



Taiwan: Background and U.S. Relations

Introduction

Taiwan, which calls itself the “Republic of China, Taiwan,” is a self-governing democracy of 23.5 million people located across the Taiwan Strait from mainland China. The United States terminated diplomatic relations with the Republic of China (ROC) on January 1, 1979, in order to establish diplomatic relations with the People’s Republic of China (PRC), which claims sovereignty over Taiwan. U.S. relations with Taiwan have been unofficial since that date. In establishing relations with the PRC, the U.S. government agreed to withdraw U.S. military personnel from Taiwan and terminate the U.S.-ROC Mutual Defense Treaty, as of January 1, 1980. The 1979 Taiwan Relations Act (TRA, P.L. 96-8; 22 U.S.C. §3301 et seq.) provides a legal basis for unofficial relations.

In its most recent fact sheet on U.S. relations with Taiwan, issued in May 2022, the U.S. State Department refers to the United States and Taiwan as enjoying “a robust unofficial relationship.” The fact sheet describes Taiwan as “a key U.S. partner in the Indo-Pacific,” and states that the United States and Taiwan “share similar values, deep commercial and economic links, and strong people-to-people ties.”

Figure 1. Taiwan



Sources: Graphic by CRS.

Modern History

Taiwan was a colony of Japan from 1895 to 1945. The government of the ROC, then based on mainland China, assumed control of Taiwan in 1945, after Japan’s defeat in World War II. In 1949, after the forces of the Communist Party of China (CPC) wrested control of mainland China from ROC forces in a civil war, the Kuomintang (KMT)-led ROC government retreated to Taiwan, and the CPC established the PRC on mainland China. The United States continued to recognize the ROC government on Taiwan as

the government of all China. In 1971, U.N. General Assembly (UNGA) Resolution 2758 recognized the PRC’s representatives as “the only legitimate representatives of China to the United Nations,” and expelled “the representatives of Chiang Kai-shek,” the ROC’s then-leader. In a December 1978 U.S.-PRC joint communiqué, the United States, too, recognized the PRC as “the sole legal Government of China,” and stated that it would henceforth maintain “unofficial” relations with Taiwan.

The KMT maintained martial law on Taiwan until 1987, when it yielded to public pressure for political liberalization. Taiwan held its first direct election for the legislature, the Legislative Yuan (LY), in 1992, and its first direct election for president in 1996.

January 2024 Elections

Taiwan held presidential and legislative elections on January 13, 2024. Taiwan presidents are limited to two four-year terms, making President Tsai Ing-wen of the Democratic Progressive Party (DPP) ineligible to run again. Tsai’s Vice President, Lai Ching-te (William Lai), was the DPP’s presidential candidate and won with 40.05% of the vote in a three-way race. The DPP is the first party to win a third consecutive presidential term by direct election.

In the 113-seat LY, the DPP lost its majority. No party won a majority, the first such outcome since 2004. The KMT, now Taiwan’s leading opposition party and supportive of greater engagement with the PRC, won 52 seats, to the DPP’s 51. KMT-aligned independents won 2 seats. The Taiwan People’s Party (TPP), founded in 2019 with the goal of challenging the dominance of the DPP and KMT, won 8 seats, meaning it holds the balance of power in the LY. The new LY took office on February 1 and elected Han Kuo-yu of the KMT as its new president, or speaker.

Lai and Vice-President-elect Hsiao Bi-khim are scheduled to be inaugurated on May 20. What Lai says in his inauguration speech, including about relations across the Taiwan Strait, and whom he appoints to key government positions may provide indications of his policy inclinations. On the campaign trail, Lai pledged continuity with President Tsai’s policies, including “four commitments” on cross-Strait relations that she first articulated in 2021. They are commitments (1) to “a free and democratic constitutional system,” (2) to the principle that “the Republic of China and the People’s Republic of China should not be subordinate to each other,” (3) “to resist annexation or encroachment upon our sovereignty,” and (4) to the principle that “the future of the Republic of China (Taiwan) must be decided in accordance with the will of the Taiwanese people.” The PRC, which insists that Taiwan is part of China, has assailed the second commitment as implying that the relationship between the PRC and Taiwan is akin to two separate states. Before the election, the PRC’s Taiwan Affairs Office urged Taiwan voters to reject Lai,

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

U.S. Policy Toward Taiwan

Since 1979, U.S. government policy has been to follow what U.S. officials refer to as a U.S. “one-China policy” with regard to Taiwan. The Biden Administration describes the U.S. one-China policy as guided by (1) the TRA; (2) U.S.-PRC joint communiqués concluded in 1972, 1978, and 1982; and (3) “Six Assurances” that President Ronald Reagan communicated to Taiwan’s government in 1982. The PRC has repeatedly stated that it regards U.S. policy and actions related to Taiwan as “the most important and sensitive issue” in U.S.-China relations. (See CRS In Focus IF12503, *Taiwan: The Origins of the U.S. One-China Policy*, and CRS In Focus IF11665, *President Reagan’s Six Assurances to Taiwan*.)

