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Highlights

- » China Strongly Condemns U.S. Actions in Venezuela
- » Beijing Frames Large-Scale Military Exercises around Taiwan as a “Resolute Response” to Recent U.S. Arms Sales
- » China Reiterates Plans to Drive Demand by Boosting Investment
- » China Leads a Joint Naval Exercise with Many BRICS Plus Countries
- » China Uses Export Controls on Dual-Use Goods to Attempt to Coerce Japan

China Strongly Condemns U.S. Actions in Venezuela

Venezuela is one of China’s closest partners in Latin America, but assistance following the ouster of Maduro will likely remain rhetorical.

- China has made statements and shown support for Venezuela since the United States started ratcheting up pressure on the Maduro regime in August 2025.¹ As part of that effort, China sent a delegation of senior diplomats to Venezuela, who met with Maduro just hours before his capture.²
- China immediately denounced the January 3rd U.S. raid in Venezuela, and its UN representative stated at an emergency UN Security Council meeting that “China was deeply shocked by and strongly condemns the unilateral, illegal, and bullying acts by the United States.”³ China’s rhetorical focus on violations of international law and global opinion indicate China is leveraging the U.S. action to continue its efforts to frame the United States as a threat to global security.⁴
- The ouster of Maduro’s government would represent a blow to Chinese interests in Latin America. Venezuela is one of China’s closest partners in the region, in 2023 becoming one of only seven countries in an “all-weather” partnership with China, its

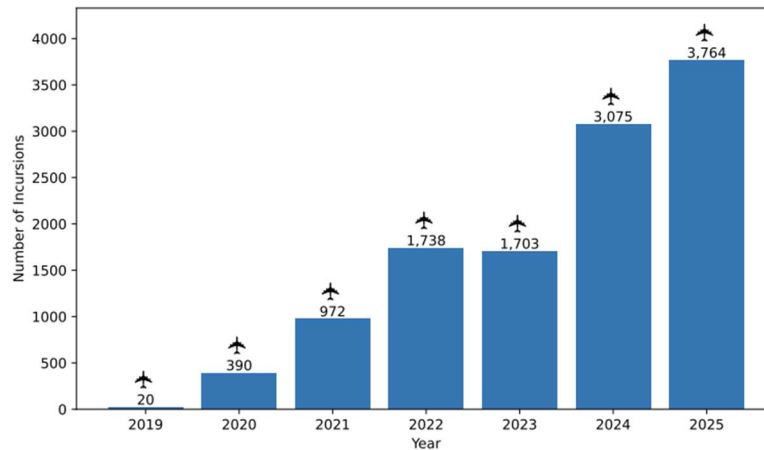
highest designation for such a relationship.⁵ Venezuela is the largest purchaser of Chinese military equipment in the region and has procured missiles, armored vehicles, and air defense radar systems.⁶ China has also constructed and may have the ability to remotely access two satellite tracking stations within Venezuela.⁷

- Beijing has been one of Venezuela's closest economic partners for two decades. Chinese policy banks loaned more to Venezuela than to any other Latin American country; at least \$10 billion in Chinese bank loans is outstanding.⁸ China also purchases most of Venezuela's oil despite U.S. sanctions.⁹ Despite these ties, disruptions of crude oil imports from Venezuela will have limited impact on Beijing because they account for only 4 to 4.5 percent of China's seaborne imports, and similar blends of crude can be sourced from countries like Canada, Iran, and Iraq, albeit at higher prices.¹⁰
- For more on China's ties to Venezuela, see Joseph Federici, Nicole Morgret, Benton Gordon, and Graham Ayres, "[China-Venezuela Fact Sheet: A Short Primer on the Relationship](#)," *U.S.-China Economic and Security Review Commission*, January 13, 2026.

Beijing Frames Large-Scale Military Exercises around Taiwan as a “Resolute Response” to Recent U.S. Arms Sales

China's Justice Mission-2025 military exercises rehearsed blockading Taiwan and denying access to U.S. forces during a Taiwan contingency.

