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U.S. Security Cooperation with Taiwan

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What's At Issue

Since President Biden entered office, the United States has approved a total of three major arms sales to Taiwan. Recently, President Biden signaled that the United States would defend Taiwan if it were attacked by China, although these comments were later walked back.

As the threat of a Chinese invasion grows and Russia's invasion of Ukraine heightens concerns, the Biden administration has sought to help Taiwan modernize its armed forces and provide military capabilities to deter China from an attack.

Overview of the U.S.-Taiwan Security Relationship

As a democratic self-governed island, technological leader, and important trade partner, the U.S.-Taiwan relationship is key to both the U.S. and Taiwan. Despite years of self-governance, China has long sought to bring Taiwan under its control. Amid escalating tensions between the U.S. and China in recent years, Taiwan has been an important point of contention, and U.S. officials fear that China could invade Taiwan and take over the island.

Officially, Taiwan is not recognized by the United States, and diplomatic relations between the two are conducted unofficially. In 1979, the United States officially recognized the People's Republic of China, but chose to consider Taiwan's status as "unsettled." Despite that, the Taiwan Relations Act of 1979 maintains unofficial relations with Taiwan and states that the U.S. must offer security assistance to Taiwan to "maintain a sufficient self-defense capacity."

U.S. tensions with China over Taiwan escalated under the Trump Administration due to factors including South China Sea brinkmanship and a trade war. Furthermore, the United States is paying close attention to lessons learned from Russia's war against Ukraine and supports Taiwan's efforts to implement an asymmetric defense strategy. As such, the Biden administration has pressed Taiwan to order weapons and weapons systems that are better suited for asymmetry.

Strategic Ambiguity, or Not

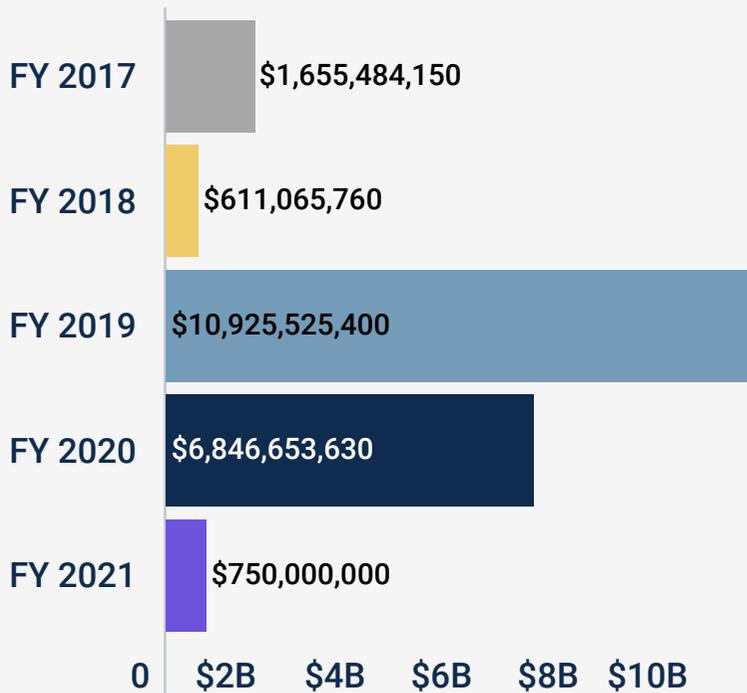
The Biden administration has maintained Washington's longstanding policy of "strategic ambiguity" and "dual deterrence," which aims to deter both China and Taiwan from changing the status quo without fully committing to a side. The administration doubled down on Trump-era Taiwan policies, strengthening ties with the island by becoming only the second administration ever to highlight Taiwan in its national security strategy and the first to invite a Taiwanese envoy to the U.S since 1979.

Additionally, since Biden entered office, the United States has approved three military sales to Taiwan, totaling nearly one billion dollars. While this totals to much less than what was proposed during the Trump Administration, these sales have elicited significant protest from China. With increased Chinese aggression toward Taiwan under Xi Jinping, President Biden's latest comments, although walked back, nevertheless signify a growing willingness to speak in bolder terms about U.S. assistance to Taiwan.

