Special Issue: Current Major Issues in Taiwan's Defense Production and Military Force Structure

This is a special theme issue of the Global Taiwan Brief, titled "**Current Major Issues in Taiwan's Defense Production and Military Force Structure.**" In recent years, commentators and officials in Taiwan, the United States, and elsewhere have engaged in debates regarding Taiwan's defense strategy, and the force structure needed to support it: with particularly lively discussions regarding more traditional vs. "asymmetric" approaches, and the lessons to be learned from ongoing conflicts in Ukraine and the Middle East. Such discussions have inevitably involved debates over Taiwan's acquisition policies, whether related to purchases of arms from the United States, or Taiwan's own indigenous production capacity.

In this issue, we present five perspectives on major issues affecting Taiwan's military acquisitions, and how they relate to Taiwan's overall defense posture. We are deeply grateful to our contributors, and we hope this special issue will make a contribution to the broader public debate about Taiwan's defense, and the equipment and strategy needed to support it.

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Editor-in-Chief
John Dotson

Staff Editor
Benjamin Sando

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Global Taiwan Institute
1836 Jefferson Place NW,
Washington DC 20036
contact@globaltaiwan.org

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The Contents and Controversies of Taiwan's Special Defense Budget

By: John Dotson

John Dotson is the director of the Global Taiwan Institute and editor-in-chief of the Global Taiwan Brief.

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Introduction

In late November 2025, the Executive Yuan (行政院) of Taiwan's government unveiled a proposed NTD 1.25 trillion (40 billion USD) supplemental defense budget, titled the "Program of Acquisition Special Regulations for Strengthening Defense Resilience and Asymmetric Combat Capacity" (強化防衛韌性及不對稱戰力計畫採購特別條例) (hereafter "special budget"). If implemented, the special budget—which would be projected to extend over 8 years, operating in tandem alongside the regular annual budget—would represent a significant increase in Taiwan's defense spending, up to an estimated 3.3 percent of GDP in 2026.

Image: Taiwan President Lai Ching-te (center), Vice President Hsiao Bi-khim (center left), Defense Minister Koo Li-hsiung (center right), and senior officers of the armed forces at a press conference to promote the special defense budget (February 11, 2026). (Source: ROC Presidential Office)

There is a precedent in Taiwan for this sort of supplemental budget for defense acquisitions, outside the bounds of the regular military budget: in 2021, Taiwan's government adopted an NTD 240 billion (USD 8.6 billion) supplemental defense budget for the years 2021-2026. That budget focused heavily on funding further acquisitions of indigenously-manufactured anti-ship and anti-aircraft missile systems, as well as indigenous naval construction. However, the special budget proposed in November 2025 is far larger than its 2021 predecessor, and is oriented to a significant degree towards arms purchases from the United States *(see details further below).*

While there has been frequent mention of the defense budget in relation to Taiwan policy, there has been, to date, little discussion (at least in English) as to what this latest special budget actually contains. This article is intended to shed further light on the contents of the budget, as well as the continuing political controversies surrounding it.

The Contents of the Supplemental Defense Budget

Per the Executive Yuan, the budget is intended to respond to "the menace of combined 'gray zone and military' methods" (「灰帶併軍事」之複合式威脅手段) by the People's Republic of China (PRC): "[M]any countries realize that traditional war-fighting concepts and armaments cannot address such conflicts," and "asymmetric capabilities must be the main focus" (不對稱戰力為主軸) of Taiwan's defense posture. The special budget does indeed appear to represent a shift away from past purchases of force-on-force, conventional platforms—such as F-16 fighter aircraft, and Abrams tanks—and towards more asymmetric systems.

The intended purchases of the special budget are divided broadly into seven categories, as shown next page.

The list of intended equipment purchases in the first four categories are particularly noteworthy for the capabilities that would be offered (or amplified), in three fundamental respects:

The longer-range strike capabilities provided to the ROC Army in the form of the M109A7 Paladin howitzers (range: 24 km with standard munitions, 30 km with rocket-assisted munitions) and M142 HIMARS (range: 32km to 128km, depending on ammunition type)—which could be directed against hostile naval forces, hostile landing forces, and potential amphibious staging areas (using longer-range HIMARS munitions).

The multiple variants of ALTIUS unmanned aerial vehicle (UAV) systems, with capabilities in both anti-armor and possibly anti-ship roles, as well as for tactical reconnaissance. The additional coastal surveillance and attack unmanned systems are not specifically identified, but would significantly benefit reconnaissance and counter-landing capabilities.

Major Components of Taiwan's Supplementary Special Defense Budget	
Program Categories	**Major Weapons Systems / Equipment**
Category 1: Precision Munitions (精準火砲)	• M109A7 Paladin self-propelled howitzers (60 units) • Precision ordnance (4080 units) • Ordnance vehicles (60 units) • Support vehicles (13 units) • High explosive ammunition and associated equipment
Category 2: Long-Range Precision Strike Missiles (遠程精準打擊飛彈)	• M142 High Mobility Artillery Rocket System (HIMARS) (82 units) • Precision rockets (1203 units) • Tactical-range missiles (420 units)
Category 3: Unmanned Vehicles and Countermeasures Systems (無人載具及反制系統)	• Anti-armor UAV missile systems • ALTIUS-700M (loitering anti-armor system) (1554 units) • ALTIUS-600ISR system (loitering reconnaissance system) (478 units) • Coastal reconnaissance and coastal attack UAVs of various types: approx. 200,000 units, and 1,000 unmanned boats • Various UAV counter-measures systems
Category 4: Anti-Air, Anti-Missile, and Anti-Armor Missile Systems (防空、反彈道及反裝甲飛彈)	• Javelin anti-armor missiles (70 systems, 1050 missiles) • TOW-2B anti-armor missiles (24 systems, 1545 missiles) • Various anti-air missile systems
Category 5: Artificial Intelligence-Assisted C5ISR (AI輔助與C5ISR)	• AI decision-making support systems • Tactical networks and unit-level information sharing systems
Category 6: Equipment Related to Strengthening Operations Continuity Capacity (強化作戰持續量能相關裝備)	• "Expanding military production lines to respond to high rates of wartime consumption": increasing production capacities for ammunition, missile propellants, small arms ammunition, "new model armored vehicles" *(note: not defined)*, high explosives, chemical protective masks, night vision goggles, etc. • "Mobile blocking equipment" (機動阻絕器材) intended "to enhance battlefield blocking capabilities."* • Increasing stockpiles of required ammunition, including: 120mm tank ammunition, 105mm tank ammunition, 30mm artillery ammunition, 155mm grenade propellant charges, and high-energy explosives.
Category 7: Equipment and Systems from US-Taiwan Joint Development and Sales Cooperation (台美共同研發及採購合作之裝備, 系統)	• "Acquiring new technology systems, to strengthen operations resilience and promoting asymmetric combat capability."

** Author's note: "Mobile blocking equipment"* (機動阻絕器材) *is not further defined, but could refer to tactical obstacle equipment for coastal areas, and/or tactical beach/shallow water mining equipment.*

Source: Adapted / translated by the author, from Taiwan's Central News Agency (Jan. 19, 2026).

