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## Title: Importance of Taiwan for Western World: An Analysis

### Abstract

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**Keywords:** Taiwan, Semiconductors, Western Security, U.S.–China Rivalry, Indo-Pacific

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## Importance of Taiwan for Western World: An Analysis



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### Abstract

China-Taiwan relations are among the most sensitive in the world. Taiwan's strategic location in the Western Pacific, coupled with its technological capabilities, makes it an important area of interest to Western powers, especially the United States, and to the European Union, because of its economic potential. The focus of this paper is on Taiwan's importance within the context of security, the interconnectedness of economies, and technological supply chains. It explores how the semiconductor industry, trade routes, and Taiwan's geopolitical location affect Western countries' defensive, economic and strategic considerations, including possible dangers and the stakes if any further escalation in the Taiwan Strait occurs.

**Keywords:** *Taiwan, Semiconductors, Western Security, U.S.–China Rivalry, Indo-Pacific*

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### Introduction

One of the most complex and protracted geopolitical tensions between China and Taiwan is the issue of sovereignty. A major theme of the dispute between China and Taiwan is sovereignty, which is one of the most complex and long-standing geopolitical issues in the current era. Located at the crossroads of East Asia, Taiwan's political and geographic position has been a source of great tension in the region. The economic importance of the region and the powers in the region cannot be underestimated. The historical technological leadership (semiconductor manufacturing on) and its cultural and spiritual renewal is an important junction for the Western world in all respects (particular) and democratic governance. Over the past several decades, Taiwan has increasingly emerged as a very significant player with the Taiwan Strait becoming a more important point of common interest between China, the United States, Japan and their allies. The tensions are not only a conflict of interests between Beijing and a Taipei but a dynamic conflict with the global security, trade and balance of technology (BOT) implications are significant (Bush, 2013).

Taiwan's story is deeply embedded in its historical relationship with the PRC on continental East Asia and in colonial and post-colonial changes that have occurred throughout wider Asia. The island's Austronesian inhabitants lived apart from the rest of the world until European powers discovered its strategic location. By the 17th century Netherlands and Spain both had established a number of loosely governed outposts on Taiwan that were intended to be part of an expanding colonial network, but then came under pressure from Ming Dynasty loyalist Koxinga who forced them to retreat, in order to enable the Ming loyalists' rebellion before he was defeated by Qing Dynasty forces. Taiwan was established as a frontier province of the Qing Dynasty in 1683. But after winning the First Sino-Japanese War, China had to cede Taiwan to Japan by the Treaty of Shimonoseki (1895). Japanese colonisation was exploitative but also wrought deep structural changes to Taiwan's infrastructure, economy and educational sector that formed the base for future modernisation. When Japan lost World War II, Taiwan became part of the Republic of China (ROC). But the Chinese Civil War forced ROC government to retreat Taiwan and PRC was founded on mainland by Communist Party of China in 1949. Since then, Each government has asserted itself to be the legal government of 'one China' but in fact



they have been grown into two separate political beasts an authoritarian PRC and a democratic/ capitalist Taiwan (Hsiao, China–Taiwan tensions and Western economic interests, [2024](#)).

The Cold War only heightened Taiwan's strategic significance to the western countries. The United States, which had regarded Taiwan as a bulwark against communism had signed the Mutual Defense Treaty in 1954, and provided large military and economic assistance. Although officially the transfer was made to the U.S. recognition to Beijing in 1979, the Taiwan Relations Act maintained defense cooperation and arms sales to Taipei. This action symbolized continual peace and stability in the U.S. across the Taiwan Strait. So Taiwan became a role model of capitalist success. under democratic governance, posing an opposite pole of contrast with the mainland's statist and authoritarian political system. Taiwan's extraordinary democratic transition in has echoed its significance for the West. The significance of Taiwan's dramatic democratic transition in has reverberated in the West. During the late 1980s and the 90s, it was a sign of liberal values in the Asian region, thus strengthening an ideological, Competing between democratic and autocratic government.

