



# **Beyond the Dumpling Alliance**

Tracking Taiwan's relations  
with Central and Eastern Europe

edited by

Matej Šimalčík | Alfred Gerstl | Dominika Remžová



# Beyond the Dumpling Alliance

## Tracking Taiwan's relations with Central and Eastern Europe

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# Executive summary

- 1** **Central and Eastern European (CEE) countries are key drivers** of developments in **EU-Taiwan relations**. They were responsible for almost **60% of all 2022 interactions between Taiwan and EU actors** (member states and EU institutions). This was a major contribution to a more active EU-Taiwan relationship, where the **number of interactions across various domains has increased more than seven-fold since 2019**.
- 2** There is a need to **differentiate between different types of CEE actors**. Regional states have **differing views of Taiwan and China**, which in turn **influences their willingness to engage with Taiwan** on political and even economic levels.
- 3** **“Vanguards”** are the CEE members of the so-called **“Dumpling Alliance” – Czechia, Lithuania, Slovakia, and Poland** – which have **greater levels of political and economic relations** with Taiwan. All four countries have representations in Taiwan, and vice versa. Whilst Czechia and Lithuania are more vocal in their support for Taiwan, Poland and Slovakia pursue a practicality-driven approach.
- 4** **“Pragmatists”** are the CEE countries with **strong economic but weak political links to Taiwan**. Only **Austria and Hungary** are in this category, with the latter being an interesting example of having significant trade and investment relations but a rather unwelcoming political climate.
- 5** The **rest of CEE** belongs to the category of **“Laggards”**, which have **weak political and economic links** to Taiwan. Nevertheless, a degree of differentiation is required as some countries are more supportive than others, albeit this support is at present limited mainly to rhetorical and symbolic gestures, while **lacking substance**.
- 6** Past elections in CEE countries have shown that a **change in government can lead to the strengthening or weakening of relations with Taiwan**. For further deepening of ties with Taiwan, a **strong sense of internal motivation is required** rather than solely following external pressures.
- 7** In most CEE countries, **legislatures are significantly more active in their outreach to Taiwan than executive branches**. This follows a wider trend at the EU level, with parliamentary diplomacy having long been the main tool of European engagement with Taiwan due to parliamentarians facing less constraint in their activities compared to governmental representatives.

8

**Austria** is the only CEE country that has a **trade surplus with Taiwan**. The rest have trade deficits to varying degrees. **Exports are dominated by machinery**. The majority of **imports** are of **machinery and electronics**, with metals being dominant as well.

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At the moment, **Taiwanese investment** is located predominantly in **Czechia and Hungary**, followed by **Slovakia and Poland**. Cooperation in **innovative sectors** (semiconductors, blockchain, space technology) and on **start-up financing** opens new avenues for future investment activity.

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Although there are a **variety of para-diplomatic ties** between Taiwan and CEE states, para-diplomacy is an **underutilized tool** in CEE-Taiwan relations. **Local governments can act as catalysts** of engagement with Taiwan and **contribute to domestic debates** about the meaning of One-China policy.

11

In most CEE countries, there is a **lack of knowledge about Taiwan** as well as East Asia and the broader Indo-Pacific region. **NGO actors and think tanks** are well positioned to **inform the broad public and decision-makers** about Taiwan and the region at large.

12

CEE countries **need to devise specific ideas for projects** to be implemented in partnership with Taiwan. Having a **clear idea** about what are their **interests and how to achieve them** is a precursor to building **sustainable ties with Taiwan**.

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An important motive for seeking closer engagement with Taiwan is “expectations fatigue” towards China. Consequently, **Taiwan needs to fulfill its (economic) pledges** in order to demonstrate that having relations with it brings **long-term benefits**. Successful outcomes of cooperation will convince more countries to start engaging with Taiwan.

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**Taiwan** should now **favor deepening of existing relations** rather than stretching its activity to cover the CEE region in its entirety. **Focused activity** can help to save limited resources and **increase the political and diplomatic returns for Taiwan**.

# Introduction: Beyond the Dumpling Alliance

Matej Šimalčík, Alfred Gerstl, Dominika Remžová

“Freedom-loving people should look out for each other!” tweeted Lithuania’s Minister of Foreign Affairs Gabrielius Landsbergis on June 22nd, 2021, as his country approved donations of COVID-19 vaccines for Taiwan.<sup>1</sup> Thanks to their vaccine donations, Lithuania, together with Czechia, Poland, and Slovakia, gained substantial political goodwill among Taiwanese population and elites.

Over the past three years, cooperation between Taiwan and these four Central and Eastern European (CEE) countries, dubbed the “Dumpling Alliance” by the Taiwan Digital Diplomacy Association,<sup>2</sup> gained recognition both within and outside Taiwan as a European vanguard that has increasingly frequent interactions with Taiwan. During a recent phone conversation between Taiwanese President Tsai Ing-wen and Peter Pavel, the Czech president-elect, Pavel expressed hope for an in-person meeting with Tsai. This serves as another example of the newly-found enthusiasm for Taiwan within the CEE region, especially among its pro-Western elites.<sup>3</sup>

**The Dumpling Alliance**

Taiwan Digital Diplomacy Association @digidiptoTaiwan

Our thanks to 🇺🇸 🇨🇪 🇵🇱 🇱🇮 for vaccine donations. We share the same values and love Dumplings. As Lithuanian Foreign Minister Gabrielius Landbergis tweeted that “freedom-loving people should look out for each other,” let us enjoy #DemocracyDumplings and stand together.

#DumplingAlliance

**Dumpling for Democracy**  
水餃聯盟  
熱愛自由的人們  
共享水餃與民主價值!

Lithuanian Dumplings  
Cepelinai  
立陶宛水餃

Polish Dumplings  
Pierogi  
波蘭水餃

Czech Dumplings  
Houskový  
Knedlík  
捷克水餃

Slovakian Dumplings  
Halušky  
斯洛伐克水餃

Taiwanese Dumplings  
Shuijiao  
台灣水餃

Polish Office in Taipei and 9 others

2:04 PM · Sep 8, 2021

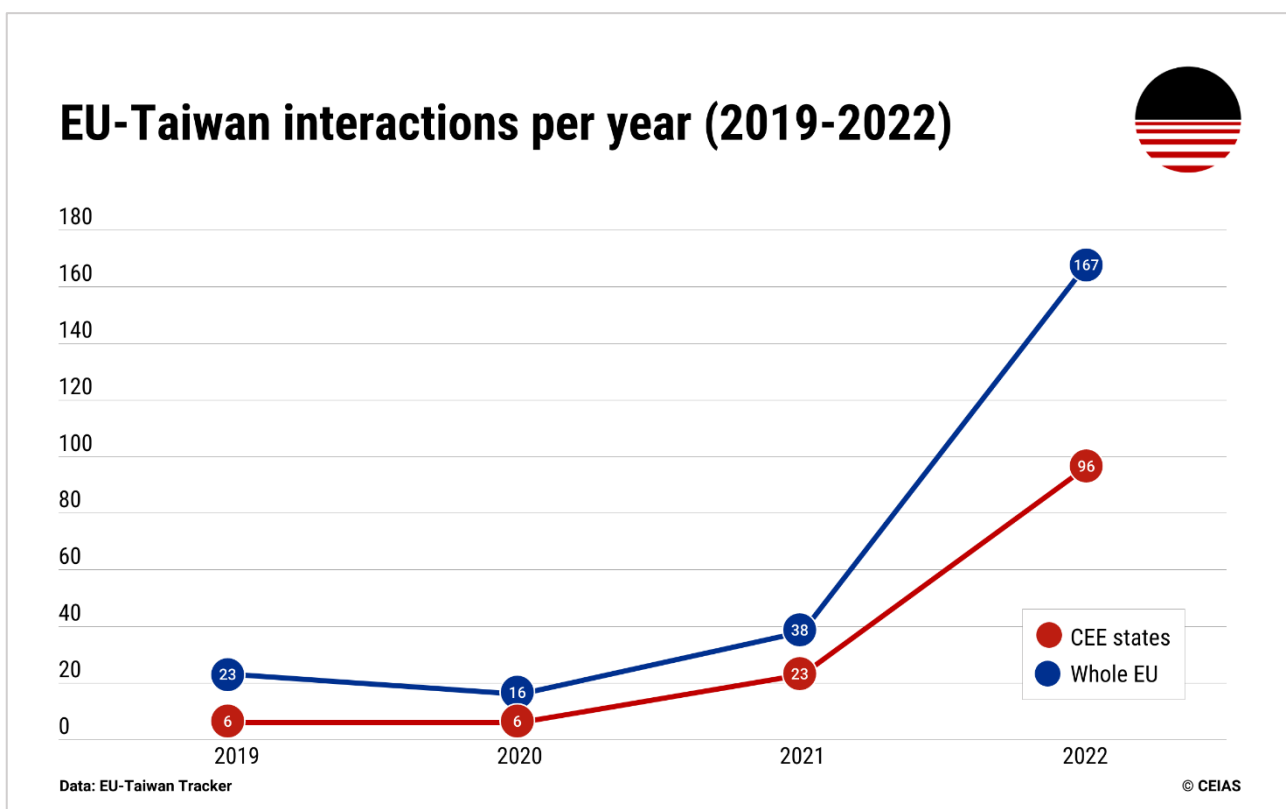
Source: Taiwan Digital Diplomacy Association

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According to the data collected by the CEIAS EU-Taiwan Tracker,<sup>4</sup> the EU recorded a significant increase in its Taiwan-related activity between 2019 and 2022. In 2019, only 23 interactions (instances of engagement across governmental, parliamentary, military, cyber security, economic, cultural, mutual visits, human rights, and aid domains)<sup>5</sup> were recorded across the entire EU. In 2022, despite recovering from a pandemic, the number increased more than seven-fold, with 167 recorded interactions. CEE countries were major contributors to this increase, responsible for almost 60% of all interactions in 2022. This has been mostly thanks to the activities of Lithuania, Slovakia, Czechia, and Poland, with the former two having more yearly engagements with Taiwan than major member states, such as France or Germany.<sup>6</sup>

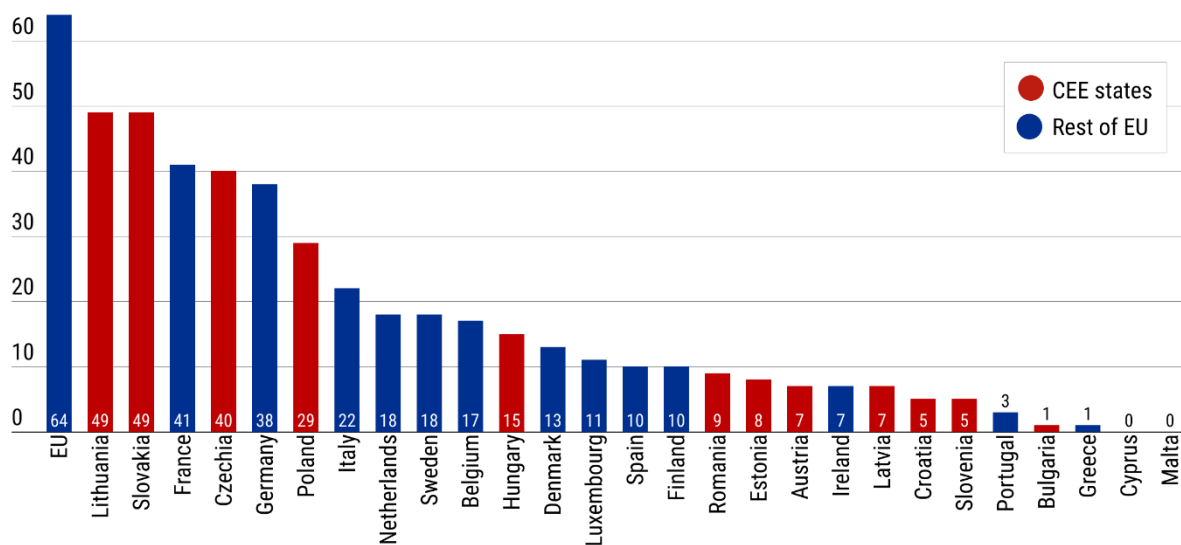
The flurry of heightened activity included frequent visits to and from Taiwan by high profile political actors, the conclusion of inter-governmental agreements and memoranda of understanding, as well as the establishing of new sister-city relations, investment and trade-promotion frameworks.

