

By John Curtis

23 June 2021

Taiwan: Country profile & international relations



Summary

- 1 History and domestic politics
- 2 International recognition and membership of international organisations
- 3 Relations with China
- 4 Relations with the United Kingdom

Contributing Authors

Matthew Ward, Trade statistics

Image Credits

Taiwan-flag by Arabani. Licensed under CC BY-SA 2.0

Disclaimer

The Commons Library does not intend the information in our research publications and briefings to address the specific circumstances of any particular individual. We have published it to support the work of MPs. You should not rely upon it as legal or professional advice, or as a substitute for it. We do not accept any liability whatsoever for any errors, omissions or misstatements contained herein. You should consult a suitably qualified professional if you require specific advice or information. Read our briefing [‘Legal help: where to go and how to pay’](#) for further information about sources of legal advice and help. This information is provided subject to the conditions of the Open Parliament Licence.

Feedback

Every effort is made to ensure that the information contained in these publicly available briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated to reflect subsequent changes.

If you have any comments on our briefings please email papers@parliament.uk. Please note that authors are not always able to engage in discussions with members of the public who express opinions about the content of our research, although we will carefully consider and correct any factual errors.

You can read our feedback and complaints policy and our editorial policy at commonslibrary.parliament.uk. If you have general questions about the work of the House of Commons email hcenquiries@parliament.uk.

Contents

Summary	5
1 History and domestic politics	8
1.1 Overview	8
1.2 History	9
Early history to the Chinese Civil War	9
Chinese Civil War and Second World War	10
Kuomintang defeated by Communists and retreat to Taiwan	10
Move towards democracy and ‘Taiwanization’	11
1.3 Domestic Politics	12
Constitution today	12
Two-party system	12
2 International recognition and membership of international organisations	14
International recognition	14
Taiwan’s membership of international organisations	14
World Health Organisation (WHO) & Covid-19	16
UK Policy	17
3 Relations with China	18
3.1 Background and summary	18
3.2 1992 Consensus and improving relations 2008-16	19
Improving relations under President Ma Ying-jeou	19
3.3 2016 election of President Tsai Ing-wen & KMT changes stance	20
Beijing’s response	21
3.4 Xi Jinping hardens stance & military incursions increase	22
Xi talks of “one country, two systems”	22
Tsai’s response and analysis	22
China ramps up military pressure in 2020/21	24

3.5	Could these tensions lead to conflict?	24
	US military warnings	24
	Other assessments	25
	Risk of accidents and misunderstandings	26
4	Relations with the United Kingdom	27
4.1	Diplomatic relations	27
4.2	Defence	28
4.3	UK-Taiwan trade and investment statistics	29
	Trade	29
	Trade in goods	31
	Trade in services	32
	Investment	33

Summary

History and domestic politics

Taiwan is an island in the South China Sea, around 100 miles off the coast of China on which nearly 24 million people live. The Communist Party-controlled People's Republic of China (PRC) considers Taiwan as a breakaway province that must return to the mainland's control.

According to [Taiwan's constitution](#) its official name is the Republic of China (ROC). This is a remnant of a political entity formed on the Chinese mainland more than 100 years ago. The ROC does not officially recognise the PRC, and its constitution still asserts sovereignty over mainland China.

Countries and international organisations will often refer to Taiwan officially by the name of its capital, Taipei, or sometimes Chinese Taipei.

Taiwan was administered by China's Qing dynasty from 1683 to 1895. In 1895, Japan won the First Sino-Japanese War, and the Qing government had to cede Taiwan to Japan.

After the Japanese surrender at the end of World War Two, the Republic of China Government took control of the island of Taiwan.

Civil war broke out in China between the ROC government led by the Kuomintang (Chinese Nationalist Party) and Communist Party forces. The Chinese ended civil war in 1949, when the defeated Kuomintang nationalist government led by Chiang Kai-shek, fled to the island as the Communists, under Mao Zedong, took power in the mainland.

Chiang Kai-shek, formed an effective military dictatorship, putting Taiwan under martial law. Its leadership was for decades dominated by those who fled from the Chinese mainland. Chiang led an economic transformation on the island, putting it on a path to become the leading economy it is today with advanced manufacturing capabilities.

In the 1980's Taiwan began to transition to a democracy, removing martial law and the ban on opposition parties.

Today the island is a thriving democracy with competitive elections and is currently led by Tsai Ing-wen, its first female president, whose Democratic Progressive Party (DPP) supports autonomy for Taiwan.

International recognition and membership of international organisations

China insists that countries cannot have diplomatic relations with both it and Taiwan and has successfully pressured most countries into breaking off

diplomatic recognition of Taiwan. Currently only around 15 countries in the world have formal diplomatic relations with Taipei.

Taiwan, sitting as the ROC, held China's seat at the United Nations until 1971, when the body recognised the People's Republic of China as the only lawful representative of China, and expelled the ROC's delegation.

In recent years China has also increased its efforts in blocking Taiwan's participation in international organisations, even as an observer. Since 2016 this has included Taiwan's attendance at the World Health Assembly (WHA), the annual decision-making forum of the World Health Organisation, which has received particular attention in recent years due to the Covid-19 pandemic.

Relations with China

The PRC maintains that mainland China and Taiwan are parts of "one China" whose sovereignty cannot be divided.

China passed an [Anti-Secession Law in 2005](#). The law commits Beijing to "do its utmost with maximum sincerity to achieve a peaceful unification" with Taiwan. It states, however, 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".

Relations between Taiwan and China improved significantly between 2008 and 2016. However, the election of the DPP's Tsai Ing-wen as President in 2016, who does not endorse the PRC's "One China" policy and has recently stated that Taiwan is "already an independent country", along with a more assertive stance from China under President Xi Jinping, have seen a significant deterioration in relations.

Over the last few years military tensions have escalated rapidly, and 2020 saw the highest number of Chinese incursions into Taiwan's air defence identification zone (ADIZ) since 1996. This has fuelled speculation that conflict could erupt between the two sides.

Most analysts do not believe military action by China is likely in the short term. However, increased tensions and a lack of contacts between the two sides mean that there is a significant risk that a confrontation could emerge through accident or misunderstanding.

Relations with the UK

The UK, like most other countries, does not recognise Taiwan, nor maintain formal diplomatic relations with the island. The UK says the dispute between Taiwan and the People's Republic of China should be resolved "through dialogue, in line with the views of the people on both sides of the Taiwan Strait". It has no plans to recognise Taiwan as a state. The UK does support Taiwan's participation in international organisations as an observer.

The UK's diplomatic presence on the island is maintained through an outpost call the "British Office Taipei". The subject on which the UK and Taiwan most regularly engage is trade, and the two sides hold annual rounds of trade talks. In 2020, the UK exported £2.4 billion of goods and services to Taiwan and imported £3.6 billion. Taiwan was the UK's 39th largest export market, accounting for 0.4% of UK exports of goods and services and the 30th largest source of imports, accounting for 0.7% of the UK's imported goods and services.

There is now a greater focus on the UK's foreign and defence policy towards Taiwan and the surrounding region. This is in part because of the recent [Integrated Review of Security, Defence, Development and Foreign Policy](#), that said the UK would "tilt to the Indo-Pacific" region. The review also described China as a "systemic competitor". The UK's new aircraft carrier, HMS Queen Elizabeth, recently embarked on its first deployment lasting eight months, and it has been reported that "its centrepiece" will be "a freedom of navigation exercise in the South China Sea", fuelling speculation it could sail through the Taiwan Strait between the island and China.

1 History and domestic politics

1.1 Overview

Taiwan is an island in the South China Sea, around 100 miles off the coast of China on which nearly 24 million people live. The Communist-controlled People's Republic of China (PRC) considers Taiwan as a breakaway province that must return to the mainland's control.

