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## Senior US Officials Push Back Against the PRC “Misusing” UNGA Resolution 2758

By: Russell Hsiao

*Russell Hsiao is the executive director of the Global Taiwan Institute and the editor-in-chief of the Global Taiwan Brief.*

The status of Taiwan and its lawful representation on the world stage have long been points of political contention and international dispute. Further complicating the matter, all parties to the dispute hold different interpretations. At best, the issue remains “unsettled” as a matter of international law—a position that the United States has consistently taken since the end of World War II. [1] In the absence of any holding international disposition on the question of Taiwan’s status and coupled with the island’s democratization beginning in the 1980s, the People’s Republic of China (PRC) has [exploited](#) the existing legal ambiguity by initiating a political campaign to rewrite Taiwan’s status at the United Nations and legalize its “One-China Principle.”

Through willful mischaracterization of UN General Assembly Resolution 2758 by conflating that with Beijing’s [own position](#) that “[t]here is but one China in the world, Taiwan is an inalienable part of China’s territory, and the government of the People’s Republic of China is the sole legal government representing the whole of China,” the PRC has been engaged in a political warfare campaign to legalize its “One-China Principle” in the international system. While the United States maintains an agnostic stance on sovereignty over Taiwan, in the face of the PRC’s systemic challenge to the rules-based international order and coercive activities directed at squeezing Taiwan’s international space, senior US State Department officials have begun to push back against Beijing’s distortion and misuse of UNGA Resolution 2758.

### ***UN Resolution 2758: A Brief History***

On October 25, 1971, 73 members of the international body participated in a vote over three draft resolutions to consider the matter of China’s seats in the United Nations and on the UN Security Council. Ultimately, the UNGA [adopted](#) the “Albanian Resolution,” “recognizing that the representatives of the Government of the People’s Republic of China are the only lawful representatives of China to the United

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**Editor-in-Chief**  
Russell Hsiao  
**Associate Editor**  
John Dotson

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Global Taiwan Institute  
1836 Jefferson Place NW,  
Washington DC 20036  
[contact@globaltaiwan.org](mailto:contact@globaltaiwan.org)

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Nations and that the People's Republic of China is one of the five permanent members of the Security Council."

While UNGA Resolution 2758 settled the question of who would occupy China's seat in the United Nations, the resolution itself makes no explicit mention of Taiwan, nor of the territorial or population scope of "China." A plain reading of the adopted Resolution makes this point abundantly clear and a careful reading of the considerations within the UNGA debate underscores clearly that the resolution, as adopted, disposed of neither the critical questions of Taiwanese self-determination nor the status of Taiwan—much less recognized it as a part of China, as Beijing now wants the world to believe through its "One-China Principle."

Since its adoption, however, the PRC has used UNGA Resolution 2758 as a fictitious legal measure to bar Taiwan, without Beijing's consent, from meaningful participation—both its government and its people—in the UN system. According to the [PRC](#), "Resolution 2758 of the UN General Assembly has restored the lawful seat of the People's Republic of China at the UN and affirmed the *one-China principle* [emp. added] at the Organization, which has been strictly observed across the UN system and widely respected by UN Member States."

Yet, senior leaders in Beijing knew full well at the time of its adoption that UNGA Resolution 2758 did no such thing. According to a memorandum of the conversation between Henry Kissinger, who was then serving as the assistant to the president for National Security Affairs, with Chinese Prime Minister Zhou Enlai (周恩來) on October 21, 1971, Zhou recognized the issue of the non-disposition of the Taiwan issue in the Albanian Resolution:

*"The question is that in the other resolution [the Albanian Resolution] it calls for the restoration of all lawful rights to China in the United Nations, including its seat in the UN. In that resolution it is not possible to put in a clause concerning the status of Taiwan, and, if it is passed, the status of Taiwan is not yet decided... Of course, countries who support the Albanian Resolution haven't thought of this side of the question... [W]hat we are worried about is that if our legitimate rights in the United Nations are restored, while the status of Taiwan is left hanging in the air, we will have to consider this matter." [2]*

### **Pushing Back Against PRC Distortion of UNGA Resolution 2758**

More than 50 years after the passage of UNGA Resolution 2758, the issue of Taiwan's legal status remains "hanging in the air"

and "unsettled" as a matter of international law. There has neither been an internationally accepted common definition nor a valid legal instrument for that disposition.

In effect, the issue of Taiwan's status was conveniently side-stepped for decades within the UN system. However, this first came to a public and controversial head in 2007 when then-UN Secretary General Ban Ki-moon mistakenly declared: "[i]n accordance with that resolution [2758], the United Nations considers Taiwan for all purposes to be an integral part of the People's Republic of China." [3] This overly broad interpretation runs counter to both the original text of the resolution and the considerations of actual debate over the resolution—as well as the stubborn fact that the PRC never exercised sovereignty over Taiwan.

The startling declaration by the senior UN leader took the United States by surprise—in part perhaps because it had revealed the growth of the PRC's political clout in the UN system and early signs of the United Nations drifting toward Beijing through its misinformed adoption of the PRC's misleading interpretation of Taiwan's legal status. This interpretation was also mysteriously reflected in UN-Habitat's [document on standards](#). The gross mischaracterizations of Taiwan's status forced the US Secretary of State to instruct the US Permanent Representative to the UN Secretariat to *démarche* the UN Secretariat to clarify [the United States' position on the matter](#).

Although the United States' pushback in 2007 was notable for its break from past practices, it did not stop Beijing from exercising its growing political clout in the United Nations to shape the outcome it preferred. As [a German Marshall Fund study meticulously documented](#), the PRC continued "to force its views on nomenclature relating to Taiwan within the UN. This includes withholding UN accreditation from NGOs and civil society groups that do not refer to Taiwan as a part of the PRC in their organizational materials or on their websites [and] the PRC and its representatives have altered historic UN documents to change references of 'Taiwan' to 'Taiwan, Province of China.'"

To be sure, the *démarche* and ensuing public statement are vital for setting the record straight, but since then the US government's attention to this matter has suffered from benign neglect at best and indifference at worst. Only more recently has the US government recognized the growing challenge and begun to push back against the PRC's distortion of UNGA Resolution 2758. This resumed in earnest with the Trump Administration and was, to its credit, carried forward by the Biden Administration, as evidenced by a series of congressional testimonies and

public statements made recently by senior officials from the US State Department.

In the face of the PRC's systematic misuse and distortion of UN Resolution 2758, during a Congressional testimony on US policy towards Taiwan on April 30, Assistant Secretary of State for East Asian and Pacific Affairs Daniel Kritenbrink [stated](#):

*"We do believe that China's misusing—UNGA resolution 2758. They try to somehow say...that the UN adopted China's so-called "One-China Principle." And our position is categorically: 2758 didn't constitute a UN institutional position on the ultimate political status of Taiwan; has no bearing on countries' sovereign decisions about their relationships with Taiwan; and it doesn't preclude Taiwan's meaningful participation in UN bodies."*

The State Department's China coordinator and deputy assistant secretary in the Bureau of East Asia and Pacific Affairs, Mark Lambert, also [called on](#) allies and like-minded partners to collectively push back against the PRC's mischaracterization of UN Resolution 2758, which Beijing has deliberately misused to bar Taiwan's meaningful participation in the UN system.

