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CHINA- TAIWAN RELATIONS

TENSIONS INTENSIFY AS TAIWAN-US IT COOPERATION BLOSSOMS

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In the wake of then US Speaker of the House Nancy Pelosi's visit to Taiwan in August, China's extensive military exercises continued to impose a more threatening "new normal" in the Taiwan Strait. Taiwan continued to be the focus of heated public exchanges between the US and China. US President Biden said, for a fourth time, that the US would defend Taiwan and added an inflammatory codicil that independence was for Taiwan to decide. At the 20th Congress of the Chinese Communist Party, General Secretary Xi Jinping promised China would strive for peaceful reunification with Taiwan but would not renounce use of force. On Dec. 23, Biden signed the Taiwan Enhanced Resilience Act and a State Department appropriation providing \$2 billion in loans for Taiwan to purchase US equipment. Two days later, China sent 71 military aircraft and seven ships to intimidate Taiwan, its largest-ever one-day exercise near the island. Two days later, Taiwan President Tsai Ing-wen announced that Taiwan would extend its military conscription to 12 months. TSMC formally broke ground for the first of two factories in the US, a \$40 billion investment.

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The new year will see Taiwan's DPP and KMT parties launch their presidential election campaigns, debating visions for cross-Strait defense, dignity, and dialogue as the Chinese military appears determined to intensify its intimidation.

Chinese Military Continues Daily Intimidation and Taiwan Responds

The Peoples Liberation Army (PLA) Air Force [flew](#) over 430 sorties into Taiwan's Air Defense Identification Zone (ADIZ) in August 2022, according to Taiwan's Ministry of National Defense daily Twitter announcements. Chinese spokesmen made clear that they were acting in response to the visit to Taiwan of US Speaker of the House Nancy Pelosi. In succeeding months, this high rate of PLA Air Force intrusions diminished but remained higher than previous months. Taiwan's Ministry of National Defense (MND) [reported](#) over 190 aircraft intrusions in September, 96 in October, 170 in November, and 206 in December. Taiwan's MND also reported that the People's Liberation Army Navy [routinely stations](#) four or five vessels in the Taiwan Strait and along Taiwan's east coast in an apparent effort to intimidate Taiwan and perhaps harass or even interdict commercial traffic to Taiwan. Taiwan Foreign Minister [Joseph Wu warned](#) that China may be using the growing number of intrusions into Taiwan's ADIZ to justify future attacks.

On Dec. 25, the PLA Air Force sent 47 aircraft into the Taiwan ADIZ and across the median line in the Taiwan Strait. This is the largest number of flights into Taiwan's ADIZ since the 49 intrusions on Aug. 5 in the wake of the Pelosi visit, and the second highest number ever in a single day. The PLA Eastern Theater Command [announced](#) it was conducting "joint combat readiness patrols and joint firepower strike drills of all armed forces in the sea and airspace around Taiwan" as a "resolute response to the current US-Taiwan escalation and provocation." This "escalation and provocation" was widely understood to be US President Joseph Biden's signing the Taiwan Enhanced Resilience Act and Defense Appropriations Act, which together provided for \$2 billion in loans for Taiwan to buy US military equipment. In the past, such large military activities were explained as a response to Taiwan provocations. This event, following the exercises after Pelosi's visit, means that for the second time in a row the PLA justified exceptionally large military exercises near

Taiwan as a response to a US provocation rather than a Taiwan provocation.

According to Taiwan's MND, [China also uses](#) a variety of "civilian aircraft, weather balloons, recreational fishing boats, and marine research vessels for military purposes around Taiwan" in addition to civilian drones seen over Taiwan's islands of Kinmen and Matsu, which are near the Chinese coast. This parallels China's longstanding use of civilian fishing boats in the South China Sea to harass foreign civilian and naval vessels. In response to the intrusion of Chinese civilian drones into the airspace over Taiwan's islands, Taiwan's MND authorized the military to shoot down such aircraft if efforts to warn them off fail, and on Sept. 1, Taiwanese [troops shot down](#) a Chinese drone over a small island near Kinmen.