In the economic sphere, Taiwan's improvement has been remarkable. It transformed from being one of the world's oldest high-tech manufacturing hubs to one of the world's leading high-tech manufacturing centers in the 1950s. Taiwan had become The expansion of export-based trade and investment has been the basis for the development of one of the “Four Asian Tigers” by investing in education and public services. industrial policy reform. Turning point was the establishment of Taiwan Semiconductor In 1987, it was founded by the Manufacturing Company (TSMC). Today, more than 60% of the Taiwan area is producing Taiwanese goods. More than 90% of the most advanced chips (those below 10 nanometres) are produced by world's semiconductors, as well as over 90% of the world's most sophisticated semiconductors. These semiconductors are very critical to western defense systems, artificial intelligence and other areas, Intelligence, cars and telecommunication gadgets. And as a result, Taiwan's innovation ecosystem is the keystone in global innovation and a central part of Western economic security. The West is reliant on the semiconductor production in Taiwan which, it was made apparent during conflict. In case of a blockade, it would be catastrophic for the world to be interrupted.

It is a democratic polity, with substantial civil liberties, an independent judiciary, and achieved high economic standard and economic development. While the country is still one of the economic competitors to China, its democratic resilience, in the form of its first direct presidential election in 1996, In condemning one-party domination in China is very strong. Western countries, the United States and members of the European Union in particular, are coming to see Taiwan as a partner in the protection of the free international system. In Lin's view, democracy's march is advancing by leaps and bounds. Taiwan has been a source of moral and ideological support to the west, which brought together its forces. Establish self as a champion of freedom and human rights in Asia. As a consequence, the ideological The dispute over the territory of Taiwan is not merely a matter of territorial sovereignty but more of a fundamental difference between the two it reflects a conflict of political system and values. Taiwan is the geographical hub of the First Island Chain and plays a pivotal role in both strategic and economic aspects regional and Western security. The island lies in the middle of the Japanese and Philippines, emerging as a wall which blocks China's way to the Pacific. Western policy makers thus view Taiwan as an economic partner, but not only that they also consider it a strategic node in the power Balance in the Indo Pacific. If the island fell into the hands of China, it would be a big shake up in the region ragging at regional and beyond, global order, against the West's deterrence policy and the change of strategy, From Tokyo to Beijing to Canberra. (Institution, 2023)

The issue of Taiwan also has far-reaching economic and psychological implications with China for the Western part of the world. If a war broke out the whole power system of the world would be closed. Narrow strait shipping lanes for almost 50% of global shipping of container. The prospect of this would also upset global technological supply chains and influence Western technology, in addition defend defense strength and financial markets. Western countries are committed to upholding democratic ideals, yet they also want to do business with China, one of their biggest trading partners. This situation has led to a "strategic ambiguity" policy which balances deterrence not to worsen by and engagement. However, Beijing's military strength and it will be a while before they see another performance like that.

## Statement of the Problem

One of the gravest threats to the world peace is the division of China from Taiwan. The split of China and

Taiwan is one of the most serious threats to the peace of the world. These are issues of security and peace in the 21st century in both the East and the West. Many diplomatic overtures have been made but at the moment, it's still a situation that is fragile, Beijing to this day claiming sovereignty as Taiwan advances its democratic efforts, credentials and defence with western support. Although there is an increasing number of the literature on the military and diplomatic aspects of the struggle has been the purview of consideration almost exclusively on the way incremental progress in Taiwan's military-modernization program may impact the balance factor in the region as China strives to pursue its regional strategic interests out of the comfort of home. This paper will then attempt to uncover the multi-dimensional elements of the significance of Taiwan to the West and evaluate an escalating cross-strait rivalry consequences for global Securing democracy and security.

## Literature Review

*The Battle for the World's Most Valuable Scenes* is the latest book authored by Miller Scribner is an in-depth exploration of The world semiconductor industry and its geopolitical importance in today's context. Miller reveals how TSMC was the center of the western technology, and it manufactured chips for artificial Communication systems, defense systems and intelligence. It is a dominance that he points out, "He notes that this dominance." The Taiwan situation affords Taiwan economic leverage and a strategic weakness. Yet the study fails to critically examine the possibility of the Western economies being able to become "Taiwan-free" without inducing economic crisis (Miller, [2022](#)).