Yet, as the discussion of the new renaissance in Taiwan-CEE relations has focused mainly on the eponymous “Dumpling Alliance”, crucial observations have been missed. Once this relationship is disaggregated to a country-level, it becomes apparent that the four countries have different strategies in how to approach Taiwan, and what diplomatic tools to use to achieve their policy goals. Furthermore, Taiwan has been making its presence and willingness to cooperate known beyond the four countries, in the broader CEE region, with a mixed success record. However, the fact that relations with Bulgaria and Croatia have not improved significantly in recent years is not the failure of Taiwanese diplomacy; domestic and foreign policy factors play a decisive role in the CEE countries’ decisions whether or not to deepen their relations with Taiwan.





## EU-Taiwan interactions per country (2019-2022)



Data: EU-Taiwan Tracker

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To improve our understanding of what motivates different countries to cooperate with Taiwan, and what are the factors in ensuring a sustainable, long-term collaboration, discussion of Taiwan-CEE relations must move beyond the simplification of the “Dumpling Alliance”. A broader assessment that takes a comparative view of different CEE countries and their relations with Taiwan is required. This paper is an attempt to do justice to such an endeavor, as it presents findings on the evolution of relations between Taiwan and 12 CEE countries which are all simultaneously members of the EU.

Each country-level chapter provides an overview of the key Taiwan-related developments across five domains. Discussion of political determinants forms the backbone of each chapter, upon which we analyze the developments in political, economic, and grassroots relations. We also include observations on how the different countries’ approaches to Taiwan fit within their approaches to China.

### Clusters of activity

As the following chapters make clear, the level of interaction between Taiwan and the individual CEE nations varies significantly. On one side of the spectrum, we have countries such as Czechia and Lithuania with bold symbolic declarations of support in the quest to improve Taiwan’s international standing. On the other side, there are countries including Bulgaria or Croatia that are far less enthusiastic about the prospects of engaging Taiwan.

If we look at the CEE countries through the prism of their willingness to engage Taiwan politically, and eagerness in building economic relations, three different country groups emerge.

- **The “Vanguards”** are the four members of the “Dumpling Alliance”: Czechia, Lithuania, Poland, and Slovakia. These are countries with an increased activity level in both political and economic relations with Taiwan over the past three to five years. Spurred by increasing skepticism about China’s ability to deliver economic benefits, these countries turned to Taiwan as the next East Asian cornucopia, with high-visibility political interactions between Taiwan and the four having led to the establishing of new economic partnerships in investment, trade, as well as research and development.
- **The “Pragmatists”** include those countries that are quite wary (for a variety of reasons) to pursue political relations with Taiwan yet enjoy beneficial economic relations. Austria and Hungary are placed in this group. The two countries also present the most interesting puzzle; their economic engagement with Taiwan at times overcomes even that of the Vanguard nations but without showing strong willingness to promote Taiwan in their political agenda.
- Last, we have **the “Laggards”**, the CEE countries with comparatively underdeveloped relations with Taiwan in both political and economic domains, without any indication of near-term change. Bulgaria, Croatia, Estonia, Latvia, Romania, and Slovenia belong to this group. Their approach to Taiwan (or lack thereof) is motivated by different factors. Among these is the view that any interaction with Taiwan will automatically antagonize, and disrupt their respective trade relations with China. They also have a relatively underdeveloped understanding of the political and economic importance of East Asia.

Placing the CEE countries into one of these three groups requires a certain degree of abstraction. Naturally, flairs of each approach can be found within segments of each country’s society, as well as political, business, and social elites. Yet, in each case, a dominant strain that has the most significant impact on the respective country’s Taiwan policy can be clearly identified. This also means that the countries’ approaches to Taiwan can be rather malleable, and prone to re-adjustments based on domestic political changes. The Vanguard group actually serves as a good example; in Czechia, Slovakia, and Lithuania, a turn towards a more active Taiwan-policy was preceded by a change on the domestic political scene.

Despite a period of increased activity, none of the CEE countries maintains official diplomatic relations with Taiwan, as all follow various versions and local interpretations of the One-China policy. Nevertheless, the issue of quasi-diplomatic representation is central to the discussion of CEE-Taiwan relations due to its symbolic and practical value.

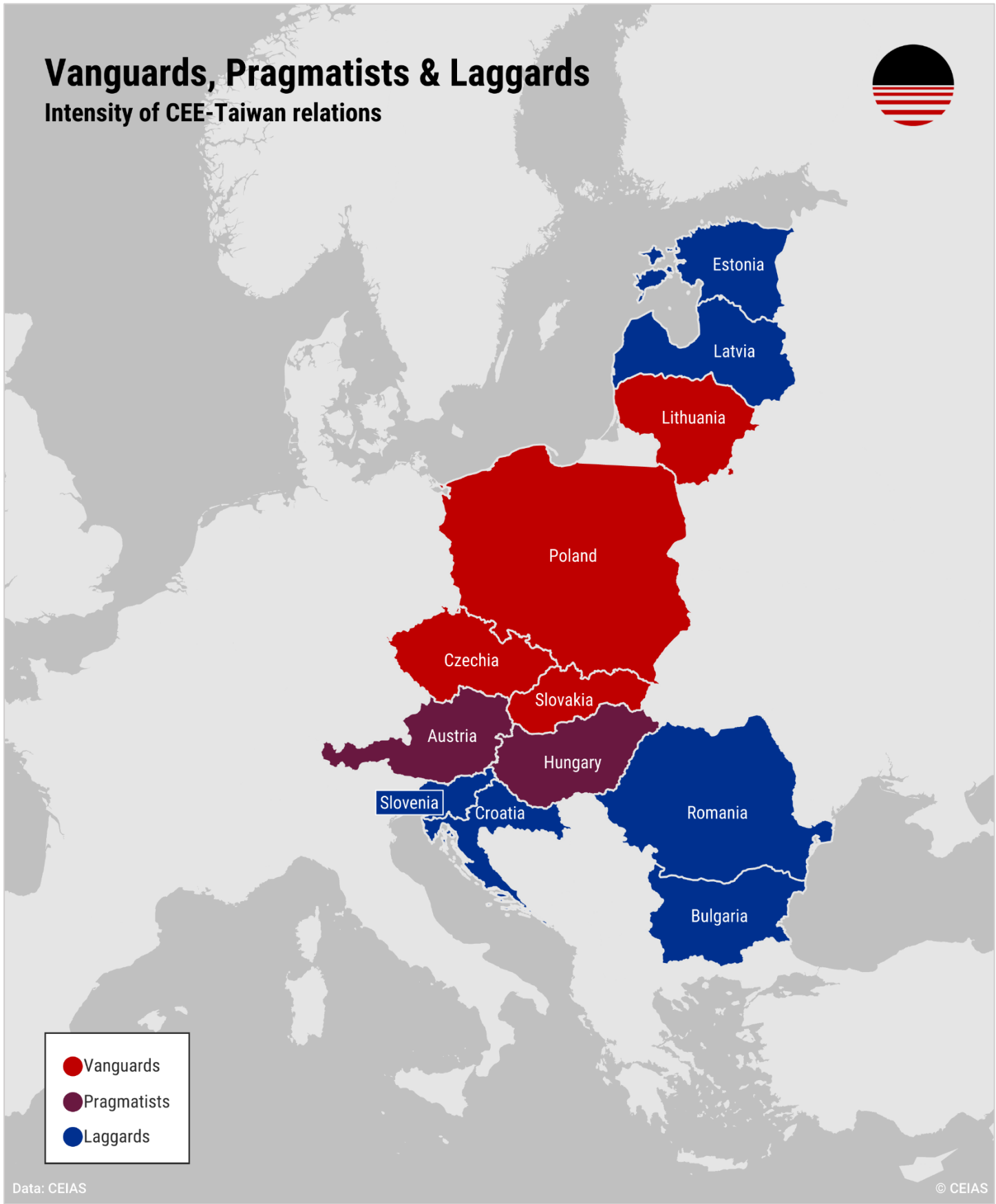
From the 12 CEE countries covered by this publication, six maintain representative offices in Taiwan, and nine allow the presence of Taiwanese delegations, be it representative or Taiwan External Trade Development Council (TAITRA) offices on their soil.

Taiwan has no official presence in three countries (Croatia, Estonia, and Slovenia). In two countries (Bulgaria and Romania) official Taiwanese presence is limited only to a local branch of TAITRA.

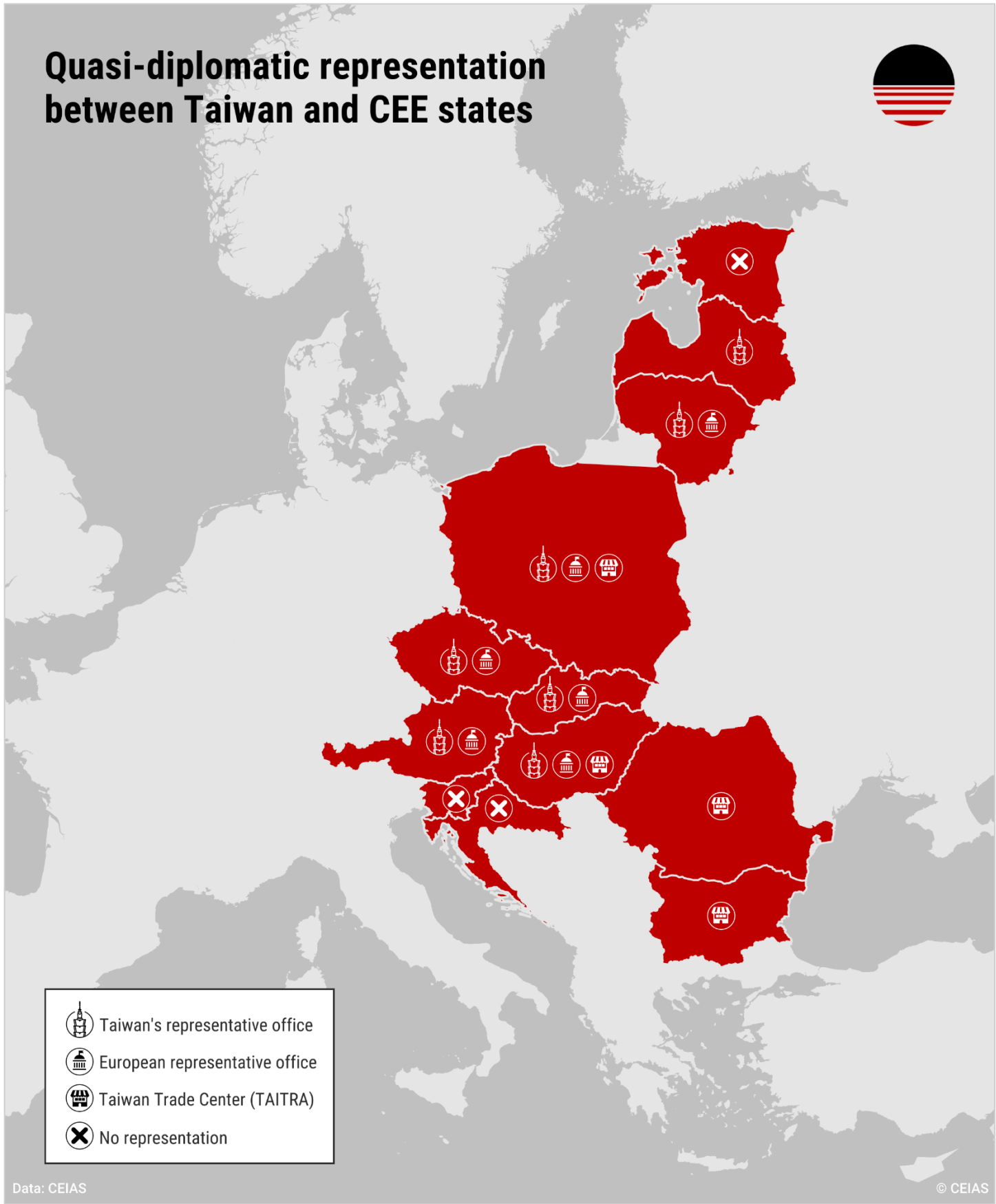
This leaves a lot of ground to still be conquered by Taiwan on its quest to establish a sure foothold in the CEE region.

