023)

[EDITOR'S NOTE: Reading "sensitive" books in private has been listed as a political offense in recent corruption investigations, including that of Zhu Congjiu, once deputy governor of Zhejiang, and Liu Liange, the former president of the Bank of China.]

XI WAGES AN IDEOLOGICAL STRUGGLE

To unify the nation and exert Party dominance over China, Xi Jinping has launched an ideological campaign that combines Confucianism with Marxism. One example of Xi's ideology is the five-episode program aired on state-TV in October and entitled "When Marx Met Confucius." In the show, actors portraying the political theorist and the sage discover their ideas are in harmony. "I am longing for a supreme and far-reaching ideal world, where everyone can do their best and get what they need. I call it a communist society," Marx says. To which Confucius responds: "I also advocate the establishment of a society where everyone is happy and equal. I call it the great unity of the world." (*The Atlantic*, December 20, 2023)

CHINA SPENT \$5.5M AT TRUMP PROPERTIES WHILE HE WAS PRESIDENT

Chinese government and state-controlled entities spent more than \$5.5 million at properties owned by Donald J. Trump while he was in office, including at his hotels in Washington DC, New York and Las Vegas. Records from Trump's accounting firm, Mazars USA, reveal that those payments, the largest amount spent by any foreign country, include millions from the Chinese Embassy, a state-owned Chinese bank that the Justice Department accuses of helping North Korea evade sanctions, and a state-owned Chinese air transit company. (*CNN*, January 4, 2024)

LESS TAIWAN INVESTMENT FOR CHINA, MORE FOR THE U.S. AND GERMANY

For the first time since 1993, the U.S. displaced China as the top recipient of FDI from Taiwan last year. Although between January and November 2023 Taiwan's outbound FDI jumped 87% year-on-year, to \$25.7 billion, the island's investments in China slumped 34% to \$2.9 billion, the lowest share in decades. Meanwhile, the island's investment in the U.S. surged ninefold to \$9.6 billion and investments in Germany rose 25-fold, to \$3.9 billion. Some Taiwanese firms are returning from China, lured home by government incentives and fearful of Chinese leaders' threatening rhetoric toward the self-governing island. "Taiwanese investment in China continuing to decline will be the main scenario as long as the U.S.-China tensions continue," notes Sun Ming-te of the Taiwan Institute of Economic Research. (*Nikkei News*, December 29, 2023)

TAIWAN'S EXPORTS TO CHINA HIT 21-YEAR LOW

In 2023, Taiwan's exports to China fell 9.8% to \$432.5 billion year-on-year and accounted for 35.25% of the total – their lowest share in two decades. Meanwhile, exports to Europe grew 2.9% to \$42.2 billion, and those to the U.S. rose 1.6%, to \$76.2 billion. Rising tensions between Washington and Beijing drove Taiwanese manufacturers of servers and communication equipment to move part of their production out of China. China's economic slowdown and Taiwan's ruling Democratic Progressive Party's call for an economic shift away from China are also driving the change. A wide range of industries in Taiwan, from manufacturing to farming, had relied heavily on China since the mid-2000s, with the PRC accounting for more than 40% of Taiwan's total exports. (*Nikkei Asia*, January 10, 2024)