



Updated August 15, 2025

Taiwan: Background and U.S. Relations

Introduction

Taiwan, which formally calls itself the Republic of China (ROC), is a self-governing democracy. Its popularly-elected leaders govern 23.4 million people on the main island of Taiwan and on outlying islands, including the archipelagoes of Penghu, Kinmen, and Matsu. Since the 1950s, the U.S. Congress has shown a strong interest in Taiwan, first as a bastion of resistance to communism during the Cold War, now as a thriving democracy and a semiconductor manufacturing powerhouse, and throughout, as a potential global flashpoint that could involve the United States in a conflict with the People's Republic of China (PRC). A central question facing the 119th Congress, as it has been for Congresses over the decades, is whether—and, if so, how and how much—to support the people of Taiwan in the face of the PRC government's determination to take control of Taiwan, potentially by force. Since 1979, U.S.-Taiwan relations have been unofficial in nature.

Unofficial Relations

The United States terminated diplomatic relations with the Taiwan-based ROC on January 1, 1979, to establish diplomatic relations with the People's Republic of China (PRC), which claims sovereignty over Taiwan but has never controlled it. In recognizing the PRC diplomatically, the U.S. government “acknowledge[d],” but did not endorse, “the Chinese position that there is but one China and Taiwan is part of China”; agreed to withdraw U.S. military personnel from Taiwan; and agreed to terminate a U.S.-ROC Mutual Defense Treaty that had been in effect since 1955. A U.S. statement issued at the time announced that henceforth, “the American people and the people of Taiwan will maintain commercial, cultural, and other relations without official government representation and without diplomatic relations.”

The Carter Administration's announcement of these moves took most in Congress by surprise. Concerned about Taiwan's future security, Congress insisted on the inclusion of security provisions in legislation to provide a legal basis for unofficial relations, the 1979 *Taiwan Relations Act* (P.L. 96-8; 22 U.S.C. §§3301 et seq.). Pursuant to the act, the United States carries out unofficial relations with Taiwan through the American Institute in Taiwan (AIT), a non-profit corporation that operates under a contract with the U.S. Department of State. AIT Taipei performs many of the same functions as an embassy and is staffed by U.S. government personnel.

Modern History

Taiwan was a colony of Japan for 50 years, 1895-1945. After Japan's defeat in World War II, the ROC assumed control of Taiwan and its outlying islands. Over the next four years, while the military forces of the ROC government and those of the Communist Party of China (CPC) fought for control of mainland China, the ROC's

ruling party, the Kuomintang (KMT), imposed harsh controls and one-party rule on Taiwan. In 1949, facing defeat at the hands of the CPC, senior ROC leader Chiang Kai-shek moved the seat of the ROC government to Taiwan and imposed martial law. As many as two million KMT supporters fled mainland China with Chiang, joining an existing Taiwan population of approximately six million.

Chiang maintained authoritarian rule on Taiwan until his death in 1975. His government privileged “mainlanders”—those whose families had arrived on Taiwan with the KMT—over the larger local “Taiwanese” population. Bowing to popular pressure, his son, President Chiang Ching-kuo, lifted martial law in 1987, paving the way for political liberalization. His successor legalized opposition parties in 1989, and, in 1991, terminated the “temporary” provisions that had suspended parts of the ROC constitution for the previous 43 years.

Figure 1. Taiwan, Penghu, Kinmen, and Mazu



Source: Graphic by CRS based on data from NGA (2017); Department of State (2015); Esri (2014); and DeLorme (2014).

Note: Taiwan also administers Tungsha Island (Pratas) and Taiping Island (Itu Aba) in the South China Sea.

Taiwan held its first direct election for the Legislative Yuan, Taiwan's unicameral parliament, in 1992, and its first direct presidential election in 1996. Since 2000, the presidency has three times passed peacefully between Taiwan's two leading parties, the KMT and the current ruling party, the Democratic Progressive Party (DPP).

Current Politics

In January 2024 elections, the DPP's Lai Ching-te (also known as William Lai) won the presidency with 40% of the vote in a three-way race. The KMT presidential ticket won 33% of the vote, and the Taiwan People's Party (TPP), won

26%. The DPP champions a strong sense of Taiwan identity separate from mainland China and sees risks in cross-Strait exchanges. The KMT champions an ROC identity, with its conception of the ROC including mainland China. The KMT holds the door open to unification with a democratic mainland China in some distant future, and supports lowering tensions across the Taiwan Strait through engagement with the PRC. The TPP portrays itself as an alternative to the two leading parties and a champion of good governance.