Top image: An undated file photo of an M142 HIMARS system (Source: US Army). / Bottom image: A test launch of an ALTIUS 700 drone from a Black Hawk helicopter at Fort Campbell, Kentucky (Dec. 2023) (Source: US Army). The HIMARS long-range rocket system and ALTIUS drones are included among the major arms purchases proposed in the 8-year supplemental defense budget.

The FGM-148 Javelin and TOW-2B anti-armor tactical missiles would not represent a new capability for Taiwan, but the intended purchases would dramatically increase the inventories of systems that have proven their value in destroying Russian armored vehicles throughout the war in Ukraine.

The specific contents of categories #5-#7 are more difficult to assess, as the publicly-released information about the budget provides far fewer specifics about the systems to be acquired in these categories. However, military upgrades in C5ISR systems (command, control, communications, computers, and cyber; and intelligence, surveillance, and reconnaissance) would seem sensible, given the need for faster and more accurate targeting information and multi-unit coordination in a chaotic modern battlefield environment. The sixth category, geared towards increasing stockpiles of ammunition and other basic equipment, is not as flashy as the other categories—but would be essential for ensuring adequate supplies in a high-consumption combat environment.

The seventh and last category is the most vague—but could refer, at least in part, to evolving US-Taiwan programs for cooperation in UAV development. It has also been widely reported in press outlets that the budget is intended partially to fund research and development of a "Taiwan Dome" missile defense system (modeled on the "Iron Dome" defense system employed by Israel). President Lai seemed to suggest as much in November: stating, within the context of the budget, his support for a "T-Dome" defense system. [1] Lin Fei-fan (林飛帆), deputy secretary-general of Taiwan's National Security Council, reiterated this linkage in a March article in which he described "a landmark $40 billion special budget dedicated to the development of the 'T-Dome' – a multi-layered, AI-integrated air defense shield – and other asymmetric capabilities" intended to boost Taiwan's defense posture.

Image: A Taiwan government graphic produced to promote passage of the special supplemental defense budget. (Im-

age source: Executive Yuan / ROC Ministry of Defense)

If the budget is intended to support an anti-missile defense system, it is not clearly indicated within the 7 identified budget categories – but might possibly be included within the vaguely-worded, catch-all final category. However, this is speculative, and the specifics of potential "T-Dome" funding are currently unclear.

The Political Controversies Surrounding the Special Budget

The Political Impasse in Taipei

Taiwan's January 2024 elections produced a divided government: with President Lai Ching-te (賴清德) of the Democratic Progressive Party (民進黨) controlling the executive branch; and a joint opposition caucus of the Kuomintang (國民黨) and Taiwan's People's Party (民眾黨) holding the majority of seats in Taiwan's legislature, the Legislative Yuan (立法院, LY). Accordingly, budget measures proposed by the Executive Yuan have often faced an uphill climb in the legislature—including the proposed special budget, which has been blocked repeatedly in the LY. (As of the publication of this article, the budget has yet to pass.)

The administration of President Lai is investing significant political capital in promoting the budget initiative: both domestically through public events in Taiwan, and internationally via measures such as a November 25 op-ed in the *Washington Post*. In a speech delivered on February 11, Lai stated that:

> *I want to emphasize that political parties can compete, and policies can be fully debated so that citizens can make their choice; but in matters of national defense – which are vital to our national security, sovereignty, and basic survival – there must be unity and solidarity against external threats. […] But now, because the budget has not been passed, in addition to Taiwan possibly losing its place on priority lists, and the delivery of critical weapons and equipment being delayed, the international community may question Taiwan's determination to defend itself.*

Opposition legislators have demanded that President Lai appear personally in the LY to answer questions about the budget. In conversations held by the author in late 2025 with KMT-affiliated persons, these interlocutors complained that the Executive Yuan proposal did not offer enough specific information about the proposed purchases or their intended usage, and that the budget ran the risk of producing wasteful spending. Conversely, persons affiliated with the DPP complained that KMT tactics were blindly obstructive, without either meaningful dialogue or constructive efforts to ensure efficient spending; and that blocking the budget was damaging both Taiwan's national security and its international image among its allies. [2]

Image: Opposition legislators (background, around the podium) and DPP legislators (foreground, seated) hold up rival signs opposing and supporting the special defense budget, during a meeting in the Legislative Yuan (Dec. 30, 2025). (Image source: Central News Agency)

Since the beginning of this year, the opposition parties have put forth competing supplemental budgets of much more limited scope. In late January, the LY passed a TPP-proposed plan of NTD 400 billion (less than a third of the administration's proposed budget), which would include funding for 5 out of the 8 systems listed in a series of approved US arms sales to Taiwan announced in mid-December. [3] [4] In early March, the KMT legislative caucus announced it would be setting forth a proposed budget of NTD 350 billion, intended to cover the costs of the announced December arms sales *(see here and here).*

On March 5, the Ministry of National Defense (MND, 國防部) took the unusual step of speaking out on these political controversies, by issuing a response to the proposed KMT special budget. The MND statement criticized the KMT plan on grounds that 3 of the 8 US arms sales announced in December were in fact already covered under the regular defense budget. The statement also criticized a piecemeal approach to arms purchases, stating that it could harm Taiwan's ability to "obtain priority in production lines, which would be detrimental to the rapid construction of combat capabilities." The statement appealed for legislative support, asserting that "the relevant plan has [already] un-

dergone more than two years of internal assessment and research, and has completed operational requirements analysis based on enemy threats."

As of March 23, the LY had resumed debate on the special budget , with Defense Minister Koo Li-hsiung (顧立雄) appearing before the legislature to speak in favor of the budget, and to answer legislators' questions. As of the publication of this article, the prospects for passage of the special budget remain unclear.

The Political Back-and-Forth in Washington

The stalling of the defense bill has also attracted negative attention in Washington DC, where many commentators have long been critical of Taipei's alleged lack of urgency regarding increases to defense spending. In November, US Senator Roger Wicker (R-Miss.) released a statement praising the proposed special budget, in which he "encourage[d] our colleagues in Taiwan's parliament to work with the Lai Administration on a bipartisan basis to swiftly enact this special budget into law." In early February, Wicker made a social media post stating that "I'm disappointed to see Taiwan's opposition parties in parliament slash President Lai's defense budget so dramatically […] Taiwan's parliament should reconsider." At the same time, US Senator Dan Sullivan (R-Alaska) posted that: "Taiwan's legislature adjourned last week without passing the budget necessary for Taiwan to defend itself. Meantime, the leadership of the opposition party responsible for this, the KMT, is in Beijing meeting with the [Chinese Communist Party] […] short-changing Taiwan's defense to kowtow to the CCP is playing with fire."

The debates over the special budget have been further complicated by actions by the US executive branch. Although no official announcement has been made, press reporting in late February indicated that the Trump Administration had placed a pause on approval of arms sales—including an additional major package of sales to Taiwan valued at USD 13 billion—pending the Trump-Xi summit (originally) planned to take place in Beijing from March 31 – April 1. (In mid-March, the summit was reportedly postponed due to the ongoing U.S.-Israel-Iran conflict in the Middle East.) At the same time, the Defense Security Cooperation Agency (DSCA), the Pentagon agency that has traditionally managed arms sales, made an posting on its website that future announcements of arms sales would be handled by the State Department—thereby suggesting a tighter linkage of arms sales with diplomatic initiatives by the administration.

