Issue Brief
*July 8, 2025*

# Safeguarding the Global Chip Supply: Lessons from PRC's Technology Acquisition Tactics in Taiwan

*Viktor Simov and Niklas Swanström*

*Photo credit: sdecoret / Shutterstock.com*

*Taiwan's technological advantage, especially in the semiconductor sector, serves as a key factor for deterring a Chinese invasion. However, there are documented cases of the PRC using multiple strategies to acquire Taiwanese technologies to reduce its reliance on Taiwan, and international supply chains, before possible military action. This issue brief will aim to outline these strategies, which include industrial espionage, talent poaching, and the use of shell companies, investment channels and joint ventures for technological appropriation or further cross-strait integration. Amid intensifying Chinese efforts to appropriate Taiwanese technology, the EU and other Western allies must draw strategic lessons from Taiwan to protect their own supply chains and thereby increase their economic security.*

## Introduction

Taiwan's worldwide dominance in semiconductor manufacturing has transformed the island into a frontline in the global technological rivalry between democratic and autocratic regimes. Spearheaded by the Taiwan Semiconductor Manufacturing Company (TSMC), Taiwan currently produces 60 percent of the world's semiconductors and 95 percent of the most advanced chips in the market.[1] These small components are of crucial importance for Western countries, which rely on them for domestic manufacturing[2] and aim to "de-risk" their supply chains amid rising competition with China.[3]

For the People's Republic of China (PRC), the semiconductor industry has an additional strategic layer since the country regards the island of Taiwan as a rogue Chinese province that separated from the mainland in 1949, and must be reclaimed by any means necessary.[4] However, according to the so-called "silicon shield" theory,

Taiwan's technological superiority may serve as its main protection against a Chinese attack for two reasons. Firstly, since China purchased 53.8 percent of aggregate Taiwanese microchip exports as of 2023,[5] it may be reluctant to invade Taiwan due to this heavy dependence and the severe economic consequences such an action would entail. Any military action, be it a blockade or a full-scale invasion, would disrupt China's access to advanced chips due to supply chain severances or infrastructure destruction. Secondly, advanced microchips are a national security issue for the U.S. and many of its economically advanced allies, who would be compelled to defend Taiwan in a potential conflict.[6]

Although its technological superiority may seem to benefit Taiwan strategically, China-Taiwan relations have been deteriorating since 2016[7] and cross-strait tensions have been on the rise, marked by increased military pressure[8] and a range of subversive Chinese activities targeting Taiwan.[9] Industrial espionage has also been intensifying as China ramped up its efforts to reduce its dependence on Taiwanese microchips and Western semiconductor supply chains more broadly.

To achieve this, Beijing has relied on a diverse strategy consisting of talent poaching, establishing shell companies, extractive joint ventures, and technology transfer through academic exchanges. While China has been unable to fully domesticize production despite long-term efforts, with only 16 percent of advanced microchips produced on the Chinese mainland as of 2019,[10] its technology appropriation strategies are becoming increasingly successful. In 2024, a TSMC chip was found on a Huawei product despite export restrictions,[11] and concerns are on the rise regarding the company's ability to safeguard its newest AI chip technology.[12]

Although Taipei has responded to the Chinese efforts by strengthening its legislation, establishing anti-espionage task forces, and conducting company investigations, the EU, the U.S., and their like-minded Indo-Pacific allies should attempt to counter the PRC's technology appropriation through promoting the diversification of Taiwan's semiconductor industry, enhancing talent retention incentives, implementing joint export controls, and striving for high-level strategic dialogue with Taiwan. This will allow Taiwan to maintain its unique "silicon shield" advantage and reinforce the security of Western semiconductor supply chains. The EU should pay attention to the developments in Taiwan, not only due to the increased insecurity for Taiwan and increased costs for microchips, but also because Chinese strategies are at risk of being implemented, or are already in place, in Europe.