According to [Taiwan's constitution](#) its official name is the Republic of China (ROC). This is a remnant of a political entity formed on the Chinese mainland more than 100 years ago. The ROC does not officially recognise the PRC, and its constitution still asserts sovereignty over mainland China.

Taiwan has all the main features of a nation state, including a democratically elected government.¹ However, only 15 nations recognise it as a country and have formal diplomatic ties with it. The UK is part of the majority that do not.

Countries and international organisations will often refer to Taiwan officially by the name of its capital, Taipei, or sometimes Chinese Taipei.

This complex status arises from Taiwan's history and political developments over the last few decades which is explored in the next section.

At the least, most of the population on the island support the status quo of de facto independence, though fewer believe in declaring that formally. A growing sense of a Taiwanese identity, separate from Chinese is emerging on the island, strongest amongst the young.²

Taiwan has transformed itself from an effective military dictatorship to a thriving democracy, and from an impoverished country to a leading economy with advanced manufacturing capabilities, such as its computer chip industry, which the world is dependent on- around 90 per cent of the most advanced microchips are manufactured in Taiwan.³

¹ As defined by Article 1 of the [Montevideo Convention on the Rights and Duties of States](#).

² Pew Research Centre, '[In Taiwan, Views of Mainland China Mostly Negative](#)', 12 May 2020.

³ '[Why the world should pay attention to Taiwan's drought](#)', BBC News, 20 April 2021.

1.2

History

Taiwan's complex history explains its fraught relations with the People's Republic of China, and why so few countries have diplomatic relations with the Island.

Early history to the Chinese Civil War

Taiwan's indigenous people are ethnic Malays from Southeast Asia, whose ancestors migrated to the island thousands of years ago.⁴

The island seems to have first appeared in Chinese records in AD239, when an emperor sent an expeditionary force to explore the area - something Beijing uses to back its territorial claim.⁵

Other cultural groups include the Hakka, and the majority Hoklo. Both originated from mainland China and are ethnically Han-Chinese. The Hakka have a distinct language and culture and originated in northern China, but then moved south to Guangdong and Fujian provinces. The Hoklo came from Fujian province. In the 17th Century both the Hakka and Hoklo migrated in large numbers to Taiwan.⁶

Europeans named the island Formosa, and this was the name many European countries used for the island until the mid-20th Century.

After a few decades as a Dutch colony (1624-1661), Taiwan was administered by China's Qing dynasty from 1683 to 1895. However, the Qing Empire's control of the island was fairly loose, and it wasn't until 1885 that Taiwan was incorporated as a full province of China, after more settlers from the mainland moved there.

Ten years later, in 1895, the Qing Empire was forced to cede control of Taiwan to Japan, after it was defeated in the first Sino-Japanese war.⁷

In mainland China, a revolution in 1911 brought down the Qing dynasty. A new Republic of China (ROC) was formed in 1912. One of the leaders of the 1911 revolution was Sun Yat-sen, who founded the Kuomintang (Nationalist Party of China) and was briefly the Republic's President. The ROC struggled to maintain control of China, with warlords taking over swathes of territory. Another challenge to its authority was the Communist Party of China, founded in 1921. Tensions between the Communists and the Kuomintang-led ROC Government led to the start of a civil war in 1927.

⁴ 'Forbidden Nation: A History of Taiwan', Manthorpe J, 2009, pp xi-xii.

⁵ ['What's behind the China-Taiwan divide?'](#), BBC News, 26 May 2021.

⁶ 'Forbidden Nation: A History of Taiwan', Manthorpe J, 2009, pp xi-xii.

⁷ Sovereignty was ceded in perpetuity to Japan under the Treaty of Shimonoseki of 1895.

Chinese Civil War and Second World War

The Chinese Civil War between the Kuomintang-led Nationalist Government and the Communists continued until 1937, when Japan invaded mainland China, in a conflict called the Second Sino-Japanese War. The Kuomintang and the Communists agreed to a truce to both fight the Japanese forces.

In 1943 at the [Cairo Conference](#), President Roosevelt of the US and UK Prime Minister Winston Churchill met with ROC President and Kuomintang leader Chiang Kai-shek. They agreed that territories taken from China by Japan, including Manchuria and Taiwan, would be returned to the control of the Republic of China after Japan was defeated (the Allied forces of the Second World War had been fighting Japan in the Pacific region since December 1941).⁸

Taiwan returned to China and civil war resumes

After the Japanese surrender at the end of World War Two, the Republic of China Government took back control of the island of Taiwan.

The end of the war also saw the Communists and Kuomintang resume hostilities. The ROC suspended some of the elements of its new constitution, such as Presidential term limits, in what were called “temporary provisions” to deal with the emergency of the Civil War. These temporary provisions were kept and used by the ROC to maintain the Kuomintang’s later rule in Taiwan.

In 1947 ROC troops were dispatched from China to suppress a large-scale uprising of Taiwan residents, upset at official corruption. Thousands were killed in the crackdown.

Kuomintang defeated by Communists and retreat to Taiwan

In 1949 after military defeat by Communist forces, the ROC government, led by Chiang Kai-shek, retreated and relocated to Taiwan. Over the next several years 1.2 million people from mainland China fled to the Island. On 1 October 1949, Mao Zedong, Chairman of the Communist Party, formally declared the establishment of the People’s Republic of China (PRC).

Martial law declared and domination by mainlanders

Martial law was declared in Taiwan in 1949 and continued to be in force until 1987. The Kuomintang justified the use of this power by saying it was necessary because of the threat of invasion by Communist forces.

⁸ China joined the Allied Powers formally in December 1941, a few days after the Japanese attack on Pearl Harbor, and its invasion of British colonies in the Indo-Pacific, when it signed a declaration of war against Japan, Germany and Italy. To some extent, therefore, the Second Sino-Japanese War that was fought from 1937-45 between China and Japan “merged” with the Pacific theatre of the Second World War. Both conflicts came to the end with the defeat of Japan in 1945.

The ROC continued to see itself as the legitimate government of the whole of China and refused to recognise the PRC. ROC officials continued to represent China at international organisations like the UN, and, at first, few countries recognised the PRC.

Most of the politicians elected to represent China's mainland provinces in 1947-48 relocated to Taiwan with the Kuomintang Government. These mainland representatives continued to sit in the legislature and had their legislative terms extended indefinitely, with the Kuomintang Government saying fresh elections would be held when they retook China.

Most positions in the ROC Government were held by Chinese mainlanders, and this elite controlled the civil service and military.⁹

Thousands of political dissidents were imprisoned in the early 1950s, ostensibly to crackdown on Communist "spies", however the arrests targeted almost anyone who might pose a threat to the Kuomintang regime. The years of authoritarian control in Taiwan are known as the "[white terror](#)".¹⁰

Chiang Kai-shek ruled unchallenged as an effective dictator, until his death in 1975. He oversaw a few decades of very high economic growth as Taiwan rapidly industrialised.

Move towards democracy and 'Taiwanization'

In the 1970's the Kuomintang made a greater effort to include Taiwan natives in the party, though it took some time for them to achieve senior positions. It also made some limited democratic reforms.

In 1969 elections started to be held for Taiwan's legislative bodies.¹¹ However, these elections were only for a small number of seats, and opposition parties were banned, so non-Kuomintang candidates could only stand as independents. Elected representatives were outnumbered by unelected life members.

Chiang Kai-shek's son Chiang Ching-kuo took over the running of the Kuomintang. Chiang Ching-kuo became Premier in 1972 and President in 1978. Although also effectively President-for-life, the younger Chiang did not try to construct a personality cult in the way that his father had done, and decision-making became more collective.¹²

During this period, however, the Kuomintang maintained its complete control of the state and mainstream media.

