Group 1: News Team

Group 1: News Team

China’s Military Drills Near Taiwan

- Monday December 29th China Launched Live-fire drills surrounding Taiwan called “Justice Mission 2025”

- Clear indicator that the Chinese Communist Party views Taiwanese independence as a threat to national interests

- Also a message to Taiwanese allies like the United States, South Korea, and Japan
    - United States arms deal with taiwan
    - New Japanese Prime Minister

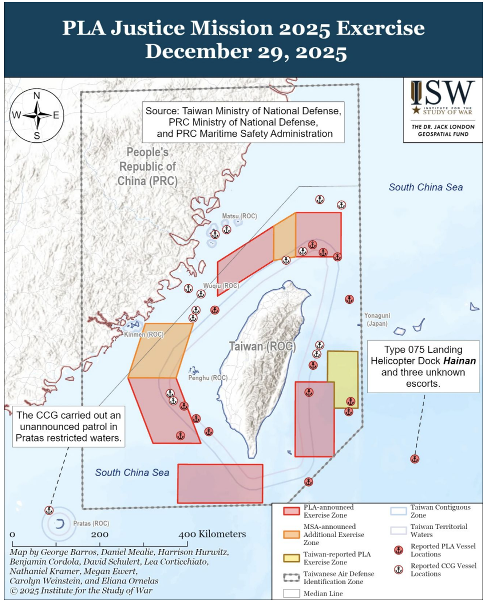
China Mobilizes Forces on Land, Air and Sea for Live-Fire Drill Near Taiwan

The exercises ended months of relative calm across the Taiwan Strait, and came after the Trump administration announced plans for arms sales to the island.

Listen to this article · 6:49 min Learn more | Share full article | 112

China-Taiwan Tension and AI

- ➢ TSMC: biggest supplier of microchips in the world
- ➢ China wants more technological independence from West
  - ○ Building up their own domestic chip manufacturers
- ➢ AI could be key component in China’s economic engine
  - ○ Relieve labor shortages
- ➢ Taiwan presents key for full AI chip independence



Taiwan’s Trade Deal with the U.S (Jan 15th, 2026)

Trade Deal:

- U.S. tariffs on Taiwanese goods reduced 20% → 15%
- In exchange for major U.S. semiconductor investment

Investments:

- $250B in direct Taiwanese company investment
- $250B in government-backed credit guarantees
- TSMC expanding semiconductor factories in Arizona

The New York Times

Tariffs and Trade | Tariff Tracker | Tariffs Over Greenland | Supreme Court’s Possible Ruling | U.S.-Taiwan Agreement | U.S. Tariffs on Semiconductors

Taiwan Reaches Trade Deal With Trump and Pledges More U.S. Chip Factories

The Trump administration agreed to lower tariffs on Taiwanese goods, while Taiwan said it would invest more in U.S. manufacturing.

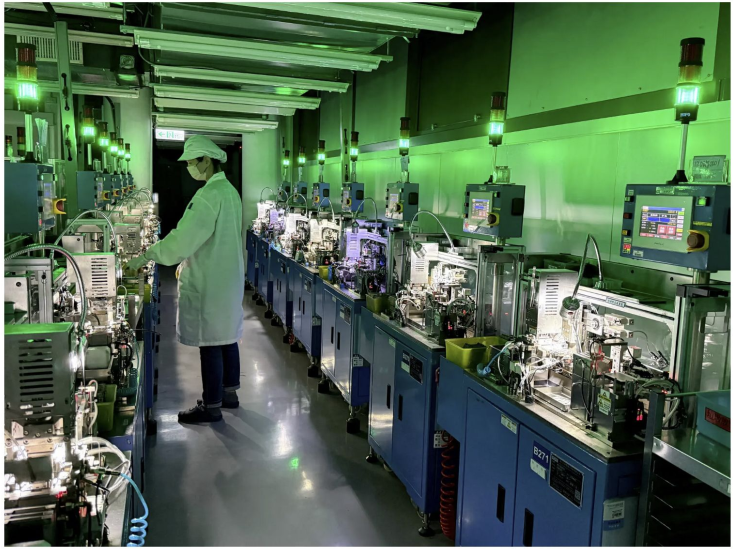
Listen to this article · 7:45 min Learn more | Share full article | 113

Impact:

- Duty-free imports for chips and materials used in U.S. factories
- Shifts ~40% of Taiwan’s semiconductor supply chain to the U.S.
- Reduces U.S. vulnerability to geopolitical disruptions

Semiconductor Shortage Impact on Infrastructure (Ai)

- Advanced **semiconductors** power GPUs, data centers, and large AI models
  - Chip shortages slow AI progress and concentrate power in few actors
- The US accelerates AI infrastructure while resisting strong AI regulation to stay competitive
- **Control over chip manufacturing = control over who can build powerful AI**



Future Possibilities & Questions

- Overall, discussions on AI expansion and supply chain inseparable from geopolitics

- AI/chip manufacturing becoming further entangled in geopolitical relations, and becoming central strategic geopolitical tools
- Supply chains threatened by rising instability in the China/Taiwan region → continue to see shifts in manufacturing distribution and expansion
    - May expect to see subsequent changes in pricing and efficiency