Taiwan Minister of National Defense [Chiu Kuo-cheng informed](#) the Legislative Yuan on Oct. 5 that Taiwan would consider any intrusion into its territorial waters or airspace as a first strike and respond accordingly, presumably shooting at them if necessary. Although shooting a Chinese civilian drone over an offshore island has provoked little reaction, this announcement by the MND that it reserved the right to shoot down PLA aircraft or vessels in its territorial waters or airspace marks a step into new and more dangerous territory. Despite their increasing frequency and expanded variety of platforms, PLA military activity since August appears to have roused little reaction among the Taiwan leadership or public. If China is seeking to intimidate Taiwan, so far it has had little success.

Since the Pelosi visit, the US Navy has continued its regular Taiwan Strait transits as part of its Freedom of Navigation Operations (FONOPS), in at least one case [accompanied by a Canadian naval vessel](#). The US [has approved](#) six arms sales to Taiwan since Sept. 1, with an estimated value of over \$1.7 billion, including *Harpoon* anti-ship missiles, *Sidewinder* short-range air-to-air missiles, and *Volcano* anti-tank mines.

Taiwan's Defense Faces Challenges

The first challenge is increasing its defense budget. Taiwan Premier [Su Tseng-chang announced](#) that Taiwan would increase its defense budget by 12.9% next year, as many had urged, in addition to the special budgets Taiwan uses to fund many of its acquisitions. A heated

debate continues over the second challenge—how it should allocate those funds. The US insists that Taiwan focus its acquisitions on small mobile and lethal weapons to mount an asymmetric defense, and that it reserves the right not to sell systems it concludes will not strengthen Taiwan’s defenses. MND insists that there is a continuing value in large platforms such as navy ships, combat aircraft, and army tanks to deter intimidation and gray-zone warfare. For example, Taiwan committed to begin building eight light frigates to be ready by 2026 and promised that its first domestically produced submarine will be ready by September 2023. Even if Taiwan can agree with the US on what systems to buy, it still [confronts](#) a third challenge—delays of a year or more before some weapons will be available due to US arms transfers to Ukraine.

On Dec. 27, Taiwan President [Tsai Ing-wen laid out](#) her solution to the fourth of Taiwan’s most serious defense challenges: extending conscription from four months to a year starting in 2024. Conscripts will participate in a more rigorous training program, and after their conscription is finished will go into reinvigorated reserve and civil defense units. This will free Taiwan’s main military units, staffed with volunteers, to focus on their combat missions. It is estimated that these steps will increase Taiwan’s military personnel from 215,000 to approximately 275,000. However, implementing this new conscription, training, and reserve strategy will require Taiwan’s military to dramatically expand and improve training for conscripts, reducing military preparedness in the short term. Many are skeptical this is possible.



Figure 1 Taiwan President Tsai Ing-wen inspects drills at a military base on Jan. 6, 2023 as China protests the passage of a US Navy destroyer through the Taiwan Strait. Photo: Taiwan Presidential Office via AP

Rhetorical Tensions Intensify

On Oct. 27, the US Department of Defense published its 2022 National Defense Strategy, [pledging](#) to continue support for Taiwan’s development of asymmetric defense capabilities. On Nov. 29, DOD issued its annual report on China’s military power, which [described](#) (pp. 125-130) China’s continuing efforts to build a military that can intimidate and coerce Taiwan into accepting Chinese rule if it refuses to accept Chinese demands for reunification peacefully. The commander of the US Navy’s Seventh Fleet [expressed concern](#) that China is quickly developing the ability to blockade Taiwan. Chairman of the Joint Chiefs of Staff Gen. Mark [Milley cautioned](#) that “a Chinese invasion of Taiwan would be a strategic mistake.” In its annual report, the United States-China Economic and Security Review Commission (USCC) [recommended](#) (p. 735) that the United States create an interagency committee under the president to develop options and plans for sanctioning China in the event of hostile actions against Taiwan.

