

## **Indispensable partners and the restructuring of global supply chains: Taiwan and East Asia in a period of transition**

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In this presentation, I will use Taiwan as a case to illustrate how its specific integration to the global economy explains its prospects and responses to the current restructuring of the global economy. My argument is that the technology prowess of the parts sector serving as independent suppliers highly connected to the global production networks has made Taiwan/Taiwanese firms indispensable partners in the current supply chain restructuring. Taiwan serves as a strategic case because its integration into the world economy since the 1970s has been part and parcel of the expansion of globalized production. Within a highly trade-dependent and export-oriented economy, Taiwan's manufacturers had always been highly integrated into the world market, especially trade with the advanced countries. This Taiwan-in-the-global approach hopes to contribute to understanding its future prospects in the current geopolitical climate, such as the US-China tech war and the associated supply chain restructuring. A brief comparison will be made with the Korean case when applicable to illustrate my point.

The talk is organized as follows. I will first examine the two claims: (1) increasing trade dependence between Taiwan and China, and (2) the possibility that Taiwan's economy is overly dependent on the ICT sector. These claims relate to the discourses on how countries would be affected by US-China decoupling and are illustrated through a detailed breakdown of industry level performance and trade statistics. Subsequently, through the analysis of the less known metal and machinery sector dominated largely by small and medium enterprises (SMEs), I put forth the SME network production model to account for Taiwanese firms' strength and their position in the global value chains (GVCs)/global production networks (GPN), and I explain the sources of their resilience. I will conclude by assessing the future challenges and suggest that Taiwan's SME network production model has much to offer for other countries that are undertaking reshoring initiatives.