



USINDOPACOM Legal Vigilance Update

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PREVAIL

Teammates,

Below please find the 63rd edition of U.S. Indo-Pacific Command's (USINDOPACOM) Legal Vigilance Update (LVU). To access previous LVUs, please visit <https://www.pacom.mil/Contact/Directory/Jo/Jo6-Staff-Judge-Advocate/>.

Quote of the Week:

“Today, Iran sells billions of dollars’ worth of oil every month. For that, it can thank one country: China.

Tehran’s Asian partner has dramatically increased the amount of Iranian oil it buys as sanctions have gotten tighter. It now takes nearly every drop Iran produces, compared with around 30% a decade ago. To make those purchases possible, Chinese buyers have worked closely with Iran to expand what U.S. officials and researchers say has become one of the world’s largest sanctions-evasion networks.

Payments are routed through smaller Chinese banks that have limited global operations and less to lose if they are sanctioned by the U.S., making it hard to stop them. Front companies established by Iran in Hong Kong and elsewhere help manage the proceeds. Private Chinese refineries, known as ‘teapots,’ have become the primary buyers of Iranian crude, after China’s state-owned energy giants, wary of upsetting Washington, left the market. Fake invoices and mislabeled crude have further disguised the trade.

All these moves—laid out in U.S. sanctions documents, public indictments and described by Western officials and researchers—have allowed Iran to earn tens of billions of dollars in revenue every year from China, and then launder it so it can be used around the world.

China is Iran’s ‘chief partner in sanctions evasion,’ said Max Meizlish at the Foundation for Defense of Democracies, a Washington-based think tank. ‘Iran just wouldn’t be able to fight this war without the years of support that it has received from China.’”

[How China Helped Iran Cushion the Blow of Sanctions and Fund Its War Machine](#)

Rory Jones, Brian Spegele, & Austin Ramzy, The Wall Street Journal
April 6, 2026

- **5 April 2026:** China reserves wide areas of airspace in East China Sea and Yellow Sea for 40 days.
 - **Bottom-line:** China has taken the unusual step of reserving swaths of offshore airspace without explanation for a period of 40 days, issuing alerts similar to those used to warn aviation authorities of Chinese military exercises, which typically last no more than a few days.

- **References:**

- [Joyu Wang, China Creates New Aviation Mystery With Offshore Warning Zones \(The Wall St. Journal, Apr. 5, 2026\)](#)



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- [‘No possible use other than military’: China closes huge airspace zone off Shanghai for 40 days; offers no explanation \(Times of India, Apr. 9, 2026\)](#)

▪ Key Points:

- The reserved airspace (issued via a Notice to Airmen or “NOTAM”) is in effect from March 27 through May 6 and has no vertical ceiling—designated in the NOTAM as “SFC-UNL.”
- Ray Powell, director of the SeaLight project at Stanford University, said: **“What makes this especially notable is the combination of SFC-UNL with an extraordinary 40-day duration—and no announced exercise...[t]hat suggests not a discrete exercise but a sustained operational readiness posture—and one that China apparently doesn’t feel the need to explain.”**
- According to information available from the U.S. Federal Aviation Administration, the zones reserved by China cover a total area larger than Taiwan’s main island, including offshore airspace to the north and south of Shanghai—extending from the Yellow Sea facing South Korea, south to waters of the East China Sea facing Japan.
- Reporting indicates China has issued comparable reserved-airspace NOTAMs along the same stretch of coast at least four times in the past 18 months, but previous NOTAMs were shorter—typically 3-day blocks.
- **While States may declare a temporary warning area in international waters and airspace to advise other States of the conduct of activities that may be hazardous to navigation and/or overflight—a 40-day warning area over such a large area is unusual and (when considered in light of China’s destabilizing and coercive behavior across the region) could be an attempt by China to influence or impede the freedom of movement and operation on and over the high seas.**

- **6 April 2026:** China continues to provide an economic lifeline to Iran’s destabilizing activities and support to terrorist proxies in the Middle East.