President [Biden rebuked](#) China, though not by name, for threatening cross-Strait stability in his annual speech to the United Nations General Assembly on Sept. 21. A few days later, [Biden reiterated](#) for the fourth time as president that the US would intervene to defend Taiwan if China attacked unprovoked. This onslaught of activities, reports, and pronouncements was undoubtedly read in Beijing as more confirmation that any military action against Taiwan would be countered by the US despite its insistence that it has not abandoned its “one China Policy” or “strategic ambiguity.”

In his UNGA speech, Chinese Foreign Minister [Wang Yi called](#) Taiwan an “inseparable part of China’s territory since ancient times.” In a speech to the Asia Society, [Wang accused](#) the US of “interference and connivance” in supporting Taiwan independence in violation of its pledges to China. Although Biden promised to use his meeting with Chinese President Xi Jinping at the G20 in Bali to help both sides understand each other’s red lines, [Biden insisted](#) he would not make “any fundamental concessions,” while Foreign Minister [Wang countered](#) afterward that Taiwan remains “the core of the core interests of China” and the “bedrock of US-China relations.”

Xi Jinping [addressed Taiwan](#) in his report to the 20th Congress of the Communist Party of China,

echoing many themes from previous reports. He called for peaceful reunification based on “one country, two systems,” ignoring that this approach has virtually no support in Taiwan. He said that “fellow Chinese on both sides of the Taiwan Strait are one family bound by blood” and insisted that “Taiwan is China’s Taiwan,” warning that China “would never promise to renounce the use of force.” Yet he offered no deadlines or sense of urgency, concluding instead that “the wheels of history are rolling on toward China’s reunification and national rejuvenation.” The Congress also [approved an amendment](#) to the Party Constitution that promised that the Party would oppose Taiwan independence and achieve reunification by implementing “one country, two systems.” Neither Xi’s report nor the constitutional amendment changed Chinese policy, but they did underscore that Xi has made reunification central to his vision of national rejuvenation.



Figure 2 Chinese President Xi Jinping at the end of the opening ceremony of the 20th National Congress of the Communist Party of China on Oct. 16, 2022. Photo: Thomas Peter/Reuters

Perhaps the least dramatic major cross-Strait statement of the last four months came from Taiwan President Tsai on the Oct. 10 Republic of China National Day. In her speech [Tsai called it](#) “regrettable” that “the Beijing authorities” have tried to intimidate Taiwan and “threatened the status quo of peace and stability in the Taiwan Strait.” She rejected Beijing’s threats of “armed confrontation” and called for seeking “a mutually agreeable arrangement” based on “rationality, equality, and mutual respect.” China’s Taiwan Affairs Office Spokesperson [Ma Xiaoguang responded](#) that President Tsai “distorted the nature of cross-Strait relations.” Ma insisted that recognition of the 1992 Consensus remains a precondition for any cross-Strait dialogue.

Local Elections Highlight Cross-Strait Differences

On Nov. 26, Taiwan held its island-wide local elections, called the nine-in-one elections because they elect nine different levels of local leaders and council members across cities and counties of Taiwan. The Nationalist or Kuomintang (KMT) Party went into these local elections, conducted every four years, holding 14 mayoral or county magistrate seats and emerged with 14 while the DPP emerged with five, a loss of one. A referendum measure, supported by the DPP, would have reduced the minimum age for voting from 21 to 18, won a plurality but failed to secure the half of all eligible voters required for approval under Taiwan law. The KMT celebrated the local elections as a major victory, and the DPP chairman, President Tsai, resigned to accept responsibility.

Many had expected the DPP to do better because opinion polls have consistently shown more Taiwanese identify with the DPP and because Tsai has been far more popular than she was going into the last round of local elections in 2018. The DPP tried to make this election a vote in support for the DPP’s policy of cross-Strait confrontation. However, the large number of KMT incumbents and their high approval ratings proved crucial in an election that appears to have been decided on local issues. Looking beyond the headline races, it appears that both the KMT and the DPP secured roughly the same vote percentages as in 2018 (the KMT votes increased 1.35% and DPP votes increased 2.41%). Four years ago, similar local election results led to predictions that Tsai would fail to win a second term. Instead, she won with the highest vote total ever in the 2020 presidential elections by campaigning against China. Looking toward the 2024 presidential elections, Tsai is ineligible to run again, so both the DPP and the KMT will be fielding new candidates at a time when cross-Strait tensions are rising.

