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**民主進步黨**  
Democratic Progressive Party, Taiwan

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## Taiwan Pledges to Enhance Communication and Investment to Support America's Global Leadership

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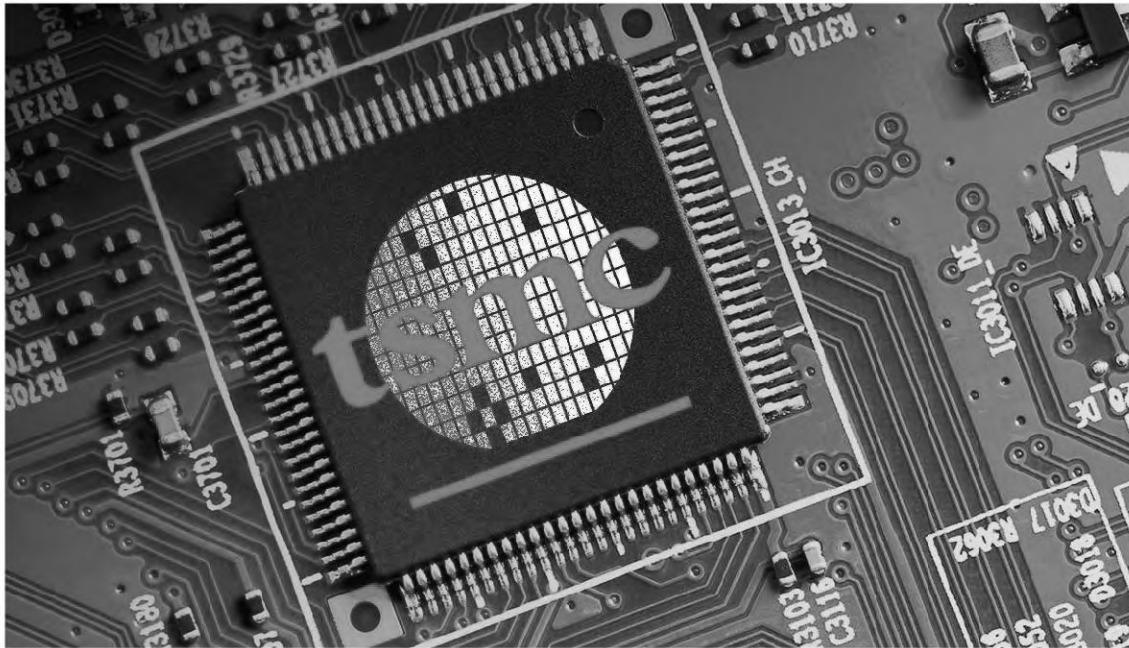


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*February 14th, 2025*

In response to President Trump's remarks on Taiwan's semiconductor industry, President Lai Ching-te convened a high-level national security

meeting on February 14th, pledging to **enhance communication and investment** as “Taiwan is an indispensable partner in the process of rebuilding American manufacturing and consolidating its leadership in high-tech.” The DPP administration will propose an **“initiative on semiconductor supply chain partnerships,”** working with the US and our other democratic partners to develop more resilient and diversified semiconductor supply chains. Taiwan will also initiate a **“global alliance for the AI chip industry”** and establish democratic supply chains for industries connected to high-end chips.

President Lai announced that, in this new year, Taiwan’s government will prioritize special budget allocations to **ensure that Taiwan’s defense budget exceeds 3 percent of GDP.** He emphasized that the government will also continue to reform national defense, reform our legal framework for national security, and advance our economic and trade strategy of being rooted in Taiwan while expanding globally. The president also proposed clear-cut national strategies for Taiwan-US relations, semiconductor industry development, and cross-strait relations.

**The key points are as follows:**

“In today’s global landscape, the democratic world faces common threats posed by the convergence of authoritarian regimes, while dumping and unfair competition from China undermine the global economic order. A new United States administration was formed at the beginning of the year, adopting all-new strategies and policies to address challenges both domestic and from overseas. Every nation worldwide, including ours, is facing a new phase of changes and challenges...