***"Although its technological superiority may seem to benefit Taiwan strategically, China-Taiwan relations have been deteriorating since 2016 and cross-strait tensions have been on the rise, marked by increased military pressure and a range of subversive Chinese activities targeting Taiwan.***

## Chinese Technology Transfer Ecosystem and Industrial Strategies

The PRC has a long history of utilizing and illegally appropriate foreign technologies to modernize its industry and military. Although such appropriation systems exist in many countries worldwide, China's foreign technology transfer ecosystem is different from western

actors by being state-led and controlled by the Chinese Communist Party (CCP), which is superordinate to key state actors such as the State Council or the People's Liberation Army (PLA). The CCP has further strengthened its oversight of national science and technology (S&T) development through establishing the Central Science and Technology Commission as the highest S&T governing body in March 2023.[13]

Pursuant to its military-civil fusion strategy emphasizing cross-sector technology sharing, China has employed a variety of actors within its technology transfer ecosystem.[14] These include several government departments, the military, the defense-affiliated "Seven Sons of National Defense" universities[15] believed to have close ties to the PLA, and other civilian research institutes. Notable is also the inclusion of the commercial sector through government-owned investment funds with special attention paid to dual-use industry companies.[16] The PRC also frequently relies on its chipmaker companies for talent acquisition, with better wage incentives and benefits being particularly used for recruiting Taiwanese engineers.[17]

***"Industrial espionage has also been intensifying as China ramped up its efforts to reduce its dependence on Taiwanese microchips and Western supply chains. To achieve this, Beijing has relied on a diverse strategy consisting of talent poaching, shell companies, extractive joint ventures, and technology transfer through academic exchanges.***

The CCP has been heavily involved in economic affairs since the PRC's industrialization began in 1979. This helped fuel national economic growth by building infrastructure, supporting education and research, but also utilizing subsidies, industrial espionage and mercantilist policies to benefit domestic companies.[18] In line with this, the PRC launched its "Made in China 2025" strategy in 2015 with the goal of "raising domestic content of core components and materials to 40 percent by 2020 and 70 percent by 2025". However, the first target was only met in 2022 due to supply chain strains caused by the COVID-19 pandemic.[19] China ultimately aims to reduce its strategic reliance on Western supply chains, increase self-reliance, and move its economy from assembly to advanced production.

Despite this, China has struggled to achieve leadership in the semiconductor industry dominated by Taiwan due to its lack of domestic know-how, regarded as one of the country's main industrial deficiencies.[20] The knowledge gap has been further exacerbated by export restrictions imposed on lithography machinery in 2019[21] and advanced manufacturing equipment in 2022-2023.[22] China has a long way to go before they can compete internationally in the high-end semiconductor industry.

Although the PRC has only achieved its first "Made in China" goal in 2022,[23] the country has been making significant advancements in the legacy chips sector deemed peripheral by the West.[24] Legacy chips are larger than their cutting-edge counterparts produced by the TSMC. However, they can be used in a broad range of products ranging from electric vehicles, a sector where China has already assumed global leadership,[25] to dual-use missile and radar systems, which could be utilized by the PLA.[26]

China is predicted to surpass Taiwan in the legacy sector by 2027.[27] However, to fully domesticize production, Beijing aims to acquire advanced Taiwanese semiconductor technology through a range of industrial espionage tactics. Producing advanced microchips on the Chinese mainland would arguably be less efficient compared to Taiwanese production, which is well-integrated into global supply chains. On the other hand, successfully appropriating TSMC's and other Taiwanese companies' know-how would allow Beijing to effectively suppress parts of the global competition through heavily subsidizing Chinese companies—leading to lower incomes, reduced R&D investments and, ultimately, a slowdown in innovation for the EU and like-minded states.[28]

## Technology Appropriation through Talent Poaching, Regulatory Loopholes

Chinese industrial espionage activities against Taiwan have intensified over the last five years, with talent poaching seemingly being the most prevalent strategy. The Taiwanese National Investigation Bureau has reported over 100 cases of attempted talent poaching since 2020. In March 2025, the Bureau had sent 180 operatives to raid 11 companies including China's Semiconductor Manufacturing International Corporation (SMIC), the country's largest chipmaker.[29] SMIC had supposedly set up a shell company in the Taiwanese city of Hsinchu, where TSMC's headquarters is located, and attempted to illegally recruit Taiwanese engineers, pretending to be a Samoan high-tech company.[30]