Conclusions

The military special budget proposed by Taiwan's presidential administration in November is significant for the substantial increase it would represent in Taiwan's overall defense spending. But arguably of even greater importance, it would represent a decisive shift in the direction of applying resources towards more asymmetric defensive capabilities—such as precision artillery platforms, and unmanned systems—that could make life difficult for an amphibious invasion force. On both counts, these acquisitions would go a long way towards answering persistent American criticisms (including from this author) regarding Taiwan's defense posture.

However, political uncertainties on both sides of the Pacific have put the prospects for the supplemental budget in doubt. Unlike the last go-round for a major supplemental defense budget in 2021 (when the DPP held unified control over Taiwan's central government), this far larger budget (more than 4.5 times the size of its predecessor) has faced gridlock in the face of determined legislative opposition. With the Legislative Yuan grappling with the special budget once again this spring, there is a better-than-even chance that the budget will eventually pass—although perhaps in a scaled-back form.

There is equal uncertainty, however, in the policies emerging from the United States—which, due to sustained Chinese diplomatic pressure, is the only major arms manufacturing country willing to sell systems to Taiwan. The apparent decision in late February to pause arms sales—presumably pending the outcome of a Trump-Xi summit sometime in 2026—would represent a major step back from the greater bureaucratic regularity of arms sales seen during the first Trump and Biden Administrations. If such a practice holds, this would hearken back instead to the start-stop pace of US-Taiwan arms sales in earlier decades—when such matters were decided within the context of Washington-Beijing relations, rather than on the basis of Taiwan's most pressing defense needs.

These issues may become clearer once the presumed Trump-Xi summit is passed, and the contending caucuses in Taiwan's legislature have had more time to wrangle over the specifics of the budget. But for the time being, the prospects for the supplemental defense budget remain in doubt.

The main point: In November, Taiwan's executive branch proposed a major (USD 40 billion) supplemental defense budget, focused largely on acquiring unmanned systems and other "asymmetric" capabilities from the United States. The proposed budget currently

remains on hold in the opposition-controlled legislature. Additional uncertainties have also been raised by apparent US policy shifts regarding foreign arms sales. The ultimate prospects for passage of the budget may become clearer later this spring, following the Trump-Xi summit and further deliberations in Taiwan's legislature.

[1] In a November 25 *Washington Post* op-ed, President Lai stated that: "I am accelerating the development of 'T-Dome,' a multilayered, integrated defense system designed to protect Taiwan from PLA missiles, rockets, drones, and combat aircraft. Together with other AI-driven and unmanned platforms, these capabilities bring us closer to the vision of an unassailable Taiwan, safeguarded by innovation and technology."

[2] Meetings conducted by the author in Taipei, December 2025. Specific participants have been left unnamed in order to protect confidentiality. The reasons for KMT opposition to proposed DPP defense spending bills are too complex to address in detail in this article, but run a spectrum: from genuine concerns about wasteful spending (at the most respectable end); to polarized partisanship; to a belief that cross-Strait peace would be better secured by engagement with Beijing; to, in some cases, direct CCP influence on particular KMT members (at the most sinister end). There are conscientious members of the KMT who agree with the need to increase defense spending, but disagree with the DPP-led administration on particular priorities. Addressing such complexities would require a lengthy article in its own right.

[3] The TPP's January proposal offered funding for 60 M109A7 howitzers and accompanying munitions; 82 HIMARS systems; ALTIUS anti-armor loitering UAVs; 70 Javelin anti-armor missile launchers and 1,050 missiles; and 24 TOW 2B anti-armor missile launchers and 1,545 missiles. (See: "Legislature Snubs Cabinet, Advances TPP's Special Defense Budget Bill," CNA (Jan. 30, 2026), https://focustaiwan.tw/politics/202601300011.)

[4] The U.S. Defense Security Cooperation Agency (DSCA), a Pentagon agency, announced a large package of 8 different arms sales to Taiwan on December 17, 2025, valued at approximately US 11 billion. The specifics of the sales are available at these URLS:

https://www.dsca.mil/Press-Media/Major-Arms-Sales/Article-Display/Article/4363006/taipei-economic-and-cultural-representative-office-in-the-united-states-tactica;

https://www.dsca.mil/Press-Media/Major-Arms-Sales/Article-Display/Article/4363047/taipei-economic-and-cultural-representative-office-in-the-united-states-ah-1w-h;

https://www.dsca.mil/Press-Media/Major-Arms-Sales/Article-Display/Article/4363063/taipei-economic-and-cultural-representative-office-in-the-united-states-m109a7;

https://www.dsca.mil/Press-Media/Major-Arms-Sales/Article-Display/Article/4363081/taipei-economic-and-cultural-representative-office-in-the-united-states-high-mo;

https://www.dsca.mil/Press-Media/Major-Arms-Sales/Article-Display/Article/4363101/taipei-economic-and-cultural-representative-office-in-the-united-states-tube-la;

https://www.dsca.mil/Press-Media/Major-Arms-Sales/Article-Display/Article/4363124/taipei-economic-and-cultural-representative-office-in-the-united-states-javelin;

https://www.dsca.mil/Press-Media/Major-Arms-Sales/Article-Display/Article/4363138/taipei-economic-and-cultural-representative-office-in-the-united-states-harpoon;

https://www.dsca.mil/Press-Media/Major-Arms-Sales/Article-Display/Article/4363162/taipei-economic-and-cultural-representative-office-in-the-united-states-altius.

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Arsenal of Democracy: Taiwan and Europe's Expanding Defense Technology Collaboration

By: Cara Bilson

Cara Bilson is a Spring 2026 Intern at the Global Taiwan Institute.

In stark contrast to the discourse in the United States, there have been very few open conversations between Europe and Taiwan regarding defense spending or arms acquisitions. While the United States is actively exerting pressure on Taiwan's Legislative Yuan (立法院) to pass a national defense budget that will incorporate a USD 11.1 billion arms package, European countries have retained a cautious, low-profile stance on the matter. This is likely due to the diplomatic and economic pressure that the People's Republic of China (PRC) has historically exerted on Europe's middle powers. For example, in the 1980s, the PRC downgraded diplomatic relations with the Netherlands in re-

sponse to the latter's decision to sell two submarines to Taiwan. Reluctant to disrupt relations with such a large trading partner, the Dutch government solemnly agreed that it would refrain from further arms sales to Taiwan in the future. In 1991 and 1992, France sold six naval frigates and 60 Mirage jets to Taiwan. In retaliation, Beijing closed the French Consulate-General in Guangzhou and publicly urged France to withdraw from the sale. France has not sold Taipei any other major weapons systems since. As a result of Beijing's coercion, three decades have passed since Europe supplied Taipei with any big-ticket defense items.

