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Next-generation Perspectives on Taiwan

Edited by Bonnie Glaser

Insights from the 2022 Taiwan-US Policy Program

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Introduction

Bonnie Glaser

Over the past few years, Taiwan has received a surge of international attention. As the coronavirus pandemic began to spread worldwide in 2020, Taiwan emerged as a success story with relatively low numbers of cases and deaths. In the global battle against the virus, it provided medical supplies, medicine, and technology to countries in need, cooperated on vaccine research and development, and shared its best practices. The pandemic's impact on global semiconductor supply chains also led to heightened interest in Taiwan, which dominates the foundry market, or the outsourcing of semiconductor manufacturing. The island is home to the Taiwan Semiconductor Manufacturing Company, which produces more than 90 percent of global output of the most advanced semiconductors and is gearing up to launch next-generation three-nanometer chips this year.

Another reason for increased attention to Taiwan stems from international awareness of China's growing diplomatic and military pressure on the island. Since President Tsai Ing-wen assumed office in 2016, Beijing has poached eight of Taiwan's diplomatic allies and blocked it from participating in international organizations, including the World Health Organization. The Chinese military flew nearly 1,000 warplanes in Taiwan's air-defense identification zone in 2021. China has also stepped up its use of disinformation, United Front tactics, and other measures to widen splits within Taiwan's political system and induce pessimism among its people about their future to achieve its goal of taking over the island.

With the upswing of global interest in Taiwan, there is a pressing need for greater knowledge about the many factors that make it so crucial to the world. The Taiwan-US Policy Program (TUPP) was launched in 2017 to provide future leaders a deeper understanding

of Taiwan and its relations with the United States through meetings with officials and experts in Washington, followed by a visit to Taiwan to gain first-hand exposure to its politics, culture, and history. Experiencing Taiwan influences how these future leaders approach their work, their writing, and their overall worldview. It imbues them with an appreciation for Taiwan's experience and commitment to the principles of democracy and human rights that undergird the existing international order. It also reinforces the importance of maintaining robust bilateral relations and strengthening international support for the preservation of peace and stability in the Taiwan Strait.

After a two-year hiatus due to the coronavirus pandemic, TUPP resumed in January 2022 for a virtual session. Although holding virtual meetings with officials and experts from Taiwan and the United States was not ideal, the program was nonetheless successful in achieving its goals. Each participant gained insights into Taiwan and its role in their respective fields. This year's cohort also included for the first time a few experts from Europe, expanding the program's reach. Over time, TUPP seeks to create a body of global experts with knowledge about Taiwan and support for sustaining and expanding its ties to the world. Hopefully, TUPP will contribute to ensuring that Taiwan remains peaceful and prosperous.

The contributions here, written by nine of the eleven members of the 2022 TUPP delegation, underscore the importance of deeper study and understanding of Taiwan. I sincerely hope that they stimulate even greater global interest in Taiwan and its future.

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Four Steps to Improve the Chances of a US-Taiwan Free Trade Agreement

Tori K. Smith

Taiwan is the United States' ninth-largest trading partner, with total goods trade valued at \$90 billion in 2020.¹ Since Taiwan joined the World Trade Organization (WTO) in 2002,² Congress has called on the Office of the United States Trade Representative (USTR) to pursue formal trade agreement negotiations with it.³ The two parties already conduct successful meetings through the Trade and Investment Framework Agreement (TIFA), which was signed in 1994.⁴ Through these mechanisms, Taiwan eliminated nearly all its tariffs on industrial goods and made strides on intellectual property protection.

Taiwan has demonstrated through its WTO accession and the TIFA that it is a serious, viable trade partner for the United States.

Taiwan has demonstrated through its WTO accession and the TIFA that it is a serious, viable trade partner for the United States. Furthermore, the recent actions by President Tsai Ing-wen to remove Taiwan's bans on imports of US beef and pork resolved a

historic area of tension between the two countries that the USTR cited as a primary barrier to formal trade negotiations. Despite Taiwan's continued efforts to prove itself as a serious candidate, the USTR has yet to make such an agreement a priority.

A free trade agreement (FTA) between the United States and Taiwan would have a positive economic impact for both. This chapter will address the remaining reasons given by the USTR for not pursuing a bilateral agreement with Taiwan. It will also recommend that the USTR move Taiwan to its Office of Japan, Korea, and APEC Affairs and for Congress to consider a Trade Promotion Authority specific to Taiwan. These two steps will help ensure that Taiwan is evaluated on its own economic merit and influence the USTR's negotiating priorities.

The Economic Case for a Trade Agreement

The last major analysis of the potential economic effects of a trade agreement between the United States and Taiwan was conducted in 2002 by the US International Trade Commission (ITC) at the request of Congress. The ITC's report estimated that "the removal of quantifiable barriers would have a negligible impact on US production and gross domestic product (GDP) but would have a small impact on Taiwan production and GDP. Taiwan GDP could increase by 0.3 percent."⁵ Though the report includes helpful data, nearly 20 years have passed since its

1 Author calculations based on data from dataweb.usitc.gov; accessed September 3, 2021.

2 World Trade Organization, [Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu \(Chinese Taipei\) and the WTO](#), March 14, 2022.

3 United States International Trade Commission, [US-Taiwan FTA: Likely Economic Impact of a Free Trade Agreement Between the United States and Taiwan](#), 3548, October 2002, pp. 181–183; and Congress of the United States, [Letter to Ambassador Robert Lighthizer](#), December 19, 2019.

4 American Institute in Taiwan, [Agreement Between the American Institute in Taiwan and the Coordination Council for North American Affairs Concerning a Framework of Principles and Procedures for Consultations regarding Trade and Investment](#), September 19, 1994.

5 The 2002 study by the International Trade Commission used the Global Trade Analysis Project database to eliminate tariff rates. The computable general equilibrium model utilizes the same database, but with an updated base year of 2014. [US International Trade Commission, US-Taiwan FTA: Likely Economic Impact of a Free Trade Agreement Between the United States and Taiwan](#), October 2002, p. 16.

publication, and the trade relationship between the United States and Taiwan has experienced significant change and growth over that period.

A free trade agreement between the United States and Taiwan would have positive economic effects for both countries.

Recognizing the need for updated data, the Heritage Foundation recently released a report conducting a new economic analysis of a potential FTA.⁶ The study uses the same type of model as the ITC to analyze the impact of removing tariff barriers between the two countries.⁷ However, the analysis goes one step further by modeling the potential effects of removing some non-tariff barriers in both countries.⁸ This added feature allows for a broader look at the impact of a trade agreement, as tariffs in the United States and Taiwan are already relatively low, at 3.4 and 6.9 percent, respectively.

A free trade agreement between the United States and Taiwan would have positive economic effects for both countries. Total trade would increase by \$6.2

billion annually for the United States and by \$3.8 billion annually for Taiwan. US exports to Taiwan would increase in all sectors but rice with the largest percent increases in the beef (108.3%), pork (300.6%), sugar (107.8%), and automotive (119.3%) industries. Taiwan's exports to the United States would increase in all sectors but services with the largest percent increases occurring in the beef (102.5%), pork (179.0%), sugar (95.1%), and textiles and apparel (224.4%) industries. The increase in trade for both countries would also have a positive impact on economic growth. US GDP would increase by \$246 million, and Taiwan's GDP would increase by \$641 million. Notably, an FTA with Taiwan would likely impact trade with China. Under the Heritage Foundation model, US exports to China would decrease in nearly all sectors, China's total trade volume would decrease by just over \$1 billion annually, and China's GDP would be negatively impacted.

Debunking Common Objections to an FTA

Despite the benefits of an FTA to both countries, the USTR has cited Taiwan's unwillingness to remove bans on beef and pork imports as a major barrier to any potential talks.⁹ But in 2020, President Tsai announced she would allow imports of beef and pork that contain ractopamine, an animal feed additive used to make meat leaner. While the import measures were met with some opposition, including a referendum in December 2021,¹⁰ voters ultimately let the executive order stand to substantially ease restrictions on beef and pork products.¹¹ While the Biden administration did restart TIFA talks in 2021,¹² there has been little to

6 Tori K. Smith, Gabriella Beaumont-Smith, and Rachael Wolpert, [U.S.-Taiwan Free Trade Agreement: The Economic Case](#), The Heritage Foundation, 2022.

7 Given the model's base year, tariffs imposed in recent years under Section 232 of the Trade Expansion Act of 1962 and Sections 201 and 301 of the Trade Act of 1974 are not taken into account. However, Taiwan is subject to the tariffs imposed under Section 232 of the Trade Expansion Act of 1962 and Section 201 of the Trade Act of 1974. Because of this, the model represents the estimated effects of a trade agreement with Taiwan under more normal circumstances, but it is likely a conservative estimate given the omission of these additional barriers.

8 The model eliminates all tariff barriers between the United States and Taiwan. It also reduces or eliminates Taiwan's non-tariff barriers on agriculture, beef and pork imports, and US non-tariff barriers on agriculture, beef, pork, textiles and apparel, and automotive imports. Some non-tariff barriers are eliminated entirely, such as Taiwan's import bans and licensing requirements for beef imports, because they are barriers unrelated to science-based health and safety concerns. Other barriers, such as the United States' import restrictions on poultry imports, are reduced by two-thirds to allow for the maintenance of minimum health and safety standards.

9 Chun Han Wong, "[Taiwan to Ease Limits on American Pork and Beef, Smoothing Path for Trade Talks](#)," The Wall Street Journal, August 28, 2020.

10 Stephen Ezell, "[The Evolution of Taiwan's Trade Linkages with the US and Global Economies](#)," Information Technology & Innovation Foundation, October 25, 2021.

11 Jennifer Shike, "[Taiwan's Ractopamine-Fed Pork Referendum Fails, Here's What it Means](#)," Farm Journal's Pork, December 20, 2021.

12 [United States and Taiwan Hold Dialogue on Trade and Investment Priorities](#), Office of the United States Trade Representative, June 30, 2021.

signal that the barrier removal would open the door to FTA negotiations.

The USTR has since reportedly cited another technicality to block the agreement.¹³ Some USTR officials question the format of negotiations, suggesting that a trade agreement with Taiwan would have to be an agreement between the American Institute in Taiwan and the Taipei Economic and Cultural Representative Office. In their view, an agreement of this kind would not allow for the kind of enforcement mechanisms that are commonly included in a trade agreement. An FTA with Taiwan would not have to occur in this manner.

Taiwan has reported six free trade agreements to the WTO, two of which are with countries that do not have formal diplomatic relations with Taiwan.¹⁴ These agreements are between the respective partner and the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu, which is how Taiwan's territory is referenced at the WTO. Every agreement has a dispute system similar to what the United States calls state-to-state dispute settlement. As a WTO member, Taiwan also participates in dispute settlements within that body. Given this precedent, it should be entirely possible for the United States to model its trade agreement with Taiwan after these other agreements and for the negotiations to take place directly between the two governments.

Move Taiwan to USTR's Office of Japan, Korea, and APEC Affairs

Trade policy toward Taiwan is currently handled by the USTR's Office of China Affairs. This means that moves to advance the US economic relationship with Taiwan are conducted by the same staff that must balance the delicate relationship with China. This was

very clearly demonstrated during the Phase One deal negotiations with China, which began in 2017. The USTR did not conduct TIFA negotiations with Taiwan while they were in an active dispute with China, despite the clear support in Congress to prioritize a Taiwan FTA. Instead, relations with Taiwan were left to other agencies. For example, the State Department started a US-Taiwan Economic Prosperity Partnership Dialogue in November 2020.¹⁵ Taiwan's location in the Office of China Affairs also does not reflect its role in the global economy. Taiwan is a member of the Asia-Pacific Economic Cooperation (APEC) and¹⁶ the WTO,¹⁷ and it has a market economy, a system that differs greatly from China.

The office of the assistant secretary of defense for Indo-Pacific security affairs separates the region into four categories: Afghanistan/Pakistan/Central Asia, China, East Asia, and South and Southeast Asia. Security policy toward Taiwan is housed in the East Asia section.¹⁸ The USTR should model its treatment of Taiwan after the Department of Defense's structure by moving the portfolio to the Office of Japan, Korea, and APEC Affairs.¹⁹ Congress should mandate such a change.

Trade Promotion Authority for a Taiwan FTA

Congress has passed Trade Promotion Authority (TPA) legislation, which establishes a cooperative process between the legislative and executive branches for entering into trade agreements. Unlike treaties, trade agreements include tariff and non-tariff barrier changes that require statutory modifications, which

13 Based on author's private conversations with government officials and industry experts.

14 Taiwan's FTA partners include El Salvador, Guatemala, Honduras, New Zealand, Nicaragua, Panama, and Singapore. New Zealand and Singapore do not have formal diplomatic relations with Taiwan, yet they have full scale, fully enforceable trade agreements. [World Trade Organization, Regional Trade Agreement](#), RTA Tracker, accessed March 14, 2022.

15 [American Institute in Taiwan, Inaugural U.S.-Taiwan Economic Prosperity Partnership Dialogue](#), November 21, 2020.

16 Asia-Pacific Economic Cooperation, [Member Economies](#), accessed March 14, 2022.

17 World Trade Organization, [Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu \(Chinese Taipei\) and the WTO](#), accessed March 14, 2022.

18 US Department of Defense, [Assistant Secretary of Defense for Indo-Pacific Security Affairs](#), accessed March 14, 2022.

19 Office of the United States Trade Representative, [Japan, Korea & APEC](#), accessed March 14, 2022.

only Congress can do. TPA lays out expedited procedures for the consideration of a trade agreement so long as the USTR follows certain reporting deadlines and negotiating objectives. The most recent TPA, which passed in 2015, expired on July 1, 2021.²⁰ Without TPA, it is very difficult to get a trade agreement approved by Congress.

Securing a trade agreement with the United States will be near impossible until a new TPA is passed.

For Taiwan, this means that securing a trade agreement with the United States will be near impossible until a new TPA is passed. Previous TPAs have been blanket authorities for the USTR to negotiate any trade agreement it wishes. This type of authority limits Congress' ability to influence which trade negotiations take place, even if there is extremely strong support for an agreement with a specific country. A recent study suggests that Congress should consider a country-specific TPA, which would allow for tailored negotiating

objectives for that agreement.²¹ By issuing expedited procedures for an FTA only with Taiwan, the USTR would be incentivized and potentially even compelled to negotiate that bilateral agreement.

Conclusion

It is time to stack the deck in favor of a free trade agreement with Taiwan instead of against it. The American and Taiwanese people will benefit from deeper economic engagement through an FTA. To create the best environment for one, Congress and the administration should recognize the economic benefit of such an agreement, dispel the myths that a traditional FTA between the two governments is not possible, move Taiwan to the proper office at the USTR, and consider a TPA bill that is tailored specifically for a US-Taiwan free trade agreement.

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²⁰ Congress.gov, [Bipartisan Congressional Trade Priorities and Accountability Act of 2015](#), accessed April 20, 2021.

²¹ Tori K. Smith, "[Trade Promotion Authority: A Road Map for Congress](#)," The Heritage Foundation 2021.