The book ought to be *Taiwan's Semiconductor Miracle: From the Periphery to the Core* - by Chen (also) *The book, Taiwan/China: From Competing Modernities to a New World Order* (forthcoming), edited by Shih and published by Routledge (2026), discusses Taiwan's evolution from converting a backroom manufacturing plant into today's worldwide hub of semiconductor innovation. It credits the steps are important, and they involve this introduction of proactive government policies, changes in the education system and the development of technology investments. The writers argue that Taiwan's high-tech economy is conducive to Western defense. A key partner of the industries what they don't think about is how things would be if Taiwan were to face up to Farming in the event of conflict will cause turmoil in the supply chain (Chen, [2026](#))

The Why Is Taiwan Important to the United States? Council on Foreign Relations (2023) evaluates the political, economic, and military significance that Taiwan has for Western countries. It says Taiwan is an important democratic ally and a defense against Chinese expansionism. The semiconductor industry is the Western pillar of resilience that the report refers to, yet there is no mention of the potential implications that political acknowledgment of Taiwan would have regarding regional power (Union, 2024).

The report on the semiconductor industry in Taiwan published by the Center for Strategic and International Studies (CSIS) ([2023](#)), offers extensive information about global chip production. Disruptions in Taiwan's supply of semiconductors would send staggering shocks through Western economies and defense industries, the report warns. It encourages deliverers to build diverse supply chains and engage in industrial partnerships, though without suggesting how feasible these recommendations are given existing capacity limitations (CSIS, 2023).

The policy paper *How Serious Is the Risk of War over Taiwan?* from the Brookings Institution ([2023](#)) examines potential military conflict in the Taiwan Strait. It provides a look at China's expanding military modernization and Western deterrence strategies, and emphasizes the importance of Taiwan's defense to the security of the Indo-Pacific. Samuels (2023) highlights the contributions of this report to theorizing and forecasting, but laments that it inadvertently leaves out the social and economic costs in which prolonged militarization is likely to inflict on Taiwan's citizenry.

The RAND Corporation *U.S.–China Military Scorecard* (2023) assessed the comparative combat capabilities and readiness of China and the United States in different types of conflict. Taiwan is the likely site of conflict between the two powers, says the study. According to RAND, being able to maintain the edge in Western technology is still vital for deterrence, but it fails to address the possible reconfiguration of conflict outcomes brought about by cyber warfare and hybrid tactics (Europe, [2024](#))

The paper 'Global production pattern of semiconductor industry' in Nature Communications (2024) explores how the semiconductor sector is spatially organised. The research underscores that Taiwan produces the bulk of the world's advanced microchips and that developed economies in the West are extremely

dependent on this export. The article highlights the geopolitical risk of such reliance, but does not offer policy suggestions for completing technological.

TAIP Taiwan Industry and Policy Reports (Reuters) Reuter's Taiwan Industry and Policy Report (2024–2025) Reuter provides the following report regarding economic restructuring in Taiwan, US-TW business relations, TW-Japan cooperation. The reports detail Taiwan's efforts to diversify its trade and increase self-sufficiency in semiconductor manufacturing. They imply that international cooperation has helped secure prosperity in Taiwan, and conservatives do not say how small western economies might copy industrial models such as those of Taipei (Reuters, [2024–2025](#)).

Green's book on Japan and Taiwan *In Line of Advantage: Japan's Grand Strategy in the Era of Abe Shinzō*, which is published by Columbia University Press (2022), unpacks how a security policy toward is tied up with Taiwan defense. Green contends that if China were to take over Taiwan, it would weaken Japan's sea lanes of communication and U.S. military presence in the Pacific region. His analysis reveals a strategic dependence that Western allies have on each other, but fails to take into account the constraints of Japan's pacifist constitution (Green, [2022](#)).