Image: Taiwan Defense Industry Development Association President Tony Hsu (front left) and the founder of the Taiwan-Poland Chamber of Commerce, Bartlomiej Dobosz (front right), sign a memorandum of understanding at the International Defense Industry Exhibition in Kielce, Poland (Sept. 3, 2025). (Image source: ROC Overseas Community Affairs Council)

Despite this historical track record, there are growing indications that the status quo is changing through the exchange of dual-use technology—equipment or software that can be used in either commercial or military applications. In September 2025, the International Defense Industry Exhibition (MSPO) was hosted in Kielce, Poland. Notably, a Taiwanese industry delegation signed memoranda of understanding with Polish and Ukrainian partners to cooperate on unmanned aerial vehicle (UAV) technology, pairing Taiwan's components with Polish expertise and Ukraine's wartime research and development (R&D). Later in the same month, Taiwan hosted its largest defense exhibition, the Taipei Aerospace & Defense Technology Exhibition (TADTE), which attracted companies from the United Kingdom, Czech Republic, Germany, and France. This recent growth in engagement between Europe and Taiwan can largely be attributed to the conflict in Ukraine. The war on Europe's doorstep has been a major driver of increased R&D focused on defense technology. Modern warfare techniques premiered in Ukraine are now a vital form of education to countries in the Indo-Pacific theatre, and increasing Russian encroachment on land and sea in Europe has encouraged an alignment of defense concerns between democratic powers.

Viewed solely in terms of arms sales, one could be forgiven for thinking that the United States is the only country actively involved in Taiwan's defense industry development. In fact, emerging technological collaboration between Taiwan and European democracies has created pipelines for the exchange of vital dual-use technology.

Submarine Technology

Quiet contributions to Taiwan's submarine industry from Germany and the United Kingdom have assisted in the development of Taiwan's first homegrown sub, the *Hai Kun*-class submarine (海鯤級潛艦). In March 2023, the British government approved export licenses to companies engaging in submarine-related components and technology to Taiwan, totaling a record value of 167 million pounds (USD 201.29 million). Despite a reputation for caution in defense technology transfers, Berlin followed suit in August last year, approving export licenses to Taiwan for submarine main engines and periscopes. In 2024, Germany had already sold Taiwan a sonar system for a light frigate. In light of this assistance from Europe, Taiwan successfully completed a maiden underwater sea trial for its indigenous *Hai Kun* submarine this year. The low-profile assistance given by the UK and Germany—along with the support of other countries such as the United States and Japan—is helping Taiwan reach its goal of deploying two domestically-developed submarines by 2027, with a target of a full fleet of eight submarines by 2038.

UAV Collaboration

As uncrewed aerial vehicles (UAVs) become an increasingly popular tool for gray zone warfare, Europe and Taiwan have been left grappling with persistent UAV encroachments. Both China and Russia have developed reputations for testing defense capabilities via so-called "salami slicing" (making small incremental advances that are each too minor to warrant a retaliation, but over time may exhaust opposition forces). Germany, France, Denmark, Belgium and Italy have all experienced drone incursions targeting critical infrastructure and military bases. This is in addition to Russia's continued gray zone harassment of Eastern

European nations along its border.

In a similar fashion, Taiwan has been a victim of drone incursions from the PRC in recent years. Such is the threat posed by PRC incursions that Taiwan's legislature is discussing the allocation of one-third of President Lai Ching-te's (賴清德) proposed NTD 1.25 trillion (USD 40 billion) special defense budget to the development of the so-called "T-Dome," a multi-layered air defense network that would act to intercept approaching UAVs, missiles, and aircraft. With this in mind, further concerns have been raised regarding China's present control of around 80 percent of the global drone market—with dominance over an even higher proportion of critical UAV-related components. Combined with the PRC's covert support for Russia's invasion of Ukraine through the supply of battlefield-relevant technology, the shared threat of UAV encroachment renders Europe-Taiwan collaboration all the more prudent.

The rapid expansion of Poland's demand for Taiwanese drones has laid the path for an emergent defense supply chain between Taiwan and Europe. From January to August 2025, Poland absorbed almost 60 percent of Taiwan's drone exports, equating to approximately USD 32 million in sales. Many observers suggest that the recent Polish appetite for UAVs is a consequence of a covert supply chain into Ukraine's war effort against the Russian invasion.

Meanwhile, the European Union as a whole has outlined an objective of UAV collaboration with Taiwan. On January 22, 2026, the European Parliament passed a resolution titled "Drones and new systems of warfare–the EU's need to adapt to be fit for today's security challenges." The text of the resolution specifically outlined Taiwan as a target for cooperation in "drone technology and relevant industries." In February of this year, five European nations—France, Poland, Germany, the UK and Italy—launched a joint program to utilize Ukrainian expertise in the production of low-cost drones, air defense systems, and autonomous drones. Although this program is not directly linked to Taiwan, it demonstrates Europe's commitment to advancing its UAV capabilities. When considered in conjunction with the January 22 resolution, the program indicates that European countries will look to Taiwan as a potential strategic partner for future sustainable drone and counter-drone capabilities.

Connectivity Resilience

In recent years, awareness has grown regarding the strategic importance of undersea cables—which carry internet and other forms of electronic communications between nations. According to a Department of Homeland Security and Office of the Director of National Intelligence (ODNI) study, "Commercial undersea cable communications carry over 97 percent of all intercontinental electronic communications." In times of conflict, disruptions to the undersea cable systems could complicate a state's communications with allies and delay the transfer of crucial logistical information. Due to the vulnerability of these systems, the PRC and Russia are increasingly targeting undersea cables for acts of gray zone sabotage. In recent years, Taiwan has suffered undersea cable damage from PRC-origin vessels. This was most recently documented in February 2025, when the *Hong Tai 58* (宏泰58號)—a PRC-owned ship flying a Togolese flag—was detained by Taiwan's coast guard after severing undersea cables close to Penghu in the Taiwan Strait. Europe has experienced similar threats. On November 13, 2024, the Chinese shipping vessel Yipung 3 (伊鵬 3) left a Russian port on the Baltic Sea, dropped its anchor and dragged it along the sea floor for 100 miles—cutting two undersea cables delivering internet to both Finland and Sweden in the process. Such gray zone tactics have spurred Taiwanese and European collaboration in the improvement of connectivity resilience.

In order to diversify its internet connectivity sources away from undersea cables, Taiwan has looked to Europe for its strategy of launching multi-orbit satellites. By deploying telecommunications satellite technologies in low- and medium-Earth orbit, Taiwan aims to mitigate against potential attacks on its undersea telecommunications infrastructure, and to preserve its internal military networks. In 2023, the Executive Yuan (行政院) passed a four-year digital resilience plan with a projected budget of NTD 1.34 billion (USD 41.86 million). The plan emphasizes developing Taiwan's space infrastructure. Two of Europe's largest satellite providers, Eutelsat OneWeb (a French-British company) and SES (based in Luxembourg), are partnering with Taiwan's state-run telecommunications company Chunghwa Telecom (中華電信) on two different satellite technology projects. According to Alex Chien (簡志誠), executive vice president of Chunghwa Telecom, "Taiwan is an island and relies heavily on submarine cables for external connectivity, with satellites serving as a secondary option. Therefore, satellite services are essential communication tools for the Taiwanese government and businesses".

While progress has been slowed by a long regulatory approval process, Chunghwa was granted Taiwan's first commercial license in June 2025 to employ Eutelsat OneWeb's existing LEO satellite services. SES has been

working on a similar timeline. On January 30 of this year, the Luxembourg-based company and Chunghwa Telecom signed a memorandum of understanding to build an O3b mPower gateway in Taiwan (a physical communication hub on the ground instead of in space) that will help to route data directly to satellites rather than through undersea cables. European support for Taiwan's burgeoning satellite communication network will allow Taipei to offset its undersea cable vulnerabilities in times of crisis or war.