### **Conclusion**

In the absence of any holding international disposition regarding the question of Taiwan's legal status, the United States' position to only "[acknowledge](#)" the Chinese position that Taiwan is a part of China and to not take a position on sovereignty over Taiwan have only contributed to the ambiguity. The PRC has exploited this legal gray area and has been [actively engaged in](#) a political warfare campaign to rewrite Taiwan's status at the United Nations and legalize its "One-China Principle" by conflating it with UNGA Resolution 2758 while the United States sat on the sidelines and watched, until now.

According to [a recent study](#) conducted by Jacques Delisle and Bonnie Glaser, the dangers of accepting the PRC's imposition of its "One-China Principle" in the UN system are as such:

*"If Beijing wins acceptance of its position, it could more credibly claim that the use of force or coercion to achieve unification of Taiwan would be lawful. The PRC could also more plausibly argue that some—but not all—measures by the United States and others to prevent or deter such an outcome would be unlawful. Acceptance of the PRC's views on Resolution 2758 also would weaken the UN's integrity and increase the challenges facing the rules-based international order."*

It is in this context that State Department official Mark Lambert's recent warning and call to action to allies and like-minded partners snaps into clear view:

*"The two immediate issues are: press for Taiwan's meaningful participation in bodies where sovereignty is not prerequisite, and the two obvious ones are in Geneva at the World Health Assembly and in Montréal at ICAO. But I think going beyond that, starting a dialogue about just how important Taiwan is to science and technology, to [the] global economy, and what is at stake here. [...] We need to stay focused and we can't give up. The stakes are pretty high."*

During the 1971 proceedings concerning China's seat in the United Nations, then-US Ambassador to the United Nations George Bush filed an explanatory memorandum that the existence of the People's Republic of China and the Republic of China was an "[incontestable reality](#)." Irrespective of which side the United States has diplomatic relations with (Washington had diplomatic relations then with the ROC), that objective reality remains valid today—accepting the PRC's mischaracterization of UNGA Resolution 2758 as endorsing its "One-China Principle" would mark a change in the "status quo"—and US policy must actively and consistently push back against that distortion.

**The main point:** In the years since UNGA Resolution 2578 was adopted, Beijing has exploited legal ambiguity surrounding Taiwan's status in order to conflate a misinterpretation of the Resolution with its own "One-China Principle." In order to resist the PRC's campaign to rewrite history, the United States needs to continue taking an active role in contesting these claims and assert that accepting the PRC's conflation of the two is a change in the status quo.

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[1] L/EA Robert I. Starr to KA/ROC Mr. Charles T. Sylvester, July 13, 1971, Legal Status of Taiwan, L:L/EA:RIS Starr:cdj:7/13/71 ex 28900.

[2] US Department of State Office of the Historian, "41. Memorandum of Conversation, Beijing, October 21, 1971, 4:42-7:17 p.m."

[3] Marc J. Cohen and Emma Teng, eds., *Let Taiwan Be Taiwan* (Washington, D.C.: Center for Taiwan International Relations, 1990).

## Taiwan's Music Industry Finding its Voice Through Localization and Internationalization

By: Willian Hung

*Willian Wei Hung (Ang Uí), a Taiwanese native, is a Spring 2024 intern at the Global Taiwan Institute.*

In a testament to the growing recognition of Taiwanese music, six groups of Taiwanese artists—[Fire EX](#) (滅火器), [Chih Siou](#) (持修), [Mong Tong](#) (夢東), [The Dinosaur's Skin](#) (恐龍的皮), [Gummy B](#) (黃立堯), and [Majin](#) (Jo-Ann Ruff)—appeared on the international stage at the renowned [SXSW](#) music festival in Texas this year. Continuing a tradition that began in [2008](#), this year's SXSW selection further highlighted both the local and global appeal of Taiwanese music. This international exposure comes as the [Ministry of Culture](#) (MOC, 文化部) recently announced a [revision](#) to the “[Encouragement of Participation in International Popular Music Activities](#)” (EIPMA) (鼓勵赴國外參與流行音樂國際活動作業要點) program, reflecting a continued focus on international exposure for Taiwanese music.

**The EIPMA Program** (鼓勵赴國外參與流行音樂國際活動作業要點)

The MOC's (文化部) EIPMA program serves as a springboard for Taiwanese music's global ascent. By removing financial barriers through subsidies, EIPMA empowers musicians and music groups to participate in prestigious international events like festivals, conferences, awards, and exhibitions. The program fosters global recognition of Taiwanese music while cultivating valuable connections with international industry professionals. These connections can lead to collaborations, industry insights, and career-altering opportunities. Furthermore, EIPMA fuels professional development through overseas training and workshops, directly enhancing artists' skill sets and knowledge. It also tackles key hurdles like financial limitations, limited exposure, and the lack of industry connections, paving the way for sustained success in the global music marketplace.

### Hurdles of Internationalization

Although the EIPMA program provides a kickstarter for the music industry, the path to global success is fraught with obstacles for Taiwanese artists. The most immediate barrier is the language. Mandarin, the primary language of modern Taiwanese music, limits its immediate reach to a portion of the global audience. The situation is compounded by fierce competition in the international music market, where established internation-

al artists and dominant genres hold significant sway. Breaking through requires Taiwanese artists to compete with well-established international artists who already have a strong global fanbase. For instance, an artist creating Taiwanese rock music may struggle to gain traction against artists who play within the dominant genres of pop, hip-hop, or electronic dance music. Even if artists transcend the language barrier, their music may not resonate with audiences accustomed to these more popular styles.

### The Balancing Act in Action

Striking the right balance between localization and internationalization is an ongoing process. Some artists may create music that explicitly blends [Taiwanese elements with international sounds](#), while others may focus on crafting high-quality music that transcends specific cultural references. Ultimately, the potentially most successful approach recognizes the importance of a solid local foundation, cultivated through localization efforts, while remaining open to the possibilities of international appeal. This openness allows artists to incorporate elements that resonate with a broader audience without sacrificing their unique Taiwanese identity.

### The Current Landscape of Taiwanese Music Culture

The current landscape of Taiwanese music culture is a tapestry woven from established and emerging trends. For decades, Taiwanese music thrived within the [Mandopop](#) landscape, producing [iconic stars and chart-topping hits](#) that resonated across the Mandarin-speaking communities. However, a recent wave of artists is [integrating a distinct Taiwanese identity into their music](#).