First, for overall national security, so that we can ensure the freedom, democracy, and human rights of the Taiwanese people, as well as the progress and development of the nation as we face various threats from authoritarian regimes, Taiwan must resolutely safeguard national sovereignty, strengthen self-sufficiency in national defense, and consolidate national defense. Taiwan must enhance economic resilience, maintain economic autonomy, and stand firm with other democracies as we deepen our strategic partnerships with like-minded countries. As I have said, ‘As authoritarianism consolidates, democratic nations must come closer in solidarity!’

And so, in this new year, we will focus on the following three priorities:

First, to demonstrate our resolve for national defense, we will continue to reform national defense, implement whole-of-society defense resilience, and prioritize special budget allocations to ensure that **our defense budget exceeds 3 percent of GDP.**

Second, to counter the threats to our national security from China's united front tactics, attempts at infiltration, and cognitive warfare, we will continue with the **reform of our legal framework for national security** and expand the national security framework to boost societal resilience and foster unity within.

Third, to seize opportunities in the restructuring of global supply chains and realignment of the economic order, we will continue advancing our economic and trade strategy of being rooted in Taiwan while expanding globally, strengthening protections for high-tech, and collaborating with our friends and allies to build **supply chains for global democracies.**

Everyone shares concern regarding Taiwan-US relations, semiconductor industry development, and cross-strait relations. For these issues, I am proposing clear-cut national strategies.

**First, I will touch on Taiwan-US relations.**

Taiwan and the US have shared ideals and values, and are staunch partners within the democratic, free community. We are very grateful to President Donald Trump's administration for their continued support for Taiwan after taking office. We are especially grateful for the US and Japan's joint leaders' statement reiterating "the importance of maintaining peace and stability across the Taiwan Strait as an indispensable element of security and prosperity for the international community," as well as their high level of concern regarding China's threat to regional security.

In fact, the Democratic Progressive Party government has worked very closely with President Trump ever since his first term in office, and has remained an international partner. The procurement of numerous key advanced arms, freedom of navigation critical for security and stability in the Taiwan Strait, and many assisted breakthroughs in international

diplomacy were made possible during this time.

Positioned in the first island chain and on the democratic world's frontline countering authoritarianism, Taiwan is willing and will continue to work with the US at all levels as we pursue regional stability and prosperity, helping realize our vision of a free and open Indo-Pacific. Although changes in policy may occur these next few years, the mutual trust and close cooperation between Taiwan and Washington will steadfastly endure. On that, our citizens can rest assured.

In accordance with the Taiwan Relations Act and the Six Assurances, the US announced a total of 48 military sales to Taiwan over the past eight years amounting to US\$26.265 billion. During President Trump's first term, 22 sales were announced totaling US\$18.763 billion. This greatly supported Taiwan's defensive capabilities.

On the foundation of our close cooperation with the past eight years' two US administrations, Taiwan will continue to demonstrate our determination for self-defense, accelerate the bolstering of our national defense, and keep enhancing the depth and breadth of Taiwan-US security cooperation, along with all manner of institutional cooperation.

In terms of bilateral economic cooperation, Taiwan has always been one of the US's most reliable trade partners, as well as one of the most important cooperative partners of US companies in the global semiconductor industry. In the past few years, Taiwan has greatly increased both direct and indirect investment in the US. By 2024, investment surpassed US\$100 billion, creating nearly 400,000 job opportunities. In 2023 and 2024, investment in the US accounted for over 40 percent of Taiwan's overall foreign investment, far surpassing our investment in China. In fact, in 2023 and 2024, Taiwanese investment in China fell to 11 percent and 8 percent, respectively. The US is now Taiwan's biggest investment target.

