CHAPTER 4

TAIWAN

Abstract

In 2022, China adopted a significantly more aggressive stance toward Taiwan, ramping up displays of military force in addition to diplomatic and economic coercion. Beijing has also carefully observed Russia’s war on Ukraine, presumably drawing lessons that would inform its approach if Chinese leaders ultimately decide to force unification with Taiwan. While the lessons being learned are not yet clear, Chinese leaders may conclude that managing information, mitigating the potential impact of sanctions, and examining the Russian military’s combat performance are paramount. For their part, Taiwan’s leaders may conclude on the basis of Ukraine’s experience that they must adopt an asymmetric warfighting strategy, involve the populace in resistance to a Chinese military operation, and build stockpiles of critical materials.

Key Findings

• Russia’s unprovoked invasion of Ukraine in 2022 provided a contemporary case study of the potential challenges and opportunities the People’s Republic of China (PRC) might face if its leadership decides to attempt unification with Taiwan through the use of force. The war in Ukraine also injected urgency into ongoing discussions in Washington and Taipei about how to enhance the island’s self-defense capabilities amid the People’s Liberation Army’s (PLA) massive military buildup as well as current and future challenges and disruptions to the global supply chains vital for weapons production.

• Beijing continued its multifaceted coercion campaign against Taiwan this year to isolate its people from the world. Chinese officials leveraged their power in international institutions to propagate falsehoods about a global consensus underpinning their “One China” principle and to prevent Taiwan from sharing its valuable expertise on issues ranging from global health to oceanic science. The PLA continued its intimidating and frequent operations in the air and waters around Taiwan, conducting large-scale live-fire exercises in August after Speaker of the U.S. House of Representatives Nancy Pelosi’s visit to Taiwan.

• Taiwan and the United States are pursuing closer economic and trade collaboration. In June 2022, the U.S.-Taiwan Initiative on 21st-Century Trade was launched as the two economies agreed to pursue deeper integration. The U.S.-Taiwan Initiative will also address shared concerns related to China’s nonmarket
practices, including discussions on state-owned enterprise and nonmarket economy-related issues.

- China’s economic coercion of Taiwan targets export industries that are both relatively small and highly dependent on China’s consumer market, attempting to send a political message and inflict pain on Taiwan while avoiding fallout on China’s own economy. The Chinese government used the pretext of Speaker Pelosi’s trip to increase its economic coercion of Taiwan, implementing a variety of import bans on food products that in particular originate from areas supportive of Taiwan’s President Tsai-Ing Wen. Beijing’s decision to leave the far more consequential trade in semiconductors untouched demonstrates its approach to economic targeting of Taiwan industries that are relatively small and highly dependent on China’s consumer market.

- Beijing’s messaging to foreign and domestic audiences evolved in new and concerning ways. Chinese officials’ international messaging asserted China’s ownership of the entire Taiwan Strait and conveyed their disdain for international norms. Speaking to its own members, the Chinese Communist Party (CCP) unveiled and credited to General Secretary of the CCP Xi Jinping a new “overall strategy for resolving the Taiwan question in the new era.” While much of the strategy repeats longstanding tenets of China’s policy toward Taiwan, certain phrases raise questions about whether the CCP could announce significant changes to Taiwan policy at its 20th Party Congress in late 2022.

- Taiwan’s effective containment of the novel coronavirus (COVID-19) pandemic and strong demand for Taiwan exports led to robust economic growth through the first quarter of 2022. In contrast to the extended lockdowns that have shuttered substantial swaths of China’s economy, Taipei has shifted to a less stringent set of COVID-19 management policies, allowing for greater economic openness. However, China’s lockdowns and inflationary concerns in advanced economies have slowed Taiwan’s growth relative to 2021.

- Taipei is accelerating efforts to respond to risks related to China-centric supply chains, including through cooperation with the United States. Domestically, development and investment initiatives continue to seek to draw Taiwan firms back from the Mainland, recalibrating cross-Strait supply chains.

**Recommendations**

The Commission recommends:

- Congress enact legislation creating a permanent interagency committee in the executive branch charged with developing options and creating plans for the imposition of sanctions or other economic measures in a range of possible scenarios, including (but not limited to) a Chinese attack, blockade, or other hostile action against Taiwan. This committee would evaluate the potential economic and political consequences of various options, coordinate their implementation, and advise Congress of any amendments to statutory authorities or mandates required to
enhance their effectiveness. The committee should coordinate and seek to devise joint plans with the relevant agencies of other governments that may be contemplating similar measures. The committee should include participants from the U.S. Departments of State, Treasury, Commerce, Defense, and Homeland Security.

- Congress direct the U.S. Department of Defense to produce a classified report on current and future military posture, logistics, maintenance, and sustainment requirements to bolster the United States’ “capacity to resist force” in the event of a Chinese attack and attempted invasion of Taiwan. The report shall assess the requirements for all scenarios, including protracted combat in a contested environment (e.g., anti-access, area denial), and evaluate how to best enable a dispersed, distributed force in the Indo-Pacific.

- Congress should make available significant additional multiyear defense funds in conjunction with: (i) a joint planning mechanism made up of Taiwan and U.S. defense officials identifying sets of interoperable and complementary capabilities required for the defense of Taiwan; and (ii) Taiwan legislatively committing significant additional funds to procure its share of those capabilities for its military.

**Introduction**

Speaker Pelosi and a delegation of five Members of the House of Representatives visited Taiwan on August 2–3, 2022. The day after Speaker Pelosi departed Taiwan, the PLA began a series of live-fire exercises that some observers described as unprecedented in scale and proximity to the island. Scores of Chinese military aircraft and naval vessels crossed the median line, long an informal buffer between the Chinese and Taiwan militaries, while Eastern Theater Command forces conducted a variety of firepower strike and combat drills that could facilitate a blockade or invasion in six zones encircling the island. The PLA’s test-firing of missiles into Taiwan’s eastern waters, some of which reportedly overflew the island and five of which landed in Japan’s exclusive economic zone, shattered convention and appeared intended to intimidate the people of Taiwan and U.S. allies that might oppose a Chinese military operation against Taiwan. The United States and its Group of 7 allies both released statements condemning China’s military response as extreme, disproportionate, and needlessly escalatory. The most noteworthy aspect of the August 2022 exercises, however, was arguably the fact that they were entirely consistent with Beijing’s longstanding strategy to isolate Taiwan through coercion and changes to the status quo. This strategy played out across the military, diplomatic, and economic realms in 2022 as the top CCP leadership geared up for its Party Congress in the fall. This section analyzes developments in Taiwan’s security, external relations, and economy between late 2021 and late 2022. It is based on the Commission’s consultations with experts, open source research, and its August 2022 hearing on “Challenges from Chinese Policy in 2022: Zero-COVID, Ukraine, and Pacific Diplomacy.”
Cross-Strait Politics and Military Relations

China employed harsh rhetoric toward Taiwan in 2022 while provocatively operating in the air and waters near the island. The PLA also continued to train its force for a wartime campaign against Taiwan, though U.S. officials assessed there were no indications of an imminent attack. The CCP's domestic propaganda apparatus unveiled General Secretary Xi's “overall strategy for resolving the Taiwan question in the new era” at the Sixth Plenum in November 2021 and elaborated on its contents in a series of official and media commentaries in the months afterward, prompting speculation that the CCP may announce more changes in Taiwan policy after the 20th Party Congress in the fall of 2022. Meanwhile, Taiwan's government sought to improve military readiness by examining a potential extension of compulsory military service, piloting a new training program for the reserve forces, and increasing defense spending. Alarmed by the war in Ukraine, Taiwan citizens began to prepare for a potential invasion through grassroots civil defense seminars, and public polling appeared to show more public support for traditionally unpopular military reforms than before.

Beijing Publicly Threatens War to Deter “Separatism” while Internally Promoting Its New “Overall Strategy” for Resolving the Taiwan Question

Chinese officials adopted a bellicose and uncompromising stance on Taiwan in remarks aimed at the United States and the international community in 2022, sparking concerns Beijing might use force to resolve its territorial disputes and constrain freedom of navigation to lay the groundwork for forcible unification with the island. The CCP's messaging to politicians on Taiwan adopted a similar tone, suggesting Beijing would not engage constructively with the island's democratically elected leadership for the foreseeable future. Chinese officials' efforts to deter what they characterize as destabilizing moves by the United States and Taiwan were consistent with the much-touted “overall strategy for resolving the Taiwan issue in the new era,” which largely restates China's longstanding policy of encouraging “peaceful reunification” through economic and cultural integration while forestalling a declaration of independence through threats of force.

China Aggressively Claims Ownership over Taiwan and the Taiwan Strait

In remarks aimed at the international community in 2022, Chinese officials claimed ownership of Taiwan and threatened to respond violently to moves facilitating Taiwan's independence. In an interview with National Public Radio in January 2022, Chinese Ambassador to the United States Qin Gang described Taiwan as the “biggest tinderbox between the United States and China” and warned, “If the Taiwanese authorities, emboldened by the United States, keep going down the road for independence, it most likely will involve China and the United States, the two big countries, in a military conflict.” He repeated China's longstanding position that Chinese leaders would not rule out the use of force to achieve unification because doing so would undermine their ability to deter a
declaration of independence. At the annual Shangri-La Dialogue in June 2022, Chinese Minister of National Defense General Wei Fenghe emphasized that “Taiwan is first and foremost China's Taiwan” and vowed that Beijing would resolutely “crush” efforts to pursue independence through the use of force. “If anyone dares to secede Taiwan from China, we will not hesitate to fight,” he said. “We will fight at all costs and we will fight to the very end.” Both sets of remarks signaled Beijing’s resolve to prevent the formal separation of Taiwan from the Mainland, something its officials describe as a “core interest.”

Chinese officials have also recently departed from precedent by asserting ownership of the entire Taiwan Strait, challenging internationally recognized principles of freedom of navigation in the Indo-Pacific region. According to Bloomberg, Chinese military officials in multiple meetings at various levels this year have told their U.S. counterparts that the Taiwan Strait is not within international waters, generating concern in Washington. Instead, Chinese officials assert that the Taiwan Strait is part of China’s exclusive economic zone (EEZ) and believe there are limits to the activities of foreign military vessels in those waters. Chinese Foreign Ministry Spokesperson Wang Wenbin said publicly in mid-June that “China has sovereignty, sovereign rights and jurisdiction over the Taiwan Strait” and alleged that “certain countries call the Taiwan Strait ‘international waters’ in order to find a pretext for manipulating issues related to Taiwan.” The U.S. government responded to Spokesperson Wang’s remark by stating that “the Taiwan Strait is an international waterway… where high seas freedoms, including freedom of navigation, [and] overflight, are guaranteed under international law” and reasserting that the U.S. military will operate wherever international law allows. Similarly, Taiwan’s foreign ministry spokesperson stated that most of the Taiwan Strait constitutes international waters and the U.S. and allied naval presence served to “promote peace and stability in the region.” In mid-August, Ambassador Qin issued a veiled warning that China could respond militarily to any future routine transits of the Taiwan Strait by U.S. naval vessels. China’s statements may aim to establish a legal basis on which to attempt to deny U.S. and foreign military vessels access to the Taiwan Strait.

Beijing Continues to Freeze Out Taipei and Chastises Both Major Parties

Cross-Strait political relations remained frigid this year as Beijing continued to refuse to engage the Tsai Administration construc-
tively and insisted on Taipei's acceptance of the “1992 Consensus” as a precondition for dialogue.* Instead, Chinese officials continued to endorse “one country, two systems”† as a viable framework for unification despite the framework's failure in Hong Kong and unpopularity in Taiwan, emphasizing their willingness to use force against the island if necessary. Twenty. The CCP's domineering public statements contrasted sharply with overtures by President Tsai and Premier Su Tseng-chang, who both expressed Taipei's willingness to engage with Beijing in the spirit of goodwill on the basis of equality and reciprocity.²²

Chinese officials also criticized both mainstream political parties in Taiwan for their stance on cross-Strait relations in 2022. Chinese officials and media repeated their longstanding accusations that the ruling Democratic Progressive Party (DPP) is planning to achieve independence and alleged the party is conducting a “green terror”‡ to harass Taiwan people friendly to the Mainland. China's Taiwan Affairs Office also departed from its traditionally friendly treatment of the Kuomintang (KMT) by lashing out at KMT Chairman Eric Chu§ after he called the 1992 Consensus a “non-consensus consensus” during a visit to the United States in June 2022. The office's spokesperson warned that “the 1992 Consensus cannot be willfully

*The “1992 Consensus” refers to a tacit understanding that the Kuomintang (KMT) under then-President Ma Ying-jeou and Beijing said was reached between representatives of Taiwan and China in 1992 regarding the idea that there is only one state called “China” and that both mainland China and Taiwan belong to that state. The KMT defined the consensus as “one China, respective interpretations,” interpreting “one China” as the Republic of China, the formal name of Taiwan's government. By contrast, Beijing accepts only the definition embodied in its “one China” principle: mainland China and Taiwan are part of one and the same China, the PRC, and Taiwan is a subnational region. Although in official documents and statements Beijing has never acknowledged that the consensus allows different interpretations of “one China,” in practice it has at times officially ignored, but grudgingly tolerated, the KMT's definition of the consensus. By contrast, the ruling Democratic Progressive Party and current Taiwan Administration have consistently refused to recognize the 1992 Consensus or the “one China” principle. For more, see U.S.-China Economic and Security Review Commission, Chapter 5, “Taiwan,” in 2019 Annual Report to Congress, November 2019, 459.

‡ Ahead of Taiwan's 2020 presidential election, the KMT and mainland officials accused the DPP of carrying out a “green terror” campaign to suppress pro-Beijing political dissent, charging that the passage of the Anti-Infiltration Act and other political measures would enable the DPP to suppress its political opponents. The Anti-Infiltration Act increased penalties for those accepting money or guidance from mainland China to lobby Taiwan politicians or participate in election campaigns. The term “green terror” is a variation on “white terror,” a political term used in Taiwan to describe the campaign of political repression carried out by the KMT during the period of martial law from 1949 to the late 1980s. During the “white terror” period, at least 140,000 people were convicted of political crimes in military courts, and 4,000–5,000 people were executed between 1950 and 1954 alone. Green is the official color of the DPP. Oiwm Lam, “Ahead of Taiwan's ‘One Country, Two Systems' Stand in 2020?” Diplomat, February 13, 2020.

§ Chu won the election for KMT chairmanship in September 2021, defeating incumbent Chairman Johnny Chiang. Chu previously served as KMT chairman and met with General Secretary Xi in Beijing in 2015. The CCP did not send a congratulatory letter to Chiang after his election, departing from its usual practice of congratulating the new KMT chairman through party-to-party communication, signaling its disapproval of Chiang's desire to potentially abandon the 1992 Consensus to make the KMT more electable. It did, however, send congratulations to Chu upon his election. Keoni Everington, “Beijing Fails to Congratulate Taiwan KMT's New Chairman,” Taiwan News, March 9, 2020.
distorted” and urged the KMT to “stay on the correct path.” Despite this criticism of Chairman Chu, the KMT still participated virtually in the Mainland’s 14th annual Straits Forum, which Taiwan’s Mainland Affairs Council has described as a major venue by which China carries out “United Front” work. The KMT’s vice chairman also went through with a pre-planned trip to the Mainland in early August after the PLA began military exercises in response to Speaker Pelosi’s visit.

How Will the “China Factor” Impact Taiwan’s 2024 Presidential Election?

Taiwan’s relationship with China is among the most important political issues in any Taiwan national election, and the 2024 presidential election is no exception. President Tsai is approaching the end of her second consecutive term and is ineligible to run again due to term limits. Pollsters in Taiwan have already identified likely contenders from each of the island’s major parties, and media outlets on and off the island have begun scrutinizing the candidates’ words and actions for insight into their stance on China. The November 2022 “nine-in-one” local elections may foreshadow the 2024 race insofar as the results reflect continuing public support for the reigning DPP or precipitate an internal party revolt against current KMT Chairman Chu, who is seeking to make the KMT more electable by shifting its unpopular positions on issues like the 1992 Consensus and its image as a “pro-China” party. Media sources speculate that the DPP will likely choose current Vice President William Lai, who was President Tsai’s running mate in the 2020 election and has described himself as a “political worker advocating for Taiwan independence.” The KMT may field current New Taipei Mayor Hou Youyi, who has recently signaled his independence from the party line and is among the most popular politicians in Taiwan, or Chairman Chu, who is facing significant challenges.

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*China uses “United Front” work to co-opt and neutralize sources of potential opposition to the CCP’s policies and authority. The CCP’s United Front Work Department—the agency responsible for coordinating these kinds of influence operations—carries out global influence operations and manages potential opposition groups inside China, such as ethnic minorities, religious groups, and intellectuals outside of the CCP. The United Front Work Department’s operations toward Taiwan aim to suppress the Taiwan independence movement, undermine local identity, and promote support for “one country, two systems.” For more on the United Front Work Department, see Alexander Bowe, “China’s Overseas United Front Work: Background and Implications for the United States,” U.S.-China Economic and Security Review Commission, August 24, 2018, 3.

†By contrast, the KMT under Chiang boycotted the 12th Straits Forum in 2020 after a talk show on Chinese state-run central television ran a headline during the show describing the forthcoming visit of the KMT delegation as Wang Jin-pyng “coming to the Mainland to plead for peace.” Nick Aspinwall, “Taiwan’s KMT Skips Key Cross-Strait Forum over Comment by Chinese Talk Show Host,” Diplomat, September 21, 2020.