*Image: The band Fire EX performing at a New Year's Day flag-raising ceremony outside the Presidential Office Building in Taipei (January 1, 2017). (Image source: [Wikimedia Commons](#))*

Listeners are increasingly encountering the use of Formosan languages ([Taiwanese](#), [Hakka](#), [Paiwan](#), etc.) alongside traditional Taiwanese instruments, such as the [Kó-chhoe](#) (鼓吹/嗩呐), [Khit-tsiáh-khîm](#) (乞食琴/月琴), or [Kakeng](#) (杓瓦/竹鐘). They also hear Taiwan regional musical styles influencing the modern music scene, such as [Hak-kâ sân-kô](#) (Hakka Hill Songs) (客家山歌), [Pòo-tê-hì](#) (布袋戲) (Taiwanese Glove Puppetry), [Kua-á-hi](#) (歌仔戲) (Taiwanese opera), and [ballads from various indigenous tribes](#). This trend reflects a growing cultural awareness and appreciation for Taiwan's unique musical heritage, which continues to extend beyond catchy pop anthems.

### ***Localization as a Catalyst for Internationalization: Music Events for Instance***

A key driver of this cultural localization movement is the growing popularity of “[User-charge](#)” (使用者付費) concerts and music events. This shift, pioneered and improved by festivals like [Megaport Fest](#) (大港開唱) and [FireBall Fest](#) (火球祭), reflects a change in audience mindset, valuing quality music and supporting artists financially instead of mindlessly following free-entrance activities.

In a recent interview with the founder and organizer of FireBall Fest, the band Fire EX. (滅火器), they mentioned that the founding of the music fest is undoubtedly for the audience in Taiwan, but not limited to that audience. The other purpose of the “User-charging” music festival is to forward the “redirection (導正)” process of Taiwan's music industry and market. By normalizing and rationalizing the “[entertainment price](#)” of concerts, music events in Taiwan could have more options for arranging their budget resources and plans instead of simply relying on government subsidies, which often creates an inevitable cycle of “free events & free-chasers” for event organizers and artists. According to the band, this model—as demonstrated during their tour in North America and on the way to SXSW—stabilizes the fan bases for bands and allows for better production value, a well-organized experience, fairer artist compensation, a healthier budget system, and, ultimately, a more sustainable music ecosystem where artists can thrive and continue to weave the rich tapestry of Taiwanese music. With its well-organized events like FireBall Fest, this symbiotic ecosystem could become a magnet for international artists. In turn, this would initiate cross-cultural interactions and collaboration and further internationalize Taiwan's music scene while nourishing the local music cultures.

### ***Building a Strong Foundation for Global Success***

While discussing how to internationalize Taiwanese music, Fire

EX. also emphasizes that fostering a healthy music ecosystem and producing consistently high-quality music are essential for attracting international attention, both from artists and audiences. Bands like [Elephant Gym](#) (大象體操) and [Sunset Rollercoaster](#) (落日飛車) serve as compelling examples. Although they do not primarily utilize many local materials in their music, their international success highlights the power of quality and artistry. These bands built strong domestic followings through critically acclaimed releases and years of honing their craft. Their success underlines the importance of establishing a robust local foundation before venturing onto the international stage.

### ***Cultivating a Distinct Voice: The Power of Localization***

While international exposure offers undeniable advantages, a thriving domestic music scene forms the bedrock for sustained success. Here, localization—the act of creating music that resonates deeply with local audiences—plays a crucial role. Taiwan boasts a rich tapestry of languages beyond Mandarin, including Taiwanese, Taiwanese Hakka, and multiple indigenous languages (Amis, Atayal, Bunun, Paiwan, Rukai, Seediq, etc.). These Formosan languages carry unique cultural nuances and emotional depth that can be harnessed to create music that speaks directly to the Taiwanese soul.

Government initiatives acknowledge the importance of these languages in fostering a unique Taiwanese musical identity. The “[National Language Development Plan](#)” (國家語言整體發展方案) and the “[Grant for the Production and Release of Popular Music Albums in Native Languages](#)” (本土語言流行音樂專輯製作發行補助作業要點) provide systematic support for artists who create music in Taiwanese/Formosan languages. These programs encourage the exploration and preservation of this cultural heritage. By incorporating these languages into their music, artists can tap into a wellspring of emotions and experiences that resonate powerfully with domestic audiences.

When artists weave Formosan languages into their music, it is no longer just about the words themselves. These languages carry a unique emotional weight, shaped by generations of shared experiences and cultural nuances. A [song expressed in the lyrical beauty of Amis](#) can evoke a depth of emotion that resonates deeply with Taiwanese audiences. Similarly, a [powerful rock anthem sung in Taiwanese](#) can capture the raw energy of youthful rebellion in a way that transcends translation. The raw power of Taiwanese syllables can add a distinct edge to a rock ballad, pushing the boundaries of Taiwanese music and fostering a sense of cultural ownership and pride among domestic audiences. This inherent connection to local languages

strengthens the music's impact, transforming it from entertainment into a powerful expression of Taiwanese identity.

### ***Amplifying Identity***

The vibrant blend of Formosan languages that permeates Taiwanese music transcends mere communication. These languages become potent tools for amplifying cultural identity, deeply resonating with domestic audiences. This powerful connection is clearly expressed in the music of the band Fire EX., which participated in an interview for this article.

Fire EX.'s music, primarily performed with Taiwanese lyrics, exemplifies the power of localization. It strikes a deep chord with domestic audiences, particularly the younger generation. This connection solidified during the Sunflower Movement, where Fire EX.'s anthems—especially "[Island's Sunrise](#)"—provided powerful support and encouragement to the protestors. Their music became a source of strength and bravery for many throughout the movement.

While international recognition is still being built, Fire EX. is leading the charge for future generations of Taiwanese artists. Their recent [North American tour](#) goes beyond mere performance. It is a strategic mission to forge connections with international venues, artists, and industry professionals, essentially trailblazing a path for future Taiwanese artists navigating the international scene. This initiative (perhaps, the "Fire EX. Model"?) prioritizes cultural authenticity and fostering a supportive social network. While this model may not translate directly to the Chinese market—due to censorship related to the band's pro-Taiwan stance on the Sunflower Movement and other cross-strait issues—it offers a valuable roadmap for artists who share these values. The "Fire EX. Model" empowers them to succeed internationally while staying true to their Taiwanese identity.

### ***Conclusion***

Taiwan's music scene thrives at the intersection of international aspirations and a flourishing local identity. Here, the key lies in embracing both. Government programs like EPIPMA offer a springboard for global exposure, while localization efforts build a strong domestic foundation. By incorporating Formosan languages and regional styles, artists create music that resonates deeply with Taiwanese audiences, fostering a sense of cultural ownership and pride. Fire EX., with their Taiwanese anthems, exemplifies this power.

The most successful artists will find a harmonious blend. Some may explicitly fuse Taiwanese elements with international sounds, while others may focus on universal themes delivered

with exceptional quality. Ultimately, a strong local identity, cultivated through localization, empowers artists to succeed internationally while staying true to themselves.

This synergy extends beyond music. Events like Megaport or FireBall Fest focus on redirecting the music industry's ecosystem by normalizing paid concerts or events. The shift fosters a healthier music ecosystem, thereby attracting international artists and fostering collaboration, enriching Taiwan's music scene, and propelling it onto the global stage. Rooted in authenticity and excellence, Taiwanese music is poised to resonate not just internationally, but also within the hearts of its people.

