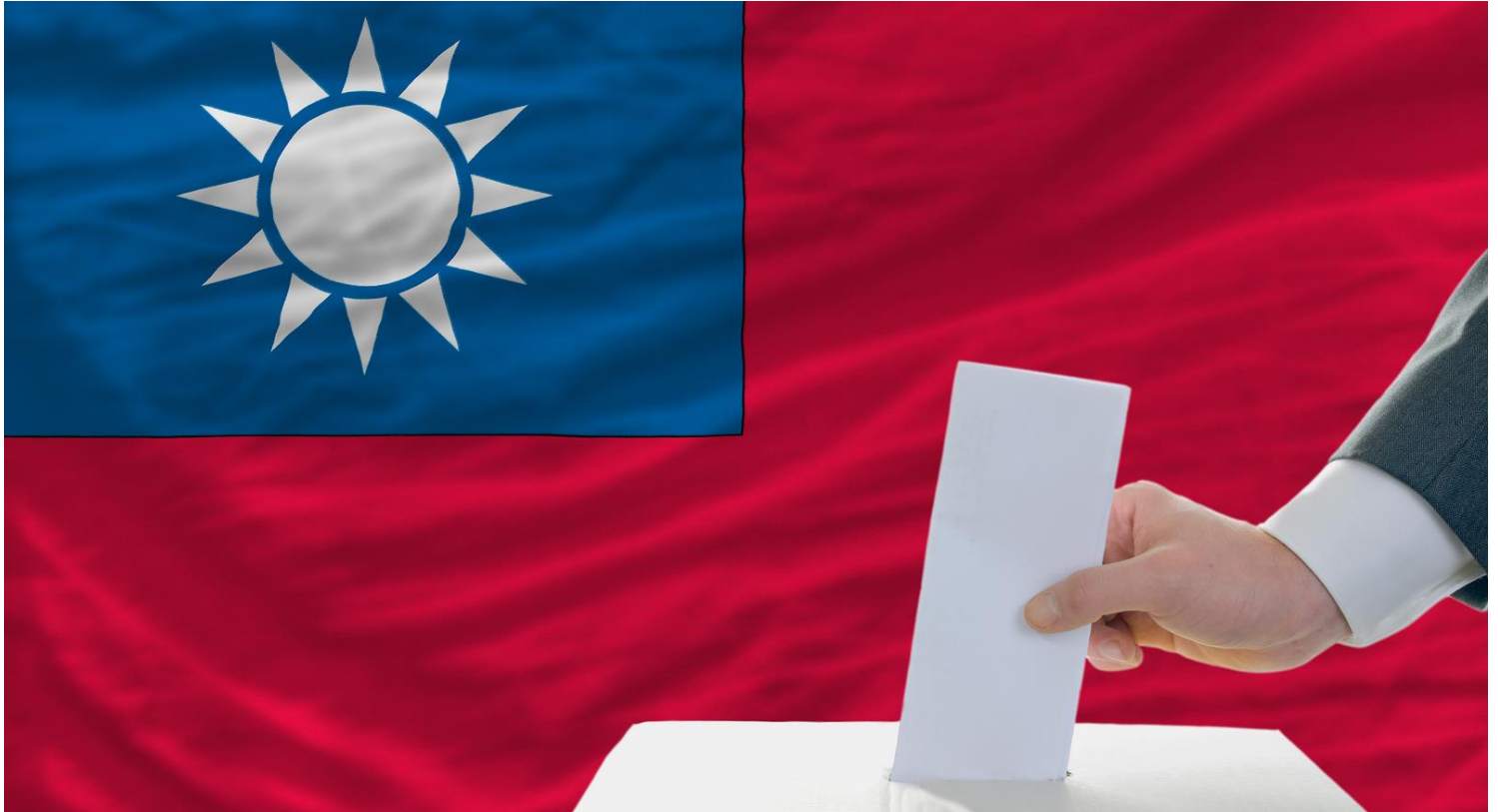


Weekly Intelligence Brief

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Taiwan Presidential Race Closer Than Expected

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An independent poll revealed on 24 OCT that Taiwan's presidential race is closer than previously assessed. Incumbent President Cài Yīngwén's approval rating dropped to 36.5%, accompanied by a disapproval rating of 53%. Support for the current Vice President and Democratic Progressive Party (DPP) candidate, Lài Qīngdé, fell below 30%, 7% less than last month. Taiwan's People's Party (TPP) candidate, Kē Wénzhé, now has 25.6% of voter support, the Guómíndǎng (GMD) candidate Hóu Yǒuyí has 21.1%,

and independent candidate Guō Tǎimíng trails at 8%.

