

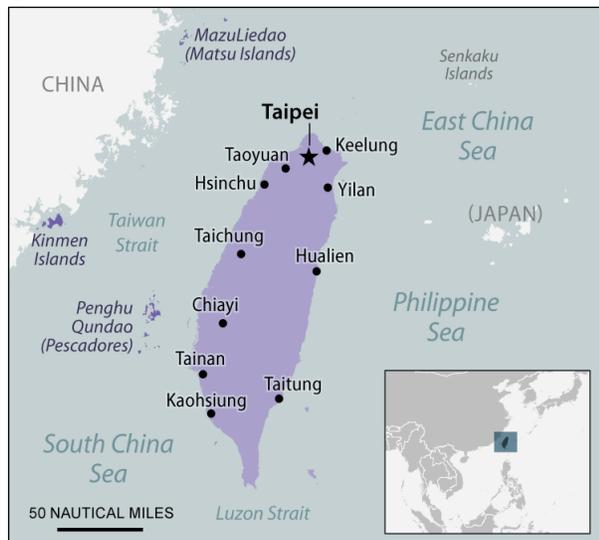
Taiwan: Background and U.S. Relations

Introduction

Taiwan, which also calls itself the Republic of China (ROC), is a self-governing democracy of 23.4 million people located across the Taiwan Strait from mainland China. The United States terminated diplomatic relations with the ROC on January 1, 1979, in order to establish diplomatic relations with the People's Republic of China (PRC), which claims sovereignty over Taiwan. At that time, the U.S. government also agreed to withdraw U.S. military personnel from Taiwan and terminate a U.S.-ROC Mutual Defense Treaty, and stated that it would henceforth maintain "cultural, commercial, and other unofficial relations with the people of Taiwan." The 1979 Taiwan Relations Act (TRA, P.L. 96-8; 22 U.S.C. §§3301 et seq.) provides a legal basis for unofficial relations.

In its most recent fact sheet on U.S. relations with Taiwan, issued in May 2022, the U.S. State Department refers to the United States and Taiwan as enjoying "a robust unofficial relationship." The fact sheet describes Taiwan as "a key U.S. partner in the Indo-Pacific," and states that the United States and Taiwan "share similar values, deep commercial and economic links, and strong people-to-people ties."

Figure 1. Taiwan



Source: Graphic by CRS.

Modern History

Taiwan was a colony of Japan from 1895 to 1945. The government of the ROC, then based on mainland China, assumed control of Taiwan in 1945, after Japan's defeat in World War II. In 1949, after the forces of the Communist Party of China (CPC) wrested control of mainland China from ROC forces in a civil war, the Kuomintang (KMT)-led ROC government retreated to Taiwan, and the CPC established the PRC on mainland China. The United States continued to recognize the ROC government on Taiwan as

the government of all China. In 1971, U.N. General Assembly Resolution 2758 recognized representatives of the PRC as "the only legitimate representatives of China to the [U.N.]," and expelled "the representatives of Chiang Kai-shek," the ROC's then-leader. In a December 15, 1978 U.S.-PRC communiqué, the United States recognized the PRC government as "the sole legal Government of China."

The KMT enforced martial law on Taiwan from 1949 to 1987, when the party yielded to public pressure for political liberalization. Taiwan held its first direct election for the legislature, the Legislative Yuan (LY), in 1992, and its first direct election for president in 1996.

2024 Political Transition

Taiwan held presidential and legislative elections in January 2024. Lai Ching-te (William Lai) of the Democratic Progressive Party (DPP) won the presidency with 40.05% of the vote in a three-way race. He and Vice President Hsiao Bi-khim, a former unofficial Taiwan representative to the United States, were inaugurated on May 20, 2024. The DPP is the first party in Taiwan's history to win a third consecutive presidential term by direct election. Lai's predecessor, Tsai Ing-wen of the DPP, served the maximum two four-year terms allowed, from 2016 to 2024.

The elections produced divided government. The DPP lost its majority in the 113-seat LY, and no party won a majority, the first such outcome since 2004. The KMT, now Taiwan's leading opposition party and supportive of greater engagement with the PRC, won 52 seats, to the DPP's 51. KMT-aligned independents won 2 seats. The Taiwan People's Party (TPP), founded in 2019 with the goal of challenging the dominance of the DPP and KMT, won 8 seats. In the days before and after Lai's inauguration, the KMT and TPP caucuses attempted to leverage their combined LY majority to advance legal amendments intended to expand the power of the legislature relative to the executive. The effort sparked a brawl in the LY and drew thousands of protestors onto the streets.

On the campaign trail, Lai pledged continuity with Tsai's policies. His cabinet includes figures from her administration in national security roles. Lin Chia-lung is foreign minister, succeeding Joseph Wu (Wu Jaushieh), who now leads the National Security Council, replacing Wellington Koo (Koo Li-hsiung), now defense minister.

In his inauguration speech, Lai echoed Tsai in stating, as she first did in 2021, that, "The Republic of China and the People's Republic of China are not subordinate to each other." Lai added, "All of the people of Taiwan must come together to safeguard our nation; all our political parties ought to oppose annexation and protect sovereignty; and no one should entertain the idea of giving up our national sovereignty in exchange for political power."