No party won a majority in the 113-seat legislature in the 2024 elections. KMT and KMT-aligned independents control 54 seats, the DPP controls 51 seats, and the TPP controls 8 seats. The KMT and TPP caucuses have worked together to check the DPP administration, creating a stand-off that has paralyzed Taiwan's political system for most of Lai's term to date. In 2025, in an effort to tip control of the legislature to the DPP, party supporters mounted an unprecedented mass recall campaign against KMT legislators. In a first round of recall elections, voters retained all 24 targeted KMT legislators. Seven more KMT legislators are scheduled to face recall votes on August 23.

U.S. Policy Toward Taiwan

Since 1979, U.S. government policy has been to follow a U.S. "one-China policy," under which the United States maintains official relations with the PRC and unofficial relations with Taiwan. Like its predecessors, the second Trump Administration describes this policy as guided by the *Taiwan Relations Act*, three U.S.-PRC joint communiqués concluded in the 1970s and 1982, and "Six Assurances" that President Ronald Reagan communicated to Taiwan's government in 1982. (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 *Taiwan Relations Act* include that:

- 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"; and
- 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 *Taiwan Relations Act* creates "strategic ambiguity" by not specifying whether the United States would defend Taiwan from a PRC attack. Asked in February 2025 whether it was his "policy" that China would "never take Taiwan by force" during his presidency, President Donald J. Trump responded, "I never comment on that," adding, "I don't want to ever put myself in that position." In February 2025, Secretary of State Marco Rubio echoed longstanding U.S. policy in stating, "We are against any forced, compelled, coercive change in the status of Taiwan."

U.S. support for Taiwan's defense includes arms transfers, bilateral defense dialogues and planning, and training activities in both the United States and Taiwan. (See CRS In Focus IF12481, *Taiwan: Defense and Military Issues*.)

In April 2025, President Trump announced a 32% tariff on imports from Taiwan, with exceptions, later suspending the tariff until August 1 and imposing a 10% interim tariff. On July 31, 2025, the Trump Administration revised the tariff rate for Taiwan to 20% (effective August 7, 2025) while negotiations continue. (See CRS In Focus IF10256, *U.S.-Taiwan Trade and Economic Relations*.)

Relations Across the Taiwan Strait

In 2005, the PRC passed an *Anti-Secession Law*. It 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." In 2024, the PRC cited that law and two others in issuing judicial guidelines allowing for trial in absentia and the death penalty for "diehard 'Taiwan independence' separatists." Its public list of such "separatists" includes Taiwan's current Vice President, National Security Council Secretary-General, and Minister of National Defense, and DPP legislators.

In 2022, PRC leader Xi reiterated the CPC's preference for "peaceful unification" with Taiwan. Xi also restated that the CPC "will never promise to renounce the use of force."

Beijing cut off communication with Taiwan's government in 2016, citing the unwillingness of then-President Tsai Ing-wen of the DPP to endorse a KMT- and CPC-agreed "1992 Consensus" that Taiwan and mainland China are parts of "one China," with disagreement over whether that "China" is the PRC or the ROC. President Lai has not only declined to endorse the idea of "one China," but has repeatedly rejected it. Moreover, in March 2025, Lai identified five major categories of threats to Taiwan from the PRC, proposed 17 measures to address them, and declared that the PRC meets the definition of a "hostile foreign force" under Taiwan's 2019 *Anti-Infiltration Act*. The PRC responded, in part, by denouncing Lai in highly personal terms and conducting two days of joint military exercises, code-named Strait Thunder-2025A, near Taiwan. The PRC also has long sought to isolate Taiwan internationally. (See CRS In Focus IF12646, *Taiwan's Position in the World*.)

Legislation in the 119th Congress

The FY2025 reconciliation act (P.L. 119-21) appropriates \$20 million for "Indo-Pacific Command military exercises" and \$850 billion for the "replenishment of military articles," funds that could be directed to Taiwan-related activities. House-passed bills include those that seek to prevent double taxation (H.R. 33; S. 199), support Taiwan's admission to the International Monetary Fund (H.R. 910; S. 1900), require periodic review and reissuance of State Department guidance on contacts with Taiwan (H.R. 1512/S. 821), use financial tools to deter a PRC attack on Taiwan (H.R. 1716), support Taiwan's participation in international organizations (H.R. 2416), and appropriate funds for the Taiwan Security Cooperation Initiative (H.R. 4016). Senate-passed S. 524 would support closer U.S.-Taiwan coast guard ties.

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IF10275

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