On 14 OCT, GMD and TPP leadership held their first meeting to discuss a joint ticket. Both sides agreed they could only defeat the DPP through collaboration. Billionaire Guō Tǎimíng has quickly gained support since announcing his bid in late August. The Chinese Communist Party (CCP) views Guō's candidacy as the Western world attempting to influence the election, fragmenting opposition support. On 22 OCT, the CCP began a tax probe on Guō's Foxconn Factories in China, Guō has not made a public appearance since. On 24 OCT, Kē Wénzhé expressed willingness to improve

economic ties between Taiwan and China to stabilize the region, citing the Russia-Ukraine and Israel-Hamas conflicts, aligning Kē with GMD and CCP ideology.

We assess with high confidence that China will likely continue to influence the election in favor of the TPP and GMD, as either victory would result in significantly more Chinese influence on Taiwan. Furthermore, with moderate confidence, we assess Guō will likely relinquish his candidacy due to pressure from the CCP, and the GMD and TPP will unite under Kē Wénzhé's leadership by the November deadline.

Tensions Rising in the South China Sea

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On 23 OCT, a Chinese ship collided with a Filipino vessel in the South China Sea. The Chinese tried to blockade Filipino ships that were aiming to take supplies to forces stationed in the Second Thomas Shoal. There were no fatalities or injuries, but a Philippines Coast Guard ship was damaged. Ships and fighter jets have gotten dangerously close before; however, they have never hit or made contact with one another.

The Philippines President Ferdinand Marcos Jr. called for meetings with his defense secretary and top military officials to discuss hostilities in this contested region. As a response, the United States renewed its warning

that, per the 1951 U.S.-Philippines Mutual Defense Treaty, it would defend the Philippines against an armed attack. The Filipino government views this as a violation of international law by China.

China, the Philippines, Vietnam, Taiwan, Brunei, and Malaysia all have territorial claims to the South China Sea for historical reasons, their continental shelf, or ownership of islands that would extend their territorial waters further out. The South China Sea is vital to trade, commerce routes, fishing, and rich energy deposits such as natural gas and oil.

This is a step closer to a major confrontation in the South China Sea.

The escalation from ships passing one another, then being in close proximity to each other, and now a crash between boats shows the continual increase in tensions that will likely one day turn into a major conflict. We can assess with high confidence that it is likely that tensions will continue to rise and these confrontations will continue to escalate.



European Union Investigation into Subsidy Programs for Electric Car Manufacturers in China

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On 04 OCT, the European Union (EU) launched an investigation to determine if electric car manufacturers in China were receiving unfair subsidies. This could potentially undercut electric car manufacturing in Europe due to the lower pricing. The report claims China's electric vehicle (EV) imports to Europe were up to 20%

cheaper than domestically manufactured EVs. Tesla wasn't included in this report despite two-fifths of all Tesla EVs being produced in Tesla's Shanghai Giga Factory per year. This avoidance could be due to the opening of Tesla's Berlin Giga Factory in March of 2022.

China's Ministry of Commerce stated its dissatisfaction with the ruling. The Ministry's spokesperson claimed that the EU was unfairly preserving its own industries, and that the rulings against

Chinese EV companies will distort the international EV market.

With moderate confidence, it is likely that the EU's investigation into electric vehicle manufacturers in China will worsen economic relations between the two powers. It can also be stated with moderate confidence that the investigation will likely heighten tensions involving other issues, such as the Russo-Ukrainian War and China's desire to annex Taiwan, as well.

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