Opportunities and Challenges for Taiwan in the Restructuring of North American Supply Chains Under the 'America First' Policy

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Following Trump's return to the White House in 2025, he has renewed his promotion of tariff and trade policies focused on "America First." This approach not only continues the protectionism from his first term but also shifts the pressure away from China towards the United States' two most important neighbors and allies—Canada and Mexico. This change is bringing a new wave of disruption to North American supply chains.

An examination of industrial trade patterns among the United States, Mexico, and Canada from 2017 to 2024 reveals that the three countries have established close supply chain partnerships in the "transportation equipment" industry, with Mexico serving as the primary production base. In the "information and communication technology (ICT) and audiovisual products" industry, Mexico has established itself as a significant production center in North America. This relationship primarily involves Mexico exporting goods to the United States and Canada, highlighting its role as a vital manufacturing hub for ICT products in the region.

Facing Trump's return to the White House and his promotion of protectionism and tariff pressure tactics, Canada and Mexico have adopted starkly different approaches. Canada initially imposed retaliatory tariffs on the United States but subsequently entered into ongoing high-level bilateral discussions. Ultimately, Canada adopted a strategy of "partial cooperation" with the United States to preserve stable bilateral relations while also actively collaborating with international partners on key issues, including those involving the U.S. Mexico, on the other hand, has made promoting U.S.-Mexico negotiations its primary focus, with cooperation with Canada as a supplementary approach in hopes to address the challenges posed by changes in the North American economic and trade landscape.

In response to changes in the North American supply chain situation, Taiwanese companies in key industries such as semiconductors, automobiles and components, and electronic information have successively taken measures to mitigate competitive pressure from other rival countries in the North American market while continuing to capture business opportunities in the development of global high-tech industries such as artificial intelligence. These measures include expanding investment scale in North America, diversifying production cluster layouts, and pursuing industry collaboration.

However, investment in North America carries numerous potential risks that must be carefully assessed, including uncertainty in U.S. policy due to changes in global geopolitics, environmental regulations, differences in customs and culture, and relatively high costs for land, utilities, and labor. These factors make the investment threshold in North America relatively high. Beyond Taiwanese businesses with operational scale, other small and medium-sized enterprises find it difficult to establish factories and invest in North America without government assistance.

It is recommended that the government continue to monitor developments in U.S. economic and trade policy, assist industries in understanding the potential impacts of international economic and trade conditions, and guide industries with potential for overseas investment toward internationalization. Domestically, the government should also consolidate and strengthen the competitive capacity of Taiwan’s advantageous industries, such as semiconductors and information and communication technology. The government should continue to support companies in investing in technological innovation, resilience building, cross-domain cooperation, and talent cultivation through the development of comprehensive industrial policies and supporting measures to reduce the impact of geopolitics on Taiwan’s supply chains.