

Taiwan: Background and U.S. Relations

Introduction

Taiwan, which also calls itself the Republic of China (ROC), is a self-governing democracy of 23.5 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. U.S. relations with Taiwan have been unofficial since that date. In establishing relations with the PRC, the U.S. government agreed to withdraw U.S. military personnel from Taiwan and terminate the U.S.-ROC Mutual Defense Treaty, as of January 1, 1980. 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 (UNGA) Resolution 2758 recognized the PRC's representatives as “the only legitimate representatives of China to the United Nations,” and expelled “the representatives of Chiang Kai-shek,” the ROC's then-leader. In a December 1978 U.S.-PRC joint communiqué, the United States, too, recognized the PRC as “the sole legal Government of China,” and stated that it would henceforth maintain “unofficial” relations with Taiwan.

The KMT maintained martial law on Taiwan until 1987, when it 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 on January 13, 2024. Term limits made President Tsai Ing-wen of the Democratic Progressive Party (DPP) ineligible to run again. The DPP's presidential candidate was Lai Ching-te (William Lai), Tsai's Vice President. He won with 40.05% of the vote in a three-way race. The DPP is the first party to win a third consecutive presidential term by direct election. In the 113-seat LY, the DPP lost its majority. 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, meaning it holds the balance of power in the LY. The new LY took office on February 1 and elected Han Kuo-yu of the KMT as its new president, or speaker.

Lai and Vice-President-elect Hsiao Bi-khim are scheduled to be inaugurated on May 20. Lai's announced cabinet appointments include familiar figures from the Tsai Administration in key national security roles. Current Presidential Secretary General Lin Chia-lung is to be Foreign Minister, succeeding Joseph Wu, who is to lead the National Security Council, replacing Wellington Koo, who is to be Defense Minister. On the campaign trail, Lai pledged continuity with President Tsai's policies, including “four commitments” on cross-Strait relations that she first articulated in 2021. They are commitments (1) to “a free and democratic constitutional system,” (2) to the principle that “the Republic of China and the People's Republic of China should not be subordinate to each other,” (3) “to resist annexation or encroachment upon our sovereignty,” and (4) to the principle that “the future of the Republic of China (Taiwan) must be decided in accordance with the will of the Taiwanese people.” The PRC has assailed the second item, in particular, for implying that the cross-Strait relationship is akin to two separate states. Pre-election, the PRC's Taiwan Affairs Office urged Taiwan voters to reject

Lai, warning that by following Tsai’s policies, he would bring Taiwan “closer to war and recession.”

U.S. Policy Toward Taiwan

Since 1979, U.S. government policy has been to follow what U.S. officials refer to as a U.S. “one-China policy” with regard to Taiwan. The Biden Administration describes the U.S. one-China 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. The PRC has repeatedly stated that it regards U.S. policy and actions related to Taiwan as “the most important and sensitive issue” in U.S.-China relations. (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, appearing to abandon strategic ambiguity, although White House officials later said U.S. policy remained 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 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. In April 2024, Xi hosted former Taiwan President Ma Ying-jeou of the KMT (in office 2008-2016) for a historic meeting in Beijing. On his return to Taiwan, Ma publicly counseled President-elect Lai to “pledge not to follow the path of Taiwan independence” and “return to the common political foundation of the ‘1992 consensus.’” In April 25, 2024, remarks, Lai said he was “eagerly looking forward to China having the confidence to engage with the legitimate government elected by the people of Taiwan,” and warned that if the PRC interacts only with Taiwan’s opposition, “it won’t gain the trust and support” of Taiwan’s people.

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.” U.S.-Taiwan defense cooperation has grown closer as the PRC has stepped up its military activities near Taiwan. (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 8th-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), the National Defense Authorization Act for FY2024 (P.L. 118-31), and P.L. 118-50, making emergency supplemental appropriations for the fiscal year ending September 30, 2024, and for other purposes. 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 legislation, 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).

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