Level Up: Upgrading US-Taiwan Technology Cooperation

Daniel Aum

China remains fixated on reclaiming Taiwan as its own. Indeed, China's armed forces continue to prioritize technological reforms that would improve their chances of overtaking the island.¹ Moreover, Beijing has directed a great deal of attention and resources to upgrading the nation's overall technological power, including in innovation, the digital economy, and cyber capabilities. The United States and Taiwan must contend with this multidimensional challenge, while dealing with the enduring impact of the coronavirus pandemic, supply chain shortages, and most recently, Russia's invasion of Ukraine. To be sure, a potential Chinese invasion of Taiwan would feature a whole-of-government approach by the Chinese Communist Party (CCP). Responding to these multifaceted challenges will require a similar all-of-government approach from the United States and Taiwan. Thus, Washington and Taipei should seek to increase their cooperation through a new technology partnership encompassing security, diplomatic, information, and economic domains.

The Chinese Threat and Digital Capabilities

The CCP has long desired to reunify Taiwan with mainland China.² To the CCP, Taiwan represents something more valuable than mere territory: it represents the last vestige of China's century of humiliation, when foreign powers colonized and divided the country during the 19th and early 20th centuries.³

Reunifying with Taiwan would allow the CCP to finally close this chapter of its history. Moreover, the continued existence of Taiwan poses a legitimacy issue. If the CCP cannot exercise control over what it views and declares to be the sovereign territory of the People's Republic of China, then its legitimacy to govern the Chinese people is undermined.⁴ The CCP thus views the United States' longstanding support and defense of Taiwan as interference into domestic Chinese affairs. Perhaps most importantly, by taking Taiwan the CCP would eliminate a robust, Chinese-style democracy and market economy that challenges its own model of authoritarian governance. The timeline for taking Taiwan, however, remains unclear, even though China's President Xi Jinping has repeatedly pledged to complete reunification.⁵

Over the past three decades, China has launched major initiatives to strengthen its capabilities in military technology, civilian innovation, and cyber power. Since the Gulf War in 1991, when the US military displayed its technology dominance over Iraq, Beijing has focused on the ability to win in modern, networked warfare conditions.⁶ Between 2006 and 2010, China began a new industrial policy, culminating in the release of the Medium- and Long-Term Program of Science and Technology, concentrating on industries for indigenous growth.⁷ Since 2010, China appears to

1 Defense Intelligence Agency, [China Military Power: Modernizing a Force to Fight and Win](#), 2019.

2 Richard C. Bush, *Difficult Choices: Taiwan's Quest for Security and the Good Life*, Brookings Institution Press, 2021.

3 C. Fred Bergsten et al., *China's Rise: Challenges and Opportunities*, Columbia University Press, 2008.

4 February 23, [China Expert Bonnie Glaser on Taiwan-China Tensions](#), 2022.

5 Yew Lun Tian and Yimou Lee, "[China's Xi Pledges 'Reunification' with Taiwan, Gets Stern Rebuke](#)," Reuters, July 1, 2021.

6 Michael S. Chase et al., [China's Incomplete Military Transformation](#), RAND, 2015.

7 Cong Cao et al., "[China's 15-year Science and Technology Plan](#)," *Physics Today*, 59:12, p. 38, 2006.

have yet again shifted its center of attention. Rather than just building upon mega-projects and investing in known fields, its leaders are now hoping to leapfrog its competitors by betting on emerging technologies. Outlined in the Strategic Emerging Industries program, the new approach unveils China's ambition to take a leading role in next-generation technology, including in information technology, biotechnology, and high-end machinery.⁸ To staff its technology industry, China has launched campaigns to attract the best talent, including from Taiwan, by offering large pay raises, free trips home, and heavily subsidized housing and education benefits.⁹ In 2016, China tied these various programs together under the overarching Innovation-Driven Development Strategy, backed by over a trillion dollars.¹⁰

While the CCP builds up its preferred digital framework, it has sought to erode digital systems in Taiwan and the United States.

Moreover, alongside its Belt and Road Initiative, composed of the land-based Silk Road Economic Belt and the sea-based 21st Century Maritime Silk Road, China has launched a comprehensive strategy to reshape the global digital architecture.¹¹ A Chinese-led digital system would generally reflect the CCP's preferred framework—one that reduces tariffs on digital goods and services, but also limits data flows, requires data localization, and favors domestic firms.¹² Even as the

CCP leadership continues to add new programs, such as in military-civil fusion, artificial intelligence, and information and services, the goal remains the same: to not only catch up with, but to surpass the United States in technological supremacy.¹³

While the CCP builds up its preferred digital framework, it has sought to erode digital systems in Taiwan and the United States. China has deployed persistent cyber operations against Taiwan, since at least 1999.¹⁴ The Taiwanese authorities estimate that government systems face 20 to 40 million cyberattacks every month.¹⁵ In 2017, the Department of Cyber Security reported that 288 of 360 successful attacks on government systems originated from Chinese networks.¹⁶ China has coupled cyberattacks with influence operations in Taiwan to erode support for President Tsai Ing-wen and her administration.¹⁷ Chinese cyber operations have also targeted US commercial and government entities, breaching a variety of sectors such as defense, health care, transportation, and energy.¹⁸

Meanwhile, the United States and Taiwan have had to address the wide-ranging domestic impacts of the coronavirus pandemic, shore up supply-chain gaps, and support Ukraine against Russia's invasion without igniting a global conflagration.

US-Taiwan Technology Collaboration

Recognizing these challenges, the United States and Taiwan have taken steps to deepen their coopera-

8 Barry Naughton, *The Rise of China's Industrial Policy*, sec. 3.1, Academic Network of Latin America and the Caribbean on China, 2021.

9 Alexa Lee, "[The Future of Taiwan in US-China Technology Competition](#)," *Digichina*, April 6, 2021.

10 *Ibid.* at sec. 4.1-4.3.

11 Emily de La Bruyere et al., (ed.), [China's Digital Ambitions: A Global Strategy to Supplant the Liberal Order](#), The National Bureau of Asian Research, March 2022.

12 Daniel Aum and Elliot Silverberg, "[US-China Tech War: Why a Digital Trade Deal with Japan and South Korea Is Key to Gaining the Upper Hand](#)," *South China Morning Post*, June 3, 2021.

13 14 Julian Baird Gewirtz, "[China's Long March to Technological Supremacy](#)," *Foreign Affairs*, August 2019.

14 Crystal Pryor, [Taiwan's Cybersecurity Landscape and Opportunities for Regional Partnership: Perspectives on Taiwan Insights from the 2018 Taiwan-US Policy Program](#), Center for Strategic and International Studies, March 2019.

15 Eric Cheung et al., "[How Taiwan Is Trying to Defend Against a Cyber 'World War III'](#)," *CNN*, July 23, 2021.

16 Hsin-fang Lee and Jonathan Chin, "[Chinese Hackers Getting Sophisticated](#)," *Taipei Times*, April 5, 2018.

17 Lawrence Chung, "[Taiwan Leader Tsai-Ing Wen's Office Targeted in Suspected Cyberattack](#)," *South China Morning Post*, May 18, 2020.

18 Associated Press, March 8, 2022; "[China Hacked At Least Six US State Governments, Report Says](#)," Sean Lyngaas, "[Suspected Chinese Hackers Breach More US Defense And Tech Firms](#)," *CNN*, December 3, 2021.

tion in key areas of technology. Last December, they announced the creation of the Technology Trade and Investment Collaboration (TTIC) framework to develop commercial programs and explore ways to strengthen critical supply chains,¹⁹ especially in semiconductors.²⁰ The TTIC builds on the existing lines of effort to promote trade. In 2020, the two sides had established the US-Taiwan Economic Prosperity Partnership Dialogue (EPPD) to identify broad areas for economic collaboration and cooperation, including global health security, science and technology, 5G and telecommunications security, supply chains, women's economic empowerment, infrastructure cooperation, and investment screening.²¹ This dialogue complements the foundational US-Taiwan Trade and Investment Framework Agreement (TIFA) signed in 1994, which establishes trade and investment dialogues between US and Taiwanese authorities.²² After a hiatus in TIFA meetings, in 2021 Washington and Taipei agreed to renew discussions through an assortment of working groups on agriculture, labor, intellectual property, investment and trade barriers, and other issues.²³ Finally, since 2015, the United States and Taiwan have cooperated on sharing Taiwan's technical expertise with other countries on the digital economy and cybersecurity, among other issues, through the Global Cooperation Training Framework (GCTF).²⁴

Both the United States and Taiwan are backing up cyber policy initiatives with additional spending. In

March 2022, President Joe Biden announced a FY23 budget that includes an 11 percent funding increase for civilian cybersecurity, amounting to a total of \$11 billion.²⁵ For its part, Taiwan's executive branch proposed spending \$1.86 million on cybersecurity in FY22, which was more than double the amount it had spent just two years prior.²⁶

***Both the United States and Taiwan
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In addition to these existing lines of efforts, there is more the United States and Taiwan could do to promote their common interests and shared political objectives through collaboration on technology. Cooperation is still missing some realms, such as digital standard setting. In other areas, the two parties could better integrate ongoing efforts across different agencies, as security, diplomacy, trade, and information issues overlap with each other.

Options for a Tech Upgrade

China is employing massive resources to build up its technological capabilities, and a full-scale invasion of Taiwan would feature the fruits of its decades-long investments into the security, economic, diplomatic, and information domains. Preparing for such an invasion, and deterring China's gray-zone activities short of war, will require a similar all-of-government approach from the United States and Taiwan. Thus, Washington and Taipei should establish a technology partnership that cuts across security, diplomacy, information, and economy dimensions. This partnership could incorporate the existing lines of efforts in the TTIC, EPPD, TIFA, and GCTF, and serve as the

19 US Department of Commerce, [Secretary of Commerce Gina M. Rai-mondo holds introductory call with the Taiwan Minister of Economic Affairs Mei-Hua Wang](#), December 6, 2021.

20 Ben Blanchard, "US, Taiwan Discuss Chips, to Cooperate Under New Framework," Reuters, December 6, 2021.

21 American Institute in Taiwan, [Fact Sheet To be Released by AIT and TECRO on US-Taiwan Economic Prosperity Partnership Dialogue](#), November 21, 2020.

22 Office of the United States Trade Representative, June 30, 2021, [United States and Taiwan Hold Dialogue on Trade and Investment Priorities](#).

23 Doug Palmer, "US, Taiwan Hold First Trade Talks Since 2016," Politico, June 30, 2021.

24 American Institute in Taiwan, [Global Cooperation and Training Framework \(GCTF\) Programs](#), accessed March 27, 2022.

25 David Jones, "Biden Administration's FY 2023 Budget Includes 11% Increase for Cyber," Cybersecurity Dive, March 30, 2022.

26 Lee Hsin-Fang and Jake Chung, "Cabinet Plans to Spend NT\$51.64m on IT Security," Taipei Times, September 6, 2021; Yang Chun-Hui and William Hetherington, "Presidential Office Budget for Cybersecurity Up 50%," Taipei Times, December 29, 2020.

chief organizing mechanism on technology issues. Drawing upon the United States' efforts with Japan and the European Union, among others, the US-Taiwan technology partnership could be expanded in the following areas.

Enhance Joint Cyber Training Operations

In 2019, the United States and Taiwan led a joint exercise simulating cyberattacks against the island.²⁷ Taiwan had for years petitioned to join US-led international cyber simulations known as the Cyber Storm exercises.²⁸ The two parties have built on these exercises to engage in wide-ranging discussions on joint cybersecurity cooperation.²⁹ Because Taiwan has been a frequent target of China's cyber offensive capabilities, it has developed valuable experience in combatting their operations. Building on existing efforts, the two sides should upgrade their cooperation with regular dialogues between governments and businesses, joint cybersecurity exercises, and shared intelligence to help fend off attacks. Some experts have argued that Taiwan should allow the United States to have direct access to Taiwanese networks,³⁰ so that Washington can help bolster the island's defenses, perhaps similar to the way it has been improving Ukraine's cyber defenses for years.³¹

Pursue Open 5G Architecture Through Joint Research and Development

5G networks are faster and connect more devices than 4G networks, allowing for commercial and battlefield advancements, including in intelligence,

surveillance, and command and control.³² To develop standards to make cellular equipment interoperable and cheaper, in 2018 a telecommunications consortium founded the Open Radio Access Network Alliance (O-RAN).³³ Some analysts interpreted O-RAN as the Trump administration's attempt to counter Huawei's dominance in the 5G market.³⁴ But O-RAN's efforts have stalled as Nokia, one of its three largest suppliers, raised concerns about the group's membership including China Mobile, a Chinese company that was blacklisted by the Federal Communications Commission due to national security concerns.³⁵ This year will be critical for O-RAN to prove its viability against competitors,³⁶ as it has yet to show much for its hype and investment. To ensure reliability, lower costs, and improve network security, the United States and Taiwan should promote the O-RAN architecture and fund programs that support this approach, including through the passage of the US Innovation and Competition Act.³⁷

Enhance the Talent Pool in Taiwan

A key challenge to Taiwan's economy is an inadequate supply of talented and qualified next-generation specialists to replace the talent pool, especially as many are lured away to China.³⁸ Taiwan's workforce could be improved if the United States were to help internationalize it. Relevant efforts could include

27 BBC, "[US and Taiwan Hold First Joint Cyber-War Exercise](#)," November 4, 2019.

28 Michael Gold and J.R. Wu, "[Taiwan Seeks Stronger Cyber Security Ties With US to Counter China Threat](#)," Reuters, March 30, 2015.

29 Ministry of Economic Affairs, Republic of China, "[Taiwan, US Join Hands on Forging Cybersecurity Defense Strategy](#)," November 9, 2021.

30 Klon Kitchen and Bill Drexel, "[Securing Taiwan Requires Immediate Unprecedented Cyber Action](#)," Lawfare, January 13, 2022.

31 Mehil Srivastava and Madhumita Murgia, "[The Secret US Mission to Bolster Ukraine's Cyber Defences Ahead of Russia's Invasion](#)," Financial Times, March 9, 2022.

32 Mohammed Soliman, "[The Gulf Has a 5G Conundrum and Open RAN Is the Key to Its Tech Sovereignty](#)," Middle East Institute, January 12, 2022.

33 Stu Woo and Liza Lin, "[The China-US 5G Battle Upends a Telecom Industry Consortium](#)," Wall Street Journal, October 12, 2021.

34 Thomas Duesterberg, "[US Efforts to Counter Huawei 5G Dominance Making Progress: Open RAN Playing Growing Role](#)," Forbes, March 17, 2021.

35 Ryan Tracy, "[FCC Denies China Mobile's Bid to Provide International Telecom Services in the US](#)," Wall Street Journal, May 9, 2019.

36 Thomas Duesterberg, "[2022: Year Of Decision For Open RAN](#)," Forbes, January 24, 2022.

37 US Congress, 117th Congress, [S. 1260: United States Innovation and Competition Act of 2021](#), accessed March 27, 2022.