By recruiting Taiwanese talents, China becomes able to fuel its "catch-up economy" driven by imitating or reverse engineering foreign technologies to subsequently patent them domestically, effectively avoiding all related R&D costs.[31] A prime example of this strategy is PRC's flagship company Huawei, which secured over 56,000 5G and AI patents with minimal R&D investments.[32] The talent poaching strategy is especially effective in Taiwan as China is able to offer much higher wages and extra benefits to Taiwanese staff willing to relocate to the mainland. Beijing also regularly employs a "young and old teams" strategy by targeting senior company managers and letting them construct their own teams comprised of previous, trusted colleagues.[33]

***"By recruiting Taiwanese talents, China becomes able to fuel its "catch-up economy" driven by imitating or reverse engineering foreign technologies to subsequently patent them domestically, effectively avoiding all related R&D costs. A prime example is Huawei, which secured over 56,000 5G and AI patents with minimal R&D investments.***

Despite this, China does face certain challenges in its poaching efforts, since the attractiveness of employment on the mainland is reduced by limited career mobility of Taiwanese employees due to loyalty concerns.[34] Moreover, Taiwanese engineers that have worked in the PRC are often labelled as traitors and struggle to find employment after returning home. To overcome such challenges, China complements its recruitment with operations in Taiwan. Apart from the SMIC shell company, in 2022 Chinese semiconductor firms Starblaze Technology and Tongfu Microelectronics were investigated for establishing illegal R&D offices in Hsinchu

and handling their payrolls via Hong Kong subsidiaries.[35]

Since Taiwanese authorities often struggle to find convicting evidence, Chinese firms' confidence has been on the rise. In 2024, eight PRC companies were investigated for having set up illegal offices in Taiwan, while being financially backed by CCP's Ministry of Finance and the China Development Fund. Among the firms were North Huachang, ranking among the top 100 Chinese electronics companies, and Shanghai Hanxin Technology directly supported by the PRC government. A common trick exploited by the companies is requiring the poached engineers to set up union insurance or insure themselves through their relatives to avoid detection by the Taiwanese authorities.[36]

Another technology extraction model employed by the PRC is so-called "remote poaching". In a notable 2021 case, Chinese integrated circuit (IC) design company Bitmain purchased AI microchip design services from a Taiwanese firm WiseCore Tech through its spin-off company Beijing Jingshi. This allowed Bitmain to rely on an entirely Taiwanese team of engineers at WiseCore who completed design requests, ordered the microchips to be manufactured at TSMC, packaged, and subsequently shipped to China. Due to being backed by mainland Chinese investments and operating in Taiwan without approval, Beijing Jingshi violated Taiwanese law, leading to its and WiseCore's operations being shut down in 2022. However, strikingly, if WiseCore were to merely fulfill orders for a PRC company without active operations in Taiwan, the business structure would have been fully legal due to a legislative loophole.[37]

Similarly, China has exploited the lack of Taiwanese regulation regarding non-core technologies to attract L&K Engineering, a Taiwanese company specializing in cleanroom engineering to the Shenzhen technology cluster. By being allowed to expand to China, L&K has become one of the key suppliers of Chinese semiconductor companies such as SMIC and Fujian Jinhua, while also establishing connection with firms under Huawei's supplier network. The company is now co-listed in both Taipei and Shanghai and raises concerns due to potential technology transfers and actively assisting China in developing its domestic semiconductor supply chain.[38]

***"Measures controlling economic espionage were accompanied by a broader effort to mitigate Chinese infiltration activities. In March, Taiwan announced a new 17-point strategy including reinstating military courts to rule on espionage cases, screening of overseas Chinese residents, and defense against cyberattack and cognitive warfare.***

## Response from Taiwan and the West

Taiwan has responded to the Chinese talent poaching and technology transfer through a combination of government-mandated as well as company measures. In 2019, Taiwan launched a re-shoring initiative to incentivize domestic companies into moving their operations from the PRC back to Taiwan.[39] A year later, Taiwan's Ministry of Justice established a new task force under its National Security Bureau with the aim of tackling PRC's talent poaching activities.[40] Three years later, this was followed by a National Security Act amendment, penalizing economic espionage and extraterritorial use of core technologies with 12 years of imprisonment and fines ranging from $5-100 million NTD.[41]