‡Taiwan-based scholar Nathan Batto calls this single dominant political fault line over Taiwan’s national identity “the China cleavage.” Nathan Batto, “The NPP’s Internal Divisions, Ko’s New Party, and the China Cleavage,” Frozen Garlic, 2019.

§Nine categories of elected office, ranging from mayors and heads of large counties to chiefs of small villages, are up for grabs in these local elections, which occur every four years.

¶Chairman Chu has sought to portray the KMT as “pro-United States” by visiting the United States, attending the reopening of the KMT’s office in Washington, and emphasizing the KMT’s long history of ties with the United States. Even so, a June 2022 poll conducted by the Taiwanese Public Opinion Foundation found that 65 percent of respondents view the KMT as a “pro-China” political party. Courtney Donovan Smith, “Is the New KMT Pro-US Shift Actually for Real?” Taiwan News, June 22, 2022; Taiwan Public Opinion Foundation, “June 2022 National Polls Summary Report” (2022 年 6 月全國性民意調查摘要報告), June 21, 2022. Translation.
How Will the “China Factor” Impact Taiwan’s 2024 Presidential Election?—Continued

from so-called “deep blue”* members of the party favoring closer ties—or even unification—with China. The recently established Taiwan People’s Party, which some polls have shown is more popular than the KMT, may put forward Taipei City Major Ko Wen-je, who has stated that China and Taiwan are “one family across the Strait” and supported a proposed bridge linking Taiwan’s outlying islands with the Mainland.

China Hardens Its Position on Taiwan ahead of 20th Party Congress

While the Chinese government continued to accuse the United States of changing the “status quo” in the Taiwan Strait, several signs emerged that its own position toward Taiwan is hardening ahead of the 20th Party Congress. These signs include the debut of the CCP’s new “overall strategy” for managing cross-Strait relations and the publication of an official white paper on Taiwan that omits some of the assurances China has previously made that Taiwan would enjoy a high degree of autonomy under “one country, two systems.”

CCP Touts “Overall Strategy” for Resolving the Taiwan Question ahead of the 20th Party Congress

Since November 2021, CCP officials and media have promoted the Party’s “overall strategy for resolving the Taiwan question in the new era” as a novel, comprehensive, and theoretically profound framework for achieving Taiwan’s unification with the Mainland. Most of the strategy is consistent with the policy of “peaceful reunification” that China has pursued toward Taiwan since the late 1970s, however. According to a July commentary by Taiwan Affairs Office Director Liu Jieyi in People’s Daily, the strategy encompasses five lines of effort. First, China views “reunification” as an “inevitable requirement” of national rejuvenation and will promote both aims at the same time, aiming to “create a favorable environment in the Taiwan Strait” and rely on “our growing comprehensive strength and significant institutional advantages.” Second, China continues to view “peaceful reunification and one country, two systems” as the best policy option but still reserves the option to use force as required. Third, China maintains that the “One China principle”† and 1992 Consensus are the political foundation of cross-Strait relations and the precondition for any official dialogue with Taipei. Fourth, China will continue to promote cross-Strait integration and development, namely through economic initiatives and cultural exchanges. Finally, China will continue its efforts to deter Taiwan

* Political parties in Taiwan are affiliated with different colors: green stands for the DPP and blue stands for the KMT, for example.
† The “One China principle” refers to the Chinese government’s position that Taiwan is an inalienable part of the state called “China” ruled by the PRC. By contrast, the “one China policy” refers to the U.S. government position that the PRC—rather than the Republic of China government on Taiwan—is the sole legal government of China and acknowledges the Chinese position that Taiwan is part of China.
politicians from declaring independence and foreign countries from “interfering” in any matter China regards as its internal affairs. Director Liu described the strategy as “a theoretical crystallization of epoch-making significance for Taiwan work” and credited Xi with most of the theoretical innovation behind the strategy. Like other officials before him, Director Liu called on CCP members at all levels to “thoroughly study and implement” the new guidance on Taiwan work.

Despite this continuity, the CCP’s use of certain phrases in connection with the strategy raises questions about whether it foreshadows a significant change in Taiwan policy at the upcoming 20th Party Congress. The strategy’s inclusion of the words “resolving” and “in the new era” could imply that China seeks a definitive solution to the ongoing dispute over Taiwan’s political status during Xi’s tenure instead of postponing unification indefinitely. Chinese officials discussing the need to implement Xi’s guidance on Taiwan work have also asserted that China possesses “the initiative” in cross-Strait relations, suggesting Beijing believes it controls the direction and pace of cross-Strait relations. According to John Dotson, deputy director at the Global Taiwan Institute, China’s narratives surrounding its “initiative” to resolve Taiwan’s political status show that Beijing seeks to deny Taiwan’s people legitimacy or agency over their own affairs. Instead, Beijing seeks a position of dominance in cross-Strait relations, believes there is an “inevitable historical trend” of unification with Taiwan, and insists that Taiwan’s populace bow to China’s superior power and authority, Mr. Dotson argued in a May analysis.

**Official White Paper Suggests “One Country, Two Systems” for Taiwan Will Be Less Autonomous**

China also published a white paper in August 2022 that discusses “one country, two systems” in a post-unification Taiwan in ways that suggest Beijing intends to exert more control over Taiwan than it has promised in the past or than it has in Hong Kong. The 2022 white paper emphasizes that Beijing remains committed to peaceful unification and “one country, two systems,” remaining consistent with the 1993 and 2000 white papers in its expression of Beijing’s preferences (see Appendix for a detailed comparison of the three white papers). The white paper states that China’s national development and growing influence “set the direction of cross-Strait relations,” providing China with “a more solid foundation for resolving the Taiwan question and greater ability to do so.” It also repeats the call of previous white papers to deepen cross-Strait engagement and clarifies that the “use of force would be the last resort taken under compelling circumstances.” At the same time, the white paper makes clear “one country, two systems” as previously conceived is too lax to account for challenges to its authority that Beijing anticipates in a post-unification Taiwan. Unlike its 1993 version, the 2022 white paper does not contain assurances of the specific rights Taiwan could enjoy after unification that would allow the island to keep its democratic political system. These missing assurances include Taiwan’s right to “its own
administrative and legislative powers”; “an independent judiciary and the right of adjudication on the island”; the ability to “run its own party, political, military, economic, and financial affairs”; the right to “keep its military forces” and corollary promise that “the Mainland will not dispatch troops or administrative personnel to the island” (also repeated in the 2000 version); and the prospect that “representatives of the government of the special administrative region and those from different circles of Taiwan may be appointed to senior posts in the central government and participate in the running of national affairs.” 55 The omission of the promise not to dispatch mainland troops leaves open the possibility that the PLA might occupy Taiwan for an extended period of time as Beijing roots out those it deems separatists who cannot be brought into the fold of a unified society. Moreover, the 2022 white paper’s language contradicts the 2000 white paper’s promise that “after peaceful reunification, [the Mainland] is prepared to apply a looser form of the ‘one country, two systems’ policy in Taiwan than in Hong Kong and Macao.” 56 Instead, the 2022 white paper notes that “Hong Kong faced a period of damaging social unrest caused by anti-China agitators both inside and outside the region,” leading the CCP to make “appropriate improvements” to “one country, two systems” similar to those applied in Hong Kong that presumably would be implemented in Taiwan after unification. 57

Some Mainland Voices Advocate for More Repression in a Unified Taiwan ahead of 20th Party Congress

Some Chinese academics and diplomats have gone farther than official policy in their calls for greater restrictions on politics and society in a post-unification Taiwan, potentially reflecting currents of thinking that may influence adjustments in Taiwan policy announced after the 20th Party Congress in the fall. Tian Feilong, a leading hardline intellectual and staunch advocate for Hong Kong’s 2020 National Security Law, published an article in July 2021 assessing that the difficulty of bringing Hong Kong under mainland control had proven “the ‘one country, two systems’ system design that simply delegates power and benefits is not an ideal and sound solution, and effective institutional arrangements for state authority must be made at the beginning.” 58 He argued that ensuring stability in Taiwan after unification would require governance by “patriots” only; a new “national unification law” as well as updates to the Anti-Secession Law, the Hong Kong National Security Law, and the Anti-Foreign Sanctions Law; the incorporation of pro-CCP content into the curriculum for all Taiwan students; and Taiwan’s participation in Chinese global initiatives like the Belt and Road Initiative (BRI), among other things. 59 More recently, China’s Ambassador to France, Lu Shaye, told the French press repeatedly in August 2022 that China would need to “reeeducate” Taiwan’s population after unification to counteract popular support for independence and cultivate acceptance of the CCP’s rule. 60 His remarks about reeducation echoed Beijing’s language surrounding its treatment of Uyghurs in Xinjiang, who are forcibly interned in “reeducation” camps for political indoctrination. 61
Beijing Intensifies Coercion while Taipei Mulls Military Reform

PLA Escalates Frequent and Intimidating Operations around Taiwan

The PLA escalated its provocative operations around Taiwan in 2022, violating the island’s air defense identification zone (ADIZ) on an almost daily basis to attempt to normalize its presence in the area (see Figure 1). According to a database maintained by Systems Planning and Analysis, Inc. analyst Gerald Brown that compiles data published by Taiwan’s Ministry of National Defense, PLA aircraft made approximately 1,286 sorties into Taiwan’s ADIZ between January and October 6, 2022, exceeding the 972 sorties that occurred over the entirety of 2021 by 32 percent. About 26 percent of these, or 339 sorties, occurred over the first three weeks of August as the PLA conducted military exercises in response to Speaker Pelosi’s visit to Taiwan. U.S. officials have repeatedly condemned China’s violations of Taiwan’s ADIZ in 2022, including U.S. Secretary of Defense Lloyd Austin in his recent speech at the annual Shangri-La Dialogue.

The PLA also practiced a variety of military operations in 2022 relevant to a Taiwan conflict, all of which likely aimed to deter intervention by outside parties, enhance military readiness, and make routine its presence in the Strait and around Taiwan. The most significant of these exercises occurred between August 4 and 10 following Speaker Pelosi’s trip to Taiwan, though the PLA carried out a number of small-scale training events during the first half of the year and flew a joint strategic bomber patrol with Russia near Japan in June. The August exercises reportedly involved:

- Live-fire drills and military operations carried out in six zones encircling the island of Taiwan, which allowed the PLA to target the island from the north, south, east, and west. Previous PLA exercises and the live-fire exercises targeting Taiwan during the 1996 crisis had been held along the coasts of Fujian and Zhejiang provinces. Several of the zones appeared to extend within 12 kilometers (6.5 nautical miles) of Taiwan’s coast, an area regarded as territorial seas under the UN Law of the Sea.

- Test-firing of long-range rockets and conventional missiles from four regions in China into multiple exercise zones. Japan’s Ministry of National Defense reported that China fired nine short-range ballistic missiles into four exercise zones, assessing that five had landed in Japan’s EEZ and that four had likely flown over Taiwan. By contrast, China and Taiwan both reported that 11 missiles had been fired. Taiwan’s Ministry of Defense did not issue air raid warnings and said that the mis-

*On August 1, China announced it would conduct military exercises in the South China Sea between August 2 and 6 as well as military exercises including live-fire drills around Taiwan between August 4 and 7. Though the military exercises around Taiwan were slated to end on August 7, China announced new military operations around Taiwan on August 8 and 9 to practice “joint anti-submarine and sea assault” and “joint containment and joint support.” The PLA’s Eastern Theater Command announced the end to the military exercises on August 10, but PLA aircraft and vessels continued to operate around Taiwan in the weeks afterward. China Power Project, “Tracking the Fourth Taiwan Strait Crisis (Updated August 19),” Center for Strategic and International Studies, August 19, 2022.
Figure 1: PLA Incursions in Taiwan’s ADIZ, October 2021 to October 6, 2022

siles had flown high above the atmosphere, posing no threat to people on the island.74

- Large numbers of Chinese military aircraft operating in Taiwan’s ADIZ and crossing the median line* (see Figure 2), though there were no credible reports that any aircraft had entered Taiwan’s territorial airspace.75 Unmanned aerial vehicles (UAVs) also flew over Taiwan’s Kinmen Islands and Matsu Islands.76

- Large numbers of Chinese naval vessels operated in the waters around Taiwan, with some crossing the median line, though Taiwan’s Ministry of National Defense confirmed that none had come within 24 nautical miles of the coast.77 During the exercises, Chinese and Taiwan warships reportedly played a game of “cat and mouse,” sailing at close quarters as the Taiwan vessels monitored or at times attempted to prevent Chinese vessels from crossing the median line.78

- The PLA Eastern Theater Command carried out what Chinese state media described as training focusing on “practical subjects” such as “joint containment and control”—its euphemism for operations supporting a blockade—simulated firepower strikes on land and maritime targets, air superiority operations, joint anti-submarine warfare, and joint support.79 The PLA Navy, Air Force, Rocket Force, Strategic Support Force, and Joint Logistic Support Force all reportedly participated, suggesting that the PLA also tested new command and control structures implemented after the 2015 military reorganization.80

- Disruptions to civilian sea and air traffic as marine shippers and airlines rerouted to avoid the areas the PLA had declared off-limits during the exercise.81

While certain aspects of the PLA’s August exercises were novel, others seemed consistent with the CCP’s previous coercive activities toward Taiwan and intended mainly to achieve deterrent effects. Some U.S. media outlets and experts described the exercises as “unprecedented” in terms of scale and proximity to Taiwan, emphasizing the high tempo of aircraft flights the PLA sustained over the exercises and the fact that the PLA had apparently shattered previous norms against shooting missiles over the main island of Taiwan or into the EEZs of U.S. allies like Japan.† At the same time, the PLA’s dispatch of large numbers of military aircraft into

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*The median line, also known as the center line, is an informal demarcation extending down the middle of the Taiwan Strait. The line was drawn in 1955 by General Benjamin O. Davis, then commander of the U.S. Air Force’s Taiwan-based 13th Air Force. While the Chinese government never formally agreed to the establishment of the median line, both the PLA and Taiwan’s military observed the line in practice. In the decades immediately following the drawing of the median line, Taiwan’s military superiority made it too dangerous for PLA aircraft to cross the line. In fact, the Taiwan military also never publicly acknowledged the median line until 1998, when the PLA’s first deliberate crossing occurred, because it could control the airspace over the entire Taiwan Strait. With the shift in the cross-Strait military balance in China’s favor over the last two decades, Taiwan is no longer able to prevent PLA planes from crossing the line. While China’s foreign ministry said in September 2020 that the median line did not exist, Taiwan’s defense ministry described its existence as a “fact” in August 2022. For more, see U.S.-China Economic and Security Review Commission, Chapter 5, “Taiwan,” in 2019 Annual Report to Congress, November 2019, 449.

†Some analysts also assessed that the UAV flights over Taiwan’s offshore islands were an historical first. Center for Strategic and International Studies, “The Military Dimensions of the Fourth Taiwan Strait Crisis,” August 23, 2022; China Power Project, “Tracking the Fourth Tai-
Figure 2: Crossings of the Median Line in August 2022

Note: Prior to the August 2022 exercises, PLA aircraft had crossed the median line twice in September 2021 and once in May 2022.
Taiwan’s ADIZ mirrored some of the air activities it has conducted in the Taiwan Strait over the past two years, and neither its missiles nor its ships actually entered Taiwan’s territorial waters, aligning with past PLA practice when operating around Taiwan.* Notably, some of the missiles China launched into the waters around Taiwan appeared to be DF-15B short-range ballistic missiles, which are optimized for land targets, rather than antiship missiles, which would have been more appropriate for simulating precision strikes on enemy ships. According to public reporting, the exercises also did not appear to integrate amphibious operations; include visit, board, search, and seizure activities that would be required to inspect vessels attempting to transit a blockaded area; or feature enough ships, aircraft, submarines, and surface-to-air missile units working in concert to repel intervening forces.

**Gray Zone Activities Lay the Groundwork for Enforcement of China’s Claims over Taiwan**

China also continued to conduct gray zone activities† around Taiwan, normalizing its presence near the island and potentially creating a pretext for future enforcement of its territorial claims. In November 2021, members of Taiwan’s Mainland Affairs Council expressed concern that the Chinese Coast Guard‡ constituted a de facto “second navy” and that it might attempt to interdict the Taiwan Coast Guard Administration’s regular maritime law enforcement duties, such as disrupting illegal fishing or checking merchant vessels for stowaways. In July 2022, Chinese media also reported that a large patrol and rescue ship known as Haixun 06 had been commissioned and assigned to the Fujian Maritime Safety Administration.§ Haixun 06 will reportedly patrol the Taiwan Strait to conduct emergency rescues of mainland and Taiwan vessels involved in maritime traffic accidents. The commissioning of Haixun 06 came just weeks after Chinese officials claimed sovereignty over the entire Taiwan Strait, leading some analysts to assess that the ship’s patrol activities will create a pretext for the potential enforcement of Chinese maritime laws in the Taiwan Strait.