Our government is now launching relevant plans in accordance with national development needs and the need to establish secure supply systems, and the Executive Yuan is taking a comprehensive inventory of opportunities for Taiwan-US economic and trade cooperation. Moving forward, close bilateral cooperation will allow us to expand US investment and procurement, facilitating balanced trade. Our

government will also strengthen guidance and support for Taiwanese enterprises on increasing US investment, and promote the global expansion and growth of Taiwan's industries.

We will also boost Taiwan-US cooperation in tech development and manufacturing for AI and advanced semiconductors, and work together to maintain order in the semiconductor market, shaping a new era for our strategic economic partnership.

**Second, the development of our semiconductor industry.**

I want to emphasize that Taiwan, as one of the world's most capable semiconductor manufacturing nations, is both willing and able to address new situations.

With respect to President Trump's concerns about our semiconductor industry, the government will act prudently, strengthen communications between Taiwan and the US, and promote greater mutual understanding.

We will pay attention to the challenges arising from the situation and assist businesses in navigating them. In addition, we will introduce an initiative on semiconductor supply chain partnerships for global democracies. We are willing to collaborate with the US and our other democratic partners to develop more resilient and diversified semiconductor supply chains. Leveraging our strengths in cutting-edge semiconductors, we will form a global alliance for the AI chip industry and establish democratic supply chains for industries connected to high-end chips. Through international cooperation, we will open up an entirely new era of growth in the semiconductor industry.

As we face the various new policies of the Trump administration, we will continue to uphold a spirit of mutual benefit, and we will continue to communicate and negotiate closely with the US government. This will help the new administration's team to better understand how Taiwan is an indispensable partner in the process of rebuilding American manufacturing and consolidating its leadership in high-tech, and that Taiwan-US cooperation will benefit us both.

**Third, cross-strait relations.**

Regarding the regional and cross-strait situation, Taiwan-US relations, US-China relations, and interactions among Taiwan, the US, and China are a focus of global attention. As a member of the international democratic community and a responsible member of the region, Taiwan hopes to see Taiwan-US relations continue to strengthen and, alongside US-China relations, form a virtuous cycle rather than a zero-sum game where one side's gain is another side's loss.

In facing China, Taiwan will always be a responsible actor. We will neither yield nor provoke. We will remain resilient and composed, maintaining our consistent position on cross-strait relations:

Our determination to safeguard our national sovereignty and protect our free and democratic way of life remains unchanged.

Our efforts to maintain peace and stability in the Taiwan Strait, as well as our willingness to work alongside China in the pursuit of peace and mutual prosperity across the strait, remain unchanged.

Our commitment to promoting healthy and orderly exchanges across the strait, choosing dialogue over confrontation, and advancing well-being for the peoples on both sides of the strait, under the principles of parity and dignity, remains unchanged.”

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**In addition, let the record speak for itself:**

**1. Taiwan's semiconductor industry is an INTEGRAL part of the U.S.-led global SUPPLY CHAIN, characterized by close cooperation and mutual benefit rather than direct competition.** The U.S. and Taiwan are strengthening their semiconductor partnership, with Taiwanese companies expanding investments in the United States. These investments are a critical driver of American technological and economic growth. Taiwan has both the capability and the willingness to deepen collaboration with the U.S. to address challenges posed by authoritarian regimes to the United States and the global economy.

**2. Taiwan's expanding investment in the U.S. Is creating AMERICAN JOBS.** As of 2024, Taiwan's cumulative direct and indirect investments in the U.S. have exceeded \$100 billion. In parallel, U.S. exports of goods and services to Taiwan totaled \$46.4 billion, supporting approximately

360,000 American jobs across key states such as Texas, Arizona, Tennessee, and Florida. Taiwan remains committed to working with both the U.S. government and private sector to explore opportunities for industrial collaboration, driving economic growth and achieving mutual benefits.

