



民主進步黨

Democratic Progressive Party of Taiwan

Analysis: Critical Flaws in the TPP's Defense Budget Proposal

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**TPP'S BUDGET PROPOSAL:
STRATEGICALLY DANGEROUS**

- ✗ CUTS supplemental budget by 67%
- ✗ SLASHES critical defense systems
- ✗ NO infrastructure matching funds
- ✗ RISKS US arms sales procedures

WE MUST WORK TOGETHER to meet Taiwan's defense needs

DPP Mission to the U.S.



TPP Alternative Special Budget: Inadequate and Strategically Problematic

Following TPP Chairman Huang Kuo-chang's Jan. 12 visit to DC, the Taiwan People's Party submitted an alternative special budget proposal to the Legislative Yuan on Jan. 26. The proposal is strategically deficient in several critical ways:

First, the TPP would cut the budget by two-thirds. The TPP proposes only NT\$400 billion over eight years, one-third of the government's NT\$1.25 trillion (US\$40 billion). This level of spending is simply inadequate given the urgency of Taiwan's situation. The TPP's figure seems to be derived from items of approved US arms sales from the Dec. 17 Congressional notifications. However, these items were never intended to represent total sales over the next eight years, but only the first round. In fact, additional Foreign Military Sales cases are already under discussion, and further procurement will obviously be needed over the coming years.

Second, the TPP excludes critical systems. In addition to precluding any significant future US arms sales, the TPP budget strips out other categories of spending, including 200,000 drones, AI-enhanced C5ISR systems, development of non-PRC supply chains, and the entire T-Dome missile defense system. These cuts would create significant gaps in Taiwan's ability to defend itself and undermine the integrated defense strategy developed jointly with its US counterparts.

Third, the TPP misunderstands US procurement procedures. The government's proposal is the product of over a year of consultations between Taiwan's Ministry of National Defense (MND) and its US counterparts. The professionals on both sides reached consensus on the items Taiwan most urgently needs and assembled them into a coherent package. The special budget needs enough flexibility to enable Taiwan to work smoothly with US arms sales procedures. However, the TPP, in addition to restricting the types of items to be purchased, would impose impractical processes, such as annual reviews, that would hamper longstanding cooperation.

Fourth, the TPP provides no matching funds for essential infrastructure. The TPP proposal lacks matching funds for local companies to build maintenance and logistics facilities for the weapons, such as bunkers and

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vehicle shelters for the HIMARS system. The MND has warned that
weapons purchased without proper facilities to store and maintain them
could be damaged.

We recognize one potential positive: As flawed as the TPP's submission is, it might have at least some procedural utility, IF it means that the TPP will cease obstructing review of the special budget. To this day, the TPP has been in lockstep with the KMT in preventing any review of the government's proposal.

The current stalemate creates a timing problem. According to the MND, the US has elevated Taiwan's foreign military sales status to "quasi-NATO member," notably by shortening the response windows for letters of acceptance (LOA) from 45 to 30 days. If the Legislative Yuan continues blocking the special budget and MND cannot sign the LOA in time, even the current arms sales package could be derailed.*

The DPP urges all parties to engage in serious discussion of the special budget. We cannot support a proposal that falls this far short of Taiwan's urgent defense needs and jeopardizes our effective partnership with the United States.

* TPP's special budget bill would hamper arms procurement: MND official (CNA)

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China Influence Tracker (XV)

TAIWAN TAOYUAN INTERNATIONAL AIRPORT

CCP CONDITIONS PARTY MEETINGS
ON BLOCKING DEFENSE BUDGET

COURTS COMBAT INFILTRATION
& ESPIONAGE

MARITIME INTIMIDATION
FOLLOWS DECEMBER'S DRILLS

CHINA INFLUENCE TRACKER XV
DPP Mission to the U.S.

February 3rd, 2026

Happy Tuesday, and welcome back to the CIT. January showed Beijing's

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willingness to say the quiet part out loud: party meetings now come with legislative price tags, Taiwan's officials get named in legal threats, while the pretense of routine military operations wears thin. Here's our readout, straight from Taipei.

January's Toplines

CCP conditions party meetings on blocking the defense budget:

The KMT-CCP Think Tank Exchange Forum moved forward on February 3rd after extended postponement, while Taiwan's defense budget remained stalled amid reports Beijing conditioned cross-strait engagement on legislative obstruction.

Maritime intimidation follows December's drills: Steady PLA patrols and "law enforcement" operations continued, including a high-altitude drone incursion into Taiwan's airspace.

Courts confirm CCP election interference: Judicial cases exposed direct TAO involvement in Taiwan's elections and ongoing infiltration networks across military and civilian sectors.

BEIJING'S PRICE TAG: Late January media reports revealed the KMT-CCP Forum postponement came with three explicit conditions from China's Taiwan Affairs Office: block the NT\$1.25 trillion defense budget, acknowledge "the ROC won't exist" in post-unification arrangements, and oppose Taiwan-U.S. supply chain cooperation while promoting a "second westward expansion" of Taiwanese investment into China.

The forum convened on February 3 in Beijing, with **TAO Director Song Tao demanding adherence** to the 1992 Consensus and opposition to Taiwan independence as preconditions for dialogue. KMT Vice Chairman Hsiao Hsu-tsen echoed Tao's terms while emphasizing people's livelihoods and cooperation as the forum's main focus.

Beijing views Legislative Yuan budget votes as bargaining chips. Chinese authorities reportedly assess that passage of the defense package would pose a "structural challenge" to PLA advantages in the Taiwan Strait. When asked, the TAO refused to deny these conditions, offering only boilerplate about the "1992 Consensus and opposition to Taiwan independence."