**The main point:** Taiwan's music industry flourishes at the nexus of localization and internationalization. By cultivating a robust domestic foundation through music in Formosan languages and regional styles, and fostering a higher-quality, more sustainable music ecosystem, Taiwanese artists not only strengthen their cultural identity but also indirectly contribute to internationalization by facilitating cross-cultural interaction with the global music scene.

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## **An Assessment of the PRC Fifth Column Network Within Taiwan**

By: Amber Lin

*Amber Lin is a journalist specializing in cross-strait relations and regional politics. She has worked at a number of Taiwanese publications, including CommonWealth Magazine, The Reporter, and The News Lens.*

The concept of a "fifth column," originating during the Spanish Civil War, refers to covert groups within a nation engaged in espionage, sabotage, or subversion to undermine national stability and aid external enemies. From 2008 to 2016, amidst extensive cross-strait exchanges, China intensified its united front operations and intelligence activities in Taiwan, embedding operatives across the fields of economics, media, culture, religion, industry, and politics. This period saw the establishment of a robust fifth column network within Taiwan's national security apparatus, political landscape, and civil society.

Rooted in the [principles of Zhou Enlai \(周恩來\)](#)—"use the united front to drive intelligence and embed intelligence within the united front" (以統戰帶動情報, 寓情報於統戰中)—the fifth column network can be considered as one of the foundations of [China's political warfare strategy](#) against Taiwan, providing

more toolsets for Beijing to coerce Taiwan not only externally—economically, diplomatically, and militarily—but also internally through infiltrations, disinformation campaigns and cognitive warfare to divide and undermine Taiwan’s overall resilience. This article provides a preliminary examination of the characteristics and scale of China’s fifth column networks within Taiwan’s national security agencies since 2008, and forecasts likely trends in the People’s Republic of China (PRC) fifth column operations during the upcoming term of President-elect Lai Ching-te (賴清德).

### ***Cross-Strait Engagement Facilitates the Establishment of Fifth Column Networks***

Strictly speaking, the term fifth column (第五縱隊) does not appear in PRC official documents, but is more commonly found in the memoirs of former underground Chinese Communist Party (CCP, 中國共產黨) members (中共地下黨), referring to those who infiltrated the Kuomintang (KMT, 國民黨) during the years in which those two parties struggled for control of China. Considering the convoluted history between the KMT and the CCP since the 1920s, infiltration and subversion of the enemy by fifth columnists represented a fundamental strategy during the CCP’s struggle against the KMT—and extended to the PRC’s Taiwan policy after the effective end of the Chinese Civil War in 1949.

From 2008 to 2016, during a period of comprehensive cross-strait engagement during the administration of President Ma Ying-jeou (馬英九), Taiwan’s openness to Chinese tourists, students and officials facilitated numerous Chinese visits to Taiwan for tourism, education, employment, and commerce. The PRC seized opportunities for “[people-to-people exchanges](#)” across the strait and significantly increased its united front operations and intelligence activities. Consequently, the PRC has established an extensive pro-Beijing fifth column network within Taiwan, spanning various sectors including economics, media, culture, religion, industry, and politics. [1]

These efforts have particularly targeted Taiwan’s retired and incumbent military and intelligence personnel. This phase marked the PRC’s extensive infiltration into Taiwan’s national security agencies, during which the PRC’s espionage operations escalated in terms of both quantity and the rank of military personnel involved. The primary focus remains on traditional espionage activities aimed at collecting classified military intelligence. [2]

Estimating the scale of the fifth column within Taiwan is challenging due to its covert nature. These networks are evolving to become more comprehensive, stealthier, and increasingly

grassroots-oriented. In a 2019 public [presentation](#), Gen. Vincent W. F. Chen (陳文凡), then Deputy Director-General of Taiwan’s National Security Bureau (NSB, 國家安全局), revealed that China has created a network comprising 24 business, media, and semi-official representatives. He also noted that 22 pro-China organizations and political parties, linked to organized crime, are extending their influence over local entities, Taiwanese businessmen in mainland China, and Taiwan’s media. Between 2000 and 2020, 62 espionage cases were recorded, targeting military personnel, Taiwanese businesspeople, media professionals, and political figures. [3] Notably, in 2023 alone, at least [16 espionage cases](#) have come to light.

While these spy cases do not fully represent the extent of the PRC’s infiltration into Taiwan, they highlight the areas of highest focus, as seen below.

#### *Retired and Active-Duty Military Personnel*

A [Reuters report](#) has revealed that, in the course of the past decade, at least 21 serving or retired Taiwanese officers of captain rank or higher have been convicted of spying for China. A [significant espionage case](#) in 2023 unveiled a spy network within Taiwan’s military comprising ten officers. This network, established by a retired army major who recruited current military personnel across Taiwan, compromised highly sensitive information, including defense deployment plans, military exercises, US collaboration details, and classified content from top-secret meetings chaired by the president. Notably, [the investigation revealed](#) that this spy network persuaded an active-duty pilot, holding the rank of lieutenant colonel, to attempt flying a US-made CH-47 Chinook onto a Chinese People’s Liberation Army (PLA) aircraft carrier, with a promised reward of USD \$15 million (half the helicopter’s value) upon successful defection.

#### *Intelligence and Security Personnel*

Besides the military, Taiwan’s intelligence and security agencies—including the Military Intelligence Bureau (MIB), which is tasked with collecting intelligence on the PLA—have also been targeted. [Incidents in 2010 and 2016](#) exposed the recruitment of MIB agents by the PRC, and in 2020 three former MIB officers were arrested on allegations of espionage. China’s penetrations extend to high-level security breaches, including one involving Taiwan’s presidential security team. In 2021, a case highlighted the successful [infiltration of the team](#), leading to the conviction of a retired security officer and a serving military police lieutenant colonel for leaking sensitive information to a Chinese intelligence agency. This included details about the team protecting the presidential office and President Tsai Ing-wen’s (蔡英文) residence.

### *United Front Work Targets Whampoa Military Academy Graduates*

Since 2008, China has leveraged the shared legacy of the Whampoa Military Academy (黃埔軍官學校) between the KMT and the CCP to [invite retired Taiwanese generals to China](#) for commemorative events, [promoting reunification narratives](#). [4] A former legislator, retired lieutenant general Wu Sz-huai (吳斯懷), who attended a speech by Chinese President Xi Jinping in Beijing in 2016, has been highly controversial [due to his involvement in that event](#). In 2023, a [retired Navy rear admiral and former legislator](#) faced prosecution for inviting 48 retired high-ranking generals to China across 13 trips, totaling 194 individual visits, to promote the “Whampoa spirit” and pro-unification activities over the past decade.

These cases highlight China’s persistent efforts to undermine Taiwan’s military and security apparatus in order to foster disloyalty and gather valuable intelligence—and perhaps to lay the groundwork for potential decapitation operations against Taiwan’s military and political leaders. The frequent visits to China by high-ranking retired generals, ongoing espionage cases, and the spread of defeatist propaganda have eroded public trust in Taiwan’s military, significantly affecting morale and operational security. This erosion of trust could be strategically exploited by Beijing during military conflicts.

