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Taiwan in 2023: Leadership Support, Party Identification, and Political Attitudes

By: Russell Hsiao

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Domestic politics will consume much of the national agenda in Taiwan in 2023. In January 2024, the island democracy will hold its presidential and legislative elections, which will determine which leader and political party will steer the course of the country's politics and foreign relations for the next four years. The leader—as well as the party—that wins these consequential races will shape the nation's policy and play a major role in guiding cross-Strait relations, which in turn could have profound regional and global implications. What are the factors that will influence the outcomes in 2024? Moreover, what are the underlying political attitudes that will determine which leader and party will prevail in 2024?

Leaders, Party Approval Ratings, and Underlying Political Attitudes

While it is still early on in these races, the primary indicators that observers will be watching are: the support ratings for the potential candidates; developments within the political parties themselves; and trends in the underlying political attitudes of Taiwan's voters. Currently, both the Democratic Progressive Party (DPP, 民進黨) and the Kuomintang (KMT, 國民黨) base their presidential primary processes on public opinion surveys. Thus, these polls could become the determining factor for the presidential candidates of the parties and will certainly play a crucial role in shaping the next presidential race. Four recent polls—by *My Formosa Weekly* (美麗島電子報), the TVBS Polling Center (TVBS, 民調中心), the Taiwanese Public Opinion Foundation (TPOF, 台灣民意基金會), and *ET Today* (民調雲)—have asked who voters support or hopes to become the next president.

While the parties will not officially hold their primaries for another few months, some of the likely names on the ballots are already clear. For the ruling DPP, it is probable that Vice President Lai Ching-te (賴清德)—who recently took over as chairman of the DPP after Tsai Ing-wen (蔡英文) stepped down to take responsibility for the party's defeat in the November "nine-in-one" local elections—will be nominated as

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	Lai Ching-te (DPP) 賴清德	Eric Chu (KMT) 朱立倫	Ko Wen-je (TPP) 柯文哲	Undecided, none, or other
My Formosa Weekly	34.1%	39.9%	12.7%	N/A
TVBS Polling Center	25%	34%	21%	19%
TPOF	34%	31.4%	22.3%	12.2%
ET Today	31.5%	23.4%	21.7%	23.4%

Graphic: Public opinion polling on support for potential 2024 presidential candidates (with Hou You-yi as the KMT candidate). (Graphic source: My Formosa Weekly [12/21-22]; TVBS Polling Center [1/9-16/23]; TPOF [1/9-13/23]; ET Today [10/31-11/3/22])

	Lai Ching-te (DPP) 賴清德	Eric Chu (KMT) 朱立倫	Ko Wen-je (TPP) 柯文哲	Undecided, none, or other
My Formosa Weekly	42.6%	12.8%	24.3%	N/A
TVBS Polling Center	31%	14%	30%	25%
TPOF	N/A	N/A	N/A	N/A
ET Today	35.5%	10.7%	26.4%	27.4%

Graphic: Public opinion polling on support for potential 2024 presidential candidates (with Eric Chu as the KMT candidate). (Graphic source: My Formosa Weekly [12/21-22/22]; TVBS Polling Center [1/9-16/23]; TPOF [1/9-13/23]; ET Today [10/31-11/3/22])

the DPP's presidential candidate. The KMT's candidate, however, is much less certain. Although polls indicate that the KMT's most-electable candidate is New Taipei City Mayor Hou You-yi (侯友宜), there is no strong indication whether the popular and recently re-elected mayor of the most populous city on the island would even want to run for the nation's top political post. On the other hand, KMT Chairman Eric Chu (朱立倫), who led the party to a victory over the DPP in the recent local elections, in all likelihood wants to run. However, it is unclear whether Chu could actually win his own party's presidential primary.

A wildcard in the KMT's primary is billionaire Terry Gou (郭台銘). The Blue-leaning TVBS poll has Gou beating Lai 34 percent to 25 percent, whereas the Taiwan People's Party's (TPP, 台灣民眾黨) Ko Wen-je (柯文哲) came in third at 20 percent. In a two-way race, the poll also has Gou beating Lai 47 percent to 34 percent. The TVBS poll also found that 30 percent of respondents believe Gou would be the most capable candidate in handling cross-Strait relations, followed by Lai with 17 percent and Hou in third at 11 percent. Gou previously ran in the KMT's 2019 primary and lost, after which he left the party (for the second time). There is mounting speculation that he is interested in running again for the top post, although it is not clear whether it might be on the KMT's ticket or as an independent.

Although these polls should be viewed as having only marginal predictive value in terms of who will ultimately win the presidential race in 2024, what they do show is that there is no clear front runner among the possible candidates at this time. Moreover, they demonstrate that if the presidential election were to be held tomorrow, the candidate that the KMT chooses could make a significant difference in the party's chances. For instance, according to these polling figures alone, the party's decision between Eric Chu and Hou You-yi could potentially make the difference of the party winning or losing in 2024.

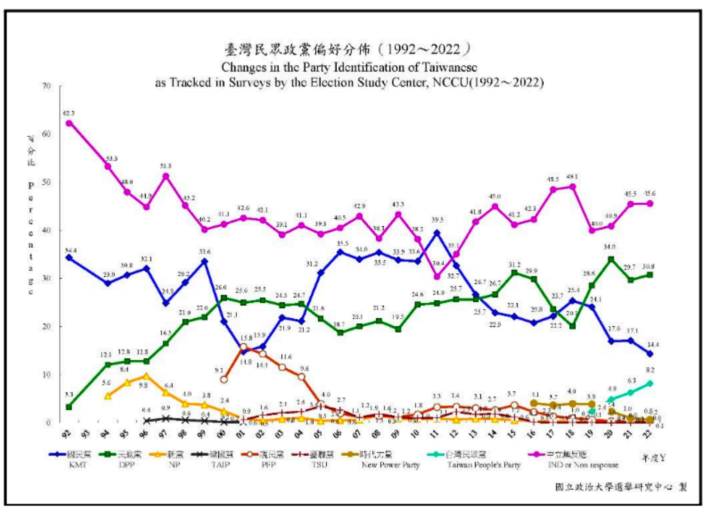
Another factor that could provide insights on how voters may cast their vote would be their party affiliation and levels of satisfaction. Although party support tends to vary significantly from poll to poll, party identification with the DPP has remained steady over the past year. By contrast, despite its electoral successes in the local elections, the KMT has actually seen a decrease in party identification in at least one of the polls. It should be noted that the *My Formosa* poll does not ask respondents their party identification, but rather gauges positive and negative feelings about the two parties—with the percentage reflecting people responding *positively* about the party and negatively about the other party.