38 Evan A. Feigenbaum, "[Assuring Taiwan's Innovation Future](#)," Carnegie Endowment for International Peace, January 29, 2020.

offering language training, promoting opportunities for educational and professional experiences abroad, and improving existing efforts to make English the official language of work in certain critical sectors,³⁹ such as in technology, finance, and export-oriented industries.⁴⁰ The United States could also encourage Taiwan to attract more foreign talent by easing work and visa entry policies, closing the pay gap between domestic and international workers, and offering scholarships to foreign students seeking to study or work in Taiwan early in their careers.⁴¹

Negotiate a US-Taiwan Free Trade Agreement

Building on the TIFA, the United States and Taiwan should pursue negotiation of a free trade agreement (FTA).⁴² With the proper provisions, the FTA would strengthen trade linkages, help mitigate the chip shortages in the United States, and improve the competitiveness of both economies. An FTA should include a digital trade provision—similar to those negotiated in the US-Mexico-Canada agreement and US-Japan agreement—that establishes high standards for protecting data, reduces digital services taxes, and enforces intellectual property rights consistent with the principles of maintaining fair, open, and competitive markets.

Align Bilateral Efforts to Prepare for Multilateral Engagement

In pursuing the efforts above, the United States would help align Taiwan with existing international efforts such as the Cyber Storm training operation, the international coalition in O-RAN, and a growing number of technology arrangements, such as the

US-EU Technology and Trade Council. As there appears to be a growing recognition that Europe's interests are deeply tied with Taiwan,⁴³ it would be to Taiwan's advantage to position itself for even greater EU collaboration. The United States could play a key role in facilitating stronger EU-Taiwan ties, such as through encouraging EU cooperation in the GCTE, harmonizing US and EU messaging on Taiwan, and preparing contingency plans for the European NATO members to increase their military responsibilities in the North Atlantic region, freeing up US military forces to come to the defense of the Taiwan in the event of a Chinese invasion.⁴⁴

Technology—a Means to an End

China would naturally push back on any efforts to upgrade the US-Taiwan relationship, perceiving such initiatives as interferences into domestic affairs. But the purpose of this agreement would not only be to defend US and Taiwanese interests against potential Chinese aggression; it would also seek to strengthen the parties' respective national technological bases, to exploit areas of mutual technological benefit, and to promote thicker bonds of dependence short of a clear security commitment. While such an agreement may provoke China, the alternative is to not take these steps for self-protection and enhancement, leaving its interests vulnerable to threats from Chinese, Russian, and other state and non-state actors.

The CCP leadership has vowed to reunify Taiwan with Mainland China, and its technological capabilities to pressure and eventually take control of the island continue to grow. The United States and Taiwan are already collaborating in many ways to mutually improve their own capabilities, which in turn increases their ability to deter Chinese aggres-

39 Katherine Wei, "[Govt Plan to Make Taiwan Bilingual by Raising English Proficiency by 2030 Too Ambitious, Says Teachers](#)," Straits Times, August 27, 2020.

40 American Institute in Taiwan, [Talent Circulation Alliance White Paper](#), accessed March 27, 2022.

41 Ibid.

42 Stephen Ezell, "[The Future of Taiwan: Semiconductors Alone Make the Island's Continued Freedom Crucial to the US](#)," Discourse Magazine, April 16, 2021.

43 Grzegorz Stec and Zsuzsa Anna Ferenczy, [EU-Taiwan ties: Between Expectations and Reality](#), Mercator Institute for China Studies, January 17, 2022; Thorsten Benner, "[Europe Is Doubling Down on Taiwan](#)," Foreign Policy, November 8, 2021.

44 Philip Anstren, "[The Case for Greater US-EU Collaboration on Taiwan](#)," Atlantic Council, June 30, 2021.

sion. A formal technology agreement would further elevate the importance of this relationship between these democratic partners. It would provide practical benefits to both sides in defense, cyber and information operations, and the economy. And it would pave the way for them to expand these types of technology partnerships with other countries through bilateral and multilateral mechanisms. In the long run, the whole of the US-Taiwan technology partnership could prove more valuable than the sum of its parts.

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A Brittle “Silicon Shield:” Security Implications of Taiwan’s Semiconductor Industry

John Lee

Semiconductors are a foundational technology for modern electronics, enabling functions that include computer processing, digital data storage, and conversion between digital and analog signals. Expansion of the Internet of Things and ever-greater demands for computing power and data storage are driving a seemingly boundless growth in demand for semiconductors and for increases in their performance. At the same time, the rising technical difficulty and expense of improving performance has driven market consolidation, leaving certain segments of the semiconductor supply chain in the hands of a few highly specialized firms that are headquartered in a half-dozen jurisdictions worldwide.

This has been especially evident in the global market for wafer fabrication; that is, the physical manufacture of chips. The number of firms worldwide operating cutting-edge fabrication plants has fallen over the last two decades from around 20 to just two or three. The clear leader is Taiwan Semiconductor Manufacturing Corporation (TSMC), which now accounts for over half the global contract fabrication (foundry) market by value.

TSMC is among the most valuable companies in the world by market capitalization, with revenue in 2021 of over \$57 billion. It is investing heavily in research and development and capacity expansion to reinforce its market dominance, with planned capital expenditure in 2022 of \$44 billion. The world’s leading designers of computer processors—Apple, Qualcomm, AMD, and even Intel, which is trying to re-establish itself in cutting-edge fabrication—all contract manufacture of their chips to TSMC. A leader in advanced packaging technologies, which represent one pathway for continued advancement of processor

performance, the company is a founding member of an international consortium recently established to collaboratively develop and standardize advanced packaging approaches.¹

Taiwan also boasts other major players in the fabrication, chip design, and packaging sections of the global semiconductor supply chain. The importance of these firms was highlighted by the global semiconductor shortage that developed in parallel with the coronavirus pandemic, with worldwide impacts on politically significant industries such as automotive. The request by Germany’s economy minister in January 2021 to Taiwan’s government to intercede with TSMC to make more capacity available for German carmakers signified international recognition of the island as a key supplier for a wide range of economic sectors.

The increased focus on supply chain security stimulated by the pandemic and international political tensions has also put the spotlight on TSMC’s critical role. The company’s new fabrication plant in Arizona is an important plank in the US government’s efforts to bring more of the semiconductor supply chain back in the United States. The Department of Defense’s adoption of a “zero-trust” approach to microelectronics procurement on the global market, stemming from recognition that national security demand for semiconductors is insufficient to support cutting-edge semiconductor manufacturing at home, further cements Taiwan’s role as a critical partner for the United States’

¹ Universal Chiplet Interconnect Express, [Leaders in semiconductors, packaging, IP suppliers, foundries, and cloud service providers join forces to standardize chiplet ecosystem](#), March 2, 2022.

defense-industrial base and civilian high-technology industries, at least for the short-term.²

In the context of rising US-China tensions, Taiwan's strategic industrial role is reinforcing the US political and strategic imperatives to support its continued de facto independence. For Taiwan, the logic of building on its semiconductor firms' success to secure future economic growth intersects with the strategic goal of keeping foreign nations invested in its security. Taiwan's government is seeking to attract foreign leaders in semiconductor-related technologies to set up operations on the island, and policy commentary increasingly references the island's importance to the global semiconductor supply chain as providing a "silicon shield" against aggression from China. Conversely, the prospect of Taiwan's semiconductor industry falling into the hands of China increasingly appears in arguments for more decisive US policy measures concerning the island's political status.

In the context of rising US-China tensions, Taiwan's strategic industrial role is reinforcing the US political and strategic imperatives to support its continued de facto independence.

Both these views miss important aspects of the situation, however. To start, the nature of the semiconductor supply chain means that gaining control of Taiwanese firms is unlikely to be among the reasons motivating leaders in Beijing to attempt forceful unification.³ The political fallout from an invasion of Taiwan would make untenable the already challenging situation facing Chinese industry due to growing pressures in the United States and allied countries to "decouple" from China. Mainland Chinese firms would risk being cut off from foreign suppliers, just

as Russian firms are currently as a consequence of the Ukraine war. The same would apply to Taiwanese firms that fell under Beijing's control, which despite being industry leaders still require foreign inputs and ongoing working relationships with foreign partners. TSMC, for example, relies on equipment from the Netherlands vendor ASML, and on international research collaborations such as those at Interuniversity Microelectronics Centre in Belgium.

This constraint from Beijing's viewpoint is unlikely to change soon. Despite notable progress in some areas, Chinese industry remains significantly behind global leaders almost everywhere along the semiconductor supply chain.⁴ Closing these gaps, while simultaneously meeting the Chinese economy's enormous technological requirements, requires continued relations with suppliers in more technologically advanced economies. Chinese policy documents and statements by officials from Xi Jinping downward show a clear understanding of this constraint on China's aspirations for greater technological self-reliance.

Chinese firms have long since discovered that poaching Taiwanese engineers in small numbers is not enough to make breakthroughs in so complex a business as the semiconductor sector. Even were a Chinese invasion to gain control of Taiwanese facilities intact, together with a full personnel complement, international isolation would result in this industrial complex quickly losing interoperability with the global supply chain and likely falling behind the cutting edge, given continued technological evolution. For China, the optimal situation concerning the semiconductor industry is stable relations with Taiwan and maximum access to Taiwanese skilled labor and capital, which has greatly assisted Chinese industry over the decades and continues to be critical to technological upgrading efforts.

From Taiwan's viewpoint, it is dangerous to assume that its role in the semiconductor supply chain will

2 C. Todd Lopez, [DOD Adopts 'Zero Trust' Approach to Buying Micro-electronics](#), US Department of Defense, May 19, 2020.

3 John Lee and Jan-Peter Kleinhans, ["Would China Invade Taiwan for TSMC?"](#) The Diplomat, December 15, 2020.

4 John Lee and Jan-Peter Kleinhans, [Mapping China's semiconductor ecosystem in global context: Strategic dimensions and conclusions](#), Mercator Institute for China Studies, June 30, 2021.

lead to foreign governments prioritizing its defense in a crisis. While current market conditions entrench the dominance of Taiwanese industry leaders, their capabilities are not inherently irreplaceable. TSMC is the clear global leader in fabrication, but Samsung—another extremely well-resourced corporation—is not far behind technically, and Intel is committed to closing the gap. Other players lag further behind but have the technical foundations to at least reach today's cutting edge, were the relevant commercial incentives to appear as a result of the disappearance of their Taiwanese competitors from the market.

Cutting-edge fabrication is highly profitable, but it is not required for most current military and civilian applications of semiconductors. Many needs for telecoms infrastructure, Internet of Things functions, physical system regulation, and other uses that do not demand state-of-the-art computing power can be met through fabrication of process nodes at 28 nanometers or older. TSMC and other Taiwanese firms are expanding production in China at these technological levels, at which Chinese firms also have limited but growing capacity. There is also a notably larger pool of firms in advanced economies that have capacity at these nodes.

This means that, while the loss of Taiwan's fabrication capacity would be highly disruptive, it would not be a matter of economic survival for other countries. But these countries will, in the event of a crisis around Taiwan's status, be acutely conscious of the importance of links with China, which is already the world's second-largest economy, the primary trading partner for more than half the world's states, and an increasingly significant player in a wide range of emerging technologies. These considerations weigh especially heavily for countries in Taiwan's neighborhood, which have shown no sign of changing course on economic integration with China.⁵ Though Beijing would doubtless face some international punishment for an unpro-

voked aggression, it is far from clear that this would reach a level sufficient to save Taiwan.

In this context, Taiwan's leaders should be careful not to draw overly optimistic lessons from the Ukraine crisis concerning international solidarity. Even faced with the invasion by Russia of a sovereign state, no states outside the United States and its rich-country allies have imposed sanctions. At the time of writing, divergence on this issue by developing economies like India was becoming a notable international fault line. And even within the US-led group, the sustainability of the coordinated sanctions regime against Russia remains to be seen.

The global push for supply-chain security is likely to undermine Taiwanese firms' niche dominance beyond the short term.

Furthermore, the global push for supply-chain security is likely to undermine Taiwanese firms' niche dominance beyond the short term. The United States, the European Union, and Japan are rolling out ambitious programs to "onshore" a greater share of the global semiconductor industry. While this is creating immediate opportunities for Taiwanese industry leaders, the long-term result will be reduced market share. South Korea, whose firms compete with Taiwanese companies in the semiconductor sector and related industries, is also investing heavily in its domestic semiconductor ecosystem. Having experienced disruptions from the relatively minor shocks to the global supply chain from the pandemic, few if any foreign governments are likely to view a continuation of Taiwan's outsized role in it as a desirable situation, given the geopolitical risk it entails.

Taiwan's conundrum is that the commercial features of the global semiconductor industry do not align with international political fault lines. The success of Taiwanese firms has been built on direct and indirect integration with a Chinese economy that has become

⁵ John Lee, [The Internet of Things: China's Rise and Australia's Choices](#), Lowy Institute, December 8, 2021.

central to the global electronics industry, including to the business models of relevant US companies. The long-term profitability of Taiwanese semiconductor leaders and their prospects of maintaining leadership in their niches are linked to their business with China and to China-integrated international supply chains and markets in electronics and digital goods and services. Taiwan's export growth is now led by semiconductor sales to China, which continues to increase its share of the foreign trade of the island's other major trading partners.⁶

Taiwan's role in the current international distribution of the semiconductor supply chain stems from its own efforts to create competitive advantage. TSMC as the standout example is a product of the government's support for pioneering the contract fabrication (foundry) business model. As TSMC's founder has highlighted, the company's success stems from advantages linked intimately to the location of its operations in Taiwan, including a cost structure that will unavoidably rise if these operations are relocated abroad.⁷ Taiwanese semiconductor firms answer to shareholders and make decisions based on profit implications.

It is hard to envision an international reconfiguration of the current supply chain that increases, rather than erodes, Taiwanese firms' advantages in a global market where, regardless of politics, they still need to compete on commercial terms. This is critical context for the caution shown by TSMC and other Taiwanese firms toward setting up operations in the United States and other politically friendly countries, and their disquiet about accommodating firms from these countries without consideration of the long-term implications for Taiwanese players.⁸ For example, attracting US and EU industry leaders to base opera-

tions in Taiwan has political and other benefits, but they also compete with local firms for skilled labor.⁹

At the same time, Taiwan cannot ignore the drawbacks of close integration with China in the semiconductor industry and the many sectors built on top of it. The passage of new legislation to address the talent drain to China, and the recent wave of police raids on China-based firms in Taiwan carrying out illegal recruitment and other activities in the semiconductor sector, highlights ways in which China's development directly challenges Taiwan's economic security. And as China's digital economy and technological capabilities continue to advance, benefiting from numerous inputs by Taiwanese actors, this boosts China's aggregate national power with implications for the overall political and military balance between Taipei and Beijing.

Taiwan's leaders need to walk a tightrope to navigate these challenges, rather than place faith in a simple decoupling of their semiconductor industry from China in favor of some international technology alliance that excludes it. Fortunately, political conditions elsewhere are changing in ways that increasingly favor Taipei's room for maneuvering, as countries take an increasingly adversarial posture toward China. The development of the EU's anti-coercion instrument and blocking statute, which is receiving impetus from Beijing's punishment of Lithuania in relation to the new Taiwanese Representative Office there, is an example of such changes that will give Taipei more cards to play in its delicate dance with the mainland.¹⁰

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6 Roy C. Lee, [Taiwan's China dependency is a double-edged sword](#), East Asia Forum, July 6, 2021.