Current Vice President Willian Lai Ching-te appears to be the most likely DPP candidate. He has long described himself as a worker for Taiwan independence, but he has used a series of interviews and press statements to portray himself as another Tsai Ing-wen, a tough and responsible leader who will stand up to Chinese intimidation without doing anything destabilizing. KMT party chairman Eric Chu Li-lun [has said](#) that his party will ensure Taiwan has a strong defense while seeking to open a dialogue

with leaders in Beijing. That dialogue itself may be fraught with risks. As we described in our last article, the vice chair of the KMT, Andrew Hsia, met in China with senior Communist Party officials at the same time China was conducting military exercises in the wake of the Pelosi visit. On Oct. 16, China's official *Xinhua* news service [reported](#) that the KMT, which it described as a political party from the "Taiwan region," sent a congratulatory message to the Communist Party on its 20th Party Congress. According to *Xinhua*, the KMT message conveyed its commitment to the 1992 Consensus and its opposition to Taiwan independence. The KMT did not release its message to the Taiwan media, although KMT chairman [Chu told](#) reporters that such messages were common practice. Others wondered why the KMT was congratulating the Communist Party two months after Xi Jinping, whom the party reelected as general secretary, had directed the Chinese military to conduct exercises to intimidate Taiwan.

Washington and Taipei Advance New Trade Initiative

US and Taiwan trade officials met in New York City in early November to exchange views on the 11 trade areas under the [Initiative on 21st Century Trade](#). The two-day meetings involved representatives from multiple US and Taiwan government agencies and yielded constructive progress, according to the United States Trade Representative (USTR) [readout](#) and Taiwan's Executive Yuan [press statement](#). The following week, US Trade Representative Katherine Tai and counterpart Minister John Deng met on the margins of the APEC summit in Bangkok, where they agreed to another extended meeting of their negotiating teams very soon.

Taipei wants a comprehensive agreement by November 2023, when the US hosts the APEC summit in San Francisco, and is keen to sign interim agreements as soon as text is finalized for specific trade areas. Taipei is cautiously hopeful the Initiative on 21st Century Trade could become a stepping stone for negotiating a bilateral trade agreement (BTA) in 2023, provided the Biden administration puts market access and tariff elimination on the negotiating table. In 2022, trade between the US and Taiwan [expanded over 15%](#) compared to 2021, itself a record year for two-way trade.

US Congress Provides Weapons Funding for Taiwan

In September, the Senate Foreign Relations Committee (SFRC) advanced the [Taiwan Policy Act](#) after removing provisions that had concerned the White House, such as designating Taiwan a major non-NATO ally and granting Taiwan's de-facto embassy in Washington a new name suggestive of official diplomatic relations. Later in the fall, SFRC Chairman Bob Menendez and other senators placed several, but not all, provisions of the *Taiwan Policy Act* in a new package, the [Taiwan Enhanced Resilience Act \(TERA\)](#), and attached it to the must-pass annual National Defense Authorization Act, the NDAA. A central element of TERA is \$2 billion in annual grants for Taiwan to purchase US military equipment. However, the NDAA authorizes new programs but does not appropriate taxpayer money.

In December, the Senate unveiled an omnibus appropriations bill that specifies the \$2 billion for Taiwan in FY 2023 would be loans, not grants. The Taipei Economic and Cultural Representative Office (TECRO), Taiwan's office in Washington, [expressed](#) Taipei's strong preference for grant assistance. In the end, Taiwan's rich-country status and budget pressures on the State Department, from whose account the Foreign Military Financing (FMF) grants would be drawn, apparently led to the decision to provide loans, which need to be repaid within 12 years if disbursed. Even so, this action marks the first instance the US government is offering Taiwan weapons funding of any sort since 1979. President Biden signed the 2023 NDAA on Dec. 23 and the omnibus appropriation on Dec. 29.