**Chinese Disinformation and Propaganda Flood Taiwan’s Information Environment**

In 2022, China continued to target Taiwan with coordinated disinformation campaigns to subvert public trust in its institutions and epidemic response. Disinformation campaigns have been carried out by

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*For example, PLA aircraft conducted 149 sorties into Taiwan’s ADIZ over the first four days of October 2021 during China’s National Day celebrations. Adrian Ang U-Jin and Olli Pekka Suorsa, “Explaining the PLA’s Record-Setting Air Incursions into Taiwan’s ADIZ,” Diplomat, October 14, 2021.
†Gray zone activities are coercive actions to change the status quo that remain below the threshold justifying a kinetic military response. Lyle J. Morris et al., “Gaining Competitive Advantage in the Gray Zone: Response Options for Coercive Aggression below the Threshold of Major War,” RAND Corporation, 2019, iii.
‡The Chinese Coast Guard is subordinate to the People’s Armed Police force, which in turn answers to the Central Military Commission. This operating structure mirrors that of the PLA and effectively puts Chinese maritime law enforcement activities under the control of its military. Shigeki Sakamoto, “China’s New Coast Guard Law and Implications for Maritime Security in the East and South China Seas,” Lawfare, February 16, 2021.
§Unlike the Chinese Coast Guard, the Maritime Safety Administration is not directly subordinate to the Central Military Commission.
China’s central government, China’s local governments, Chinese companies acting as content farms, or Taiwan-based public figures who unwittingly propagate fake news.* In January, the Investigation Bureau of Taiwan’s Ministry of Justice said China is currently using more than 400 fake accounts † to spread disinformation on Taiwan’s most popular social media and internet forums to divide society and interfere with the upcoming elections.‡ In May, National Security Bureau Director-General Chen Ming-tong stated publicly that China pays and trains Taiwan social media celebrities (or “influencers”) to produce fake content in what he termed “cognitive warfare.”† In January 2022, Chinese media company CMG Cross-Strait Radio and the TV program Looking at the Taiwan Strait released the music video for the ballad “We’re Singing a Song Together” featuring major Taiwan pop stars Jam Hsiao and Nana Ouyang. Alternating between Mandarin, Hokkien, and Southern Min—all languages spoken in Taiwan—the ballad’s lyrics convey pro-unification messages such as likening Taiwan’s people to “fallen leaves returning to their roots in China” and emphasizing that “the two sides [of the Taiwan Strait] have always been one family.” More broadly, Chinese-language pro-Russian fake news of probable Chinese origin has flooded Taiwan’s online environment since the start of Russia’s invasion into Ukraine, amplifying Kremlin and CCP narratives about the origin of the crisis.96

China also continued leveraging Taiwan celebrities to manufacture grassroots support for unification.97

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* In February, the Taiwan FactCheck Center found that 90 percent of those polled in a recent survey reported having encountered disinformation at some point in the past, and 93 percent said disinformation is having a “serious impact” on Taiwan’s society. Yang Mien-chieh and William Hetherington, “Most Taiwanese Encounter Media Disinformation: Poll,” Taipei Times, February 20, 2022.

† The Investigation Bureau said it investigated 2,773 cases of fake accounts propagating such information in 2021 alone, tracing them back to content farms in mainland China. Chen Li-chung, “PRC Targets Taiwan with New Disinformation Ploy,” Taipei Times, January 24, 2022.

‡ China launched a major but ultimately unsuccessful campaign to influence the results of Taiwan’s 2020 presidential election. For more, see Nick Monaco, Melanie Smith, and Amy Studdart, “Detecting Digital Fingerprints: Tracing Chinese Disinformation in Taiwan,” joint report by the Institute for the Future’s Digital Intelligence Lab, Graphika, and the International Republican Institute, August 2020.

Taiwan Debates New Steps to Resist Beijing's Military Pressure

Taiwan Explores Ways to Enhance Military Readiness

Taiwan’s government has explored, though not yet implemented, several ways to enhance military readiness this year. Taiwan’s regular military is in the midst of a transition to an all-volunteer force and suffers from a shortage of active-duty personnel, with some front-line combat units reportedly at only 60 percent of their required manpower. Some critics have panned training for both active-duty army personnel and the reserve forces as scripted and unrealistic. Problems of military readiness are particularly acute in Taiwan’s reserve force. Taiwan’s Ministry of National Defense has assessed that only one-third of its 2.3 million reservists were demobilized recently enough to be effective if they were to be mobilized for conflict. Of that fraction, over 40 percent have completed only basic training and another 45 percent were conscripts who served for no more than four months. Taiwan’s Ministry of National Defense can mobilize only 260,000 reservists quickly enough to respond to a crisis. Some analysts have also expressed concern that the Ministry of National Defense is not consistently implementing the asymmetric warfighting strategy known as the Overall Defense Concept that it adopted just a few years ago. Taiwan’s military also struggles to recruit soldiers from a society in which military service is often regarded with disdain and military careers are often seen as a last resort. President Tsai has called for sweeping reforms to address these longstanding deficits during both her terms, but progress has been slow (for more, see Chapter 4, “A Dangerous Period for Cross-Strait Deterrence: Chinese Military Capabilities and Decision-Making for a War over Taiwan” in the Commission’s 2021 Annual Report).

Top Taiwan government and defense officials proposed several solutions to ameliorate these problems in 2022. The All-Out Defense Mobilization Agency was launched in January 2022 to improve Taiwan’s capacity to mobilize its reserves and signal Taiwan’s willingness to resist a Chinese invasion. In March, Taiwan’s defense minister proposed extending compulsory military service from four months to one year, a change that one poll found nearly 76 percent of respondents favored. The Ministry of Defense has also set up a task force to research extending mandatory military training to women, a move that one poll found 56 percent of respondents favored. A new pilot program featuring extended training for about 15,000 reservists also began in March 2022. Reservists participating in the program receive two weeks of training instead of the standard five to seven days, and they spend more time on combat training instead of support tasks. The Ministry of Defense also released a civil defense handbook in April 2022 to help civilians survive an invasion, though it announced that a forthcoming revision would be released in September 2022 after receiving withering public comments that its content was impractical.

* The decision on whether to extend conscription will not be made for about a year.
† The program will be reviewed in the fourth quarter of 2022 before a final decision is made about whether to adopt it.
Taipei also increased its defense spending to fund capabilities that would counter a PLA invasion. In January 2022, Taiwan’s Legislative Yuan passed a special budget of $8.6 billion to procure precision missiles, UAVs, missile corvettes, and naval weapons systems for the Taiwan Coast Guard’s patrol vessels during wartime.\(^{114}\) Yet Taiwan’s defense budget today still only constitutes 1.5 percent of gross domestic product (GDP) (see Figure 3).\(^{115}\) While Taiwan’s defense budget has been increasing on an absolute basis each year since 2017, it has nonetheless continuously declined as a percentage of GDP over the last decade.\(^{116}\) This is likely to change in 2023, however, as Taiwan responds to Beijing’s growing hostility with a proposed defense budget that is set to increase at a greater rate than GDP for the first time in a decade.\(^{117}\)

**Figure 3: Taiwan’s Defense Budget vs. GDP, 2009–2023**

\[\text{Note: GDP and budget estimates for 2023 are projections.} \]
\[\text{Source: Various.}^{118}\]

**Taiwan’s Civilians Take Defense Matters into Their Own Hands**

Concerned by Russia’s invasion of Ukraine, some Taiwan citizens have signed up for first aid and weapons training courses to prepare themselves for a potential Chinese invasion.\(^{119}\) Taipei-based Forward Alliance, a nongovernmental organization that trains civilians in medical skills relevant for emergencies and disasters, told *Newsweek* in June 2022 that its workshops have been fully booked for weeks.\(^{120}\) While instructors are holding 15 classes a month, the waiting list is more than 1,000 people long, and Forward Alliance’s founder acknowledged that the organization was “completely overwhelmed by demand.”\(^{121}\) Others have flocked to airsoft training classes, where they can practice shooting low-powered air guns without metallic projectiles to safely replicate realistic training.\(^{122}\) The chief executive of one airsoft company, Polar Light Training, said the numbers of attendees in his classes had “tripled or quadrupled” since the start of the Ukraine conflict.\(^{123}\) Recent polling has shown a growing majority of Taiwan’s population is willing to fight in the event of a Chinese invasion.\(^{124}\)
Taiwan’s External Relations

The year 2022 saw a continued struggle between Beijing and Taipei over Taiwan’s status in the world. Chinese officials continued to manipulate international institutions and bilateral relationships alike to exclude Taiwan’s experts from important global discussions and consolidate support for Beijing’s position that Taiwan is a part of China. Meanwhile, Taiwan officials decried China’s efforts to marginalize the island and modeled good global citizenship by donating food, supplies, and money to Ukrainian hospitals and refugees.* 125 Taiwan officials also offered to send emergency responders to aid rescue efforts in China after a 6.8 magnitude earthquake struck Sichuan Province in September 2022. 126 For their part, the United States and its allies resisted Beijing’s moves to isolate Taiwan by deepening their relations with Taiwan and signaling their unwillingness to tolerate an unprovoked attack on the island.

Beijing Aims to Isolate Taipei from the World

In 2022, Beijing continued its longstanding campaign to suppress Taiwan’s participation in the international community and promote a narrative of Chinese sovereignty over the island. Elements of this campaign include Chinese diplomats’ efforts to exclude Taiwan from international organizations, entice its remaining diplomatic allies to switch recognition to China, and dissuade other countries from deepening ties with Taiwan. 127 Chinese leaders apparently believe that isolating Taiwan from the international community will demoralize its populace, thereby weakening public support in Taiwan for a declaration of independence in the near term and cultivating public acquiescence to Taiwan’s absorption by the Mainland in the long term. 128 Beijing has refused to engage constructively with President Tsai Ing-wen and members of the DPP since 2016 despite their legitimate election and reelection. 129

Shut Out of Most International Organizations, Taiwan Faces New Obstacles

In 2022, Taiwan again faced exclusion at the World Health Organization’s (WHO) annual assembly, moves by China to block its experts from attending the 2022 UN Oceans Conference, and efforts to label Taiwan citizens attending the World Cup as Chinese citizens. All three episodes underscored the degree to which Beijing has largely succeeded in isolating Taipei from important international institutions over the past 50 years. Taiwan currently has no official representation in the UN General Assembly † or in the UN’s specialized agencies.‡ 130 While Taiwan’s government has sought “meaning-

* A Taiwan government campaign held from March 2 to April 1 raised $33 million in humanitarian aid and supplies to help Ukraine. By contrast, in March China announced it would provide $15 million in aid to Ukraine. John Feng, “As China’s Xi Jinping Shuns Volodymyr Zelensky, Taiwan Engages with Ukraine,” Newsweek, June 21, 2022.
† On October 25, 1971, the UN General Assembly voted to expel the Republic of China (Taiwan) and admit the PRC as a member of the body. United Nations General Assembly, “2758 (XXVI) Restoration of the Lawful Rights of the People’s Republic of China in the United Nations,” 1971.
‡ The 15 specialized agencies are the Food and Agriculture Organization (FAO); the International Civil Aviation Organization (ICAO); the International Fund for Agricultural Development (IFAD); the International Labor Organization (ILO); the International Monetary Fund (IMF); the International Maritime Organization (IMO); the International Telecommunication Union (ITU); the United Nations Educational, Scientific and Cultural Organization (UNESCO); the United Nations Industrial Development Organization (UNIDO); the World Tourism Organization (UNWTO);
ful participation” in the UN system and other organizations requiring statehood as a prerequisite for membership since 2008, Chinese diplomats have used their influence as a full member and other tactics to stymie initiatives that would grant the island observer status or any other substantive role.*131 As research fellow Jacob Stokes and his colleagues at the Center for a New American Security observed, “China uses existing institutional authorities (such as its permanent seat on the UN Security Council) and external coalition-building (through BRI and other foreign policy initiatives) in a mutually reinforcing fashion to shape and shove international institutions in its preferred directions.” 132

WHO Denies Taiwan Observer Status at 2022 World Health Assembly

The WHO rejected a proposal by 13 of its member states † to allow Taiwan to observe the 75th annual World Health Assembly (WHA) in May 2022, apparently in response to pressure from Chinese diplomats.§133 WHA President Ahmed Robleh Abdisalleh§ announced that the proposal would be omitted from the agenda at the recommendation of the WHA General Committee—which had discussed the proposal in a closed-door session the previous day—after a perfunctory “debate” on the assembly floor.134 Representatives from China and Pakistan made statements in favor of the General Committee’s recommendation to exclude Taiwan, falsely asserting that UN General Assembly Resolution 2758¶ and WHA Resolution 25.1** had

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* In the decades after its expulsion from the UN, Taiwan developed informal means of participating in some UN specialized agencies, such as sending its civil servants to these bodies as part of delegations of nongovernmental organizations (NGOs). Since President Tsai’s election, however, China has sought to choke off these forms of participation. For example, in 2017 Chinese officials prevented the head of Taiwan’s Environmental Protection Agency from entering a meeting of the UN Framework Convention on Climate Change (UNFCC) as part of an NGO delegation, even though he had valid credentials and Taiwan civil servants had participated in the UNFCC’s general assembly meetings between 1996 and 2015. Taiwan, however, is a member or observer in some international organizations that allow participation by subnational units; these organizations include the World Trade Organization (WTO), the Asia-Pacific Economic Cooperation (APEC), and the Asian Development Bank. Alexander Gray, Russell Hsiao, and Robert Wang, “US-Taiwan Relations in the 21st Century: Building the Foundation for a Global Partnership,” Global Taiwan Institute, June 2022, 20–21; Jacob Stokes, Alexander Sullivan, and Zachary Durkee, “Global Island: Sustaining Taiwan’s Participation amid Mounting Pressure from China,” Center for a New American Security, April 2022, 7; Jess Macy Yu, “Taiwan Says Shut Out of U.N. Climate Talks Due to China Pressure,” Reuters, November 14, 2017.

† The member states that sponsored the proposal were all Taiwan’s diplomatic partners: Belize, Eswatini, Guatemala, Haiti, Honduras, the Marshall Islands, Nauru, Palau, Paraguay, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Tuvalu. Separately, the Czech Republic’s Senate passed a resolution calling for Taiwan’s admission to the WHA as an observer, and the World Medical Association published an open letter calling for the same. Brian Hioe, “Taiwan’s Quest to Attend the World Health Assembly,” Diplomat, May 15, 2022; World Health Organization, “Proposal for Supplementary Agenda Item,” May 3, 2022.

‡ Taiwan participated in the WHAs annual assembly as an observer from 2009 to 2016, when the KMT’s Ma Ying-jeou was president and ties between Taipei and Beijing were warm. Since President Tsai and her DPP Administration took power, however, the WHA has not allowed Taiwan to participate. Brian Hioe, “Taiwan’s Quest to Attend the World Health Assembly,” Diplomat, May 18, 2022.

§ Mr. Abdisalleh concurrently serves as Djibouti’s Minister of Health.

¶ UN General Assembly Resolution 2758 recognized the PRC as “the only legitimate representative of China to the United Nations,” but it did not recognize Taiwan as a part of China. Jessica Drun and Bonnie Glaser, “The Distortion of UN Resolution 2758 and Limits on Taiwan’s Access to the United Nations,” German Marshall Fund, March 2022, 7–8.

** WHA Resolution 25.1 stated that the WHO would “restore all its rights to the People’s Republic of China and to recognize the representatives of its Government as the only legitimate representatives of China to the World Health Organization,” but it did not recognize Taiwan as a part of China. World Health Assembly, “WHA25.1 Representation of China in the World Health Organization,” May 10, 1972, at the 25th World Health Assembly in Geneva, May 9–26, 1972, 1.
laid the legal foundation for the WHO’s adherence to the One China principle in dealing with proposals involving Taiwan, though neither document makes any statement or determination regarding Taiwan.\textsuperscript{135} Representatives from Eswatini and Tuvalu then rebutted the Chinese and Pakistani statements, arguing that the question of Taiwan’s participation in the WHA as an observer should be regarded as a public health issue, not a political issue.\textsuperscript{136} After cutting off Tuvalu’s representative as she was speaking, President Abdilleh stated to the assembly, “I take it that the [World] Health Assembly accepts the recommendation of the General Committee not to include the proposed supplementary item on the agenda.”\textsuperscript{137} He waited less than ten seconds before announcing that the WHA had approved the General Committee’s recommendation to omit from the agenda the proposal regarding Taiwan’s observer status.\textsuperscript{138} No additional time was allotted for any review, vote, or discussion of the matter during the assembly, suggesting the real decision had been made beforehand by the WHA General Committee, a decision-making body over which China appears to wield undue influence.

**Tuvalu and Palau Protest after China Blocks Taiwan Delegates from Attending UN Ocean Conference**

In June 2022, China reportedly prevented the issuance of credentials to several Taiwan nationals participating in Tuvalu and Palau’s delegations to the 2022 UN Ocean Conference in Lisbon, Portugal.\textsuperscript{139} According to a U.S. delegate at the conference, the UN’s credentialing committee violated a longstanding practice whereby each member state is free to decide the membership of its own delegation.\textsuperscript{140} In response to the news that Chinese delegates had successfully challenged the accreditation of the Taiwan-based experts serving in the Tuvaluan and Palauan delegations, Tuvalu’s foreign minister boycotted the conference and one of Palau’s delegates made a public statement condemning the decision. “They were not given badges and were not allowed to be part of our delegation simply because they hold Taiwanese passports,” the Palauan delegate said.\textsuperscript{141} “We view this as a violation of our sovereign rights… ocean issues are global issues and we call on all of us to work together without discrimination.”\textsuperscript{142} After the Palauan delegate’s remark, the Chinese representative called the mention of Taiwan “regrettable” and added, “Taiwan is part of China and cannot possibly attend a UN conference.”\textsuperscript{143}

**World Cup ID Card Flip-Flops on Description of Taiwan Citizens’ Nationality**

The same month, organizers of the upcoming World Cup in Qatar provoked a public outcry by repeatedly changing the reference to Taiwan visitors’ nationality on the application for an identification card that doubles as an entry visa to the country.\textsuperscript{144} The drop-down menu of the online system for the identification card initially omitted an option for Taiwan altogether, leading Taiwan-based soccer fans to complain that they could not proceed through the application without picking “China” as their nationality and listing a China-based phone number.\textsuperscript{145} Following a senior Qatari official’s announcement that the online system would likely list Taiwan-based attendees as
Chinese, the drop-down menu option changed to “Taiwan, Province of China” drawing fierce protests from Taiwan’s government. The menu option was updated briefly to display “Taiwan” before finally being changed to “Chinese Taipei,” a name used for Taiwan in most international sports events to sidestep political problems. Taiwan’s Ministry of Foreign Affairs expressed its disappointment about the change of Taiwan’s name to “Chinese Taipei” and condemned “the Chinese government’s bullying... and its political manipulation of international sports events.” By contrast, China’s foreign ministry expressed appreciation for the Qatari government’s “commitment to the one-China principle and its handling of the issue in line with the established practice of international sports events.”

