

Taiwan's Lai Ching-te vows to build “democratic supply chains” as US tariffs loom

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After taking office, President Donald Trump told House Republicans that his administration planned to “return” semiconductor and pharmaceutical manufacturing to the United States.

In stark contrast to Biden’s “ridiculous program” of the CHIPS and Science Act, which set aside \$39 billion in subsidies for chip manufacturing on US soil, “a 25 percent, fifty percent, or even a hundred percent tax” on imports was what it took to compel semiconductor corporations to “return” to the US.

Taiwan produces approximately 90 percent of the world’s most advanced semiconductors. Its ruling class and bourgeois media refer to Taiwan Semiconductor Manufacturing Company Limited (TSMC) as “the holy mountain that safeguards the nation” and promote the illusion that the concentration of global semiconductor production ensures that the United States will come to the island’s rescue if China invades.

In 2024, Taiwan’s exports to the United States increased by 83.5 percent to US\$64.88 billion, while its exports to China reached a new low of US\$17.7 billion.

According to the *Financial Times*, semiconductors accounted for nearly 42 percent of the island’s exports, with TSMC representing 26.8 percent of the Taiwan Stock Exchange’s market capitalization.

In response to the prospect of a tariff war, representatives of Taiwan’s ruling establishment headed to Washington on February 11 to express their willingness to “work with” the Trump administration. This included buying more liquefied natural gas from the US to offset trade surpluses, increasing defence spending as a share of GDP from 2.5 percent to three percent, and relocating more advanced semiconductor supply chains to the US.

TSMC has committed itself to investing US\$65 billion in three semiconductor fabrication plants (also known as fabs) in the US since 2020. The first fab in Arizona has already had a yield rate comparable to that of the Taiwanese one since October 2024.

The *New York Times* indicated, the Trump administration considered making TSMC run Intel’s ailing manufacturing business in Oregon, Arizona and New Mexico, and/or in Ireland and Israel. Howard Lutnick, then-Trump’s nominee for Commerce Secretary, was involved in the “conversations” and “encouraged” TSMC to make the deal.

The agreement between the US and Taiwanese ruling classes was reflected in President of the Republic of China (ROC, aka Taiwan) Lai Ching-te’s press conference on February 14, which came after his high-level national security meeting.

He asserted that “the democratic world” faced “common threats posed by the convergence of authoritarian regimes” and “unfair competition from China”, undermining the global economic order. Taiwan “is willing and will continue to work with the United States at all levels” to achieve “a free and open Indo-Pacific”.

Taiwan would also “collaborate with” the US to “establish democratic supply chains for industries connected to high-end chips” and strengthen “Taiwan-US relations” as well as “US-China relations” in “a virtuous

cycle”, Lai declared.

When asked if Taiwan could become a “pawn” in the ongoing US-China conflict, Lai responded, “We are a player, not a pawn.” Taiwan was “an indispensable member of the global and regional communities.”

His statement is riddled with lies. First, the “democratic supply chains” are actually made up of capitalist powers of the United States, the Netherlands (home to ASML), Germany, South Korea (home to Samsung), Japan (home to equipment suppliers to TSMC) and Taiwan. Germany and Japan are host countries to TSMC fabs.

Normalization of imperialist barbarism

These capitalist powers represent the normalization of imperialist barbarism. South Korea has just experienced a failed coup attempt by far-right President Yoon Suk Yeol. Japan is a member of the Quadrilateral Security Dialogue (Quad), a de facto alliance comprising the United States, Japan, Australia, and India. India is firmly in the hands of the Bharatiya Janata Party and its Hindu supremacist allies.

The US and German imperialist bourgeoisies have been playing the leading roles in arming and enabling the Gaza genocide and the ongoing onslaughts on Palestinians in the West Bank.

Trump has been a dictator since taking power. His class war regime is dominated by fascists and capitalist oligarchs who see immigration as an “invasion” and the working class as the enemy within. Its goal is to eliminate all forms of government spending that are not related to the repressive state apparatus and war machine. Trump’s rule has been inspired by Argentina’s fascist president, Javier Milei.

In the lead-up to Germany’s snap election, Elon Musk, Trump’s right-hand man, campaigned alongside neo-fascist Alternative for Germany (AfD) leader Alice Weidel, urging Germans to get over “past guilt” of the Holocaust and support the AfD, stating “only the AfD can save Germany.”

While the Dutch played a junior role in the Gaza genocide, the far-right Party for Freedom, led by Geert Wilders, emerged as the largest party in the 2023 general election. In December 2024, a Dutch court rejected a case filed by the country’s non-governmental groups to ban arms exports to Israel despite the fact that the Netherlands was a signatory to the 1948 Genocide Convention and was required to take all necessary measures against genocide.

As for “democracy”, TSMC subjected its engineers and workers to military discipline. It is a typical practice to have a 12-hour workday that extends into the weekend. Engineers are on-call every day.

In 2023, the *New York Times* spoke to a former TSMC engineer who worked a 48-hour shift to solve a problem. After years of responding to phone calls day and night, he resigned.

Tom's Hardware reported in 2024, when Taiwanese managers went to Arizona, they had been trained not to “yell at workers in public”. The founder and former CEO of TSMC Morris Chang gloated over military discipline in the workplace, stating “If [a machine] breaks down at one in the morning, it will be fixed at 2 am” by Taiwanese engineers whose spouses “would just fall back asleep” after waking in the night without questioning the order from superiors.

It is illusory to believe that Taiwan can tilt US strategic goals to the island's favor. In a 2023 interview with the *New York Times*, Mark Liu, then chief executive of TSMC, remarked, “We have a pretty good relationship across Congress, the Commerce Department, and the White House.” Despite this, as the US moved to diversify supply chains away from Taiwan and prevent Huawei, also TSMC's second biggest customer, from gaining access to the most advanced chips in 2020, the Taiwanese foundry had no choice but to comply. Liu readily admitted, TSMC “is reliant on American technology”, and “We have no say.”