The discrepancies in these polling results reflect the difficulty in obtaining consistent and reliable party identification data. Yet, according to longer-term polling on party identification conducted by National Chengchi University's Election Study Center (國立政治大學 選舉研究中心) released in January 2023, party identification with the DPP still remains highest among the three parties at 30.8 percent (followed by the KMT at 14.4 percent, and the TPP at 8.2 percent). Notably, the poll found that a sizeable proportion of respondents (45.6 percent) identified

	DPP	KMT	TPP	Others
TPOF	26.1%	21.5%	20.3%	20.3%
My Formosa Weekly	29.5%	40.8%	N/A	29.7%
NCCU-Election Study Center	30.8%	14.4%	8.2%	45.6%

Graphic: Public opinion polling on support for the DPP, KMT, and TPP (Source: My Formosa Weekly [12/21-22/22]; TPOF [1/9-13/23]; NCCU-Election Study Center [released 12/23])

as independent or provided no response. Interestingly, the poll shows that despite its victory in the November 2022 local elections, party identification with the KMT actually fell when compared to the previous year (17.1 percent), which was itself a significant drop from 2019 (24.1 percent). This suggests that the KMT's victory in the local elections may have been more of a vote *against* the DPP than a vote *for* the KMT, although these dynamics could change in the lead up to the 2024 race. It is interesting to point out that party identification historically has a strong correlation with electoral victory in the presidential race, with the party that has the higher support rating winning the presidential race in all of the seven direct presidential elections held since 1996.



Graphic: Levels of support for Taiwanese political parties (as indicated by sense of party affiliation), from the years 1992-2022. (Graphic source: NCCU-Election Study Center)

Another factor that tends to weigh on a national election—and less so in the local elections—is the impact on voters' views of cross-Strait relations. In this regard, both the broader and more specific underlying political attitudes of voters have remained relatively unchanged for some time, with an overwhelming majority (88.6 percent) still preferring to maintain some form of the "status quo" (up from 86.9 percent in 2019). Meanwhile, the percentage of respondents preferring to maintain the status quo, then move towards independence, held steady at 25.4 percent (up from 21.8 percent in 2019); while the percentage of those preferring to maintain the status quo fell slightly to six percent (from 7.5 percent in 2019). The percentages of the population that would prefer either independence as soon as possible or unification as soon as possible both remain low, at 4.6 percent and 1.2 percent, respectively (5.1 percent and 1.4 percent, respectively, in 2019).

Finally, national identity is another factor that matters—less for predicting which candidate voters will choose but more in terms of how it influences how the parties ideologically orient themselves in order to win the presidential election. In this respect, there has not been any significant variation in the national identity of voters since 2019, with 60.8 percent of respondents identifying exclusively as Taiwanese (up from 58.5 percent); 32.9 percent identifying as both Taiwanese and Chinese (down from 34.7 percent); and only 2.7 percent identifying exclusively as Chinese (down from 3.5 percent).

Conclusion

Coming off the heels of its electoral victory over the DPP in the November local elections, the KMT made additional gains in several special by-elections that have helped to build on its momentum. Nevertheless, the KMT still has a steep hill to climb. The party will obviously aim to build on its electoral success in the local elections, but the presidential election is a different type of race with different sets of issues. Furthermore, it could potentially be affected by a complicated primary process. With no clear frontrunner in the races, and with support for the DPP remaining relatively high, the results are far from assured.

With no clear favorites currently in the race for president, the vice-presidential candidates could be a potentially decisive factor in the presidential race. For now, there is very little known about possible vice-presidential candidates for either of the two main parties. This is particularly true for the KMT, since it is nowhere near certain who its presidential candidate will be. It will be very interesting to watch how the two parties manage their nomination process for vice president.

Another factor is the TPP. It is worth pointing out that in a two-way race between Lai and Hou, TPP voters overwhelmingly favor the KMT over the DPP (77 percent versus 21.1 percent), showing that the party's voters lean more "blue" than "green." Whereas TPP voters cast more ballots for Tsai Ing-wen than Han Kuo-yu in 2020 (33.3 percent versus 21.2 percent), they may turn more to the KMT in 2024, especially if Hou is the KMT's candidate. These polls also show that Ko remains popular among the public, suggesting that he could become a potential kingmaker in the presidential race. Although the TPP may not necessarily have the organization to execute a nationwide presidential race, Ko could very well make the difference for either the DPP or KMT—either by supporting one party's candidate over the other, or else forming some sort of joint ticket.

Indeed, there are complex domestic political dynamics at play in Taiwan's upcoming presidential and legislative elections. While the current political momentum is behind the KMT, as Jessica Drun of the Atlantic Council noted, "the course of Taiwan politics will move in line with the trends of Taiwan identity," and "identity politics are trending toward a much larger swathe of pan-green support." With no clear favorites and Lai shifting his cross-Strait policies closer to a moderate stance by explicitly committing to continue the policies of Tsai, the results of the election could depend less on what the major parties do, and more on what Beijing does—or perhaps even more importantly, does not do.

The main point: As Taiwan enters 2023, the 2024 presidential and legislative elections are likely to increasingly take center stage. While the KMT is currently in a strong position following its victory in the November 2022 local elections, it faces challenges due to its lack of a consensus candidate, as well as growing trends in party affiliation and national identity.

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China's Taiwan Policy in 2023

By: Michael Cunningham

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The Taiwan Strait is one of the world's most dangerous flashpoints, and it will remain so for the foreseeable future. Beijing's aggression toward Taiwan started decades ago, but the scale and intensity of its military provocations have skyrocketed in recent years. Incursions by Chinese aircraft into Taiwan's air defense identification zone (ADIZ) have increased exponentially, and Beijing's disproportionately large exercises following US Speaker of the House Nancy Pelosi's August 2022 visit to Taipei have fueled fears of a dangerous "new normal" in the region.

Responding to these developments, some prominent voices in Washington have warned that Beijing may attempt to invade Taiwan in the next few years. While they are right to be alarmed by the changing dynamics across the Taiwan Strait, the Chinese Communist Party (CCP, 中國共產黨) has no interest in fighting a war over Taiwan in the near-term. Though Beijing's provocations dangerously increase the risk of conflict sparked by miscalculation or accidental escalation, the CCP is playing a long game and is not yet ready to back up its sovereignty claims with military force.

This article will introduce Beijing's Taiwan policy and some of the key factors driving its likely approach to the island in 2023. An accurate understanding of these factors is important as Washington and Taipei seek to both manage escalation and counter Beijing's long-term ambitions.