# Vanguards, Pragmatists & Laggards

Intensity of CEE-Taiwan relations



# Quasi-diplomatic representation between Taiwan and CEE states



Data: CEIAS

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The most recent, and also the most controversial, addition to this network of Taiwan's representation occurred in Lithuania in 2021. Vilnius's decision to allow establishment of the "Taiwanese" Representative Office in Vilnius, rather than the more neutral and traditional label of "Taipei" Representative Office (or a variation of thereof) drew Beijing's ire. At the same time, this episode and China's over-reaction to it have also spurred EU-wide discussion on how best to protect the EU, its member states, and the single market against economic coercion and supply chain weaponization by China and other authoritarian regimes.

## Political renaissance

Officially cooperating with Taiwan on political issues is still considered a taboo in most CEE countries, with the national parliaments playing an outsized role in driving political interaction with Taiwan.

The effectiveness of parliamentary action in promoting ties with Taiwan tends to improve when members of CEE parliaments are able to organize in Friends of Taiwan caucuses. Currently, such friendship groups exist in eight countries. On an international level, parliamentarians from seven CEE nations are organized within the Formosa Club, a group of lawmakers from Europe and Canada promoting interactions with Taiwan (MPs from other CEE countries may occasionally support the group's statements).

Parliaments and their individual members tend to have more independence in the conduct of parliamentary diplomacy compared to the executive branches. This has allowed some of the CEE countries to engage in a division of labor, with the government representatives engaging mostly in promotion of economic ties and parliamentarians taking on issues that are more likely to be perceived by China as infringing on its core interests, such as voicing support for Taiwan's participation in international organizations.

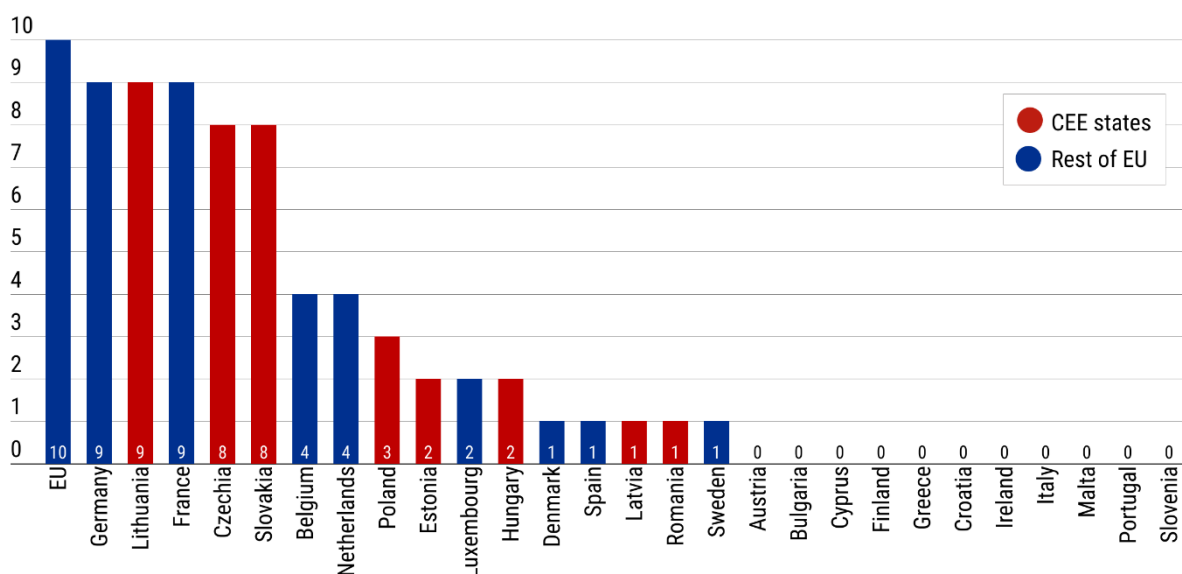
Recent developments in political relations with Taiwan have been concentrated mostly in the four Vanguard nations. This is evident not only in the overall number of interactions and visits, but also in these countries' willingness to conclude bilateral agreements with Taiwan on key aspects of mutual interactions.

Still, looking at each of the four countries individually, very different approaches on how to handle political relations emerge.

On one hand, Czechia and Lithuania's approaches to political relations with Taiwan have been largely based on high-visibility, symbolic action, such as public meetings of top officials. The trip by Miloš Vystrčil, president of the Czech Senate, to Taiwan in 2020 where he delivered his "I am Taiwanese" speech in the Legislative Yuan is a good example of this approach.

On the other hand, Slovakia and Poland tend to opt for a practicality-based approach, thanks to which they have achieved substantial progress in highly sensitive areas like judicial cooperation. The two countries are currently the only European nations that have concluded an extradition agreement with Taiwan, and Slovakia is the only EU member which signed an agreement on judicial cooperation in civil and commercial matters with Taiwan.

## EU-Taiwan visits per country (2019-2022)



Data: EU-Taiwan Tracker

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An October 2022 trip by Joseph Wu, Taiwan's Minister of Foreign Affairs, to Slovakia and Czechia serves well to illustrate the differences in the two approaches. In Prague, Minister Wu gave a speech in the Senate, the upper house of the Czech parliament, where he also received an award from Senate President Vystrčil. Wu's reception in Slovakia, while friendly, was met with less fanfare, as dialogue with public officials was largely kept off the public record, and his public appearance was limited to engagement with Slovakia's civil society. Wu also traveled to Warsaw, where his visit gained even less public attraction.<sup>7</sup>

It should be noted, however, that Poland's and Slovakia's progress in political relations with Taiwan drew considerably less ire from Beijing than their Czech and Lithuanian neighbors did. This makes the Slovak and Polish cases worthy of observation by those countries which may be hesitant to move beyond purely economic cooperation with Taiwan due to fears of China's retaliation.

## Economic trends

The COVID-19 pandemic disrupted global supply chains, demonstrating the strong economic interdependence between Europe and East Asia, including a dependency on China. However, it also revealed the global strategic importance of Taiwan as the largest producer of state-of-the-art semiconductors.

Overall, the economic exchanges between Taiwan were reduced, but this reflects a general trend. In the case of some CEE countries, chief among them being Austria, trade developed dynamically in the first months of 2023.

Austria, the economically highest developed nation in the CEE region, records the highest trade volume with Taiwan, followed by Czechia, Poland, and Hungary. The Baltic nations

and Slovenia clearly lag behind. Austria is also the only economy from the 12 covered by this paper to actually maintain a trade surplus with Taiwan.

Official data on Taiwanese investment in the CEE region reveals an intriguing pattern: Higher investments were made in only five countries, whereby only in Hungary and Czechia they exceeded €1 billion. In both countries, as well as in Slovakia, Foxconn is a major investor. The establishment of Taiwan Capital, a venture capital fund, is a strong signal to facilitate investments in crucial and value-adding industries such as semiconductors, electric vehicles or biotechnology. All in all, though, there is ample room for more Taiwanese foreign direct investment (FDI) in the region.

Hungary is a particularly interesting case, as despite its strong support for continuous high-level engagement with China, the country holds the largest share of Taiwanese FDI stock in CEE, with only Czechia's share being at comparable levels. Not only that, but, as of 2020, Hungary attracted the second largest share (following the Netherlands) of Taiwanese FDI stock in the EU, with most of this being relatively high value.<sup>8</sup>

## EU-Taiwan economic relations



COUNTRY	EXPORT VOLUME	MAIN EXPORTS	IMPORT VOLUME	MAIN IMPORTS	TAIWANESE FDI
Austria	\$ 665 mil.	Gears, Metals, Electronics	\$ 437 mil.	Microchip, Gears, Lab flask	€ 196 mil.
Bulgaria	\$ 47 mil.	Microchip, Metals, Gears	\$ 126 mil.	Microchip, Gears, Car	€ 0.1 mil.
Croatia	\$ 7 mil.	Wheat, Microchip, Gears	\$ 40 mil.	Metals, Gears, Microchip	€ 0 mil.
Czechia	\$ 268 mil.	Car, Gears, Microchip	\$ 554 mil.	Gears, Microchip, Metals	€ 1 111 mil.
Estonia	\$ 30 mil.	Microchip, Gears, Wheat	\$ 73 mil.	Metals, Microchip, Gears	€ 0 mil.
Hungary	\$ 212 mil.	Gears, Microchip, Car	\$ 605 mil.	Microchip, Gears, Car	€ 1 372 mil.
Latvia	\$ 11 mil.	Wheat, Lab flask, Gears	\$ 80 mil.	Microchip, Gears, Metals	€ 0 mil.
Lithuania	\$ 24 mil.	Wheat, Lab flask, T-shirt	\$ 107 mil.	Microchip, Gears, Lab flask	€ 0 mil.
Poland	\$ 225 mil.	Metals, Gears, Wheat	\$ 939 mil.	Microchip, Gears, Metals	€ 227 mil.
Romania	\$ 64 mil.	Wheat, Metals, T-shirt	\$ 190 mil.	Microchip, Gears, Car	€ 3 mil.
Slovakia	\$ 94 mil.	Car, Gears, Microchip	\$ 112 mil.	Gears, Microchip, Metals	€ 450 mil.
Slovenia	\$ 29 mil.	Gears, Lab flask, Microchip	\$ 120 mil.	Gears, Lab flask, Metals	€ 0 mil.

Agriculture Chemicals Electronics Machinery Metals Textiles Vehicles

Data: Atlas of Economic Complexity; compilation of central banks' data

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This situation presents a puzzle on the extent to which cordial political relations promote establishment of new economic ties. The Hungarian case reveals the pragmatic manner in which Taiwanese companies make their business decisions. While a favorable political environment can be a factor in opening the initial discussion about potential investment, the final call will be based more on economic conditions, such as the prospect of returns on investment, availability of labor and other inputs, tax laws, and the offer of investment incentives by the host state.

A welcoming political climate tends to be a pull factor for small-and-medium-sized enterprises (SMEs) rather than multinational enterprises (MNEs),<sup>9</sup> and it is precisely the latter category that considers economic above political factors, which dominates the Taiwanese investment scene in Hungary.

Nevertheless, cooperation between Taiwanese and CEE SMEs should not be disregarded, considering the predominance of SMEs within the industrial structures of both Taiwan and the CEE states. The importance of SME cooperation has been further demonstrated by the high priority attached to them within the recently signed Memoranda of Understanding (MoUs) between Taiwan and several CEE countries. Start-up cooperation and venture capital is also another area where new opportunities for Taiwanese investment into CEE are emerging.

## Non-governmental actors play a role

Given Taiwan's diplomatic constraints, engagement with various subnational and non-governmental actors offers an alternative approach to CEE.