US corporations reap most profits in the semiconductor sector

Alexander Tah-ray Yui, Taiwan's de facto ambassador to the United States, made a similar comment in February 2025, claiming that Taiwan's industry was “not a competitor” to that of the US but “a reliable partner” that served to “make America great again.” TSMC only earned US\$0.11 for every dollar in semiconductor sales. US fabless firms that designed chips, software, and owned patents earned \$0.38 for every dollar in semiconductor sales.

It remains to be seen how the deal between TSMC and Intel will play out. What is evident is that the Taiwanese foundry has no say in this.

Unlike TSMC, Intel has little interest in investing in production. According to its website, Intel has spent US\$152 billion on stock buybacks since 1990, which artificially boosted earnings per share and stock prices by reducing the number of shares available in the market.

Economists William Lazonick and Matt Hopkins found that between 2011 and 2020, Intel, IBM, Qualcomm, Texas Instruments, and Broadcom spent a combined US\$249 billion on stock buybacks, which accounted for 71 percent of their profits.

These parasitic semiconductor firms that lobbied hard to pass the CHIP Act constitute the supposed members of “the democratic supply chains.”

US dominance over TSMC also applies to Chinese contract manufacturers, albeit in a different way. While China topped global manufacturing in terms of value-added industrial output for the 15th consecutive year in 2024, it was the United States that earned the lion's share of the profits.

A 2025 analysis conducted by political economist Sean Kenji Starrs showed that while China had been the world's largest electronics exporter since 2004, its profit share was only 11 percent after two decades. The United States, the home country to Apple, Amazon, Cisco, Dell, HP, Microsoft, etc., garnered 43 percent of the profits, while Taiwan received 17 percent.

The same study revealed that, despite having the world's largest number of software developers, China obtained only 6.3 percent of the profits, while the United States received a staggering 86 percent.

In short, it is not China that has benefited from “unfair competition” and worked to “undermine the global economic order”, it is the parasitic and imperialist firms that extract super-profits from low-wage workers in the global south.

Successive governments of the ROC, as a component of the first island chain, have been content to serve as a pawn in the hands of US imperialism.

Former US President Richard Nixon described in an article titled “Asia After Viet Nam” how the US might effectively make Asian countries into instruments of US foreign policy on the cheap, stating, “For the United States to go it alone in containing China would not only place an unconscionable burden on our own country, but also would heighten the chances of nuclear war.” He added, “The primary restraint on China's Asian ambitions should be exercised by the Asian nations in the path of those ambitions, backed by the ultimate power of the United States.”

Without US support, the Republic of China under the supreme leader Chiang Kai-shek was kicked out of the United Nations in 1971, and China has since taken its place as a permanent member of the Security Council. From then on, the island's ruling elite had pushed harder to thwart “China's Asian ambitions” and combat “communist” threats posed by China and the USSR by backing far-right dictatorships around the world, notably in Latin America.

Nixon visited China in 1972, paving the way for the normalization of US-China relations and enabling the US-backed Sino-Vietnamese War in 1979.

In 1973, the Nixon administration backed a coup orchestrated by General Augusto Pinochet to murder democratically elected Chilean President Salvador Allende to prevent the country from “go[ing] Communist due to the irresponsibility of its own people”, as then US National Security Advisor Henry Kissinger put it.

Chile, led by Allende, was among the first South American countries to establish diplomatic relations with China. In an effort to make social peace with the US, China under Chairman Mao Zedong became the first Stalinist state to recognize Pinochet's regime. The rivalry between the ROC and the People's Republic of China served to bolster far-right dictatorship in Latin America answerable solely to the United States.

To put it another way, the US readily exploited the Sino-Soviet split by pitting Taiwan and China against each other, playing China off against Vietnam and aggravating the division and estrangement of nations.

Trump administrations ratchet up China-Taiwan tensions

Unlike Nixon, Trump's regime has ratcheted up China-Taiwan tensions to extract concessions from both. Over the past eight years, the US has sold \$26.265 billion in weaponry to Taiwan, with the majority (US\$18.763 billion) declared during Trump's first term. Furthermore, in 2024, the US received almost 40 percent of the island's foreign direct and indirect investment. In comparison, Taiwan's investment in China fell to 11 percent and 8 percent in 2023 and 2024, respectively.

According to an exclusive report by *Reuters* on February 18, Taiwan planned to purchase weaponry worth between \$7 billion and \$10 billion to “win support” from the Trump administration.

The United States runs the show, just as it was in the 1970s. Similar to Chiang Kai-shek's regime, which willingly shared “the unconscionable burden to the US” during the Cold War, more than half a century later, the ruling elite of the “democratized” island continues to “work with” US imperialism “at all levels” to achieve a “free and open Indo-Pacific”.

Taiwan under Lai, like the ROC under Chiang Kai-shek, promotes national chauvinism, and the “virtuous cycle” will result in military conflicts between the United States and China.

Workers in the United States, China and Taiwan must fight all attempts to rally them behind their “own” ruling classes under the guise of national self-defence. They must reach out to each other as well as their class sisters and brothers in the Middle East, Europe and beyond.

As Trotsky reminds us, what bourgeois governments call “a struggle for

national self-preservation is in reality a mutual national annihilation. Real national self-defence now consists in the struggle for peace”, that is, to “place the forces of revolutionary Socialism against raging tearing imperialism on the whole front.” And the conditions upon which peace should be concluded is the peace of the toiling masses themselves, and not the reconciliation of warring bourgeoisies.



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