Conclusion

Even though Europe has yet to sell Taiwan any military end products, European nations continue to serve as important partners for Taiwan's defense industries through the provision of dual-use input technologies. The UK has maintained an advanced submarine development industry since the 1960s, and is sharing this expertise with Taiwan's program. Additionally, the war in Ukraine has redefined the bounds of modern warfare through the mass scaling of UAVs. Taiwanese drone exports routed through Poland to Ukraine have offered Taiwanese manufacturers an unprecedented opportunity to test their technology on the battlefield. Finally, the European firms Eutelsat OneWeb and SES have been critical to Taiwan's efforts to obtain satellites that can reduce the island's reliance on undersea telecommunications networks in crisis or war scenarios.

The main point: Europe has already proved itself an ifportant defense partner to Taiwan, offering dual-use technologies to bolster Taiwan's defense industry and critical infrastructure. The countries of Europe are quietly sharing their comparative advantages in submarine technology, UAVs, and satellites to benefit Taiwan's defense. In doing so, Europe is helping to shore up security in the Taiwan Strait.

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Making Time Work for Taiwan, Part 1

By: Eric Chan

Eric Chan is a senior non-resident fellow at the Global Taiwan Institute. The views in this article are the author's own, and are not intended to represent those of his affiliate organizations.

The end of 2025 came with yet another demonstration of Beijing's desire to operationalize the encirclement of Taiwan: the "Justice Mission 2025" (正義使命2025) exercise. There were several notable aspects of Justice Mission, including more and larger designated exercise zones, the deployment of the PLA Navy and China Coast Guard closer to Taiwan, and the publicized deployment of the Type 075 landing helicopter dock (LHD) vessel with Z-8/Z-20 helicopters on Taiwan's east coast (implying a capability to conduct special forces raids). PLA Air Force sorties were also notably high in number, displaying unprofessional maneuvering and disrupting civil aviation.

These operations were in service of a propaganda campaign showcasing the PLA's claimed ability to conduct a "blockade and disruption" of Taiwan's ports *(see image below)*. The exercises were billed by People's Republic of China (PRC) state media as a response to the December 2025 US announcement of a USD 11 billion arms package to Taiwan. The arms package contains platforms and capabilities that will significantly empower Taiwan to execute a"strategy of erosion"(削弱戰略), such as High Mobility Artillery Rocket Systems (HIMARS), M109A7 self-propelled howitzers, Altius unmanned aerial vehicles (UAVs), Tactical Mission Network Software for command and control, and Javelin and TOW 2B anti-armor missiles. This new strategy is designed to utilize Taiwan's terrain to maximize defender advantages and systematically erode the PLA's combat power as it gets closer to the island and lands. No longer will Taiwan's military be expected to gamble on high-risk, decisive action to win sea and air control against a quantitatively superior adversary. In light of these acquisitions, the exercise was meant to demonstrate to casual observers that the PLA could choke off Taiwan without needing to land on the island.

Nonetheless, PRC propaganda regarding the People's Liberation Army's capabilities is overblown. Meanwhile, the encirclement exercise itself is unrealistic. In a wartime situation, the closer the PLA Navy and China Coast Guard get to Taiwan, the easier it is for Taiwan's armed forces to target PLA units with anti-ship missiles and UAVs. Similarly, if the Type 075 landing helicopter dock were actually to be used, it would only be well after the PLA achieved air dominance (which itself would be difficult to achieve even with heavy suppression of enemy air defenses). To employ the Type 075, the PLA would also need to achieve destruction of Taiwanese anti-ship missile capability, and be confident that US/coalition forces would not intervene.

Still, the exercise serves as a good reminder that Taiwan must be prepared for a holistic, flexible PLA military campaign. Ensuring that the Republic of China (ROC) (Taiwan) military can rapidly mobilize and execute the strategy of erosion against an invasion is still the most urgent priority—but alone, it is insufficient.

Taiwan must also prepare to extend this strategy across a protracted campaign. What happens once the enemy stops obligingly running into pre-designated kill zones? What happens if the enemy doesn't land at all? How will Taiwan credibly deter the PLA and Chinese Communist Party (CCP) under those conditions? Ultimately, these are the difficult strategic and operational questions regarding how Taiwan can successfully terminate a war with the PRC. This difficulty is compounded by an adversary that attempts to leverage Taiwanese defense incoherence into paralysis. In this two-part series, I will define this defense incoherency and what it means for Taiwan. I propose several steps that Taiwan can take to guard against the paralysis caused by domestic political infighting. In the second article, I will outline the principles by which Taiwan can regain defense coherency: a strategy to make time work for Taiwan.

Image: PRC graphics from Justice Mission 2025. Note the use of "China Coast Guard" (中国海警) assets on the propaganda, to emphasize that a blockade would be an "internal matter" as opposed to a legal act of war against a foreign state. (Image Source: PRC Ministry of Defense)

Defense Incoherency and Paralysis

Defense incoherency is the lack of a clear, consistent approach to defense planning. In Taiwan's case, defense incoherency is driven by the disconnect between vastly-increased PLA capabilities (both real and perceived), declining Taiwanese defense capability relative to the threat, and the electoral imperative from Taiwan's political-military leadership to project confidence in spite of deficiencies.

Of course, the PRC is aware of these dynamics in Taiwan. Accordingly, the PLA puts far more emphasis on the rapid, public roll-out of new platforms as opposed to the considerably more difficult task of integration and combat readiness—an assessment made by none other than the recently-purged Vice Chairman of the Central Military Commission, Zhang Youxia (张又侠). Coercion exercises like Justice Mission, which have increased in pace and scale, are designed around showcasing PLA capabilities, as opposed to war-training. Fast platform roll-outs, gray zone activity, coercion exercises, and dangerous maneuvers are all part of a cognitive warfare campaign to introduce uncertainty and increase Taiwanese defense incoherency.

This uncertainty of capability and intent leads to a floundering response. The initial growth of the PLA Rocket Force (previously known as the 2nd Artillery) in the early 2000s drove numerous academic debates over the usefulness of "asymmetric" versus "symmetric" weaponry. More recent iterations, stemming from the growth of the PLA Navy and PLA Air Force, include debates over prioritizing gray zone responses versus invasion preparedness, or the PLA's potential use of a quarantine versus a blockade. What underpins these debates are several rarely-challenged assumptions. The first of these is the assumption that Taiwan's defense budgeting is a zero-sum game, where defending against one aspect of attack will mean forgoing defenses against another. The second is the assumption that the PLA's quantitative and qualitative advantages over Taiwan are so great that entire classes of weaponry, locations, or methods of fighting must be pre-emptively ceded.

These assumptions feed off each other: for instance, why bother investing in an air force or a navy if the PLA Rocket Force can supposedly destroy all of Taiwan's fighters and ships in the first few days of a "joint firepower strike campaign"? Similarly, why bother investing in an army if the PLA Navy can just blockade Taiwan into surrender?

On a smaller scale, such binary thinking leads to poor defense planning. For instance, some argue that Taiwan should prioritize constant gray-zone intercepts instead of combat training, under the assumption that PLA missile strikes will take out the Taiwanese air force in the opening salvos of a war. Others suggest that Taiwan should deprioritize joint training under the belief that during a war, the PLA will jam all communication or destroy the other military branches. It is no accident that these assumptions, taken to extremes, echo standard CCP propaganda themes regarding the omnipotence of the PLA, the irreparable weakness of Taiwan's military, the futility of resistance, and the inevitability of unification.