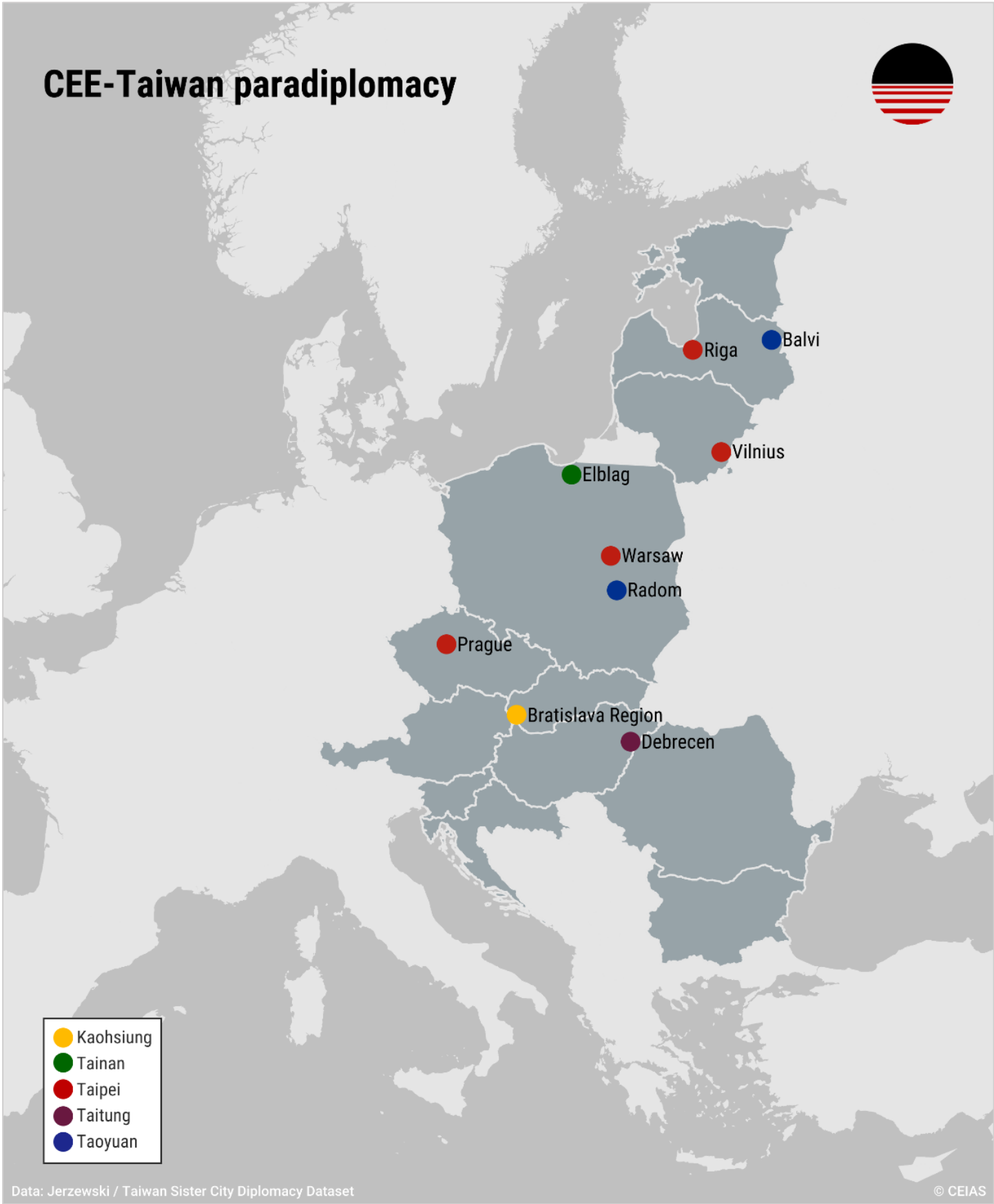
For example, establishment of sister-city ties can act as a catalyst in the national conversation about engaging with Taiwan. Prague's move to establish sister-city ties with Taipei in 2020 has sparked a society-wide debate about Czechia's commitment to the One-China policy and how relations with both Taiwan and China should be conducted. The Prague case also illustrates how politicization of para-diplomatic relations can lead to deterioration of relations with Chinese cities, despite the fact that these are typically not affected by simultaneous establishing of ties with Taiwanese cities.<sup>10</sup>

Besides Prague, eight other CEE cities have para-diplomatic relations with Taiwanese counterparts. Despite this, para-diplomacy remains an underutilized tool in the CEE-Taiwan relations. A key obstacle to realizing para-diplomacy's full potential is the fact that establishment of new ties is largely driven by the central government on the Taiwanese end.<sup>11</sup> Both the COVID-19 pandemic and the Russian aggression against Ukraine have led to the development of new ties with CEE cities and regions as important points of contact for the disbursement of aid donated by Taiwan.

Besides cities and self-administering regions, other non-governmental actors play an important role in developing CEE-Taiwan relations. Business chambers, universities, think tanks, and other civil society groups have played a role in developing various aspects of relations with Taiwan. However, in the majority of the CEE nations, the knowledge of the broader public on East Asia and Taiwan, in particular, is comparatively low. Therefore, non-governmental actors could play an important role in spreading knowledge about Taiwan and promoting closer relations, despite the fact that the influence of these actors remains limited in some of the CEE countries.



# CEE-Taiwan paradiplomacy



## Towards sustainable CEE-Taiwan ties

Altogether, this study demonstrates that interactions between Taiwan and the CEE countries are undergoing a period of dynamic development.

There is no clear pattern of CEE-Taiwan relations. Nevertheless, classifying the CEE countries into three groups (the Vanguarders, the Pragmatists, and the Laggards) illustrates intriguing similarities and differences. It also shows that many domestic and external factors are responsible for the quality of bilateral relations.

Russian aggression against Ukraine raised in some CEE countries, foremost in the Vanguarders, concerns about China's assertive foreign policy (not least towards Taiwan) and its domestic human rights violations. Taiwanese diplomacy built skillfully on emphasizing the similarities between the democratic political systems in Taiwan and the CEE countries. Russia's aggression can therefore become an additional external catalyst for some CEE countries to pursue the deepening of their ties with Taiwan.

That said, the development of sustainable, long-term relations between CEE and Taiwan requires that CEE countries develop a strong sense of internal motivation rather than solely relying on external catalysts. For many CEE countries, the challenge of finding a specific constructive agenda for mutual relations still remains. This is also due to the limited diplomatic resources of the many CEE countries which have not yet developed an Asia or Indo-Pacific strategy. Consequently, there is a lack of understanding of the risks and opportunities in the region as well as of Taiwan's significance.

Taiwan itself has tools at its disposal that can help to promote constructive relations. By becoming an active partner in the distribution of aid during COVID-19 and the Russian aggression against Ukraine, Taiwan has demonstrated that it is a credible and responsible international actor, sharing the values of democracy and human rights.

In most CEE countries, a turn to more interactions with Taiwan was at least partially motivated by their "expectations fatigue" towards China, and so Taiwan must invest in avoiding a similar scenario in its outreach to CEE. Thus, moving forward, Taiwan needs to focus on deepening rather than broadening its engagement with CEE countries. At this stage in mutual relations, Taiwan must ensure that any promises and pledges made to CEE countries are delivered within a reasonable time frame so they do not remain only symbolic announcements. In time, this may help to convince more countries to pursue an engagement agenda with Taiwan, as it proves that having relations with Taiwan brings long-term economic benefits.

Consequently, Taiwan should not try too hard to pry the doors open in countries where they appear to be firmly shut for now. This will help to save limited resources and diplomatic capital, which can be more effectively invested in countries that have already been receptive to mutual relations, thereby delivering larger political and diplomatic returns for Taiwan.

## Chapter endnotes

- <sup>1</sup> Gabrielius Landsbergis (@GLandsbergis), "This morning the [flag of Lithuania] Lithuanian Government approved donation of 20 thousand vaccines to [flag of Taiwan] #Taiwan. I am proud that we can, albeit in a small way, to show solidarity with the Taiwanese people in combatting the COVID-19. Freedom-loving people should look out for each other!", *Twitter*, June 22, 2021, 9:54 am, <https://twitter.com/GLandsbergis/status/1407245600048009223>.
- <sup>2</sup> Taiwan Digital Diplomacy Association (@digidiploTaiwan), "Our thanks to [flags of Lithuania, Poland, Slovakia, Czechia] for vaccine donations. We share the same values and love Dumplings. As Lithuanian Foreign Minister Gabrielius Landbergis tweeted that "freedom-loving people should look out for each other," let us enjoy #DemocracyDumplings and stand together.", *Twitter*, September 8, 2021, 2:04 pm, <https://twitter.com/digidiploTaiwan/status/1435574765293506567>.
- <sup>3</sup> William Yang, "Taiwan: Czech Republic president-elect elevates ties," *DW*, March 2, 2023, <https://www.dw.com/en/taiwan-czech-republic-president-elect-elevates-ties/a-64604399>; Petr Pavel (@general\_pavel), "I also expressed hope to have the opportunity to meet President Tsai in person in the future.", *Twitter*, January 30, 2023, 3:53 pm, [https://twitter.com/general\\_pavel/status/1620072738290556931](https://twitter.com/general_pavel/status/1620072738290556931).
- <sup>4</sup> Kristína Kironská, et al, CEIAS EU-Taiwan Tracker (2022), <https://eutwtracker.ceias.eu/>.
- <sup>5</sup> The database also records instances of PRC response to engagement with Taiwan, which have been excluded from this analysis.
- <sup>6</sup> Czechia has also overtaken Germany, but records less interactions than France.
- <sup>7</sup> "吳釗燮將訪波、捷、斯三國" [Wu Zhaoxie jiang fang Bo, Jie, Si Sanguo], *Liberty Times*, October 22, 2021, <https://news.ltn.com.tw/news/politics/paper/1480053>.
- <sup>8</sup> Ágnes Szunomár, "For Taiwan, China-Friendly Hungary Remains a Key EU Investment Destination," *China Observers in Central and Eastern Europe (CHOICE)*, April 22, 2022, <https://chinaobservers.eu/for-taiwan-china-friendly-hungary-remains-a-key-investment-destination-in-the-eu/>.
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# Austria: Strong economic relations with scope for deeper ties

Alfred Gerstl, Martin Mandl

- 1** Austria, in its foreign policy traditionally focused on the EU and its Central and Eastern European neighborhood, is in the process of gradually deepening its relations with selected Indo-Pacific nations.
- 2** Even though Austria has to consider China's likely negative responses, there is ample room for deepening the economic and civil society, but also the informal political relations with Taiwan.
- 3** Taiwan is an important trade partner for Austria, but China will remain economically and politically more relevant.

Austria is a small and neutral country with limited influence in international politics. Its foreign policy is centered on the European Union and its immediate neighborhood, namely Central and Eastern Europe, the Western Balkans, and the Caucasus region. However, the political and economic decision-makers slowly recognize the growing geopolitical and geo-economic relevance of the Indo-Pacific. In accordance with the One-China principle, as other EU members, Austria does not have diplomatic relations with Taiwan but with the People's Republic of China (since 1971). It previously held diplomatic relations with the Republic of China from 1913 to 1971. Realpolitik considerations therefore severely limit the leeway for deepening the political relations with Taiwan. There is nevertheless ample room to further strengthen not only the economic and civil society relations, but also the informal political ties.

## Political determinants

Austria's relations with the Indo-Pacific and Taiwan are economically driven. Slowly, Austrian politicians, diplomats, and media are becoming more aware of the geo-economic and geopolitical importance of the Indo-Pacific for Europe and of the dangers of an economic dependency on China.<sup>1</sup> However, Austria has so far issued neither a China nor an Indo-Pacific strategy. Instead, Austria basically follows the strategies of the European Union.<sup>2</sup>

Despite limited diplomatic resources, Austria is diplomatically well represented in Northeast and Southeast Asia – with embassies in China, Japan, South Korea, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam – and one embassy in South Asia (New Delhi). In Taiwan, Austria has a *de facto* embassy – the Austrian Office Taipei – as well as a commercial representation office – Advantage Austria Taipei. The Austrian

Office is staffed by the Federal Ministry for European and International Affairs, Austria's foreign ministry. Its current director, Roland Rudorfer, formerly held postings in Hong Kong, the US and the PRC. It offers consular services and represents Austria in lieu of a *de jure* embassy.<sup>3</sup> The commercial representation office is part of the trade promotion network of the Austrian Federal Economic Chamber.<sup>4</sup> The Chamber itself hosts regular events on the Indo-Pacific, including Taiwan.

There are no domestic political driving forces for closer relations with Taiwan. But in addition to economic rationales, the Austrian-Taiwanese ties may grow deeper because of external developments and shocks. Austria had very close political and economic relations with Russia, notably in the energy sector. The unhealthy dependency on Russian gas may become a catalyst for a more balanced approach towards China and the Indo-Pacific region at large. The EU's Strategy for Cooperation in the Indo-Pacific from September 2021 is another contributing factor to put other nations in focus.

Recently, Austrian neutrality has been proposed as one potential solution to tensions across the Taiwan Strait.<sup>5</sup> After World War II until 1955, Austria was occupied by the US, the Soviet Union, France, and the United Kingdom. To regain its full sovereignty, Austria had to declare its neutrality, which it did formally on its own accord in 1955. In reality, the declaration of neutrality was the political price Austria had to pay, so that the great powers, especially the Soviet Union, would end the occupation. The Austrian constitution prohibits Austria from joining any military alliance (e.g., NATO), and allowing foreign military bases on its territory. Yet, it is not an ideological neutrality - Austria is a Western-oriented country. During the Cold War, Austria and other small neutral European countries played an important role as mediators between Washington and Moscow. Even though it is highly hypothetical and - as of now - unlikely, the idea of a neutral status for Taiwan would increase demand for Austrian politicians and scholars to explain the Austrian model for all parties involved.

