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民主進步黨
Democratic Progressive Party, Taiwan

Unprecedented Budget Cuts by Opposition Lawmakers Presents Existential Threats to Taiwan

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On January 21st, the Legislative Yuan passed the third and final reading of the 2025 Central Government Budget, with unprecedented cuts and freezes totaling NT\$207.5 billion (US\$6.6 billion), accounting for 6.63% of the total budget. President Lai Ching-te pointed out that these drastic budget cuts will have devastating effects on Taiwan's government operations, particularly in key sectors such as **national defense, critical infrastructure, healthcare, and public services**—areas that directly affect national security and public well-being. These actions will prevent Taiwan from carrying out vital policies and projects on schedule, resulting in long-term and irreversible negative consequences for national development and the welfare of its people.

■ Extreme Cuts and Freezes Overlook Policy Needs

Premier Cho Jung-tai emphasized that these cuts and freezes are not aimed at addressing unreasonable budget items but instead employ an extreme and indiscriminate "across-the-board" approach (統一刪減). This approach fails to consider the specific needs of each department and uses widespread cuts to create an illusion of cost-saving. As a result, critical

sectors will be disproportionately impacted, undermining the government's ability to execute its policies effectively and weakening Taiwan's ability to address future challenges.

■ Chaotic Budget Process, Undermining Democratic Integrity

The budget deliberation process was marked by actions that violated the principles of transparency and fairness, causing many to question the credibility of the Legislative Yuan:

- **Massive Dumping of Counter-Proposals:** Many KMT-TPP budget proposals bypassed committee reviews and went straight to the plenary session for a vote, with some proposals only being provided to lawmakers after they had already been voted on. This undermines the Legislative Yuan's commitment to transparency and professional deliberation.
- **Careless Withdrawal and Procedural Disorder:** For instance, after the KMT proposed a budget cut for the National Data Protection Commission's preparatory work, the proposal was later withdrawn, causing the previously cut budget to "revive" in an absurd outcome, confusing both lawmakers and the public.
- **Opaque Proposals and Inequitable Access to Information:** Many of the proposed cuts or freezes were not made public in advance. Information about them only came to light through photos leaked from lawmakers' offices, severely restricting the public's right to know and hindering oversight. This lack of transparency undermined the entire budget process.

■ Unprecedented Scale of Budget Cuts and Freezes, Major Impact on Efficiency

President Lai Ching-te pointed out that the total government budget this year is NT\$3.1 trillion (US\$103.3 billion), with **record cuts** totaling **6.64%**—**NT\$2,075 billion (US\$66 billion)**. This represents more than six times the cuts of previous years, and the amount **frozen** could exceed **NT\$1,500 billion (US\$48.4 billion)**, 20 times more than the average of the past three years. After deducting statutory expenses and local plan-type subsidies, the actual available budget for the government is around NT\$1 trillion (US\$32.4 billion), meaning that **cuts and freezes account for at least 35% of the government's applicable budget**. Such large-scale

reductions and freezes will significantly disrupt the operations of government departments:

- **National Defense:** The Ministry of National Defense's operational expenses were frozen by 30%, **amounting to NT\$744 billion (US\$24 billion)**. This will directly affect Taiwan's military modernization and readiness. Delays in the procurement of new weapons, military uniforms, training equipment, and facility repairs will prevent Taiwan from effectively responding to regional security threats, drastically lowering morale and training quality. Furthermore, 50% of the submarine production plan (approximately NT\$10 billion or US\$324 million) and 30% of the unmanned aerial vehicle industry park (approximately NT\$22.9 million or US\$740,000) have been frozen, significantly delaying Taiwan's defense production and procurements, threatening the country's self-defense capabilities. A significant example is the budget for a recent U.S. arms sales announcement to Taiwan, **Switchblade 300 and two types of attack drones, including the Altius 600M-V, has been stalled**. However, due to recent budget cuts, the funds for additional acquisitions were reduced, delaying any new purchases until 2026.
- **Energy Security:** The NT\$1,000 billion (US\$32.4 billion) subsidy for Taipower was completely cut, placing severe financial pressure on the state-run electric utility. Despite multiple electricity price hikes due to rising fuel costs, Taipower has not been able to break even. Without sufficient government support, Taipower will face deeper losses, which may force the government to raise electricity prices, putting a greater financial burden on the public and sparking further social unrest.
- **International Outreach:** The Ministry of Culture saw significant cuts, particularly in funding for Taiwan's cultural promotion and international exchanges. For example, **the TaiwanPlus budget was reduced by NT\$220 million (US\$7.1 million)**, limiting Taiwan's cultural presence on the global stage and weakening its voice in international cultural discourse. This not only harms Taiwan's cultural diplomacy but also damages the country's international image and recognition.

■ Using Budget Cuts and Freezes as Political Tools, Undermining Public Interests

DPP legislative caucus Secretary-General Rosalia Wu strongly criticized the rushed votes during the budget deliberations, pointing out that the cuts were not based on long-term policy planning or professional assessments, but rather political maneuvering. This poses significant risks to Taiwan's future development. She stressed that budget reductions should be based on each department's needs and the effectiveness of policies, not used as political tools in party rivalries.

While opposition parties claim that many budget items were frozen rather than cut, the Citizen Congress Watch has pointed out that **these frozen items require a complicated process to be unfrozen**. Some require submission to the plenary session for a vote, while others need to be reported to the committee within three months. This process is likely to be delayed, or even fail entirely, especially in the current politically divided environment, further hindering the implementation of critical government policies.

■ Call for Rational Oversight to Safeguard National Interests and Public Welfare

President Lai made it clear that the NT\$3.1325 trillion (US\$101.9 billion) government budget fully corresponds to Taiwan's economic growth and is not based on borrowing. Instead, it is necessary to promote national development, enhance public welfare, and ensure Taiwan's stable progress. This year, the total expenditure increased by NT\$280.6 billion (US\$9.1 billion) compared to last year, with funds allocated to new infrastructure projects and a 3% salary increase for public sector employees. These new initiatives include additional funding for President Lai's Health Taiwan initiative (NT\$6 billion or US\$194 million), pedestrian safety programs (NT\$4.1 billion or US\$133 million), increased child care and services (NT\$4.9 billion or US\$158 million), and support for local education and school facilities (NT\$5.3 billion or US\$171 million). Furthermore, increased investments have been made in military, scientific research, highway improvements, and health insurance financial assistance.

The President strongly urged opposition parties to uphold responsible oversight principles and stop using budget cuts as a political tool. He emphasized that political rivalry should not impede Taiwan's

development or public welfare. The government will continue to face challenges head-on, defending national interests and public welfare, and pushing Taiwan forward despite the difficulties.

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