In addition, the TSMC formulated clear 2030 employee satisfaction and compensation targets to increase talent attraction and retention.[42]

Measures controlling economic espionage were accompanied by a broader effort on the part of President Lai Ching-te's administration to mitigate Chinese infiltration activities in Taiwan. In March, the government announced a new 17-point strategy including reinstating military courts to rule on espionage cases, screening of overseas Chinese residents, and defense against cyberattack and cognitive warfare.[43] The stricter screening of Chinese residents also includes more frequent crackdowns on Taiwanese illegally holding PRC documents, which is forbidden by Taiwanese law.[44]

Amid intensifying cross-strait tensions, Lai's administration further called for deeper Taiwan-U.S. economic ties to establish a "non-red supply" chain to help balance its ongoing trade imbalance with the U.S., mitigate the current tariff threats, and bolster economic security.[45] These diversification efforts were spearheaded by the TSMC, which invested $100 billion to establish a new fabrication plant (fab) in Arizona.[46] The company is also currently constructing its European fab in Dresden, planning to complement it with an advanced chip design center.[47]

To combat China's technology transfer attempts and slow down its technological progress, the U.S. restricted the export of AI chips with dual-use potential to the Chinese mainland in 2022 by introducing a three-tiered licensing system.[48] In their respective Chips Acts, the EU and the U.S. further addressed shared concerns, aiming to reduce dependency on offshore chip manufacturing and strengthen their supply chain resilience. While the funding structure of both pieces of legislation differs, both allied players aim to onshore chipmaking facilities and ramp up domestic R&D. Another aim of both

> ***"While supply chain diversification attempts and EU-U.S. export restrictions may reduce the immediate technology appropriation risk, China still has the potential to lure in talents through its generous research funding and larger research teams.***

Chips Acts is to establish a deeper collaboration with Japan, which is regarded as a key regional stakeholder and a "like-minded democracy".[49]

In the 5th EU-Japan High Level Economic Dialogue, both partners have vowed to conduct shared risk assessment and information to prevent critical technology leakages.[50] As a further preventative measure, the U.S. introduced an outbound investment screening mechanism to scrutinize investment to China connected with crucial advanced technology.[51] Responding to U.S. demands, the Netherlands imposed export restrictions on its flagship company ASML in 2023.[52] ASML is a world-leading manufacturer of advanced lithography machinery used for microchip etching, allowing chipmakers to "mass produce patterns on silicon".[53] A new set of restrictions announced in 2024 requires the company to apply for government licenses when exporting equipment to China and bans it from servicing its existing equipment in the PRC.[54]

Despite these measures, approximately 10 Chinese are investigated for illegal activities each year,[55] and Taiwan continues to face significant regulatory and human capital challenges. The island's semiconductor industry has been experiencing a talent shortage, with 22,820 unfulfilled engineer jobs reported as

of 2023. This issue is further exacerbated by the intensifying international competition in the industry, causing an outflow of talents to higher-paying countries such as the PRC.[56] While supply chain diversification attempts and EU-U.S. export restrictions may reduce the immediate technology appropriation risk, China still has the potential to lure in talents through its generous research funding and larger research teams.[57] Moreover, Taiwanese legal protection against foreign investment only covers parts of the island's supply chain, leaving especially non-core technologies such as cleanrooms exposed.[58]

## Policy Recommendations

Amid intensifying Chinese efforts to appropriate Taiwanese technology, the EU and other Western allies must draw strategic lessons from Taiwan to protect their own supply chains and thereby increase their economic security. Although the focus had largely been on the Russia-Ukrainian conflict, examining the Taiwan case may provide valuable policy lessons for protecting the Western technological edge against hostile actors. In line with this, four broader policy lines are recommended.

> ***"Learning from Taiwan's experience, the EU and its like-minded allies should center their policy on enhancing anti-espionage measures, closing regulatory loopholes, improving cybersecurity and talent retention measures as well as striving for diversified, democratic supply chains.***

*1. Enhance anti-espionage measures*

Taiwan's response to Chinese infiltration attempts through strengthening its National Security Act, establishing anti-espionage task forces, and conducting coordinated company investigations is a model the EU should consider replicating. EU member-states should attempt to harmonize their foreign investment screening mechanisms and remove legal loopholes pertaining to non-key technologies, which might serve as a backdoor for espionage due to being overlooked. Brussels should further attempt to establish a shared registry of suspicious firms linked to the CCP. It is clear that any legislative or political weakness will be used by malign foreign actors, and not only China.