**After Nicaragua’s Switch, Taiwan Has 14 Diplomatic Partners**

Nicaragua broke official ties with Taipei and established diplomatic relations with Beijing in December 2021, reducing Taiwan’s diplomatic partners to 13 countries and the Holy See. The Nicaraguan foreign ministry’s statement went further than other countries that had broken ties with Taipei by declaring that “Taiwan is an inalienable part of Chinese territory.” The switch came after months of growing tensions between Nicaragua and the United States over Nicaragua’s sham presidential election and the U.S. decision to sanction a number of officials appointed by President Daniel Ortega. China’s foreign ministry described the switch as “a political decision without any economic precondition,” but analysts observed that Nicaragua—the second-poorest country in the Western hemisphere—was likely incentivized by promises of Chinese aid, trade, and investment. Nicaragua is the eighth country to sever ties with Taipei since 2016, when Beijing responded to President Tsai’s election by reviving its campaign to pick off the island’s diplomatic partners through a mixture of carrots and sticks.

Countries that switch recognition to Beijing have not always enjoyed the prosperity promised by China. Though China signed a deal with El Salvador pledging $500 million in infrastructure projects shortly after it switched recognition in 2018, Center for Strategic and International Studies senior associate Evan Ellis confirmed that as of June 2022, few of these projects had been realized. The Solomon Islands, which switched recognition in 2019 amid allegations China bribed its senior officials, has experienced high unemployment and corruption over the past two years and was rocked by riots in December 2021, which were partly inflamed by lingering public anger over the decision to break ties with Taipei. After surviving a no-confidence vote in

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* Taiwan has for decades been compelled to compete in international sports events as “Chinese Taipei” rather than as Taiwan or under its formal name, Republic of China. The International Olympic Committee’s rules prohibit delegations from Taiwan from using alternate names or any symbols suggesting the island is a sovereign nation. Amy Chang Chien, “Chinese Taipei? Republic of China? For Taiwan, There’s a Lot in a Name,” New York Times, February 4, 2022.

† These include Sao Tome and Principe (December 2016), Panama (June 2017), the Dominican Republic (May 2018), Burkina Faso (May 2018), El Salvador (August 2019), the Solomon Islands (September 2019), and Kiribati (September 2019). Jacob Stokes, Alexander Sullivan, and Zachary Durkee, “Global Island: Sustaining Taiwan’s Participation amid Mounting Pressure from China,” Center for a New American Security, April 2022, 4.
parliament, Solomon Islands Prime Minister Manasseh Sogavare deflected criticism of his government’s policies by accusing “Taiwan’s agents” of instigating the unrest.157

Taiwan’s remaining 14 diplomatic relationships are “in various states of duress,” as Global Taiwan Institute senior nonresident fellow Alexander Gray observes, with China “often actively campaigning, overtly or covertly or both, to secure a switch in recognition.”158 Such campaigns may take the form of courting an opposition party that is likely to come to power through national elections or promising foreign assistance to governments in exchange for switching recognition.159 For example, current Honduran President Xiomara Castro garnered public support as an opposition candidate during the 2021 election by promising to switch recognition to China, though her officials walked back this stance after winning the election in December (see Chapter 3, Section 1, “Year in Review: Security and Foreign Affairs” for more).160 The leaders of Paraguay and Guatemala similarly reaffirmed their support for the relationship with Taiwan at the end of 2021, though the 2023 Paraguayan election and the deterioration of Guatemalan President Alejandro Giammattei’s relationship with the Biden Administration over corruption concerns raises questions about whether a switch of recognition could occur in the near future.161

**Beijing Leverages Coercion, Threats to Veto Taiwan’s Ties with Nondiplomatic Partners**

China continues to punish countries that deepen ties with Taiwan, even when countries describe these ties as nondiplomatic or unofficial. In late 2021, for example, Lithuania opened its “Taiwanese Representative Office” in Vilnius, departing from the usual nomenclature for Taiwan’s de facto embassies abroad that uses “Taipei Representative Office” or “Taipei Economic and Cultural Office” to avoid implying statehood.162 China responded to the office opening by recalling its ambassador to Lithuania, imposing a trade embargo, and levying informal secondary sanctions against European firms that source products from Lithuania.163 China’s heavy-handed and disproportionate response appeared to give Lithuanian officials pause in the first quarter of 2022.164 Reuters reported that in January 2022, a broader debate was occurring within the Lithuanian government about whether to ask Taiwan to alter the Chinese translation of the name.165 Lithuanian President Gitanas Nausėda said in April 2022 that the decision to allow “Taiwan” in the title of the representative office was “a mistake,” but as of July 2022 the office’s website retained Taiwan in the title.166 Condemning China’s naked coercion, in January 2022 the EU filed a complaint with the WTO regarding Chinese restrictions on trade with Lithuania.167 Later in the year, the European Commission will decide whether to move beyond the consultation phase of the dispute-settlement process to seek an adjudication by panel.168 At other times, Chinese threats of retaliation have proved empty. Before Taiwan Foreign Minister Joseph Wu’s trip to Slovakia and the Czech Republic in October 2021, for example, China’s foreign ministry accused the two countries of “promoting secessionism” and warned that China would take all “necessary measures” to defend
its sovereignty. China also threatened to retaliate before members of the European Parliament delegation made their planned trip to Taiwan at the beginning of November 2021 to discuss the island’s experience fighting disinformation and foreign interference. In neither case did China follow up the threats with action.

**U.S. Allies and Partners Send Deterrent Signals to Beijing**

Over the past year, U.S. allies and partners have publicly expressed concern about China’s unilateral efforts to change the status quo in the Taiwan Strait and made statements intended to deter Chinese leaders from a use of force. In November 2021, Australian Defense Minister Peter Dutton said the “price of inaction” if China attacked Taiwan would be greater than the alternative, and it was “inconceivable” his country would not help the United States defend Taiwan. Japanese Prime Minister Kishida Fumio said in September 2021 that Washington and Tokyo should conduct joint military simulations for a Taiwan scenario. Three months later, media outlets citing Japanese government sources reported that the U.S. and Japanese militaries had drawn up plans for a joint operation in the event of a Taiwan contingency. In April 2022, then British Foreign Secretary Liz Truss said NATO should consider protecting Taiwan as part of its efforts “to tackle global threats” amid reports that the United States and the United Kingdom have held talks about responding to a Taiwan contingency. In May, a joint statement issued after the summit between U.S. President Joe Biden and South Korean President Yoon Suk-yeol reiterated “the importance of preserving peace and stability in the Taiwan Strait as an essential element in security and prosperity in the Indo-Pacific region.” On the sidelines of the annual Shangri-La Dialogue in June, Japanese and Australian defense ministers joined Defense Secretary Austin in a similar statement underscoring their mutual concern for stability in the Taiwan Strait.

The G7 nations have also publicly called for stability in the Taiwan Strait this year. In June, the G7 nations released a communiqué underscoring “the importance of peace and stability across the Taiwan Strait and... a peaceful resolution of cross-Strait issues,” signaling that its members would likely oppose a Chinese attack on Taiwan. The G7 followed this communiqué with an unprecedented statement in August condemning China’s destabilizing activities in the Taiwan Strait after Speaker Pelosi’s visit. “We are concerned by recent and announced threatening actions by the People’s Republic of China (PRC), particularly live-fire exercises and economic coercion, which risk unnecessary escalation,” the statement said. “There is no justification to use a visit as pretext for aggressive military activity in the Taiwan Strait.”

**U.S.-Taiwan Political and Security Relations**

In 2022, the United States continued its long-running efforts to expand Taiwan’s participation in the international community, deepen technical cooperation, and bolster the island’s self-defense capacity. The policy debate in Washington took on new urgency as U.S. officials and lawmakers assessed Beijing’s heavy-handed response to Speaker Pelosi’s visit and the implications of Russia’s war against
Ukraine for a potential Chinese attack on Taiwan (see “The Impact of the Crisis in Ukraine” later in this section for more).

**U.S. Government Supports Taiwan Domestically and Globally**

Various branches of the U.S. government praised Taiwan’s democracy and advocated for its participation in the international community this year. The Biden Administration included Taiwan officials in its first-ever Summit for Democracy in December 2021 and signed into law a bipartisan bill in May 2022 that directed U.S. Secretary of State Antony Blinken to develop a strategy to regain observer status for Taiwan in the WHO. Meanwhile, members of the U.S. Congress introduced legislation to counter Chinese economic coercion of countries supporting Taiwan, facilitate Taiwan’s participation in international organizations, and combat Beijing’s false claim that UN General Assembly Resolution 2758 committed the UN to its One China principle, among other things.

The executive branch expressed political support for Taiwan by dispatching a delegation of high-ranking former officials to the island, and a number of congressional delegations also visited. In March, the Biden Administration sent a group of former senior defense officials to Taipei to underscore U.S. commitment just days after Russia’s invasion of Ukraine.* In April, a high-profile bipartisan congressional delegation led by Senator Lindsey Graham (R-SC) touched down in Taiwan for a surprise one-day visit, meeting with President Tsai and other senior officials. In May, a delegation led by Senator Tammy Duckworth (D-IL) spent two days meeting with Taiwan leaders to discuss cooperation on regional security, economics, and trade. Senator Rick Scott (R-FL) visited Taiwan in July as part of a larger trip to the Indo-Pacific region to discuss U.S.-Taiwan relations, regional security, trade and investment, and global supply chains, among other things. Speaker Pelosi led a delegation to Taipei in early August, marking the first visit by a sitting speaker to the island in 25 years. A delegation led by Senator Ed Markey (D-MA) touched down in Taipei for a day-long visit in mid-August, while Senator Marsha Blackburn (R-TN) visited Taipei for three days in late August.

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**China Retaliates for Pelosi Visit by Suspending Bilateral Cooperation, Levying Sanctions**

Following Speaker Pelosi’s visit to Taiwan, Beijing announced it would cut off or suspend bilateral cooperation in a number of policy areas. According to China’s foreign ministry, “countermeasures in response” to the visit included the cancelation of several military dialogues† and the suspension of talks on returning illegal immigrants, criminal matters, illegal drugs, and climate change. Notably, the foreign ministry statement spared bilat-

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*The delegation was led by former Joint Chief of Staff Mike Mullen and included former Deputy National Security Adviser Meghan O’Sullivan, former Undersecretary of Defense for Policy Michele Flournoy, and former National Security Council Senior Directors for Asia Mike Green and Evan Medeiros. Reuters, “Biden Sends Former Top Defense Officials to Taiwan in Show of Support,” *Taipei Times*, March 1, 2022.

†China’s Foreign Ministry specified that the U.S.-China Theater Commanders talks, U.S.-China Defense Policy Coordination Talks (DPCT), and U.S.-China Military Maritime Consultative Agreement (MMCA) meetings would be canceled.
eral engagement on economic and trade issues, provoking speculation that it limited the measures to areas representing the Biden Administration's priorities. U.S. National Security Council Coordinator for Strategic Communications John Kirby condemned Beijing's decision to cancel military dialogues with the United States as “irresponsible” but said that some channels of communication remain open between military officials in the two countries. China's unilateral cancelation of military-to-military contacts with the United States is not unprecedented; in 2010, it canceled all military-to-military contacts, including a planned trip to China by then Defense Secretary Robert Gates, in response to the Obama Administration's first arms sale to Taiwan.

Beijing also imposed sanctions on Speaker Pelosi and a number of Taiwan political figures shortly after the visit. China's foreign ministry announced the sanctions on Speaker Pelosi and her immediate family on August 5, though it did not specify what the sanctions entailed. China also issued a more specific set of sanctions on Taiwan political figures it views as “diehard elements” supporting Taiwan's independence. The sanctioned figures included Taiwan's de facto ambassador to the United States, Hsiao Bi-khim; legislators Ker Chien-ming, Koo Li-hsiung, Tsai Chi-chang, Chen Jiau-hua, and Wang Ting-yu; and activist Lin Fei-fan. The Taiwan Affairs Office said these individuals would be prohibited from traveling to mainland China, Hong Kong, and Macau and from having financial or personal connections with people in those places.

The U.S. government also highlighted Taiwan's valuable expertise in science, technology, and civil affairs by deepening technical cooperation across multilateral and bilateral formats. The Global Cooperation and Training Framework* entered its seventh year, with the United States, Taiwan, Japan, and Australia holding workshops on eliminating hepatitis C, ending gender-based violence, and combating digital crimes. In March, the United States and Taiwan signed a memorandum of understanding to continue bilateral scientific and technological cooperation on the Formosat-7/COSMIC-2 satellites, a constellation of weather observation satellites.† As of December 2021, there were more than 270 memorandums of understanding and bilateral agreements on science and technology between the United States and Taiwan. U.S.-Taiwan science and technology cooperation includes basic and advanced research across many fields, such as physics, atmospheric science, meteorology, nuclear energy, environmental conservation, space science, medicine, and the life sciences. Taipei Economic and Cultural Representative Office in the United States, “Taiwan-US Cooperation in Science and Technology,” April 20, 2022.

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*The Global Cooperation and Training Framework (GCTF) is a platform for Taiwan to share its expertise with partners around the world. Established in 2015, the GCTF is administered jointly by the American Institute in Taiwan (AIT), the Japan-Taiwan Exchange Association, the Australian Office in Taipei, and Taiwan’s Ministry of Foreign Affairs. Under the GCTF, the United States, Taiwan, Japan, and Australia jointly train experts from the Asia Pacific in areas such as public health, energy, the digital economy, the empowerment of women, and humanitarian and disaster relief.

†As of December 2021, there were more than 270 memorandums of understanding and bilateral agreements on science and technology between the United States and Taiwan.
Minister of Health and Welfare Li-Feng Lee on the sidelines of the WHA in June and committed to continue technical health collaboration.199

U.S. Bolsters Cross-Strait Deterrence through Signaling, Arms Sales, and Training

The U.S. government took a number of steps to enhance Taiwan’s defensive capabilities between late 2021 and the first half of 2022 in line with the Taiwan Relations Act (TRA) and other cornerstones of longstanding U.S. policy toward China and Taiwan. President Biden and other top Administration officials issued statements regarding an attack on Taiwan, and Congress proposed and passed legislation to deter such an attack. The Administration also implemented more explicit conditionality in arms sales to Taiwan and continued its engagement with Taiwan’s military.

Key Elements of U.S. Policy toward Taiwan

Important elements of U.S. policy toward Taiwan include the three communiqués, the Taiwan Relations Act, and the Six Assurances.