7 Cheng Ting-Fang and Lauly Li, "[TSMC's Morris Chang calls on Taiwan to defend its chip industry](#)," Nikkei Asia, April 21, 2021.

8 Yimou Lee and Stephen Nellis, "[Qualcomm settles anti-trust case with Taiwan regulator for \\$93 million](#)," Reuters, August 9, 2018.

9 Cheng Ting-Fang and Lauly Li, "[Chip talent war: Taiwan faces critical staffing shortage](#)," Nikkei Asia, February 18, 2022.

10 Mercy A. Kuo, "[Lithuania as a Litmus Test of EU-China Relations](#)," The Diplomat, March 8, 2022.

No Pain, No Gain: China's Capacity to Sustain Casualties

Eric Feinberg

In the wake of Russia's invasion of Ukraine and its ensuing military difficulties, debates have arisen over whether these events carry any implications for a future China-Taiwan scenario. The devastation wrought on Russia's economy by Western sanctions has not been lost on Beijing, nor has the diplomatic isolation thrust upon President Vladimir Putin. For China, always hyperconscious of its economic development and international reputation, these are not trivial deterrents to a Taiwan invasion. In addition to these significant diplomatic and economic risks is a plethora of military risks. A military operation that Russia clearly expected to be easy and low-cost has turned into something of a quagmire. Even conservative estimates indicate Russia lost as many troops in the first weeks in Ukraine as the United States lost in 20 years in Afghanistan, a reminder of how quickly wars can go wrong even for countries with a conventional military advantage.

China would seem to have a vast capacity to absorb casualties given its enormous population and the tremendous suffering sustained during the Mao era.

This begs the question: how many casualties is China willing to sustain in a future Taiwan military scenario? On the one hand, the prospect of unleashing the kind of domestic instability and military humiliation that now plague Russia would seem an obvious deterrent. On the other hand, China would seem to have a vast capacity to absorb casualties given its enormous population and the tremendous suffering

sustained during the Mao era. Given that roughly 150,000 Chinese troops were killed in the Korean War and double that number were wounded, the Chinese Communist Party (CCP) has clearly demonstrated a willingness to stomach considerable suffering when it deems an objective sufficiently important.

Wolf Warrior Diplomacy

There is some basis for taking this latter notion seriously. Facilitated by relentless propaganda emphasizing the "great rejuvenation of the Chinese nation" under Xi Jinping's leadership, nationalism among the Chinese public is widely believed to be on the rise. This shift has been reflected in jingoistic blockbuster films like *The Battle at Lake Changjin*, released last September to commemorate the CCP's 100th anniversary, which smashed box office records and garnered \$1 billion in its first month, a sign of intensifying demand in China for cultural content reaffirming its national greatness.¹ The 2015 film *Wolf Warrior*, telling the tale of a heroic special forces soldier of the People's Liberation Army (PLA) battling evil Western mercenaries, was similarly a sensation in China, stressing support for a more muscular military as a necessary element in this inchoate patriotism.² These sentiments would be less notable if merely a domestic cultural phenomenon, but the underlying premise that China must be more bold and forceful internationally has also been reflected in an increasingly strident diplomacy. The deeply ingrained attitude in China that the

1 Elizabeth Kerr, "['The Battle at Lake Changjin' \('Zhangjin hu'\): Film Review](#)," *The Hollywood Reporter*, November 12, 2021.

2 Patrick Frater, "['Lake Changjin II' Leads China Box Office for Fifth Weekend](#)," *Variety*, March 6, 2022.

country deserves greater influence and deference on the world stage is certainly not new and has occasionally spilled onto the surface, as in 2010 when Foreign Minister Yang Jiechi famously ridiculed his counterparts in the Association of Southeast Asian Nations as representing “small countries” who should accede to the wishes of his “big country.”³ At the time, such declarations were seen as rare and unusual outbursts; today they are considered normal.

“Wolf-warrior diplomacy,” as this style is now called, has coincided with China’s growing military assertiveness and expansionism along its periphery, raising the question of whether these shifts have been stylistic and superficial or inform foreign policy. Last June, Xi called on senior officials to present a more “loveable” image of China to the world, but he has been a cheerleader of the more confrontational approach, which could only have endured for so long with his blessing given the CCP’s highly centralized, authoritarian structure.⁴ Having gained the core leader’s endorsement, these attitudes have become internalized across Beijing’s foreign policy apparatus, with more cautious and conciliatory attitudes becoming marginalized and subject to suspicions of insufficient loyalty. With this brand of nationalism being stoked by persistent drumbeating on the importance of unification, Xi and other senior CCP leaders might genuinely believe that the public would back a forcible seizure of Taiwan, that they have popular support, and that any casualties would be tolerated or acclaimed rather than fuel discontent. This confidence—or overconfidence—could be reinforced by the same kinds of obsequious advisors who misled Putin about the ease of a Ukraine operation and the support he could expect in Ukraine and Russia itself. Such people are endemic in authoritarian systems as pleasing the leader becomes more important than delivering objective, accurate information.

3 Ben Lowsen, “China’s Diplomacy Has a Moment in its Closet,” *The Diplomat*, October 13, 2018.

4 BBC News, “Xi Jinping calls for more ‘loveable’ image for China in bid to make friends,” June 2, 2021.

A Decline in Shared Identity with China

On the other hand, there are several contrary facts and trends that might check China’s willingness to risk significant casualties in a Taiwan assault. Some scholars dispute the claim that nationalism is on the rise in China, dismissing this narrative as the anecdotal creation of Western pundits and citing survey evidence that, for instance, younger respondents are less nationalistic than older ones. Academic Alastair Iain Johnston has noted that on a variety of metrics measuring patriotic sentiment, China’s numbers peaked around the 2008 Olympics in Beijing but then reverted to the pre-Olympics mean.⁵ Even if one does not share this view and there has been a real shift in Chinese sentiment during Xi’s tenure, it raises valid questions about the Western perspective on China’s evolution. If China’s leaders are unsure whether the population has been sufficiently primed to accept serious casualties, prudence and caution might compel them to kick the can down the road.

The growth in Taiwanese nationalism, in contrast, is less debatable. In one series of surveys, as recently as 2007 the percentage of respondents identifying as solely Taiwanese was equal to the percentage identifying as both Taiwanese and Chinese. By 2021, the percentage identifying as solely Taiwanese was twice that of the dual-identity group.⁶ Any sense of shared identity with China has been collapsing over the last decade in Taiwan, driven by demographic change and negative reactions to Beijing’s coercion. A majority continues to support maintaining the cross-strait status quo in the interest of preserving peace, but the share favoring some eventual movement toward independence has steadily risen.⁷ This suggests Xi risks

5 Alastair Iain Johnston, “Is Chinese Nationalism Rising? Evidence from Beijing,” *International Security*, January 1, 2017.

6 Election Study Center, National Chengchi University, [Taiwanese/Chinese Identity \(1992/06~2021/12\)](#), January 1, 2022.

7 Election Study Center, National Chengchi University, [Taiwan Independence vs. Unification with the Mainland \(1994/12~2021/12\)](#), January 10, 2022.

courting catastrophe if he assumes Taiwan's resistance will crumble in the face of a PLA assault.

Untested PLA

China's leaders must also be concerned by the PLA's relative inexperience. The last war China fought was a brief border conflict with Vietnam in 1979, which failed to achieve its strategic objectives and cost tens of thousands of casualties. Since then, the PLA has engaged only in minor skirmishes and peacekeeping operations. In the handful of recent cases where it suffered casualties, it took measures to suppress the details, as in its 2020 border clashes with India.⁸ In other cases, the government was caught off guard by the public outcry and confusion, as in 2016 when several PLA peacekeepers were killed in a firefight in South Sudan.⁹ Even considering its significant defense investments in recent years, China's leaders are undoubtedly apprehensive about the prospect of its untested soldiers suddenly contending with a top-tier military power like the United States, which excels in joint operations and has become battle-hardened in the past two decades. All the technology and sophisticated systems in the world cannot compensate for soldiers lacking the basic warfighting competencies needed to employ them effectively. To this should be added the potential that other powerful Indo-Pacific states like Australia and Japan, and perhaps even European ones, could be expected to offer at least logistical and political support to Taiwan and the United States, if not an active military contribution. All these factors may produce a significant PLA casualty count, even if all goes according to plan.

One little-discussed factor that may undermine the PLA's capacity to take casualties is demographics. China is contending with a rapidly aging population and declining fertility rate. The infamous "one-child

policy," implemented in 1980 to slow population growth and discontinued in 2016, inflicted serious damage on the country's demographic stability. According to decennial census data released in 2021, the number of babies born in China was the lowest since 1961, during the Great Famine.¹⁰ Families have become dependent on fewer children to support their elders, who lack access to the generous welfare policies that are available in rich countries. Alarmed by this realization, China's leaders have created incentives to promote greater fertility, but with little success. This not only has detrimental impacts on the economy and society but also on the military. The of PLA soldiers in action would be catastrophic to their family, which likely would have no other children to provide for them or continue the family lineage. In 2012, a report revealed that 70 percent of PLA soldiers—and 80 percent of combat soldiers—were from one-child families.¹¹ In a conflict over Taiwan, the CCP could face a sudden social crisis as widespread anguish complicated the enforcement of official narratives and undermined domestic stability for a regime consumed by the desire to maintain it.

One little-discussed factor that may undermine the PLA's capacity to take casualties is demographics.

While it may be possible for the CCP leadership to tightly control the domestic conversation in case of a conflict with minor casualties, like on the Indian border, it would be a far greater challenge in a context of large-scale warfare with potentially thousands of dead. Russia is encountering this precise problem in Ukraine, trying desperately to portray everything as going according to plan while the reality pierces this façade via pervasive social media and modern communications. Just as the physical Great Wall

8 Shan Li and Rajesh Roy, "[China Reveals Four of Its Soldiers Died in Border Clash With India](#)," The Wall Street Journal, February 19, 2021.

9 Jeremy Page and Matina Stevis, "[China Discovers the Price of Global Power: Soldiers Returning in Caskets](#)," The Wall Street Journal, November 15, 2016.

10 Minnie Chan, "[Chinese military faces challenge from falling fertility rate](#)," South China Morning Post, May 30, 2021.

11 Ibid.

was easily circumvented by Mongol invaders in the 13th century, so too is the Great Firewall routinely circumvented by teenagers armed only with a virtual private network.

The demographic challenge is compounded by a public increasingly accustomed to rising wealth, living standards, and life expectancy. In countries mired in poverty, like North Korea under the Kim regime, an attitude of “life is cheap” can predominate and people can grow resigned to the inevitability of widespread death and suffering. But since China’s clash with Vietnam, its GDP per capita has increased 60-fold.¹² Chinese citizens, especially the poorest, are seeing rapid improvements in their lives that their ancestors could not have imagined, so it would undoubtedly strike many as senseless to gamble thousands of lives and all that accumulated progress on a Taiwan invasion entailing very real risks of failing or escalating into a more destructive conflict. Safeguarding the perception of China as a nation on the rise is a top CCP priority, and a potential debacle in Taiwan could seriously threaten that narrative, even factoring in Beijing’s aggressive efforts to control the information environment.

The Role of Political Power

A final consideration is the nature of the CCP regime. Research suggests that different regime types tend to display different levels of “casualty sensitivity” in war based on the source of their political power. Regimes relying on a broader base of support tend to be more averse to casualties than those relying on a small coterie of supporters as the costs of conflict can alienate key constituencies in the former group. For instance, if the United States were to lose 100,000 troops in a war, the ruling party would probably pay a severe electoral price. In contrast, if North Korea were to lose 100,000 troops in a war, Kim Jong-un would likely find that more manageable, since his status relies less on public approval and the elites forming the core of his regime

would be insulated from suffering. If this logic were applied to the CCP, the personalist aspects of Xi’s regime and his apparent domination of the political elite might give him wide latitude for sustaining casualties. When one of its policies proves unpopular it can, and often does, simply repress opposition rather than accommodate it. On the other hand, even in China’s one-party CCP there is substantial factionalism and its leadership always must be concerned that serious errors of governance or a collapse of public support might result in another faction becoming ascendant. As academics Cigdem Sirin and Michael Koch put it, “the risk of facing credible opposition that could challenge the leader’s tenure, and her capability to use various tools of repression to deal with such potential threat, may influence the link between an authoritarian leader’s winning coalition size and casualty sensitivity.”¹³ An implication is that Xi’s casualty sensitivity might well decline as his grip on power continues solidifying and prospective rivals are coopted or eliminated. However, but barring China evolving from an authoritarian regime to a totalitarian cult-of-personality, political pressure to avoid substantial casualties will remain a potent check on foreign policy adventurism. Mao’s achievement of total control enabled him to shrug off millions of deaths during the Great Leap Forward and the Cultural Revolution. Xi may strive to attain similar heights of power, but it is doubtful he could weather similar outcomes.

All these factors contribute to the CCP’s hesitation to hazard potentially large casualties, even if it believes that the PLA would ultimately prevail over Taiwan. For this reason, a full-throttle assault seems unlikely in the near-to-medium term; the risks are simply too high for a country whose leadership has typically been defined by prudence and risk-aversion. Even Xi, who has been less risk-averse than his predecessors, has remained comparatively restrained relative to Putin, although Beijing’s capacity to mitigate Western pressure far

12 The World Bank, [GDP per capita \(current US\\$\)—China](#).

13 Cigdem V. Sirin and Michael T. Koch, “[Dictators and Death: Casualty Sensitivity of Autocracies in Militarized Interstate Disputes](#),” *International Studies Quarterly*, December 11, 2015.

exceeds Moscow's. The more realistic threat could come from a more restrained CCP effort to "salami-slice" smaller territories from Taiwan like its outlying islands, as it has done to Southeast Asian states in the South China Sea, or to continue its ongoing policy of diplomatic strangulation by coopting Taipei's shrinking list of diplomatic partners. In a more extreme scenario, Beijing might try blockading Taiwan or "decapitating" its leadership, but Russia's failure to achieve this in Ukraine might give Xi pause in believing this could be achieved with ease or that the Western response would be predictable.

Efforts that succeed in ratcheting up the PLA's internal casualty estimates may well prove more effective than other forms of pressure.

The prospect of taking significant casualties will almost certainly be a powerful, perhaps even decisive, consideration China's leaders in their calculations about whether to move on Taiwan. Consequently, rather than relying on efforts to dissuade the CCP through political-economic pressure, whose effectiveness will diminish as Chinese power grows, Taipei and its partners should focus on developing a highly asymmetric military capability to inflict as many casualties on the PLA as possible and widely publicizing these efforts, as that might well be the most effective deterrent to inva-

sion. Like in Ukraine, this could include investments in cheap but versatile systems such as Javelin missiles, man-portable air-defense systems, and Dronebusters rather than expensive and sophisticated systems like fighter jets that Taiwan has often disproportionately funded. Futuristic systems such as unmanned underwater vehicles or advanced mines to target the PLA invasion force as it crosses the Taiwan Strait are also worth consideration from planners. A doctrinal shift by Taiwan's military will also be necessary, embracing irregular "defense-in-depth" tactics in contrast to conventional warfare, which would be futile given the PLA's superiority in personnel and munitions.