*2. Fortify cybersecurity and talent retention policies*

To counteract Chinese talent poaching attempts, the EU and Taiwan should jointly invest in their respective cybersecurity frameworks for intellectual property protection such as Information Sharing and Analysis Centers (ISACs). In parallel, talent retention measures comprised of adequate financial compensation, innovative freedom, and R&D partnerships should be implemented to prevent brain drain toward the PRC. To de-risk supply chains, the EU should consider joint PhD programs to secure employment pathways for engineers working with trusted Taiwanese chipmakers.

*3. Promote supply chain diversification*

The Dresden fab is an excellent first step. The EU should promote the establishment of Taiwanese fabrication plants by simplifying regulatory processes, offering financial incentives, and integrating Taiwanese partners into its R&D networks. These overseas facilities would make it harder for the PRC to conduct espionage activities, while serving as a crucial node in the new non-red supply chain.

*4. Deepen diplomatic engagement and promote dialogue*

Similar to the EU-Japan High Level Economic Dialogue, Brussels should eventually aim to establish a collaboration with its Taiwanese counterpart. By doing so, both sides would be able to coordinate their export control regimes, conduct risk assessments, and share essential semiconductor research.

## Conclusion

The Taiwanese semiconductor technology is not merely a domestic asset. Taiwan's semiconductor prowess is a key aspect of the island's domestic security and underpins global technological security. As the PRC ramps up its efforts to appropriate Taiwanese intellectual property and lure talents to its shores, the risks extend far beyond the Taiwan Strait. The EU and its allies must, therefore, recognize these tactics as a part of a broader effort to undermine democratic innovation ecosystems and refocus the economy towards China and not the U.S. and Europe.

Learning from Taiwan's experience, the EU and its like-minded allies should center their policy on enhancing anti-espionage measures, closing regulatory loopholes, improving cybersecurity and talent retention measures as well as striving for diversified, democratic supply chains. This can be achieved partly through integrating Taiwan into the EU's R&D networks, establishing shared export controls and innovation hubs, and promoting strategic dialogue in the field of tech diplomacy.

**Authors –**

***Dr. Niklas Swanström*** *is the Executive Director of the Institute for Security and Development Policy, and one of its co-founders. He is a Fellow at the Foreign Policy Institute of the Paul H. Nitze School of Advanced International Studies (SAIS) and a Senior Associate Research Fellow at the Italian Institute for International Political Studies (ISPI).*

***Viktor Simov*** *is an Intern at the ISDP's Stockholm Taiwan Center.*



**About ISDP**

*The Institute for Security and Development Policy is a Stockholm-based independent and non-profit research and policy institute. The Institute is dedicated to expanding understanding of international affairs, particularly the interrelationship between the issue areas of conflict, security and development. The Institute's primary areas of geographic focus are Asia and Europe's neighborhood.*

www.isdp.eu

## Endnotes

1 Keoni Everington, “Foreign minister says Taiwan makes 95% of world’s advanced chips,” *Taiwan News*, May 20, 2025, https://www.taiwannews.com.tw/news/6114995.

2 Sujai Shivakumar, Charles Wessner, and Thomas Howell, “A World of Chips Acts: The Future of U.S.-EU Semiconductor Collaboration,” Center for Strategic and International Studies, August 20, 2024, https://www.csis.org/analysis/world-chips-acts-future-us-eu-semiconductor-collaboration.

3 Andreea Brinza, Aleksandra Berzina-Cerenkova, Philippe Le Corre, John Seaman, Richard Turcsányi, and Stefan Vladisavljev, “EU-China Relations: De-risking or de-coupling – the future of the EU strategy towards China,” European Parliament, March 2024, https://www.europarl.europa.eu/RegData/etudes/STUD/2024/754446/EXPO_STU(2024)754446_EN.pdf.