• The three communiqués are a series of joint statements made by the governments of the United States and the PRC in 1972, 1979, and 1982 that established the foundation for the normalization of diplomatic relations. In these communiqués, the United States acknowledged—though did not accept—Beijing’s position that “all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China” and recognized the government of the PRC as the sole legal government of China.200 These statements became the basis for the United States’ One China policy, which differs from China’s One China principle in that it does not take a position on the sovereignty of Taiwan.201 The communiqués also declared that U.S. willingness to reduce arms sales to Taiwan is conditioned upon the continued commitment of the PRC to the peaceful resolution of cross-Strait differences.202

• The 1979 TRA laid the legal foundation for continued ties between the United States and Taiwan after Washington switched diplomatic recognition to Beijing in 1979. In addition to creating a nonprofit corporation called the American Institute in Taiwan, through which U.S.-Taiwan relations are conducted, the TRA states that it is U.S. policy to: “consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States”; “make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability”; and “maintain the capacity... to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan.”203
Key Elements of U.S. Policy Toward Taiwan—Continued

• The Six Assurances are a series of promises first issued by the U.S. government to Taiwan in 1982 regarding the future conduct of U.S. foreign policy toward China and Taiwan. The assurances were and remain that the United States: has not set an end date for arms sales, has not agreed to consult with China on arms sales, would not mediate between Taipei and Beijing, had not agreed to revise the Taiwan Relations Act, had not altered its position on the question of Taiwan’s sovereignty, and would not pressure Taipei to negotiate with Beijing.204

Biden Administration and U.S. Congress Back Taiwan and Condemn Beijing’s Aggression

Executive branch officials repeatedly affirmed the U.S. commitment to Taiwan and expressed their concern about a potential Chinese use of force against the island in late 2021 and 2022. President Biden said on four separate occasions that the United States would come to Taiwan’s defense in the event of a Chinese attack, though his aides stressed afterward that the remarks occurred within the context of existing U.S. policy toward Taiwan.205 At the Shangri-La Dialogue in June 2022, Defense Secretary Austin reiterated that the United States would uphold its commitments under the TRA and condemned the PLA’s “provocative and destabilizing military activity near Taiwan.”206 More broadly, the Biden Administration’s 2022 Indo-Pacific Strategy explicitly stated that “the United States will defend our interests, deter military aggression against our own country and our allies and partners—including across the Taiwan Strait—and promote regional security by developing new capabilities, concepts of operation, military activities, defense industrial initiatives, and a more resilient force.”207

Meanwhile, Congress has actively explored new laws that would better enable the United States to defend Taiwan or deter a Chinese attack. Congress mandated an annual report on Taiwan’s asymmetric defensive capabilities and a briefing on the potential to enhance cooperation between Taiwan and the U.S. National Guard in the 2022 National Defense Authorization Act (NDAA).208 A number of bills introduced by members during the 117th Congress have also investigated ways to better deter a Chinese use of force against Taiwan, including by accelerating Taiwan’s procurement of weapons, imposing sanctions on China in response to aggression, and unambiguously stating a U.S. intention to intervene.209

Snarled by Ukraine and Supply Chain Issues, U.S. Arms Sales Emphasize Counterinvasion Capabilities

The U.S. government continued to sell arms to Taiwan in 2022 amid reporting that the Biden Administration is now explicitly conditioning the sale of weapons on whether the systems in question are optimized to defend against a Chinese invasion.210 As of September, the U.S. Department of State has approved seven potential sales of military equipment and technical assistance to Taiwan
totaling $1.5 billion in 2022, including Harpoon anti-ship missiles, Sidewinder air-to-air missiles, and an engineering and maintenance agreement for the island’s existing Patriot Air Defense System. At the same time, major media outlets report that the Biden Administration has privately withdrawn, redirected, or denied several of Taiwan’s requests for weapons systems it does not deem sufficiently current or “asymmetric,” which the U.S. Department of State has defined as “capabilities that are credible, resilient, mobile, distributed, and cost-effective.” Officials from the U.S. Army sent Taiwan a letter in March suggesting it buy an upgraded version of the M109A6 Paladin self-propelled howitzer that Taipei had previously requested. That same month, the State Department indicated it would not process a request for MH-60R Seahawk helicopters on the grounds that the helicopters do not “enhance Taiwan’s ability to deter [China’s] aggressive actions and defend itself.” A State Department official told Politico that “continuing to pursue systems that will not meaningfully contribute to an effective defense strategy is inconsistent with the evolving security threat that Taiwan faces.” The Administration has also reportedly told U.S. weapons manufacturers to refrain from asking the U.S. government to approve Taiwan’s requests for weapons.

The adjustment in U.S. arms sales policy has occurred in tandem with Russia’s invasion of Ukraine, which Biden Administration officials say proves that Taiwan should adopt an asymmetric warfare strategy against the PLA. U.S. officials have highlighted Ukraine’s resolute civilian volunteers as well as its successful use of small, shoulder-fired missiles like the Stinger anti-aircraft and Javelin antitank missiles to attrite Russia’s numerically superior force as testaments to the efficacy of an asymmetric warfare strategy. Lieutenant General Scott D. Berrier, director of the U.S. Defense Intelligence Agency, said at a Senate hearing in March that the U.S. Department of Defense (DOD) could further study the Ukraine war for suggestions for Taiwan and “help them understand what this conflict has been about, what lessons they can learn and where they can go to.”

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*“Asymmetric warfare” refers to war fought between belligerents whose relative military power differs so significantly that their strategies and tactics also differ significantly. For instance, guerrilla warfare waged by partisans armed with rifles against a conventional army is an example of asymmetric warfare. While definitions of “symmetric” and “asymmetric” weapons vary and often depend on one’s perspective, “symmetric” weapons are those that are similar to the enemy’s weapons and attempt to outmatch and overpower them. By contrast, “asymmetric” weapons engage the enemy in ways that maximize one’s own advantages while minimizing the advantages conferred by the enemy’s superior size or technology. For example, when fighting an enemy tank, a symmetric weapons system is a tank, while an asymmetric system is an antitank weapon, such as the Javelin man-portable anti-armor weapons system. Examples of platforms often described as “asymmetric” in the context of a Taiwan scenario include coastal defense cruise missiles, short-range mobile air defenses, naval mines, and drones. Noah Sylvia, “Asymmetric Weapons: The Most Bang for Your Buck (Literally),” University of Pennsylvania Perry World House, May 13, 2022; E. Sexton, “Asymmetrical Warfare,” Encyclopedia Britannica, November 17, 2016.

†In a March 22 letter, the Army indicated that it was retiring the M109A6 Paladin self-propelled howitzers and warned of likely delivery delays until 2026 due to supply chain problems and “known obsolescence issues.” Instead, it urged Taiwan to purchase the newer M109A7 Paladin, which would cost about $250,000 less than the A6 to operate annually, or the M142 High Mobility Artillery Rocket System, which offers “a similar capability with a faster delivery schedule.” Taiwan ultimately decided to cancel its planned purchase of 40 M109A6 Paladins, which were originally scheduled to be delivered between 2023 and 2025. Lara Seligman, Alexander Ward, and Nahal Toosi, “In Letters, U.S. Tries to Reshape Taiwan’s Weapons Requests,” Politico, May 10, 2022; Yu Nakamura, “Taiwan Faces Delays in U.S. Arms Deliveries Due to Ukraine War,” Nikkei Asia, May 14, 2022; Christian Shepherd and Vic Chiang, “Howitzer Delivery to Taiwan Delayed by Strained U.S. Supply Chain,” Washington Post, May 3, 2022.

‡The MH-60R Seahawk is among the world’s most advanced maritime helicopters and is designed to hunt submarines. Lockheed Martin, “MH-60R.”
should be focusing their dollars on their defense and their training.” Similarly, Assistant Secretary of State for Political-Military Affairs Jessica Lewis told a Senate hearing in May that “we must not just consider, but act upon, the implications of this conflict for the defense of Taiwan.” Speaking on condition of anonymity to Politico the same month, a DOD official argued that “the Ukraine situation validated some long-standing steps we’ve been taking in Taiwan.”

The diversion of existing stocks of weapons and munitions to Ukraine and pandemic-related supply chain issues has exacerbated a sizeable backlog in the delivery of weapons already approved for sale to Taiwan, undermining the island’s readiness. In April 2022, Deputy Secretary of State Wendy Sherman testified before members of the House Foreign Affairs Committee that there were more than 400 pending cases of foreign military sales of U.S. equipment or technical assistance to Taiwan, though it was not clear from her remarks how many of these cases dated from purchases agreed to within the last few years. F-16 fighter jets, Stinger missiles, and Paladin self-propelled howitzers are reportedly among the systems whose deliveries have been delayed. Mr. Dotson observed that many of the systems Taiwan has purchased are the same ones now being shipped to Ukraine. “With many of these systems on long, multi-year timetables for delivery—and with production capacity limited by parts shortages and other constraints—the war in Ukraine is likely having a significant impact on Taiwan’s own defense planning,” he wrote. U.S. defense industry sources also attribute the delays to increased demand resulting from the Ukraine conflict, the worldwide shortage of semiconductors, and other supply chain issues caused by COVID-19.

Delayed Stinger Delivery Exemplifies Challenges to Taiwan’s Defense Planning

The delayed delivery of Stinger missiles to Taiwan demonstrates how demand related to the war in Ukraine and supply chain issues have snarled the island’s defense acquisitions. In 2019, the State Department approved a potential sale of 250 Block I-92F MANPAD Stinger missiles and related equipment worth $223 million to Taiwan. Taiwan subsequently signed the contract and paid for the missiles, which were initially scheduled to be delivered in batches between 2022 and 2026. In late April 2022, however, Raytheon Technologies CEO Greg Hayes said during a quarterly earnings call that the company would not be able to ramp up production of Stinger missiles needed to replenish the stocks U.S. allies had donated to Ukraine until 2023 due to a lack of parts and materials. Mr. Hayes stated that Raytheon’s production line is capable of building only a limited number of Stingers at a time and argued that the U.S. government would need to fund and sustain a higher rate of production in order to replenish global stocks of the system. The following week, Taiwan’s de-

* In March 2022, Ukraine reportedly told the United States it needed about 500 Stinger anti-aircraft missiles and 500 Javelin antitank missiles per day to sustain the fight. Zachary Cohen and Oren Liebermann, “Ukraine Tells the US It Needs 500 Javelins and 500 Stingers Per Day,” CNN, March 24, 2022.
fense minister confirmed that the first batch of Stinger missiles originally slated to begin delivery this year had been delayed.231 In late May, a Tucson, Arizona-based Raytheon unit won a $624.6 million U.S. Army contract to produce approximately 1,300 Stinger anti-aircraft missiles to replenish supplies sent by the United States and its allies to Ukraine, but delivery could take up to 30 months and it is unclear which of the donor countries will receive priority or how long Taiwan will have to wait for its Stingers.*232

United States Engages Taiwan through Military Training and Dialogue

The United States continues to engage with Taiwan through military training and dialogues. In October 2021, the Wall Street Journal reported that a U.S. special operations unit had been operating in Taiwan training Taiwan’s ground forces.233 In November 2021, a platoon of Taiwan’s marines traveled to Guam to participate in exercises led by their U.S. counterparts simulating amphibious and airborne assault, urban warfare, and joint operations.234 In May 2022, President Tsai said publicly that the U.S. National Guard would cooperate with Taiwan’s military, though she did not provide details.235 In June 2022, military officials from Taiwan attended the Pacific Amphibious Leaders Symposium † security forum, hosted jointly by the Japan Ground Self-Defense Force and the U.S. Marine Corps, as observers to discuss regional security issues.236 The same month, U.S. and Taiwan officials also met under the auspices of a recurring strategic dialogue known as the “Monterey Talks” to discuss arms sales and training.237 In line with a longstanding training agreement from the 1990s,‡ in June six of the Taiwan Air Force’s F-16V fighters also flew to Luke Air Force Base, where they joined a training squadron used to train Taiwan pilots.238

Taiwan’s Economics and Trade

A combination of effective COVID-19 containment measures and strong external demand for Taiwan’s exports, most importantly semiconductors, has allowed Taiwan’s economy to maintain robust growth during the COVID-19 pandemic. However, emerging domestic and external issues are challenging Taiwan’s economy. Domestically, Taiwan’s transition to coexist with COVID-19 has entailed weakened domestic consumption. Externally, intermittent lockdowns in mainland industrial hubs have led to varying demand for Taiwan

‡Under the agreement, Taiwan pilots train at Luke Air Force base, AZ, using Taiwan-owned aircraft. The program allows Taiwan pilots to fly more often and train under more realistic conditions than they would be able to do at home.
inputs from China’s manufacturing sector. At the same time, Russia’s invasion of Ukraine has sent energy prices soaring and further disrupted global supply chains, sharply increasing production costs as Taiwan’s energy mix relies heavily on imported sources.

The United States and Taiwan are enhancing cooperation through new trade and supply chain initiatives in response to these challenges from Beijing and out of mutual desire to protect shared values and bolster their market-based economies. The Tsai Administration is also building on ongoing policies to maintain robust and sustainable growth, emphasizing stimulus measures to support services impacted by the pandemic, increasing efforts to draw businesses back to Taiwan and diversify away from the Mainland, and accelerating initiatives to improve innovation and move up the value chain.

Headwinds Loom after Two Years of Strong Economic Growth

Taiwan’s successful response to the COVID-19 pandemic has buttressed its economy. Quick and strict border controls coupled with contact tracing and home quarantine measures assured that Taiwan’s economy has been able to operate normally and perform favorably in comparison to most industrialized nations. In late December 2021, Taiwan reported its 850th death from just under 17,000 confirmed cases, or roughly 700 cases per million, one of the world’s lowest rates. By the time Taiwan’s health minister effectively announced the end of Taiwan’s Zero-COVID strategy on April 7, 2022, roughly 80 percent of the population had been completely vaccinated. Taiwan’s choice to relax its pandemic policies in April represents yet another marked divergence with the Mainland, which once again began sending large cities into harsh, extended lockdowns just weeks prior.

In conjunction with Taiwan’s effective COVID-19 containment policies, a continuing global demand spike for semiconductor-enabled electronic products has bolstered Taiwan’s GDP growth. In 2021, Taiwan’s economy grew at an impressive 6.6 percent year-on-year, up from 3.4 percent growth in 2020 and 3.1 percent in 2019. Although decelerating relative to 2021, robust growth continued into 2022, with Taiwan’s GDP expanding 3.1 percent year-on-year in the second quarter. Official government estimates forecast 3.8 percent growth for the year, while a lower estimate of 3.2 percent growth from the International Monetary Fund reflects its more pessimistic view of the global economy following Russia’s invasion of Ukraine.

Strong external demand also enabled record growth in Taiwan’s export values and export orders. The overall value of Taiwan’s exports rose 29.4 percent in 2021, reaching a record $446.6 billion, up from $345.2 billion in 2020. Taiwan’s electronics exports continued to drive trade, with electronic components constituting 38.5 percent of exports and audiovisual products accounting for an additional 13.7 percent. Strong external demand has continued into 2022, with Taiwan’s exports totaling $330.3 billion in January through August, up 16.1 percent from the first eight months of 2021. April 2022, however, saw the first decline in export orders since the start of the COVID-19 pandemic, an indicator that headwinds may be

*The exchange rate used in this section is 1 USD = 29.6 New Taiwan Dollars (NTD) unless otherwise stated.
Further, the unprecedented rise in import costs, led by energy, is narrowing Taiwan’s trade surplus, which is down 12.1 percent through the first eight months of 2022 compared to the same period in 2021. Taiwan’s producer price inflation has also been soaring since late 2021, reaching its highest year-over-year growth in 40 years. Producer price inflation in August 2022 remained high at 8.6 percent year-over-year, although on a downward trajectory relative to May’s peak of 14.2 percent.

Taiwan’s economic performance during the pandemic has thus far kept consumer inflation manageable and employment and wages stable. Taiwan’s year-over-year inflation rate has risen from 2.3 percent in August 2021 to 2.7 percent as of August 2022, but it remains substantially lower than most other advanced economies. From January to July 2022, Taiwan’s unemployment rate averaged 3.7 percent, continuing a strong recovery from a moderate unemployment spike in mid-2021. Unemployment among younger workers—although high—is also stable. In the first seven months of 2022, unemployment among workers between the ages of 20 and 24 was 12.4 percent, slightly lower than 2021’s average. Average regular earnings of full time employees (excluding foreigners) in June 2022, meanwhile, increased 4.6 percent year-on-year.

Supply Chain Challenges, Energy Costs, and Weak Consumption Dampen Outlook

Supply chain issues are increasing production costs across much of the developed world. High government spending and pent-up consumer demand from savings accrued throughout the pandemic have simultaneously led to high consumer inflation in many advanced economies. In response, central banks in these economies, most prominently the Federal Reserve, are tightening credit conditions, which will likely reduce demand for Taiwan’s consumer electronics exports. Most significantly, however, the Mainland’s lockdowns have undermined a key source of demand for Taiwan contract manufacturers and other exporters, exposing the extent to which Taiwan remains highly interconnected and dependent on the Mainland for both end demand and production. In April, during the height of the Shanghai lockdown, Taiwan’s Economic Affairs Ministry reported that export orders for telecommunications products dropped 21.5 percent from the previous year.

A rise in domestic COVID-19 cases is also dampening the island’s domestic consumption. The government’s decision to “coexist” with the virus has led to what the Executive Yuan describes as a “predicted and inevitable” rise in cases. Though serious cases and deaths remain low due to high vaccination rates, consumers are wary of dining out and shopping, leading to contraction in business for the restaurant, recreation, tourist, and transportation industries. Despite consumer wariness, real private consumption growth still grew in the second quarter by 2.89 percent year-over-year, improving on the first quarter’s 0.46 percent.

* In Europe and the United States, year-over-year consumer price inflation in August 2022 was an estimated 9.1 and 8.3 percent, respectively. European Central Bank, “Measuring Inflation—the Harmonised Index of Consumer Prices (HICP),” September 16, 2022; U.S. Bureau of Labor Statistics, Consumer Price Index Summary, September 13, 2022.
cent growth. To bolster the services sector, Taiwan’s government has announced a continuation of its COVID-19 stimulus measures directed principally at supporting service industries via subsidies, tax exemptions, and loan programs throughout 2022 and into 2023.

**Pandemic Bolsters Taiwan’s Role as Global Semiconductor Foundry, Challenging Energy Supply**

Amid a massive global demand spike for electronics brought on by the COVID-19 pandemic and the increase in telework arrangements, Taiwan’s economy has shown a remarkable ability to expand production of semiconductors. In 2021, exports of integrated circuits grew 20.9 percent year-on-year, accounting for 36.1 percent of all of Taiwan’s exports. Alicia García-Herrero, chief economist for Asia Pacific at Natixis, notes that investment in new facilities by both mainland Chinese and Taiwan foundries could lead to a glut in lower-end chips by 2023. Through 2022, however, demand for semiconductors is likely to remain elevated as global consumers continue to require additional digital devices. Taiwan Semiconductor Manufacturing Company (TSMC), the world’s largest semiconductor foundry, is drastically expanding production in Taiwan through 2022 and 2023 with a plan to establish 11 fabrication facilities through that period. It has increased production of 7-nanometer chips and other advanced processors by 70 percent per year since 2018 and is on track for a record $40–44 billion capital expenditure in 2022. TSMC and MediaTek, a fabless semiconductor design company in Taiwan, are at the same time planning to hire over 10,000 engineers throughout 2022.