Glaser and Cooper's paper titled *Taiwan and the U.S. Indo-Pacific Strategy*, released by Washington-based think tank The Center for Strategic and International Studies (2020) evaluates Taiwan in comparison to the broader Indo-Pacific concept. It shows how the U.S. seeks to fold Taiwan's defense posture into regional alliance structures in order to balance China's rise. While well-contextualizing the strategic significance of Taiwan, this article overlooks that strategical overextension of the U.S. military is not sustainable in the long term (Glaser, [2020](#)).

Rigger, *Why Taiwan Matters: Small Island, Global Powerhouse* (Rowman & Littlefield 2021) Economic and sociopolitical Taiwan's makeover is chronicled in a new book. Rigger contends Taiwan, with its economy driven by innovation and its democratic form of government, serves as a model for liberal strength. Rigger (2021) argues that Western liberal democracies consider Taiwan a moral ally, but the volume does not explore how internal political divisions might impact its international image.

The Chinese Invasion Threat: Taiwan's Defense and American Strategy in Asia (Easton, [2023](#) Project 2049 Institute) looks at the possibility of a Chinese attack. According to Easton, Taiwan's defense depends heavily on Western intelligence, logistics and technology. He contends that previous Western deterrence rested on both the credibility of response, and technical dominance; however, as Easton notes later on in his discussion, he does not take into account how information warfare may change strategic calculus (Easton, [2023](#)).

The International Crisis Group (2024) Due to the escalation of cross-strait tensions, the system of international market is influenced by increasing Political Risks in China following Taiwans Dilemma : An analysis on how an increase in political risks due to growing cross-strait could influence Western and Asian economic interests, a report published by Hsiao. Hsiao contends that the world's reliance on Taiwanese chips binds Western economic stability directly to regional peace. The paper underscores the risk in global trading, however fails to provide alternative models of economic structures (Hsiao, *China–Taiwan tensions and Western economic interests*, [2024](#))

Pomfret's book *The Beautiful Country and the Middle Kingdom: America and China, 1776 to the Present* (Henry Holt [2021](#)) charts the history of U.S.–Chinese relations, in which Taiwan has long featured. Taiwan is America's legacy of long-standing partnership and demonstrates to the world America's commitment to democracy, stability in Asia. But the book contributes little on how modern economic interdependence impacts U.S. policy towards Taiwan (Pomfret, [2021](#)).

Mastro's ([2022](#)) *Foreign Affairs*' article, "No Longer a Bluff: China's Military Reforms and Taiwan Strategy," discusses China's quick military modernization and concentration on Taiwan. Beijing's increasing hubris is making the risk of potential miscalculation all the higher, Mastro contends. Sheeb elaborate on her counterparts' argument that calls for unified Western response but falls short when it comes to nonmilitary deterrents (Mastro, [2022](#))

Europe's increasing interest in the region and Taiwan as a guardian of open trade routes is made clear in the Council of the European Union ([2024](#)): *EU Strategy for Cooperation in the Indo-Pacific*. The paper underscores Europe's solidarity with Western liberal partners but leaves unchallenged the internal EU rifts over whether or not to engage Taiwan as a diplomatic partner.

## Literature Gap

The literature reviewed offers substantial insights on the economic, political, and strategic significance of Taiwan to the West. Some researchers underlining the semiconductor power of Taiwan indicate that Western technological superiority also crucially depends on this fact as While others centre on its political identity and political role, as argued by Miller (2022) and Chen & Shih (2026). Seeing the potential and the necessity of cross-strait diplomacy, Bush (2013) and Lin (2019) have written the respective works. This is an analysis done by groups like CSIS, The danger of conflict is growing and the multinational is not doing a good job of it, say RAND and Brookings. The consequences of disruptions in the supply chain. But, like other studies, most of the studies on this topic have been overlook the fact that Taiwan is economically key for the Western world and is democratic. No integration of these values and the security relevance of these, which is why a values and security integration has not been carried out in the West. That is something that has not been observed with the system. To satisfy this need, this study will help provide a comprehensive analysis of Taiwan's The West attaches multiple significance to its importance.