There is a Taipei Economic and Cultural Office (TECO) in Vienna, which is simultaneously one of the four United Nations headquarters. The office is also responsible for Croatia and Slovenia. The current head of the Vienna office, Katharine Chang (since 2020), is a prominent, very active and publicly visible diplomat. She regularly visits Austrian provinces and companies with business interests in Taiwan.<sup>6</sup> She also publishes commentaries on Taiwanese politics and Taiwan-China relations in Austrian newspapers.<sup>7</sup> Before her posting in Vienna, Chang was Deputy Foreign Minister and Minister of the Mainland Affairs Council (2016–2018). Moreover, she was the first spokeswoman of the Ministry of Foreign Affairs and has previously represented Taiwan in the United Kingdom, Australia, and the United States.

## Economic exchange

For Austria, Taiwan is an important economic and trade partner in East Asia. Austrian exports to Taiwan increased by one third in value from 2020 to 2021, with preliminary numbers for 2022 showing a further growth over 2021.<sup>8</sup> In 2021, Austria ranked as Taiwan's 37<sup>th</sup> largest trading partner with imports from Austria worth \$572.6 million (or 0.13% of overall trade) and exports to Austria \$1,053.63 million (0,27%), according to Advantage Austria.<sup>9</sup> Austria's main export products are machinery and equipment. Taiwan exports mostly electronic integrated circuits, parts of motorcycles and wheelchairs, parts and accessories for office machines, and medical instruments to Austria.



A large portion of Austrian trade with Taiwanese partners, however, is not registered in the official statistics, as the products are ordered by Taiwanese firms but delivered directly to China. Most statistical data thus underestimates Taiwan's economic importance for Austria.

Austria's foreign trade promotion agency, Advantage Austria, naturally draws a very positive picture of the development of Austrian trade with Taiwan. With Taiwanese re-shoring measures, increasing chances for Austrian high-tech suppliers are anticipated. With the 5+2 Innovative Industries Plan,<sup>10</sup> and smart and green city focus in Taiwan, further possibilities are seen in selling Austrian consumer goods, including top-shelf food items on the island. In addition, there is a huge potential for urban and other technologies. Cooperation in this area is further facilitated by an agreement between the Austrian Ministry of Climate Action and Energy with New Taipei City signed in 2018.<sup>11</sup>

Prior to the outbreak of the COVID-19 pandemic, an annual Taiwan-Austria Economic Cooperation Conference was held in cooperation with the Chinese International Economic Cooperation Association (CIECA), a Taiwanese organization aiming to promote international economic cooperation, accompanied by an Advantage Austria and private sector delegation visiting Taiwan. Conversely, a Taiwanese delegation regularly visited Austria. For 2023, a visit of representatives of the Federal Austrian Ministry for Digital and Economic Affairs is planned.

According to the Austrian central bank and the Taiwanese Investment Commission, Austrian FDI in Taiwan has increased by 12.5% to €18 million in 2021. Between 1952 and 2022, a total of 95 Austrian companies invested €28.4 million in Taiwan, mainly in the manufacturing industry (\$15.2 million) as well as wholesale and retail trade (\$13,1 million). During the same period, Taiwanese companies invested \$ 196.4 million in Austria. The main sectors were ICT (\$163 million) and manufacturing industry (\$27.5 million). Austrian service exports have shrunk by 47.2% in 2021 to €19 million, while imports of Taiwanese services have increased by 43.2% to €63 million.

Before the pandemic, Austria was a highly popular destination for Taiwanese tourists, particular cities like Vienna and Salzburg, amounting to 186,500 arrivals to Austria from Taiwan in 2019. This makes Austria the second most popular European destination for Taiwanese tourists. Austrian culture, history and nature are among the top reasons for visiting Austria, facilitated by visa free entry and up to 12 direct flight connections per week (prior to the COVID-19 pandemic). Austrian experts expect a return to pre-COVID levels of Taiwanese inbound tourism to Austria amid relaxing quarantine regulations in Taiwan. Conversely, however, only few Austrians visit Taiwan (9,160 in 2019).<sup>12</sup> Direct flight connections between Vienna and Taipei with both major Taiwanese airlines - China Airlines and Eva Air - resumed in late 2022.

## Political relations

The coalition agreement between the Austrian People's Party (ÖVP) and the Greens (*Die Grünen*) from 2020 briefly emphasizes the plan for developing a national China strategy and the need to focus more on Asian growth markets.<sup>13</sup> The government does not specifically refer to Taiwan in recent policy papers. Also no major Austrian party mentions Taiwan directly or indirectly in its party manifesto, although China is not addressed either, which reflects a lack of interest and expertise in Asia-related foreign policy of the Austrian

political parties. Even recent annual reports of the Federal Ministry of Foreign Affairs do not address the current tensions in the Taiwan Strait.

Despite the lack of an overarching strategy, practically oriented cooperation takes place in a number of fields, expressed by MoUs on double taxation (2014), medical product safety (2013), food safety (2010), general and vocational education and training (2008), standards and metrology (2008), and infectious disease control (2007); in addition an agreement on the export of Austrian pork to Taiwan exists since 2017.<sup>14</sup> The Austrian Agency for Health and Food Safety (AGES) repeatedly saw guests from Taiwan's Ministry of Health and Welfare for training purposes.

A politically less sensitive, but important element in the Austrian-Taiwanese relations is education. The Taiwanese representation in Austria lists 46 Taiwanese universities as having partnerships with 22 universities in Austria. Institutional relations exist with the University of Vienna at the Department of East Asian Studies in the form of the Vienna Taiwan Studies Center (since 2009), co-funded by the Taiwanese Ministry of Education and the Chiang Ching-kuo Foundation. However, the Center is rather small and focussed on cultural rather than political topics. Another cooperation exists at the Management Center Innsbruck (Tyrol) with the Taiwan Studies Project Scholarships (since 2017). The Austria's Agency for Education and Internationalization (OeAD) further lists a number of scholarship and grant programmes eligible for Austrian-based researchers and students, including the Taiwan International Graduate Program (TIGP) at Academia Sinica. Since 2014, the Taiwanese Ministry of Economic Affairs (MOEA) has also offered stipends for Chinese language summer schools in Taiwan. TECO registers about 500 Taiwanese students on exchange or degree programmes in Austria (before COVID-19 pandemic). Conversely, Taiwan is increasingly popular among Austrian students who want to study Mandarin. As a share of overall exchange to and from Austria, the numbers however remain low, as do the numbers for China.<sup>15</sup>

## Civil society relations

Taiwan is neither a broadly nor controversially discussed topic in Austria. The Austrian media report only sporadically on political and economic developments in the Indo-Pacific. They usually have a China focus, where some of them have a correspondent. Most articles address the tensions between mainland China and Taiwan, only very few articles cover specific aspects within Taiwan, like local elections. Two leading Austrian think tanks, the Austrian Institute for European and Security Policy (AIES) and, more recently, the Austrian Institute for International Affairs (oiip), cover various strategic aspects with regards to the Indo-Pacific and East Asia. An AIES delegation, invited by the Taiwanese Ministry of Foreign Affairs (MOFA), is scheduled to visit Taiwan in 2023 to meet with local diplomats and academics.

According to the Federation of Austrian-Foreign Societies (PaN), there exists no official Austrian-Taiwan Friendship Society. So far, not enough volunteers were willing to establish one, but the reasons for the lack of interest are unclear.<sup>16</sup> However, there is a small society called *Österreichisch-Taiwanische Gesellschaft* (ÖTG; Austria-Taiwan Association). Its president is Werner Amon, a former member of the Austrian federal parliament and currently member of the provincial government of Styria. Taiwan's representative Katharine Chang is honorary president. The aim of the ÖTG is to promote cultural, societal, and economic relations between the two countries.<sup>17</sup>

Since 2014, a Working Holiday Program has offered work and travel visas to 50 Austrian and Taiwanese citizens to deepen exchange. The Austrian Service Abroad (*Österreichischer Auslandsdienst*) offers volunteers, but also young men who do not want to do military service, the opportunity to work up to 12 months at two civil society organizations in Taiwan (Taipei Women's Rescue Foundation and Taiwan Association for Truth and Reconciliation).<sup>18</sup>

## The China factor in the Austrian-Taiwanese relations

Austria's political and economic relations with China deepened in the last years, reflected in the friendly strategic partnership signed during a visit of Austria's head of state and chancellor to China in 2018. The two were accompanied by other high-ranking politicians, and about 170 business leaders and 30 representatives from the academic and cultural sectors. The two parties signed economic agreements worth €1.7 billion. They also deepened collaboration under the framework of the Belt and Road Initiative (BRI), which includes a regular freight train connection between Chengdu and Vienna.<sup>19</sup>

There is a rising awareness among political and economic decision-makers for the need to diversify investments in the Indo-Pacific rather than solely focusing on China.<sup>20</sup> Nevertheless, in the near future China will remain Austria's key bilateral partner in the region. China is already Austria's second largest import partner and (before COVID-19) a major contributor to tourism, but not yet a major investor. It is also a closely monitored economic and political competitor in Austria's traditional sphere of interest in the CEE, much of which overlaps with the European members of the China-CEE platform.<sup>21</sup> Although China lobbied for Austria to join the platform, Austria refused to do so, because it saw no benefits and was aware of likely criticism from other EU members and the US. However, Vienna has an observer status.<sup>22</sup>

## What's next?

Due to China's ever growing economic importance, China will remain both economically and politically more relevant for Austria than Taiwan. However, Austrian politicians and media seem to be increasingly more critical of China due to the increasingly authoritarian nature of its regime and its assertive foreign policy. Austria is a neutral country, but not in an ideological sense. The relations with the democratic Taiwan may therefore be deepened gradually and pragmatically. For economic reasons, Austria, like much of Western Europe, will however be careful not to provoke China in the process.

In regard to economic exchange and on the level of provinces and cities, deeper economic as well as research and technology-oriented collaboration seems possible. A contributing and facilitating factor is the Taiwanese representative office in Austria. An active representation, as seen in the example of the current representative, Katharine Chang and her team, increases the visibility of Taiwan in Austria. This demonstrates the extent to which individuals can make an impact on the quality of (non-formalized) bilateral relations. It also highlights the need to establish more permanent, albeit semi-formal bilateral structures to ensure long-term collaboration between Taiwan and Austria.

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# Bulgaria: Viewing Taiwan through the Chinese prism

Rumena Filipova

- 1** Bulgaria is distinguished by a continuous and strict commitment to the One-China principle while maintaining minimal diplomatic and economic relations with Taiwan.
- 2** China's aggression towards Taipei does not figure in domestic political debates, and Bulgarian political parties have not taken a stance on tensions in the Taiwan Strait.
- 3** Cooperation with China is seen as an opportunity rather than a danger by politicians and businesspeople, enabling an emboldened Chinese media presence in Bulgaria that propagandistically defends Beijing's views on Taiwanese independence.
- 4** If Sofia continues to neglect its ties with Taiwan while bowing down to China, it may find itself increasingly at odds with the strategic and ideational priorities of the Euro-Atlantic community.

Bulgaria has demonstrated an unvarying adherence to the One-China principle in its relations with Taiwan. Bulgarian authorities have assumed a policy position devoid of rhetorical engagement with and support for Taipei, nor have they taken any practical steps to increase the scope of bilateral diplomatic and economic interactions. There is also no cooperation between Bulgaria and Taiwan on a civil society level. On the other hand, Bulgaria maintains friendly cooperation with China. Key factors for Bulgaria's Chinese-leaning policy-making and business circles are conditioned by the absence of political awareness and public debates about the strategic and economic threats emanating from Beijing. Therefore, Sofia operates under a prevailing perception that China represents an opportunity and a partner whose ire must not be evoked.