Beijing's Policy and Approach

China's behavior *vis-à-vis* Taiwan is rooted in both its long-term policy and its tactical approach to developments on the ground. The most authoritative statements of China's Taiwan policy are outlined in official white papers (白皮書). The most recent of these was released in August 2022—notably during the period of heightened tensions immediately following Pelosi's visit. Like the previous white papers from 1993 and 2000, it outlines a gradual plan for "peaceful reunification" (和平統一) under a "one country, two systems" (一國兩制) model. [1] Though refusing to renounce the use of force, the 2022 white paper calls this a "last resort" that would only be used if "separatist elements or external forces" crossed a red line. The document does not define Beijing's red lines, but China's Anti-Secession Law (反分裂國家法), released in 2005, indicates that these would include any actions to permanently separate Taiwan from China, or that Beijing believes would eliminate any possibility of "peaceful reunification."

While China's declared policy has remained largely consistent through the decades, its approach to Taiwan has fluctuated. The two biggest changes followed the election of the Kuomintang's (KMT, 國民黨) Ma Ying-jeou (馬英九) as Taiwan's president in 2008, and current president Tsai Ing-wen's (蔡英文) election in 2016. In the former case, Beijing ceased the hardline approach it had employed against Ma's predecessors, inaugurating a period of unprecedented peace and cooperation that led some observers to erroneously conclude that Taiwan was no longer a military flashpoint. Tsai's election had the opposite effect: despite her moderate stance toward the People's Republic of China (PRC), Beijing fundamentally distrusts her and her Democratic Progressive Party (DPP, 民主進步黨), and responded to her election by reinstituting the previous confrontational approach.

Many observers misunderstood these fluctuations as changes in China's official policy. As shown above, however, the policy stayed the same. Furthermore, the timing of the changes corresponded with leadership transitions in Taiwan, not China—thereby contradicting the conventional wisdom that the different approaches reflected the preferences of the Chinese leaders who oversaw them. While personality differences likely played a role, former Chinese leader Hu Jintao (胡錦濤) oversaw a hardline stance against Ma's predecessor Chen Shui-bian (陳水扁) for years before easing tensions when Ma was elected. Hu's successor Xi Jinping (習近平) continued this softer approach until Tsai became president. Xi even met with Ma in 2015, the first meeting between the leaders of the two sides in over six decades.

Drivers of Chinese Aggression

Understandably, many foreign observers have noted a discrepancy between the hardline tactics Beijing has employed since 2016 and the official policy outlined in its white paper. Beijing, however, views its actions as necessary for preserving the status quo and keeping alive the hope of "peaceful reunification."

While there is no question that the CCP hopes to someday control Taiwan, it currently views the island not as an opportunity to be seized, but as a risk to be averted. China's leaders are not under domestic pressure to seize Taiwan, but the nationalistic sentiment inspired by decades of intense propaganda messaging about the issue means that losing their claim over the island would jeopardize their legitimacy at home, and threaten their hold on power. This means that they cannot launch military action against Taiwan unless they are sure they will win—which is not currently the case, especially given their assumption that the United States would intervene on Taiwan's behalf. It also means, however, that they would have to respond with force to any attempt to formally separate Taiwan from China.

Beijing's military provocations aim both to placate nationalist voices in the PRC, and to deter Washington and Taipei from any action that would force the CCP to respond in order to preserve its legitimacy and hold on power. The CCP distrusts both the United States and the DPP and fears they are moving closer to such action, which would necessitate a military response. Even if successful, such a war would destroy much of China's military, derail its "great rejuvenation" (偉大復興), and jeopardize its ability to secure its heartland against foreign and domestic threats.

This is not to disregard the threat Beijing poses, but rather to put the threat into its proper long-term context. The CCP views China's rise and the United States' decline as almost inevitable. It believes that, if it can continue avoiding major military conflict until the power balance has shifted indisputably in China's favor, it will eventually be able to take Taiwan, preferably without firing a shot.

What to Expect in 2023

As usual, Beijing's approach to Taiwan in 2023 will be driven mostly by domestic considerations in the PRC, primarily concerns around the CCP's legitimacy. It will also seek to manage risks and seize opportunities related to Taiwanese politics—in particular the island's presidential election in January 2024, which will have important implications for Taiwan's China policy. Both drivers will make it hard for Beijing to moderate its aggressive stance toward the island, but they will also make the CCP extra careful not to let tensions spiral out of control.

Domestic Legitimacy Crisis

Heading into 2023, the CCP leadership are facing their worst legitimacy crisis since the 1989 Tiananmen Square massacre. The failure and abrupt abandonment of the zero-COVID policy—upon which Xi and the CCP had based much of their claim to legitimacy since 2020—left a disillusioned, under-vaccinated public and a healthcare system unprepared for the crisis that China's own studies had warned would result. Meanwhile, China faces its worst economic challenges in decades, with the real estate sector in crisis and youth unemployment hitting record highs. While the CCP will almost certainly survive these crises, they will dominate the focus of senior leaders such as Xi for at least the first few months of the year.

Some speculate that Beijing might seek to distract the Chinese public from these domestic challenges through a "diversionary war" against Taiwan. This is highly unlikely, given the impact a failed attempt to take the island would have on Xi's already damaged legitimacy. It is more likely that the Chinese leadership are so preoccupied with their domestic challenges that they will be especially careful to avoid any crises outside the PRC.

Indeed, Beijing not only lacks a history of engaging in diversionary conflict, but it appears to be more aggressive abroad when the regime is strong domestically and more cautious when it faces significant internal challenges. [2][3] Since the current crises hit in late 2022, Beijing has moderated its diplomatic style and sought to reset its relationships with foreign countries. This change in tone has been so noticeable that some speculate that China is abandoning its abrasive "wolf warrior diplomacy." While this softening is likely only a short-term tactic, it indicates that Beijing's challenges are making it less, and not more, aggressive. China has a particular interest in improving its relationship with the United States. The state of this relationship is a black mark on Xi's record, and given that the Taiwan Strait is the most sensitive issue in this bilateral relationship, Beijing must manage the tensions carefully to have any hope of détente.

Taiwan's Elections in 2024

Taiwan's presidential and legislative elections are scheduled for January 2024, and Beijing views its role as important for helping bring about what it views as the least concerning outcome: a KMT victory. In addition to deterring any moves toward independence, China's hardline stance also aims to delegitimize the DPP. Though the CCP and KMT are historical enemies and the KMT rejects Beijing's unification model, China trusts that the KMT will not seek formal independence.