PRC actions drive Taiwanese defense incoherency. Defense incoherency leads to disorganized action based

on political, bureaucratic, budgetary, or personal incentives— incentives that usually do not underpin optimal defense considerations. This leads to a risk-averse military culture wherein the overwhelming motivations are to keep up appearances and avoid rocking the boat: in short, paralysis.

Guarding Against Paralysis

Only a few years ago, Taiwan's military was knee-deep in a decades-long era of defense incoherence. It took the shock of the Russian full-scale invasion of Ukraine to break the paralysis. It then required years of clear political direction, dedicated budget increases, actionable military planning, and reformist leaders such as Chief of General Staff Admiral Mei Chia-shu (梅家樹) to reverse the incoherence and re-orient Taiwan's military towards the strategy of erosion.

Despite significant effort, this transition is not complete. Decades of neglect and paralysis cannot be reversed in a handful of years. Moreover, for the Taiwan military to achieve the next step—the capacity of all-around deterrence and warfighting in a protracted campaign—still greater effort must be exerted. Taiwan cannot afford paralysis now, as exemplified by the current impasse over the special defense budget.

Taiwan can take three steps to guard against paralysis. The first is to increase and sustain defense resources on a scale adequate to the problem. Taiwan's defense spending has indeed increased considerably over the last decade, to roughly 2.5 percent of GDP in 2025. However, this increase from the catastrophically-low levels of less than 2 percent of GDP is not enough to offset the damage done to the force.

Even if the currently proposed defense special budget passes *in its entirety*, defense spending would only stand at 3.3 percent of GDP, roughly what Taiwan was spending in the vastly different security environment of 1997. Insufficient increases serve only to heighten strategic incoherence by presenting the appearance of action, without the necessary resources to credibly address the problem.

Moreover, the flood of new capabilities coinciding with this defense spending would necessitate urgent initiatives to adequately man, integrate, and exercise the armed forces in order to incorporate these new capabilities. Whether symmetric or asymmetric, weapons platforms do not plan operations. Instead, significant manpower is required to fuel, arm, maneuver, and target enemies. This requires personnel investments to resolve the military's chronic qualitative and quantitative manpower issues—an effort that involves expanding existing bipartisan efforts to increase military pay/living standards as well as the operational exercise budget. Both the issue of new capabilities and personnel spending are linked, and should not be set against the other. Last, but certainly not least, sustained and predictable budget increases will help break a risk-averse military culture, where commanders fear that the next accident incurred during training or a failed platform experiment will result in the withdrawal of scarce funds.

The second is to conduct systematic, task-based planning based on realistic assessments of enemy threats. For instance, previous defense planning tended to be overly focused on US defense acquisitions as a "strategy of insurance" in and of themselves—or as a service-centric means of boosting morale by acquiring flashy new capabilities. Part of the success of the re-orientation to a strategy of erosion against a landing has come from the Taiwan military focus on defense requirements regarding one clearly-defined (albeit complex) task, with structured sub-tasks for each service underneath.

Such a structuring not only focuses priorities, but also forces each service to work with each other to maximize task success. Just as importantly, it implicitly forces planners to consider not just the strengths of the PLA, but also its weaknesses. The continued growth of Taiwanese military capabilities and manpower will allow for this type of planning to scale to the greater problem of fighting an entire campaign.

In this regard, Ukraine's experiences from the all-out invasion of 2022 continue to provide valuable references for Taiwan. Prior to the war, Ukraine dealt with its own version of defense incoherence that paralyzed military reform. However, immediately following the invasion, Ukraine (along with the US intelligence community) discovered how the earlier limited use of elite Russian units masked enormous issues with the bulk of the Russian military. Finally, after the failure of the much-hyped, politically-influenced 2023 Ukrainian counter-offensive, Kiev began systemic reforms to sustain a protracted war against the Russians while preserving Ukrainian manpower.

The final element to avert paralysis is the organization of a long-term *strategy* based on first principles—to be covered in part 2 of this article series.

The main point: Recent PLA exercises drive home the point that Taiwan must be prepared not just for an island landing, but also the possibility of a blockade and protracted war. While the ROC military's re-orientation

to a strategy of erosion against an invasion has broken earlier defense incoherence, Taipei must be on guard to ensure that paralysis does not set in once more as it seeks the more difficult target all-around deterrence.

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Rethinking the Taiwan Air Force for Conflict

By: Jimmy Chien

Jimmy Chien is a United States Air Force Indo-Pacific Foreign Area Officer. He previously served as an intelligence officer on the Middle East and East Asia mission sets. The views expressed in this article are those of the author and do not necessarily reflect the official policy or position of the Department of the Air Force, Department of War, or the US Government.

Under the threat of a potential existential conflict for Taiwan, Taiwan and the United States continue to be at odds over an appropriate defense acquisition strategy. While both governments are seeking to advance their asymmetric capabilities, the Taiwan Air Force (TAF) faces challenges in strategic operational development. The TAF fleet primarily comprises fighter jets, transport planes, and early warning and surveillance platforms. Meanwhile, the TAF has upgraded its existing F-16A/B fighters, and will benefit from future deliveries of F-16C/D Block 70 jets and MQ-9Bs unmanned combat aerial vehicles (UAVs). The TAF is also responsible for air defense, fielding systems like the Patriot and other indigenous surface-to air missile systems like the Tien Kung (天弓). These large-scale, prestige military platforms are expected to deter and counter the PRC's adversarial gray zone actions.

However, the operational resilience of these systems during a conflict remains in question. In an all-out war with the PRC, sustaining these large-scale weapons systems may prove costly or futile. At the same time, the People's Liberation Army Air Force's (PLAAF, 中国人民解放军空军) capabilities have mostly surpassed the technical capacities of the TAF. Amid ongoing critical air force modernization, the TAF's acquisition of conventional platforms such as MQ-9B UAVs may appear incongruent with an asymmetric strategy. But as retired US Navy Admiral Scott Swift argues, asymmetric strategies can be enhanced by conventional systems. In this light, the TAF must develop a coherent strategy to adequately define both the conventional and asymmetric functions of its various platforms.

Force Categorization

In order to modernize its force in both capabilities and thought, the TAF must integrate lessons learned from modern warfare into its development strategy. Concurrently, the United States Air Force (USAF) can improve its advisory efforts to define a durable path forward, ensuring that strategies and desired combat effects align with procurement and training. The new USAF One Force Design (OFD)—described by the previous USAF Chief of Staff General David Allvin as the "North Star" for modernization—may serve as a blueprint for the TAF. General Allvin outlines three contexts that forces must operate under: contested environments with constant attack and no sanctuary; contested environments with the potential to operate out of sanctuaries; and peaceful environments where a steady state force is needed for everyday operations.

Given that during an invasion scenario, the PLA is likely to render Taiwan a contested airspace, the TAF must analyze its own forces and determine whether they have the capacity and capability to operate in each of the three threat environments identified by the OFD. The TAF must adopt a strategy whereby different assets are utilized in various stages of a potential PLA invasion. To achieve this, the TAF should categorize its capabilities under three attributes: asymmetry, conventional asymmetry, and steady state. Drawing inspiration from the TAF's F-16 modernization program (titled "Peace Phoenix Rising"), this author proposes to designate these attributed forces as follows: Phoenix 1 (P1) asymmetry; Phoenix 2 (P2) conventional asymmetry; and Phoenix 3 (P3) steady state. The TAF must then develop strategies for how to use these assets under each of the OFD-defined threat environments.