4 Lindsey Maizland and Clara Fong, “Why China-Taiwan Relations Are So Tense,” Council on Foreign Relations, March 19, 2025, https://www.cfr.org/backgrounder/china-taiwan-relations-tension-us-policy-trump.

5 伊藤博敏 (Ito Hirotoshi), “「半導体産業の直面する『台湾リスク』、投資分散の動きも」”("Taiwan risk" facing semiconductor industry, move to diversify investment), Japan External Trade Organization, May 13, 2024, https://www.jetro.go.jp/biz/areareports/special/2024/0501/00381639f573dc93.html.

6 Wu Jieh-min, “Silicon Shield 2.0: A Taiwan Perspective,” *The Diplomat*, September 14, 2024, https://thediplomat.com/2024/09/silicon-shield-2-0-a-taiwan-perspective/.

7 Lindsey Maizland and Clara Fong, n. 4.

8 NHK, “「中国軍 全人代に合わせ 台湾周辺での軍事的圧力の常態化認める」”(Chinese military acknowledges normalization of military pressure around Taiwan in line with National People's Congress), March 9, 2025, https://www3.nhk.or.jp/news/html/20250309/k10014744371000.html.

9 Kelvin Chen, “President unveils plan to counter Chinese sabotage against Taiwan,” *Taiwan News*, March 13, 2025, https://www.taiwannews.com.tw/news/6058791.

10 James Andrew Lewis, “China’s Pursuit of Semiconductor Independence,” Center for Strategic and International Studies, February 27, 2019, https://www.csis.org/analysis/chinas-pursuit-semiconductor-independence.

11 Karen Freifeld and Fanny Potkin, “TSMC suspended shipments to China firm after chip found in Huawei processor, sources say,” *Reuters*, October 27, 2024, https://www.reuters.com/technology/tsmc-suspended-shipments-china-firm-after-chip-found-huawei-processor-sources-2024-10-26/.

12 Tech in Asia, “TSMC warns it can’t fully prevent AI chips reaching China,” April 21, 2025, https://www.techinasia.com/news/tsmc-warns-fully-prevent-ai-chips-reaching-china.

13 Tobias Junerfält, “China’s Technology Transfer Ecosystem – Key Actors and the Case of China Electronics Technology Group Corporation,” Swedish Defence Research Agency, October 2, 2024, https://www.foi.se/rapporter/rapportsammanfattning.html?reportNo=FOI-R--5641--SE.

14 PRC General Office of the State Council, “国务院办公厅关于推动国防科技工业军民融合深度发展的见[国办发〔2017〕91号](Opinions of the General Office of the State Council on Promoting the Deep Development of Military-Civilian Integration of National Defense Science and Technology Industry [State Council Issue [2017] No. 91]),” PRC Government, December 4, 2017, https://www.gov.cn/zhengce/content/2017-12/04/content_5244373.htm.

15 Beihang University in Haidian, Beijing; Beijing Institute of Technology in Haidian, Beijing; Harbin Engineering University in Harbin, Heilongjiang; Harbin Institute of Technology in Harbin, Heilongjiang; Nanjing University of Aeronautics and Astronautics in Nanjing, Jiangsu; Nanjing University of Science and Technology in Nanjing, Jiangsu; Northwestern Polytechnical University in Xi'an, Shaanxi.

16 Tobias Junerfält, n. 13.

17 Erin Hale, “Taiwan cracks down on China poaching tech talent,” *Al-Jazeera*, May 4, 2022, https://www.aljazeera.com/economy/2022/5/4/taiwan-is-trying-to-thwart-chinas-efforts-to-poach-tech-talent.

18 James Andrew Lewis, n. 10.

19 Kenneth Ong, "China's Defiant Chip Strategy," Foreign Policy Research Institute, June 28, 2024, https://www.fpri.org/article/2024/06/chinas-defiant-chip-strategy/.

20 James Andrew Lewis, n. 10.

21 Jillian Deutsch, Ian King, and Cagan Koc, "ASML, Europe's most valuable tech firm, is at the heart of the U.S.-China chip war," *Japan Times*, April 28, 2023, https://www.japantimes.co.jp/news/2023/04/28/business/tech/asml-center-us-china-chip-war/.