One consequence of the surge in demand for semiconductors is increasing energy use. Due to fallout from Russia’s invasion of Ukraine, energy costs are soaring, offsetting some of Taiwan’s trade surplus and causing difficulties for an economy highly reliant on imported fossil fuels. Taiwan Power Co., Taiwan’s state-owned energy company, is increasing energy costs by 15 percent for large industrial users of electricity, the first such price hike in four years. The price increase comes as Taiwan’s energy use hits new records amid a large industrial rebound and strong external demand for energy-intensive technology products. TSMC is expected to be impacted, which may cause the price of integrated circuits to rise. TSMC, which alone consumes 7.2 percent of Taiwan’s power, more than all of Taipei, is utilizing vastly more energy to meet growing global semiconductor demand. The energy demands of semiconductor fabrication show Taiwan’s domestic production is pushing the limits of the island’s capacity, even as demand for chips continues to increase. Energy shortages and blackouts, which had already been occurring in 2021 due to increased demand and tight supply, have continued apace in 2022. Energy concerns are now top of mind for many in Taiwan as fears of an energy crisis loom.

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Taiwan’s Troubling Energy Situation

In 2021, according to data from Taiwan’s Bureau of Energy, Taiwan’s energy supply consisted of 92.3 percent fossil fuels (30.8 percent coal, 43.4 percent crude oil and petroleum products, 18.1 percent natural gas), 5.6 percent nuclear, 1.2 percent biomass, and just under 1 percent for all other renewables. According to the bureau’s statistics, Taiwan imported 97.7 percent of its energy supply in 2021. Taiwan’s energy import dependence is a growing concern in light of Russia’s invasion of Ukraine, which has sent oil and gas prices skyrocketing as substantial amounts of supply have gone offline. The island’s heavy reliance on energy imports could also make it vulnerable in the event of a blockade or war with China. Taiwan also faces domestic political constraints to increasing the share of nuclear in its energy mix. Following her victory in 2016, President Tsai committed to phasing out nuclear by 2025. Increased demand met tightening supply in 2021, leading to energy shortages and major blackouts throughout that year. Shortages have continued apace in 2022, aggravated by Russia’s invasion of Ukraine.

In addition to phasing out nuclear, Taiwan’s government is also committed to transitioning away from coal and toward natural gas and renewable energy. This planned transition, however, is far behind schedule on both counts. In 2016, the Tsai administration set a goal of utilizing 50 percent natural gas and 20 percent renewables for Taiwan’s electricity generation by 2025. The proportions in 2021, however, at 37.2 percent and 5.7 percent, respectively, are on track to fall short of the plan. Taiwan lacks sufficient liquified natural gas (LNG) terminals to import the required gas, and environmental reviews and final decisions remain for proposed additions. Meanwhile, Taiwan’s Legislative Yuan revised projections for renewable use down to 15 percent in 2021, with growth in Taiwan’s electricity generation from renewable sources. To address Taiwan’s delayed renewable development, meanwhile, Taiwan’s National Development Council in March 2022 announced plans to spend roughly $32 billion between 2022 and 2030 on renewable technologies, grid infrastructure, and energy storage to try and hasten the transition.

Taiwan Remains Dependent on Cross-Strait Trade despite Diversification Initiatives

Taiwan companies remain firmly embedded in the Mainland despite a number of domestic development programs designed to bring production back from the Mainland. Indeed, China remains by far

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*a However, Taiwan includes nuclear under “Imported Energy,” likely due to its importation of uranium. Subtracting nuclear, Taiwan’s energy import dependence in 2021 was 92.1 percent, a slight increase from 2011, when Taiwan’s nonnuclear energy import dependence stood at 89.2 percent.

†A referendum in 2018 repealed a legal commitment to phasing out all nuclear plants by 2025, but the phaseout remains on schedule for 2025 nonetheless. Similarly, in December 2021 voters rejected a referendum to restart construction on what would be Taiwan’s fourth nuclear power plant. Lin Chia-nan, “Resumption of Fourth Nuclear Power Plant Rejected,” Taipei Times, December 19, 2021.
Taiwan’s largest and most consequential economic and trade partner. Taiwan’s companies and its economy more broadly continue to be highly reliant on China for manufacturing and end consumption. Importantly, this means Taiwan remains highly exposed to potential economic coercion by China.

**Cross-Strait Trade Ties Deepen, but Direct Investment Declines**

Taiwan’s trade ties with the Mainland and Hong Kong deepened in 2021 into 2022, led by tight integration of cross-Strait consumer electronics production networks. Goods trade between Taiwan and the Mainland and Hong Kong totaled $273.1 billion in 2021, up 26.3 percent from $216.2 billion in 2020. Taiwan’s goods exports to China and Hong Kong totaled $188.9 billion in 2021, up 24.8 percent from $151.4 billion in 2020, accounting for 42.3 percent of Taiwan’s total exports. Taiwan’s imports from China and Hong Kong in 2021 totaled $84.2 billion, up 29.9 percent from $64.8 billion in 2020. The increase in Taiwan’s exports to mainland China and Hong Kong during 2021 was matched or surpassed by increases in its exports to other major trading partners, including the EU, the United States, ASEAN, and Japan. Through August 2022, largely as a result of lockdowns in China and Hong Kong, Taiwan’s growth in exports to China and Hong Kong (10.2 percent) lagged well behind overall export growth (16.2 percent) as well as exports to New Southbound countries* (27.1 percent). China and Hong Kong, however, still accounted for an overwhelming combined 38.8 percent share of Taiwan’s exports through the first eight months of 2022, and it is unclear to what degree trade will rebound once China fully emerges from lockdown.

Foreign direct investment (FDI) between Taiwan and mainland China has not experienced the same upward trend as trade. At its peak in 2013, mainland direct investment into Taiwan totaled $349.5 million, but it has declined steadily since then, dropping to $116.2 million in 2021. Through the first eight months of 2022, China’s approved investment into Taiwan collapsed to a mere $18.9 million. In contrast, and excluding China, Taiwan’s total inbound FDI has increased robustly from $4.9 billion in 2013 to $7.5 billion in 2021. Through August 2022, Taiwan received overall inbound direct investment of $10.4 billion, representing a 178.6 percent increase in FDI value compared to the same period in 2021. Of that $10.4 billion of inbound investment into Taiwan, 43.3 percent came from Europe†, 22.3 percent from Asia, 17.4 percent from South and Central America, 13.2 percent from Oceania, and 3.0 percent from North America‡.

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*There are 18 New Southbound countries, including Australia, Bangladesh, Bhutan, Brunei, Burma (Myanmar), Cambodia, India, Indonesia, Laos, Malaysia, Nepal, New Zealand, Pakistan, the Philippines, Singapore, Sri Lanka, Thailand, and Vietnam. Taiwan Today, “Promotion Plan Announced for New Southbound Policy,” September 5, 2016.
†$3.3 billion of Europe’s $4.4 billion of FDI through August 2022 is listed as coming from “others” under European origin investment into Taiwan, with most of the remainder ($766 million) coming from the Netherlands. Taiwan Ministry of Economic Affairs Investment Commission, Overseas Chinese & Foreign Investment Monthly Report (August 2022).
‡Taiwan’s Ministry of Economic Affairs officially lists the flow of U.S. FDI into Taiwan from January through August 2022 as totaling $294.7 million. However, out of Central and South America origin investment, $1.7 billion of the $1.8 billion in FDI into Taiwan through August 2022 came from “British Overseas Territories in the Caribbean.” Comparing Taiwan’s FDI data with U.S. data is difficult, as Taiwan’s inward FDI data is available monthly and tabulated as a gross flow, whereas the closest comparable U.S. data from the Bureau of Economic Analysis is
Mainland has also slowed considerably, peaking in 2010 at $14.6 billion, or 83.8% of Taiwan’s outward direct investment that year, and declining to $5.9 billion in 2021, or just 31.8% of Taiwan’s total that year.298 From January to August 2022, Taiwan’s direct investment into the Mainland stood at $2.6 billion, a slight increase to 32.4% of outward direct investment in 2022.299 Excluding the Mainland, Taiwan’s outward investment has increased sizably, growing from $2.8 billion in 2010 to $12.6 billion in 2021.300

**Tsai Administration Continues Efforts to Draw Taiwan Firms Home and Diversify Trade Partners**

Taiwan continues to encourage businesses with operations in the Mainland to return to the island, incentivize domestic investment, and build out domestic infrastructure. In December 2021, the government reauthorized its “Three Major Programs for Investing in Taiwan” for another three years.301 These programs include the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan, Action Plan for Accelerated Investment by Domestic Corporations, and Action Plan for Accelerated Investment by Small and Medium-Sized Enterprises.302 According to the Executive Yuan, by year’s end 2021 these three programs had created 128,000 jobs and brought $57.1 billion of investment from 1,144 companies.303 Meanwhile, Taiwan’s Forward-Looking Infrastructure Program, which was unveiled in July 2017, has entered planning for its fourth phase.304 The program seeks to enhance the efficiency of resource allocation, spur innovation, and create a more competitive business environment.305 In February 2022, the National Development Council, Taiwan’s top economic planning body, stated that $6.47 billion is being allocated to the program for 2023–2024.306

Aside from reducing dependence on China, these policies aim to address a number of socioeconomic challenges Taiwan faces, including mitigating the impact of climate change, declining birth rates, and urban-rural inequality.307 The urban-rural divide is of particular importance as globalization accrues disproportionate benefit to Taiwan’s metropolitan areas, leading to demographic concentration and rural decay. Taiwan’s Regional Revitalization Policy draws inspiration from Japan’s efforts to develop rural economies, reform agricultural practices, and encourage tourism and urban resettlement in rural areas.308 In 2018, the Executive Yuan established the Regional Revitalization Board, which comprised central and local governments as well as private stakeholders to work together to bridge Taiwan’s growing urban-rural divide.309 The government published its national strategic plan for regional revitalization in 2019, the first stage of which is intended to be completed in 2022.310

In addition to bringing Taiwan businesses back from the Mainland, the Tsai Administration is trying to encourage diversification away from China. The New Southbound Policy, first announced by President Tsai in 2016, serves as the principal initiative in this recalculated only an annual basis as a stock. The Bureau of Economic Analysis’ most recent data, for example, indicates that the stock of U.S. investment in Taiwan, on a historical cost basis, fell to $16.8 billion in 2021, a decline of 5.6% from $17.9 billion in 2020. Taiwan’s Ministry of Economic Affairs, meanwhile, tabulated that the gross flow of U.S. FDI into Taiwan throughout 2021 totaled $704.6 million. Taiwan Ministry of Economic Affairs Investment Commission, Overseas Chinese & Foreign Investment Monthly Report (August 2022); U.S. Department of Commerce Bureau of Economic Analysis, “Direct Investment by Country and Industry, 2021,” July 2022.
gard, seeking to expand economic, trade, tourism, and investment ties with 18 countries across South and Southeast Asia and Oceania. Taiwan’s trade with these 18 countries increased from $59.2 billion in 2016 to $82.6 billion in 2021, though their share of Taiwan’s exports has fallen slightly over the period from 21.3 percent to 18.5 percent. Taiwan’s outbound investment to the 18 countries has seen notable progress, moving from a 10.5 percent share of all outward investment (including China) in 2016 to a 30.9 percent share in 2021. In 2021, $5.7 billion flowed from Taiwan to the countries targeted by the policy versus $5.9 billion into the Mainland. During the first eight months of 2022, investment into the 18 South and Southeast Asian and Oceania countries reached $2.4 billion (29.3 percent) compared to $2.6 billion (32.4 percent) into China.

The New Southbound Policy efforts are not just limited to trade and investment flows. From 2016 to 2019, for example, students from New Southbound Policy countries increasingly came to Taiwan to study, growing in number from 32,000 to 60,000 in that period, or from roughly one-third of the total overseas students to nearly half. Taiwan has also been increasing healthcare and medical cooperation with countries in the wake of the COVID-19 pandemic, with Vice Minister of Health and Welfare Chung-Liang Shih even calling for a “New Southbound policy 2.0” focused on these issues. Overall, Taiwan has signed nearly 70 agreements with the 18 countries across trade, education, health, culture, agriculture, and other dimensions.

**China’s Economic Coercion of Taiwan**

China is targeting democracies, with a particular emphasis on Taiwan, through its economically coercive threats and actions. The German Marshall Fund’s Asia Program Director Bonnie Glaser notes that “the PRC has used economic coercion against over a dozen countries. In virtually every case, the targets have been companies and industries in democratic states.” Taiwan receives particular attention, with Beijing’s coercion extending to those countries, such as Lithuania, that increase their ties to Taiwan (for more on the Lithuania case, see Chapter 2, Section 2, “Challenging China’s Trade Practices”). Analysts at the German Marshall Fund’s Alliance for Securing Democracy note that since China’s Going Global Strategy initiated in 1999, “the Chinese government’s economic leverage over its neighbors and further abroad has grown so significantly that economic coercion has become China’s go-to geopolitical tool of influence.” Ms. Glaser explains that the objectives of China’s economic coercion are fundamentally about conditioning targets and observers’ future behavior in such a way as to induce them toward self-censorship, preemptive avoidance of certain actions, and greater reflexive compliance with Beijing’s desires.

China’s economic coercion of Taiwan targets export industries that are both relatively small and highly dependent on China’s consumer market, attempting to inflict pain on Taiwan while avoiding fallout on China’s own economy. Beijing’s imposition of economically coercive trade restrictions in reaction to Speaker Pelosi’s visit to Taiwan in August of 2022 demonstrated this approach. Upon confirmation of Speaker Pelosi’s visit, Beijing announced import bans on two types
of fish exports from Taiwan that have an export value of roughly $22 million, which comes on top of a June 2022 ban on groupers valued at nearly twice as much.\textsuperscript{321} Beijing also banned a variety of fruits, again following a pattern from previous bans on pineapples and apples, and in a novel move placed export restrictions on natural sand, which is the base material for the silicon wafers used to produce semiconductors.*\textsuperscript{322} As with previous restrictions, these sanctions on relatively small industries were tailored to regions wherein President Tsai’s DPP has strong support.\textsuperscript{323} It is noteworthy that China did not target Taiwan’s information and communications technology exports to China, by far the largest export category and an area that would likely also exact a major toll on China’s own economy if targeted. As former Taiwan government trade negotiator Chiao Chun stated, “[t]he political message” intended by Beijing’s response “is greater than the economic hit.”\textsuperscript{324}

Some of Beijing’s previous coercive efforts have backfired.† In March 2021, for example, China announced it would suspend imports of pineapples from Taiwan. This spurred massive publicity and popular movements—not just in Taiwan but also globally—to raise awareness of Taiwan’s plight and buy Taiwan pineapples. As a result, Taiwan’s Council of Agriculture recorded an increase in pineapple demand shortly after the ban.\textsuperscript{325} Over a year later, China’s ban on imports of Taiwan’s pineapples remains in place, yet Taiwan’s pineapple sales were still up 12 percent year-on-year in the first quarter of 2022.\textsuperscript{326} In addition to pineapples, China also banned imports of Taiwan groupers in June 2022, depriving Taiwan fishers and farmers of a market that accounted for 91 percent of exports in 2021.\textsuperscript{327} Whether or not global consumers will rally again for Taiwan groupers and the more recently targeted fish and agricultural products remains an open question, highlighting the threat of China’s economic coercion.

China’s economic coercion is often also targeted at Taiwan companies with operations in the Mainland. In late 2021, it was reported that Taiwan-based Far Eastern Group was being fined $74.2 million for alleged regulatory violations.\textsuperscript{328} A statement from China’s Taiwan Affairs Office suggests the fine was a penalty for Far Eastern Group’s political donations, with the Taiwan Affairs Office spokesperson saying that “Taiwanese companies that have investments in the Mainland… have a clear understanding of whether or not to donate to obstinate ‘Taiwan independence’ elements.”\textsuperscript{329} Beijing may be increasingly targeting companies that make donations to Taiwan’s DPP.\textsuperscript{330} Nonetheless, Kung Ming-hsin, Taiwan’s National Development Council minister, expressed confidence during a June 2022 trip to Washington that Taiwan’s strong position in technology

\*Beijing’s ban on natural sand exports is not likely to be particularly harmful, as data from Taiwan’s Bureau of Mines indicates. Taiwan produces most of its natural sand domestically, with the 540,000 metric tons of natural sand imports in 2021 accounting for only 0.75 percent of Taiwan’s domestic demand that year. China accounted for 170,000 metric tons of Taiwan’s imports, or 31.5 percent, meaning China’s natural sand exports only accounted for 0.25 percent of Taiwan’s demand. Taiwan Bureau of Mines, *The Dredging Progress of the Water Resources Department Is Ahead of Schedule. The Bureau of Mines Keeps Track of the Stock and Can Respond to the Supply and Demand of the Domestic Sand and Gravel Market* (水利署疏濬進度超前 矿务局随时掌握存量 可因应国内砂石市场供需), August 3, 2022. Translation.