Proposed Major U.S. Foreign Military Sales to Taiwan: 2021-22

Proposed Arms Sales Values	Sale Details
\$750,000,000	155mm M109A6 Paladin Medium Self-Propelled Howitzer System
\$100,000,000	Equipment and services to support participation in the Patriot International Engineering Services Program (IESP) and Field Surveillance Program (FSP)
\$95,000,000	Contractor Technical Assistance support consisting of training, planning, fielding, deployment, operation, maintenance, and sustainment of the Patriot Air Defense System

U.S. Arms Sales to Taiwan FY 2017-2021*



*Figures include both foreign military sales (FMS) and direct commercial sales (DCS). DCS figures for 2021 are not yet available.

U.S. Official Visits

U.S. official visits to Taiwan are considered to be provocative to mainland China. The Chinese government tends to view visits to Taiwan as informal recognition of the island and a threat to Chinese sovereignty. In March 2022, a delegation of former defense officials sent by President Biden met with Taiwanese leaders. The next month, a delegation of lawmakers, led by Senators Bob Menendez and Lindsey Graham, also visited to discuss bilateral relations and regional security. Finally, in what elicited a particularly strong Chinese reaction, House Speaker Nancy Pelosi announced a planned visit to Taiwan in April 2022, which would be the first-time a Speaker of the House visited the island since 1997. She later postponed the visit after testing positive for Covid-19.

Rethinking Taiwan's Defense

Many have called for a rethinking of Taiwan's conventional defense strategy in favor of a focus on an asymmetric approach. Asymmetric warfare is a type of conflict between two nations with disparate resources and military capabilities. As an island with limited resources, Taiwan is working to develop asymmetrical defense capabilities in order to counter the gap it has with China's greater manpower, technology, and resources.

Approaches to asymmetric warfare tend to prioritize mobility and precision attacks. In the case of Taiwan, any asymmetric strategy depends on holding off invasion long enough for the United States to intervene. Many analysts believe such an intervention would come in the form of arms, as the U.S. has with the war in Ukraine.

The United States has reportedly been steering Taiwan away from systems such as Lockheed Martin's MH-60R Seahawk helicopter, which would not be practical in a conflict with China. Interest groups like the American Chamber of Commerce in Taiwan, the U.S.-Taiwan Business Council, and U.S. defense contractors have said those restrictions are too limiting and ignore systems that could address China's activities in Taiwan's Air Defense Identification Zone, including Chinese military sorties near Taiwan.

Military doctrine restructuring and reorganization requires time. It will take years to procure new weapons, update supply systems, and change Taiwan's institutional defense culture to adapt to an asymmetric strategy. While President Tsai Ing-wen has been working toward these objectives, she still faces challenges regarding the limitations of Taiwan's resources and resistance from military leadership.

Furthermore, both China and Taiwan will be paying attention to how the ongoing war in Ukraine plays out, given its many parallels to a potential cross-strait conflict.

A Key Dependency in the U.S.-Taiwan Security Relationship: The Semiconductor Industry

Semiconductors have become essential components of everything from healthcare instruments to military systems and the green energy industry. However, growing tensions between Taiwan, China, and the United States have raised questions about the likelihood of regional conflict and its implications for the semiconductor industry. Furthermore, since the outbreak of COVID-19, production stoppages, mass layoffs, shipping blockages, and labor shortages have collectively created a global supply chain crisis that has severely affected the semiconductor supply chain.