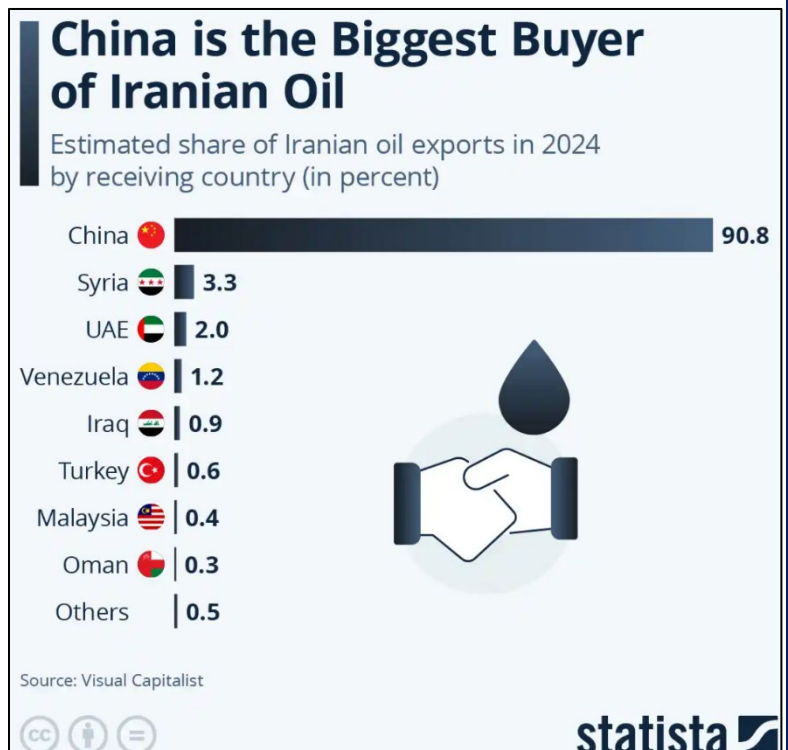
- **Bottom-line:** China remains one of the principal enablers of Iran’s aggressive and destabilizing activities in the Middle East—principally through its economic support to Iran via the purchase of tens of billions of dollars’ worth of oil every year.

▪ References:

- [Rory Jones, Brian Spegele, & Austin Ramzy, How China Helped Iran Cushion the Blow of Sanctions and Fund Its War Machine \(The Wall Street Journal, Apr. 6, 2026\)](#)
- [Priyanka Shankar, How China’s ‘teapot’ refineries are cushioning it from Iran war oil crisis \(Al Jazeera, Apr. 3, 2026\)](#)

▪ Key Points:

- According to The Wall Street Journal, China bought roughly 1.4 million barrels of oil a day from Iran in 2025—an amount that totaled



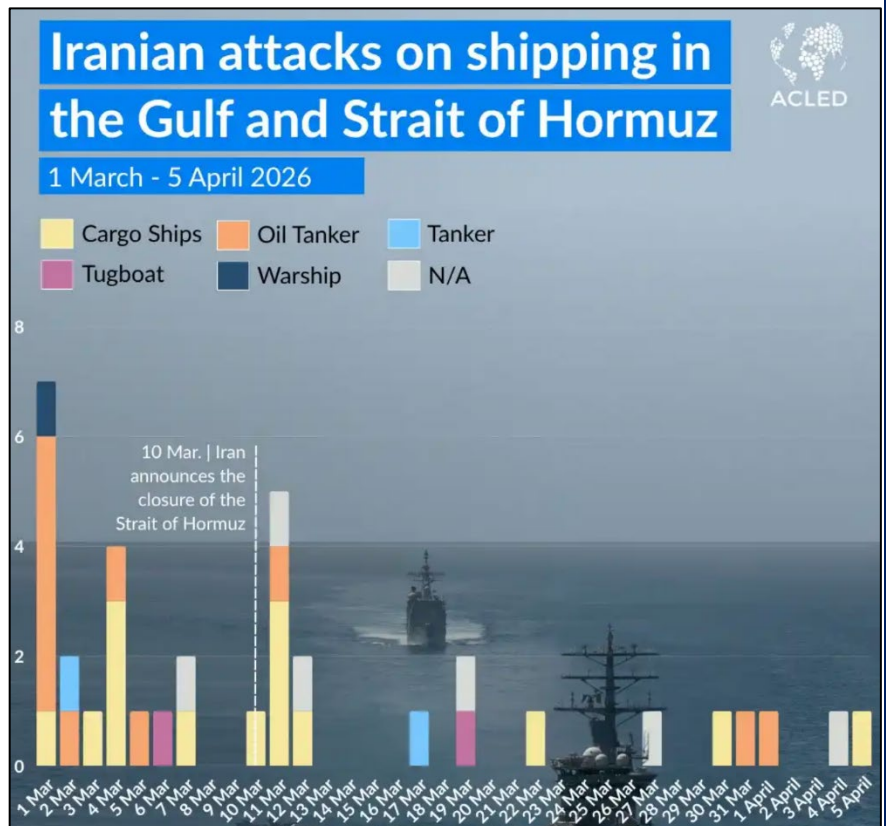
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more than 80% of Iran’s oil sales last year and more than double the roughly 650,000 barrels a day China bought from Iran in 2017.