### ***Forecasting Fifth Column Development: Breaking It Down into Smaller Parts***

Despite Beijing’s aspiration for extensive cross-strait engagements to facilitate deeper infiltration, it must restrict exchanges under the forthcoming third term in office for the Democratic Progressive Party (DPP, 民主進步黨) in order to exert political pressure on newly elected President Lai Ching-te. This will complicate the PRC’s intelligence operations.

Wang Huning (王滬寧)—the fourth-ranked member of CCP Politburo Standing Committee and the [official in charge of CCP united front work](#)—reportedly issued instructions during a [December 2023 meeting](#) that party operatives should “break [efforts] down into smaller parts” (化整為零) in order to influence Taiwan’s presidential election. Following such guidance beyond the election, the PRC’s fifth column operations are likely to shift their focus beyond traditional national security agencies—and to target various non-security sectors such as media, the legislative branch, and non-national security government agencies. Coupled with more subtle and legal united front work, this strategy fosters local agents at the grassroots level to establish both in-person and online networks, thereby intensifying Beijing’s

political and cognitive warfare.

Firstly, the media sector—along with grassroots groups such as religious organizations and local political leaders—could specifically be utilized to subtly manipulate public opinion and sway public sentiment. For example, in the recent presidential election in January, [an online media](#) journalist was reportedly directed by Chinese officials to create fake election polls. Notably, Chang An-le (張安樂), the chairman of the Chinese Unification Promotion Party (CUPP, 中華統一促進黨)—and also an organized crime figure known as “White Wolf” (白狼)—stated in a [2021 interview](#) with Chinese official media that he has leveraged his past gangster background to attract young people from central and southern Taiwan to “turn from green to red” (由綠轉紅). The goal was to establish and develop a “red column” (紅色隊伍) to promote “peaceful unification and uprising at the front” (和平統一, 陣前起義).

Secondly, China’s fifth column network is likely to target Taiwan’s legislators, using similar tactics to those recently observed in a [UK espionage case](#). In that case, a former parliamentary staffer was accused of obtaining sensitive national security reports and intelligence on behalf of China. In 2023, [controversy erupted over the construction of Taiwan’s first Indigenous Defense Submarine \(IDS\)](#), which is aimed at strengthening naval defenses against China. The program convener accused KMT lawmaker Ma Wen-chun (馬文君) of the Foreign Affairs and National Defense Committee of consistently sabotaging the project. Allegations claim that the lawmaker compiled over 3,000 files related to the submarine’s design and construction plans, raising security concerns and sparking investigations into legislative interference in sensitive military affairs.

Last but not least, the trend of infiltrating sources and organizations outside of security agencies—such as government databases, and critical infrastructure sectors—is likely to increase. For example, severe data security issues were brought to light by [two major leaks in 2023](#). The first incident involved the potential sale of nearly the entire Taiwanese population’s household registration data on BreachedForum, comprising 23.57 million records from the Ministry of the Interior. [Another breach](#) implicated former officials of the National Health Insurance Administration (NHIA), who allegedly accessed and sold extensive health insurance data (potentially affecting up to 133,000 records), with intelligence personnel particularly targeted. Moreover, critical infrastructure sectors like electricity, the water supply, and telecommunications are at risk of sabotage or intelligence gathering, which could cripple Taiwan’s emergency response capabilities during contingencies.



## Conclusion

In recent years, experts have engaged in lively debate about China's readiness to invade Taiwan, with mainstream analysts often focusing on the PLA's capabilities to predict Beijing's actions. Many assessments of Taiwan's own combat readiness overlook its overall defensive resilience—which is undermined by Beijing's political warfare. Echoing Russia's miscalculations in Ukraine, Beijing could believe that a swift victory in the Taiwan Strait is feasible, and that it might be able to employ gray-zone tactics in order to “provoke military clashes to coerce negotiations” (以戰逼談). Maintaining deep infiltration at all levels to strengthen fifth column networks within Taiwan is crucial for Beijing to create favorable conditions for a swift resolution during military conflicts.

While collecting Taiwan's military intelligence remains the PRC's top priority in its intelligence operations, collecting data on Taiwan's public opinion, and non-military intelligence, would also be strategically valuable for Beijing during wartime. In light of increased vigilance in Taiwan, the PRC's fifth column development is likely to shift focus from national security agencies to non-national security sectors—adopting subtler and legally framed influence operations to establish online networks and intensify political and cognitive warfare. This strategy aims to compromise Taiwan's overall defense resilience through espionage, sabotage, or subversion, thereby serving Beijing's ultimate strategy: one rooted in China's strategic culture of “winning without fighting” (不戰而勝).

**The main point:** With increased vigilance in Taiwan's government, China is likely to shift pro-Beijing fifth column network development toward Taiwan's non-national security sectors, coupled with gray zone and united front operations, to intensify its political and cognitive warfare against Taiwan. The incoming Lai Ching-te Administration must prioritize raising public awareness, building social consensus, advancing comprehensive national security reforms, and strengthening international cooperation. These efforts are crucial for exposing fifth column networks and countering Beijing's political warfare.

[1] Francis Yi-hua Kan, “Cross-Taiwan Strait Relations after President Ma's Inauguration,” 38th Taiwan-U.S. Conference on Contemporary China, The Brookings Institution, 2009.

[2] Singaporean expert Wu Shang-Su [estimated in 2015](#) that over 3 million Chinese visited Taiwan in 2014, presenting the PLA with an opportunity to deploy “undercover” troops before a potential invasion.

[3] “間諜兵學之理論與實踐：以中共對台諜報工作為例 (2000-2020年),” [*The Theory and Practice of Military Spycraft: the Case of Chinese Communist Spy Work Against Taiwan (2000-2020)*], Graduate Institute of International Affairs and Strategic Studies, Tamkang University, January 2021, pp. 326-332.

[4] The Whampoa Academy was originally founded in Guangzhou, Guangdong Province, in 1924, and it played a significant role in training military officers for the Second Sino-Japanese War. After the Chinese Nationalist Party (KMT) government relocated to Taiwan following the Chinese Civil War, Chiang Kai-shek re-established the academy in Fengshan District, Greater Kaohsiung. Notable alumni of the academy include former Chinese vice premier Lin Biao and former Chinese premier Zhou Enlai.

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## Malaysia-Taiwan Economic Relations: Continued Convergence

By: Elina Noor

*Elina Noor is a senior fellow with the Asia Program at the Carnegie Endowment for International Peace.*

Malaysia and Taiwan have no diplomatic relations. Yet, bilateral economic and social ties have remained vigorous over many years, trending upward since the 2016 launch of Taipei's New Southbound Policy (NSP, 新南向政策) and despite the brakes on trade and people-to-people flows caused by the COVID-19 pandemic.

Much of this is due to converging interests on both sides, and the fact that US-China geopolitical competition has sharpened. But while the NSP is underpinned by the twin goals of further enmeshing Taiwan into the fabric of the Indo-Pacific region and divesting from dependence on China, Malaysia's openness to the NSP is premised much more narrowly on a combination of economic pragmatism and cultural linkages.