## Economic exchange

Bulgaria and Taiwan have limited economic engagement. The Taiwan Trade Center, Sofia,<sup>1</sup> was officially opened in 2005 and is an affiliate of the Taiwan External Trade Development Council (TAITRA). The Center has facilitated dialogue between Bulgarian and Taiwanese businesses and holds regular meetings with the Bulgarian Chamber of Commerce and Industry. Interest in bilateral cooperation has been expressed, particularly in automobile manufacturing, machinery, information technologies and electronics, agriculture, and tourism.<sup>2</sup> Yet, such intentions have not been translated into tangible business undertakings due to a circumscribed recognition of the value of economic engagement with Taiwan and

an absence of significant path-dependent avenues for business activity. One of the few bilateral arrangements in the banking sector featured the framework agreement that Bulgaria's First Investment Bank signed with the Export-Import Bank of the Republic of China in 2011 based on giving out loans for the supply of goods from Taiwan.<sup>3</sup>

Bulgaria maintains a negative trade balance with Taiwan. Between 2012 and 2021, the value of Bulgarian exports to Taiwan varied between \$26 million and \$48 million annually, consisting primarily of electronic integrated circuits, packaged medicaments, and refined lead. In turn, Taiwanese exports to Bulgaria have, on average, been three times higher in value, ranging between \$90 million and \$180 million annually, and are similarly composed of electronic integrated circuits as well as motorcycle parts and accessories for office machines.<sup>4</sup> Notably, Bulgaria has also imported voting machines from Taiwan.<sup>5</sup>

Foreign direct investment from Taiwan to Bulgaria has been either non-existent (as in 2017, 2018, and 2020), negative (in 2016), or minuscule, standing at around \$100,000 (in 2014, 2015, 2019, and 2021).<sup>6</sup>

## Political relations

Bulgarian authorities have unswervingly pursued a policy compliant with the One-China principle,<sup>7</sup> a position adhered to across the party spectrum. There have not been significant agreements concluded with Taipei, while bilateral memoranda with Beijing always stress the position that Sofia considers Taiwan to be a part of the People's Republic of China.<sup>8</sup> Although a range of agreements on legal assistance, dual taxation, extradition, and law enforcement cooperation have been established with Beijing, similar arrangements with Taipei have not been considered or implemented.

Political parties have not taken a stance on Beijing's aggressive actions towards Taipei, and the issue does not figure in political debates. There has not been a parliamentary group of friendship with Taiwan, while the one with China usually gathers a significant number of MPs; in the last regular parliamentary term (December 2021 – August 2022), 64 MPs out of a 240-member National Assembly were part of the group of friendship with China.<sup>9</sup>

In 2014, Bulgarian MPs from various political parties, including center-right Citizens for European Development of Bulgaria (GERB), the Bulgarian Socialist Party (BSP), nationalist *Ataka* (Attack), and centrist Movement for Rights and Freedoms traveled to Taiwan. No specific purpose for the visit was announced, which was later justified as "private" rather than an officially sanctioned trip in the face of accusations that it violated Sofia's position of non-recognition of Taiwan.<sup>10</sup> In an exception to the general absence of political discussions and positioning concerning Taiwan, the nationalist, pro-Russian party *Vazrazhdane* (Revival) has recently accelerated its contacts with Chinese diplomats and asserted its unwavering support for the One-China principle. *Vazrazhdane's* leader Kostadin Kostadinov has condemned the "rude American intervention" in China's internal affairs through support for the Taiwanese "separatists," calling for increased Bulgarian participation in the Belt and Road Initiative.<sup>11</sup>

## The China factor in the Bulgarian-Taiwanese relations

Though usually characterized by the sporadic media appearances of Chinese officials, Beijing's once subdued public presence in Bulgaria has gradually transformed into more overt publicity initiatives, particularly in the context of the US House of Representatives Speaker Nancy Pelosi's visit to Taiwan in August 2022. The rhetoric of Chinese diplomats has aimed to propagandistically defend their country's positions while situating Bulgaria in the camp of those states that are friendly to Beijing.

The Chinese Embassy in Bulgaria gave a press conference on August 18, 2022, where the ambassador, Dong Xiaojun, condemned Pelosi's visit as a violation of China's sovereignty and territorial integrity, supposedly threatening peace and stability in the Taiwan Strait region. He praised the significant number of Bulgarian politicians, experts, and scientists, who "objectively" assessed the situation. Such an assessment was seen as proof of Sofia's steadfast adherence to the One-China principle and Bulgarian-Chinese friendship, demonstrating that Bulgaria stands by China in protecting multilateralism and peace while opposing the division and ideologization of the whole world.<sup>12</sup>

Moreover, the Chinese Ambassador has published his statements in one of the most widely circulated daily newspapers, *24 Chasa*, and further appeared on *bTV*, which commands one of the largest TV audiences. The propagandist discourses of China's officials have not been challenged and fact-checked by the respective Bulgarian media, which provide ample space for the expression of Beijing's views, whereas Taiwanese perspectives remain underrepresented. For instance, in an article for *24 Chasa*, the Chinese Ambassador promoted the Chinese view of Taiwan allegedly based on three "facts": 1.) that there exists only one China on both sides of the Taiwan Strait; 2.) that Beijing's stance is "just, sensible and legitimate," while American actions are ostensibly "senseless, irresponsible and irrational"; and 3.) that there is a supposed consensus in the international community in support of the One-China principle.<sup>13</sup> The Taiwanese representation in Greece (which also covers Bulgaria) published a response defending Taipei's sovereignty, democracy, and independence,<sup>14</sup> which received an immediate reaction from the Chinese Embassy, qualifying the Taiwanese position as "irresponsible assertions based on a lack of knowledge of history and international law."<sup>15</sup>

In a series of other articles and appearances in September and October 2022, the Chinese Ambassador continued to press the point about the importance of Sofia's compliance with the One-China principle as a way to advance bilateral Bulgarian-Chinese relations, railing against America's policy and promoting the Belt and Road Initiative, as well as the China-CEE platform.<sup>16</sup> The latter has received further positive coverage, particularly in pro-Russian and pro-Chinese media outlets, on the 10th anniversary of its establishment and a corresponding visit to Bulgaria by Chinese Ministry of Foreign Affairs officials in September 2022. The diplomatic delegation expressed satisfaction with Bulgarian authorities' adherence to the One-China principle. Representatives of Bulgarian businesses, in turn, voiced a desire to deepen the country's cooperation with the China-CEE platform, which stands in contrast to predominantly negative assessments of the platform in other CEE states.<sup>17</sup>

## What's next?

Bulgaria's conspicuous absence of significant political, cultural, and economic ties with Taiwan and uncritical support for the One-China principle can represent an aberration in the Euro-Atlantic community – which Sofia is part of – as tensions and competition between the West and China increase. The lack of impetus to rethink its unswerving commitment to Beijing's aggressive claim to Taiwan puts Bulgaria at odds with both the strategic direction and values-based opposition of the US and Europe to the authoritarian Chinese model of domestic politics and international relations. Moreover, prolonged political instability in Bulgaria, stemming from the inability to form a continuous and stable government, can be utilized by China as an opportunity to further promote its political, media, and economic initiatives in the country.<sup>18</sup> The limited awareness of the risks emanating from participating in Beijing's diplomatic and economic designs can thus facilitate Chinese plans and undermine future engagement with Taiwan.

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# Croatia: Lagging behind

*Davor Boban*

- 1** Taiwan and East Asia are not among Croatia's foreign policy priorities, and there are no prospects for a deepening of Croatian-Taiwanese relations in the near future.
- 2** Croatia and Taiwan have limited trade interactions, with Croatia's export volumes to, and import volumes from, Taiwan being the lowest in CEE .
- 3** Taiwan is only covered in Croatian media following incidents in the Taiwan Strait.

Croatia and Taiwan do not have diplomatic relations, and Zagreb has shown no intention of changing its position on Taiwan due to its diplomatic relations with the People's Republic of China (PRC). Croatia follows the One-China policy and, due to the position and power of the PRC in world politics, it has never tried to establish political relations with Taiwan.

Economic relations and trade between Croatia and Taiwan are also relatively limited, with trade between the two sides having reached around \$50 million on an annual basis in recent years.<sup>1</sup>

However, there have been some attempts to strengthen bilateral trade. The last significant Croatian-Taiwanese event was held in May 2021, when three agencies – the Croatian Chamber of Commerce, the Chinese International Economic Cooperation Association from Taiwan, and the Importers and Exporters Association of Taipei – organized a meeting of the Taiwan-Croatia Business Council.<sup>2</sup>

Civil society relations are almost non-existent, and little effort has been made to increase engagement between the two, despite the Taiwanese government's push for deeper ties, particularly in higher education.

## Political determinants

East Asia and Taiwan are not the focus of Croatian foreign policy. Despite the increasing importance of the Indo-Pacific for the West, particularly in recent years, Croatia is not interested in developing deeper political relations with the region. As a small state with the third lowest GDP per capita in the EU, Croatian foreign policy-makers are mostly oriented toward the EU, Southeast Europe, other European countries, and the US.

The only significant project which involved an Indo-Pacific country was the construction of the Pelješac Bridge that connects the Croatian mainland and the Pelješac peninsula. The Chinese Road and Bridge Corporation, a subsidiary of the state-owned China Communications Construction Company, won the tender and built the bridge between 2018 and 2022.<sup>3</sup> Unlike some other Chinese projects and businesses in Southeast Europe, this one was not controversial because much of the funding came from the European Union and did not involve Chinese loans.

Indeed, due to such economic exchange and its status as a major power, China is the only East Asian country that Croatia pursues deeper political relations with. This has been the policy of all the Croatian governments since the country gained independence in 1991, and no relevant political party in Croatia has formulated a different opinion about this.

Croatia is also a member of the China-CEE platform. However, Chinese overall influence on Croatian politics is small or non-existent.<sup>4</sup> Unlike Hungary and Serbia, which for political reasons try to attract Chinese investments and bank loans, Croatia is cautious about this, being more focused on the EU funds and market. There is thus less opportunity for Beijing to exercise influence on Croatia. The last official visit of a high-ranking PRC official to Croatia was in May 2021, when Yang Jiechi, director of China's Central Foreign Affairs Commission Office and member of the CCP's Politburo, met Croatia's Prime Minister Andrej Plenković.<sup>5</sup> There have never been high-ranking official visits between Croatia and Taiwan.

## Economic exchange

Croatia was part of Yugoslavia until 1991, and the former state had economic exchanges with Taiwan, which Croatia and the other successor states maintained since proclaiming their independence. The first year for which the Taiwanese Bureau of Trade holds statistics for when it comes to Croatian-Taiwanese trade is 1993. In that year, Taiwanese exports to Croatia were worth \$213,000, while imports from Croatia were worth \$341,000, a trend reverse to the trade deficit all CEE countries except Austria now have with Taiwan.<sup>6</sup>

Economic exchange has since become the only form of regular exchange between the two states, although there is a considerable discrepancy between the size of Croatia's and Taiwan's economies and their role in world trade. For Croatia, the value of its imports covers 50-60% of its exports, whereas Taiwan is an export-oriented economy. This impacts the bilateral trade between the two sides, which is comparatively low. Taiwanese imports from Croatia were around \$10.2 million in 2020, and around \$20.6 million in 2021.<sup>7</sup> The three most imported goods in 2020 were fish filets, electrical transformers, mineral wools, and insulating materials.<sup>8</sup> Taiwanese exports to Croatia were valued at \$41.4 million in 2020 and \$43.6 million in 2021.<sup>9</sup> The three most exported goods were flat rolled iron, transmission apparatus for radios, telephones and TVs, and parts and accessories for office machines.<sup>10</sup>

The Croatian National Bank (HNB), the country's central bank, does not publish reports about Taiwanese investment in Croatia. Even if there were such investments, the HNB would classify them under the category of "Other countries," which is composed of states from which comes less than 1% of the total FDI in Croatia.<sup>11</sup> The HNB does not report any significant Croatian investment in Taiwan, and there are no known Taiwanese sources for this data either. Nevertheless, there is the Taiwan-Croatia Business Council, which organizes events to intensify mutual economic cooperation, trade, and investments

between the two sides. So far it had only two meetings, in 2015<sup>12</sup> and 2021.<sup>13</sup> The main topic of the last meeting was smart tourism, but the two sides also tried to develop cooperation in other sectors, particularly in the IT industry.<sup>14</sup> Moreover, Taipei Exchange and Zagreb Stock Exchange signed MoU in 2017 about cooperation in the financial service sector.<sup>15</sup>

Number of Croatians who visit Taiwan is small. In 2021, only 400 Croatians visited Taiwan.<sup>16</sup> The number of Taiwanese tourists to Croatia is larger, with 10,000 tourists in 2020, although this fell to just 1,000 in 2021.<sup>17</sup>

## Political relations

Communist Yugoslavia, like other communist countries, pursued diplomatic relations with the PRC from the very beginning of the latter's existence, but it also pursued trade relations with Taiwan. Croatia tried to establish economic relations with Taiwan almost immediately after its declaration of independence in 1991, although Croatian officials avoided aggravating Beijing by repeatedly confirming their newly independent state's adherence to the One-China policy and a support for the peaceful unification of Taiwan and China.<sup>18</sup>

No agreements or memoranda have been concluded between Croatia and Taiwan. While there are some private agreements between higher education institutions, such as partnership agreements between Zagreb School of Economics and Management with National Tsing Hua University, Fu Jen Catholic University, and Southern Taiwan University of Science and Technology,<sup>19</sup> there is nothing on the inter-state level.