In short, efforts that succeed in ratcheting up the PLA's internal casualty estimates may well prove more effective than other forms of pressure, tapping into the CCP's deep-seated fears of domestic instability and military humiliation. This logic is at work in Ukraine where Putin has had to scale back his objectives in the face of determined and effective resistance and more casualties than expected. Had he known the invasion would play out in this manner, he might have shelved this option from the start. This same logic of deterrence might apply as well in the case of China and Taiwan.

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Prospects for a More Unified EU Approach to Taiwan: Lessons from Ukraine

Marshall Reid

In October 2021, Lithuania made the decision to exchange representative offices with Taiwan. On its own, this move was not especially notable—17 European states already maintain similar offices in Taipei,¹ while Taiwan operates representative offices in 22 European countries.² However, Taiwan's office in Lithuania differed in one crucial detail: rather than opting for the standard title of Taipei Representative Office in Lithuania, the office was to be named the *Taiwanese* Representative Office in Lithuania.³ For the People's Republic of China, this shift in nomenclature amounted to a tacit recognition of Taiwan's sovereignty claim, and thus constituted an unacceptable violation of the "One China" principle.⁴ Combined with Lithuania's earlier withdrawal from the China-led Cooperation between China and Central and Eastern European Countries initiative (popularly known when it was established as the 17+1), this decision touched off a diplomatic firestorm for the small Baltic nation.

Lithuania has since been forced to endure a wide array of Chinese retaliatory measures, ranging from large-scale economic sanctions⁵ to diplomatic condemnations.⁶ While Vilnius has been able to weather this

storm, it has done so largely without meaningful assistance from the rest of the European Union. Though nations across the continent have offered rhetorical support, the EU has thus far failed to develop a coherent, unified response to China's bullying tactics. This lack of solidarity could discourage European states interested in expanding ties with Taiwan, from doing so. In turn, this could effectively confirm the validity of China's approach, and embolden it to more doggedly pursue its campaign to limit Taiwanese influence on the continent.

The unified EU response over Ukraine could provide lessons for contending with authoritarian coercion and potentially help to shape a stronger, more coherent approach to China.

Despite this challenging dynamic, recent events have demonstrated that a unified EU response to authoritarian aggression is far from an impossibility. In the wake of Russia's invasion of Ukraine, the EU has acted with uncharacteristic decisiveness, condemning Moscow's behavior and providing desperately needed support to Kyiv.⁷ While for the EU Russia is not China, just as Ukraine is not Taiwan, the overall political dynamics of the two situations—democratic states perpetually threatened by larger, autocratic neighbors—have several similarities. As such, the unified EU response over Ukraine could provide lessons for contending with authoritarian coercion and poten-

1 European Union Centre in Taiwan, [European Union Centre in Taiwan](#), accessed April 4, 2022.

2 Bureau of Consular Affairs, Ministry of Foreign Affairs, Republic of China (Taiwan), [ROC Embassies and Missions Abroad](#), accessed April 4, 2022.

3 Thomas J. Shattuck, "Lithuania Fever in Taiwan: Can China Break It?" Foreign Policy Research Institute (FPRI), January 26, 2022. The name of the office in Chinese is "Taiwan Office in Lithuania."

4 Luke McGee, "How a tiny European country took on China over Taiwan," CNN, January 30, 2022.

5 BBC News, "China halts Lithuania beef, dairy and beer imports amid Taiwan row," February 11, 2022.

6 McGee, "How a tiny European country took on China over Taiwan."

7 German Lopez, "Europe Awakens," The New York Times, March 13, 2022.

tially help to shape a stronger, more coherent approach to China.

Lithuania and the EU's "Taiwan Problem"

China's initial actions toward Lithuania primarily consisted of diplomatic saber-rattling, downgrading their diplomatic relationship and recalling its diplomats. However, when these tactics failed to convince Vilnius to reverse course, Beijing escalated its attacks, freezing all imports of Lithuanian goods⁸ and deleting Lithuania from the its customs register.⁹ Notably, China has reportedly threatened European suppliers that source their components from Lithuania with similar economic punishment for continuing to sell to the country, with the apparent goal of isolating it from the rest of Europe.¹⁰

In recent years, several EU members have faced retaliation over their ties with Taipei.

Though Lithuania is perhaps the most visible target of China's efforts to prevent states from strengthening cooperation with Taiwan, it is far from the only one. In recent years, several EU members have faced retaliation over their ties with Taipei. This phenomenon was illustrated in January 2022, when Slovenia's Prime Minister Janez Janša publicly announced his hopes for expanded relations with Taiwan.¹¹ Almost immediately, the country faced backlash from Beijing. Describing the remarks as a "dangerous statement in support of "Taiwan independence," China quickly worked to coerce Janša's government into changing

course.¹² It accomplished this by targeting Slovenia's businesses, many of which had significant investments in China. Within a week of the remarks, the Slovenian-Chinese Business Council reported that Chinese companies were "terminating contracts and exiting the agreed investments."¹³ While Janša remained steadfast in his support for Taiwan over the ensuing months, the Slovenian leader was voted out of office in April, casting uncertainty on the burgeoning Slovenia-Taiwan relationship.¹⁴

A Disjointed Response

Through its efforts to coerce individual European states into following its line on Taiwan, China has exposed a key vulnerability of the European Union's decentralized approach to foreign policy. While the EU has long touted its internal unity, it is far from a monolithic entity.¹⁵ Its 27 member states each operated out of their self-interest. For years, China has been able to exploit this dynamic, using its substantial economic and political influence to drive wedges between member states and to isolate perceived threats. Fearful of losing access to China's vast market or of the flow of Chinese foreign direct investment being cut off, many EU states have consistently declined to provide meaningful support to targets of Beijing's coercion. Seeking to counter these tactics—from China or other states, including the United States¹⁶—the European Commission recently published a long-awaited proposal for an Anti-Coercion Instrument (ACI).¹⁷ Fundamentally, this is designed to clarify the EU's definition of

8 BBC News, "China halts Lithuania."

9 Chris Brown, "Little Lithuania pokes China with Taiwan support and pays the price," CBC News, February 2, 2022.

10 Andrew Higgins, "In an Uneven Fight With China, a Tiny Country's Brand Becomes Toxic," The New York Times, February 21, 2022.

11 Erin Hale, "Slovenian Trade Group Reports Chinese Backlash After PM Praises Taiwan," VOA News, January 25, 2022.

12 John Feng, "Another European Nation Defies China As Slovenia Strengthens Taiwan Ties," Newsweek, January 19, 2022.

13 Hale, "Slovenian Trade Group."

14 Joseph Yeh, "Taiwan mum on whether Slovenia PM's defeat affects rep office plan," Focus Taiwan News, April 26, 2022.

15 Josep Borrell, "With tensions rising at our eastern borders, unity remains our strength," European Union External Action, January 30, 2022.

16 Barbara Moens, "Free traders fear EU risks going over to the dark side with new superpower," Politico, February 9, 2022.

17 European Commission, "Proposal for the protection of the Union and its Member States from economic coercion by third countries COM (2021) 775 final."

“economic coercion” and streamline its collective responses to such efforts.¹⁸ However, some have noted that the proposal is unlikely to be ratified in the near future,¹⁹ while others have argued that the ACI would itself represent a violation of World Trade Organization (WTO) rules.²⁰ Nevertheless, the release of the ACI proposal suggests that EU leaders recognize the need to protect member states from coercive diplomacy.

China’s increasingly believes that it can dictate the Taiwan policies of EU member states with relative impunity.

For nations such as Lithuania and Slovenia, the EU’s lack of solidarity has been damaging. In the case of Lithuania, China’s coercive tactics have been met with “a nudge rather than a slap,”²¹ with several EU states responding with words rather than actions.²² While the EU launched a case against China at the WTO,²³ proving that it engaged in economic coercion against Lithuania would be difficult and time-consuming.²⁴ In the case of Slovenia too, China’s aggressive tactics have elicited a muted response from the EU. As the Slovenian academic Saša Istenič Kotar has noted, Ljubljana would need “Western powers—especially Germany and France—to present a united front within the EU” in order to continue to defy Beijing on Taiwan.²⁵ Thus far, such solidarity has yet to emerge.

As its treatment of Lithuania and Slovenia—among others—has demonstrated, China’s increasingly believes that it can dictate the Taiwan policies of EU member states with relative impunity.²⁶ Furthermore, its unprecedented threat of secondary sanctions against companies doing business with Lithuania shows that this belief has grown stronger. Meanwhile, the EU’s responses have clearly proven insufficient in deterring such behavior. Though this dynamic certainly poses difficult questions for the EU, all is not lost. As its response to Russia’s invasion of Ukraine has made clear, it is capable of reacting decisively and collectively to authoritarian threats. For EU members interested in challenging China and building ties with Taiwan, this reaction could set an encouraging precedent.

Lessons From Ukraine

In years past, a unified EU response to authoritarian coercion could perhaps have been dismissed as a long-term goal at best. However, Russia’s invasion of Ukraine has fundamentally changed this state of affairs. Almost overnight, the EU’s historic wariness toward collective foreign policy effectively evaporated. Member states reacted with unprecedented swiftness, condemning Russia’s hostile behavior and imposing harsh punishments on the Putin regime.²⁷ The EU’s mounting sanctions targeting Russia (and collaterally Belarus) have demonstrated a willingness to sacrifice short-term economic growth in the pursuit of long-term geopolitical objectives.²⁸ It seems increasingly clear that the Ukraine crisis has become an inflection point for the EU, shaking many of its leaders out of complacency. Unlike in past crises, the EU can no longer ignore the threat of authoritarianism.

However, the Russia-Ukraine situation differs significantly from the dynamics of the Taiwan Strait.

18 Freya Baetens and Marco Bronckers, “[The EU’s Anti-Coercion Instrument: A Big Stick for Big targets](#),” EJIL:Talk!, January 19, 2022.

19 Judy Dempsey, [China’s Bullying of Lithuania Spurs European Unity](#), Carnegie Europe, January 18, 2022.

20 Moens, “Free traders fear.”

21 Stuart Lau and Sarah Anne Aarup, “[EU gives China a nudge rather than a slap over Lithuania](#),” Politico, January 27, 2022.

22 Kinling Lo, “[What next for EU ties as ‘shocked’ Beijing lashes out at Slovenia over Taiwan office plans?](#)” South China Morning Post, January 22, 2022.

23 Al Jazeera, “[EU files a WTO case against China for targeting Lithuania](#),” January 27, 2022.

24 Lau and Aarup, “EU gives China.”

25 Saša Istenič Kotar, [Interview with Marshall Reid and David Calhoun](#), GTI Insights, podcast audio, February 21, 2022.

26 Jonathan Hackenbroich, [Coercion with Chinese characteristics: How Europe should respond to interference in its internal trade](#), European Council on Foreign Relations, January 24, 2022.

27 Lopez, “Europe Awakens.”

28 European Council, “[EU restrictive measures against Russia over Ukraine \(since 2014\)](#),” last modified April 4.

Despite their shared authoritarianism, Russia and China are very different nations facing very different geopolitical circumstances. Economically, militarily, and diplomatically, Russia lags far behind China. Similarly, they differ greatly in their relative value to the EU. Though Russia has long played a crucial role in supplying energy to the European market, its economic significance on the continent pales in comparison to that of China, which has established itself as the EU's largest trading partner.²⁹ Given China's substantial economic influence within the EU, it would be naïve to expect EU states to respond to a Taiwan Strait contingency with the same level of ferocity and unanimity. Nevertheless, the EU's response to Russia's invasion of Ukraine could still provide valuable lessons for confronting China's aggressive tactics.

What Next?

Taiwan is currently a far lower priority for EU states than Ukraine. Unlike Ukraine, it lies far from the EU's borders, provides relatively little to the EU economy, and is not currently under military assault. Nevertheless, China's efforts to shape international behavior toward Taiwan should be a matter of grave importance for the union. Though Beijing's coercion of Lithuania and Slovenia is less visible and violent than Russia's attack on Ukraine, it nonetheless represents a profound, authoritarian challenge to the EU's unity and legitimacy. Should the EU fail to adequately respond to China's behavior, it risks confirming the effectiveness of such tactics. In doing so, it would pave the way for increasingly aggressive actions in the future. As such, the EU should move quickly and proactively to address the threat, using its response to the Ukraine crisis to inform its approach.

As the EU response to the Russian invasion has made clear, solidarity can be a truly powerful instrument for achieving geopolitical goals. As such, the EU should consider a wide range of preexisting and

novel options to encourage unity in engaging with Taiwan and combating Chinese coercive measures. Specifically, EU leaders should consider pursuing the following policies.

Fast-track the ACI

Since it was proposed in December 2021, the ACI has mostly remained on the backburner. While France pledged to make the proposal a key element of its presidency of the Council of the EU in the first half of 2022,³⁰ the Ukraine crisis has taken top priority. Given the ongoing authoritarian threat posed by economic coercion—from China and Russia—EU leaders should place greater emphasis on passing the ACI. Though it may not be the perfect solution, it is a step in the right direction. By passing it, the EU could strengthen its hand in responding to such tactics, while potentially laying the groundwork for a more comprehensive solution in the future.

Engage with Taiwan through multilateral fora

As China's treatment of Lithuania and Slovenia has made clear, bilateral outreach to Taiwan can be risky. While EU states should continue to pursue opportunities for bilateral cooperation, they should also work to include it in relevant multilateral fora, such as the Global Health Summit³¹ and the Tech.eu Summit.³² In doing so, the EU could benefit from Taiwan's expertise and experience as well as provide it with the opportunity to engage with partners and further develop its presence on the international stage.

Develop a unified trade and investment agreement with Taiwan

The EU has already discussed the prospect of developing a stronger, more coherent policy toward

29 Eurostat, "China-EU—international trade in goods statistics," last modified March 31, 2022.

30 French Presidency of the Council of the European Union, [Recovery, Strength and a Sense of Belonging](#), accessed April 4, 2022.

31 [European Union Global Health Summit](#), accessed April 4, 2022.

32 Tech.eu Summit, "[Tech.eu Summit: Where European Tech comes together](#)," accessed April 4, 2022.

Taiwan,³³ while the European Parliament has expressed a desire for an investment agreement.³⁴ As China has proven more than willing to economically punish individual member states that build ties with Taiwan, the EU should move collectively to negotiate an overarching investment plan with Taipei. While the EU is already Taiwan's top source of foreign direct investment,³⁵ a more coordinated approach could help to ensure more productive, mutually beneficial partnerships going forward.

Together, these policies could fundamentally change the EU's approach to Taiwan while helping to

safeguard individual member states from China's coercive policies. As Russia's invasion of Ukraine has made clear, a unified EU response can be a powerful tool in combating authoritarian aggression. Taiwan might be far beyond the union's borders, but it is no less worthy of a strong, unified approach.

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33 [European Parliament resolution 2020/2206\(INI\) on the implementation of the Common Foreign and Security Policy—annual report 2020](#), January 20, 2021.

34 European Parliament News, "[Parliament sets out its vision for a new EU strategy on China](#)," September 16, 2021.

35 Office of the President Republic of China (Taiwan), "[President Tsai addresses 2021 EU Investment Forum](#)," October 14, 2021.