## Research Questions

- What will be the impact of a China/Taiwan conflict on western economic and defense interests?
- What is Taiwan's semiconductor industry and what does the semiconductor industry mean to the western techno sphere?
- What are western countries to do to be less vulnerable to Taiwan-related supply chain interruptions?

## Research Methodology

The focus of this study is on the conflict between China and Japan, using a qualitative approach. The relevance of Taiwan and its relevance to the western world. Information for secondary sources will be extracted from books, and Credible sources: journal articles, reports and official documentations from credible institutions such as CSIS, Brookings and RAND. These data of Taiwan's place will be analyzed using thematic analysis. In the political, economic and strategic aspects of the world. This viewpoint will assist you to explain the importance of Taiwan to the security, trade and technology for the West.

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## Strategic Importance of Taiwan for the Western World

Taiwan is strategically important for the Western world in many ways, including its importance in terms of geography, military value and geopolitical power. It's importance in the world security calculations has increased significantly since the early 2000s, with the spurred by China's military growth. The factors include U.S.-China rivalry's shifting contours, regional assertiveness, and capabilities. Taiwan's strategic value is based on its position on the first island chain, its potential as a forward operating base and staging point for operations, and its strategic positioning for the defense of the island of Guam. Its strategic importance to the United States and the allies, and its status as a defense base.

## Geographic Significance

Taiwan sits at the crossroads of the Western Pacific, and is a central hub in what has been termed the Western Pacific 'choke point' "first island chain" that runs from Japan and the Ryukyu Islands to Taiwan and the northern part of the East China Sea. By military strategists, this chain is regarded to be a natural containment line for China's navies expansion and projection in the Pacific. The island's location gives the Western world, especially America and its allies a vantage point to track Chinese navy movements, missile tests and submarines this was like a spy for the Chinese strategic means of dampening the excesses of Chinese sea power .Taiwan is also close to the shipping routes which transport a significant amount of the world's maritime trade. More than \$1 trillion worth of business crosses the Taiwan Strait each year, To make it one of the most important sea crossings on the planet. Sovereignty of Taiwan or authority to intervene and control in Taiwan thus offers not only strategic military control, but also potential leverage over key commercial sea lanes between the east, north America and Europe (Zhang, 2022). Any disruption, a blockade or a conflict in this maritime corridor could have huge repercussions on world trade, transports flows, energy transports and the international supply chain.

This is a dual position both commercial and furthermore, Taiwan's geographical location is also significant due to its geography.

The island is with coastal areas mainly on the West, which provided natural protection. These geographical elements contribute to the potential of the island to be a forward base for the defence and complicate amphibious assaults, making it more of a threat for the Western countries military planners (Swaine, [2022](#))

### **Military and Defense Considerations**

The geographical location plays an important role in Taiwan's military significance. From a Western perspective, Taiwan is considered to be a key forward base in the case of a possible Chinese regional incursion assertiveness. The island can be used as a base for the surveillance, reconnaissance and intelligence missions to keep a check on the eastern coast of China and its sea going activities, and naval capabilities . The U.S. Department of Defense places a strong emphasis on stressing in this regard, Taiwan's contribution to the defense architecture in the region is emphasized, with a focus on the fact that Taiwan is capable of projecting defense capabilities. The capability of the 24/7 force and early warning in response to any aggressive move is an essential component of the countermeasure against the aggressors. People's Liberation Army (PLA)Taiwan's defense capability is also a part of its strategic significance. Taiwan has Stronger than usual efforts were placed on the development of asymmetric warfare weapons, such as anti-ship missiles and advanced fighter Tankers and the integrated air-defence systems that could make a Chinese amphibious assault more difficult, are among the challengers to the Chinese Navy's fleet invasion. The mountainous landscape adds to its defense, any attacking party will have to deal with the rugged terrain (Swaine, [2022](#))