Beijing believes its approach these past seven years has been effective. Tsai has consistently opposed moves toward independence, and the KMT defeated the DPP in the last two local elections (2018 and 2022). Furthermore, a year ahead of the presidential election, some opinion polls show the most likely KMT candidate winning. While it is not clear what role, if any, China's pressure tactics have played in these developments, they have not hurt its cause and are unlikely to be scrapped before the election.

The CCP will be careful to keep its provocations within bounds, however, to avoid inadvertently helping the DPP. Tsai recovered from devastating DPP losses in the 2018 local elections to win reelection in 2020, in large part by capitalizing on China's suppression of the Hong Kong protests. Though Taiwan's elections are mainly driven by domestic issues and Tsai also benefited from a controversial KMT opponent, that year the China threat played an outsized role, and Beijing does not want this to happen again in 2024.

The main point: China's approach to Taiwan in 2023 will broadly follow the confrontational stance it has employed since 2016, but it will be careful not to let tensions spiral out of control. Beijing remains committed to a long-term process of "peaceful reunification," and views its pressure as important for preserving the CCP's claim over Taiwan—and its own regime legitimacy—while avoiding a military conflict it is not yet prepared to fight.

[1] "One country, two systems" is the model under which Hong Kong and Macau maintain their own separate political and economic systems but are under the ultimate sovereignty of Beijing. China first developed the model in 1979 as a proposal for unification with Taiwan.

[2] Quantitative studies have not found a correlation between internal unrest and external aggression. See M. Taylor Fravel, "International Relations Theory and China's Rise: Assessing China's Potential for Territorial Expansion," *International Studies Review* 12 (2010): 521. http://web.mit.edu/fravel/www/fravel.2010.ISR.china.expansion.pdf

[3] In one case in point, Beijing's tendency during the pandemic has been to be less aggressive when it faces significant outbreaks (January-March 2020 and December 2022-January 2023), and more aggressive when it has the virus under control (especially April 2020-early 2022).

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Assessing China's Likely Use of Military Power Against Taiwan in 2023

By: Michael Mazza

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Cyberattacks; air and naval forays across the Taiwan Strait median line; live-fire exercises; information operations; drones over Kinmen; missiles flying over Taiwan. The People's Liberation Army (PLA) made sure that, in the region around Taiwan, 2022 would be a year for the history books—2023 might not be much better.

Domestic Challenges for China's Rulers

The Chinese Communist Party (CCP) is facing significant economic and social challenges at home. COVID-19 deaths skyrocketed after the rapid abandonment, without any apparent preparation, of "zero-COVID" measures. That sudden about-face late last year suggests that the party was far more spooked by last fall's protests than many may have realized at the time. COVID-19 has also served to exacerbate the pre-existing frailties of the Chinese economy, with growth slowing in 2022 to a measly (by recent Chinese standards) three percent, according to official statistics. Perhaps that growth will rebound as China learns to live with COVID-19—but perhaps not. Structural issues at home and constrained consumer spending abroad may limit the economy's ability to bounce back.

These challenges come at a time when the strategic competition between Beijing and Washington is becoming more entrenched, and at a time when foreign multinational corporations are viewing the China market with greater skepticism. The recent news that the Chinese population has started shrinking will only encourage those companies to diversify markets and supply chains, while contributing to a broader narrative of Chinese decline. Those developments, in turn, may well feed both domestic challenges at home and strategic challenges abroad.

The party, in short, may be in for a rough year ahead. It is possible that CCP General Secretary Xi Jinping (習近平) will seek stability abroad to manage problems at home, but that seems particularly unlikely in the case of Taiwan. After all, even as domestic challenges mounted in recent months, his years-long pressure campaign on Taiwan did not abate. In December, the month Beijing lifted "zero-COVID" restrictions, a total of 69 People's Liberation Army (PLA) aircraft crossed the median line in the Taiwan Strait over nine different days, according to data released by the Ministry of National Defense and compiled by defense analysts Gerald C. Brown and Ben Lewis. As of the time of writing, 51 PLA aircraft had done so on eight distinct days in January 2023. Barring an unexpected change in China's approach to Taiwan, expect more of the same going forward.

Indeed, Xi might judge that weakness at home merits greater assertiveness in the Taiwan Strait—not necessarily because he hopes to distract the Chinese population from their troubles, but rather to disabuse other capitals of the notion that political conditions within the People's Republic are defanging him.

Military Coercion amid Campaign Season in Taiwan

It is not just politics at home that may affect the party's use of military power near Taiwan. Taiwan's next presidential election is a year from now: parties will nominate candidates by the summer, and cross-Strait relations are sure to feature prominently in the campaigns. China has attempted to use military power to shape election outcomes in the past, as Gary Schmitt and I discussed in a previous paper for the Global Taiwan Institute:

> *"Most famously, the People's Liberation Army (PLA) fired missiles into waters surrounding Taiwan in 1996 ahead of the island's first direct, open presidential election in an ill-fated effort to dissuade voters from casting ballots for Lee Teng-hui [...] [A]fter increasing the frequency of long-haul PLA Air Force patrols through the Miyako Strait, many of which encircled Taiwan, between 2015 and 2018, there was a seven-month pause in such operations from June to December 2018. Flights resumed in 2019. It appears Beijing was intent on softening its threatening posture towards Taipei in the run-up to the November elections in order to deny the Democratic Progressive Party [...] an issue on which to campaign against KMT candidates who were calling for closer relations with the PRC."*

Does Beijing continue to see military power as a useful tool for affecting Taiwan elections? Leading up to last November's "nine-in-one" elections, there was no obvious change to Chinese flights in Taiwan's air defense identification zone (ADIZ), which occurred with regularity throughout 2022. There was, however, a nine-day layoff (November's longest) in median line crossings just before election day, with those crossings resuming the following day. [1]

Even if Beijing sees military tools as potentially effective for steering voting in Taiwan, there remains the question of whether China will have a particular preferred outcome in the presidential race. In recent election cycles, Beijing has clearly preferred that the Kuomintang (KMT, 國民黨) candidate win, as the CCP has viewed the KMT as a useful partner in Taiwan. That may be changing. The KMT is in the midst of an internal debate about its preferred approach to China, and there are reasons to believe its own position may grow closer to that of the Democratic Progressive Party (DPP, 民進黨). As Jessica Drun wrote for the Center for Strategic and International Studies (CSIS) last November, "one of the major predicaments the KMT has faced since 2016 has been squaring the circle between what the Tai-

Image: Japanese Defense Minister Yasukazu Hamada (left), Japanese Foreign Minister Yoshimasa Hayashi (center left), US Secretary of State Anthony Blinken (center right), and US Secretary of Defense Lloyd Austin (right) appear for a joint press statement at the Security Consultative Talks (or "2+2 Talks") in Washington, DC on January 11, 2023. (Image source: US Department of Defense) wan people want and what the PRC is willing to accept, with the two increasingly at odds with each other and with Taiwan's domestic politics trending in a direction away from the PRC's desired outcome." Drun argues that "Beijing may be losing patience with the KMT," because Beijing may no longer be confident that the KMT is "*both* electorally viable and pursuing policies consistent with a shared notion of 'One China.'"