Indo-Pacific and European Powers Deepen Their Stake in Cross-Strait Stability

Undeterred by Beijing's reaction to the Pelosi visit, lawmakers from across Western democracies continued to visit Taiwan. In October, a group of Canadian parliamentarians and two delegations from the German Bundestag separately visited Taiwan for meetings with President Tsai and top officials. In early December, Haguida Koichi, the policy chief of the LDP, become the most senior Japanese lawmaker to visit Taiwan in almost two decades. Later in December, a delegation of the trade committee of the European Union Parliament arrived in Taiwan to breathe new life into a prospective EU-Taiwan investment agreement.



Figure 3 Taiwan President Tsai Ing-wen stands next to Koichi Hagiuda, policy chief for Japan's Liberal Democratic Party (LDP), as they pose for a picture during their meeting in Taipei on Dec. 10, 2022. Photo: Taiwan Presidential Office/Handout via Reuters

In late November, Canada's government unveiled its [Indo-Pacific strategy](#), which calls for the deployment of additional Canadian military assets to the region. After the document's release, Canada's foreign minister [said](#) more Canadian warships will sail through the Taiwan Strait. In December, Japan unveiled a landmark national security strategy that calls for the doubling of defense spending through 2027 and the acquisition of counterstrike capabilities. The document [labels](#) Taiwan an "extremely important partner" and "a valued friend" of Japan.

The Philippines, Taiwan's southern neighbor, is also making a pivot under the new administration of Ferdinand "Bong Bong" Marcos, claiming a Philippine stake in cross-Strait stability. Marcos discussed Taiwan tensions with US Vice President Kamala Harris, who visited Manila in late November. Since assuming the presidency in June, Marcos [has expressed concern](#) about rising tensions in the Taiwan Strait, in contrast with the silence of his predecessor, Rodrigo Duterte. The Marcos government is [reportedly](#) in discussions with Washington about granting the US military access to five bases on the northern tip of Luzon, 150 miles from Taiwan.

TSMC Triples Investment at Arizona Manufacturing Site

The Taiwan Semiconductor Manufacturing Company (TSMC), the crown jewel of Taiwan's semiconductor industry, [announced](#) in December that it would expand its manufacturing footprint in Phoenix to churn out

even more advanced chips. TSMC had already committed \$14 billion in 2019 to manufacture 4-nanometer chips at the Arizona site, with production slated for 2024. TSMC will now invest another \$24 billion to build another semiconductor fabrication plant (fab) for more powerful 3-nanometer chips, with production expected for 2026. The combined investment of nearly \$40 billion is one of the largest by a foreign direct investor in US history. Underscoring its significance, President Biden attended the "tool-in" ceremony in Phoenix on Dec. 6, where he [called](#) TSMC's investment a potential "gamechanger" and tied it to US economic prosperity and security.



Figure 4 US President Joe Biden and Taiwan Semiconductor Manufacturing Company Chairman Mark Liu after touring the TSMC facility under construction in Phoenix, Arizona. Photo: Ross D. Franklin/AP

TSMC's decision has heightened concerns among some in Taiwan who fear the island's semiconductor industry is being hollowed out as the US and EU push to onshore production. These concerns appear unfounded because TSMC will keep the bulk of its leading chip production on the island. The company has already completed construction of two giga-fabs in Taiwan that will begin mass production of 3-nanometer chips in 2023, three years ahead of the smaller Arizona plant. In addition, construction is underway for a cutting-edge 2-nanometer fab in Hsinchu.

TSMC's choice to expand its US presence occurs against the backdrop of an intensifying US-China battle over semiconductor technology. On October 7, the US Commerce Department announced sweeping controls on the export of advanced chips, chipmaking equipment, and software to China. Consequently, TSMC and other Taiwan foundries must restrict chips sales to China under a certain threshold or risk losing access to vital US technology used in manufacturing. Around [60%](#) of Taiwan's total

chip exports go to China, primarily for electronics assembly and packaging. While most of those exports appear unaffected by the Oct. 7 sanctions, the rules could be further tightened and force Taiwan's semiconductor industry to make a starker choice between US and Chinese customers.