Taiwan also has a conscript-based military system, and along with major military defense, the nation has established a military industry. In addition to large military defense, Taiwan has set up a military industry, and has a conscript system for its military. A credible posture of defence is achieved through defence spending as a proportion of GDP. Western analysts view Taiwan's military preparedness is vital not just for Taiwan's survival but for its security too, as it has to maintain arms strategic balance in the West Pacific. By making Taiwan able to defend itself, western indirect, nonmilitary ways of projecting influence are less risky for nations to commit ground troops to of direct confrontation, with the observance of deterrence. Moreover, Taiwan's military value has been bolstered by its part in overall defense. Planning in conjunction with the U.S. and allied forces. Joint exercises, sharing of intelligence and arms sales Highlight the importance of Taiwan as a key part of the Indo-Pacific security network. For example, Cooperation with the U.S. military, such as advanced missile systems, naval cooperation and cyber-security provides assistance, enhances Taiwan's defenses, and also helps to further reinforce the influence of the West across the region.

### **Geopolitical Significance**

Taiwan is at the heart of the U.S. Indo-Pacific Strategy, playing a pivotal role in a web of alliances and partnerships, along with other regional nations, that is expected to include Japan, South Korea, and Australia. Should conflict break out on the island, the response would be collective, diplomatic measures would be taken and the island's security would be linked with other multilateral arrangements, such as the Quadrilateral Security Dialogue (QUAD) and other regional defense arrangements. The military buildup, or mobilization, of these alliances, making the stakes of the Taiwan Strait greater than just for the region. Moreover, Taiwan's location has an impact on the foreign policy of the sea law. Furthermore, Taiwan's location would affect the foreign policy of maritime law (Lee & Chao, [2023](#))

### **Integrated Strategic Assessment**

A strategic assessment of Taiwan shows that there are multiple-layered reasons for the West's engagement with Taiwan: Geographic: Taiwan's location on the "first island chain" means Western monitoring of Chinese naval and maritime operations; Economic: Taiwan's importance to the Western trade and financial system is multifaceted, and the West must be engaged because it is an integral part of the international economy; Humanitarian: Taiwan's democratic system is ultimately greater than that of the People's Republic of China, and the West will be involved to ensure that the country remains fully democratic. It is located close to major shipping routes and thus has commercial and military strategic importance. Military: Taiwan is a key factor in

regional deterrence and military operations as its defence capabilities, terrain and potential as a forward base. Geopolitical: Island is part of U.S. and allied security structures and represents a symbol of Western values of democracy, regional security, and freedom of navigation. All these dimensions have contributed to Taiwan's special value to the Western world. But its significance cannot be ignored and is subject to change as technology progresses, military concerns take shape, and world geopolitical changes occur. The strategic importance of Taiwan has also grown in recent times, with post-2022 developments such as China's military modernization and its growing assertiveness in the region putting a new emphasis on Taiwan in Western policymakers' agendas (Zhang, [2022](#)).

## Economic and Technological Significance of Taiwan

Economic and technological profile is becoming one of the most important factors in Taiwan which underlines its strategic significance for the western world. In addition to its geographic and military significance, Taiwan is also known for its technological prowess, especially in the field of semiconductors, which puts it at the heart of global supply chains and economic interdependence. The economic leverage, along with the trade networks and the island's participation in the international financial system, influence the policies, investment plans and defense plans of western countries (Cole, [2023](#))

### Semiconductor Industry

The rest of the world's production of advanced semiconductors is dominated by Taiwan, especially Taiwan Semiconductor Manufacturing Co. Ltd. (TSMC) maker, has been caught up in the controversy. The world's biggest contract chip maker, Semiconductor Manufacturing Company (TSMC), is in the middle of the controversy. TSMC is the manufacturer of about 60–70% of the world's supply of advanced logic chips, and From 5nm to 3nm, the nodes are integral to the contemporary computer, artificial intelligence (AI), consumer electronics and defense industry solutions. The global economy's Taiwan's importance in supply chain for these high-tech chips highlights the island's pivotal role technology supply chains.