Phoenix 1 (P1)

In conflict, it is assumed that Taiwan will likely face continuous missile strikes and other combat effects that will either reduce the survivability of conventional military equipment or render them obsolete. This is problematic for the TAF, whose airpower projection relies heavily on fixed-wing aircraft and large, less-mobile ground equipment. It is essential that the TAF adapts its strategies, concepts, and equipment to the assessed threat, and restructures itself into a mostly asymmetric, P1 force.

P1 requires systems and capabilities that can absorb the initial shock of war, while projecting credible air power in a heavily-contested environment. Taiwan's defense capacity must be sustained long enough to deny a swift enemy victory, provide potential openings to utilize conventional systems, and hold out until third

party help arrives. This "porcupine" strategy should lean on large-quantity, low-cost assets that can survive the adversary's initial targeted strikes. However, the majority of TAF equipment does not meet this standard and cannot be utilized during the initial phases of combat. Most TAF assets lack survivability due to reduced mobility and runway dependence.

Should the TAF's fighter jets be required to disperse and bunker down, Taiwan's only recourse to project power would be through mobile ground equipment or runway-independent systems. The TAF needs to reimagine its force to stay relevant and contribute to the initial and most important phases of conflict—when airspace is highly contested. Mobile surface-to-surface systems are typically operated by the other services, so if the TAF intends to be the tip of the spear, it should reinvest in alternative air power (such as unmanned combat aerial vehicles) to maneuver offensively. Therefore, the TAF should pursue runway-independent, low-cost UCAVs that can be outfitted to carry air-to-air, or air-to-surface missiles, and could also serve as one-way attack drones or carry a non-kinetic payload. This capability can serve to contest air superiority, enable air denial, engage in long range strikes, and greatly complicate air defenses.

While projecting airpower is crucial in disrupting adversarial movement and calculations, the TAF must also ensure an enduring air denial capability. The Ukraine War has demonstrated how denying an adversary air superiority is key to modern warfare. In a 2023 US Naval Institute article, Lieutenant Colonel Herbert Bowsher, U.S. Marine Corps Reserve, argued that the Ukraine War "underscores that in the missile era, ground-based air defense, employed effectively by a maneuver force using mission command and a strong will to fight, can have decisive effects on an overall campaign against a numerically superior force." Ukraine's success in denying air superiority to the Russian invading force demonstrates that conventional systems, employed asymmetrically through maneuvers and other tactics, can be effective air denial assets.

Phoenix 2

P2 systems are assets that are considered conventional but can be used in asymmetric ways—such as fighter jets. In the initial phases of conflict, the TAF will likely have to disperse and hide these assets to protect them. However, if the TAF can weather the initial attack through P1 assets, it can create windows of opportunity to mindfully leverage P2 forces, further complicating the adversary's calculus. As P1 forces deny adversary air superiority and slow an invasion fleet, they may create windows of opportunity for TAF fighter jets to conduct operations out of mountain bunkers. In strikes on PLA assets, air-delivered munitions coupled with ground fires could help saturate air defenses and increase strike efficacy. However, the TAF must be able to rapidly repair its runways in order to launch and recover aircraft when needed. With possible TAF fighter sortie generation, TAF airfields will need to be constantly surveilled and restruck. As the TAF moves from heavy use of P1 assets to P2 ones, revealing these new capabilities to the adversary could further stress the PLA's intelligence and strike resources, and create breathing room for other Taiwan forces under attack.

In addition to air-to-air and surface-to-air capabilities, the TAF can also develop other P2 force capabilities: notably, command and control (C2) and intelligence. Both capacities are crucial in defensive and offensive operations. While much focus is placed on countering adversarial approaches with kinetic force, there must be an equal—if not greater—focus on the ability to collect and effectively disseminate that data to strike units. Mobile and passive systems will ensure the greatest degree of survivability. Therefore, equipment mobility, personnel preparedness for rapid maneuvers, and an adaptable concept of operations are essential for achieving an effective P2 force.

Phoenix 3

P3 are conventional systems used in routine operations to deter and react to incursions, gray zone activities, and any other type of peacetime airpower applications. Such missions typically require heavy, expensive equipment, such as large radar sites. While these systems may have limited use should full-scale conflict break out, their capability to provide pre-strike warnings may serve as the critical trigger for a strategic transition to a P1 and P2 emphasis.

Nonetheless, to ensure force balance, most P3 assets should also have P2 applicability. While there is no definite metric for the efficacy of particular assets, we can reference the Ukraine War as an example: data clearly demonstrates how P1 assets have predominantly sustained Ukraine's combat operations.

In order to sustain Taiwan's defense during a period of existential threat, the TAF should ensure that P2 and P3 assets should comprise no more than half of the force, and invest heavily in P1 capacities such as UCAVs.

The main point: In order to adapt its force structure for various degrees of contestation to Taiwan's air-

space, the Taiwan Air Force must categorize its existing assets and capabilities based on their survivability. Classifying survivability under the tiered levels of P1, P2, and P3 will help the TAF determine areas of weakness and strength, and identify areas for operational improvement. This framework identifies the need for alternative airpower, asymmetric use of conventional systems, and capabilities that enhance conventional systems through asymmetric means.

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The Hai Kun Submarine: A Case Study of the Successes and Challenges of Taiwan's "Non-Red Supply Chain"

By: Pinshan Lai

Pinshan Lai is a master's student at Johns Hopkins University School of Advanced International Studies and a research associate at Hudson Institute. Her views do not reflect the official position of the Hudson Institute.

On September 28, 2025, former President Tsai Ing-Wen (蔡英文) named and launched Taiwan's first domestically-built submarine, the *Hai Kun* SS-711 (海鯤號) at the construction completion ceremony for the critical new military platform. In late January and early February of this year, the *Hai Kun* successfully completed its first shallow water diving trials. The launch process will continue with more trials in the coming weeks, including tests of systems such as the periscope and antenna masts. The submarine not only shows Taiwan's determination and will to defend itself, but also signals to the world that an advanced technology supply chain built upon like-minded allies—and free from People's Republic of China (PRC) manufacturers—is indeed achievable.

The significance of the *Hai Kun*'s completion derives from the challenges facing Taiwan in building a domestic submarine without prerequisite experience, and sourcing materials despite international political pressure from Beijing. The submarine was built by the CSBC Corporation Taiwan (台灣國際造船股份有限公司), under the Indigenous Defense Submarine (IDS) program [titled *"Hai Chang"* (海昌計畫) in Mandarin]. The head of the company, Jeng-Horng Chen (陳政宏), has characterized the sourcing process as rife with difficulty. The submarine cost approximately USD 1.54 billion to build, with 40 percent of its parts sourced domestically in Taiwan.