KMT responses are split. Vice Chairman Hsiao Hsu-tsen dismissed reports as "fabricated stories." Vice Chairman Chang Jung-kung gave a PRC media

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interview emphasizing "political mutual trust" and the "one-China principle" as prerequisites while criticizing the DPP's "state-to-state framing." We warned that Beijing now demands concrete "performance metrics" that would undermine Taiwan's self-defense capabilities.

Taiwan draws a strategic line: allies versus a "second westward pivot."

On the same day as the think tank forum, President Lai highlighted Taiwan's deepening cooperation with the United States and other democracies during the sixth US-Taiwan Economic Prosperity Partnership Dialogue, framing the choice for Taiwanese citizens as one between "joining hands with the US and allies" or "a second westward pivot toward China." At the Beijing forum, KMT Vice Chairman Hsiao Hsu-tsen countered that cross-strait cooperation should focus on "earning money from the world," warning that rivalry only allows foreign countries to "reap benefits" at Taiwan's expense.

For our part, we reject Beijing's framing. Mainland Affairs Council Minister Chiu Chui-cheng criticized Song Tao's remarks as "unfriendly and not straightforward," describing them as resembling a lecture rather than genuine dialogue. Chiu stated that current tensions stem from Beijing's sustained pressure campaign and warned that risks faced by Taiwanese citizens traveling to China, including detentions and restrictions on personal freedom, have risen sharply.

Initial reports of the forum's conclusions include calls for relaxed cross-strait personnel movement, expanded AI and industrial cooperation, and disaster relief collaboration. DPP legislator Puma Shen immediately flagged concrete national security concerns, noting that these proposals **overlap with opposition efforts to block China travel reporting requirements, weaken the Anti-Infiltration Act, and strip defense cooperation provisions from the special budget.**

LEGAL WARFARE GETS PERSONAL: TAO spokesperson Chen Binhua designated Taiwan's Interior Minister Liu Shyh-fang and Education Minister Cheng Ying-yao as "diehard Taiwan independence elements," threatening entry bans for them and their families. Chen also publicly named a Taiwanese prosecutor as a "Taiwan independence accomplice," claiming authorities would collect "criminal evidence."

Chinese Foreign Minister Wang Yi claimed UN Resolution 2758 "completely resolved Taiwan's representation from a legal standpoint." Taiwan's MOFA immediately refuted this, noting the resolution addresses only China's UN representation and says nothing about Taiwan's sovereignty or authorizing the PRC to represent Taiwan.

Beijing also weaponized the Straits Exchange Foundation (SEF)

leadership transition. The TAO asserted that cross-strait dialogue could resume only if Taiwan accepted the "1992 Consensus embodying the One China principle," a formulation that didn't exist when the SEF was established in 1991.

INFORMATION WARFARE ESCALATES: Taiwan's Information Operations Research Group released analysis showing Beijing's December propaganda exploited the "Taiwan independence" label to fragment society. Over 2,400 propaganda texts about the military drills emphasized phrases like "strike at the outset," "tightening the noose," and "trapping the enemy in a jar."

Beijing also targeted the government's measures to restrict the use of Chinese social media app RedNote, accusing the DPP of creating an "information cocoon" without addressing Taiwan's tele-frauds concerns, while portraying Taiwanese RedNote users as "returning to their roots" to legitimize Chinese identity claims.

MILITARY PRESSURE CONTINUES: The PLA launched "joint combat readiness patrols" twice in January, timed with sensitive domestic political moments. Gray-zone operations included also included Coast Guard "rights protection patrols" around Diaoyutai, intrusions into Kinmen restricted waters, a drone entering Pratas airspace, and Z-10 helicopters deliberately activating transponders while approaching the median line's northern segment toward Taipei. The TAO framed these actions as "in accordance with law and regulations." Taiwan's MAC countered that packaging military operations as "law enforcement" constitutes provocation. A recent DPP report documented a 15-fold increase in military aircraft incursions from 2020 to 2025.

INFILTRATION NETWORKS EXPOSED: Courts ordered CTi TV News anchor Lin Chen-you held incommunicado for allegedly recruiting military personnel to provide intelligence to Chinese contacts. This marked the fourth investigative wave from a Marine Corps sergeant's pledge-of-allegiance video, revealing systematic CCP infiltration operations.

Courts also finalized four-and-a-half-year sentences for two Unification Alliance Party officials who recruited citizens to travel to China and directed election interference under TAO guidance. TAO personnel participated throughout the trips promoting "peaceful unification" and the "1992 Consensus," marking clear judicial confirmation of direct CCP involvement in Taiwan's democratic processes.

Additional cases included indictments of businessman Cheng Ming-chia and retired Executive Yuan official Hu Peng-nien for recruiting under the direction of the United Front Work Department, plus an eight-year retrial

And our response? Defense Minister Wellington Koo called on all parties to support Taiwan's defense posture. SEF Secretary-General Luo Wen-jia cautioned against sacrificing national security for partisan interests. The MAC emphasized that the CCP consistently imposes political preconditions on cross-strait interactions.

JANUARY'S PATTERN: Beijing uses party channels as coercion vehicles, normalizes military intimidation through legal semantics, and systematically penetrates Taiwan's institutions. The question is how Taiwan and its partners respond to influence operations demanding legislative compliance as the price of "dialogue."

In collaboration with the DPP China Affairs Department, the latest DPP U.S. Mission report provides key updates on the evolving cross-strait situation, detailing the escalation of China's military intimidation, gray zone activities, cognitive warfare, and United Front infiltration targeting Taiwan. Enclosed are the recent developments, offering a comprehensive overview of the current threat landscape, Taiwan's countermeasures, and emerging public opinion trends shaping the strategic environment.

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