†For more analysis on this theme, see U.S.-China Economic and Security Review Commission, Chapter 1, Section 1, “U.S.–China Global Competition,” in 2021 Annual Report to Congress, December 2021, 53–54.
supply chains would deter China from taking more aggressive steps, saying that China would pay a very high price if it intensifies its coercive activities.331

Taiwan Responds to China’s Exploitation of Its Technology Ecosystem

China is undertaking economic espionage as well as systematic poaching of Taiwan’s tech talent, particularly in the semiconductor industry.* By 2019, 3,000 semiconductor engineers had left Taiwan for the Mainland.332 Meng Chih-cheng, associate professor of political science at Taiwan’s National Cheng Kung University, believes the Chinese government’s “goal is to bring Taiwanese talent to the Mainland and hollow out Taiwan.”333 Taiwan’s government has launched multiple initiatives to combat Chinese attempts to steal top talent. In December 2020, Taiwan’s Ministry of Justice set up a working group within its Bureau of Investigation specifically to address the issue of tech talent poaching.334 Taiwan’s Legislative Yuan then amended the country’s National Security Act in May 2022 to both prohibit Taiwan workers in key industries from traveling to the Mainland without prior permission as well as stiffen penalties for those who cooperate in technology theft, including the potential for up to 12 years in prison.335 Throughout 2022, the Taiwan Bureau of Investigation has launched a number of raids on Chinese companies operating in Taipei and Hsinchu, Taiwan’s hub for semiconductors. The bureau told Reuters that as of April 2022, more than 100 Chinese firms were under investigation.336

U.S.-Taiwan Economic and Trade Relations

U.S.-Taiwan economic relations remain robust and are on an upward trajectory as the two democracies seek greater collaboration on trade and supply chain issues in the face of shared challenges from China’s aggression and nonmarket practices. While Taiwan was the United States’ 12th-largest trading partner in 2013, it now ranks as the United States’ eighth-largest trading partner.337 The United States was Taiwan’s second-largest export market after mainland China in 2021, receiving 14.7 percent of Taiwan’s exports.338 The United States was the third-largest exporter to Taiwan, following China and Japan, as U.S. goods constituted 10.3 percent of all of Taiwan’s imports.339 Through August 2022, the United States received 15.5 percent of Taiwan’s goods exports, while U.S. goods constituted 10.4 percent of Taiwan’s imports, growing at 18.4 percent relative to the previous period.340

A new trade initiative between the United States and Taiwan speaks to mutual interest in greater collaboration and economic ties. On June 1, 2022, the United States and Taiwan, through the American Institute in Taiwan and the Taipei Economic and Cultural Representative Office, respectively, announced the U.S.-Taiwan Ini-

tiative on 21st-Century Trade. The announcement stated that the initiative intends to “develop concrete ways to deepen the trade relationship between the United States and Taiwan” and will see both sides attempt to “develop a roadmap for negotiations for reaching agreements in several specified trade areas.”

Eleven trade areas were identified in the announcement, including work on standards, state-owned enterprises, nonmarket practices, climate, digital trade, agriculture, and support for small- and medium-sized enterprises, among others. The first meeting occurred in late June 2022 between Deputy U.S. Trade Representative Sarah Bianchi and Taiwan Minister-without-Portfolio John Deng, who is responsible for trade. According to the readout, the two sides “reiterated their shared interest to develop concrete ways to deepen the U.S.-Taiwan economic and trade relationship, advance mutual trade priorities based on shared values, and promote innovation and inclusive economic growth for workers and businesses.”

Given the nascency of the initiative, however, much remains to be clarified about the role this agreement will fill. Several Taiwan analysts are skeptical as to whether this new initiative offers additional substance relative to the three existing U.S.-Taiwan initiatives, the Trade and Investment Framework Agreement dialogue, the Economic Prosperity Partnership Dialogue, and the Technology Trade and Investment Collaboration.

### U.S.-Taiwan Initiative on 21st-Century Trade

The U.S.-Taiwan Initiative on 21st-Century Trade is in key aspects a bilateral version of the Indo-Pacific Economic Framework (IPEF), of which Taiwan is not a member as of October 2022. Similar to IPEF, the U.S.-Taiwan initiative contains no market access commitments and would not need to be approved by Congress (for more on IPEF, see Chapter 2, Section 2, “Challenging China’s Trade Practices”). Unlike IPEF, the U.S.-Taiwan initiative is more narrowly tailored to negotiations on trade. Additionally, some areas in the U.S.-Taiwan initiative that were not included in IPEF indicate U.S.-Taiwan alignment on a set of market-oriented reform issues that establish a notable contrast with China’s reinvigorated nonmarket practices, namely state-owned enterprise and nonmarket economy-related policies and practices. Riley Walters, a senior nonresident fellow at the Global Taiwan Institute, offers an optimistic assessment of the initiative, saying the “US-Taiwan trade initiative will likely move faster and have more meaningful outcomes than the IPEF.” Beijing was quick to announce its opposition to the initiative, with a spokesman from China’s Taiwan Affairs Office accusing the DPP of sacrificing the interests of Taiwan people to “collude with external forces” and seek “independent” self-interest.

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*The 11 trade areas include: trade facilitation, regulatory practices, agriculture, anticorruption, supporting small- and medium-sized enterprises in trade, harnessing the benefits of digital trade, promoting worker-centric trade, supporting the environment and climate action, standards, state-owned enterprises, and nonmarket policies and practices. Office of the United States Trade Representative, United States and Taiwan Hold Inaugural Meeting of the U.S.-Taiwan Initiative on 21st-Century Trade, June 27, 2022.*
United States and Taiwan Enhance Technology Supply Chain Partnership to Reduce Reliance on China

As cooperative initiatives on trade progress, greater concern over supply chain dependence on China is also driving increased partnership between the United States and Taiwan. On December 6, 2021, the American Institute in Taiwan and the Taipei Economic and Cultural Representative Office, in conjunction with the U.S. Department of Commerce and the Taiwan Ministry of Economic Affairs, launched the U.S.-Taiwan Trade and Investment Collaboration (TTIC). This collaboration is specifically intended to boost joint work on enhancing security of crucial supply chains, with initial focus on semiconductors, 5G, electric vehicles, sustainable energy, and cybersecurity. Partnership via the TTIC is in large part a testament to the important role Taiwan plays in several critical global supply chains as well as the utility the two sides stand to gain from jointly “strengthening supply-chain resilience.” The TTIC held its first meeting in early October 2022. (For more on supply chain concerns, see Chapter 2, Section 4, “U.S. Supply Chain Vulnerabilities and Resilience.”)

Taiwan firms have also been key partners in advancing U.S. global security objectives, including U.S. reshoring efforts. Given Taiwan’s key role in electronics supply chains, its cooperation with U.S. trade restrictions on both Russia and certain Chinese entities has been key to successful enforcement. TSMC has been complying with the United States’ foreign direct product rule limiting sales of semiconductors to Chinese Military-Industrial Complex companies, including Huawei. Taiwan companies have also been working with the United States to increase their manufacturing footprint on U.S. soil. TSMC is leading the way, with its $12 billion fabrication facility under construction in Arizona slated for completion in 2024 and with ostensible plans for five additional facilities in the state. GlobalWafers, a Taiwan-based design and manufacturing company, announced plans to build a $5 billion silicon wafer fabrication facility in the United States, the first of its kind to be built in the United States in more than two decades. Arun Venkataraman, assistant secretary for global markets at the Commerce Department, called GlobalWafers’ investment an “early harvest” of the TTIC framework.

The Impact of the Crisis in Ukraine on Cross-Strait Relations

Russia’s war against Ukraine has galvanized the international community and heightened concerns over a potential Chinese invasion of Taiwan. “I myself have a strong sense of urgency that ‘Ukraine today may be East Asia tomorrow,’” Japanese Prime Minister Kishida told attendees at the Shangri-La Dialogue, voicing this collective anxiety as he affirmed the “extreme importance” of peace

in the Taiwan Strait. Meanwhile, in Washington, the ongoing war in Ukraine has sparked vigorous debate in policy and think tank circles over the extent to which parallels can be drawn with Taiwan.

There are several compelling similarities between Ukraine and Taiwan. Both Ukraine and Taiwan have autonomous democratic governments that are threatened by much larger authoritarian neighbors wishing to annex them. Russian President Vladimir Putin and General Secretary Xi have each appealed to romanticized versions of their national histories and framed their contemporary territorial claims within the context of a quest for national rejuvenation. Both leaders have issued frequent threats and demands to Ukraine and Taiwan, respectively. Some analysts have also described Ukraine and Taiwan as “critical test cases” of the United States’ willingness to uphold global norms against the use of force to seize territory.

There are arguably more crucial differences than similarities. Ukraine’s extensive land borders enabled Russia’s ground forces to invade with ease but also allowed NATO countries to resupply Ukrainian forces with weapons with little interference. By contrast, the 100 miles of sea between mainland China and Taiwan, dearth of beaches suitable for landing operations, and rugged terrain will make a PLA invasion more complex and perilous but will also afford the PLA opportunities to prevent the resupply of war materials through a blockade of the island. U.S. security support for Ukraine is recent and limited, whereas the United States has been Taiwan’s main security partner and source of military aid, training, and arms sales since the 1950s. The Taiwan Relations Act defines “any effort to determine the future of Taiwan by other than peaceful means... a grave concern to the United States.” Taiwan also occupies a strategic position between major sea routes and key U.S. allies, is the United States’ eighth-largest trading partner, and is home to TSMC, which accounts for more than half of global foundry revenues. Ukraine is not a member of NATO and President Biden explicitly ruled out the possibility of sending U.S. troops to Ukraine, facts that undoubtedly influenced President Putin’s decision to invade. By contrast, Taiwan enjoys a close security relationship with the United States on the basis of U.S. law, and President Biden has said on multiple occasions that the United States would defend Taiwan from a Chinese attack. The PLA’s leaders have in fact assumed for decades that the U.S. military will respond decisively to an invasion of Taiwan and that China invests substantially in capabilities to counter such an intervention.

The governments of both China and Taiwan have rejected explicit comparisons to Ukraine, highlighting different points that reinforce their positions. In a March 2022 op-ed in the Washington Post, Ambassador Qin insisted that the Ukraine crisis and the cross-Strait dynamic “are totally different things.” He and other Chinese officials emphasize that China regards Taiwan as an inalienable part of Chinese territory and that any contestation over Taiwan’s political status is strictly an internal affair, while the crisis in Ukraine arose from contention between two sovereign countries, Russia and Ukraine. President Tsai and several of her top officials have also
repeatedly argued that the situations in Ukraine and Taiwan are fundamentally different, pointing to the natural geographic barrier provided by the Taiwan Strait, Taiwan's geostrategic importance, and the willingness of its global partners to uphold regional stability. Taiwan officials have tried to downplay the comparison out of concerns about fearmongering and the possibility that pro-China groups will exploit public alarm to push for better ties with Beijing, ostensibly to avoid Ukraine's fate.

Beijing's Lessons

Without direct insight into Chinese leaders’ decision-making processes, it is difficult to discern what lessons Beijing may be drawing from the Ukraine crisis and how these will inform its approach to Taiwan. U.S. government officials have stated that Beijing's interpretation of the crisis may remain unclear for some time, but they believe Chinese leaders are studying the war closely. "I don't think for a minute it's eroded [Xi's] determination over time to gain control over Taiwan," U.S. Central Intelligence Agency Director William Burns said in May 2022, “but I think it’s something that’s affecting their calculation about how and when they go about doing that.” In fact, the PLA has a long tradition of studying “other people’s wars” for insights to incorporate into its doctrine, and the CCP leadership reportedly discussed the Ukraine crisis at one Politburo Standing Committee meeting, according to the Wall Street Journal. Foreign observers speculate that Beijing may eventually reach several conclusions about geopolitics and warfighting that it could apply to a Taiwan scenario, summarized below.

Lesson 1: Shape the Information Environment to Your Advantage

Russia’s invasion of Ukraine has likely reinforced Chinese leaders’ view that they will need to shape the information environment in their favor before and during an attack on Taiwan. Ms. Glaser testified before the Commission in August 2022 that Chinese leaders may believe they can leverage certain advantages Russia did not have before or during a Taiwan conflict to dominate the information environment. “These include the PRC’s significant control over Taiwan’s media, its ability to spread disinformation on social media, and its ability to limit or even cut off internet access,” she observed.

More broadly, Chinese officials have emulated their Russian counterparts by refusing to describe the conflict in Ukraine as a “war” and blaming the United States as the “culprit of current tensions surrounding Ukraine.” As long-time proponents of “discourse power,” Chinese officials may be propagating Russian narratives about the origins and impact of the war in order to neutralize ef-

*“Discourse power” is the ability to actively shape the discourse of others so that international narratives both praise the CCP and refrain from threatening it, just as domestic Chinese narratives do. Crucially, Beijing is not advocating simply for its perspective to be more influential but rather for it to be effectively the only perspective that matters, as is the case within China. The CCP’s discourse power depends on its ability to make international narratives converge with its own, drowning out or silencing dissenting narratives. For example, Chinese officials frequently urge other countries to refrain from criticizing China and to adopt the “correct” or “proper” view of China and their relationship with it. For more on discourse power, see the Chapter 1, Section 2: “The China Model: Return of the Middle Kingdom,” in the Commission's 2020 Annual Report.
forts by the United States to marshal a coalition of states against Russia, much as it would likely attempt to do if the United States were to organize a coalition opposed to a PLA invasion of Taiwan. Responding to recent remarks by Secretary Blinken, a Chinese foreign ministry spokesperson said in April 2022 that China could not “invade” Taiwan because Taiwan is a part of China, offering an example of one way China could seek to distort reality with its own propaganda if it ultimately decides to attack the island.

Lesson 2: Decrease China’s Vulnerability to Sanctions

Beijing has been closely observing the array of export controls that have effectively blocked Russia off from core technologies, forcing it to cannibalize its own planes for needed technology inputs. Beijing is thus hastening an already frenzied move toward technological self-reliance. Yet, even prior to Russia’s invasion of Ukraine, Beijing had been experimenting with methods to decrease its vulnerability to U.S. and allied economic and financial sanctions. In a 2018 speech published last year in Qiushi, the Party’s leading theory journal, Xi expressed particular concern about technological vulnerability, saying, “Only by mastering key core technologies in our own hands can we fundamentally guarantee national economic security, national defense security and other security.” In 2021, Xi referred to China’s ability to develop indigenous technology capacity, for example, as a “question of survival.” Russia’s invasion and the strong U.S. and allied response have merely steeled Beijing’s resolve for technological self-reliance.

More broadly, the drastic financial sanctions levied against Russia have hastened Beijing’s own preparations. Most shocking to Beijing, in addition to transaction restrictions via SWIFT, are the blocking sanctions the United States, Canada, the EU, and the UK jointly levied against the Central Bank of Russia in a move that effectively rendered a substantial portion of Russia’s $630 billion reserves useless. China, according to the Atlantic Council, has about $3.4 trillion in international assets vulnerable to similar blocking sanctions, including $1.1 trillion worth of U.S. Treasuries, hundreds of billions in other U.S. dollar-denominated assets, and sizable reserves in major currencies, including the yen and the euro. Although such sanctions on China would have far greater repercussions on the U.S. economy than those on Russia, it is clear China remains highly vulnerable.

Policymakers in Beijing are attempting to reduce their vulnerabilities in the event of a full-on decoupling. Zongyuan Liu, a fellow for international political economy at the Council on Foreign Relations, highlights a number of ongoing plans, including China’s longstanding endeavor to diversify away from U.S. reserves and decrease its overall dependence on the U.S. financial system via renminbi (RMB) internationalization and development of an interbank payment platform, the Cross-Border Interbank Payment System. China has made limited progress toward reducing its dependence on the dollar and the U.S. financial system, given its continual investment of the Chinese trade surplus in U.S. dollar-denominated assets and its perennial refusal to fully open its capital account. Dr. Liu, however, identifies that Chi-
China may be considering offensive measures as well, which could include intentional supply chain disruptions via geopolitically tinged enforcement of the antisanctions regulatory framework as well as export controls on critical minerals and products.* 389 (For more on China’s dependence on SWIFT, see Chapter 2, Section 1, “Year in Review: Economics and Trade.”)

Beijing is also seeking greater self-reliance across a variety of critical inputs, including most prominently food, raw materials, and energy. 390 Beijing has been instituting policies to build self-sufficiency in agricultural products in which China is import dependent, particularly grains, corn, and soybeans. 391 China, however, has only become more reliant on imports to meet its food demand over time, with net imports of food products more than doubling from $36.2 billion in 2017 to $89 billion in 2020.†

In raw materials, China’s 14th Five-Year Plan for the Development of the Raw Materials Industry, released in December 2021, is framed in large part around “urgently resolving the critical problem of weak capacity in key strategic resources” and specifically aims to increase self-reliance and “strengthen the exploration of iron ore, copper, potassium and other scarce mineral resources.” 392 Iron ore imports, China’s third-largest import category after oil and semiconductors, are a particular vulnerability, constituting roughly 80 percent of domestic iron ore demand and overwhelmingly sourced from just two countries (Australia and Brazil). 393 Finally, China is heavily reliant on oil imports, which in 2020 stood at $150 billion, represented 70 percent of China’s domestic oil consumption, and supplied roughly 14 percent of China’s overall energy.‡ 394 Four countries—Saudi Arabia, Russia, Iraq, and Angola—accounted for 51.7 percent of China’s oil imports in 2020.§ Although Beijing strives for self-reliance in food, raw materials, and energy, it remains exposed and vulnerable.

Lesson 3: Ensure the PLA Avoids the Russian Military’s Mistakes

Chinese leaders were reportedly surprised by the Russian military’s poor performance in Ukraine and will seek to ensure that

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* As Dr. Liu identifies, “China has passed five major pieces of legislation aimed at blocking the impact of U.S. sanctions since 2018: the International Criminal Judicial Assistance Law, the Provisions of the Unreliable Entity List, the Extraterritorial Rules, the Anti-Foreign Sanctions Law, and the Export Control Law (ECL), the first Chinese law that establishes a comprehensive and integrated export control regulatory regime, as well as the State Council’s white paper on China’s export control.” Zongyuan Zoe Liu, “China Is Hardening Itself for Economic War,” Foreign Policy, June 16, 2022.