Looking Ahead

The coming months offer little hope that cross-Strait tensions will ease. The KMT and the DPP will both begin the process of selecting presidential and vice presidential candidates for the January 2024 national election, with final selections likely by May or June. Both parties will begin positioning themselves as the ones most capable of defending Taiwan and dealing with the mainland, with all the potentially inflammatory rhetoric that debate may entail. Beijing will be tempted to insert itself in the election as it has so often in the past, likely on the side of the KMT, perhaps through statements or perhaps through military intimidation it blames on the DPP. Almost as plausible is the possibility that the KMT will try to reposition itself as more anti-Beijing, perhaps emphasizing the distinct identity of the Republic of China in ways that lead to the Chinese leadership to conclude that neither the DPP nor the KMT is a partner with which it can hope to pursue cross-Strait dialogue on one China.

Bipartisan support for Taiwan in the US Congress is likely to grow even stronger in 2023. Having won the majority in the House of Representatives in the November elections, the Republicans have announced that they will [set up](#) a Select Committee on China that is likely to push for more robust security assistance for Taiwan. Components of the *Taiwan Policy Act*, such as sanctions against CCP elites and entities who commit hostile actions against Taiwan, which did not survive in the NDAA, will move through the legislative process in the House, though their fate in the Democratically controlled Senate remains unclear. Kevin McCarthy, who is competing to be the next House Speaker, [has hinted](#) at a possible visit to Taiwan in 2023. Several observers see the trip as likely, and it would come during Taiwan's politically charged election season. It seems likely that Beijing will respond more harshly than it did to Pelosi's visit. If that response emphasizes military maneuvers near Taiwan, the dangers grow of an accident that could trigger a cross-Strait military crisis and involve the US.

CHRONOLOGY OF CHINA-TAIWAN RELATIONS

SEPTEMBER—DECEMBER 2022

Sept. 2, 2022: US Defense Security Cooperation Agency (DSCA) announces three arms sales approval for Taiwan with a total value of \$1.1 billion. Included are equipment for surveillance radar, *Harpoon* air-to-ground missiles, and *Sidewinder* air-to-air missiles.

Sept. 14, 2022. Taiwan's Ministry of Justice reports that the FBI opened an office at the American Institute in Taiwan (AIT). According to the FBI, its operation at AIT [is a suboffice](#) of its office in Hong Kong.

Sept. 16, 2022: China's Foreign Ministry announces sanctions against the CEOs of Raytheon Technologies and Boeing Defense, Space, and Security in apparent retaliation for the US sale of the two companies' weapons systems to Taiwan on September 2.

Sept. 18, 2022: In response to a question, US President Joseph [Biden says](#) "We're not encouraging their being independent. ... that's their decision." When asked "Would US forces defend the island?" Biden responds "Yes, if in fact there was an unprecedented attack."

Sept. 18, 2022: Two Chinese military drones, the CH-4 and the WZ-7, are reported to have [flown near Taiwan](#) for the first time.

Sept. 23, 2022: US Secretary of State Antony Blinken meets Chinese Foreign Minister Wang Yi on the margins of the UN General Assembly. [Blinken called](#) for cross-strait peace and stability, while [Wang warned](#) the US to stop supporting Taiwan independence.

Sept. 28, 2022: Paraguay President Mario Abdo Benítez [calls](#) on Taiwan to invest \$1 billion in his country to justify diplomatic relations between Asunción and Taipei. Paraguay, a major exporter of soybeans and other agricultural products, remains cut off from the lucrative China market.

Sept. 30, 2022: In Taipei, the US government convenes a preliminary meeting of "Chips 4," a new working group of the US, Japan, South

Korea, and Taiwan intended to strengthen semiconductor supply chain resiliency and cooperation.

Oct. 3, 2022: US Assistant Secretary for East Asian and Pacific Affairs Daniel Kritenbrink tells the Institute for Korean-American Studies that the US disputes China's claim over the Taiwan Strait and opposes any attempt to change the fact that the Taiwan Strait is international waters.

Oct. 4, 2022: Taiwan Premier Su Tseng-chang [announces](#) the 2023 defense budget will increase by 12.9% (\$1.5 billion) over 2022. Including anticipated special budgets, the 2023 defense budget will be 13.9% (\$2.25 billion) more than that of 2022.

