



REPORT

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# On the Ground in Taiwan: Challenges, Opportunities, and Future Directions

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THE INSTITUTE FOR  
PEACE & DIPLOMACY

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## Introduction

This report presents an overview of key insights and takeaways gathered during my recent trip to Taiwan, as part of a Canadian delegation of researchers and think-tank executives. This journey provided me with the unique opportunity to meet and engage with esteemed Taiwanese officials, academics, think-tank experts, and representatives from both high-profile civil society organizations and Taiwan's three major political parties.

The intent of this document is to shed light on the intricacies of Taiwan-Canada relations, as well as to explore the challenges and opportunities that lie ahead. Furthermore, it aims to delve into critical issues currently confronting Taiwan, whilst illuminating the debates ongoing amongst the political parties ahead of the upcoming elections early next year.

## Canada-Taiwan Relations

The strategic course and policy direction of Canada's relationship with Taiwan are chiefly informed by its [Indo-Pacific Strategy \(IPS\)](#), unveiled last year, and its long-lasting One China Policy. The IPS was warmly received by officials in Taipei as it acknowledged the significance of Ottawa's relationship with Taiwan. Of particular interest to Taipei was the strategy's explicit recognition of the People's Republic of China (PRC) as a threat and a disruptive global power.

Essentially, the foundations of Canada's relations with Taiwan rest on three fundamental pillars:

- Expanding Trade and Enhancing Supply Chain Resilience
- Promoting Peace and Security
- Fostering People-to-People Connections

Here I further explain the insights I gathered re-

lated to the first two pillars:

## Expanding Trade and Supply Chain Resilience

The scope of economic engagement between Canada and Taiwan is broad and varied, with the renewable energy technology sector emerging as a significant field of collaboration. Canadian companies are making their mark in this field, particularly in offshore wind projects in Taiwan. Additional offshore wind projects are due to materialize in the near future.

Both economies exhibit a complementarity that bodes well for future relations. Canada, rich in agricultural products, food, and raw materials, can find a robust market in Taiwan, a powerhouse in tech manufacturing. Moreover, innovation and research on the tech side are areas where Canada can strengthen its position.

Additional potential sectors for Canadian engagement in Taiwan include critical minerals and energy, specifically the Liquefied Natural Gas (LNG) market. Despite the likely dominance of American companies in the energy sector, Canada should strive to build capacity and establish a presence. As Taiwan decommissions its nuclear power plants under the Democratic Progressive Party's (DPP) administration, its energy needs are escalating.

Earlier this year, Ottawa and Taipei officially launched negotiations to sign a Foreign Investment Promotion and Protection Agreement (FIPA). The talks have been progressing favourably. Creative phrasing is essential to align the agreement with Canada's One China Policy, whilst satisfying Taiwan's conditions. All parties are optimistic about concluding the negotiations soon.

An important consideration for Canada is the respective applications from Taiwan and China



for joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). As the Chair of the CPTPP Commission next year, Canada can play a leadership role in the review process. Canada maintains that the process should be merit-based, free from geopolitical influences. Given Taiwan's demonstrated efforts to meet the entry requirements, it seems well-positioned for joining the CPTPP. However, it is plausible that the PRC will leverage its influence over some members of the CPTPP to block Taiwan from joining the trade agreement.

### **Promoting Peace & Security**

Taipei exhibits a keen interest in engaging Ottawa in security discussions, though these conversations shall be maintained at a low profile. Taiwan, with its wealth of intelligence and information, could prove a valuable partner for Canada in this domain.

There is also interest for Canada to join the Global Cooperation and Training Framework (GCTF), established in 2015 as a platform to leverage Taiwan's strengths and expertise to address global issues of shared concern. The GCTF, a collaborative effort between Japan, the U.S., Taiwan, and Australia, presents an appealing partnership opportunity for Canada, which has previously participated in its workshops.

Furthermore, the Taiwan Strait transit forms an integral part of Canada's defence commitment towards the region. The transits of Canadian frigates through these waters have been warmly welcomed in Taipei.

In terms of military support, Taiwan acknowledges that Canada is unlikely to supply weapon systems, suggesting instead that Canada should focus on providing surveillance and monitoring capabilities and fostering intelligence cooperation.

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Opinions varied on the need for a legal framework for Canada-Taiwan relations and the private member's bill proposed in the House of Commons named the "[Canada-Taiwan Relations Framework Act](#)".

It was suggested that while Taipei appreciates the efforts of Canadian parliamentarians proposing this legislation, they question whether the framework will yield any substantive benefits to Canada-Taiwan relations. They seek more tangible steps to deepen relations with Canada, steps they believe can be taken without the law's passage through Parliament.