- On December 29–30, 2025, China's People's Liberation Army (PLA) conducted Justice Mission 2025 joint military exercises encircling Taiwan.¹¹ During the exercises, the PLA fired 27 rockets into waters to the north and southwest of Taiwan, ten of which landed inside Taiwan's 24-nautical-mile contiguous zone—the closest PLA rockets have come to Taiwan since at least 1996.¹² The exercises demonstrated the PLA's anti-access/area denial capabilities and ability to target U.S. forces during a potential Taiwan contingency.¹³
- Beijing framed the exercises as a “resolute response” to the United States' announcement of an \$11 billion package of arms sales to Taiwan on December 17, though exercises of such scale typically involve months of advance planning.¹⁴ During the drills, the China Coast Guard (CCG) released a poster depicting a CCG vessel intercepting a cargo ship carrying HIMARS rocket launchers to Taiwan.¹⁵ Chinese state media asserted that the poster sent a message that China could potentially intercept deliveries of U.S. weapons to Taiwan as a “law enforcement” measure.¹⁶
- China's most recent military exercises are part of a broader pattern of escalating gray zone pressure targeting Taiwan, which is discussed in the Commission's [2025 Annual Report to Congress](#).¹⁷
- Another example of that escalating pressure (see figure) is the exponential increase in PLA incursions into Taiwan's air defense identification zone (ADIZ)—from only 20 in 2019 to 3,764 in 2025 (an increase of more than 18,700 percent).¹⁸

Figure: PLA Incursions into Taiwan's ADIZ, 2019–2025

Source: Various.¹⁹

China Reiterates Plans to Drive Demand by Boosting Investment

China's gameplan for economic growth will likely compound global trade tensions in 2026.

- China named as its number one economic priority for 2026 efforts to drive domestic demand and build strong domestic markets, but it pledged familiar, ineffective methods to do so.²⁰ As a result, China is likely to fall back on investment and manufacturing exports to maintain annual gross domestic product (GDP) growth at around 5 percent.²¹ With China's domestic demand weak, global trade imbalances will likely continue to rise in 2026.
- The readout from China's 2025 annual December Central Economic Work Conference (CEWC), which sets the country's economic priorities for the upcoming year, highlighted the problematic imbalance between "strong domestic supply and weak demand" without providing convincing remedies.²² China's National Development and Reform Commission allocated only \$9 billion (0.2 percent of first quarter 2025 GDP) to local governments to provide subsidies for consumer goods trade-in programs in early 2026.²³ While the programs may provide a temporary boost to retail spending numbers, China pursued a similar policy in 2025—with more resources—to basically negligible effect on total domestic consumption's share of GDP.²⁴ Despite continuing lip service, China is still not serious about boosting consumption.
- With low domestic consumption, China is even more reliant on exports to maintain growth, driving global trade imbalances. China's trade surplus exceeded \$1 trillion in 2025.²⁵ Net exports contributed 29 percent of GDP growth in the first three quarters in official statistics, while alternative growth estimates by research consultancy Rhodium Group indicate that over half of GDP growth came from trade.²⁶
- With consumption-focused initiatives sputtering, economic growth in 2026 will likely rely on trade. Even if trade tensions mount over the next year, they are unlikely to significantly slow China's economy. The muted impact of tariffs on Chinese economic growth in 2025 led the International Monetary Fund to lift its forecast for China's economy, which it projects to grow by 4.5 percent in 2026.²⁷ Barring an unanticipated shift in approach within the 15th Five-Year Plan that will be released this

March, a sustained reorientation of China's economic model toward domestic demand-driven growth is unlikely.²⁸

China Leads a Joint Naval Exercise with Many BRICS Plus Countries

The Will for Peace 2026 naval exercise illustrates China's continuing efforts to deepen its security partnerships with middle power countries under the BRICS Plus framework.

- From January 9 to 16, China is leading a number of BRICS Plus countries in a joint multinational naval exercise called Will for Peace 2026.*²⁹ BRICS formed in 2009 to coordinate economic policies among member states to counter Western-led global institutions.³⁰ South African officials are reported to have invited all BRICS Plus member countries, potentially signaling a willingness to expand cooperation among some member countries beyond economic and diplomatic coordination into the security and military domain.³¹
- The exercise is taking place in South African waters and will focus on "joint actions to ensure the safety of shipping and maritime economic activities," including joint maritime safety operations and interoperability drills.³² China, Russia, and South Africa are official participants, with media reporting that Brazil, Egypt, Indonesia, and Ethiopia sent observers.³³ Initial reports stated that Iran would join

the exercise, and Iranian ships were seen entering the same harbor in South Africa used by participant countries, but later reporting indicated that Iran withdrew from the exercise.^{† 34}

- China's state-run *Global Times* sought to downplay BRICS Plus as an emergent military bloc and framed the exercise as one that addresses non-traditional security issues such as antipiracy and counterterrorism that threaten maritime economic activities in the region.³⁵ The PLA Navy (PLAN) has maintained a steady presence in African waters, conducting port calls since 2010 and antipiracy operations in the Gulf of Aden since 2008.³⁶ Two vessels from the PLAN's naval escort taskforce deployed to the Gulf of Aden are assigned to participate in the exercise.³⁷