### **Trade and Investment: A Recap**

Trade flows between Malaysia and Taiwan have steadily grown since the mid-1990s, a trend which has only accelerated since 2016 (*see figure 1*).

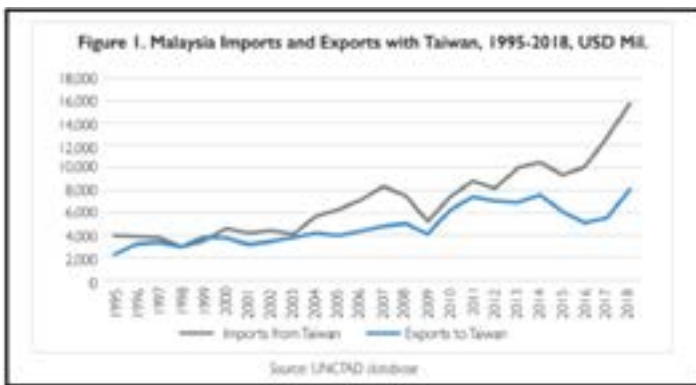


Figure 1: Malaysia's imports from and exports to Taiwan, 1995-2018. (Source: As published in [Malaysia, Taiwan and CPTPP](#), Institute for Democracy and Economic Affairs, policy paper no. 65, October 2020).

Between 2017 and 2018, bilateral trade [expanded](#) 22.1 percent. By 2018, Taiwan became Malaysia's sixth-largest trading partner, while Malaysia became Taiwan's seventh largest. Official figures show that although Malaysia's exports to Taiwan [contracted](#) by 8.6 percent in 2020, imports from Taiwan rose slightly by 1.1 percent. That year, Taiwan was Malaysia's fifth-largest trading partner and eighth-largest export destination.

In 2021, trade between the two economies rebounded between [26 percent](#) and [29 percent](#) from the previous year, making Taiwan Malaysia's fifth-largest trading partner. Although Malaysia maintained its 2017-2018 position as Taiwan's seventh-largest partner, its total exports to Taiwan in 2021 were not insignificant, [constituting](#) 3.3 percent of Malaysia's overall total. Taiwan's trade statistics [show](#) that in December 2023, trade volume with Malaysia was the second-highest in the Association of Southeast Asian Nations (ASEAN) region—totaling USD \$2.5 billion, trailing only Singapore.

There are some [1,700 Malaysian companies](#) operating in Taiwan, which was the [exact number](#) of Taiwanese companies in Malaysia by 2018 calculations. Many of the latter have had a presence spanning two to three decades, [sustained](#) by efforts at the official, industry, and cultural levels. In 2016, Malaysia's Ministry of International Trade and Investment and the Ministry of Economic Affairs (MOEA, 經濟部) of Taiwan established the Malaysia-Taiwan Economic Cooperation Committee to explore and promote mutual trade and investment opportunities, including for small and medium enterprises (SMEs), which constitute more than 90 percent of Malaysian businesses.

At the industry level, the now-34 year old [Taiwan Chamber of Commerce and Industry in Malaysia](#), the Taiwan Investors' Association in Malaysia, and the investor association's youth chapter

formed in 2013, continue to cultivate close business-to-business ties. Significantly, these trade and commercial relations have been anchored by a long-standing cultural linkage between the Malaysian Chinese and Taiwanese communities—reflected, for example, in the 40-year history of the Federation of Alumni Associations of Taiwan Universities, Malaysia—as well as by a host of [other organizations](#). These different nodes of the Malaysia-Taiwan economic relationship remain just as relevant under the NSP as they did decades ago, regardless of political changes. They will continue to be important elements of bilateral ties under the incoming Lai Ching-te (賴清德) Administration.

### Tit-for-Tech

Malaysia and Taiwan enjoy a high degree of economic complementarity. Taiwan's technological strengths and Malaysia's comparative advantage in natural resources and labor efficiencies have recently coincided with the twin growth of the digital and green sectors. Unsurprisingly, two-way trade has been dominated by electrical and electronic (E&E) products, as well as chemicals and chemical products.

Integrated circuits (IC)—along with their component parts of semiconductors and chips—are key export and import items for both economies. These products are used for a wide range of applications: including data processing, communications technology, and increasingly, electric vehicles. It is no surprise, therefore, that the E&E industry plays a significant role in bilateral trade between Malaysia and Taiwan, which sit at different but reinforcing points of the global IC value chain.

Taiwan, with its highly developed ecosystem, [leads](#) the world in semiconductor production (over 60 percent). Its packaging and testing sectors [account](#) for nearly 60 percent of global market share, and domestic investment in IC design in a [range](#) of digital tech sectors and sub-sectors means that Taiwanese businesses will continue to be major players in the growth of 5G network infrastructure, data centers, automation, and artificial intelligence.

Malaysia's own 50-year [presence in the semiconductor industry](#) makes up [seven percent of global market share](#). It is the sixth-largest semiconductor exporter on the world stage, with semiconductor devices and ICs alone comprising a quarter of the country's total exports. Its strength in the semiconductor value chain lies in chip assembly, packaging, and testing. Although the industry has grappled with issues related to recruiting and retaining skilled labor, and has largely operated at the [mid- to lower-end of the value chain](#), Malaysia still serves 13 percent of backend semiconductor capacity.

As the country looks to increase its economic complexity and to “tech up for a digitally vibrant nation” through a range of initiatives—such as the government’s New Industrial Master Plan (NIMP) released in 2023—it is clear that Taiwan’s and Malaysia’s interests in semiconductors, chips, and ICs will continue to dovetail. This will be particularly true if US-China “de-risking” initiatives intensify in the run-up to (or after) the US presidential election in November 2024. The NIMP, in fact, explicitly recognizes that the [Creating Helpful Incentives to Produce Semiconductors for America \(CHIPS Act\)](#) offers Malaysia an opportunity to “become a neutral country of choice to expand on semiconductor manufacturing activities, capitalizing on the US+1, China+1 and Taiwan+1 trends.” Malaysia also has ambitions to move up the value chain by establishing more home-grown IC design champions and attracting global leaders in wafer fabrication to the country.

Some of this is already materializing with Taiwan’s help. In 2022, Foxconn (鴻海精密工業股份有限公司) chose Malaysia to build a chip fabrication plant geared at electric vehicles (EVs). Working with a local partner, the plant will specialize in producing up to 40,000 wafers per month built on 28-nanometer and 40-nanometer technology. For Foxconn, this would advance its push into the booming EV market, which is [projected](#) to hit close to USD \$1 trillion worldwide by 2030 at a compound annual growth rate of 24.5 percent. Building a plant in Malaysia, which has so far been spared Washington’s raft of trade restrictions on critical electronics components, also makes for sound supply chain diversification strategy.