Oct. 7, 2022: US Commerce Department imposes sweeping export controls against China's semiconductor industry, affecting both US chip design firms and Taiwan suppliers using American technology like TSMC.

Oct. 10, 2022: Taiwan's Minister of Economic Affairs Wang Mei-hua leads a business delegation to the US for the first in-person meeting of the Technology Trade and Investment Collaboration (TTIC) framework. US and Taiwan companies [sign agreements](#) spanning the renewable energy, 5G, and healthcare sectors.

Oct. 12, 2022: White House releases its *National Security Strategy*, which [says](#) (p. 24) "We oppose any unilateral changes to the status quo from either side, and do not support

Taiwan independence. We remain committed to our one China policy ... And we will support Taiwan's self-defense and ... maintain our capacity to resist any resort to force or coercion against Taiwan."

Oct. 13, 2022: Taiwan media outlets report that TSMC has obtained a waiver from new US export controls targeting China's semiconductor industry. TSMC can continue to import chip

manufacturing equipment for its foundry in Nanjing producing 16 nm nodes for 12 months.

Oct. 25, 2022: Taiwan's Ministry of Economic Affairs approves Taiwanese chipmaker United Microelectronics Corporation to procure 30% of shares in United Semiconductor Xiamen. After the sale, USCXM will become a fully owned subsidiary of UMC.

Oct. 26, 2022: Secretary of State [Blinken says](#) that China has abandoned a decades-old understanding with the US and decided that the cross-Strait status quo is no longer acceptable.

Oct. 27, 2022: US Department of Defense [releases](#) its *National Defense Strategy*, which says (p. 15) "[t]he Department will support Taiwan's asymmetric self-defense commensurate with the evolving PRC threat and consistent with our one China policy."

Nov. 4, 2022: Foreign ministers of Canada, France, Germany, Italy, Japan, Britain, and the US [include Taiwan](#) in their G7 meeting statement, saying they "reaffirm the importance of peace and stability across the Taiwan Strait and call for the peaceful resolution of cross-Strait issues."

Nov. 9, 2022: United States and Taiwan conclude first round of negotiations under the US-Taiwan Initiative on the 21st-Century Trade Initiative. China's Taiwan Affairs Office (TAO) Spokesperson Ma Xiaoguang criticizes the negotiations as a step toward Taiwan independence.

Nov. 14, 2022: Presidents Biden and Xi Jinping meet ahead of the G20 summit in Indonesia. Biden asserts US opposition to any unilateral change in the status quo between Taiwan and China, and [Xi calls](#) the Taiwan question "the core of the core interests of China."

Nov. 17, 2022: Taiwan's MOEA bans Chinese-funded companies from operating research and development (R&D) offices in Taiwan, either directly or via a third-party.

Nov. 26, 2022: Taiwan's opposition Nationalist (Kuomintang or KMT) Party scores a major victory over President Tsai Ing-wen's Democratic Progressive Party (DPP) in island-wide local elections. These elections mark the unofficial beginning of the presidential election

campaign with the election scheduled for January 2024.

Nov. 27, 2022: Congressional and other sources [claim](#) that weapons deliveries to Taiwan amount to \$18.7 billion, up from more than \$14 billion a year earlier. Nonetheless, they express concern that the Ukraine conflict has delayed deliveries of 208 *Javelin* antitank weapons and 215 surface-to-air *Stinger* missiles, both ordered in 2015.

Dec. 1, 2022: Taiwan company Global Wafers, the world's third-largest silicon wafer manufacturer, [breaks ground](#) on a new \$5 billion facility in Sherman, Texas, the first silicon wafer factory to be built in the United States in more than 20 years.

Dec. 5, 2022: Director of the Hsinchu Science Park in Taiwan [announces](#) that the Taiwan Semiconductor Manufacturing Company (TSMC) will build a plant at the park to produce 1-nanometer (nm) semiconductors.