- Experts say that one of the keys to making the trade possible was the expansion of a shadow fleet of tankers to move sanctioned oil between Iran and China—with tanker operators based across the Middle East, China and elsewhere practicing creative subterfuge, changing the names of vessels, turning off equipment signaling their positions, and transferring Iranian crude from one ship to another while en route to China to disguise its origin.
 - One China-based tanker network, established in 2019, reportedly now comprises at least 56 vessels that have funneled more than 400 million barrels of sanctioned oil.
- Another tactic China has used to secure its oil supply is through “teapot refineries”—small, privately owned oil refineries primarily based in China’s Shandong province, which are used by Beijing to import discounted Iranian and Russian oil to circumvent sanctions imposed by the U.S. and other countries.
- **China’s sustained purchase of sanctioned Iranian oil—now estimated at over 1.5 million barrels per day—funds missiles, proxies, and malign networks that Tehran deploys from the Red Sea to the Strait of Hormuz, making Beijing a silent but indispensable partner in Iran’s destabilizing regional order.**

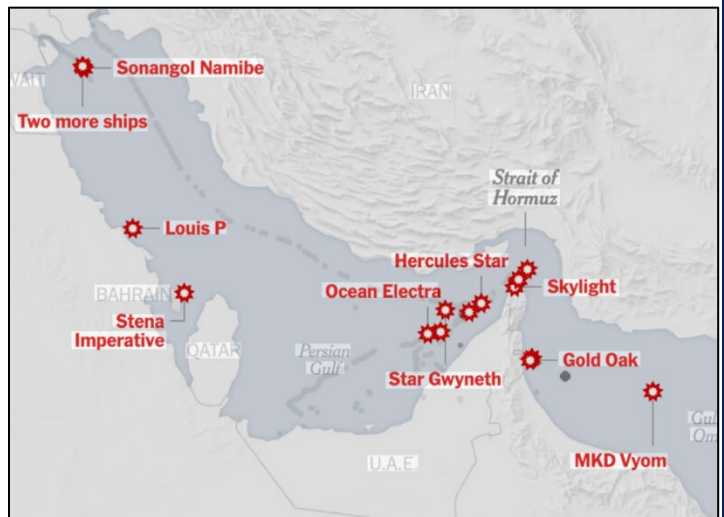
- 7 April 2026: China and Russia veto United Nations Security Council Resolution proposed by Gulf States to safeguard international shipping through the Strait of Hormuz.
 - **Bottom-line: China and Russia vetoed a draft resolution before the United Nations Security Council aimed at compelling Iran to open the Strait of Hormuz—prioritizing their “alliance of autocracy” with Iran over the preservation of freedom of navigation in the Strait and the protection of civilian vessels from indiscriminate Iranian attacks.**

- References:
 - [United Nations Security Council Press Release, China, Russian Federation Veto Security Council Draft Resolution by Gulf States to Safeguard International Shipping through Strait of Hormuz \(United Nations, Apr. 7, 2026\)](#)
 - [James T. Areddy, U.N. Resolution on Hormuz Opening Fails After China, Russia Veto \(The Wall Street Journal, Apr. 7, 2026\)](#)



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- Key Points:
 - Bahrain proposed a [draft Security Council resolution](#) (S/2026/273) that would have:
 - “Reaffirm[ed] that all ships and aircraft shall enjoy the right of transit passage, which shall not be impeded, through the Strait of Hormuz in accordance with international law;”
 - “Demand[ed] that the Islamic Republic of Iran immediately cease all attacks against merchant and commercial vessels and any attempt to impede transit passage or freedom of navigation in the Strait of Hormuz;”
 - “Call[ed] for the cessation of attacks against civilian infrastructure, including water infrastructure and desalination plants, as well as oil and gas installations.”
 - China and Russia’s negative votes blocked adoption of the draft resolution (11 to 2).
 - In affirming U.S. support for the draft resolution and denouncing China and Russia’s opposition to the measure, [U.S. Ambassador to the UN Michael Waltz stated](#) that China and the Russian Federation “sided with a regime that seeks to intimidate the Gulf into submission”—noting that:
 - “Russia has chosen to be a critical supplier of military equipment to Iran over the past year,” while
 - “China imports more than 80 per cent of Iran’s illicit oil, and Chinese entities have exported significant quantities of components intended for attack drones and technologies that could be used in ballistic missiles.”
 - United Kingdom’s Interim Deputy Permanent Representative to the UN Archie Young echoed the U.S. Ambassador, noting: “Today, Russia and China chose to shield their ally, Iran, rather than join international efforts to open the Strait and avert risks to the global economy.”