⁹ The Rise of Modern Taiwan, Maguire K, 1998, pp 110-11.

¹⁰ The White Terror period is sometimes said to have started with the "[228 massacre](#)", in February 1947, and continued till martial law was ended in 1987. Though there was a particularly concentrated period of arrests of dissidents in the 1950's.

¹¹ There were two legislative bodies, the National Assembly and the Legislative Yuan at that time.

¹² Fell, Dafydd. [History \(Taiwan\)](#), in Europa World online. Retrieved 07 June 2021.

The move to democracy finally achieved significant momentum in the 1980's. The ban on opposition parties was lifted in 1986, and in 1987 martial law was ended.

In 1991, competitive elections for the majority (but not all) seats in the National Assembly were held for the first time. All the surviving mainland-elected delegates were obliged to finally relinquish their seats. In 1992 the main legislative body, the Legislative Yuan, held direct elections for all its seats for the first time. The National Assembly was later abolished.

Taiwan elected its first non-Kuomintang politician as President in 2000 when Chen Shui-bian of the Democratic Progressive Party (DPP) was elected.

1.3 Domestic Politics

Constitution today

Taiwan has a President who serves as Head of State. Presidents are directly elected on a joint ticket with a Vice President for four-year terms and can serve two terms in total.

The President has control over foreign affairs and defence, including heading the armed forces. They appoint the Premier (Prime Minister), and the Premier advises the President on appointments to the 'Executive Yuan Council' (Cabinet) and other senior Government posts.

The Premier runs the government on a day-to-day basis and steers the domestic policy agenda.

The Legislative Yuan, or parliament, is the unicameral legislature of Taiwan. Members are voted for four-year terms as part of the general elections that also chose the President.

Taiwan's constitution derives from the 1947 constitution of the Republic of China. The constitution has been revised repeatedly over the years, particularly since the democratic era, but it contains some original elements. This includes the name the Republic of China, and a territorial claim to mainland China.¹³

Two-party system

Since the transition to democracy Taiwan has settled into a two-major-party system (there are other smaller parties, but they have never held executive power).

¹³ It also has references to delegates from Mongolia. Taiwan only started treating Mongolia as an independent country in 2002, and the [Government claimed in 2012](#) that the constitution does not include Mongolia as part of the ROC's sovereign territory.

The Kuomintang (KMT), was the ruling party under the period of martial law and effective dictatorship, though is now committed to democratic politics. The Democratic Progressive Party (DPP), grew out of the Taiwanese democracy movement against the KMT.

In 2000 the DPP gained the Presidency for the first time, ending more than half a century of KMT rule over Taiwan. The DPP then won legislative elections the following year.

At the 2008 election, the KMT regained the Presidency and its majority in the legislature (elections for both now took place in the same years).

In the 2016 election the pendulum swung back to the DPP after they won a majority of seats in the legislature and the DPP candidate Tsai Ing-wen won the presidential election. President Tsai was re-elected in January 2020; and the DPP retained its lead in the legislature, albeit with a slightly reduced majority.

Party policies on China and Taiwanese identity

The KMT and DPP do not fit neatly into Western political conceptions of left or right.¹⁴ For the purpose of this paper, the most important dividing line between them is their approach to China and Taiwanese identity.

The KMT's stance for most of its existence was that Taiwan was part of China, but the Republic of China Government based in Taiwan was the legitimate government of that country, not the People's Republic of China. Whilst in power in the democratic era, particularly under the Presidency of Ma Ying-jeou (2008-16), it has also sought to ease tensions with the PRC and build up engagement with the mainland, including economic links.

The DPP has asserted that Taiwan is culturally and politically separate from mainland China. It did support declaring formal independence for Taiwan in the 1990s. But now, particularly under the leadership of Tsai Ing-wen, it asserts support for the status-quo stating that Taiwan is already independent as the Republic of China. In its charter the DPP states that any major changes to the ROC system would have to be done through public referendum, but it has not advocated for such a vote in the last few decades.¹⁵

For more information on the parties' stance on China see [section 3.2](#).

¹⁴ Government & Politics in Taiwan, Dafydd Fell, 2012, pp 84-85.

¹⁵ [‘No, Taiwan’s President Isn’t ‘Pro-Independence’](#), The Diplomat, 23 April 2020.

2

International recognition and membership of international organisations

International recognition

Currently only around 15 countries in the world have formal diplomatic relations with Taiwan. That number [has shrunk](#) in recent years, in part because of pressure from China.

Since Taiwan's DPP party, which asserts a distinct Taiwanese identity and autonomy for Taiwan, returned to power in 2016, China appeared to increase its pressure on the remaining countries that recognise Taiwan, with seven countries breaking ties with the island since then.¹⁶

Over the same period China has also increased its efforts to block Taiwan from participating in international organisations.

Taiwan's development into a democracy in the 1990's and fraying relations between many Western countries and China over the last several years, seems to have increased support in some of those countries for deepening ties with Taiwan, and supporting its participation in international fora. None, however, have expressed support for establishing formal diplomatic ties or recognising Taiwan as an independent country.

All would be mindful that China would see such a move as an extreme provocation.

Taiwan's membership of international organisations

United Nations

After losing the Chinese Civil War in 1949 Chiang Kai-shek's Kuomintang's government continued to represent China as the Republic of China (ROC) at the UN.

Disagreement grew over who was the legitimate representative of China. The US managed to block efforts to recognise the PRC. However, during the 1950s and 1960s decolonisation changed the composition of the UN General Assembly, with a large number of newly independent nations from South

¹⁶ ['The Economist Explains: Why Taiwan is not recognised on the international stage'](#), *The Economist*, 17 May 2020.

America, Asia and Africa, supporting the PRC's bid to be recognised as the sole legitimate representative of China.

In December 1961, the General Assembly passed [resolution 1668 \(XVI\)](#), noting the “serious divergence of views” that existed over the representation of China, and resolved that the issue be designated as an “important question” under [Article 18](#) of the UN Charter, meaning that any resolution to settle the question would require a two-thirds majority vote in the UN's General Assembly.

In October 1971, General Assembly passed [Resolution 2758](#) by the required two-thirds majority, which recognised the People's Republic of China as the only lawful representative of China, and expelled the ROC's delegation.

At the same session the United States attempted to submit its own resolution proposing dual representation from the PRC and ROC at the UN. However, the resolution above was voted on first and accepted. A US motion to amend the resolution, removing the “expulsion of Chiang” part was also rejected.

From 1993, Taiwan submitted annual applications to the UN for Membership, under the name of the ROC. In 2009 it submitted an application under the name Taiwan instead. All these applications were rejected.¹⁷

World Trade Organisation

In 1992 Taiwan was granted observer status at the General Agreement on Tariffs and Trade (GATT) -the World Trade Organisation's (WTO) predecessor - as the “Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei)”. It became a full member of the WTO in January 2002 under the same name, a few months after China's own accession in December 2001.

Taiwan had long qualified for membership, but was held back for more than a decade by China's objections.¹⁸ As well as states the WTO allows any “customs territory having full autonomy in the conduct of its trade policies” to join the organisation.¹⁹ Hong Kong is also a member of the WTO, having its own customs territory.

International Olympic Organisation (IOC) and other international organisations

Taiwan's participation at the Olympic Games, has been a source of tension over the decades. From the 1950s to the late 1970's, Taiwan competed as “Republic of China” (ROC). China refused to participate alongside them and boycotted several games, and the PRC was not represented on the IOC. Taiwan did not compete in the 1976 Olympic games after the Canadian Government refused to give its athletes visas unless it agreed to not compete using the ROC name, reportedly under pressure from the PRC. In 1979 the PRC was admitted to the IOC. In 1981, the IOC helped create a compromise, with

¹⁷ [‘Taiwan Tries New Name in Application for UN Membership’](#), VOA, 1 November 2009.