Building on the Japan-Taiwan Détente in the East China Sea

Melanie Berry

Japan's ties with Taiwan are markedly warmer than its relationships with other neighbors, and the last year has seen an uptick in its leaders' signaling of support for the island against coercion by China, particularly from former prime minister Shinzo Abe and other members of the ruling Liberal Democratic Party (LDP). Japan and Taiwan share an interest in cross-strait stability, given their geographical proximity and deep economic and cultural ties. With that overriding concern in mind, the two governments have worked over the past two decades to mitigate one outstanding point of tension: the dispute over the Senkaku/Diaoyutai Islands, which Japan administers but China and Taiwan also claim. The significant effort to defuse tensions that Japan and Taiwan have made provides a strong basis for extending maritime security cooperation, particularly between their coast guards that previously clashed over the islands.

Taiwan's claim over the Senkaku/Diaoyutai Islands is inextricably linked to the argument that it is the legitimate government of China.

The uninhabited Senkaku/Diaoyutai Islands lie 170 kilometers (approximately 105 miles) from mainland Taiwan and Ishigaki Island, in Japan's southwestern-most island chain.¹ At stake in the territorial dispute is access to fishing resources and to potential oil and gas deposits, as well as control of a strategically located area in the East China Sea. Japan has recently

moved to enhance missile defense, electronic warfare, and amphibious capabilities on its southwestern islands, in preparation for two potential scenarios: a move by China to seize the islands and a potential cross-strait crisis.²

Taiwan's claim over the Senkaku/Diaoyutai Islands is inextricably linked to the argument that it is the legitimate government of China. Proponents argue that China controlled the islands from the 14th century as part of Taiwan until the Sino-Japanese War of 1894–1895 and that Japan (and the United States, as administrator of the Ryukyu Islands) should have returned them to the Republic of China after the end of Second World War.³ Historically, the Kuomintang (KMT) party has been the more vociferous advocate for Taiwan's rightful possession of the islands, including after democratization. However, officials from the Democratic Progressive Party (DPP) have also reiterated this claim. President Tsai Ing-wen has stated that the islands are part of Taiwan's territory, including after Japan's Ishigaki City changed the name of the islands' administrative designation to include "Senkaku" in 2020.⁴ Taiwan's Ministry of Foreign Affairs again repeated the claim following the introduction of China's Coast Guard Law in 2021—permitting armed vessels to use lethal force against trespassers into terri-

1 Masahiro Akiyama, "Geopolitical Considerations of the Senkaku Islands," *Review of Island Studies*, August 7, 2013.

2 Nikkei Asia, "Japan Missile Plan on Ishigaki Island Helps Boost Taiwan Defense," August 20, 2021.

3 Maritime Awareness Project, National Bureau of Asian Research, *Taiwan*, June 25, 2020.

4 Sherry Hsiao, "KMT Says Tsai Being 'Soft' on Defending Sovereignty," *Taipei Times*, June 17, 2020; George Liao, "President Tsai Reiterates Taiwan's Sovereignty over Diaoyutai Islands," *Taiwan News*, June 24, 2020.

tory claimed by Beijing—and urged China and Japan to avoid conflict over the dispute.⁵

Despite these disagreements, a focus for Japan and Taiwan in their interactions over the islands has been ensuring access to the area for fishing vessels. This was largely achieved by a bilateral fisheries agreement in 2013, which exempted Japanese and Taiwanese vessels from the other's maritime law enforcement jurisdiction around the islands (but not in their immediate territorial seas) and established a mechanism to discuss fishing rules and conservation issues.⁶ The negotiations over this agreement lasted 17 years, with domestic sentiments and diplomatic complexities delaying its conclusion. The government of Japan's purchase of three of the islands from a private Japanese owner in September 2012 was intended to forestall potential conflict, rather than as an escalatory measure, as it interrupted right-wing Tokyo Governor Shintaro Ishihara's plans to buy the islands and bring them under the city's direct purview in an attempt to solidify Japanese control.⁷ Following the purchase, however, a convoy of approximately 60 Taiwanese fishing and coast guard vessels entered the area around the Senkaku/Diaoyutai Islands in protest, exchanging water cannon fire with Japan's coast guard vessels. Less than a month prior, Taiwan's President Ma Ying-jeou had proposed an East China Sea Peace Initiative to promote cooperation and shared development of resources, but the Japanese government's purchase part prompted Ma to praise the protestors for their "patriotic actions."⁸ In an effort to ease tensions, Japan praised Ma's initiative in October and signaled its willingness to return to negotiations over the fishing

agreement, which was concluded in April 2013.⁹ It was then amended in 2015 and 2018 to resolve disputes over the time available to fishers, the distance required between vessels, and oceanographic research rights.¹⁰

Despite these disagreements, a focus for Japan and Taiwan in their interactions over the islands has been ensuring access to the area for fishing vessels.

A few factors enabled Japan and Taiwan to reach and maintain this détente. On Japan's part, by late 2012, concerns regarding potential political alignment between Taiwan and China ultimately outweighed the imperative to restrict non-Japanese fishers' access to the area, particularly given the increasingly frequent incursions by Chinese vessels in the area.¹¹ Prime Minister Shinzo Abe, who returned to office shortly after the Japanese government's purchase of the islands, also demonstrated throughout his tenure a willingness and capability to push past domestic opposition to achieve national security goals. In this case, he overcame the concerns of Okinawa-based fishers to finalize the fisheries agreement.¹²

The fisheries agreement bolstered Taiwan's diplomatic profile and represented a success for President Ma, which he looked to build upon with other countries, including the Philippines, in subsequent agreements and with a proposed South China Sea Peace Initiative.¹³ After Tsai Ing-wen was elected, ties between Taipei and Tokyo continued to improve, as

5 Sylvia Teng, "[Taiwan Reaffirms Sovereignty over Diaoyutai Islands amid Increased Tensions](#)," Taiwan News, February 18, 2021.

6 Tetsuo Kotani, "[The Japan-Taiwan Fishery Agreement: Strategic Success, Tactical Failure?](#)," Asia Maritime Transparency Initiative, October 15, 2020.

7 Hilary Whiteman, "[How a Remote Rock Split China and Japan](#)," CNN, January 13, 2012.

8 South China Morning Post, "[Ma Backs Taiwan Protesters over Disputed Islands](#)," September 25, 2012.

9 Michael Penn, "[Taiwan Sails into East China Sea Dispute](#)," Al-Jazeera, October 12, 2012.

10 Ankit Panda, "[Taiwan, Japan Amend Bilateral East China Sea Fisheries Agreement](#)," The Diplomat, March 19, 2018.

11 Michael Penn, "[Taiwan Sails into East China Sea Dispute](#)."

12 Tetsuo Kotani, "[The Japan-Taiwan Fishery Agreement: Strategic Success, Tactical Failure?](#)," Asia Maritime Transparency Initiative, October 20, 2015.

13 South China Morning Post, "[Taiwanese Navy Will Protect Fishermen, President Ma Ying-Jeou Says after Military Drill](#)," November 22, 2015.

the DPP prioritized strengthening relations with Japan over pressing territorial claims. Officials have reiterated the claims on occasion to head off criticism from the KMT, but sentiments within the DPP do not compel it to assertively respond to potential incursions or provocations outside of existing channels. Under either DPP and KMT rule, though, what Taiwan could achieve by pushing its claim is ultimately less than what it could achieve by working within the 2013 agreement with Japan and paving the way for more extensive informal cooperation.

The strategic importance of the East China Sea to Japan and the United States (particularly in the case of a cross-strait crisis) and the substantial risk of gray-zone conflict and escalation involving any or all three parties with claims to the Senkaku/Diaoyutai Islands suggests that Japan and Taiwan can do more to facilitate communication and information-sharing regarding potential risks and flashpoints. A formal mechanism to share military intelligence between them is out of the question, given the unofficial nature of their bilateral relationship.¹⁴ However, information-sharing between coast guards to counter challenges like illegal, unreported, and unregulated fishing, natural-disaster response, and sanctions evasion in the East China Sea would enable better awareness of threats to maritime security and stability and reduce the risk of misunderstandings that could be exploited by China.¹⁵

Such an agreement has already been concluded by the Taiwan and United States, which in March 2021 announced that they will facilitate informa-

tion-sharing between coast guards to counter gray-zone threats from China.¹⁶ Lawmakers from Japan's LDP and Taiwan's DPP pledged to promote coast guard cooperation during a security dialogue in August 2021, but the implementation of this agreement between party officials has yet to be realized.¹⁷ The United States should move to encourage bilateral and trilateral information-sharing between Japan and Taiwan on maritime risks at this stage, to build on the trust established by the fisheries agreement.

The territorial status of the Senkaku/Diaoyutai Islands and the sovereignty of Taiwan are highly sensitive matters, and even low-level cooperation between it and Japan to enhance stability in the East China Sea would likely prompt harsh rebukes from China. Even if Taipei and Tokyo remain aligned on the need to deter unilateral action by Beijing, non-governmental actors—including fishers and political activists—from Japan and Taiwan could play an unpredictable role in sparking a crisis. However, given the risk of conflict escalation and the significant efforts already made by Taipei and Tokyo to set aside their territorial dispute, the pursuit of practical steps to enhance stability and deter unilateral actions in the East China Sea should be a priority for both governments, as well as for the United States.

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14 National Bureau of Asian Research, [The 2021 Defense White Paper and Japan's Taiwan Policy](#), December 23, 2022.

15 J. Michael Cole, ["Why Strengthening the Taiwan-Japan Alliance Makes Perfect Sense,"](#) The Interpreter, March 23, 2017.

16 Lawrence Chung, ["Taipei, Washington Seal Coastguard Deal 'to Counter Beijing's Grey Zone Threats,'"](#) South China Morning Post, March 26, 2021.

17 Lawrence Chung, ["Japan-Taiwan Ruling Party Talks Yield Agreement on Coastguard Drills,"](#) South China Morning Post, August 27, 2021.

Four Reasons to Integrate Taiwan into US Democracy Promotion—and How to Do It

Parker Novak

Competition between authoritarianism and democracy is accelerating across the globe. Taiwan is on the front lines due to its geopolitical proximity to the People's Republic of China, which actively seeks to undermine its democracy. In the face of strong headwinds stoked by its neighbor, Taiwan stands out as an archetype of a resilient democracy that delivers for its people. Its experience can be applied to emerging and developed democracies alike, and the United States would do well to further integrate Taiwan into its democracy promotion efforts. There are four reasons why.

In the Asian Century, Taiwan proves “Asian values” and democracy are compatible.

Sometimes, US democracy promotion relies on Western-centric governance models that do not work when applied to different cultural contexts and societies—see, for example, efforts to build a centralized state in Afghanistan. Singapore's Prime Minister Lee Kuan Yew, who famously advocated the concept of “Asian values,” argued that democracy is not compatible with Asian cultures, instead seeing authoritarian models as culturally suitable.

Taiwan proves this wrong. Not only has democracy worked there, but it has delivered governance results—from effectively combating the coronavirus pandemic¹ to building a free and vibrant economy²—and taken root in a way many thought to be impossible following its transition to democracy in the mid-1980s. Taiwan's approach may resonate with governments and popula-

tions across Asia and serve as a resource for best practices that can be tailored to countries' unique needs.

Taiwan's youth have a stake in the system and have successfully furthered societal equality.

Most of the world's largest developing countries have majority-youth populations. From Indonesia to Nigeria, underrepresented young people are demanding a real seat at the table. Meeting their expectations—whether by creating jobs for those entering the workforce or moving toward more inclusive societies—is vital to ensuring growth and stability in these often fragile states. Taiwan's example provides a roadmap for doing so.

Youth-driven protest movements across the world are a clarion call for change, yet they often struggle to transition to competing in electoral politics, governing, and affecting lasting change. In Taiwan, young people bucked this trend and the activists became politicians.³ Following the 2014 Sunflower Movement, “which unleashed a wave of youthful activism that reshaped the island's political landscape,”⁴ young Taiwanese successfully established influence in civil society and elected office. Taipei City Councilor Miao Po-ya—Taiwan's first⁵ openly LGBTQ councilor—is just one example of someone who successfully adapted to working within the political system.

1 Richard Heydarian, “[What Taiwan and Vietnam taught the world about governance in 2020](#),” *Nikkei Asia*, February 8, 2021.

2 Anthony B. Kim, “[Taiwan's Free and Vibrant Economy Is a 'Democratic Success Story'](#),” *The Heritage Foundation*, February 17, 2022.

3 Ming-Sho Ho, “[The Road to Mainstream Politics: How Taiwan's Sunflower Movement Activists Became Politicians](#),” *Carnegie Europe*, October 24, 2019.

4 Ming-Sho Ho, “[The Activist Legacy of Taiwan's Sunflower Movement](#),” *Carnegie Endowment for International Peace*, August 2, 2018.

5 Tsou Tzung Han, Wen-Feng Hsu, “[Miao Po-ya: Meet Taiwan's first openly LGBTQ council member](#),” *Deutsche Welle*, November 9, 2021.

Taiwanese youth have also pushed their society to embrace greater equality for women and LGBTQ persons, a priority for young people in many countries. Women comprise 42 percent of members in the island's parliament,⁶ more than in its regional peers and many Western countries. Taiwan was the first⁷ country in Asia to legalize same-sex marriage and has been called the most gay-friendly⁸ nation in the region. These achievements are important not only for moral or altruistic aspirations for equality, but studies have shown that bolstering the rights of women⁹ and LGBTQ¹⁰ communities increases economic output and reduces violence¹¹ and extremism,¹² fostering greater prosperity and stability for all.

Young people across the world could learn a lot from their Taiwanese counterparts, using their example to build influence in their own countries.

Taiwan has engineered novel solutions to digitally driven disinformation.

Developed and developing democracies alike struggle with digitally driven disinformation. One would expect a small country to struggle with this, especially when it is being targeted by the largest country on the planet. Taiwan, however, turns this logic on its head. Led by energetic officials such as Digital Minister Audrey Tang, this wired and connected society has

devised innovative solutions to counter disinformation in the digital space.

At the micro level, Taiwanese “meme back” at disinformation by rapidly disseminating creative, appealing content designed to go viral.¹³ This is done by not only creating content tailored to the realities of how people communicate online, but also by moving fast and embracing a rapid-response approach often seen in public relations or political campaigns. “Meme-ing back” was used to counter misinformation driven by the Chinese Communist Party (CCP) during the 2020 elections and to debunk false claims about vaccines as they emerged during the coronavirus pandemic.

At the macro level, Taiwan invests in what Tang calls “democracy-affirming technologies” and real collaboration with the private sector. One example of this is the SMS-message-based tracking system developed by the government in conjunction with private-sector partners to contract-trace coronavirus cases, enabling public health officials to move faster in stemming the spread of the virus than they would have otherwise been able to.¹⁴ In this case, they used technology people were already using—nearly every Taiwanese has an SMS-enabled phone—versus forcing them to adapt to new technology, a key aspect of why the approach works.

Taiwan's approach can be adapted and scaled to countries throughout the world as they develop their own tactics and strategies to counter disinformation.