China Uses Export Controls on Dual-Use Goods to Attempt to Coerce Japan

In an escalation of China's pressure campaign against Japan for its public recognition that an attack on Taiwan could constitute a threat to Japan's security, China banned a potentially broad swath of exports to Japan on January 6.³⁸

- In announcing the controls, Beijing explicitly linked them to remarks Prime Minister Sanae Takaichi made in November 2025 that a Chinese attack on Taiwan could become a "survival-threatening situation" to Japan.³⁹ The move is the latest in a string of measures by China to intimidate Japan, including

* Original BRICS members included Brazil, China, Russia, and India, with the incorporation of South Africa in 2010. Since 2024, BRICS has expanded to include Egypt, Ethiopia, Iran, Indonesia, and the United Arab Emirates as new members, and is now often referred to as "BRICS Plus." BRICS partner countries include Belarus, Bolivia, Cuba, Kazakhstan, Malaysia, Nigeria, Thailand, Uganda, and Uzbekistan. Stewart Patrick et al., "BRICS Expansion and the Future of World Order: Perspectives from Member States, Partners, and Aspirants," *Carnegie Endowment for International Peace*, March 31, 2025. <https://carnegieendowment.org/research/2025/03/brics-expansion-and-the-future-of-world-order-perspectives-from-member-states-partners-and-aspirants?lang=en>; "Nine Nations Announced as BRICS 'Partner Countries,'" *BRICS Brasil*, January 17, 2025. <https://web.archive.org/web/20260109193706/https://brics.br/en/news/nine-nations-announced-as-brics-partner-countries>.

† The United Arab Emirates Navy is also present in South Africa, but reportedly not participating in the exercise itself. Dean Wingrin, "BRICS Plus Navies Commence Exercise off South African Coast Amid Controversy," *Defense Web*, January 12, 2026. <https://defencewebsite.co.za/sea/sea-sea/brics-plus-navies-commence-exercise-off-south-african-coast-amid-controversy/>.

military exercises, warnings against tourist travel, and bans on Japanese seafood, but prior actions were justified on pretextual grounds rather than as reactions to Takaichi's statement.⁴⁰

- Beijing withheld specifics on how it would enforce the ban on exports of dual-use items, although China's Ministry of Commerce later clarified that it would only affect military firms and not civilian end-users.⁴¹ If the controls are widely applied, it could restrict Japan's access to a range of critical inputs, particularly critical minerals and rare earths.* By one estimate, 42 percent of Japan's imports from China consisted of dual-use items in 2024, amounting to \$68.4 billion.⁴² The export control notice was followed by the launch of an antidumping probe into Japanese dichlorosilane, a material used in semiconductor fabrication.⁴³
- It remains unclear which items would be covered by the controls. The *Wall Street Journal* reported that China has already started restricting some exports of heavy rare earth and related magnets.⁴⁴ However, state-run *China Daily* had published an article days earlier stating that Chinese officials were only considering strengthening controls on rare-earth exports.⁴⁵ While Japan has diversified its rare earth supply chains since 2010 when China blocked all rare earth exports to Japan for two months, it continues to import between 60 and 70 percent from China.⁴⁶
- The ambiguity of the policy also provides Beijing future options to selectively ramp up enforcement and intensify pressure on Japan's economy. Over the past year, Beijing has shown increasing willingness to utilize its export control legal regime to advance geopolitical aims rather than address genuine national security concerns.[†]

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* China's dual-use control list extends well beyond critical minerals. The 2026 catalogue of dual-use technology subject to export license requirements listed 846 items, up from 765 in 2025. China's Ministry of Commerce, 商务部 海关总署公布 2026 年度《两用物项和技术进出口许可证管理目录》 [MOFCOM and the General Administration of Customs Announce the 2026 Catalogue for the Administration of Import and Export Licenses for Dual-Use Items and Technologies], December 31, 2025. https://web.archive.org/web/20251231160115/https://www.mofcom.gov.cn/zgwk/zcfb/art/2025/art_c03d1e511b2b486e829d68e8f1422aff.html; China's Ministry of Commerce, 中华人民共和国商务部 中华人民共和国海关总署公告 2024 年第 67 号 [China's Ministry of Commerce and the General Administration of Customs Announcement 2024 No. 67], December 31, 2024. https://web.archive.org/web/20250522170027/https://www.mofcom.gov.cn/zcfb/zgdwjjmywg/art/2025/art_1be240170c1f417b87f3dcca9587f89c.html.

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