¹⁸ [‘Taiwan Joins WTO - 2002-01-01’](#), Voice of America, 1 January 2002.

¹⁹ WTO, [‘WTO accessions’](#), accessed 29 January 2021.

Taiwan agreeing to participate in future Olympic games using the name “Chinese Taipei”, and with a new anthem, flag and Olympic emblem.

In November 2018, in an advisory referendum, the Taiwanese electorate [rejected](#) the option to change the name of its Olympic team from Chinese Taipei to Taiwan. The “no” vote saved the Government from a difficult choice: although the referendum was advisory the Government said it would honour the result. However, the International Olympic Committee [warned Taiwan](#) that it could lose its right to compete if it tried to change its name for the 2020 Games in Tokyo.

Taiwan, under the name of “Chinese Taipei”, is a member of the [Asian Development Bank](#) and the [Asia-Pacific Economic Cooperation](#) regional forum.

World Health Organisation (WHO) & Covid-19

Taiwan’s status at the World Health Organisation (WHO) attracted attention at the outbreak of the Covid-19 pandemic in 2020, in part because of [the claims of the Taiwanese Government](#) that its warnings of the early spread of the disease were not shared by the WHO to other countries. Taiwan’s success at tackling the pandemic has been another factor.

Taiwan has observer status at the WHO under the name “Chinese Taipei”. However, since 2016 China has [blocked Taiwan’s attendance](#) at the World Health Assembly (WHA), the annual decision-making forum of the WHO.

In July 2020 Lord Ahmad of Wimbledon, the FCDO Minister for South Asia, [told the Lords](#) that the UK was lobbying for Taiwan to be able to attend relevant discussions at international fora such as the WHO.

The US, EU, Japan, and several other nations [backed](#) Taiwan's bid to attend the World Health Assembly in May 2020. The issue was due to be put to a vote, but Taiwan withdrew its request to hold a vote on whether it can regain its observer status at the WHA, citing limited time for other countries to discuss containment of the coronavirus pandemic.²⁰

2021

The G7 group of countries, that includes the UK, released a communiqué after their meeting in May 2021, which included support for “Taiwan’s meaningful participation in World Health Organisation forums and the World Health Assembly”.²¹

²⁰ [‘Taiwan postpones request for WHO observer status vote so members can focus on Covid-19 battle’](#), Hong Kong Free Press, 18 May 2020.

²¹ FCDO, [‘G7 Foreign and Development Ministers’ Meeting: Communiqué, London, 5 May 2021’](#).

A spokesperson for the Chinese Foreign Ministry described the G7's call as "gross interference in China's sovereignty".²²

Taiwan once again [failed to gain admittance](#) to the WHA that began on 24 May 2021. In [a statement](#) Minister of Foreign Affairs, Joseph Wu, rebuked the WHO for its "continued indifference" to the health of the island's 23.5 million people and urged the organization to "maintain a professional and neutral stance" and "reject China's political interference".²³

UK Policy

The UK was the first Western power to recognise the PRC, doing so in January 1950, and sending a Chargé d'affaires to Beijing. The UK broke off its recognition of the ROC at the same time.²⁴ The PRC did not reciprocate diplomatic relations with the UK, demanding the UK support its bid to take up the UN seat occupied by the ROC at that time.

The UK and the PRC finally exchanged ambassadors in 1972, and the UK closed down its consulate in Taiwan that same year. As part of establishing formal diplomatic relations, the UK and the PRC signed an agreement that "acknowledged the position of the government of the PRC that Taiwan was a province of China and recognised the PRC Government as the sole legal government of China".²⁵

In response to a [2016 petition](#) calling for the Government to recognise Taiwan as a country, the Government responded that the dispute between Taiwan and the People's Republic of China should be resolved "through dialogue, in line with the views of the people on both sides of the Taiwan Strait."

The "long-standing" UK policy was confirmed in a Lords debate on 14 July 2020, with Lord Ahmad saying on behalf of the Government:

The United Kingdom's long-standing policy on Taiwan has not changed. We have no diplomatic relations with Taiwan, but a strong unofficial relationship based on dynamic commercial, educational and cultural ties. We regularly lobby in favour of Taiwan's participation in international organisations where statehood is not a prerequisite, and we make clear our concerns about any activity that risks destabilising the cross-strait status quo. We have no plans to recognise Taiwan as a state.²⁶

²² Ministry of Foreign Affairs PRC, '[Foreign Ministry Spokesperson Wang Wenbin's Regular Press Conference on May 6, 2021](#)'.

²³ '[Taiwan, excluded from a world health forum, blames Chinese interference.](#)' New York Times, 24 May 2021

²⁴ 'Britain recognises Chinese communists', The Times, 7 January 1950.

²⁵ Foreign Affairs Select Committee 'East Asia', 2006 (HC 860-I, para 174-5):

²⁶ [HL Deb 14 July 2020 \[Taiwan\]](#).

3 Relations with China

3.1 Background and summary

As explored in [Section 1](#), the People's Republic of China (PRC) maintains that mainland China and Taiwan are parts of "one China" whose sovereignty cannot be divided.

The PRC have claimed this since the Chinese civil war in 1949, when the defeated Kuomintang nationalist government fled to the island as the Communists, under Mao Zedong, took power in the mainland.

China insists that countries cannot have official relations with both it and Taiwan and has successfully pressured most countries into breaking off diplomatic recognition of Taiwan. As explored in [Section 2](#), China has also in recent years increased its efforts in blocking Taiwan's participation in international organisations, even as an observer.

China passed an [Anti-Secession Law in 2005](#). The law reiterates the One China Policy saying:

There is only one China in the world. Both the mainland and Taiwan belong to one China. China's sovereignty and territorial integrity brook no division.²⁷

The law commits Beijing to "do its utmost with maximum sincerity to achieve a peaceful unification" with Taiwan. It states, however, 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".²⁸

The biggest crisis since [early tensions in the 1950s](#), was the [1995-1996 Taiwan Strait missile crisis](#), when China conducted a series of ballistic missile tests in the waters around Taiwan in the run-up to the island's first direct presidential election.

Relations improved significantly between 2008 and 2016. However, the election of the DPP's Tsai Ing-wen as President in 2016, who does not endorse the PRC's "One China" policy and has recently stated that Taiwan is "already

²⁷ ['Text of China's anti-secession law'](#), BBC News, 14 March 2005

²⁸ Ibid.

an independent country”, along with a more assertive stance from China under President Xi Jinping, have seen a significant deterioration in relations.

Over the last few years military tensions have escalated rapidly, and 2020 saw the highest number of Chinese incursions into Taiwan’s air defence identification zone (ADIZ) since 1996.²⁹ This has fuelled speculation that conflict could erupt between the two sides.

3.2 1992 Consensus and improving relations 2008-16

The phrase the “1992 consensus” is often used when looking at Taiwan-China relations. The phrase originated from an agreement between semi-official envoys from Beijing and Taipei in 1992 that both sides of the Taiwan Strait belong to “One China”. It was said that the envoys agreed to let each side have its own interpretation of One China.

For the KMT this “One China”, was the Republic of China, with sovereignty over both Taiwan and the mainland. For the PRC, they represent the authentic “One China”, also with sovereignty over both parts.

This ambiguity of accepting different interpretations was said to have allowed the Chinese Communist party and KMT-led governments in Taipei to “build economic and social exchanges while sidestepping the dispute over Taiwan sovereignty”.³⁰

Improving relations under President Ma Ying-jeou

The 1992 consensus was a central pillar of KMT President Ma Ying-jeou’s China policy. Mr Ma served two consecutive terms from 2008-2016 and oversaw a significant improvement in ties between the two sides.