At a time when enthusiasm for democracy is dampening, Taiwan's zeal for it is infectious.

Whether evidenced through high voter turnout or a vibrant civil society, Taiwanese are incredibly enthusiastic about their democracy and protecting their political freedoms. The government embraces this. For example, it was the first participant in the Biden administration's Summit for Democracy to submit its

6 International Institute for Democracy and Electoral Assistance, [Gender Quotas Database: Taiwan](#), Accessed April 6, 2022.

7 Zoe Leung, “[Marriage Equality in Taiwan Hinges on Politics](#),” *The Diplomat*, June 23, 2021.

8 Queer in the World, [LGBT Rights in Taiwan: What Travellers Should Know Before Going \[Part 1\]](#), Taiwan Studies Programme, June 22, 2019.

9 UN Women, [Facts and Figures: Economic Empowerment](#), Updated July 2018.

10 M.V. Lee Badgett et. al., [The Relationship Between LGBT Inclusion and Economic Development: Emerging Economies](#), UCLA School of Law Williams Institute, November 2014.

11 UN Women, [Focusing on prevention: Ending violence against women](#).

12 OSCE Action against Terrorism Unit, [Understanding the Role of Gender in Preventing and Countering Violent Extremism and Radicalization That Lead to Terrorism: Good Practices for Law Enforcement](#), Organization for Security and Co-operation in Europe (OSCE), May 2019.

13 Yun Xuan Poon, “[How Taiwan used memes to fight pandemic rumours](#),” *GovInsider*, September 11, 2020.

14 Audrey Tang et. al., “[Summit for Democracy: Affirming Democratic Values with Technology](#),” PDIS, December 10, 2021.

Year of Action follow-up plan. At a time when citizens of many countries are frustrated with their democracy, Taiwan's enthusiasm and story provides a much-needed shot in the arm for democracy.

As the United States ramps up its support for Taiwan—whether by backing its World Health Organization observership campaign or the numerous congressional delegations that have traveled to the island—government agencies, Congress, and their partners need to further integrate Taiwan into democracy promotion efforts. Below are three ways to do so.

US government agencies and their partners should make a concerted effort to foster linkages and relationships, formal or informal, between Taiwan and small countries that are similarly vulnerable to coercion by authoritarian powers.

Congress should double down on its legislature-to-legislature relationships with Taiwan's Legislative Yuan by continuing to build peer-to-peer relationships between legislators and staff and finding ways to integrate it into congressional bodies, for example, the US House Democracy Partnership. Historically, Congress has been at the vanguard of the US-Taiwan relationship—it passed the Taiwan Relations Act after the Carter administration's normalized relations with China in 1978—and this is an opportunity for it to continue in that tradition. Taiwan's government, which regularly organizes congressional member and staff delegation visits, would surely welcome this and be a willing partner.

Democracy promotion organizations, such as the National Endowment for Democracy (NED) and its core institutes, should grow their partnerships with the Taiwan Foundation for Democracy and further integrate Taiwan's experience into their programs globally. Two of the NED's core institutes, the International Republican Institute and the National Democratic

Institute, opened offices in Taipei in late 2020, and the NED recently announced¹⁵ that its World Movement for Democracy summit will be held there in October 2022. At a practical level, this greater engagement could entail a variety of things, such as including more case studies from Taiwan in training curriculum and increasing its participation in exchanges and election observation missions across the world.

US government agencies and their partners should make a concerted effort to foster linkages and relationships, formal or informal, between Taiwan and small countries that are similarly vulnerable to coercion by authoritarian powers. This would be useful to the Baltic states, the Pacific islands, and countries in Central America. Such connections cut across thematic areas and there are natural partnerships to take advantage of; for example, Taiwan and Estonia are on the cutting edge of digital governance. Bolstering peer-to-peer links would not only create fora for developing solutions to mutual challenges, but simultaneously bolster Taiwan's prospects for maintaining its remaining official diplomatic relationships, which are under continual assault by the CCP, and those who maintain these with Taiwan.

Building these synergies can be accomplished in ways that are consistent with the "One China" policy of the United States and would garner strong support across the political spectrum in Congress and the American public at large. Cross-strait relations are tense and China is keeping a close eye on how the world responds to Russia's invasion of Ukraine as it eyes Taiwan. Democracy promotion may only be one of many issues at play in the foreign policy of the United States, but there is no time to waste on further integrating Taiwan into it.

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¹⁵ Taipei Times, "[Taiwan to host democracy meet.](#)" March 29, 2022.

Strengthening Japan-Taiwan-US Cooperation Through Legislative Exchanges

Sayuri Romei

The year 2022 marks the 50th anniversary of Japan's decision to establish formal diplomatic relations with China. Following US President Richard Nixon's opening to the country in February 1972, Tokyo recognized the government in Beijing as "the sole legal government of China" later that year.¹ The Japan-China Joint Communiqué that resulted from Prime Minister Kakuei Tanaka's visit to Beijing in September 1972 set the tone for Japan's cautious and ambiguous stance on its engagement with Taiwan. It stated that Japan "fully understands and respects" Beijing's position that the island was "an inalienable part of the territory of the People's Republic of China," though it did not clarify its own stance on the matter. This carefully worded position was designed to appease Beijing and avoid jeopardizing Japan's economic reconstruction and growth in the 1970s and 1980s.

However, while the 1972 joint communiqué imposes limits on Japan's engagement with Taiwan, Tokyo and Taipei have found impactful ways to strengthen their ties through people-to-people exchange while avoiding crossing any diplomatic lines vis-à-vis Beijing. In 1972, Japan created the Interchange Association (renamed the Japan-Taiwan Exchange Association in 2017) in Taipei in lieu of an embassy and Taiwan established the Association of East Asian Relations in Japan. Their reciprocal warm relations increased after 2000, when President Chen Shui-bian of the Democratic Progressive Party (DPP) ended the Kuomintang's (KMT) 55 years of uninterrupted rule in Taiwan. Twenty years later, a poll had 75.9 percent of Japanese respondents

choosing Taiwan as "the country they feel closest to," while only 3 percent selected China.²

Despite the difficulties of maintaining robust reciprocal engagement without formal diplomatic ties, Japan and Taiwan have deepened their relations through Track 1.5 or 2 dialogues, as well as legislative exchanges. These exchanges have grown more robust over the past 50 years and provide a constructive way to strengthen their relationship without Japan needing to shift from its official posture. They can be the basis for stronger trilateral cooperation among Japan, Taiwan, and the United States. China's increasingly assertive behavior in recent years and Russia's invasion of Ukraine in February 2022 have accentuated Taiwan's significance for Japan's security and changed the tone of the discourse among lawmakers and politicians in Tokyo, making this an opportune time to pursue closer Japan-Taiwan-US ties.

Strengthening Taiwan-Japan Legislative Exchanges

Japan's enthusiastic approach to strengthening legislative exchanges with Taiwan is sometimes attributed to the "Taiwan Lobby" both inside and outside Japan.³ A few months after Japan established the Interchange Association in Taipei, 27 Diet members of its ruling Liberal Democratic Party (LDP) founded the Japan-Republic of China Diet Members' Consultative Council in March 1973, later expanded into a bipartisan group

1 Ministry of Foreign Affairs of Japan, Joint Communiqué of the Government of Japan and the People's Republic of China, September 29, 1972.

2 Jiji, "Yaku 8 wari ga 'Taiwan ni shitashimi' Nihonjin Ishiki Chōsa, 'yūkōteki,' 'minshu-shugi'de Shinrai [About 80% of Japanese respondents 'feel friendly' towards Taiwan, shows perception poll]," January 20, 2022.

3 Todd Crowell and Murakami Mutsuko, "Taiwan's Lobby in Japan," Asiaweek, December 11, 1998; see also Honzawa Jiro, Taiwan Lobby, Data House, May 1998.

in 1997. By the late 1990s, many Japanese politicians had visited Taiwan. In 1998, for example, over 65 Diet members traveled to Taiwan, including individuals from the LDP and the Democratic Party of Japan, the main opposition party at the time.⁴ Since 2019, the group has counted over 287 Diet members from both the ruling LDP and the main opposition Constitutional Democratic Party. Taiwan also sent several delegations to Japan during the 1990s, including the head of the Legislative Yuan, high-ranking members of the executive, and other senior politicians.⁵

Japanese politicians and Diet members gradually became more vocal about the need for stronger ties with Taiwan.

In the early to mid-2000s, several other Diet member groups pushed to deepen ties with Taiwan. The Japan-Taiwan Association of Young Diet Members to Promote Economic and Cultural Exchange, for example, was established in April 2006.⁶ Its objective is to “deepen political, economic, and cultural ties between Japan and Taiwan” and it holds frequent workshops and meetings in both countries.⁷ Conservative LDP Diet members, such as former prime ministers Shinzō Abe, Jun’ichirō Koizumi, and Tarō Asō, have harbored warm feelings toward Taiwan in part because it, unlike South Korea or China, very rarely criticizes Japan’s militarist past. In fact, older Taiwanese generally consider Japan’s colonial rule of the island between 1895 and 1945 to have been rela-

tively benevolent, while many of them remember the oppressive regime of the KMT more vividly.⁸

Japan’s Recent Shift on Taiwan

In the early 2010s, Japan started upgrading the importance of Taiwan’s status in its official documents, through political discourse, and even through bilateral agreements. The two countries concluded an agreement for cooperation on air transport and an investment treaty in 2011, followed by a fisheries agreement in 2013 and a tax agreement in 2015. Moreover, starting in the early 2010s, the Foreign Ministry’s Diplomatic Bluebooks have slightly revised the language in the section dedicated to Taiwan.⁹ Each Bluebook since 2013 has been increasingly specific in its wording to reflect the growing significance of Japan-Taiwan relations that go beyond a mere economic partnership. This shift coincides with the beginning of Prime Minister Abe’s second term in December 2012 and grew more obvious throughout his tenure. As Japan emerged as a stronger and more confident member of the international community in the early 2010s, Japanese politicians and Diet members gradually became more vocal about the need for stronger ties with Taiwan. In July 2015, Japan’s government welcomed Taiwan’s President Lee Teng-hui’s visit to Tokyo. Undeterred by China’s protest of the visit, it invited Lee to give his first ever address at the Diet, which was attended by about 400 members.¹⁰

Japan and Taiwan also grew closer in the 2010s due to personal ties between Abe and President Tsai Ing-wen. Although it was denied by the DPP, there was speculation in Japanese media that Tsai met with Abe while still a presidential candidate in October

4 Lam Peng-er, “Japan-Taiwan Relations: Between Affinity and Reality,” *Asian Affairs: An American Review*, Winter 2004.

5 Ibid.

6 Friends of Lee Teng-hui Association in Japan Aichi Branch, *Nihon-Taiwan Keizai Bunka Kōryū wo Sokushin Suru Wakate Giin no Kai ga Hossoku* [Inaugurated the Japan-Taiwan Association of Young Diet Members to Promote Economic and Cultural Exchange], April 30, 2006.

7 Taiwan Today, “Nihon no Jimintō ‘Nittai Wakate Giin-ren’ ga Raitai, Ba Sôtō nado wo Hōmon” [The LDP’s Japan-Taiwan Association of Young Diet Members Arrive in Taiwan, Visit President Ma], May 1, 2015.

8 Ralph Jennings, “Taiwan finds a lot to like about its former colonizer, Japan,” *Los Angeles Times*, November 6, 2017; for a more in-depth and nuanced analysis of Taiwanese nostalgia of Japan’s colonial rule, see Andrew D. Morris (ed.), *Japanese Taiwan: Colonial Rule and its Contested Legacy*, Bloomsbury Publishing, 2015.

9 Adam P. Liff (accepted subject to minor revisions), “Japan, Taiwan, and the ‘One China’ Framework after 50 Years,” *The China Quarterly*.

10 J. Michael Cole, “[Better Get Used to it, China: Taiwan and Japan Will Get Closer](#),” *The Diplomat*, July 30, 2015

2015.¹¹ When Tsai was elected president in 2016, Abe and Foreign Minister Fumio Kishida broke with precedent by sending her congratulatory messages.¹² Abe's family has a long-standing closeness to Taiwan: his grandfather, Nobusuke Kishi, was Japan's first prime minister to visit Taipei in 1957. Tsai is also personally close to Abe's family and has promoted bilateral cultural exchange with his mother, Yoko.¹³

Unprecedented Engagement

Japan-Taiwan exchanges grew stronger throughout Prime Minister Abe's second term (2012–2020), but 2021 marked an even more definite shift in the JLDP's attitude toward Taiwan, with a flurry of pro-Taiwan statements accompanying a rising number of legislative exchange initiatives. The year also marked the tenth anniversary of the 2011 Great East Japan earthquake, which is often remembered by many Japanese lawmakers as a high point of friendship and solidarity, as Taiwan actively assisted the country in the wake of the disaster.¹⁴

At the April 2021 summit between Japan and the United States, President Joe Biden and Prime Minister Yoshihide Suga underscored the importance of their alliance focusing on peace and stability in the Taiwan Strait. The summit joint statement mentioned Taiwan, a first time since 1969.¹⁵ Japan's 2021 Defense White Paper also highlights the recent shift in the country's view of Taiwan by stating that "it is necessary that we pay close attention to the situation with a sense of crisis more than ever before."¹⁶

While some in Japan have been concerned by this break from the country's purposefully ambiguous policy on Taiwan, others have doubled down in supporting a more decisive pro-Taiwan position. Russia's invasion of Ukraine served as a catalyst for similar statements by Japanese politicians who fear that China will take similar action with respect to Taiwan. For instance, prime minister Abe, who is still a very influential Diet member, has been increasingly vocal about the importance of Taiwan for Japan and the United States. Following the attack on Ukraine, he urged the United States to abandon its long-standing strategic ambiguity on whether it would defend Taiwan if attacked, because the Taiwanese people share universal values with it and Japan.¹⁷ He also emphasized that "a Taiwan contingency is a Japanese contingency," echoing Defense Minister Nobuo Kishi's June 2021 assertion that "the peace and stability of Taiwan is directly connected to Japan."¹⁸

This growing concern about security and regional stability in Japan is also reflected in increasingly active Japan-Taiwan legislative engagement centered around security issues. In January 2021, Taiwanese legislators held a ceremony to mark the creation of a cross-party group that promotes Taiwan-Japan exchanges at the 10th Legislative Yuan. Japan's representative to Taiwan, Hiroyasu Izumi, noted at the ceremony that promoting friendship between the two is "a non-partisan issue in Taiwan's Legislature, as it is in Japan's Diet."¹⁹ Keiji Furuya, the chairman of the Japan-Republic of China Diet Members' Consultative Council, also emphasized that Japan hoped to strengthen and promote regional safety and cooperation through the group.²⁰

Moreover, in February 2021, the LDP's Foreign Affairs Division announced the launch of a Taiwan

11 Matthew Strong, "Tsai did not Abe: DPP," Taiwan News, October 9, 2015

12 Jeffrey Hornung, Strong but constrained Japan-Taiwan ties, Brookings Institution, March 13, 2018.

13 Focus Taiwan, "Tsai, Abe's mother enjoy NHK concert in Taipei," June 3, 2016.

14 Lin Chia-nan, "Japanese office unveils bilateral friendship symbols," Taipei Times, December 2, 2020.

15 Sayuri Romei and Scott W. Harold, "Suga-Biden summit: Rekindling confidence in the US-Japan alliance," Kyodo News, April 24, 2021.