Semiconductors are used in the most advanced defense equipment such as secure communications, radar, missile guidance systems and in the automobile industry, among others. communication networks. Whether it's geopolitical tensions, natural disasters, or supply chain issues, any disruptions in Taiwan's semiconductor production could have far-reaching consequences worldwide. For example, when semiconductors were in short supply in 2021-2022, Taiwan's significance was highlighted as factories in the automobile and auto parts sector in North America and Europe were forced to halt operations, electronics manufacturing and the timelines for deploying AI were all impacted.

In addition to superior manufacturing capabilities, Taiwan's technological strength also lies in its higher-quality research and development capabilities. TSMC's proprietary The highly developed supplier base and research structure of the island, and fabrication technologies. High barriers to competitors from institutions, and skilled workforce. The United States and Europe have been making efforts to diversify manufacturing of semiconductors, such as the United States' CHIPS Act and the European Chips Act, acknowledging Taiwan's strategic significance. But it is believed that it will take many decades to move the high-tech chip manufacturing business elsewhere and to achieve the same technology, if possible, as Taiwan does.

For the West, Taiwan's semiconductor industry is an engine for strategic gains, as well as a source of foreign investment. An economic asset as well as a geopolitical lever. The ability to get access to the chips is the key to defense readiness and technological superiority in Taiwan. At the same time, the economic hub of the island is a potential vulnerability: any attempt of the Chinese to disrupt production or export would have repercussions on Western industries. The juxtaposition of vital technology and geopolitical vulnerability heightens Taiwan's special place in global economic and security interest calculations.

### Trade Networks and Global Supply Chains

Taiwan's importance is not limited to semiconductors, it's a big part of Taiwan's trading networks as well. It is a key exporter to the Western economies, and links East Asia to the Western economies in electronics, machinery, chemicals and petrochemicals. Total exports from Taiwan in 2023 amounted to about USD 444 billion of which over 40% went to the United States, Japan and Europe. Therefore, Taiwan's trade linkages play

a key role in the global manufacturing, technology development, and resiliency of supply chains. With ongoing global supply chains, any disruption in Taiwan can have repercussions on North America, Europe and Asian production, shortages and inflation. As a case in point, automotive factories across the world suffered production delays due to semiconductors from Taiwan. As an example, the semiconductor shortage in Taiwan caused production delays in automotive factories around the world (Lee & Chao, [2023](#))

## **Conclusion**

China-Taiwan is one of the most current and serious geopolitical flash points of the 21st century. Taiwan's importance to the western world is multifaceted, ranging from strategic, military, economic, and technological aspects. It is geopolitically placed on the first island chain which enables the watch and containment of the Chinese navy and the protection of the vital sea lanes of communication between East Asia and the world. Militarily, Taiwan serves as a forward base to U.S. and allied troops, and its topography and geography are ideal for such purposes. Geopolitically, Taiwan is vital to U.S. Indo-Pacific strategy, QUAD, and allies' defense capabilities offering a credible deterrent against potential Chinese amphibious operations, the security frameworks, and any disputes over the island, would most likely lead to multilateral reactions and reconfiguring of power balances in the region. Taiwan is a key provider in the world's supply chains, both economically and technologically. Under the leadership of Taiwan Semiconductor Manufacturing Company (TSMC), the island's semiconductor industry manufactures most of the advanced logic chips that are vital to AI, consumer electronics and defense, the trade networks and integration into global finance in Taiwan. It further highlights its significance both in terms of opportunities and vulnerabilities for the West economies. Disruptions in Taiwan, whether caused by war, blockade or coercion, diplomacy may result in disruptions of the supply chain, inflation, industrial slowdowns, and technological bottlenecks around the world. These factors, in sum, show Taiwan's status as a strategic geopolitical pivot in the Indo-Pacific and an indispensable technological and economic partner of the West. Therefore, its security and stability are inextricably linked to regional balance, to the preservation of international economic flows and to the rules-based international order.

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