



## China Lashes Out As U.S. And Taiwan Forge Trade Agreement

Ben Zeisloft

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The Biden administration announced several initiatives on Wednesday intended to bolster economic relations with Taiwan.

The Chinese Communist Party has long held that Taiwan, which is democratically governed, belongs to the mainland. The White House’s move to strengthen ties with Taipei occurs as China heightens threats of military aggression against the island.

The new U.S.-Taiwan Initiative on 21st-Century Trade includes plans to increase agricultural cooperation, embark on climate action, coordinate on anti-corruption laws, and fulfill other arrangements to “promote our shared values” and “address our shared challenges and opportunities,” according to a press release from the [Office of the U.S. Trade Representative](#).

The arrangement also “serves as a bulwark against China,” Cato Institute research fellow Clark Packard told The Daily Wire.

Beijing, however, made clear that it opposes the new trade initiative. The People’s Liberation Army [announced](#) that it sent a “readiness patrol” around Taiwanese sea and airspace this week as a response to the “collusion” between Taiwan and the United States. In February of this year — as Russia launched an invasion of Ukraine — China [sent aircraft](#) into Taiwan’s airspace following a similar incursion one month earlier.

“The United States should prudently handle trade and economic ties with Taiwan to avoid sending a wrong message to Taiwan separatists,” Chinese Commerce Ministry spokesman Gao Feng [asserted](#) on Thursday. Last summer, a state-controlled Chinese magazine published a three-stage [battle plan](#) depicting the potential invasion of Taiwan.

Hudson Institute senior fellow Thomas Duesterberg doubts that the trade deal will succeed in combating Chinese aggression. “There are much more important factors that will affect whatever China decides to do,” he told The Daily Wire in reference to whether the American military would intervene if China invades. “And that’s different from deeper economic integration.”

“If China decides it wants to take Taiwan,” Packard added, “it’s not going to be deterred by the fact that the U.S. has heightened trade and investment with Taiwan.”

Beyond foreign policy, the United States has clear economic motives for pursuing the trade agreement. Taiwanese manufacturers accounted for more than 60% of international semiconductor outsourcing revenue as of 2020, according to [CNBC](#).

“The U.S. buys a ton of those products, and obviously we’re facing a semiconductor shortage,” Packard said.

Indeed, the low availability of semiconductors — a key component of computer chips — has limited automobile output in the United States. Ford [suspended and cut](#) production at eight of its North American factories in February due to chip supply issues, while General Motors [paused](#) production at an Indiana pickup truck factory the following month.

Tesla CEO Elon Musk [commented](#) last year that he has “never seen anything like” the semiconductor shortage. “Our biggest challenge is supply chain, especially microcontroller chips.”

China is experiencing its own economic woes. The nation’s expansion in Gross Domestic Product (GDP) had averaged nearly 10% per year since free market reforms in 1978 — but low labor force growth, slowing productivity, and lackluster returns to investment are dampening the Chinese economy, according to the [World Bank](#). After real GDP increased by 8.1% in 2021, economic expansion is forecasted to fall to 5.0% in 2022.