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Taiwan: Background and U.S. Relations

Introduction

Taiwan, which also calls itself the Republic of China (ROC) and was once known as Formosa, is a self-governing East Asian democracy located across the Taiwan Strait from mainland China. Taiwan's popularly elected leaders govern 23.3 million people on the main island of Taiwan; the archipelagoes of Penghu, Kinmen, and Matsu; and other outlying islands. Taiwan is a semiconductor manufacturing powerhouse and, in 2025, was a top-five United States merchandise trading partner.

Since 1979, when the United States broke diplomatic relations with the ROC in order to establish diplomatic relations with the People's Republic of China (PRC), the United States and Taiwan have maintained close unofficial relations. The 1979 Taiwan Relations Act (P.L. 96-8; 22 U.S.C. §§3301 et seq.) provides the legal basis for unofficial relations. PRC leaders have long expressed a determination to take control of Taiwan, whether peacefully or by force. U.S. policymakers have debated whether—and, if so, how and how much—to support the people of Taiwan against PRC threats and coercion. A steady growth in PRC military capabilities since the 1990s and the increased intensity of PRC operations around Taiwan since 2022 have lent urgency to such congressional debates.

Figure 1. Taiwan, Penghu, Kinmen, and Matsu



Source: Graphic by CRS. Map generated using data from NGA (2017); DoS (2015); Esri (2014); DeLorme (2014).

Note: Taiwan authorities also administer Tungsha Island (Pratas) and Taiping Island (Itu Aba) in the South China Sea (not pictured).

Taiwan's Modern History

The Qing Empire—the predecessor polity to modern China—gained control of Taiwan in 1683, made Taiwan a province in 1885, and then ceded it to Japan in 1895 after

losing a war to Japan. Taiwan's subsequent half century as a Japanese colony ended in 1945, with Japan's defeat in World War II. The ROC, founded on mainland China in 1912, assumed control of Taiwan and its outlying islands from the Japanese. ROC forces and the forces of the Communist Party of China (CPC) then fought for control of mainland China. In 1949, the victorious CPC established the PRC on mainland China, while the defeated ROC government retreated to Taiwan.

On Taiwan, the ROC's ruling party, the Kuomintang (KMT), imposed martial law and for decades systematically privileged “mainlanders”—those whose families had arrived on Taiwan from mainland China with the KMT—over the larger local “Taiwanese” population. In 1987, then-ROC President Chiang Ching-kuo lifted martial law, paving the way for political liberalization. His successor legalized opposition parties in 1989. Taiwan held its first direct election for the Legislative Yuan (LY), 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 Democratic Progressive Party (DPP) and the KMT.

U.S. Policy Toward Taiwan

For three decades after the ROC's 1949 retreat to Taiwan, the United States continued to recognize the ROC as the legal government of China, even though the ROC no longer controlled territory on mainland China. The United States switched diplomatic recognition to the PRC on January 1, 1979. In a U.S.-PRC joint communiqué issued on the eve of derecognition of the ROC, the U.S. government stated it “acknowledges the Chinese position that there is but one China and Taiwan is part of China.” In an accompanying U.S. statement, the U.S. government said it would withdraw U.S. military personnel from Taiwan and terminate a U.S.-ROC Mutual Defense Treaty in effect since 1955. Per the statement, “In the future, the American people and the people of Taiwan will maintain commercial, cultural, and other relations without official government representation and without diplomatic relations.”

The policy of maintaining official relations with the PRC and unofficial relations with Taiwan is at the core of the longstanding U.S. “one-China” policy. (See CRS In Focus IF12503, *The U.S. “One-China” Policy and Taiwan*.) A U.S. Department of State spokesperson publicly confirmed the Trump Administration's commitment to the U.S. one-China policy in July 2025. Like her predecessors in the previous two Administrations, the spokesperson referred to U.S. policy as being guided by the Taiwan Relations Act, three U.S.-China joint communiqués—including the 1978 communiqué on the establishment of U.S.-PRC diplomatic relations—and the “Six Assurances,” statements that President Ronald Reagan authorized to be conveyed to Taiwan's government in 1982. They include assurances that

the United States had not agreed to prior consultation with the PRC on arms sales to Taiwan and had not agreed to take any position on Taiwan's sovereignty. (See CRS In Focus IF11665, *President Reagan's Six Assurances to Taiwan*.)

Pursuant to the Taiwan Relations Act, the United States conducts relations with Taiwan through the American Institute in Taiwan (AIT), a nonprofit corporation that operates under a contract with the U.S. Department of State. AIT's Taipei Main Office performs many of the same functions as an embassy and is staffed by U.S. government personnel. Among the Taiwan Relations Act's provisions is a directive 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." The act states, too, that it is U.S. policy "to maintain the capacity of the United States to resist any resort to force or other forms of coercion" against Taiwan. The act creates so-called "strategic ambiguity" by not specifying whether the United States would defend Taiwan in the case of a PRC attack.