If Beijing believes that the differences between the DPP and KMT candidates are not substantive when it comes to each candidate's preferred cross-Strait policy, China may see little reason to ease off military activities around Taiwan as it has done in years past. On the contrary, something akin to a meeting of the party minds in Taipei could lead China to further increase its use of coercive military tools, in an effort to dissuade whoever wins the presidential election from taking steps to which China would be opposed.

The Allies Go to Work

The regional security environment is also changing in ways that are not conducive to Chinese interests and may encourage Beijing to ramp up military activities around Taiwan in the near-term. Earlier this month, the United States and Japan announced a number of substantive steps they would take to deepen and enhance the alliance. Most notable among those steps is the planned reorganization by 2025 of the 12th Marine Regiment (on Okinawa) into the 12th Marine Littoral Regiment. When that reorganization is complete, the regiment will be manned and armed to allow for far greater mobility, anti-ship operations, and rapid response.

The recent US-Japan "2+2 meeting" came on the heels of a Japanese announcement in December that it would double defense spending within five years, with a significant portion of that new spending going towards "counterstrike" capabilities—including several hundred Tomahawk cruise missiles (Japan will join the United Kingdom as the only US ally to use the system). At an event at the American Enterprise Institute that same month, Assistant Secretary of Defense for Indo-Pacific Security Affairs Ely Ratner claimed that "2023 is likely to stand as the most transformative year in US force posture in the region in a generation." Ratner noted in particular that US force presence would be increasing in Australia, and that the Philippines might be making more bases available for American use.

As these and other initiatives bear fruit over the remainder of the decade, the alliances will become nimbler, will pack far greater punches, and will be far more capable of proactively shaping the regional security environment. With these intended changes to force posture and structure now public, the PLA may begin experimenting with new operating patterns, may intensify intelligence gathering operations along Japan's Ryukyu island chain, and may further employ military operations to express displeasure with alliance developments.

Another Speaker Visit?

Days before then-Speaker of the House Nancy Pelosi landed in Taipei last August, Kevin McCarthy told reporters that he would like to visit Taiwan if he were to become speaker. He is now speaker and is likely to lead a congressional delegation later this year. China is arguably still responding to the Pelosi visit, as the PLA has maintained a sustained increase in the number of combat aircraft entering Taiwan's ADIZ since last August. How will China respond to another speaker visit? If Xi Jinping considers his response to the Pelosi trip a baseline, then days (if not weeks) of live-fire exercises, median line crossings, shrill threats, and other provocations are in the cards. If he opts for escalation, we could see manned or unmanned aircraft entering the airspace of Taiwan proper, multiple missiles fired over Taiwan (perhaps at a lower trajectory than the missiles that overflew Taiwan in 2022), or harassment of nearby American ships and aircraft.

Conclusion

Will 2023 be another banner year for PLA activities around Taiwan? Signs point to yes. The United States, Japan, and other allies have also indicated their intentions to begin shaping the regional security environment in far more proactive ways. Taiwan will have its hands full as it monitors and responds to PLA operations in surrounding waters and skies; as it seeks to deepen its own defense engagement with the United States and its allies; and as it pursues its own military reform efforts aimed at boosting its ability to deter, defend against, and defeat Beijing's aggression.

The main point: The PLA is likely to maintain a high tempo of military activities around Taiwan in 2023 due to China's domestic challenges, the political calendar in Taiwan, and American and allied efforts to transform force structure and force posture in the region.

[1] For specific breakdowns of PLA flight activity near Taiwan on the days immediately before and after the November 26 election, see the Taiwan Ministry of National Defense flight activity reports for November 25 (中華民國國防部–全球資訊網–即時軍事動態 [mnd.gov.tw]) and November 27 (中華民國國防部–全球資訊網–即時軍事動態 [mnd.gov.tw]).

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What to Expect in US-Taiwan Relations During 2023

By: John Tkacik

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Before looking ahead to 2023, let us recall the year just finished—for 2022 was a turning point in US-Taiwan relations. The war in Ukraine concentrated Washington's mind on the prospect that Taiwan might be next, while "Quad" and NATO capitals upgraded their ties with Taipei, reflecting their own anxieties. In August, Speaker of the House Nancy Pelosi dismissed Biden Administration misgivings and made a morale-boosting visit to Taipei (just as she had to Kyiv three months earlier). And even without Speaker Pelosi's prodding, the Biden Administration itself grew increasingly forward-thinking about the military, political, economic, and trade relationships between the United States and Taiwan.

Across the Taiwan Strait, China's 2022 military threat to Taiwan was alleviated somewhat by Chairman Xi Jinping's (習近平) priority domestic concerns: "Zero-Covid" policies; a precipitous economic downturn; and apparent displays of popular discontent during the Chinese Communist Party's 20th Congress, during which the chairman launched China into the second decade of his rule. But this period of threat alleviation is over.

President Biden and Chairman Xi also held their first face-to-face summit at the G-20 in Bali in 2022, which was oddly marked by low-key differences on Taiwan and hyperactive urgency on climate change. It was marked as well as by discussion of how best to help the world gain access to Russian gas and oil—and Ukraine's agriculture—through ports controlled by Russia. The situation surrounding Ukraine can only get worse.

Back in Washington, Republicans were elected to a narrow majority in the US House of Representatives, while Democrats retained knife-edge control of the US Senate. So far, this fragile balance in Congress has brought an overwhelming 365-65 bipartisan vote for seemingly only one thing: a new House select committee on "Strategic Competition between the United States and the Chinese Communist Party."

US-Taiwan relations in the year 2023 will evolve from these events and more.

Military Relations

It is a certainty that, in 2023, the Ukraine War will descend into the greatest European bloodletting since World War II. Russia's barbarity and Ukraine's determination to resist will suck the oxygen from Europe's debates. It is possible that the carnage may even give second thoughts to Xi Jinping. US-Taiwan military relations will deepen. Intense bipartisan congressional pressure will be levied on the Biden Administration and the Pentagon to avoid the sort of American preemptive declarations of non-involvement that contributed to the Ukraine holocaust in the first place. [1] There will be more appropriations and authorizations for Taiwan-related defense initiatives. The Pentagon will greatly expand its current, relatively modest—and still secret—uniformed military presence in Taiwan beyond small arms and unconventional warfare training.