Most Croatian political parties do not have an official view of the cross-Strait relations or the One-China policy. East Asia is out of their focus, and there is no sign that this will change anytime soon. Security concerns of the Croatian government about this region are only marginal, as Croatia is primarily concerned with security in Southeast Europe and the European continent in general. There is no parliamentary friendship group between Croatia and Taiwan and whilst the Taipei Economic and Cultural Office in Austria covers Croatia, no official Croatian office or agency exists in Taiwan.

## Civil society relations

Taiwan and the cross-Strait relations are occasionally mentioned and discussed in Croatian media, particularly during tensions between Beijing and Taipei. While these events are of nominal interest to Croatian citizens, the media tends to cover what is happening in the region without initiating public debate or discussion. Such surface-level coverage is because curiosity is generally limited to the possibility of war in East Asia rather than a genuine interest in the region's people and culture.

One organization that tries to connect the two sides is the Croatian Taiwanese Friendship Association. Though it has a Facebook account, its activity and number of members are unknown. The Autumn School on Political, Economic, and Security Aspects of East Asia has been annually organized at the University of Zagreb's Faculty of Political Science. The current lecturers have been recipients of the Taiwanese government scholarship Taiwan Fellowship<sup>20</sup> which allowed them to visit Taipei. The Autumn School, which is jointly organized by the Faculty and its Taiwanese associates, has been open to both students (around 15-20) and other interested persons, and is the only course on Asian politics in

Croatia. There is a chair and a three-year study program of sinology at the University of Zagreb's Faculty of Humanities and Social Sciences, but this program does not offer courses on Chinese politics.<sup>21</sup> There is no course covering Croatian politics in Taiwan, although there is a Central and Eastern European Center at Soochow University in Taipei.<sup>22</sup>

## The China factor in the Croatian-Taiwanese relations

The government is not engaged in relations with, and politics of, East Asia. The One-China policy is mostly an unknown term among the Croatian public, and it is mentioned only when the media covers occasional developments in the Taiwan Strait. The website of the Croatian Ministry of Foreign and European Affairs contains a note from 2007 in which the Ministry "expresses concern over Taiwan's recent proposal to hold a referendum on joining the United Nations under the name 'Taiwan,' which does not contribute to the peace and stability in the region." This note confirms that in the Protocol on the Establishment of Diplomatic Relations with the People's Republic of China from 1992 and in a Joint Statement from 2005, Croatia's One-China policy sees Taiwan as a constituent part of China.<sup>23</sup>

## What's next?

There are no plans for more active cooperation between the two sides. Political relations are non-existent, and economic relations are weak. Croatia has the potential to offer Taiwan its agricultural and food products, while Taiwan could increase its export of industrial and high-tech products to Croatia. Tourism also offers an opportunity for Croatia since there is a much larger number of Taiwanese tourists in Croatia than Croatians in Taiwan. The obstacle to more bilateral trade is not the PRC, but the size of the Croatian economy and market, as well as the Taiwanese interest (or the lack thereof) in Croatian products. Perhaps the enhancement of bilateral trade could facilitate stronger civil society and political relations between the two. However, this seems unlikely as the Croatian government stands firmly behind its One-China policy to avoid aggravating Beijing.

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ARTS



# Czechia: From Havel to Pavel, Taiwan's long-term friend in CEE

Alice Rezková

- 1** The current Czech government has been pursuing a coordinated whole-of-government approach focused on a more pragmatic cooperation with Taiwan. This marks a shift away from the one-person approach established by Czechia's first post-communist president, Václav Havel.
- 2** Symbolic cooperation in the form of high-level visits will continue to form the backbone of the Czech-Taiwanese relations. Indeed, a recent phone call between Czech President-Elect Petr Pavel and Taiwanese President Tsai Ing-wen was preceded by a plethora of mutual visits, which saw a significant increase since the current Czech government came to power in 2021.
- 3** Czechia has a long-established economic cooperation with Taiwan, with the country being the second biggest CEE recipient of Taiwanese investments, as well as the second biggest CEE exporter to, and the third biggest importer from, Taiwan. Nevertheless, if combined with a positive political inducement, Czechia's large industrial base provides a strong foundation for further progress in this area as well.

Czechia has always been one of Taiwan's most important partners in CEE. The long-term friendship was forged immediately after the fall of communism in Central Europe, with President Havel being an active proponent of deeper ties with Taiwan. The Taipei Economic and Cultural Office (TECO) was opened in Prague in 1991 and its Czech counterpart in Taipei in 1993. By the end of the 1990s, Czechia received a substantial influx of Taiwanese investments and, up until today, it is an important investment base for Taiwanese companies in Europe, alongside the Netherlands, the United Kingdom, and Germany.

Czech-Taiwanese relations are often promoted via parliamentary diplomacy. The Taiwan Friendship Group in the Czech Chamber of Deputies has actively supported cooperation between the two countries for more than 20 years, while the Czech Senate plays an active role in advocating for inclusion of Taiwan in international organizations such as WHO, International Civil Aviation Organization (ICAO), and INTERPOL. The Senate is also active in promoting the status of Taiwan in the Czech Republic.<sup>1</sup> An example of this is a 2019 call by a group of senators for a dismissal of the-then Minister of Industry and Trade after the latter's inappropriate acknowledgment of the Taiwanese representation in Prague.<sup>2</sup> In September 2020, a new impulse for cooperation came from the President of the Czech Senate, Miloš Vystrčil, who visited Taiwan with a large business delegation. This started a new chapter in the Czech-Taiwanese relations, as from that moment on, frequent visits became a staple of the relationship.

New initiatives in economic, cultural and education domains are now on the table, with an expectation of a large Taiwanese investment into a joint research center on semiconductors that may come to fruition in 2023.<sup>3</sup> Moreover, the Speaker of the Chamber of Deputies, Markéta Pekarová Adamová, will be flying to Taiwan with a business delegation in March 2023, and the Czech President-Elect Pavel is likely to become a new player in the Czech-Taiwanese space, as demonstrated by his recent call with the Taiwanese President Tsai Ing-wen.<sup>4</sup>

Even though the Czech approach towards China has been accommodating since 2013, the Czech-Taiwanese relationship continued business as usual, with steadily growing trade exchange, investment flows and cooperation in research and development (R&D), to name a few areas. Moreover, as the Chinese government has not yet delivered on its investment promises, the proponents of a more intensive Czech cooperation with China have limited space to act. Indeed, in May 2022, the Chamber of Deputies Foreign Affairs Committee passed a resolution that called for a revision of Czech-Chinese relations and the abandonment of the China-CEE platform.<sup>5</sup>

## Political determinants

A noticeable shift in Czech interest towards the Indo-Pacific emerged following the 2021 legislative elections. Already in 2020, the Czech Ministry of Foreign Affairs started preparations of the country's first Indo-Pacific strategy, highlighting the region's significance for the Czech foreign policy. To further acknowledge Czechia's interest in the region, a special envoy for the Indo-Pacific was appointed<sup>6</sup>, and, in September 2022, the Czech government approved its Strategy on the Indo-Pacific, which describes the region as "critically important for security and the future development of international affairs".<sup>7</sup>

The Czech Republic is well-represented in the Indo-Pacific region with embassies in Australia, Cambodia, China, India, Indonesia, Japan, Malaysia, Myanmar, the Philippines, Singapore, South Korea, Thailand, and Vietnam. The Czech Economic and Cultural Office (CECO) in Taipei is one of the few Czech representations abroad to host a science and technology diplomat.<sup>8</sup> In 2023, a new special envoy for joint strategic projects with Taiwan was appointed, and TECO is actively engaged in people-to-people initiatives not only in Prague, but also other Czech regions. Moreover, relations with the Indo-Pacific became a foreign policy priority of the 2022 Czech Presidency of the Council of the EU,<sup>9</sup> with a High-Level Dialogue on the Indo-Pacific being organized in Prague in order to enhance an EU-wide debate about territorial, economic, climate, food, cyber and supply chain security in the region.

After the 2021 elections, the new Czech government acknowledged Taiwan as an essential like-minded partner in East Asia, issuing a declaration that not only highlighted the need for deeper cooperation with the Indo-Pacific and East Asia, but mentioned Taiwan explicitly.<sup>10</sup> Nevertheless, the overall attitude of Czech political parties towards Taiwan was demonstrated when the Chamber of Deputies was to issue an official thank you for Taiwanese delivery of health care material during the COVID-19 pandemic. The proposal submitted by the governing Civic Democratic Party (ODS) did not pass because of the lack of support by opposition parties.

On the European level, several Czech MEPs are active advocates of progress in the EU-Taiwan Bilateral Investment Agreement (BIA) as well as a more people-centric cooperation between the Union and Taiwan. Markéta Gregorová from the Pirate Party was part of the

EU parliamentary visit to Taiwan in fall 2021, and Dita Charanzová, the Vice-President of the European Parliament, is another noteworthy proponent of closer EU links, including BIA, with Taiwan.<sup>11</sup>

## Economic exchange

The sound economic basis of the Czech-Taiwanese relationship helped to overcome the more contentious political moments of the past. Czechia welcomed the first Taiwanese delegation led by the Minister of Economic Affairs Chiang Pin-kung in 1995.<sup>12</sup> At that time, it was the largest Taiwanese delegation to the country, even by European standards, and President Havel welcomed the delegation. The end of the 1990s saw a major wave of investments by Taiwanese companies like Foxconn, FIC or ASUS, with the investments reaching almost €100 million by 2006. These early investments laid the foundations for a strong Czech-Taiwanese relationship in the economic domain, particularly in the area of ICT production and assembly. Consequently, Taiwanese investors selected Czechia as their CEE base, and this could only be rivaled by Hungary in the future.

In terms of Taiwanese FDI flows, FDI that has been mediated by CzechInvest from 1995 to 2020 accounts for more than €1 billion. Taiwanese investors have created 24,000 jobs in the Czech Republic, which is the highest number by countries from East Asia. However, the Taiwanese community in the Czech Republic is only around 700 people, which is quite small in comparison to communities of other East Asian nationalities, indicating the Taiwanese companies' preference for local management of their assets.

Czech exports to Taiwan, which have been steadily growing over the years, are predominantly driven by carmaker Škoda, which accounts for almost 50% of the country's total exports to Taiwan. Taiwanese perceive the Škoda brand as being intimately linked with the Czech Republic, and their positive emotions towards the Central European country have seemingly helped the brand's successful marketing campaign translate into the increase of Škoda car sales in Taiwan.<sup>13</sup> Following the automotive industry, the second largest export group to Taiwan consists of microscopes, albeit this accounts for much less (5%) when compared to the first group. Czechia is also a successful exporter of services to Taiwan, with almost 45% of these exports (as of 2020) being related to services linked to machinery exports, 35% to business services (e.g., management consulting), and slightly less than 7% to travel-related services.<sup>14</sup>

Taiwanese companies import mainly ICT components, with the biggest Taiwanese investor Foxconn being simultaneously the second largest Czech exporter (after Škoda) on a global level.