A spokesperson for the CPC's Taiwan Affairs Office asserted that Lai's speech was "full of hostility and provocation," and revealed Lai's "true face of 'Taiwan independence,'" meaning support for Taiwan's permanent separation from mainland China. Three days after Lai's inauguration, the PRC's People's Liberation Army Eastern Theater Command launched two days of military drills around Taiwan, portraying them "as a strong punishment for the separatist acts of 'Taiwan independence' forces and a stern warning against the interference and provocation by external forces." According to a PRC Ministry of Foreign Affairs spokesperson, the PRC made "serious protests" to the United States over a statement from Secretary of State Antony J. Blinken congratulating Lai on his inauguration. The spokesperson separately warned against post-inauguration visits to Taiwan by Members of Congress, arguing that, "The U.S. Congress is part of the U.S. government and supposed to strictly adhere to the one-China policy followed by the U.S."

U.S. Policy Toward Taiwan

Since 1979, U.S. government policy has been to follow a U.S. "one-China policy" with regard to Taiwan. The Biden Administration describes this policy as guided by (1) the TRA; (2) U.S.-PRC joint communiqués concluded in 1972, 1978, and 1982; and (3) "Six Assurances" that President Ronald Reagan communicated to Taiwan's government in 1982. (See CRS In Focus IF12503, *Taiwan: The Origins of the U.S. One-China Policy*, and CRS In Focus IF11665, *President Reagan's Six Assurances to Taiwan*.)

Key provisions of the TRA include the following:

- U.S. relations with Taiwan shall be carried out through the American Institute in Taiwan (AIT), a private corporation. (AIT Taipei performs many of the same functions as U.S. embassies elsewhere.)
- The United States "will make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability."
- It is U.S. policy "to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan."

The TRA creates "strategic ambiguity" by not specifying whether the United States would defend Taiwan in the event of a PRC attack. Since 2021, President Biden has four times stated that the United States would defend Taiwan; White House officials said U.S. policy was unchanged.

On the eve of Taiwan's 2024 election, a senior Biden Administration official said President Biden had outlined U.S. policy to his PRC counterpart, Xi Jinping, in November 2023, as: "[W]e oppose any unilateral changes to the status quo from either side. We do not support Taiwan independence. We support cross-Strait dialogue, and we expect cross-Strait differences to be resolved by peaceful means, free from coercion, in a manner that is acceptable to the people on both sides of the Strait. We do not take a position on the ultimate resolution of cross-Strait differences, provided they are resolved peacefully."

PRC Policy Toward Taiwan

At the CPC's 20th Party Congress in October 2022, PRC leader Xi referred to unification with Taiwan as necessary for "the rejuvenation of the Chinese nation." He reiterated the CPC's preference for peaceful unification, and its proposal for a "One Country, Two Systems" approach to governance of Taiwan. Xi also restated that the CPC "will never promise to renounce the use of force" to unify with Taiwan. The PRC's Anti-Secession Law, passed in 2005, states that in the case of Taiwan's "secession" from China, or if the PRC concludes that possibilities for peaceful unification have been exhausted, "the state shall employ non-peaceful means and other necessary measures to protect China's sovereignty and territorial integrity."

Beijing cut off communication with Taiwan's government in 2016, citing then-President Tsai's unwillingness to endorse a KMT-CPC-agreed formula, "the 1992 consensus." It holds that Taiwan and mainland China are parts of "one China," with different interpretations of what "China" means. The PRC has long sought to isolate Taiwan internationally, including by inducing Taiwan's diplomatic partners to recognize the PRC diplomatically instead. (See CRS In Focus IF12646, *Taiwan's Position in the World*.)

Taiwan's Security

In 2023, CIA Director William J. Burns stated that Xi had instructed the PLA to "be ready" to "conduct a successful invasion" of Taiwan by 2027, but added, "that does not mean that he's decided to conduct an invasion." (See CRS In Focus IF12481, *Taiwan: Defense and Military Issues* and CRS Report R48044, *Taiwan Defense Issues for Congress*.)

U.S.-Taiwan Economic Ties

Taiwan was the eighth-largest U.S. trading partner in 2023. Taiwan is a key link in U.S. global semiconductor and technology supply chains and the global center for the production of advanced chips. In June 2023, the United States and Taiwan signed the first agreement under a U.S.-Taiwan Initiative on 21st Century Trade. (See CRS In Focus IF10256, *U.S.-Taiwan Trade and Economic Relations*.)

Taiwan and the 118th Congress

In the 118th Congress, enacted legislation related to Taiwan includes the United States-Taiwan Initiative on 21st-Century Trade First Agreement Implementation Act (P.L. 118-13) and the Indo-Pacific Security Supplemental Appropriations Act, 2024 (P.L. 118-50). Senate-passed S.J.Res. 62 would nullify a rule opening the U.S. market to beef from Paraguay; the White House "strongly opposes" the measure, in part because of concerns that it could lead Paraguay to break diplomatic relations with Taiwan. House-passed legislation pending in the Senate includes H.R. 7024, which would seek to provide relief from U.S.-Taiwan double taxation; the Taiwan Non-Discrimination Act (H.R. 540); the Pressure Regulatory Organizations to End Chinese Threats to Taiwan (PROTECT Taiwan) Act (H.R. 803); H.R. 1159, related to Department of State guidance to federal agencies on contacts with Taiwan; and the Taiwan International Solidarity Act (H.R. 1176; see also S. 2995).

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