For Malaysia, Foxconn’s investment will mark a growth milestone, not only in semiconductors, but also in EVs, both of which are earmarked for expansion in the NIMP. Additionally, the plant’s specialization in 28- and 40-nanometer technology should also contribute to local upskilling. Foxconn’s Malaysian partner is Dagang NexChange (DNex), whose subsidiary SilTerra is one of the country’s few semiconductor wafer pure-play foundries. Silterra specializes in wafers as small as 90 nanometers, but has struggled to compete with more sophisticated players on the global scene. Foxconn owns a roughly [four percent stake](#) in Silterra, enough to secure its supply of microchip wafers for the planned plant.

The Taiwanese semiconductor business presence in Malaysia also acts as a hedge against geopolitical disruptions to the semiconductor global supply chain. Following the United States’ 2023 move to [expand restrictions](#) on advanced semiconductors, supercomputing items, and related manufacturing equipment to China, Chinese firms are [looking](#) to safeguard access to ad-

vanced packaging services (currently not on the US Department of Commerce list) by tapping established companies in Malaysia. One of those is Taipei-headquartered ASE Technology (日月光半導體製造股份有限公司), which has operated in Malaysia since 1991. In 2022, the company [committed](#) to invest USD \$300 million over five years to expand its presence in the country. If, however, advanced packaging ends up being included on the US’ restriction list in the future, it is doubtful this circumvention tactic will work. Taiwan is a part of the “Chip 4” alliance, and the other companies capable of providing such services in Malaysia are US firms.

Taiwan, of course, has its own “plus one” strategy to hedge against geopolitical disruptions to the semiconductor global supply chain. In some cases, the cultural ties between Taiwan and Malaysia mentioned earlier have supplemented more business-driven considerations as to which Southeast Asian country to partner with. Two of the five co-founders of the Taiwan-based chip company Phison Electronics Corp (群聯電子) are originally from Malaysia. Although Phison’s 2012 investment in Malaysia ended up in liquidation in 2020, the company is in [negotiations](#) to return to Malaysia to establish an overseas research and development center. Much of the decision to offshore is due to calls by its investors to diversify the company’s operations outside Taiwan to hedge against the threat of conflict in the Taiwan Strait. Part of the consideration is due to a talent gap in Taiwan, which has increasingly sought to expand its access to skilled labor. And at least some of the movement to reinvest in Malaysia is intended to help the country build its own talent pool in the IC design industry, if supported by the right government policies from Putrajaya.

### ***New Opportunities for Expanded Ties***

There are new collaborative opportunities beyond just the tech sector. As Taiwan looks to penetrate the global *halal* market—poised to approximate USD \$3 trillion by 2029 by some [estimates](#), and USD \$5 trillion by [others](#)—Malaysia, with its 40-year experience in the industry, can and will be a natural partner for Taiwan to establish an international foothold. *Halal* refers to what is permissible or lawful by Islamic teachings.

Malaysia’s demographics (60 percent Muslim, with a large ethnic Chinese minority) makes it a unique market and entry point to the international *halal* market. Pre-pandemic, the country was the [primary source](#) of tourists visiting Taiwan. In 2023, Malaysians constituted the [largest group](#) of visitors from Southeast Asia in the first quarter of the year. Historically, as well, Malaysian students have dominated the total number of

international students in Taiwan. In 2023, Malaysians made up the [third-largest population](#) of international students in Taiwan. Taiwanese food and beverage outlets and chains, therefore, are well-known to Malaysians and are familiar brands when they set up shop in Malaysia. They do even better when obtaining *halal* certification, enabling them to expand their market reach to the largest communal group of Malaysians.

The Taiwanese government has, in fact, been promoting products targeted at the Muslim market since 2017—and as of 2023, [over 1,000 Taiwanese businesses](#) had obtained *halal* certification. Most of them (80 percent) have had their certification recognized by Malaysia's *halal* certifying body, the Department of Islamic Development. The Taiwan External Trade Development Council (TAITRA, 中華民國對外貿易發展協會) even has a dedicated Taiwan Halal Center to facilitate market entry for Taiwanese businesses.

But the Taiwanese tourism industry also recognizes the consumer potential of Malaysian and other Muslim visitors. Many Malaysian tourists are, after all, repeat visitors. In 2023, the Taiwan Tourism Bureau in Kuala Lumpur launched a [“Salam Taiwan” campaign](#), customizing vacation packages for Muslim tourists. The Taiwanese government has also begun building prayer rooms at airports, highway rest stops, and tourist spots. These efforts have already borne fruit. For the past two consecutive years, Taiwan has been [ranked](#) in the top three of the most Muslim-friendly destinations among non-Organization of Islamic Cooperation countries and territories.

## Conclusion

When Malaysian Prime Minister Anwar Ibrahim and his coalition government were voted into office in November 2022, the Taiwanese ministry of foreign affairs issued a [congratulatory message](#) pledging to closely cooperate under the New Southbound Policy. Although Malaysia's commitment to the “One-China Policy” meant that Putrajaya could not extend reciprocity at the official level when President Lai was elected, Malaysia's and Taiwan's long-standing cooperation in all other areas demonstrates a friendship that seems likely to endure, quite apart from political or even geopolitical constraints.

**The main point:** Thanks to a variety of economic, technological, and people-to-people connections, Malaysia and Taiwan have built a strong—albeit informal—relationship. As President Lai enters office, it seems likely that both sides will continue to develop their ties.

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## Towards a Second Agreement of the US-Taiwan 21<sup>st</sup> Century Trade Initiative

By: Riley Walters

*Riley Walters is a Senior Non-Resident Fellow with the Global Taiwan Institute and Senior Fellow at Hudson Institute.*

Negotiators from the US and Taiwan met recently to discuss the next round of negotiations for the [“US-Taiwan Initiative on 21<sup>st</sup> Century Trade.”](#) When trade negotiations were [launched in 2022](#), it was apparent that, as trade talks between the two sides progressed, the issues they would discuss would only become more politically sensitive. The most recent negotiations included three relatively sensitive areas: agriculture, environment, and labor.

If negotiators can reach an agreement soon, this will be a significant achievement for US-Taiwan trade negotiations. It will also mean that more than half of the 11 areas of negotiations initially planned will be complete—with only digital trade, standards, state-owned enterprises, and non-market policies and practices remaining as the primary areas still waiting to be addressed. Whether an agreement can be reached soon will also be a litmus test for the Congressional oversight that now looms over these trade negotiations.

This article will examine the progress that has been made on the US-Taiwan Initiative on 21<sup>st</sup> Century Trade (hereafter “Initiative”), and consider potential paths forward for the future.

### Quick Timeline of Events to Date

On June 1, 2022, the US and Taiwan [announced](#) the launch of the “Initiative on 21<sup>st</sup>-Century Trade.” Two months later, on August 17, 2022, the US and Taiwan agreed on at least 11 areas for negotiations as a part of their [negotiating mandate](#). Nine months later, on May 18, 2023, both sides announced that they had reached an [initial](#) agreement on the first round of negotiations. This initial agreement was [formally](#) signed on June 1, 2023. It covered four of the 11 initial areas of negotiation—customs administration and trade facilitation, regulatory practices, anticorruption, and small and medium-sized enterprises—and included a chapter on services.