**3. Taiwan's ADVANCED CHIPS INVESTMENT in the U.S. is progressing rapidly.** Taiwan Semiconductor Manufacturing Company (TSMC) initiated discussions on investing in Arizona during Trump's first term, and the project was finalized under his administration. TSMC's first fab in Arizona is nearing completion and will soon begin mass production of 4nm chips—a more advanced process than the 12nm chips being produced in Germany and Japan. TSMC has also announced plans to expand its U.S. investments by constructing second and third fabs in Arizona, with **total investments reaching \$65 billion—the largest greenfield foreign direct investment in U.S. history.** Beyond TSMC, other Taiwanese semiconductor firms are further strengthening U.S.-Taiwan collaboration. **GlobalWafers recently announced a \$4 billion investment** to build a new 12-inch silicon wafer fab in Texas and expand its 12-inch silicon-on-insulator (SOI) wafer capacity in Missouri, with both facilities expected to begin production by 2025. Additionally, Taiwan-U.S. semiconductor research partnerships are progressing well—**United Microelectronics Corp (UMC) is collaborating with Intel** to develop 12nm FinFET specialty process technology, and **MediaTek has partnered with Purdue University** to establish a semiconductor chip design center in Indiana.

**4. The U.S. and Taiwan Semiconductor Industries Are COMPLEMENTARY, Not Competitors.** In the global semiconductor market, particularly for high-end chips, U.S. technology firms dominate chip design, while Taiwan primarily specializes in semiconductor manufacturing. The most profitable segments of the tech industry are end products—such as AI servers, computers, and smartphones—where U.S. companies capture the lion's share of global revenue. Taiwan's semiconductor industry has thrived because U.S. tech giants recognize Taiwan's advanced industrial ecosystem and highly skilled workforce. As a result, U.S.-Taiwan supply chain collaboration continues to deepen, forming an integrated and mutually beneficial partnership.

**5. Taiwan's Chips Strengthens America's ARTIFICIAL INTELLIGENCE**

**LEADERSHIP.** President Trump recently announced his vision to establish the U.S. as the global hub for artificial intelligence (AI) with the launch of “Project Stargate.” His meeting with NVIDIA CEO Jensen Huang underscored America’s determination to maintain AI leadership. Leading U.S. technology firms, including NVIDIA and AMD, are aggressively advancing AI development. Taiwan remains a critical partner in meeting the growing demand for high-performance AI chips, further reinforcing the U.S. position in AI innovation. As the AI industry evolves, Taiwan will remain an indispensable, capable, and trusted ally, helping to drive American technological and economic growth.

**6. Taiwan’s Trade Surplus with the U.S. Does Not Account for ARMS SALES.** Taiwan’s trade surplus with the U.S. appears substantial; however, this figure does not take into account Taiwan’s extensive military procurements from the United States. If U.S. arms sales to Taiwan were included, the trade imbalance would be significantly reduced. Since the beginning of Trump’s first term in 2017, the U.S. has approved \$19.7 billion in Foreign Military Sales (FMS) to Taiwan. During that time, Taiwan accounted for 12.1% of total U.S. global arms sales—more than the combined sales to Lithuania and Japan, which ranked second and third, respectively. Taiwan will continue expanding its defense procurement from the U.S. to enhance its self-defense capabilities.

**7. The Real Challenge We Face: CHINA’S Overproduction and Market Distortion.** China’s state-backed overproduction, fueled by massive government subsidies, has severely disrupted global economic stability. In industries such as mature-node semiconductors and packaging/testing, Chinese firms’ aggressive price-cutting strategies have made it increasingly difficult for companies in Taiwan and South Korea to compete. This challenge extends beyond semiconductors—industries such as steel, renewable energy, automobiles, display panels, high-speed rail, shipbuilding, textiles, and petrochemicals have all suffered from China’s market distortions and predatory pricing tactics.

Democratic nations must unite to address the threat posed by China’s industrial overcapacity and unfair trade practices. A forward-looking approach to economic and trade cooperation among allies is essential. Taiwan, as a steadfast partner of the U.S., has both the capability and the determination to collaborate in addressing these economic challenges posed by authoritarian regimes.

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