However, a Canadian expert familiar with the proposed bill suggested that a legal framework could stabilize and sustain bilateral relations. The expert believed that the Canadian government has been overly cautious in expanding relations, particularly in the defence and security domains. The opinion was that the government hesitates to take necessary steps due to fear of backlash from Beijing, and the proposed opposition bill might be an effective way to prompt the government to act.

On cross-strait tensions, an official in Taipei suggested that the PRC firmly believes that the United States would intervene in the event of an attack on Taiwan. However, they are unsure about the responses of other countries, not just militarily but



also in terms of economic sanctions. This official suggested that it is crucial for Canada and other countries to clarify to China the significant consequences of an attack on Taiwan.

The heightened tensions with China have led some companies to question Taiwan's security for their business and investments. This could have severe long-term ramifications for Taiwan's economy and its reputation as a safe and secure place for business.

It was suggested that Canada and its allies must bolster Taiwan's economic security. Admission to the CPTPP can aid this, but many in Taiwan believe that Beijing will likely pressure some members of the CPTPP to block Taiwan's entry. If this transpires, a potential workaround for Canada and other CPTPP members inclined towards expanding ties with Taiwan would be to establish bilateral trade agreements, offering Taiwan some of the benefits that CPTPP membership would provide.

### **Cross-Strait Tensions**

Defence experts have identified the gray zone tactics of the People's Republic of China (PRC) as one of their most pressing concerns. The prospect of events like undersea cable cuts in the Taiwan Strait or an engineered incident escalating tensions and provoking conflict is deeply worrying.

Multiple experts suggested that the PRC's military intimidation against Taiwan has inadvertently fostered unity among the general populace, heightening their resolve to resist such pressure. Despite this counterproductive impact on Taiwan's population, experts believe the PRC persists with these intimidation tactics primarily to sway international support away from Taiwan.

The United States has urged Taiwanese officials to prepare to counter a potential invasion by focus-

ing on developing asymmetric capabilities instead of conventional systems — transforming Taiwan into a metaphorical "porcupine." However, this approach is subject to disagreement. Taiwanese military experts recognize the importance of asymmetric capabilities but assert that they still need to develop their conventional capacity, such as air force and air defence, to deter the PRC effectively, particularly against their military intimidation and gray zone tactics. While the U.S. is focused on the possibility of an all-out war scenario, Taiwan also needs to consider strategies to deter the regular intimidation they face from PRC fighter jets and other military threats.

A senior official from Taipei suggested that Ukraine's situation has highlighted three decisive factors when facing an aggressor: the determination to resist, the possession of asymmetric capabilities, and the assurance of international support. In response, Taiwan is intensifying its development of asymmetric capabilities, focusing on acquiring defence systems that are small, mobile, and economical. However, they've expressed concern over the slow and delayed delivery of necessary defence materials.

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to strengthen collective deterrence among allies and partners through better communication and coordination. Taipei seeks to establish security dialogues with democratic partners. It was suggested that Canada has been forthcoming but some other countries have been hesitant.

## The Battle Against Disinformation

The [Anti-Infiltration Act](#) was enacted in Taiwan towards the end of 2019, just prior to the previous election. This legislation is aimed at mitigating the influence of entities regarded as foreign hostile forces on Taiwan's political processes. Of note, the main target of this law has been the interference of the PRC in Taiwan's democratic institutions.

However, the implementation and enhancement of this law remain a subject of continuous debate. A central point of contention among parties is whether this law may infringe upon or limit civil liberties to an unacceptable extent.

Several Taiwanese civil society organizations are deeply involved in the fight against disinformation. These organizations regularly publish reports on disinformation and interference operations conducted by China against Taiwan. They fact-check media reports and employ chatbot services that provide immediate responses to inquiries regarding the veracity of media information or reports.

Moreover, these civil society organizations provide education on disinformation, which is customized to each demographic segment of the Taiwanese population. For example, they set up booths in parks and other popular gathering spots for senior citizens to raise awareness about disinformation. Exit surveys suggest an effectiveness rate of approximately 70% for these educational initiatives.

There were also suggestions that Taiwan has evi-

dence of collaboration between Russia and the PRC in executing disinformation operations. A recurring theme in recent disinformation campaigns has been to sow doubt about the U.S.' commitment to its allies and partners, including Taiwan.

## Taiwan Elections

The experts consulted during this visit largely anticipate a degree of stability in Taiwan's fundamental strategic direction, irrespective of the upcoming election's outcome. This expectation is grounded in Taiwan's robust public service, which maintains consistent operation regardless of the ruling party.

Crucially, none of the major political parties in Taiwan endorse the "One Country, Two Systems" approach, nor do they advocate for immediate-term independence.

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However, if a shift in government occurs following the elections, the trajectory of Taipei's strategy to economically de-risk away from the PRC could potentially see changes. Particularly, if the opposition were to defeat the current ruling party, the Democratic Progressive Party (DPP), they might attempt to re-establish dialogue with Beijing and balance their relations between the U.S. and China.

