

**Taiwan**

## Donald Trump calls for Taiwan to 'pay' for its own defence

TSMC shares slide after Republican candidate's comments rattle island nation reliant on security guarantee



Taiwan has taken efforts in recent years to strengthen its own defences, including steady increases in military spending and the resurrection of year-long conscription for men © Ann Wang/Reuters

**Kathrin Hille** in Taipei 9 HOURS AGO

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Former US president Donald Trump has said Taiwan should pay the US for its defence guarantees, a statement that sent shudders through the island nation on Wednesday and highlighted the stakes of the upcoming presidential election for Washington's allies and partners in Asia.

Shares of Taiwan Semiconductor Manufacturing Company, the world's largest chipmaker by sales, dropped 2.4 per cent after the Republican nominee said in an interview with Bloomberg published on Tuesday that Taiwan "stole our chip business" and "should pay [the US] for defence", referring to the implicit security guarantee provided by the American military.

"You know, we're no different than an insurance company," Trump added. "Taiwan doesn't give us anything."

Taiwan buys almost all of its weapons through government-negotiated foreign military sales from the US, making it one of the largest markets for American defence

military sales from the US, making it one of the largest markets for American defence companies. Over the past year, Congress has also adopted legislation [allowing some military aid](#).

Taiwan's Premier Cho Jung-tai said in response on Wednesday that Taipei and Washington would aim to further develop their relations in a positive direction in the future. "Making such efforts and wishing them the best is all we can do," he added.

The US has long acted as the de facto guarantor of Taiwan's security, with an albeit ambiguous commitment to help it defend itself. China claims [Taiwan](#) as part of its territory and has threatened to attack if Taipei refuses to submit under its control indefinitely.

Under the Taiwan Relations Act, Washington considers any effort to determine Taiwan's future by non-peaceful means as of grave concern to the US and commits to providing Taiwan with defensive weapons and to maintaining US capacity to resist coercion that would jeopardise Taiwan's security.

President Joe Biden has [repeatedly affirmed](#) the US commitment to defending Taiwan, even saying the country would deploy forces to do so. But Trump has questioned US ties to Taiwan before and added in the Bloomberg interview that it would be "very, very difficult" for the US to defend Taiwan against a Chinese attack.

He added that Beijing was only reluctant to bomb Taiwan because doing so would destroy its chip manufacturing industry. The country manufactures more than 90 per cent of the world's most advanced semiconductors.

[Trump](#) also reiterated a past accusation that Taiwan's chip industry had prospered at the expense of US business.

"They took almost 100 per cent of our chip industry, I give them credit . . . Now we're giving them billions of dollars to build new chips in our country, and then they're going to . . . bring it back to their country," Trump said.

Taiwan has become a globally dominant chip manufacturer over the past 30 years after US chipmakers increasingly outsourced production to focus on more profitable chip design.

Following prodding from Washington and customers to localise production in the US, TSMC has [committed to investing \\$65bn](#) to build three fabrication plants in Arizona. In return, the company will receive up to \$6.6bn in grants and \$5bn in loans.

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Cho also pointed to Taiwan's efforts to strengthen its own defences in recent years, including steady increases in military spending and the resurrection of year-long conscription for men, adding that the country was willing to do more.

But Cho also highlighted the importance of backing from other countries. US defence co-operation and frequent statements in its support "have made Taiwan an even more determined member of the global community with common responsibility for regional peace and stability", he said.

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