§ The next five largest suppliers of oil to China are Brazil, Oman, the United Arab Emirates, Kuwait, and the United States. The top nine suppliers of oil to China represented 82.2 percent of China’s oil imports in 2020. Alex Simoes and Cesar A. Hidalgo, “The Economic Complexity Observatory: An Analytical Tool for Understanding the Dynamics of Economic Development,” Workshops at the Twenty-Fifth AAAI Conference on Artificial Intelligence, 2011.
the PLA does not repeat its blunders in a potential invasion of Taiwan.\textsuperscript{395} At the operational level, Chinese military analysts may conclude that Russia's underestimation of the Ukrainian forces, disjointed operations, problems with logistics, inability to assassinate Ukrainian President Volodymyr Zelenskyy, and failure to preserve the element of surprise all prevented it from achieving a decisive victory.\textsuperscript{396} “For the PLA, this vindicates the difficult military reforms it began in 2015, which focused on joint operations and logistics and incorporate lessons learned from watching the United States conduct complex joint operations,” Council on Foreign Relations fellow David Sacks observed.\textsuperscript{397} At the strategic level, Chinese military analysts may be studying how Russia's threat to use nuclear weapons apparently influenced the United States and NATO's early decision not to intervene in the Ukraine crisis.\textsuperscript{398} A collective judgment that nuclear coercion works may validate Chinese leaders' earlier decision to modernize and expand their nuclear arsenal, but it also raises complicated questions about how to engage in nuclear signaling and whether China should abandon its longstanding “no first use policy.”\textsuperscript{399}

Chinese military analysts will also likely study reporting about Russian troops' morale and protest activity by ordinary citizens in Russia to inform the PLA's political work. “At the same time, PLA political officers and others will likely marvel at how well Ukrainian President Volodymyr Zelensky has wielded information warfare and strategic communications as a force multiplier,” CNA Vice President and Director of China and Indo-Pacific Security Affairs Division David Finkelstein observes.\textsuperscript{400} “Reading these stories will undoubtedly vindicate for the PLA their continuing emphasis on ‘political work' among the troops and the local populace and will justify the PLA's new joint doctrine addressing both political work and national mobilization,” he wrote.\textsuperscript{401}

**Taiwan's Lessons**

Taiwan's government is also closely observing the Ukraine crisis. In late January 2022, President Tsai created a task force to study the implications of the war in Ukraine for cross-Strait relations and Taiwan's defense against a Chinese invasion.\textsuperscript{402} She told a gathering of her national security advisors at the time that Taiwan had faced threats from China in recent years and that “we empathize with Ukraine's situation.” 403 In the months since, several of Taiwan's officials have openly discussed the lessons they are learning about warfighting, civil defense, and resiliency.\textsuperscript{404}

\textsuperscript{\textsuperscript*} Chinese military analysts have also taken notice of how SpaceX's provision of high-speed internet service to Ukraine through its Starlink satellite network frustrated the Russian military's efforts to cut off Ukraine's access to the world. An April 2022 paper authored by Ren Yuanzhen, a researcher with the Beijing Institute of Tracking and Telecommunications under the PLA's Strategic Support Force, called on his country to develop antisatellite capabilities sufficient to destroy the Starlink network because of the ubiquity of its satellites and the potential that the U.S. government could leverage them in a conflict with China. “This is a national security issue for the Chinese, they're looking at Taiwan, if something happens, this system could be important for the Defense Department,” Space Law and Policy Solutions think tank founder Michael Listner told Bloomberg. Jamie Tarabay and Sarah Zheng, “Chinese Military Analyst Floats Idea to Hack Musk’s Starlink,” *Bloomberg*, June 22, 2022; Stephen Chen, “China Military Must Be Able to Destroy Elon Musk's Starlink Satellites if They Threaten National Security: Scientists,” *South China Morning Post*, May 25, 2022.
Lesson 1: Take on the PLA with the Right Weapons and Strategies

Taiwan Foreign Minister Wu told CNN in May 2022 that the first lesson Taiwan learned from the Ukraine crisis is the importance of asymmetric capabilities. “Look at the Ukrainians, they use small personal weapons to go against a large enemy,” he said. I think that is something we can learn from. In fact, we have been preparing for that, but we need to make more investment in this regard. To combat the wartime threat, Taiwan’s military will need to stockpile or procure large numbers of asymmetric capabilities in peacetime. Priority capabilities for stockpiling and procurement include sea mines and anti-ship cruise missiles to degrade the invasion force arriving by sea; portable air defense systems and drones to prevent the PLA from establishing air superiority; and antitank missiles to destroy small landing craft near shore and the armored vehicles that do successfully land on the island. Taiwan’s military may also need to decentralize command and control and develop systems that allow smaller military units to adapt to rapidly evolving local circumstances.

Lesson 2: Prepare for a Prolonged, Whole-of-Society Struggle

In the same interview, Foreign Minister Wu said the Ukraine crisis demonstrated the importance of robust civil defense. “Look at the Ukrainian people,” he said. They want to serve in the military. They want to go to the war zones to fight against Russia. That kind of spirit is enviable for the Taiwanese people.” To mount a civil resistance that would slow the PLA’s advances, U.S. analysts assess that Taiwan needs to improve the readiness of its reserve force, establish a territorial defense force, and develop plans for the total mobilization of Taiwan’s society. It may first need to surmount the public’s lack of experience with firearms and an absence of robust grassroots structures that would enable rapid mobilization.

Lesson 3: Mitigate Dependencies on Critical Imports

Taiwan is highly dependent on imports of energy, food, and military supplies that would be necessary to sustain resistance against a Chinese assault. Taiwan’s 2021 National Defense Report noted that the island is extremely vulnerable to a blockade by China. Analysts at RAND Corporation assess that China may rather seek to establish a “quarantine” of Taiwan, selectively controlling deliveries rather than fully blockading the island, as a show of de facto sovereignty. There are ten major ports that Taiwan relies on for the vast majority of its trade and commerce. Four major ports among these ten, however, handle over half of Taiwan’s international maritime trade, while the island has only two LNG-receiving terminals. Optimistic projections indicate Taiwan’s LNG, oil, and food stockpiles could last one week, four months, and six months, respectively. However, previous research by University of Notre Dame assistant professor of political science Rosemary Kelanic indicates that Taiwan’s current reserves may be used up even more quickly during a conflict scenario, based on estimates of average consumption during peacetime. China could also seek to erode Taiwan’s defensive capacity by blocking the inflow of defense equipment such
as anti-air and antiship missiles. Taiwan’s island geography will also make potential resupply much more difficult than in the case of Ukraine. In brief, China would only need to enact a blockade on a select few areas to cause extreme disruptions to Taiwan’s trade and energy supplies, while Taiwan’s limited stockpiles of critical resources could incentivize it to capitulate quickly.

Implications for the United States

The ongoing war in Ukraine offers a contemporary case study of what a Chinese bid to annex Taiwan—and the international reaction to such aggression—could look like. Russia’s invasion of Ukraine has proven that some countries are still able and willing to use force to seize territory from others in the 21st century. China, Taiwan, and the United States are all studying the Ukraine crisis for lessons to apply to their own operations if war over Taiwan breaks out, a fact that makes a potential conflict feel more real to each party and, therefore, potentially more viable. At the same time, the halting advances of the Russian military, widespread civilian casualties, international financial turmoil, and crippling sanctions that will set back the Russian economy for years all offer sobering testaments to the destructive nature of war.

For the United States, the war in Ukraine underscores the importance of cross-Strait deterrence and the urgency of doing everything possible to strengthen it in the near term. If the 20th Party Congress later this year unveils a new, more aggressive CCP policy toward Taiwan, U.S. and Taiwan leaders will be under greater pressure to manage the PLA’s daily provocations in the ADIZ and vigilantly assess any indications of potential wartime mobilization. They will also need to more closely scrutinize how the activities of China’s coast guard or maritime agencies could create a pretext for China to control access to the Taiwan Strait under the guise of “law enforcement.” Taiwan’s presidential election in 2024 may also serve as a flashpoint for conflict if a candidate Beijing dislikes is ultimately elected. More broadly, U.S. policymakers must constantly assess whether ongoing efforts to procure capabilities for a potential war over Taiwan are on track. This is crucial because over the next five years the United States’ plans to retire older platforms in anticipation of a smaller, more modern force may appear to Chinese leaders as a “window of opportunity” during which the U.S. military’s ability to intervene is at its weakest.

Growing U.S.-Taiwan economic integration efforts highlight the importance both economies place on bolstering shared democratic and market principles, particularly in the face of Beijing’s increasing economic coercion and predatory nonmarket practices. With both the United States and Taiwan sharing a set of overlapping concerns about Beijing’s willingness to weaponize global supply chains, strong U.S.-Taiwan economic ties can amplify both countries’ ongoing efforts to diversify economic dependence away from China. More broadly, in the wake of Russia’s invasion of Ukraine, Taiwan can leverage its

position as a transparent democracy to play an important role in a deepening global supply chain restructuring process. Continued cooperation with the United States can facilitate Taiwan’s efforts to diversify away from overreliance on the Mainland, ensuring Taiwan retains strategic and economic autonomy. The United States is also poised to provide support to Taiwan in the face of Beijing’s continued economic pressure.
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<td>Proposed unification framework</td>
<td>Peaceful “reunification”; “one country, two systems”</td>
<td>Peaceful “reunification”; “one country, two systems”</td>
<td>Peaceful “reunification”; “one country, two systems”</td>
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<td>Use of force</td>
<td>Reserves China’s right to “use any means it deems necessary, including military ones, to uphold its sovereignty and territorial integrity.”</td>
<td>Asserts that China “will not commit itself to ruling out the use of force,” but stresses that it “would only be the last choice made under compelling circumstances.” These circumstances include “a grave turn of events [that] occurs leading to the separation of Taiwan from China in any name,” “if Taiwan is invaded and occupied by foreign countries,” or if “the Taiwan authorities refuse… the peaceful settlement of cross-Straits reunification through negotiations.”</td>
<td>Asserts that the use of force “would be the last resort taken under compelling circumstances” in response to “the provocation of separatist elements or external forces should they ever cross our red lines.” The document leaves Beijing’s redlines unstated, however.</td>
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<td>Preconditions for political dialogue</td>
<td>Calls for immediate and wide-ranging negotiations on unification, premised on Taiwan’s recognition of the One China principle.*</td>
<td>Calls for immediate and wide-ranging negotiations on unification on the basis of equality and the One-China Principle, but warns that “if Taiwan denies the One-China Principle and tries to separate Taiwan from the territory of China, the premise and basis for peaceful reunification will cease to exist.”</td>
<td>Calls for negotiations on the basis of the One China principle and the 1992 Consensus.† Asserts the two sides will engage in dialogue as “equals” but signals impatience with the pace of cross-Strait engagement by warning that Beijing “should not allow this problem to be passed down from one generation to the next.”</td>
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*The “One China principle” refers to the Chinese government’s position that Taiwan is an inalienable part of the state called “China” ruled by the PRC.
†The “1992 Consensus” refers to a tacit understanding that the KMT under then President Ma Ying-jeou and Beijing said was reached between representatives of Taiwan and China in 1992 regarding the idea that there is only one state called “China” and that both mainland China and Taiwan belong to that state. The KMT defined the consensus as “one China, respective interpretations,” interpreting “one China” as the Republic of China, the formal name of Taiwan’s government. By contrast, Beijing accepts only the definition embodied in its “one China” principle: mainland China and Taiwan are part of one and the same China, the PRC, and Taiwan is a subnational region. Although in official documents and statements Beijing has never acknowledged that the consensus allows different interpretations of “one China,” in practice it has at times officially ignored, but grudgingly tolerated, the KMT’s definition of the consensus. Recently, the KMT has sought to dia-
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<td>View of Taiwan’s elected leaders and opposition party</td>
<td>Acknowledges that the “Taiwan authorities” have taken positive steps to expand economic and cultural exchange with mainland China but faults Taiwan’s government for allegedly reinforcing the “fallacy” of Taiwan independence through its own actions and abetting supporters of Taiwan independence.</td>
<td>Faults then Taiwan President Lee Teng-hui and the “Taiwan authorities” for threatening the stability of cross-Strait relations by pursuing expanded engagement with international institutions, buying arms from foreign countries, attempting to join the Theater Missile Defense system, and facilitating an independent sense of Taiwan identity.</td>
<td>Faults the DPP for casting aspersions on one country, two systems and asserts that “the DPP authorities have adopted a separatist stance, and colluded with external forces in successive provocative actions designed to divide the country.” The white paper blames the DPP for cross-Strait tensions and lists the ways it has undermined exchange and cultural affinities between China and Taiwan.</td>
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<td>Level of Taiwan’s autonomy after unification</td>
<td>After reunification, Taiwan will enjoy a high degree of autonomy as a special administrative region. The white paper promises Taiwan will have “its own administrative and legislative powers, an independent judiciary and the right of adjudication on the island”; “run its own party, political, military, economic and financial affairs”; “conclude commercial and cultural agreements with foreign countries and enjoy certain rights in foreign affairs”; “keep its military forces”; and that the Mainland “will not dispatch troops or administrative personnel to be stationed in Taiwan.” The white paper affirms that China’s policies “fully respect Taiwan compatriots’ wish to govern and administer Taiwan by themselves.”</td>
<td>“Provided that China’s sovereignty, security and development interests are guaranteed, after reunification Taiwan will enjoy a high degree of autonomy as a special administrative region.” The white paper clarifies that Taiwan’s social system and way of life “will be fully respected” and “the private property, religious beliefs, and lawful rights and interests of the people in Taiwan will be fully protected.” Previous assurances that Taiwan will be able to keep its own military forces and that China “will not send troops or administrative personnel to be...</td>
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Appendix: Comparison of China’s White Papers on Taiwan from 1993, 2000, and 2022—Continued

Dimensions of the table:
- View of Taiwan’s elected leaders and opposition party
- Level of Taiwan’s autonomy after unification

Notes:
- “Theater Missile Defense” refers to the Theater High-Altitude Area Defense (THAAD) system.
- The DPP stands for Democratic Progressive Party.
- The 1992 Consensus refers to a memorandum signed by representatives from China and Taiwan in 1992, which states that there is only one China, and Taiwan is a part of China.

Sources:
### Appendix: Comparison of China’s White Papers on Taiwan from 1993, 2000, and 2022—Continued

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<td><strong>Level of Taiwan’s autonomy after unification—Continued</strong></td>
<td>personnel to the island.” The white paper also allows for participation by a wide range of Taiwan officials and society in China’s national politics by stating these parties may be “appointed to senior posts in the central government and participate in the running of national affairs.” More generally, the white paper acknowledges that “that the desire of Taiwan compatriots to run the affairs of the island as masters of their own house is reasonable and justified.” Stationed in Taiwan” are conspicuously absent, however. The white paper also suggests that only those Beijing regards as patriots will have a role in governance by stating that “all Taiwan compatriots who support reunification of the country and rejuvenation of the nation will be the masters of the region.”</td>
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<td><strong>Comparison to the practice of One Country, Two Systems in Hong Kong and Macau</strong></td>
<td>Taiwan “will be distinguished from the other provinces or regions of China by its high degree of autonomy.”</td>
<td>“The Chinese government acknowledges the differences between Taiwan on the one hand and Hong Kong and Macao on the other and, after peaceful reunification, is prepared to apply a looser form of the ‘one country, two systems’ policy in Taiwan than in Hong Kong and Macao.”</td>
<td>Claims that “Hong Kong faced a period of damaging social unrest caused by anti-China agitators both inside and outside the region” and that China “made some appropriate improvements” to the practice of one country, two systems in the territory that “addressed both the symptoms and root causes of the unrest.”</td>
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<td><strong>Benefits of unification</strong></td>
<td>States that peaceful “reunification” will “facilitate Taiwan’s socio-economic stability and development and promote the resurgence and prosperity of China as a whole.”</td>
<td>Citing previous instances in which China regained lost territory, the white paper suggests that achieving national unity through the absorption of Taiwan will lead to “rapid political, economic, cultural, scientific and technological development.”</td>
<td>Asserts that “the wellbeing of the people in Taiwan hinges on the rejuvenation of the Chinese nation,” and articulates a number of types of cross-Strait economic and cultural exchange to advance peaceful “reunification.”</td>
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## Appendix: Comparison of China’s White Papers on Taiwan from 1993, 2000, and 2022—Continued

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<td>Taiwan's foreign relations</td>
<td>Rules out any official ties between Taiwan and foreign countries after unification but allows for bilateral economic and cultural exchanges. Rules out Taiwan's membership in any international organizations requiring sovereign statehood as a prerequisite for membership but allows for the possibility of Taiwan's participation in some types of international organizations that do not require statehood and some nongovernmental organizations.</td>
<td>Rules out any official political ties between Taiwan and foreign countries on the basis of the One China principle but says that China has &quot;no objection&quot; to economic and cultural exchanges. States Taiwan is ineligible for membership in the UN and other international organizations whose membership is confined to sovereign states but says China arranged for Taiwan's regional membership in certain intergovernmental organizations. Decries arms sales to Taiwan by countries that maintain diplomatic relations with China.</td>
<td>Rules out any official political ties between Taiwan and foreign countries after unification but allows for economic and cultural exchanges. “With the approval of the central government of China, [foreign countries] may set up consulates or other official and quasi-official institutions in Taiwan, international organizations and agencies may establish offices, relevant international conventions can be applied, and relevant international conferences can be held there,” the white paper says. Repeats false claims that UN resolutions adopted in the 1970s recognized Taiwan is a province of China and criticizes the United States for opposing these claims.</td>
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