

Crossroads of Commerce

How the Taiwan Strait Propels the Global Economy

FACT SHEET

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China's rising assertiveness has sparked fears that it may soon use force to bring Taiwan under its control. While there is growing attention paid to the possibility of conflict in the Taiwan Strait, there are no publicly available, academically rigorous estimates of trade flows through the strait.

This CSIS report utilizes a unique methodology to generate new estimates of the annual value and volume of trade that passes through the Taiwan Strait, as well as how much each economy in the world relies on the waterway. This fact sheet summarizes the most compelling insights from the full report. Note that all figures in this fact sheet are for 2022.

Global Trade

- About \$2.45 trillion worth of goods—over one-fifth of global maritime trade—transited the Taiwan Strait.

Taiwan

- Taiwan's ports handled approximately \$586 billion worth of goods, including transshipments between other economies.
- Nearly all of Taiwan's trade flowed through a handful of ports located as close as 100 miles from the Chinese mainland, leaving them uniquely vulnerable to Chinese provocations.

Key U.S. Allies

- Japan relied on the Taiwan Strait for 32 percent of its imports and 25 percent of its exports, totaling nearly \$444 billion.
- South Korea depended on the strait for 30 percent of its imports and 23 percent of exports, amounting to about \$357 billion in goods.
- Nearly 27 percent of Australia's exports passed through the Taiwan Strait, totaling almost \$109 billion. Commodities such as iron ore, coal, and liquefied natural gas comprised approximately 83 percent of this trade.

Developing Economies

- The four countries most dependent on the Taiwan Strait (as a percent of their total trade) are in Africa: the Democratic Republic of the Congo (DRC), Gabon, Eritrea, and Angola.
- The DRC was more reliant on the Taiwan Strait than any other country. About 70 percent of its total exports—primarily comprising copper, cobalt, and other metals—went through the strait.
- Oman, Saudi Arabia, Iraq, Kuwait, Qatar, and Yemen all sent over 30 percent of their exports through the strait.
- On average, the nine BRICS economies relied on the Taiwan Strait for about 14 percent of their imports and 15 percent of their exports, more than twice the level of dependence of the G7 economies.

China

- A staggering \$1.3 trillion of Chinese trade passed through the Taiwan Strait—far more than any other country. Hong Kong adds another \$95 billion in trade, bringing the total to nearly \$1.4 trillion.
- Energy, ores, and metals collectively made up two-thirds of the value of imports headed to China through the strait.
- China is less reliant on the Taiwan Strait for exports, with only 15 percent of its exports passing through the waterway, but the value of those goods exceeds \$551 billion—an enormous sum to put at risk.