In 2008 the first talks with China were held since dialogue was suspended in 1999. These talks were held between “friendship associations”, semi-official envoys for each side, as direct Government-to-Government discussions were still taboo. Direct charter flights between Taiwan and the mainland also started for the first time in 2008.

In 2010 Taiwan and China signed [a free trade agreement](#) seen as the most significant agreement between the two sides since their separation. In 2012 they deepened their economic ties further by signing an investment protection deal that set up formal channels to settle disputes.

²⁹ [‘Chinese incursions highest since 1996’](#), Taipei Times, 4 January 2021.

³⁰ [‘Taiwan’s KMT to drop Beijing-friendly policy to regain voter trust’](#), Financial Times, 6 March 2020.

In February 2014, China and Taiwan [held their first government to government talks](#) since 1949.

3.3 2016 election of President Tsai Ing-wen & KMT changes stance

President Tsai Ing-wen of the Democratic Progressive Party (DPP) was elected in 2016 and re-elected in 2020. As explained in [Section 1.3](#), the DPP no longer calls for declaring formal independence, but rather states that Taiwan is already functionally independent.

When she first took office, President Tsai was said to have three main areas where her foreign policy would diverge from her predecessor Ma Ying-jeou:

First, Tsai would place Taiwan's foreign relations above cross-strait relations. Second, Tsai would replace Ma's flexible diplomacy for soft independent diplomacy. Third, Tsai would reverse Ma's policy of going to the world via the mainland and move closer to the US and Japan.³¹

In her [first inauguration speech](#) in May 2016, President Tsai said that her Government would “work to maintain the existing mechanisms for dialogue and communication across the Taiwan Strait”.³² However, on the 1992 Consensus she said that while she “respected the historical fact” that it had occurred and was done in a “spirit of mutual understand and [...] seeking common ground”, that this was built on “existing realities and political foundations”. She explained that in her view these political foundations included not just the 1992 consensus, but also the ROC's “constitutional order” and the “democratic principle and prevalent will of the people of Taiwan”.

In July 2016 President Tsai appeared to go further. Asked in an interview with the Washington Post if it reports that President Xi of the PRC had come up with a deadline by which he wanted Tsai to agree to the Consensus, she replied “it isn't likely that the government of Taiwan will accept a deadline for conditions that are against the will of the people”.³³ Asked about economic ties with China and if they were a competitor, she responded “they are more and more our competitors”.

³¹ ‘[President Tsai and Beijing clash](#)’, East Asia Forum, Professor Suisheng Zhao, 4 October 2016

³² Office of the President of the Republic of China (Taiwan), ‘[Inaugural address of ROC 14th-term President Tsai Ing-wen](#)’, 20 May 2016.

³³ ‘[Taiwanese President Tsai Ing-wen: Beijing must respect our democratic will](#)’, Washington Post, 21 July 2016.

Beijing's response

After President Tsai's 2016 inauguration speech, China's Taiwan Affairs Office issued a statement describing the speech as an "incomplete test answer".³⁴ The statement said that on the question of the 1992 consensus and the One China Policy, she should give an "explicit answer with concrete actions", rather than being "ambiguous".

The statement said further that "Taiwan independence" remains the biggest menace to peace across the Taiwan Straits and the peaceful growth of cross-Straits relations". And that "we will resolutely forestall any separatist moves and plots to pursue "Taiwan independence" in any form".

The Taiwan Affairs Office suspended communications with its Taiwanese counterpart, the Mainland Affairs Council of Executive Yuan, soon after Tsai's inauguration.³⁵

1 KMT policy changes and China's response

After losing its second Presidential election to the DPP, the KMT has moved towards a less accommodative approach to China. Both candidates in the party's March 2020 leadership election [said the 1992 consensus policy was no longer fit for purpose](#). They also criticised China's "distortion" of the One China policy.

According to the [Financial Times](#), these moves by the KMT were in response to Tsai Ing-Wen's landslide victory in the January 2020 Presidential victory, and the popularity of her tough approach to China.³⁶

Chiang Chi-chen emerged as the winner in the election to be KMT Chairman. China's Communist Party leaders have always worked to keep close ties with Taiwan's KMT. However, in what was reported as "an apparent calculated snub", for the first time ever Beijing did not send a congratulatory telegram to the KMT after it elected the new chairman.³⁷

China's Taiwan Affairs Office, in its acknowledgment of the election of Chiang, reminded the KMT that opposing Taiwan independence is "the common basis" of the two parties. A spokesman for China's General Office of the State Council, said that "the Chinese mainland expects the Kuomintang (KMT) led by its new chairman, Chiang Chi-chen, to make efforts in maintaining peace and stability across the Taiwan Strait".³⁸

³⁴ '[President Tsai and Beijing clash](#)', East Asia Forum, Professor Suisheng Zhao, 4 October 2016.

³⁵ '[President Tsai and Beijing clash](#)', East Asia Forum, Professor Suisheng Zhao, 4 October 2016

³⁶ '[Taiwan's KMT to drop Beijing-friendly policy to regain voter trust](#)', Financial Times, 6 March 2020.

³⁷ '[New Leader for Taiwan's China-Friendly Kuomintang Party Signals Change](#)', VOA News, 9 March 2020.

³⁸ Ibid.

Chiang has reportedly struggled to change the KMT's policy positions. He has not succeeded in moving the KMT away from emphasising the party's claim to China, and the older generation of the party are still keen to emphasise the 1992 consensus and avoid antagonising China.³⁹

3.4

Xi Jinping hardens stance & military incursions increase

Xi talks of “one country, two systems”

China's President Xi Jinping appeared to harden China's stance in 2019. In a [January 2019 speech](#), President Xi said that while China is “willing to create broad space for peaceful reunification” it would “leave no room for any form of separatist activities”.⁴⁰ President Xi reserved the right to use force against Taiwan saying “we make no promise to renounce the use of force and reserve the option of taking all necessary means”. President Xi also described reunification as “an irresistible trend”.

Most controversially, President Xi [conflated](#) the “One China” principle from the 1992 consensus with the “one country, two systems” arrangement that governs China's relationship with Hong Kong And Macau.

Xi's suggestion that the one country, two systems approach was a principle behind China's and Taiwan's relations alarmed many people in Taiwan. This was in part because China was being seen to be clamping down on freedom of speech and democracy in Hong Kong.

Tsai's response and analysis

President Tsai responded strongly to Xi's speech in her own public speech a few days later, in which she rejected the 1992 Consensus, in the most explicit terms so far in her Presidency:

As president of the Republic of China, I must solemnly emphasize that we have never accepted the “1992 Consensus.” The fundamental reason is because the Beijing authorities' definition of the “1992 Consensus” is “one China” and “one country, two systems.” The speech delivered by China's leader today has confirmed our misgivings. Here, I want to reiterate that Taiwan absolutely will not accept “one country, two systems.” The vast majority of public

³⁹ [‘Why is Taiwan's Kuomintang on the ropes?’](#), Al Jazeera, 12 November 2020.

⁴⁰ [‘Highlights of Xi's speech at Taiwan message anniversary event’](#), China Daily, 2 January 2019

opinion in Taiwan is also resolutely opposed to “one country, two systems,” and this opposition is also a “Taiwan consensus.”⁴¹

Charlotte Gao, writing in the *Diplomat* magazine, [suggested that](#) the impetus for Xi’s speech came from the “multiple challenges” China was facing, including a slowing economy, its deteriorating relationship with the US, and internal class conflict. Gao suggested that raising tensions with Taiwan is a useful tool for Beijing to divert attention away from these issues and rally the people behind a nationalist cause.