Image: The Hai Kun submarine in the process of submerging during shallow water diving trials in the vicinity of Kaohsiung (late January). (Image source: CSBC Corporation)

The Indigenous Submarine Program and Taiwan's Effort to Create a "Non-Red Supply Chain"

From obtaining parts engineered by diplomatic partners, to preventing Chinese interference in supply chains, the *Hai Kun's* development is a success story of a "non-red supply chain" (非紅供應鏈). Sourcing parts completely outside of China's industrial supply chains has perhaps proved to be the most challenging step in the construction of the indigenous submarine. Indeed, Beijing has demonstrated a willingness to coerce third-party downstream suppliers to avoid involvement with the IDS program. CSBC Corporation Taiwan's Chen has indicated that "the moment we left with a deal price with the foreign supplier, the CCP's military attaché stationed abroad will go to the supplier and ask them not to sell parts to us." Chen added that it is nonetheless easier to partner with third-party suppliers than it was 10 years ago.

Ultimately, Taiwan's first domestically-built submarine was sourced through like-minded democracies. Countries such as Australia, Canada, India, Japan, Spain, the United Kingdom, and the United States all aided the program's construction in various ways. The United Kingdom, a leading submarine construction country, could not openly support Taiwan's stated intention of developing an indigenous submarine, but nonetheless approved multiple export licenses for UK companies to sell submarine parts to Taiwan. This support included submarine components, technical collaboration, and expert exchange. Taipei also recruited international talent—including engineers and retired naval officers from Australia, South Korea, India, Spain, and Canada—to work at submarine shipyards in Kaohsiung.

The United States' continued support for Taiwan's homegrown submarine program has also been key to *Hai Kun*'s success. In 2018, the US State Department approved licenses for technology sales to Taiwan's IDS. The US Congress and various presidential administrations supported strengthening Taiwan's defense capabilities through successive *National Defense Authorization Acts* (NDAAs). Presently, the *Hai Kun* is equipped with a sonar suite built by America's Northrop Grumman, and a combat management system from Lockheed Martin—technologies that allow the submarine to better operate in possible naval combat.

The Importance of "Non-Red Supply Chains" to Taiwan and Other Partners

Taiwan's success in building the *Hai Kun* is one example of a broader effort to decouple from China's industrial base. The island first embarked on a mission of achieving so-called non-red supply chains during the Tsai Ing-Wen Administration (2016-2024). The goal of this economic initiative is to decouple critical industries—such as semiconductors, AI, energy and military equipment—from China's industry and geopolitical uncertainties. Taiwan has sought to re-direct its supply chains to like-minded countries in North America, Europe, ASEAN, Northeast Asia, and Oceania. Since President Tsai initiated this effort, the policy has been taken up by the incumbent Lai Ching-te (賴清德) Administration. In 2025, President Lai unveiled government support to re-orient Taiwan's high-tech commercial and military industries towards non-red supply chains. The *Hai Kun* is an early success of this long-term vision.

China's rhetoric and actions have amplified the importance of this manufacturing transition. The readout of the PRC's 15th Five Year Plan (released in October 2025) calls for a fusion of economic development and national security, "ensuring security in development, and pursuing development through security" (在发展中固安全，在安全中谋发展). The 15th Five Year Plan hints at Beijing's intention to establish clearer standards for the use of economic tools to preserve national security.

In this vein, Beijing's recent use of economic coercion has elevated the urgency of Taiwan's transition to non-red supply chains. In addition to China's economic coercion directed at Taiwan, Taipei has observed Beijing use of sanctions, boycotts, and trade barriers to punish other countries: Japan during a land dispute; Australia in response to a COVID-19 origin investigation; and South Korea for fielding missile defense technology. Meanwhile, Taiwan has experienced increasing Chinese industrial and military espionage, as well as targeted attacks on its critical infrastructure. These operations heighten concerns regarding economic dependence on China. Indeed, between 2020 to 2024, the number of espionage cases in Taiwan increased from the single digits in 2020 to 64 people in 2024. According to Taiwan's National Security Bureau (國家安全局), China has attempted to recruit spies among current and retired Republic of China Armed Forces members, Ministry of Foreign Affairs officials, and staff of Taiwan's political parties.

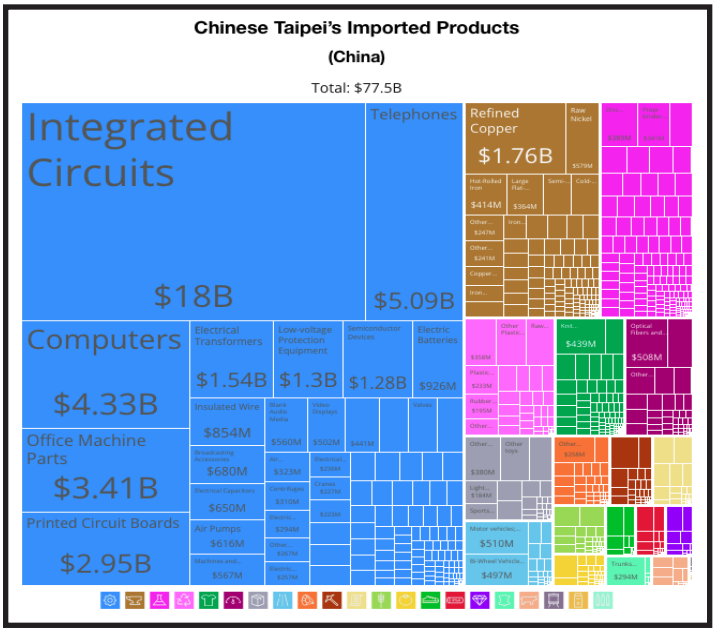

Image: Goods imported by Taiwan from China in 2024 (Image Source: Observatory of Economic Complexity)

Decoupling Taiwan's high-tech industry from PRC supply chains is far from straightforward. Like most countries in the world, Taiwan has historically enjoyed cheap imports from China. Indeed, China has been Taiwan's largest import partner for years—including deliveries of integrated circuits, refined copper, and office machine parts *(see figure below)*. However, as Beijing has increasingly sought to weaponize supply chains, and accelerate overseas espionage operations, the risks of dependence on China are increasing. With its non-red supply chains initiative, Taiwan has concluded that national security cannot be traded away for discount goods.

Taiwan's Resilience and Future Implications

Despite meeting its indigenous submarine goal, difficulties lie ahead for the Taiwanese government. While the *Hai Kun* test stimulates hope for a non-red defense supply chain in Taiwan, the continuation of the IDS program and other ambitious defense programs will require stable domestic funding as well as sustained cooperation from like-minded partners.

Domestically, the Taiwanese government should secure a continuation of funding that goes to the IDS program and other domestic defense programs, such as drones and cybersecurity systems. Strong domestic defense industries will allow Taiwan to gain access to important military capabilities that it might otherwise be denied through PRC pressure.

Internationally, Taipei should establish bilateral and multilateral free trade agreements with countries able to deliver parts for its defense programs. Taiwan should first target countries that share an interest in decoupling from China on critical industries. Possible partners include Japan, Australia, India, the United States, Canada, the UK, and other European countries. By establishing a more complex network of non-red supply chains throughout like-minded democracies, Taiwan can play a role as a leader in an emerging, alternative military industrial base free from PRC influence.

The main point: In recent years, Taiwan's government has sought to promote "non-red supply chains" that would allow Taiwan to reduce its economic dependence on China, and remove Chinese-manufactured components from military equipment and other critical technologies. The development of Taiwan's first indigenous submarine, the Hai Kun, illustrates both some of the successes and continuing challenges with building such "non-red supply chains."

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