



## US-Taiwan Business Council

<b>To:</b>	OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
<b>From:</b>	The US-Taiwan Business Council
<b>Date:</b>	April 13, 2026
<b>Topic:</b>	Docket No. USTR-2026-0067 - Section 301 Investigations of Acts, Policies, and Practices of Certain Economies Relating to Structural Excess Capacity and Production in Manufacturing Sectors

The US-Taiwan Business Council (USTBC) thanks the Office of the United States Trade Representative (USTR) for this opportunity to submit comments on the *Section 301 Investigations of Acts, Policies, and Practices of Certain Economies Relating to Structural Excess Capacity and Production in Manufacturing Sectors*. It is our understanding that USTR seeks to better understand if Taiwan exhibits structural excess capacity in its manufacturing sectors, leading to overproduction, large or persistent trade surpluses, or underutilized and unused capacity.

USTBC is a member-based organization that has worked since 1976 to foster bilateral trade and business relations with Taiwan and to support U.S. companies on the island. USTBC offers these comments on behalf of the organization and of our member companies doing business in both the United States and Taiwan.

### Comments

Taiwan is a like-minded democracy, a top tier trading partner, and an essential strategic ally for the United States. Through industrial development and substantial domestic and foreign company investments over the last 50+ years, Taiwan has also come to play a crucial role in the global technology supply chain – particularly for leading-edge semiconductors.

U.S. companies frequently depend on Taiwan's manufacturing capabilities, particularly in semiconductors and electronics. Over many years of trusted partnerships, companies on both sides of the equation have developed specializations. American firms have concentrated on innovation, software development, and product design, whereas Taiwan companies have focused more on the capital-intensive processes of fabrication and assembly. Additionally, Taiwan serves as a crucial partner for U.S. and foreign companies who send critical components to Taiwan for processing and for ultimate re-export to the United States.

This supply chain dynamic - where demand from the U.S. for components manufactured or processed in Taiwan remains robust and enduring - has led to a significant trade surplus for Taiwan with the United States. The Taiwan trade surplus has also grown over the last few years, reflecting the increased U.S. demand for Taiwan's high-value advanced technology products due to U.S. growth in Artificial Intelligence (AI), building of data centers, and related industries.

Despite the growing trade surplus, Taiwan's industrial production is entirely market driven and in response to customer demands. Key sectors such as semiconductors, information and communications technology, electronics, and advanced machinery gain competitiveness from technological innovation and R&D investments, rather than from cost distortions or structural excess capacity.

Taiwan does not demonstrate non-market characteristics such as subsidization, wage suppression, or manipulation of exchange rates. Indeed, Taiwan is a trusted partner for the United States and can serve as an ally in combating trade distortions, fighting unfair trade practices, and enhancing secure, trusted, and rules-based supply chains.



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The recently signed U.S.-Taiwan Agreement on Reciprocal Trade (ART) underscores the significance of the U.S.-Taiwan trade and investment relationship.<sup>1</sup> It illustrates how both parties aspire to enhance bilateral prospects by strengthening supply chain resilience and collaboratively foster stability and prosperity. At the same time, Taiwan is proactively promoting initiatives aimed at fostering and supporting Taiwan corporate investment in the United States, with several substantial investments made over the last few years by Taiwan firms such as the record-breaking Taiwan Semiconductor Manufacturing Company Limited (TSMC) investments in Arizona.

The industries of concern identified in this Section 301 investigation as contributing to the trade imbalance are also examined in the U.S. Department of Commerce Section 232 investigations where we also submitted our comments.<sup>2</sup> In addition, the U.S. and Taiwan trade and investment agreement signed in January 2026 to strengthen U.S. domestic semiconductor supply chains specifically pertains to the same product categories.<sup>3</sup>

### Conclusion

While Taiwan has a large, persistent, and growing trade surplus with the United States, this is not due to structural overcapacity but because of the highly complementary nature of our economies. Taiwan does not maintain underutilized and unused capacity, nor does it overproduce. Instead, production is based on consumer demand and driven by market forces.

Should USTR wish to discuss these comments with the US-Taiwan Business Council, please contact us as follows:

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<sup>1</sup> *Fact Sheet on U.S.-Taiwan Agreement on Reciprocal Trade*, Office of the U.S. Trade Representative, February 12, 2026, <https://ustr.gov/about/policy-offices/press-office/fact-sheets/2026/february/fact-sheet-us-taiwan-agreement-reciprocal-trade>.

<sup>2</sup> *Testimony: Bureau of Industry and Security (BIS), Comments on Section 232 National Security Investigation of Imports of Semiconductors and Semiconductor Manufacturing Equipment*, US-Taiwan Business Council, May 7, 2025, <https://www.us-taiwan.org/resources/testimony-bis-national-security-investigation-of-imports-of-semiconductors-2025>.

<sup>3</sup> *Fact Sheet: Restoring American Semiconductor Manufacturing Leadership Through an Agreement on Trade & Investment with Taiwan, U.S. Department of Commerce*, January 15, 2026, <https://www.commerce.gov/news/fact-sheets/2026/01/fact-sheet-restoring-american-semiconductor-manufacturing-leadership>.