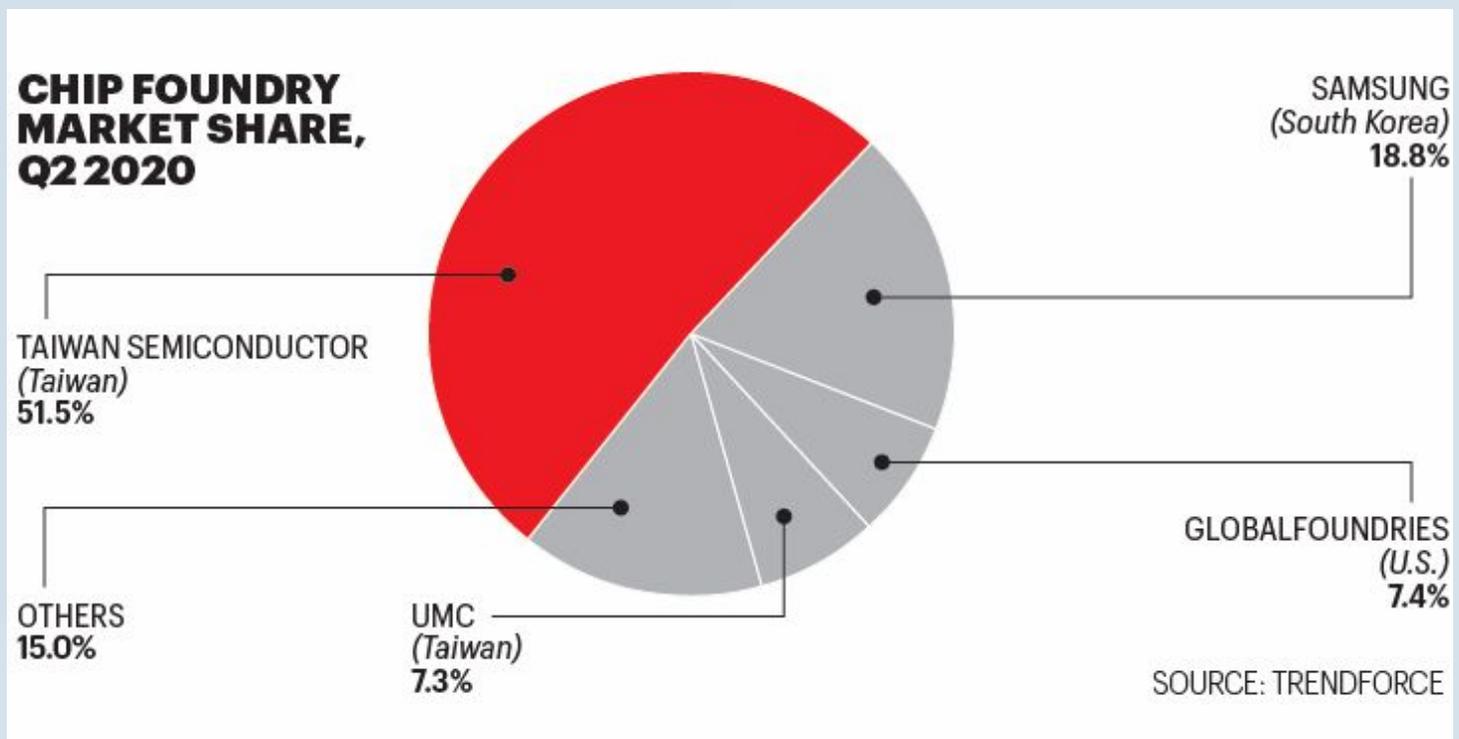
Both China and Taiwan are integral to the semiconductor industry. Boasting an incredible production base and economic strength, China stands to reconfigure the global semiconductor supply chain and impact U.S. and international security. Furthermore, the potential for cross-strait conflict could further endanger global supply chains, especially in countries like the United States which depend heavily on Taiwanese imports of semiconductors.

U.S. defense systems are particularly vulnerable. While many industrial chip systems are produced in the United States, semiconductors produced for defense systems are manufactured almost exclusively by the Taiwan Semiconductor Manufacturing Company (TSMC).

With a TSMC chip in every new iPhone, American businesses are also threatened by overdependence on Taiwanese chips, with the telecommunications and automobile industries already facing severe strains.

Over the years, TSMC has developed a complex semiconductor manufacturing infrastructure. With their international dominance, any supply shock in Taiwan would echo across the market. Corruption, espionage, and anti-competitive practices create a volatile, vulnerable market that the industry may not be prepared to handle. COVID-19 proved that critical global supply chains are extraordinarily fragile. Climate change has worsened this fragility, creating exasperating delays, shortages, and hampering productivity.

In February 2021, the Texas freeze and subsequent blackout forced three major semiconductor plants to close. In December 2021, flooding in Malaysia damaged Port Klang, one of Asia's largest ports. This delayed the supply of semiconductors from Taiwan, which are packaged and organized at the port. With climate change only worsening, these problems will not disappear without a decentralized supply chain that can withstand not only climate change, but global conflict and turmoil too.



Graphic from Trendforce, <https://fortune.com/2020/08/10/us-china-trade-war-semiconductors-chips-tsmc-chipmakers/>.