However, Professor Jie Dalei of Peking University, claimed that the speech had “substantial continuity with China’s past policies”, and that while President Xi expressed a new sense of urgency saying that unification shouldn’t be “passed from generation to generation”, he didn’t set a clear timetable for when it had to be achieved.⁴²

Professor Jie added that although Xi stressed that all options are on the table, unless “Taipei makes radical moves to establish Taiwan independence or Washington rattles the “one China” policy in a major way”, Beijing will “probably pursue its peaceful unification game plan for the foreseeable future”.

Tsai’s January 2020 interview

In January 2020, a few days after her re-election, President Tsai gave an interview to the BBC, in which she said “We don’t have a need to declare ourselves an independent state [...] We are an independent country already and we call ourselves the Republic of China (Taiwan)”.⁴³

Asked about the “One China” policy she said, “the situation has changed,” and “the ambiguity can no longer serve the purposes it was intended to serve”.

President Tsai explained that in saying the situation has changed, she meant China’s behaviour “because [for more than] three years we’re seeing China has been intensifying its threat [...] they have their military vessels and aircraft cruising around the island”. She also mentioned Hong Kong, “the things happening in Hong Kong, people get a real sense that this threat is real and it’s getting more and more serious”.

President Tsai said she had shown restraint in her policies towards China, stopping short of delivering policies that some in her party would want, for example formally declaring independence, amending the constitution, and changing the flag. “There are so many pressures, so much pressure here that we should go further,” she said. “But [for] more than three years, we have

⁴¹ [‘Was It Wise for Tsai Ing-wen to Reject the ‘1992 Consensus’ Publicly?’](#), *The Diplomat*, 4 January 2019

⁴² [‘Three big takeaways from Xi Jinping’s Taiwan speech’](#), *Washington Post*, 10 January 2019.

⁴³ [‘China needs to show Taiwan respect, says president’](#), *BBC News*, 14 January 2020.

been telling China that maintaining a status quo remains our policy... I think that is a very friendly gesture to China".⁴⁴

China ramps up military pressure in 2020/21

Incursions by China's military into Taiwan's airspace and territorial waters have ramped up in 2020 to levels not seen since the [1995-1996 Taiwan Strait missile crisis](#), leading some to worry about the possibility for armed conflict to break out.

For example, in October 2020 Chinese air sorties increased to the highest frequency all year. Its military sent planes towards Taiwan on 25 of the 31 days of the month.⁴⁵

China's public statements about the military exercises in the Strait and incursions into Taiwan's airspace, say they are both to deter "separatism" in Taiwan but also "external forces", a reference to the United States.⁴⁶

Incursions continued in 2021. On 26 March, Taiwan's Defence Ministry reported the largest incursion since the Ministry began disclosing the almost daily flights over its airspace and territorial waters last year. Taiwan said the number of aircraft involved in the incursion was "unusual", it was made up of four nuclear-capable H-6K bombers and 10 J-16 fighter jets, among others.⁴⁷

A few weeks later on 12 April, an even larger incursion occurred, with twenty-five Chinese military jets breaching Taiwan's defence zone. This sortie came the day after US secretary of state, Antony Blinken, warned China not to attempt to change the status quo around Taiwan, saying to do so would be a "serious mistake".⁴⁸

3.5

Could these tensions lead to conflict?

US military warnings

In March 2021 Admiral Philip Davidson, then Commander of United States' Indo-Pacific Command, told the US Senate armed services committee that China might attempt to fulfil its ambitions to seize control of Taiwan in the next several years:

⁴⁴ Ibid.

⁴⁵ '[Chinese flyovers towards Taiwan peaked in October amid rising tensions](#)', The Guardian, 2 November 2020.

⁴⁶ '[US holds its second high-profile visit to Taiwan in two months as Beijing escalates military pressure](#)', CNN, 18 September 2020

⁴⁷ '[Taiwan reports largest incursion yet by Chinese military aircraft](#)', The Guardian, 26 March 2021.

⁴⁸ '[Largest Chinese breach of Taiwan air zone in a year after US warning](#)', The Guardian, 12 April 2021.

I worry that they're [China] accelerating their ambitions to supplant the United States and our leadership role in the rules-based international order... by 2050.

...Taiwan is clearly one of their ambitions before that. And I think the threat is manifest during this decade, in fact, in the next six years.⁴⁹

Later that month Davidson's successor, Admiral John Aquilino, was asked about Davidson's figure of six years for China to have the capability to invade Taiwan. Admiral Aquilino said

There are many numbers out there. I know Admiral Davidson said 6 years. [...] There are spans from today to 2045. My opinion is this problem is much closer to us than most think.⁵⁰

When asked "why is it so important to Beijing that they annex Taiwan?", Aquilino also answered, "they view it as their number one priority".⁵¹

Other assessments

Some analysts believe that "much of the threat assessment by the US military may actually be more of a reflection of a shift in US perceptions about China amid their deteriorating relationship".⁵²

In October 2020, Kharis Templeman, of the Hoover Institution, [argued that](#) the increasing military incursions by China aren't a sign of an imminent attack, and should be seen to represent the end of a "failed strategy":

Beijing is not gearing up for an attack on Taiwan. It still has neither the capacity to launch a successful full-scale invasion, nor the motive to risk a conflict with the United States. In reality, the increasingly bellicose language coming from China is a sign of weakness, not strength, and a cover for the failure of its own Taiwan policy. Having thrown away most of its non-military leverage in a fruitless effort to compel Taiwan President Tsai Ing-wen to endorse its one China principle, Beijing has now been reduced to counter-productive sabre-rattling to express its discontent at US arms sales and high-level diplomatic visits, while Taiwan races to strengthen its own defences and reorient its economy away from overdependence on mainland China. In short, Xi Jinping's approach to the "Taiwan issue" has turned into a strategic fiasco — one that may take years for Beijing to recover from.

⁴⁹ 'China could invade Taiwan in next six years, top US admiral warns', The Guardian, 10 March 2021.

⁵⁰ United States Senate Committee on Armed Services, [Nomination—Aquilino](#), 23 March 2021.

⁵¹ Ibid.

⁵² 'Is China really about to invade Taiwan?', Al Jazeera, 14 April 2021

The Economist, argues that China “continues to try to shape Taiwanese opinion with a mix of sticks and carrots, which suggests that negotiation has not been abandoned”.⁵³

A senior Taiwanese diplomat also told the magazine that the military build-up may be a test of the new Biden administration, or a “bid to create a “new normal” in which Chinese forces are routinely present in a zone formerly controlled by Taiwan”.⁵⁴

The Taiwan-based Institute for National Defense and Security Research, suggests there could be several reasons behind the incursions and China’s military exercises in the Taiwan Strait:

- an attempt to expand China’s sphere of influence;
- to intimidate the Taiwanese military and exert pressure on its defences on the Pratas Islands (Dongsha Islands) in the South China Sea.
- to deter Taiwanese and US submarine activity in the region (China is using marine patrol aircraft to collect underwater and other related information in the area, which is the main passageway for vessels and submarines entering the western Pacific)⁵⁵

The institute also said that in the long-term, the intrusions could offer Taiwan certain advantages, such as increasing the legitimacy of US sales of offensive weapons to Taiwan.

Risk of accidents and misunderstandings

Even if China is not aiming to launch a direct military offensive against Taiwan, there is a significant risk that a confrontation could emerge through accident or misunderstanding.

Kharis Templeman, generally sceptical that China is planning on conflict writes that the possibility of an armed conflict erupting over Taiwan shouldn’t be dismissed “especially one triggered by an accidental mishap, now that China’s and Taiwan’s military aircraft (as well as American ones) are routinely coming within close contact again”.⁵⁶

Andrew Nien-Dzu Yang, a former Taiwanese deputy defence minister, points to the fact that China has reduced official and semi-official cross-strait contacts to “nearly zero”, and this raises the danger of misunderstandings.⁵⁷

⁵³ [‘China’s growing military confidence puts Taiwan at risk’](#), The Economist, 1 May 2021.