We can expect significant news from the Pentagon around March 2023, as it delivers several separate mandated briefings to congressional armed services committees regarding the Department of Defense's planning for Taiwan's defense. By the end of the year 2023, the Pentagon will also have gone through several iterations of tabletop exercises for Taiwan wartime scenarios, which may well highlight newsworthy deficiencies in defense planning. The 2023 NDAA also demands that the Pentagon give consideration to "economic and financial measures, by the United States, with US allies and partners, to deter and respond to a contingency involving Taiwan." [2]

The NDAA surprisingly expanded the vision of the 1979 Taiwan Relations Act (TRA) by mandating that the Pentagon not simply maintain the capacity to "resist the use of force" against Taiwan, but to further resist a potential *fait accompli* that might checkmate US forces interceding in a crisis. Also sure to generate news in 2023 is an incorporated act within the 2023 NDAA entitled the "Taiwan Enhanced Resilience Act" (TERA), which significantly expands the TRA's defense commitments to include "civilian defenses" and continuity of government—and perhaps most controversially, defenses of the "offshore islands" and other areas. [3]

For 2023, the TERA also envisions "expanding United States economic relations with Taiwan" and cooperation in international aid and development, as well as broad new educational and public health programs.

A new Marine Littoral Regiment (MLR) based on Japanese islands near Taiwan will be entrusted with a Taiwan-oriented mission and, according to the Congressional Research Service, two additional MLRs will be trained and equipped for crisis deployment to the region for "long-range anti-ship" and "littoral anti-air" missions, in order "to accomplish sea denial and control within contested maritime spaces."

In 2023, the United States and Japan could undertake strenuous efforts to pre-position new combat elements and munitions depots broadly adjacent to the Taiwan theater. These will include new multi-function US Air Force elements to be rotated through Nansei Shoto Island airfields and staging areas on an *ad hoc* basis, as well as special US Army units now gaining experience with Ukraine. Over the coming year the Japanese Marine Self-Defense Force (JMSDF 海自) will also embark on an up-tempo program for foreseeable Taiwan contingencies.

The Potential for Crisis

Although the Biden Administration has vowed to "ensur[e] competition does not veer into conflict" with China in 2023, Beijing has no such policy. It is likely that China will provoke a crisis—with Taiwan as the backdrop—in 2023. Beijing will seek to distract the Washington-Tokyo alliance through manufactured at-sea encounters, mid-air confrontations, seizures of unmanned platforms, and "gray zone" harassments by Chinese civilian "fishery" craft, maritime militia vessels, and its coast guard. As in April 2001 during the EP-3 crisis, there is always a 50-50 chance that such an incident could result in death. In the event of such incidents, Chinese crisis managers have at the ready economic retaliation and elaborate propaganda methods, to include planned "mass demonstrations." Whether US or Japanese or Taiwanese leaders can maintain calm and balance will depend on their own crisis preparations. In any event, rather than intimidating them, these crises will only heighten pushback from Tokyo and Washington—and Taipei.

Political Relations

Every year brings its own political baggage. 2023 will not be a big voting year in the United States, but the later months of the year promise intense electioneering in Taiwan ahead of legislative and presidential elections to be held in early 2024.

China will be ever alert for opportunities to complicate Washington's relations with Taipei. With the foreign affairs and Taiwan portfolios in China now led by cadres with strong intelligence and united front backgrounds—including Politburo member Wang Yi (王毅), Foreign Minister Qin Gang (秦剛), and Taiwan Affairs Office (TAO, 國務院台灣事務辦公室) minister Song Tao (宋濤)—Chinese diplomats and agents of influence will engage in nonstop covert lobbying efforts directed against American officials, opinion elites, news outlets, and social media in order to promote distrust of Taiwan's leadership.

Already, Beijing's whisper campaigns dissuade American decision-makers from rejecting pro-China political figures in Taiwan. [4] As in past years, 2023 will see Beijing's covert propagandists leverage Washington's hopes that "competition does not veer into conflict, and [...] that we can responsibly manage the relationship with China" into distrust and uneasiness with pro-American political figures in Taiwan.

Throughout 2022, the Biden Administration walked a fine line between reciprocating China's open hostility and caving in to Chinese pressure. The president repeated assurances that the United States will become "militarily involved" to counter a Chinese attack on Taiwan, while his aides added only that US policy had "not changed." This was successful in confusing Beijing's leadership. Yet Beijing is taking no chances, and throughout 2023 will probably intensify its armed air and sea incursions around Taiwan.

The new year may also see another visit to Taiwan by a speaker of the US House, this time by Kevin McCarthy. [5] Such a visit could normalize higher-level US visits to Taiwan, and also demonstrate the independence of Congress—in contrast with the Biden Administration, which is more constrained by Chinese pressure.

APEC Forum

In 1991, China, Hong Kong, and Taiwan were admitted simultaneously to the Asia-Pacific Economic Cooperation (APEC) forum on the basis of equality. As *The New York Times* put it at the time: "At last week's meeting, in an unusual display of pragmatism over ideology, China, Hong Kong and Taiwan took their seats side by side." Indeed, the 1989 founding "Principles of APEC" nominally grant "equal respect for the views of all participants," and insist that "co-operation should be based on non-formal consultative exchanges of views among Asia-Pacific economies." [6] Yet in 1993, the United States volunteered to host APEC events and organized a first-ever "leaders' summit" for all APEC heads of government. President Bill Clinton sheepishly disinvited Taiwan's President Lee Teng-hui (李登輝) when China's Jiang Zemin (江澤民) refused to attend. [7]

The United States will host the APEC forum again in 2023, and for the third time, will face the thorny task of including Taiwan in various conclaves together with China and Russia. Given several legislative mandates in the NDAA 2023 regarding "Taiwan's meaningful participation in international organizations," the Biden Administration will be under pressure to ensure that Taiwan's participation in the 2023 APEC will be more "meaningful" than in previous APECs. [8] Indeed, it is possible the administration might find it desirable to dissuade Moscow (and perhaps China) from even participating in the 2023 APEC leaders' summit. Inviting a "meaningful" Taiwan leader to participate—in tandem with a bilateral Biden summit with the invited Taiwan "leader" in the spirit of "APEC Principles"—may provide such dissuasion.