Recent polls in Taiwan have indicated an unexpected three-way race. The Taiwan People's



Party (TPP) has been gaining momentum, ranking second after the DPP, and surpassing the Kuomintang (KMT) for the first time.

Despite these developments, both the DPP and KMT doubt the TPP's ability to maintain their lead or translate it into actual votes. Both parties posit that the TPP lacks the established party network and local influence needed to win the election.

## Democratic Progressive Party (DPP)

The DPP centers its message on the conflict between democracy and authoritarianism, asserting that they are best equipped to collaborate with Taiwan's democratic allies to strengthen deterrence against Beijing.

Although DPP officials have not disclosed figures from their internal polling, they implied that their internal numbers place them significantly ahead.

An expert with close ties to the current DPP administration suggested that the United States has been pressuring Taiwan to prepare for potential conflict. In response, Taipei has implemented measures such as extending military service to one year. However, these measures have garnered discontent among certain segments of the Taiwanese population.

Opposition parties have capitalized on this discontent by making unrealistic promises. Earlier in July, KMT presidential candidate Hou Yu-ih [pledged](#) to reverse the decision to extend the military service if elected. However, just a few days after, he [recalibrated](#) his stance, asserting that the restoration of a 4-month service term would only be possible once he secures peaceful cross-strait relations.

## Taiwan People's Party (TPP)

The TPP's recent rise in polls can largely be attributed to the charisma of its presidential candidate,

Ko Wen-je, the former mayor of Taipei. The party has opted to focus its campaign on domestic issues such as housing, social welfare, the cost of living, and the economy, steering clear of the contentious issue of cross-strait relations.

Certain demographics, notably the younger generation, are fatigued by the constant polarization and debates over cross-strait tensions and find the TPP's focus on domestic issues refreshing. Further, disputes within the KMT base over their presidential candidate have led some KMT supporters to consider the TPP as an alternative.

However, the TPP lacks the ground operations or the pool of candidates needed to secure a majority in the parliamentary elections. Thus, should their presidential candidate win, they will have to form a minority government. This would require either creating some form of a coalition with another party, most likely the KMT, or collaborating with other parties on an issue-by-issue basis.

Concerning cross-strait relations, the TPP believes that the current administration has adopted an overly hawkish stance towards the PRC. They aim to adjust this, arguing that their candidate has the potential to reach out to the PRC and de-escalate tensions.

A prevalent critique of the TPP is their ambiguous stance on their position regarding cross-strait relations.

## Kuomintang (KMT)

A KMT official stated that their top priority, if they assume power, would be to renew the [Economic Cooperation Framework Agreement \(ECFA\)](#) with Beijing for at least a ten-year term. The ECFA, first entered into by Taipei and Beijing in 2010, officially expired in 2020. Despite this, both sides have maintained the agreement's terms amid periodic threats of non-renewal.



The KMT official stressed that if they form the government after the upcoming elections, they will maintain cooperation and good relations with the United States. As the U.S. supplies Taiwan with arms and defence systems, it is crucial for any Taiwanese government to maintain good relations and cooperation with Washington. The official, however, added that KMT believes Taipei should have greater input, particularly in defence policy and strategy.

According to the KMT official we spoke with, the main red lines for PRC involve the erosion of Chinese identity in Taiwan and the “hollowing out” of the One China Policy. He expressed the belief that Taiwan should refrain from provoking China on these issues.

In terms of relations with Western countries, the KMT official suggested that the strategic realignment and focus of nations on the Indo-Pacific region offer more opportunities for Taiwan to collaborate with different countries. He noted that countries like Canada and Australia now demonstrate a greater interest in working with Taiwan.

## Conclusion

The insights gained from this visit underline the complexities and subtleties of Taiwan's relations with Canada and other democratic partners. The emerging opportunities and challenges that lie ahead in strengthening these relationships span trade, security, and people-to-people connections.

The upcoming elections in Taiwan see various political factions seeking to persuade voters with their distinct strategies addressing both domestic and international issues. Even though the foundational strategic direction of Taiwan seems to maintain its course irrespective of the election outcome, the trajectory of specific policies could shift based on the priorities and stances of the

forthcoming administration toward cross-strait relations.

As Taipei continues to navigate the intensifying U.S.-China strategic competition and heightening tensions across the Taiwan Strait, its democratic allies and partners, including Canada, must determine how to most effectively collaborate with Taipei across shared interests, while also accounting for the complex dynamics of the region.

## About the Author

Bijan Ahmadi is a foreign policy analyst and the executive director of the Institute for Peace & Diplomacy. In addition, he is the Chair of the annual East Asia Strategy Forum, a leading multi-disciplinary conference in Ottawa that fosters the exchange of knowledge and actionable policy recommendations on geopolitical and geo-economic developments in East Asia, and Canada's foreign policy and defence approach to the region.



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