⁵⁴ Ibid.

⁵⁵ [‘Chinese incursions highest since 1996’](#), Taipei Times, 4 January 2021

⁵⁶ [‘China’s Military Incursions Around Taiwan Aren’t a Sign of Imminent Attack’](#), The Diplomat, 22 October 2020.

⁵⁷ [‘China’s growing military confidence puts Taiwan at risk’](#), The Economist, 1 May 2021.

4 Relations with the United Kingdom

4.1 Diplomatic relations

As explained in [Section 2.2](#), the UK, like most other countries, does not recognise Taiwan, nor maintain formal diplomatic relations with the island.

The UK's diplomatic presence on the island is maintained through an outpost call the "British Office Taipei". According to the [Office's UK Government website](#), it "promotes trade, investment, innovation, culture, education and other links between the UK and Taiwan", and "provide[s] practical assistance to British nationals in Taiwan".

In January 2020, the Foreign Secretary, Dominic Raab, released a statement congratulating Tsai Ing-wen on her re-election as President. In the statement Mr Raab expressed his hope that "the 2 sides of the Taiwan Strait will renew dialogue to resolve differences and build constructive relations across the Strait".⁵⁸

The UK has expressed its concern over the years at Taiwan's retention of the death penalty. In 2018 the Foreign Office [supported a trip](#) by Sir Keir Starmer MP, who was then the shadow Brexit secretary and long-term campaigner on the subject, to lobby for the abolition of capital punishment on the island.

The subject on which the UK and Taiwan most regularly engage is trade and the two sides hold annual rounds of trade talks.

In October 2020, UK Trade Policy Minister Greg Hands co-hosted the 23rd UK-Taiwan trade talks, with Taiwan's Deputy Minister of Economic Affairs, Chen Chern-Chyi. The talks were virtual due to the Covid-19 pandemic. Discussions in the talks [covered](#) market access for UK lamb exports, and cooperation on offshore wind and financial services.

For statistics on UK-Taiwan trade see [Section 5.3](#)

⁵⁸ Foreign & Commonwealth Office, '[Taiwan elections, January 2020: Foreign Secretary's statement](#)', 11 January 2020.

4.2

Defence

The UK has no defence ties with Taiwan. Asked over the years if the UK would consider lending military support to Taiwan, Governments have repeated the line that the UK's policy is for a peaceful resolution between China and Taiwan.⁵⁹

There is now a greater focus on the UK's foreign and defence policy towards Taiwan and the surrounding region. This is due to three main reasons:

1. In March 2021 the Government set out its defence and foreign policy strategy over the next two decades in its [Integrated Review of Security, Defence, Development and Foreign Policy](#). The Review said that the UK would “tilt to the Indo-Pacific” region. While saying the UK should “continue to pursue a positive trade and investment relationship with China”, it also describes China as a “systemic competitor” and that “China’s military modernisation and growing international assertiveness within the Indo-Pacific region and beyond will pose an increasing risk to UK interests”;
2. As described in [Section 3.4](#), China has ramped up its displays of military strength along the Taiwan Strait, and its incursions into Taiwan’s waters and airspace; and
3. The UK’s new aircraft carrier, HMS Queen Elizabeth, recently embarked on its first deployment lasting eight months, and it has been reported that “its centrepiece” will be “a freedom of navigation exercise in the South China Sea”.⁶⁰

UK Naval operations in the South China Sea

Asked about the carrier strike group’s deployment to the Indo-Pacific Defence Secretary, Ben Wallace, said the carrier group will be sailing in lots of the parts of the Pacific that are contentious, including the Philippine Sea and the South China Sea.⁶¹ The MOD has not said directly whether the carrier group will sail through the Taiwan strait.

However, in response to a Parliamentary Question in May 2021 from Tobias Ellwood MP, the chair of the Defence Select Committee, asking Mr Wallace “what plans he has for the Royal Navy to visit the Taiwan strait?”, the Government replied:

⁵⁹ See for example, [HL Deb 17 September 2020 \[Taiwan\]](#). And [PQ 139489 \[Taiwan: Military Alliances\], 9 May 2018](#).

⁶⁰ [‘Challenging China: Brexit Britain experiments with battleship diplomacy’](#), Financial Times, 19 May 2021

⁶¹ [HC Deb 26 April 2021 \[Carrier Strike Group Deployment\]](#). c80

The Royal Navy will next navigate the Taiwan Strait when navigationally expeditious to do so and in accordance with international law and operational requirements.

To preserve operational security, the Royal Navy does not discuss the specifics of the operational routings of ships in advance.⁶²

Mr Ellwood, has said for Carrier not to sail the strait would set a “precedent” and “cede effective ownership of those international waters to China”.⁶³

Some commentators have [questioned the need](#) for the Royal Navy to conduct such exercises, saying the UK risks becoming involved in a military conflict in the Taiwan Strait.

The Minister for Asia set out the [UK Government’s approach to freedom of navigation in the South China Sea](#) in an adjournment debate in September 2020. A document explaining the [UK Government’s position on legal issues arising in the South China Sea](#) was deposited in the Commons Library on the same day. For more information see Library briefing ‘[Integrated Review 2021: The Defence tilt to the Indo-Pacific](#)’.

4.3 UK-Taiwan trade and investment statistics

Trade

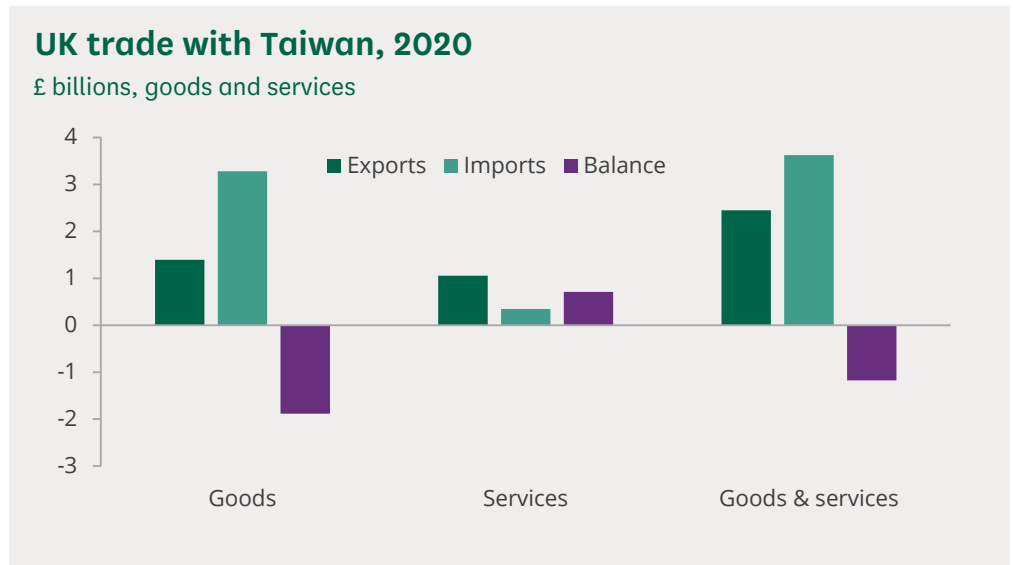
In 2020, the UK exported £2.4 billion of goods and services to Taiwan and imported £3.6 billion, resulting in a trade deficit of -£1.2 billion – a surplus in services of £0.7 billion was more than outweighed by a deficit in goods of -£1.9 billion.

Taiwan was the UK’s 39th largest export market, accounting for 0.4 per cent of UK exports of goods and services and 30th largest source of imports, accounting for 0.7 per cent of the UK’s imported goods and services.

Taiwan was the UK’s 23rd largest non-EU export market and 15th largest source of imports from the outside the EU, accounting for 0.7 per cent of the UK’s non-EU exports and 1.2 per cent of non-EU imports.