Dec. 6, 2022: [TSMC holds](#) the "tool-in" ceremony for its new plant in Phoenix, Arizona, to produce 4nm chips. President Biden, TSMC founder Morris Chang, and Apple CEO Tim Cook are in attendance. TSMC announces it will build a second plant in Arizona to produce 3nm chips. The expected total investment for the two plants is \$40 billion.

Dec. 6, 2022: US Defense Security Cooperation Agency (DSCA) announces two arms sales approvals for Taiwan, with a total value of \$428 billion, which includes spare parts for the *F-16 Fighting Falcon*, Indigenous Defense Fighter, and C-130 military transport aircraft. China's Taiwan Affairs Office [warns](#) that the decision "represents conniving and supporting the 'Taiwan independence' forces, as well as undermining peace and stability across the Taiwan Strait."

Dec. 6, 2022: US and Australia [reiterate](#), at the conclusion of their annual foreign and defense ministerial talks, that they strongly oppose China's "destabilizing" actions in the region and support upholding peace and stability across the Taiwan Strait. The two describe Taiwan as a leading democracy, an important regional economy, and a key contributor to critical supply chains, adding that they are committed to working together to support Taiwan's

meaningful participation in international organizations.

Dec. 7, 2022: Taiwan's Ministry of National Defense reports that AGM-88 high-speed anti-radiation missiles purchased in 2017 and scheduled to be delivered in 2023 have already arrived.

Dec. 7, 2022: Global Cooperation and Training Framework (GCTF) has convened seven workshops in 2022, according to a [joint statement](#) issued by Taiwan's MOFA, AIT, and the diplomatic offices of Japan and Australia in Taipei. The GCTF, established in 2015, is a platform for Taiwan to address global challenges and share expertise alongside the US, Japan, Australia, and other likeminded partners.

Dec. 9, 2022: China suspends beer, liquor, beverage imports from Taiwan after customs authorities earlier banned Taiwanese seafood imports.

Dec. 12, 2022: Kinmen County Magistrate-elect Chen Fu-hai, Lienchiang County Magistrate-elect Wang Chung-ming, and KMT Legislator Jessica Chen visit Chinese officials in Xiamen to discuss Beijing's recent ban on Taiwan liquor and the future development of "mini-three links" travel.

Dec. 12, 2022: US State Department Deputy Assistant Secretary Tony Fernandes [arrives](#) in Taiwan to participate in third annual US-Taiwan Economic Prosperity Partnership Dialogue (EPPD).

Dec. 14, 2022: Rhodium Group [estimates](#) that a blockade of Taiwan could lead to \$2 trillion in global economic losses. The US State Department previously [shared](#) Rhodium's findings with EU officials as Washington and Brussels discuss ramifications of a possible attack on Taiwan, according to *Financial Times*.

Dec. 22, 2022: Taiwan's Cabinet decides to resume the "mini-three links" ferry services between China and Taiwan's offshore islands of Kinmen and Matsu from Jan. 7 to Feb. 6, 2023. Passengers will be limited to Kinmen and Matsu residents and spouses from mainland China.

Dec. 23, 2022: President Biden signs the FY 2023 National Defense Authorization Act (NDAA), which includes the [Taiwan Enhanced Resilience](#)

[Act \(TERA\)](#), which provides \$10 billion in grants to Taiwan for purchasing US military equipment. This is then reduced to \$2 billion in loans in the Department of Defense appropriation.

Dec. 25, 2022: Seventy-one Chinese military aircraft and seven Chinese naval vessels [conduct maneuvers](#) around Taiwan in the second largest ever single-day Chinese military display of intimidation against Taiwan and US support for Taiwan.

Dec. 27, 2022: [President Tsai announces](#) that conscription for all young men born after 2005 will be extended from 4 to 12 months beginning in 2024. This reform will strengthen Taiwan's reserve and civil defense units.

Dec. 28, 2022: US [authorizes](#) the sale to Taiwan of *Volcano* (vehicle-launched) antitank mine-laying systems, valued at \$180 million.

Dec. 29, 2022: Song Tao [is appointed](#) head of the State Council's Taiwan Affairs Office, replacing Liu Jieyi. Song served as head of CCP's International Liaison Department since 2015.