In January 2026, in response to PRC military exercises near Taiwan, the Department of State reaffirmed other longstanding elements of U.S. policy in the following statement: "We urge Beijing to exercise restraint, cease its military pressure against Taiwan, and instead engage in meaningful dialogue. The United States supports peace and stability across the Taiwan Strait and opposes unilateral changes to the status quo, including by force or coercion."

With some of his statements and actions related to Taiwan, President Donald J. Trump has fed longstanding anxieties in Taiwan about the durability of U.S. support. The President has repeatedly alleged that Taiwan "stole" its semiconductor industry from the United States. While in Beijing for a May 2026 summit with PRC leader Xi Jinping, the President alleged in a Fox News interview that Taiwan President Lai Ching-te "wants to go independent." The President stated, "I'm not looking to have somebody go independent, and you know, we are supposed to travel 9,500 miles to fight a war. I'm not looking for that. I want them to cool down." (He added, "I want China to cool down.") In the same interview, the President stated that he was holding "in abeyance" a \$14 billion arms sales package for Taiwan—a follow-on to the largest-ever package of U.S. arms sales to Taiwan by value, an \$11 billion package that his Administration announced in December 2025. The President stated that the second arms package was "a very good negotiating chip for us" with the PRC. Returning to the United States from Beijing on Air Force One, the President told reporters that he and Xi had discussed Taiwan arms sales "in great detail."

Under questioning from Members in June 2026 congressional budget hearings, Secretary of State and National Security Advisor Marco Rubio stated that the \$14 billion arms sales package remained "under review," that "we don't consult with the Chinese on these sales," and that "our policy on Taiwan is not changing and did not change on this trip." He testified that Taiwan is "not just strategically important in terms of where it's located. It also is the message that it sends to the world if something were to happen to it." (See CRS In Focus IF12481, *Taiwan: Defense and Military Issues*.)

Other second Trump Administration moves that have raised concerns in Taiwan include the tariffs the Administration imposed on Taiwan and most other U.S. trading partners starting in April 2025. U.S.-Taiwan trade negotiations resulted in January 2026 trade and investment deals that set a 15% U.S. tariff rate on goods from Taiwan, with exceptions, and included pledges for Taiwan to invest \$500 billion in the United States. (See CRS In Focus IF10256, *U.S.-Taiwan Trade and Economic Relations*.)

Domestic Taiwan Politics

President Lai (also known as William Lai) of the DPP took office in May 2024. The KMT and the smaller Taiwan People's Party (TPP) together have controlled the 113-seat Legislative Yuan since February 2024. The KMT and 2 KMT-aligned independents control 54 seats, the DPP 51 seats, and the TPP 8 seats. President Lai, who serves concurrently as DPP chairman, has highlighted "the threat of annexation from China" and asserted that Taiwan is a sovereign country. He has prioritized cooperation with the United States. The KMT broadly supports lowering tensions with the PRC through engagement and maintains openness to eventual unification with a democratic mainland China. The TPP presents itself as a centrist alternative to the DPP and KMT. Since 2024, the KMT and TPP have often worked together against the DPP executive, including by delaying consideration of a \$40 billion U.S.-supported special defense budget that Lai's Administration proposed in November 2025. The legislature approved \$25 billion for the special defense budget in May 2026.

Taiwan is to hold local elections—known as the Nine-in-One elections—on November 28, 2026. Voters are to elect mayors and city councilors in six special municipalities that report directly to Taiwan's central government, plus county magistrates and other positions in 16 counties and county-level cities. In 2022 elections, KMT candidates won the top positions in 14 of the 22 jurisdictions. Presidential and Legislative Yuan elections are to be held in January 2028.

Relations Across the Taiwan Strait

Repeating longstanding PRC policy, PRC leader Xi has declared the PRC will "strive for peaceful reunification," but "will never promise to renounce the use of force" to secure control of Taiwan. To persuade Taiwan and the world to acquiesce to unification, the PRC has stepped up its military activities around Taiwan and sought to isolate Taiwan internationally. (See CRS In Focus IF12646, *Taiwan and the International Community*.)

Taiwan Legislation in the 119th Congress

The 119th Congress has supported security assistance for Taiwan, including Foreign Military Financing and the Taiwan Security Cooperation Initiative (P.L. 119-60 and P.L. 119-75). The Taiwan Non-Discrimination Act (P.L. 119-60) directs the U.S. governor of the International Monetary Fund to support Taiwan's admission to the Fund. The Taiwan Assurance Implementation Act (P.L. 119-45) directs the State Department to review and reissue its guidance on contacts with Taiwan every five years.

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