⁶² [PQ 125 \[Navy: Taiwan Strait\], 18 May 2021.](#)

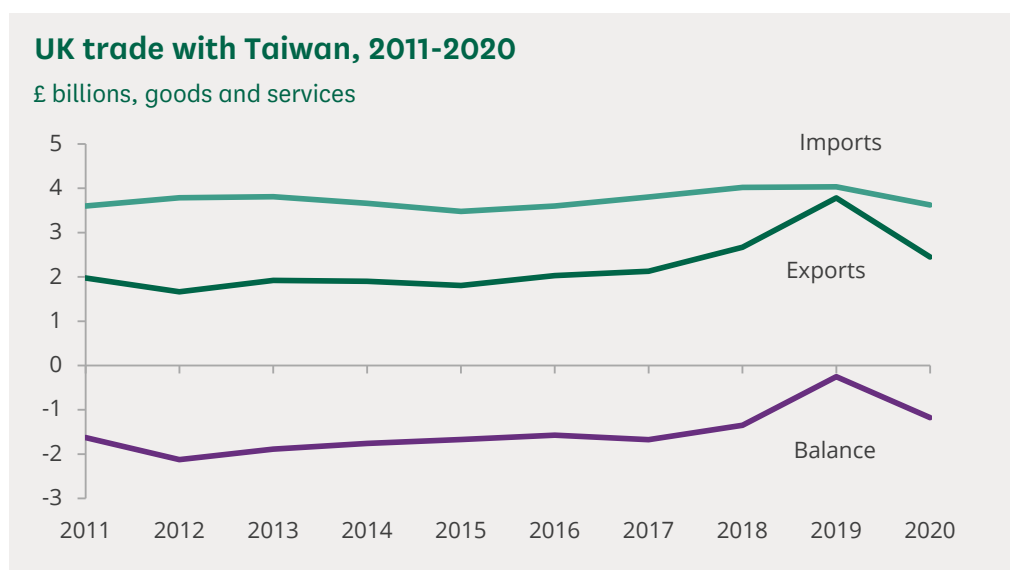
⁶³ [HC Deb 26 April 2021 \[Carrier Strike Group Deployment\]. c73](#)



Source: [ONS](#)

UK trade with Taiwan fell dramatically in 2020, owing to disruption in international trade caused by the coronavirus pandemic - in cash terms, the value of UK exports to Taiwan fell by 35 per cent between 2019 and 2020, while the value of imports from Taiwan fell by 10 per cent. Over the same period, the value of all UK exports fell by 16 per cent, while imports fell by 18 per cent.

The UK has recorded a trade deficit with Taiwan in each of the last ten years, the largest being -£2.1 billion in 2012. The value of the UK's trade deficit with Taiwan had been contracting since 2012, falling to -£0.3 billion in 2019, owing to export growth, but fell to -£1.2 billion in 2020, after the dramatic fall in UK exports to Taiwan between 2019 and 2020.



Source: [ONS](#)

Trade in goods

The UK's single largest goods export to Taiwan was beverages – the vast majority of this was exports of whiskies - followed by road vehicles; combined these two product groups made up just over a quarter of UK goods exports to Taiwan.

Top 10 UK goods exports to Taiwan, 2020

	£ millions	% total
Beverages	205.0	15.7%
Road vehicles	132.1	10.1%
Medicinal & pharmaceutical products	111.0	8.5%
Chemical materials & products	89.9	6.9%
Ele machinery, app & appliances	70.1	5.4%
Miscellaneous manufactured articles	67.0	5.1%
Professional, scientific & controlling ins & app	64.5	4.9%
General industrial machinery & eqp. & machine pt.	63.2	4.8%
Power generating machinery & equipment	59.3	4.5%
Machinery specialized for particular industries	56.7	4.3%

Source: HMRC, [UK Trade Info](#)

Telecoms equipment was the UK's largest goods import from Taiwan, followed by office machinery and automatic data processing equipment – combined these two products accounted for over a third of UK goods imports from Taiwan.

Top 10 UK goods imports from Taiwan, 2020

	£ millions	% total
Telecomms & sound recording & reproducing eqp.	784.1	24.8%
Office machines & adp machines	370.8	11.7%
Miscellaneous manufactured articles n.e.s.	305.2	9.7%
Road vehicles	301.3	9.5%
Manufactures of metal n.e.s.	285.4	9.0%
Ele machinery, app & appliances & ele pt thereof n.e.s.	230.3	7.3%
Professional, scientific & controlling ins & app n.e.s.	112.1	3.5%
General industrial machinery & eqp. & machine pt.n.e.s.	108.3	3.4%
Iron & steel	89.1	2.8%
Machinery specialized for particular industries	49.3	1.6%

Source: HMRC, [UK Trade Info](#)

Trade in services

Telecoms, computer and information services accounted for a quarter of UK service exports to Taiwan, followed by intellectual property services – this category includes services related to licensing of franchises and trademarks and licenses referring to the use of outcomes of research and development and the reproduction and distribution of computer software and related products.

UK service exports to Taiwan, 2019

	£ millions	% total
Telecommunications, computer & info services	384	25%
Intellectual property	276	18%
Transportation	258	17%
Financial	197	13%
Other Business Services	154	10%
Travel	120	8%
Insurance and Pension	35	2%
Personal, Cultural and Recreational	34	2%
Manufacturing	21	1%
Government	15	1%

Source: ONS, [Pink Book 2020](#)

Other business services made up just under 40 per cent of UK service import from Taiwan - this category includes legal, accounting, advertising, research and development, architectural, engineering and other professional and technical services.

UK service imports from Taiwan, 2019

	£ millions	% total
Other Business Services	167	39%
Transportation	99	23%
Travel	54	13%
Financial	51	12%
Telecommunications, computer & info services	21	5%
Government	8	2%
Personal, Cultural and Recreational	2	0%

Source: ONS, [Pink Book 2020](#)

Investment

Foreign direct investment (FDI) is divided between flows and stocks - flows measure annual levels of investment on a net basis; stocks record the total book value of all existing investment.

The table below shows FDI between the UK and Taiwan from 2015-19.

Foreign direct investment (FDI) is divided between flows and stocks - flows measure annual levels of investment on a net basis; stocks record the total book value of all existing investment.

The table below shows FDI between the UK and Taiwan from 2014-18.

FDI between UK and Taiwan, 2014-18 (£ millions)					
	2014	2015	2016	2017	2018
Outward flows	303	198	358	232	73
Outward stock	2,342	2,420	2,981	3,556	3,294
Inward flows	-1	2	-2
inward stock	122	97	62	59	55
.. indicates value is disclosive					

Source: ONS, [Foreign direct investment \(FDI\) totals for inward and outward flows, positions and earnings](#)

Overall levels of investment between the UK and Taiwan are reasonably small – UK investment in Taiwan in 2018 was worth £73 million, 0.2 per cent of all UK investment flows abroad; UK investments in Taiwan accounted for 0.2 per cent of the stock of UK investments abroad.

In 2016 (the most recent year for which data is available), Taiwan recorded a net disinvestment with the UK of -£2 million; in 2018, the stock of Taiwanese investment in the UK was worth £55 million – this was a tiny fraction of the total stock of inward FDI in the UK, which was worth £1.5 trillion.

The House of Commons Library is a research and information service based in the UK Parliament. Our impartial analysis, statistical research and resources help MPs and their staff scrutinise legislation, develop policy, and support constituents.

Our published material is available to everyone on commonslibrary.parliament.uk.

Get our latest research delivered straight to your inbox. Subscribe at commonslibrary.parliament.uk/subscribe or scan the code below:



 commonslibrary.parliament.uk

 [@commonslibrary](https://twitter.com/commonslibrary)