On August 7, 2023, [a bill](#) was signed approving the first US-Taiwan trade agreement. Less than two weeks later, On August 18, 2023, the United States and Taiwan held [negotiations](#) for the second US-Taiwan trade agreement. The proposed text included three of the 11 areas of negotiation: agriculture, envi-

ronment, and labor. These negotiations [continued](#) on April 29, 2024. These events do not include the virtual meetings held between trade negotiators over the preceding year. And there was also no indication as to whether negotiators were anywhere near coming to an agreement on a second trade agreement anytime soon.

### **Agriculture, Environment, and Labor**

In August 2023, the Office of the US Trade Representative (USTR) released a [report](#) noting that the next round of negotiations between Washington and Taipei would cover the areas of agriculture, environment, and labor. Last month, on April 5, USTR released a [summary](#) of its proposed text in regard to these three areas. Additionally, at the end of April officials met in Taipei to further [negotiate](#) a second agreement.

What USTR has initially proposed should come as no surprise to those who have been [following](#) US-Taiwan trade relations. On agriculture, two big issues that have haunted US-Taiwan trade negotiations for years have been: (1) expanding American exporters' access to the Taiwan market; and (2) making sure that there is regulatory transparency in the process. US trade negotiators have continued to emphasize the need for science- and evidence-based decision making when it comes to regulating the flow of agricultural and farm products. The summary of the proposed text also highlights the need for greater consideration of food safety and sustainable agriculture production.

This leads into the next area of consideration: the environment. In regards to environmental issues, quite a few items were tabled. Such topics included the continued availability of resources, responsible business conduct, sustainable finance, environmental justice, air quality, marine litter, plastic pollution, wildlife trafficking, sustainable forest management, and conservation. An overarching goal appears to be ensuring that the domestic environmental laws of both countries are effectively enforced, and not diminished in an effort to attract trade or investment. To this end, the proposed text will also seek to create an "Environment Committee" to oversee the implementation of the commitments set forth in the chapter.

Finally, the proposed text contains a section on labor, including a focus on labor rights in supply chains and on distant water fishing vessels. It would ensure each side adopts and maintains internationally recognized labor rights and protections for whistleblowers. The chapter includes provisions for the use of migrant workers. It directs the two sides to identify and collaborate on emerging labor issues—such as labor rights of workers in the digital economy, or those on deep sea fishing vessels. It

includes a mechanism to address forced labor in supply chains. Finally, USTR proposed establishing processes and mechanisms for the two sides to maintain regular communication and cooperation on labor issues.

Of these three areas, historically speaking, agriculture (and farm) trade has been one of the most sensitive topics for US-Taiwan trade negotiators. Given that the Biden Administration has placed workers' interests at the center of their trade negotiations, the chapter on labor will likely be the greatest concern for American negotiators this time around.



*Image: US and Taiwan government representatives at the signing of the first agreement under the US-Taiwan Initiative on 21<sup>st</sup> Century Trade. From left to right: Taiwan Minister without Portfolio John C. C. Deng; Vice President-Elect Hsiao Bi-khim; Managing Director of AIT Washington Office Ingrid D. Larson; Deputy US Trade Representative Sarah Bianchi; and AIT Chairperson Laura Rosenberger. (Image source: [AIT](#), June 1, 2023).*

### **Congressional Oversight**

On August 7, 2023, President Biden [signed](#) into law the US-Taiwan Initiative on 21<sup>st</sup>-Century Trade First Agreement Implementation Act. This law not only established Congressional approval of the [first US-Taiwan agreement](#) (and therefore made it a binding agreement), but also looked to create greater Congressional oversight for future US-Taiwan trade negotiations. As the White House [noted](#), however, it would consider any provision of the law that hindered its ability to negotiate with Taiwan as non-binding. This was done in order to ensure that future negotiations would not be slowed down by excessive Congressional oversight during the negotiation process.

The law also established that if US-Taiwan trade negotiators are able to come to another agreement, that this too would require a bill to be enacted to approve the agreement. This first bill was passed relatively quickly, clearing both the House and Senate within just a couple of weeks after being introduced. The next agreement may be just as quickly welcomed in Congress. While this process seems piecemeal, it is arguably the best path at the present time towards establishing a comprehensive US-Taiwan

bilateral trade agreement.

### ***The US-Taiwan (First) Trade Agreement***

For [years](#), policy experts have been calling for the US and Taiwan to establish a free trade agreement. When Congress (and the Legislative Yuan) approved the first agreement between the United States and Taiwan last year, they essentially established the first US and Taiwan trade agreement. While this first trade agreement is not a comprehensive trade agreement along the lines of a free trade agreement, it has greater Congressional approval than other agreements—such as the [US-Japan Critical Minerals Agreement](#) (CMA).

It is worthwhile noting that the CMA was [never approved](#) by Congress, and therefore is not a legally binding trade agreement. However, the Treasury Department proposed a rule saying that the CMA was a trade agreement insofar as it lets Japanese companies apply for US electric vehicle credits as a part of the *Inflation Reduction Act*. Furthermore, the USTR currently lists the CMA on its [website](#) for current US trade agreements. While it is not listed on USTR's website, it's fair to say the first agreement under the *US-Taiwan Initiative on 21<sup>st</sup> Century Trade* represents the first official trade agreement between Taiwan and the United States.

### ***Snapshot of US-Taiwan Trade***

Despite the recent negotiations on agriculture, environment, and labor, US-Taiwan trade continues to be primarily driven by the trade in electronics. The growth in exports from Taiwan to the US over the last 10 months has been driven exclusively by increased demand for data servers and computer processors (including GPUs), fueled by the recent demand boom for artificial intelligence (AI) services. Compared to the same period a year earlier (between June 2022 and April 2023), a tally of exports to the US excluding servers and CPUs would have been down 7.6 percent. When I wrote a [preceding piece in February](#) on Taiwan's trade prospects, and the potential decrease in exports this year, I did not expect such a quick surge in demand for AI products.

### ***An Election on the Horizon***

In the wake of Taiwan's successful election earlier this year trade negotiations have continued, even as the next administration in Taipei has yet to officially begin. However, there is widespread expectation that the incoming Lai Administration will see significant continuity with the outgoing Tsai Administration. The real question on everyone's mind is: What will the outcome of the upcoming US election be, and how might it affect US-Taiwan

trade negotiations?

This uncertainty around the US presidential election may incentivize US-Taiwan trade negotiators to come to a deal on a second agreement sooner rather than later. (Or at least, getting something agreed upon and put before the Congress and the Legislative Yuan before the end of this year.) Looking towards November and what it could mean for US-Taiwan trade relations next year, if Biden wins again, we can expect a lot of continuity on this account as well. However, it is questionable whether trade talks will progress if Trump wins again, as his first term in office prioritized trade negotiations with Beijing over Taiwan. And, it is [apparent](#) that trade negotiations with Beijing would be a priority for his second administration, as well.

**The main point:** US-Taiwan trade negotiations are continuing to make progress. The ongoing negotiations for a second agreement cover more sensitive issues and may take longer to reach an agreement. However, the uncertainty surrounding the upcoming US presidential election may encourage trade negotiators to reach a deal sooner than later.