- 25 March 2026: China engages in “bullying” tactics in effort to undermine the rule of law in Panama.
 - **Bottom-line:** China has imposed a surge in detentions of Panama-flagged vessels in Chinese ports under the guise of port state control—with these intensified and retaliatory inspections apparently designed to punish Panama after the recent court-ordered transfer of Hong Kong-based CK Hutchison’s port assets near the Panama Canal.
 - References:
 - [Didi Tang and Alma Solís, Rubio accuses China of 'bullying' for holding up Panama-flagged ships after canal clash \(Washington Post, Apr. 2, 2026\)](#)
 - Key Points:
 - On January 30, 2026, Panama’s Supreme Court invalidated the legal framework supporting Hong Kong-based CK Hutchison’s concession to operate the Balboa and Cristóbal terminals on the Pacific and Atlantic sides of the Panama Canal.
 - The decision followed an audit that uncovered alleged irregularities and raised questions about the concession’s legal basis.

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- Following the ruling, the Panamanian government appointed U.S. subsidiaries Maersk APM Terminals and Mediterranean Shipping Company's (MSC) Terminal Investment Limited as interim operators under 18-month agreements.
- CK Hutchison has rejected the ruling and—in addition to legal proceedings challenging the decision—China has now imposed a surge in detentions of Panama-flagged vessels in Chinese ports under the guise of port state control, far exceeding historical norms.
- According to reports, of the 124 ships detained in Chinese ports for inspection in March, 92—or nearly 75%—were Panama-flagged.
 - That is up drastically from the previous two months, when 19 out of 45 ships—or more than 40%—held in February were Panama-flagged, and 23 out of 71—or over 30%—in January flew the Panama flag.
- In denouncing China's "bullying" actions, [U.S. Secretary of State Marco Rubio said](#): ***"China's recent actions against Panama-flagged vessels raise serious concerns about the use of economic tools to undermine the rule of law in Panama, a sovereign nation and vital partner for global commerce. Detentions, delays, or other impediments to the movement of vessels undermine the stability of global supply chains, increase costs for businesses and consumers, and erode confidence in the international trading system."***
- [Laura DiBella, Chairman of the U.S. Federal Trade Commission](#), also called China's actions "retaliatory," saying "[a]ctions by foreign governments that detain, delay, or otherwise impede the movement of vessels documented under U.S. law—or vessels of other nations engaged in commerce with the United States—are inconsistent with the Commission's mandate to protect the reliability and integrity of America's global supply chain."
- 9 April 2026: governments, militaries, cable owners, and tech startups work to bolster defenses of the world's underwater cable network.
 - **Bottom-line:** reporting this week highlights the military, technological, and legal solutions being deployed by NATO, Taiwan, and other States to protect critical undersea infrastructure—including a recent operation by the UK to track Russian submarines carrying out "nefarious activity" over key undersea infrastructure.
 - References:
 - [Mike Cherney, Inside the Race to Protect Submarine Cables From Sabotage \(The Wall Street Journal, Apr. 9, 2026\)](#)
 - [Peter Walker, UK navy foiled Russian submarines surveying undersea cables, defence minister says \(The Guardian, Apr. 9, 2026\)](#)
 - Key Points:
 - To protect undersea cables, countries are using a combination of military, technological, and legal strategies.
 - On the military front, NATO is deploying ships, drones, and aircraft to patrol the Baltic Sea and deter potential threats from Russia's "shadow fleet."
 - Technologically, new methods like distributed acoustic sensing are being promoted to alert operators when a ship is near a cable or if damage has occurred.

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- Legally, nations are increasing accountability, as demonstrated by Taiwan prosecuting a ship captain for cutting a cable and proposing higher penalties for intentionally damaging such critical infrastructure.
- **Beijing and Moscow are waging gray-zone warfare on digital infrastructure, using shadow fleet vessels—often flagged to third countries—to map, monitor, and sever undersea cables with plausible deniability.**

- ***In the Pacific—since 2023, at least five Taiwanese cables have been damaged by Chinese-crewed or Chinese-flagged vessels, often occurring near Taiwan’s Matsu, Penghu, and northern waters, suggesting deliberate targeting rather than random accidents.***

- ***In the Atlantic—just this week, [the UK Defense Secretary announced that a British warship and aircraft tracked Russian submarines trying to survey vital undersea infrastructure in the UK’s 200 nautical mile exclusive economic zone, with the Secretary warning President Putin: “we see your activity over our cables and our pipelines, and you should know that any attempt to damage them will not be tolerated and will have serious consequences.”](#)***

- To counter growing threats from China—on April 2, 2026, members of the U.S. House of Representatives introduced the bipartisan [the Critical Undersea Infrastructure Resilience Initiative Act](#) to protect Taiwan’s undersea cables.
 - This legislation aims to deploy advanced real-time monitoring systems, establish rapid response protocols for repairs, and enhance maritime awareness through joint patrols and allied coordination.
 - The bill also establishes a contingency planning group for scenario-based exercises, increases diplomatic pressure on China, and mandates sanctions against individuals involved in sabotaging critical undersea infrastructure.