22 Bureau of Industry and Security, "Public Information on Export Controls Imposed on Advanced Computing and Semiconductor Manufacturing Items to the People's Republic of China (PRC) in 2022 and 2023," U.S. Department of Commerce, October 7, 2022 / October 17, 2023, https://www.bis.doc.gov/index.php/about-bis/newsroom/2082.

23 Kenneth Ong, n. 19.

24 Sunny Cheung, "Encircling the West: The PRC Gains Ground in Legacy Chips," China Brief 25, issue 10, The Jamestown Foundation, https://jamestown.org/program/encircling-the-west-the-prc-gains-ground-in-legacy-chips/.

25 Christian Shepherd, "How China pulled ahead to become the world leader in electric vehicles," Washington Post, March 3, 2025, https://www.washingtonpost.com/world/2025/03/03/china-electric-vehicles-jinhua-leapmotor/.

26 Sunny Cheung, n. 24.

27 Wen-Yee Lee, "Taiwan's legacy chip industry contemplates future as China eats into share," *Reuters*, February 10, 2025, https://www.reuters.com/technology/taiwans-legacy-chip-industry-contemplates-future-china-eats-into-share-2025-02-10/.

28 James Andrew Lewis, n. 10.

29 Reuters, "Taiwan says China's SMIC suspected of illegally luring tech workers," March 28, 2025, https://www.reuters.com/technology/taiwan-says-chinas-smic-suspected-illegally-luring-tech-workers-2025-03-28/.

30 Reuters, "「中国SMICサモア企業装い技術者採用か　台湾当局が調査」"(Taiwan authorities investigate China's SMIC for hiring engineers disguised as Samoan company), March 28, 2025, https://jp.reuters.com/world/taiwan/GTANBBXK4FPRPDKSYT5QPZ4DVI-2025-03-28/.

31 Jun Chen, "中资公司赴台抢夺人才 学者：国家支持的系统性挖角" (Chinese companies go to Taiwan to snatch talent; scholars: systematic poaching supported by the state), *VOA Chinese*, March 20, 2021, https://www.voachinese.com/a/systematic-poaching-staff-under-the-red-supply-chain-20210320/5822145.html.

32 Indo-Pacific Defense Forum, "同盟国を含め、引き続き世界諸国から知的財産の窃盗を図る中国" (China continues to steal intellectual property from countries around the world, including its allies), October 24, 2020, https://ipdefenseforum.com/ja/2020/10/%E5%90%8C%E7%9B%9F%E5%9B%BD%E3%82%92%E5%90%AB%E3%82%81%E3%80%81%E5%BC%95%E3%81%8D%E7%B6%9A%E3%81%8D%E4%B8%96%E7%95%8C%E8%AB%B8%E5%9B%BD%E3% 81%8B%E3%82%89%E7%9F%A5%E7%9A%84%E8%B2%A1%E7%94%A3%E3%81%AE/.

33 Jun Chen, n. 31.

34 Erin Hale, n. 17.

35 Yimou Lee and Sarah Wu, "Tip of the iceberg: Taiwan's spy catchers hunt Chinese poachers of chip talent," *Reuters*, April 8, 2022, https://www.reuters.com/world/asia-pacific/tip-iceberg-taiwans-spy-catchers-hunt-chinese-poachers-chip-talent-2022-04-08/.

36 Guanxun Chen, Zijia Zhang, and Junhao Zhang, "設空殼挖角我半導體人才 檢調：背後金主是中共財政部" (Setting up a shell company to poach talents from China's semiconductor industry, prosecutors say the financial backer behind the scenes is the Chinese Ministry of Finance), 公視新聞 (Gongshi Xinwen), September 3, 2024, https://news.pts.org.tw/article/713077.

37 Min-Yen Chiang, "The Remote Poaching Model: How China's Bitmain Acquired Taiwan's Edge AI Chip Technology and Its Implications for Economic Security," Research Institute for Democracy, Society and Emerging Technology (DSET), August 2024, https://dset.tw/wp-content/uploads/2024/08/The-Remote-Poaching-Model-3.pdf.