16 Japanese Ministry of Defense, [2021 Defense of Japan](#), 2021.

17 Ken Moriyasu, "US should abandon ambiguity on Taiwan defense: Japan's Abe," Nikkei Asia, February 27, 2022.

18 Reuters, "Tokyo says Taiwan security directly connected to Japan," June 24, 2021.

19 Intellasia, "Cross-party group formed in Legislature to promote ties with Japan," January 21, 2021.

20 Ibid.

Policy Project Team.²¹ This was born from the need to increase engagement between the party and Taiwan in response to the “intensification of Chinese pressure on Taiwan in recent years, which affects Japan’s security.”²² The leader of the project, LDP Diet member and Chief of the Foreign Affairs Division Masahisa Satō, expressed his deep concerns over China’s repeated incursions into Taiwan’s airspace.²³ The Taiwan Policy Project Team held its first security dialogue in August 2021, where LDP and DPP lawmakers discussed the possibility of military exchanges between Japan and Taiwan and agreed to promote cooperation between their coast guards.²⁴ Following the dialogue, Satō commented that, although he could not publicly share the exact content of the session, the discussion was very concrete and realistic.²⁵ He also emphasized the effectiveness of convening both ruling parties and strengthening their relationship, but acknowledged the need to expand this into a bipartisan group in the future.²⁶ Satō also asserted that the new project team is a way to finally consolidate all these parliamentary initiatives, which will send a clear message to China, while also sending an encouraging message to Taiwan.²⁷

Potential for Deepening US-Japan-Taiwan Legislative Exchanges

As Japan, Taiwan, and the United States face intensifying regional and global challenges, it is a crucial time to build on the existing foundation of legislative exchanges to foster stronger trilateral cooperation. In addition to the efforts to promote

legislative exchanges between Japan and Taiwan, the US Congress has been actively promoting political, economic, and cultural exchanges with the island, especially since the House and the Senate Taiwan Caucuses were established in 2002 and 2003, respectively. Congressional support for Taiwan is bipartisan and several delegations of US lawmakers visit it every year. In November 2021, five US lawmakers visited Taipei and met with President Tsai, despite the tense climate between China and Taiwan.²⁸

The strength of the Japan-Taiwan and US-Taiwan exchanges means that the time is ripe for trilateralizing these interactions and broadening their impact. Some important steps have already been taken in this direction. Japan-ROC Diet Members’ Consultative Council Chairman Keiji Furuya organized the inaugural meeting of a trilateral strategy forum in July 2021 with the goal of strengthening relations between the three countries.²⁹ Lawmakers from Japan, Taiwan, and the United States participated, including Taiwan’s Legislative Yuan President and Chairman of the Taiwan-Japan Parliament Members Friendship Association You Si-kun, US Senators Bill Hagerty and Ed Markey, US Representative and House Taiwan Caucus Co-Chair Steve Chabot, and former prime minister Abe.³⁰ The discussions covered regional security and economic cooperation and the participants agreed on the importance of continuing to hold this trilateral forum.³¹

Russia’s invasion of Ukraine in February 2022 and China’s lingering reluctance to condemn it will likely accentuate the thinking in Japan that it is in its own interests to strengthen trilateral talks on regional peace and stability. Tokyo will not be able to face a military contingency in the Taiwan Strait

21 Liberal Democratic Party of Japan, [Gaikōbukai Taiwan-seisaku kentō Project Team Daiichiji Teigen](#) [Diplomatic Subcommittee Taiwan Policy Project Team: First Proposal], June 3, 2021.

22 Ibid.

23 Takuya Mizorogi and Masaya Kato, “Japan lawmakers want ‘Taiwan Relations Act’ of their own,” *Nikkei Asia*, February 6, 2021.

24 Jesse Johnson, “To China’s chagrin, Japan-Taiwan talks could pave the way for closer ties,” *Japan Times*, August 29, 2021.

25 Masahisa Satō, [Facebook page](#), August 27, 2021.

26 Ibid.

27 Masahisa Satō, [YouTube video](#), February 5, 2021.

28 Politico, “US lawmakers visit Taiwan; China conducts military patrols,” November 26, 2021.

29 Taiwan Today, “Taiwan, US, Japan lawmakers participate in first trilateral strategy forum,” July 30, 2021.

30 Lin Tsuie-yi, Chung Li-hua and Lin Chia-nan, “Abe special guest at strategic forum,” *Taipei Times*, July 30, 2021.

31 Ibid.

alone; thus reinforcing trilateral initiatives with the United States will in turn facilitate trilateral military coordination, clarify current limits, and improve operational readiness among the three countries.³² As previous optimism for a potentially constructive relationship with China is waning both in Japan and the United States, they and Taiwan share an interest in cooperating on other urgent issues, such as combating disinformation.

New legislation is needed to further institutionalize connections among lawmakers and enable deeper cooperation.

New legislation is needed to further institutionalize connections among lawmakers and enable deeper cooperation. This already been suggested by politicians in Japan and Taiwan. At a February 2021 LDP meeting in Tokyo, some legislators called for a new law similar to the 1979 Taiwan Relations Act passed by Congress to allow the United States to maintain substantial relations with Taipei after establishing diplomatic relations with Beijing.³³ This discussion was echoed in January 2022 when DPP lawmaker Chao Tien-lin suggested during a meeting with Japanese politicians that Japan should draft its own US Taiwan Relations Act.³⁴ Chao noted that such a law would boost bilateral collaboration by pushing official contacts to a higher level, and he emphasized that it was time for such legislation because “there are more Taiwan-friendly lawmakers than ever before in the Japanese Diet.”³⁵ Yasuhide Nakayama, Japan’s former state minister for defense,

confirmed that the LDP had been discussing the issue internally for some time. He also agreed with Chao that it was high time for Japan to introduce its version of the US legislation.³⁶ A stronger bilateral bond—or *kizuna*, as President Tsai called it, using the Japanese term in January 2021—will in turn increase grassroots support for Taiwan’s cause in a deeply pacifist country like Japan.

Russia’s invasion of Ukraine raised the alarm in Japan and Taiwan and opened up a debate on what Japan’s role would be in a similar scenario in Taiwan.³⁷ There is increasing momentum and appetite to enhance trilateral cooperation between the two countries and the United States. Witnessing the resiliency of Ukraine in the face of Russia’s aggression may also renew the public debate in Japan about the self-defense, democracy, and alliances. Many in Japan and in the United States are calling for a more robust trilateral relationship. Government-led initiatives in this direction still present several challenges and complications for both countries. Yet increasing and consolidating trilateral legislative exchanges is a promising avenue for fostering cooperation, pursuing shared interests, and enhancing military readiness in the region.

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32 Yoichi Kato, [How should Taiwan, Japan, and the United States cooperate better on defense of Taiwan?](#) The Brookings Institution, October 27, 2021.

33 Mizorogi and Kato, “Japan lawmakers want ‘Taiwan Relations Act’ of their own.”

34 Wang Yang-yu and Teng Pei-ju, “DPP lawmaker touts Japanese ‘Taiwan Relations Act’ at security meeting,” Focus Taiwan, January 18, 2022.

35 Ibid.

36 Ibid.

37 Toyo Keizai, “Ukuraina wa Chuūgoku no Taiwan shinkō wo omoit-odomaraseruka” [Will the situation in Ukraine dissuade a Chinese invasion of Taiwan?], March 9, 2022.

Opportunities for Increased Transatlantic Security Coordination on Taiwan

Franziska Luetzge

Europe's ties with Taiwan have grown stronger in recent years, particularly on economic, political, and technological issues of shared interest, and the changing international environment has made the importance of their relations even more salient. Russia's invasion of Ukraine in February brought security to the top of the European agenda and demonstrated that Europe must play a broader geopolitical role to protect its interests, as well as to maintain the rules and norms of the international order. The invasion came at a time when Europe had already begun to realize the increasing importance of the Indo-Pacific, and the experience of Ukraine has awakened many Europeans to the possible dangers that Taiwan could face in the future. Europe should seize this moment to take bolder action regarding Taiwan in tandem with the United States, building on steps that they have already taken in this direction.

The Biden administration inherited a strong US-Taiwan relationship and continues to bolster it. Talks with Taipei on a Trade and Investment Framework Agreement (TIFA) have resumed.¹ In March 2022, a delegation of former senior US defense officials traveled to the island to show “continued robust support for Taiwan.”² The Biden administration has also encouraged the European Union to make public statements aimed at deterring military aggression by China against Taiwan. The June 2021 US-EU summit statement called for preserving “peace and stability

across the Taiwan Strait.”³ Congress has also increasingly focused its attention on the island.

Relations between Europe and Taiwan have also strengthened considerably in recent years. There has been overall an increased push toward greater trade and investment ties as well as closer coordination between Brussels and Taipei on technology and digital issues.⁴ A trade delegation from Taiwan visited the Czech Republic, Lithuania, and Slovakia, last fall.⁵ During his October 2021 trip to Europe, Taiwan's Foreign Minister Joseph Wu not only visited the Czech Republic and Slovakia but also made the first visit of a foreign minister for official meetings in Brussels, where he met with select members of the European Parliament (MEPs).⁶

The Biden administration inherited a strong US-Taiwan relationship and continues to bolster it.

Given Europe's many economic interests abroad, officials and business representatives across the continent are increasingly aware of the need to diversify its economic relations, and Taiwan has an important role to play in that process. The EU's Indo-Pacific Strategy indicates that there are several areas where the EU and Taiwan are cooperating, including on the strategic

1 Office of the United States Trade Representative, [United States and Taiwan Hold Dialogue on Trade and Investment Priorities](#), June 30, 2021.

2 Ben Blanchard and Yew Lun Tian, [“U.S. delegation arrives in Taiwan as China denounces visit”](#), Reuters, March 1, 2022.

3 European Council, [EU-US summit statement: “Towards a renewed Transatlantic partnership”](#), June 15, 2021.

4 Mareike Ohlberg, [Taiwan Tensions and Deepening Transatlantic Cooperation](#), The German Marshall Fund of the United States, January 10, 2022.

5 Lu Yi-hsuan, [“Joseph Wu heading to central Europe to bolster ties”](#), Taipei Times, October 22, 2021.

6 Erin Hale, [“European MPs Meet with Taiwan Envoy Despite China Risks”](#), VOA News, October 31, 2021.

semiconductor sector and data-protection issues, as well as developing a trade and investment agreement.⁷ MEPs advocated for stronger ties with Taiwan in an October 2021 report, including laying the groundwork for a bilateral investment agreement.

While the EU continues to follow its One China Policy, MEPs have also expressed “grave concern over China’s continued military belligerence, pressure, assault exercises, airspace violations and disinformation campaigns against Taiwan” and thus pushed the EU “to do more” amid these tensions.⁸ In addition, last fall the EU adopted its Indo-Pacific Strategy, explicitly noting that the “display of force and increasing tensions” in the Taiwan Strait “may have a direct impact on European security and prosperity.”⁹ This echoes language used by the European Parliament about its October report on the “direct connection between European prosperity and Asian security and of the consequences for Europe if a conflict were to expand beyond economic issues.”¹⁰

The recent cooling in EU-China ties has also created space for closer ties with Taiwan.

The recent cooling in EU-China ties has also created space for closer ties with Taiwan. The EU’s relations with China have been strained by several developments, including Beijing’s “mask diplomacy” at the start of the coronavirus pandemic in Europe, the “deep freezing” of the EU-China Comprehensive Agreement on Investment in response to sanctions levied against MEPs and other European actors, and

most recently, Beijing’s apparent support of Russia’s war in Ukraine.

Until the recent invasion of Ukraine, Europe’s focus on military issues was much smaller compared with its economic and political priorities abroad, especially in geographically distant areas such as in the Indo-Pacific. Its policy decisions and defense spending of the last decades reflect this. However, this seems to be changing as a result of the war. European states have sent weapons to Ukraine, are bolstering NATO forces in Eastern Europe, and have pledged to increase defense spending. Finland and Sweden have applied for NATO membership.

Russia’s and China’s tactics to exploit and increase divisions within Europe as well as between it and the United States have catalyzed these shifts. While there are differences among EU member states in responding to the war in Ukraine, most noticeably between those countries bordering Russia and others, such as France and Germany, an overall increased sense of unity is evident. The emphasis is clearly placed on improving continental security, especially given the immediate Russia threat. Yet, China-Russia relations writ large and Beijing’s role in Moscow’s war in Ukraine have come under increased scrutiny. Contrary to some expectations, it is unlikely that Europe’s focus on Ukraine will leave it with less bandwidth for the Taiwan Strait and other Indo-Pacific issues. Due to closer alignment between China and Russia, it is more important than ever that Europe increases coordination with the United States on such matters of mutual interest.

There is growing recognition in Europe that “the United States and Europe are confronted with a single Eurasian theater—rather than distinct fronts in Europe and the Indo-Pacific.”¹¹ Developments in one region have clear implications for the other. Recent messaging from Europe has made clear that it has strong economic interests with Taiwan and views the island as a like-minded, democratic partner with

7 European Commission and High Representative of the Union for Foreign Affairs and Security Policy, [Joint Communication to the European Parliament and the Council: The EU Strategy for Cooperation in the Indo-Pacific](#), September 16, 2021.

8 European Parliament, [EU-Taiwan relations: MEPs push for stronger partnership](#), October 21, 2021.

9 High Representation of the Union for Foreign Affairs and Security Policy, [Joint Communication to the European Parliament and the Council](#).

10 European Parliament, [EU-Taiwan relations: MEPs push for stronger partnership](#), October 21, 2021.

11 Noah Barkin, [Watching China in Europe—April 2022](#), The German Marshall Fund of the United States, April 6, 2022.

whom it values warming relations. A Chinese attack on or an invasion of Taiwan would have a direct negative impact on European interests, and it would undermine the values and principles that Europe shares with Taiwan.

Europe, including the EU and its member states, must find ways to bolster its relationship with Taiwan amid a quickly changing international environment. It will first need to assess its continental security and defense needs, and then determine what it can and should prioritize abroad. Europe must react to geopolitical developments with quick, coordinated planning. There is growing attention to Taiwan in European policy circles, among lawmakers, and in public discourse—steps should be taken to institutionalize and build upon this nascent interest.

Europe must coordinate with Taiwan and other partners in the region to understand their expectations

of the European counterparts and to better understand where it can play a constructive role. There is also more opportunity for increased transatlantic coordination with the United States. Transatlantic discussions on Taiwan are already underway, and the most recent EU-US Dialogue on China included conversations regarding the island, a significant change from even last year.¹² However, more concrete steps are needed to ensure that European countries can work with each other and with like-minded partners in Taiwan and the United States to achieve their shared economic, security, and political goals.

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¹² Noah Barkin, [Watching China in Europe—May 2022](#), The German Marshall Fund of the United States, April 6, 2022.

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Bonnie Glaser, director of GMF's Asia Program.

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