Key provisions of the TRA include the following:

- U.S. relations with Taiwan shall be carried out through the American Institute in Taiwan (AIT), a private corporation. (AIT Taipei performs many of the same functions as U.S. embassies elsewhere.)
- The United States “will make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability.”
- It is U.S. policy “to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan.”

The TRA creates “strategic ambiguity” by not specifying whether the United States would defend Taiwan in the event of a PRC attack. Since 2021, President Biden has four times stated that the United States would defend Taiwan, appearing to abandon strategic ambiguity, although White House officials later said U.S. policy remained unchanged.

On the eve of the 2024 Taiwan election, a senior Biden Administration official said President Biden had outlined U.S. policy to his PRC counterpart, Xi Jinping, in November 2023, as: “[W]e oppose any unilateral changes to the status quo from either side. We do not support Taiwan independence. We support cross-Strait dialogue, and we expect cross-Strait differences to be resolved by peaceful means, free from coercion, in a manner that is acceptable to the people on both sides of the Strait. We do not take a position on the ultimate resolution of cross-Strait differences, provided they are resolved peacefully.”

The U.S. government efforts to build international support for Taiwan include joint administration of the Global Cooperation and Training Framework (GCTF), a platform for Taiwan to share its expertise with the world through workshops in and beyond Taiwan.

PRC Policy Toward Taiwan

At the CPC’s 20th Party Congress in October 2022, PRC leader Xi referred to unification with Taiwan as necessary for “the rejuvenation of the Chinese nation.” He reiterated the CPC’s preference for peaceful unification, and its proposal for a “One Country, Two Systems” approach to governance of Taiwan. Xi also restated that the CPC “will

never promise to renounce the use of force” to unify with Taiwan. The PRC’s Anti-Secession Law, passed in 2005, states that in the case of Taiwan’s “secession” from China, or if the PRC concludes that possibilities for peaceful unification have been exhausted, “the state shall employ non-peaceful means and other necessary measures to protect China’s sovereignty and territorial integrity.”

Beijing cut off communication with Taiwan’s government in 2016, citing President Tsai’s unwillingness to endorse a formula known as “the 1992 consensus.” That KMT-CPC consensus held that Taiwan and mainland China are parts of “one China,” with different interpretations of what “China” means. The PRC has given no indication that it intends to restore communication during Lai’s presidency.

The PRC has sought to isolate Taiwan internationally. After the January 2024 election, Nauru became the 11th country to switch diplomatic relations from Taiwan to the PRC since 2016, leaving 12 countries that maintain diplomatic relations with Taiwan as the Republic of China. The PRC government has also worked to exclude Taiwan from U.N. agencies, asserting that UNGA Resolution 2758 “confirmed that Taiwan is a part of China.” In the 118th Congress, House-passed H.R. 1176 would amend the TAIPEI Act of 2019 (P.L. 116-135) to state that Resolution 2758 “did not address the issue of representation of Taiwan and its people in the United Nations or any related organizations,” or “include any statement pertaining to Taiwan’s sovereignty.”

Taiwan’s Security

CIA Director William J. Burns stated in 2023 that Xi Jinping has instructed the PLA to “be ready” to “conduct a successful invasion” of Taiwan by 2027, but added, “that does not mean that he’s decided to conduct an invasion.” As the PRC has stepped up its military activities near Taiwan, U.S.-Taiwan defense cooperation has grown closer. Since 2023, the defense relationship has included U.S. Foreign Military Financing (FMF). (See CRS In Focus IF12481, *Taiwan: Defense and Military Issues*.)

U.S.-Taiwan Economic Ties

Taiwan was the 8th-largest U.S. trading partner in 2023. Taiwan is a key link in U.S. global semiconductor and technology supply chains and the global center for the production of advanced chips. In June 2023, the United States and Taiwan signed the first agreement under a U.S.-Taiwan Initiative on 21st Century Trade. (See CRS In Focus IF10256, *U.S.-Taiwan Trade Relations*.)

Taiwan and the U.S. Congress

In the 118th Congress, enacted legislation includes the United States-Taiwan Initiative on 21st-Century Trade First Agreement Implementation Act (P.L. 118-13) and the National Defense Authorization Act for FY2024 (P.L. 118-31), with many provisions related to security cooperation with Taiwan. The Senate-passed National Security Supplemental Appropriations Act, 2024 (H.R. 815) would include funds for defense articles and services for Taiwan. The House-passed Taiwan Non-Discrimination Act (H.R. 540) would require U.S. support for Taiwan’s membership in the International Monetary Fund, a financial agency of the U.N. that confines membership to countries.

Susan V. Lawrence, Specialist in Asian Affairs

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.