38 Tsai-Yi Wang, and Min-Yen Chiang, "Uncovering Huawei's Shadow Network: The Role of SZMII and Taiwanese Suppliers in China's Semiconductor Technology," Research Institute for Democracy, Society and Emerging Technology (DSET), December 2024, https://dset.tw/wp-content/uploads/2024/12/2024-Uncovering-Huaweis-Shadow-Network.pdf.

39 U.S. Department of State, "2024 Investment Climate Statements: Taiwan," 2024, https://www.state.gov/reports/2024-investment-climate-statements/taiwan/.

40 Yimou Lee, and Sarah Wu, n. 35.

41 Gabriel Honrada, "Taiwan to safeguard chimakers from China espionage," *Asia Times*, April 13, 2022, https://asiatimes.com/2022/04/taiwan-to-safeguard-chipmakers-from-china-espionage/.

42 TSMC, "2023 Sustainability Report," 2023, https://esg.tsmc.com/file/public/e-AnAdmiredEmployer_2.pdf.

43 Shelley Shan, "Lai announces 17 strategies to counter infiltration," *Taipei Times*, March 14, 2025, https://www.taipeitimes.com/News/front/archives/2025/03/14/2003833401.

44 Helen Davidson and Jason Tzu Kuan-Lu, "Taiwan cracks down on holders of Chinese ID amid fears over propaganda and espionage," *The Guardian*, April 27, 2025, https://www.theguardian.com/world/2025/apr/27/taiwan-chinese-passport-id-card-crackdown.

45 Kuei-Hsiang Wen and Pei-Ju Teng, "Lai urges deeper Taiwan-U.S. ties, 'non-red' supply chain cooperation," Focus Taiwan, May 28, 2025, https://focustaiwan.tw/politics/202505280006.

46 David Shepardson and Steve Holland, "Trump and TSMC announce $100 billion plan to build five new US factories," *Reuters*, March 4, 2025, https://www.reuters.com/technology/tsmc-ceo-meet-with-trump-tout-investment-plans-2025-03-03/.

47 Josh Gulick, "TSMC Is Adding a Chip Design Center to Its Germany Fab," Extreme Tech, May 28, 2025, https://www.extremetech.com/computing/tsmc-is-adding-a-chip-design-center-to-its-germany-fab.

48 Demetri Sevastopulo and Michael Acton, " US imposes export controls on chips for AI to counter China." *Financial Times*, January 13, 2025, https://www.ft.com/content/f83f30be-d673-4f00-b9e5-9e9293512010.

49 Sujai Shivakumar, Charles Wessner and Thomas Howell, n.2.

50 European Commission, "Joint Press Statement on the 5th EU-Japan High Level Economic Dialogue," May 2, 2024, https://ec.europa.eu/commission/presscorner/detail/en/statement_24_2425.

51 Emily Benson and Margot Putnam, "The United States Prepares to Screen Outbound Investment," Center for Strategic and International Studies, April 27, 2023, https://www.csis.org/analysis/united-states-prepares-screen-outbound-investment.

52 Toby Sterling, "Dutch curb chip equipment exports, drawing Chinese ire," *Reuters*, June 30, 2023, https://www.reuters.com/technology/amid-us-pressure-dutch-announce-new-chip-equipment-export-rules-2023-06-30/.

53 ASML, "Changing the world, one nanometer at a time," https://www.asml.com/en.

54 Che Pan, "China hit hard by new Dutch export controls on ASML chip-making equipment," South China Morning Post, September 16, 2024, https://www.scmp.com/tech/tech-war/article/3278535/china-hit-hard-new-dutch-export-controls-asml-chip-making-equipment.

55 Yimou Lee and Sarah Wu, n. 35.

56 Ray Wang, "Taiwan's Semiconductor Talent Shortage," *The Diplomat*, February 14, 2024, https://thediplomat.com/2024/02/taiwans-semiconductor-talent-shortage/.

57 Holly Chik, "China's return incentive scheme lures young scientists – superstars not so much," *South China Morning Post*, January 6, 2023, https://www.scmp.com/news/china/science/article/3205715/chinas-return-incentive-scheme-lures-young-scientists-superstars-not-so-much.

58 Tsai-Yi Wang and Min-Yen Chiang, n. 38.