Economic and Trade Relations

The United States and Taiwan have already begun 2023 with significant bilateral trade consultations underway in Taipei between the US Trade Representative (USTR) and Taiwan's Bureau of Foreign Trade (BOFT, 經濟部國際貿易局). The two sides spent nine months of 2022 laying significant groundwork for the "US-Taiwan Initiative on 21st-Century Trade." While prospects are excellent for substantive bilateral trade agreements on anti-corruption, small and mid-sized enterprises, regulatory practices, and services and trade facilitation, there is also enthusiastic and bipartisan congressional support for deepened US-Taiwan trade relations and Taiwan advanced technology investments in the United States. However, progress on major issues like agricultural and digital trade will come under pressure during Taiwan's domestic political campaigns, as noted above.

Conclusion

The NDAA 2023's massive amount of Taiwan-related text, including the 42-page TERA—albeit mostly aspirational, non-binding, and "report-centric"—provides considerably more calendar deadlines and policy direction to US-Taiwan policy than any previous legislation since the TRA in 1979. The new "US-Taiwan Initiative on 21st-Century Trade" also imparts a hefty momentum to bilateral trade prospects for the coming year. Most importantly of all, the prolonged torture in Ukraine will underscore the western alliance's stake in the survival and success of liberty in Taiwan.

The main point: After a tumultuous 2022, the US-Taiwan relationship is likely to face significant challenges in 2023. Amid substantial pressure from the PRC, the United States and its allies will need to support Taiwan more than ever.

[1] On January 25, 2022, President Biden stated that "We have no intention of putting American forces or NATO forces in Ukraine." In response, a reporter asked: "Just to be clear, you say—Mr. President, more than economic consequences or geopolitical consequences, could there be military consequences?" The president responded: "There [are] not going to be any American forces moving into Ukraine." See: The White House, "Remarks by President Biden in Press Gaggle" (press release), January 25, 2022, https://www.whitehouse.gov/briefing-room/speeches-remarks/2022/01/25/remarks-by-president-biden-in-press-gaggle-4/.

[2] Sec. 1088, National Defense Authorization Act for Fiscal Year 2023 [NDAA 2023], H.R. 7776, signed by the President on December 23, 2022. (Hereafter "NDAA 2023.")

[3] NDAA 2023, Sections 5501 – 5536.

[4] Compare two articles a decade apart: Kathrin Hille, "Taiwan presidential contender sparks US concerns over China tensions," *Financial Times*, January 15, 2023 at https://www.ft.com/content/073c1abc-b230-48df-986e-42002b817e6a; with Anna Fifield, Robin Kwong, and Kathrin Hille, "US concerned about Taiwan candidate," *Financial Times*, September 15, 2011, at http://www.ft.com/cms/s/0/f926fd14-df93-11e0-845a-00144feabdc0.html.

[5] "Nancy Pelosi's successor as U.S. Speaker of the House for the 118th Congress, Kevin McCarthy, stated in July 2022 that he, too, would like to lead a delegation to Taiwan as Speaker." See: Susan V. Lawrence, "Taiwan: Political and Security Issues," Congressional Research Service *CRS IN FOCUS*, updated January 10, 2023.

[6] Cited in Andrew Elek, "ASIA PACIFIC ECONOMIC CO-OPERATION (APEC)," *Southeast Asian Affairs*, 1991, pp. 33-48, https://www.jstor.org/stable/27912017.

[7] China announced on July 8, 1993 that it would not attend the 1993 APEC summit in Seattle because Taiwan was not "sovereign state" and had "no right to attend" (FBIS-CHI-93-129); President Clinton, on July 9 in Tokyo, made his first public proposal that APEC host a summit of the 15 APEC member nations. Moreover, "Clinton mentioned Taiwan's successes in political and economic development three times in his speech yesterday. US presidents have rarely praised Taiwan's development successes as many times as he did on a single occasion. That President Clinton did that indicates that he is quite familiar with Taiwan's economic and political development" (FBIS-CHI-93-130). That same day, Taipei's foreign ministry stated "It is an indisputable fact that the Republic of China [ROC] is a sovereign state" (FBIS-CHI-131). In the end, Beijing was successful in preventing Taiwan's president from participating at the Seattle meeting, a move that ceded to Beijing a complete veto over which Taiwan personalities would be allowed to join future APEC "leaders' summits."

[8] NDAA 2023 Sections 5516-5519.

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US-Taiwan Economic Relations in 2023: Causes for Measured Optimism

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There are quite a few reasons to be optimistic about the US-Taiwan economic relationship in the year ahead. Trade and investment between the two economies are as strong as ever. Tourism is starting to pick back up as both countries have eased their travel restrictions. Moreover, 2022 saw the launch of a new high-level trade dialogue between the governments in Washington and Taipei.

There are still several minor issues, like trying to figure out the effect of the Biden Administration's restrictions on advanced technology industries such as semiconductors, as well as their implications for US and Taiwanese businesses. Yet there are many areas for opportunity as well, including on clean energy and the digital economy. In the current international focus, it is important to remember that the US-Taiwan relationship is not as simple as trading American weapons for Taiwanese semiconductors. As one of America's top ten trading partners, Taiwan plays a key role in the supply chains of a variety of industries.

A Year in Review

Trade between the United States and Taiwan continues to be as strong as ever. Even as "The Great Lockdown" comes to an end, during the last few years US trade with Taiwan was very stable, unlike trade relationships with other countries that were affected by delays and swings in demand.

In 2022, the United States was Taiwan's second-largest trading partner for goods. It was also Taiwan's third-largest source for imports, valued at USD $46 billion, as well as its second-largest destination for exports, valued at USD $75 billion. Meanwhile, Taiwan was the United States' 10th-largest trading partner: its eighth-largest source for imports and 13th-largest destination for exports. While Taiwan may have lost its former position as the United States' 8th-largest trading partner as US trade with Vietnam and India increased, US-Taiwan trade has reached its highest value ever, at double the value traded in 2017 (USD $68 billion).

Generally speaking, Taiwan is a major source for US imports of marine engines (21 percent), iron and steel (20 percent), computer accessories (16 percent), and semiconductors (14 percent), as well as a major destination for US exports of commercial vessels (28 percent), wood, glass, and plastic (11 percent), and military apparel (10 percent). There is also increasing demand for US crude oil in Taiwan—totaling about two percent of total US exports. Unfortunately, the trade in goods in 2023 is likely to slow down as demand for personal electronics diminishes, and as the US Federal Reserve further continues its efforts to slow US demand.