- 1 April 2026: New Zealand and the Cook Islands have signed a defense and security declaration.
 - **Bottom-line:** the Cook Islands and New Zealand signed a defense agreement on April 1 requiring both nations to reach a consensus on matters relating to national security—with the new agreement seen as a response to a previous deal between the Cook Islands and China regarding infrastructure investment and deep-sea mining.
 - References:
 - [Eva Corlett, New Zealand signs defence pact with Cook Islands after quarrel over China deal \(The Guardian, Apr. 1, 2026\)](#)

Feb. 2023: Taiwan accused a PRC fishing vessel and cargo ship of cutting its two subsea cables from the main island to Matsu.	Oct. 2023: Hong Kong-flagged container ship <i>Newnew Polar Bear</i> damaged the Balticconnector pipeline in the Gulf of Finland.
Nov. 2024: PRC cargo ship <i>Yi Peng 3</i> cut the Baltic Sea Cable.	Jan. 2025: Taiwan drove off PRC-owned ship <i>Bao Shun</i> after it erratically sailed over subsea cables.
Jan. 2025: Taiwan’s CGA accused PRC-owned cargo ship <i>Shun Xing 39</i> damaged an international subsea cable near Keelung.	Feb. 2025: Taiwan alleged PRC-crewed cargo ship <i>Hong Tai 58</i> cut a subsea cable near Penghu.
Mar. 2025: The PRC unveiled a deep-sea cable cutter device.	Jun. 2025: Taiwan charged the captain of the <i>Hong Tai 58</i> , a PRC national, with 3 years in prison.
July 2025: The United States introduced a bill in the Senate to address PRC threats to undersea cables.	Apr. 2026: A companion bill was introduced in the House of Representatives.
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- Key Points:
 - The Cook Islands is a self-governing State in free association with New Zealand.
 - New Zealand suspended \$17 million in annual funding for the Cook Islands, citing national security concerns following a February 2025 strategic agreement reached between the Cook Islands and China.
 - China’s agreement with the Cook Islands—[another example of China’s attempt to expand its influence across the Indo-Pacific](#)—is the most expansive agreement Beijing has ever concluded with a South Pacific nation, pledging cooperation across economic and infrastructure development, seabed mining, and maritime resilience.
 - The New Zealand Foreign Ministry stated that the Cook Islands-China partnership was in violation of the Cook Island’s longstanding free association with New Zealand requiring mutual consultation to preserve shared interests.
 - ***The New Zealand-Cook Islands defense agreement reportedly requires bilateral consultation on matters of defense and national security in exchange for resuming funding.***

- March 2026: new report aims to identify different types and patterns of China’s disguised vessel activity.
 - **Bottom-line:** a new report from the Institute for the Study of War details suspicious and concealed Chinese vessel behavior in the waters around Taiwan—finding that ***China “uses disguise and concealment to confuse its adversaries, conduct sabotage and surveillance, clutter the information space, and ultimately set the conditions for further aggression.”***
 - References:
 - [Alison O’Neil & Daniel Shats, *Silent Shadows: Tracking Disguised PRC Vessels in the Taiwan Strait and South China Sea* \(Institute for the Study of War, Mar. 2026\)](#)
 - Key Points:
 - The report concluded:
 - “Concealment and suspicious vessel behavior give [China] de facto control over contested territories and the resources within”—with China using swarms of disguised vessels to physically block adversaries (including the Philippines and Japan) from accessing strategically important and resource-rich contested territories.
 - “[China’s] disguised vessels can perform military support functions, including surveillance and resupply”—with these disguised vessels acting as a militia force, conducting surveillance and providing logistical support, such as fuel resupply, to other Chinese ships.
 - “Vessel concealment gives [China] a deniable means of setting conditions and pretexts for conflict or seizure of territory”—with “[d]isguised vessels’ deniability allowing [China] to claim that their vessels’ encounters...are unprovoked attacks and use the opportunity to deepen [China’s] presence in a contested area.”
 - “Vessel concealment likewise allows [China] to degrade the threat response of both Taiwan and the Philippines, which must contend with constant low-intensity incursions that stretch Coast Guard resources and personnel.”