Where the trade of goods might fall or stagnate, the trade in services may step up to fill this gap. Services are important to any advanced economy like the United States or Taiwan. Trade in services—like travel, transportation, finance, insurance, or research and development—makes up nearly a quarter of all global trade. Travel services have taken some of the largest losses these last three years. However, now that the United States and Taiwan have eased their travel restrictions, travel will start picking up again.

U.S. imports from Taiwan as a % of its global imports	
Marine engines, parts	**20.9%**
Iron and steel, advanced	**19.6%**
Computer accessories	**15.7%**
Semiconductors	**13.6%**
Blank tapes, audio & visual	**13.2%**
Motorcycles and parts	**11.7%**
Telecommunications equipment	**9.0%**
Wood, glass, plastic	**7.9%**
Photo equipment	**7.3%**
Toys, games, and sporting goods	**7.2%**
U.S. exports to Taiwan as a % of its global exports	
Commercial vessels, other	**27.7%**
Wood, glass, plastic	**10.8%**
Military apparel and footwear	**9.5%**
Military trucks, armored vehicles, etc.	**9.0%**
Industrial machines, other	**8.0%**
Semiconductors	**7.9%**
Steelmaking materials	**5.7%**

Image: Trade data between the United States and Taiwan from 2012 to present. (Image source: US Census Bureau, Country and Product Trade Data)

In 2019, the United States was Taiwan's largest source of foreign visitors from outside of the Indo-Pacific. At that time, Taiwan would host an average of over 50,000 American visitors each month. But during the pandemic, monthly visitors dropped to fewer than 1,000. In November, visitors from the United States climbed as high as 21,000, suggesting that travel is quickly returning to pre-pandemic levels. However, there is still room for growth. As an additional note, tourism from Taiwan's traditionally largest sources of tourism (China, Hong Kong, Japan, and South Korea) has yet to return to anywhere near pre-pandemic levels yet, which presents another opportunity for Taiwan's tourism industry.

The flip side to trade is investment, as investment and trade go hand-in-hand. The United States historically accounts for 13 percent of all non-Chinese foreign direct investment into Taiwan. It also accounts for 13 percent of outbound investments from Taiwanese entities. There was no growth in either the number of new investments by US entities in Taiwan last year or the total value of investments. Yet, there was an increase in the number of investments from Taiwan into the United States. The value of investments in the United States climbed by more than 100 percent to a value of over USD $1 billion, half of which went into trade-related industries and a quarter of which went into manufacturing.

Finally, 2022 saw the launch of a new high-level economic dialogue between the United States and Taiwan. While trade and investment negotiations have traditionally been handled through the US-Taiwan Trade and Investment Framework Agreement (TIFA), trade negotiations will now be covered in the US-Taiwan Initiative on 21st-Century Trade. The new dialogue includes 11 areas for cooperation, including trade facilitation,-standards setting, and supporting small and medium-sized enterprises, to name just a few. The year also featured continued efforts through the other on-going US-Taiwan initiatives—the Economic Prosperity Partnership Dialogue (EPPD) and Technology Trade and Investment Collaboration (TTIC)—which also in clude various economic initiatives.

Image: US and Taiwan representatives engaged in negotiations in Taipei held as part of the "US-Taiwan Initiative on 21st-Century Trade" in January, 2023. (Image source: Executive Yuan, Office of Trade Negotiations)

Things to Watch in 2023

With the United States hosting the Asia-Pacific Economic Cooperation (APEC) summit later this year, there is a growing expectation for the Biden Administration to deliver on some of its new Indo-Pacific economic initiatives, including the US-Taiwan Initiatives on 21st-Century Trade or the Indo-Pacific Economic Framework (IPEF). Of all the possible opportunities, there are three big areas to watch in 2023: energy, the digital economy, and semiconductors.

Energy has become an even greater topic of interest since Russia began its invasion of Ukraine nearly a year ago. There was a significant shock to global energy markets following the attack, leading to higher costs for many countries. And with 98 percent of Taiwan's energy demand being reliant on imports, Taiwan's market is extremely influenced by changes in global markets.

For producers in Taiwan, electricity costs are still up nearly 20 percent from a year ago, while gas prices are up 70 percent. The last few years have seen an increase in investment in renewable and green energy in Taiwan, particularly from European companies. Nevertheless, only two percent of Taiwan's energy supply is made with renewable energy. Most energy still comes from crude oil and coal. This means that Taiwan will need to invest more heavily in renewable energy as it looks to achieve net-zero carbon emissions by 2050. This transition could also offer an opportunity to lessen the country's dependence on natural gas, which makes up 18 percent of Taiwan's energy supply.

The next opportunity comes from the digital economy. Whether it is through online services, digital commerce, social media, or other sectors, the digital economy is increasingly important. Some advanced countries have struggled to keep up with the course of digital modernization. Taiwan is not one of them. According to the IMD World Digital Competitiveness Ranking, the United States ranks second and Taiwan ranks 11th. There is increasing interest in launching a digital trade agreement in Asia, perhaps as a part of America's Indo-Pacific Economic Framework (IPEF). While Taiwan is not a member of IPEF, American and Taiwanese investments in the digital economy—as well as our shared democratic values—make Taiwan a potential partner for any digital trade agreement.

Finally, the semiconductor industry is another area to watch this year. One the one hand, Taiwanese companies like Taiwan Semiconductor Manufacturing Company (TSMC, 台積電) are continuing with their manufacturing investments in the United States. Yet on the other hand, there are concerns that there will be more restrictions on semiconductor trade and manufacturing as well. In October, the United States announced new restrictions on semiconductor manufacturing using American products. China has already brought a complaint against these new restrictions to the World Trade Organization (WTO). While Taiwan has requested to join the discussion, Taiwan officials have made clear they do not necessarily agree with China's complaint. Rather, as one the world's leading manufacturers in semiconductors, they simply want to be a part of the conversation. There are also concerns about what American efforts with partners like Japan and the Netherlands to regulate semiconductor trade could mean for the world.

Conclusion

This year could be an exciting year for the US-Taiwan economic partnership if officials in Washington and Taipei are willing to put in the work. Meanwhile, next year will quickly get caught up in each country's respective national elections. There are plenty of opportunities for cooperation on energy and the digital economy, as well as including Taiwan in a possible Indo-Pacific digital trade agreement. While there are some outstanding issues, like concerns about new semiconductor restrictions, these are unlikely to derail any meaningful economic dialogue between the United States and Taiwan.

The main point: US-Taiwan trade in goods is likely to stagnate this year, but expect tourism to bounce back. There will be plenty of opportunities to advance the trade relationship in the numerous US-Taiwan economic dialogues, but only if officials have the foresight to take the initiative.