Following the visit by the President of the Czech Senate Vystrčil to Taiwan, two Taiwanese banks have also opened their local branches in Prague; these being the EXIM bank and the Taiwan Cooperative Bank. EXIM bank has introduced its Central and Eastern Europe Credit Fund worth \$1 billion to promote industrial, economic and trade cooperation between Taiwan and the CEE region. At the same time, Taiwan Capital, a venture fund with a government arm, launched its Central and Eastern Europe Investment Fund worth \$200 million. Targeting start-up companies in semiconductors, laser optics and electric vehicles, Taiwan's fund is facilitating a move from Taiwanese investments in greenfield manufacturing to more innovation-based projects in CEE.

Before COVID-19, numbers of Taiwanese tourists in the Czech Republic were reaching almost 200,000 per year. Moreover, talks about direct flights between the two countries have been high on the political agenda for many years.

## Political relations

The September 2020 visit by Miloš Vystrčil to Taiwan was unprecedented on many levels, one being that Vystrčil became the first head of a lawmaking body from a non-diplomatically ally of Taiwan to address the Legislative Yuan (Taiwanese parliament). The visit was followed by a series of other high-ranking delegations between the two countries.

In October 2021, Minister of Taiwan's National Development Council Kung Ming-hsin and Minister for Science and Technology Wu Tsung-tsong led a delegation of 66 officials representing business and research organizations in biotechnology, green energy, ICT, machinery, and tourism, to Prague. Taiwanese Minister of Foreign Affairs Joseph Wu also visited the Czech Republic in the same week, and was awarded the Czech Senate President's Silver Medal for outstanding contributions to deepening Czech-Taiwanese relations and supporting freedom and democracy. In June 2022, the Minister of Culture Lee Yung-Te announced the establishment of a cultural section under TECO in Prague, and Taiwan's Legislative Yuan Speaker You Si-kun visited Czechia in July 2022 to reciprocate Vystrčil's 2020 visit.

On the Czech side, Jiří Drahoš, the head of the Senate Committee for Education, Science, Culture, Human Rights and Petitions, led a parliamentary and academic delegation to Taiwan shortly after You Si-kun's visit to Czechia.

## Civil society relations

In the Czech Republic, Taiwan is viewed as a high-tech country, a producer of highly sought-after semiconductors, and a significant employer. Based on a poll in 2020, two thirds of respondents supported deeper cooperation with Taiwan, whereas 55% also supported continuing economic engagement with China, albeit such engagement should, according to the respondents, not be politically conditioned.<sup>15</sup>

Both countries also assist each other in times of crisis. The Taiwanese government donated CZK 6.5 million (around €275,000) to the South Moravian Region to ease the situation of people living in the villages affected by the September 2021 tornado.<sup>16</sup> The Czech Republic, on the other hand, donated 30,000 vaccines against COVID-19 to Taiwan in July 2021.<sup>17</sup>

There are also long-standing ties between Taiwan and several Czech think tanks and NGOs. President Tsai addressed the Czech audience at the well-known Forum 2000 Conference in 2004 as the-then National Policy Advisor.<sup>18</sup> The Czech NGO European Values for Security Policy (EV) is the only European think tank to have a local branch in Taiwan and, in 2023, a coalition of NGOs plans to open a Czech Centre in Taipei that will provide soft-landing services for businesses, academia and NGOs.

Taiwan has also launched various initiatives supporting student exchanges in STEM fields and language studies. Moreover, an active Czech-Taiwanese Association caters to the

needs of Taiwanese families living in the Czech Republic by educating their children in the Taiwanese curriculum, whilst also organizing small-scale cultural events during the year.

Czech-Taiwanese ties are gaining their momentum also on a municipal level. In 2020, Prague signed a sister-city agreement with Taipei, which was accompanied by a delivery of two endangered pangolins to the Prague ZOO.<sup>19</sup> Jihlava has a long-standing cooperation with Taiwan in smart cities and student mobility,<sup>20</sup> whereas Brno is eyeing a sister-city agreement with Taoyuan.<sup>21</sup>

## The China factor in the Czech-Taiwanese relations

The Czech government is currently rebalancing its attitude towards China, and it can be expected that its new approach will differ from the pre-COVID-19 years.

Besides the country's first Indo-Pacific strategy, the Czech Ministry of Foreign Affairs uses a variety of out-of-the-box tools to balance Czechia's relations with Taiwan and China. An example of this is the government's utilization of the difference between Prague's One-China policy and Beijing's One-China principle.

Nevertheless, the current Czech leadership is unlikely to take any steps that would imply a Lithuania-style support for Taiwan. In this sense, the Czech approach is likely to continue being more restrained, based on cooperation in non-contentious areas like economic, academic, or R&D.

## What's next?

The Czech-Taiwanese relations are currently very cordial, with the Czech Republic moving beyond the one-person diplomacy, which was initiated by Havel and became a practice in the Czech foreign policy, whether this was in favor of, or against, the interests of Taiwan. The Czech-Taiwanese relations, similarly to those between Taiwan and other CEE and EU countries, have been also furthered by legislative, rather than executive, branches. Nevertheless, if legislative gestures are not followed by a cooperative approach on the executive level from both sides, the Czech-Taiwanese relations may end up with little else in practical cooperation that could sustain the less accommodating times.

The Speaker of the Chamber of Deputies, Markéta Pekarová Adamová, will visit Taiwan in spring 2023. This visit is a crucial moment for the future of Czech-Taiwanese relations, as not only should it demonstrate the ongoing interest of the Czech Republic in cooperating with Taiwan, but it should also enhance economic cooperation between the two by introducing specific joint projects. At the same time, the Czech Republic expects Taiwan to deliver on several long-discussed projects in high-tech industries like semiconductors, AI, optics, or cybersecurity.

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# ESTONIA

# Estonia: Small state's step-by-step approach

*Liisi Karindi*

- 1** Estonia cooperates with Taiwan in the framework of its One-China policy, with a strong focus on practical activities in non-political areas such as trade and investments, education, and culture.
- 2** Trade and investment numbers have remained modest as well as the number of Taiwanese tourists visiting Estonia and vice versa.
- 3** Among the politicians, members of the Reform Party have been the most active in advocating for closer relations with Taiwan.
- 4** Estonia will follow the EU in developing its relations with Taiwan.

Since regaining independence, the Republic of Estonia has not established any political relations with Taiwan.<sup>1</sup> As stated by the Estonian embassy in Beijing, Estonia has always supported the One-China policy, seeing Taiwan as an integral part of China's territory.<sup>2</sup> In return, the People's Republic of China has promised to respect the independence, sovereignty and territorial integrity of Estonia.<sup>3</sup> For a small country with unsolved border issues with its big neighbor,<sup>4</sup> this kind of support from a UN Security Council's permanent member is vital, especially as Estonia considers the council to be "integral to peacefully upholding international law and the sovereignty and territorial integrity of states."<sup>5</sup>

Nevertheless, Estonia has cooperated with Taiwan within the framework of its One-China policy in the non-political areas such as trade, investment, education, and culture.<sup>6</sup> The cooperation manifests itself foremost in the form of "practical activities."<sup>7</sup> Trade relations between Taiwan and Estonia were established as soon as Estonia regained its independence in 1991.<sup>8</sup> However, investment relations have remained modest, with only few cases reported.<sup>9</sup> Longer term relations have also been established in the area of education<sup>10</sup> and some activities have taken place in culture.<sup>11</sup> Notwithstanding, in all these areas there is still enough space to grow in order for the relations to become significant.

## Political determinants

For several years, the Estonian Ministry of Foreign Affairs has been working on its new business diplomacy approach which foresees a stronger presence in the East Asian and

Indo-Pacific region. The focus has been on like-minded partners with common values, such as South Korea and Singapore where the Ministry decided to open new embassies.<sup>12</sup>

Some politicians (mostly from the Reform Party) have voiced their opinion that Estonia should also open a representation in Taiwan and not merely limit itself to advancing the existing economic and cultural relations but offer Taiwan some form of recognition (starting from accepting its drivers licenses in Estonia to recognizing it diplomatically).<sup>13</sup>

The Ministry has, however, remained firm in its response that the government of Estonia had no such plans, and continues to implement its practical activities with Taiwan.<sup>14</sup> Although China's military drills around Taiwan, adding to its human rights issues, contributed to Estonia's decision to leave the China-CEE platform, the more serious offense in the eyes of Estonia was China's unwillingness to denounce Russia's invasion of Ukraine.<sup>15</sup> Taiwan was quick to understand that and not only did it condemn the increasingly close relationship between China and Russia,<sup>16</sup> but it also donated \$1 million to Estonia in support of displaced Ukrainians.<sup>17</sup>

## Economic exchange

Estonia has had trade relations with Taiwan since the re-establishment of its independence in 1991. According to the data provided by the Taiwanese MOEA's Bureau of Foreign Trade,<sup>18</sup> for the last five years (2017-2021) Estonia's share in Taiwan's trade has remained close to 0.02%, with a trade imbalance in favor of Taiwan. An analysis of the trade statistics indicates that the relations are based on few businesses and are otherwise relatively sporadic, thus lacking stable growth rates.

As the data by Statistics Estonia<sup>19</sup> confirms, only a few commodity categories (CN) show continuous activity of significant volume and growth or sustainable business trends. In 2021 Estonia's exports to Taiwan were mostly made up of electrical equipment (40.1%), mechanical appliances (31%), optical, measuring, precision instruments (9.24%), mineral fuels (6.91%), as well as wood and articles of wood (5.71%). From Taiwan, Estonia imported base metals and articles of base metals (38.3%), machinery and mechanical appliances, electrical equipment, and parts thereof (31.9%), textiles and textile articles (9.79%), as well as transport equipment (6.95%).

In recent years an imbalance has also occurred in trade in services due to a sudden decrease of exports from the Estonian side.<sup>20</sup> As mentioned above in the case of trade in goods, the statistical analysis supports the assumption that trade numbers of that size are strongly influenced by the success or failure of single businesses. In the case of services, the overall trade volume of €8.2 million is even more subject to such drastic changes than trade in goods which according to Statistics Estonia amounted to €73.9 million in 2021.<sup>21</sup>

When it comes to FDI, Estonia and Taiwan display little activity. Taiwan gets no mentioning neither in data tables of the Bank of Estonia on FDI in/from Estonia<sup>22</sup> nor in the ones provided by the Statistics Estonia on foreign affiliates in Estonia.<sup>23</sup> According to statistics provided by Taiwan's Bureau of Foreign Trade, there have been seven cases of Estonian investments in Taiwan worth \$87,000 whereas just one reported case of Taiwanese investment in Estonia.<sup>24</sup> However, a media report from 2008 stated that Estonian venture capital firm Ambient Sound Investments (ASI) made a €200,000 investment for 14% stake in AirDio Wireless, a Taiwanese developer of wireless networking components.<sup>25</sup>

In the field of tourism, Estonians have been visiting the island more frequently than vice versa. According to the Tourism Statistics Database of the Taiwan Tourism Bureau,<sup>26</sup> Taiwanese tourist numbers to Estonia started to pick up just before the COVID-19 outbreak, reaching around 270 people in 2018. One of the reasons might be the opportunity of short-term visa-free travel to Estonia for citizens with Taiwanese passports.<sup>27</sup> The number of Estonian visitors to Taiwan had shown a steady growth trend for a decade before the lockdowns started, reaching the highest point in 2017 with almost 670 Estonians visiting Taiwan. Nevertheless, these numbers are still miniscule.

## Political relations

With signing of the Estonia-China joint declaration in 1994, Estonia recognized that “the Government of the People’s Republic of China is the only legitimate government in China and that Taiwan is an integral part of China’s territory” and by doing so confirmed that Estonia “does not establish any form of state relations with Taiwan”.<sup>28</sup> Until today, Estonia has adhered to this recognition and has thus restrained itself from establishing any state relations with Taiwan. Consequently, no bilateral agreements between Estonia and Taiwan have been signed.<sup>29</sup>

Nevertheless, Estonian parliament members (mostly members of the Estonia-Taiwan Friendship Group<sup>30</sup>) have shown active interest in the interaction with Taiwan on various occasions. Most recently, in November 2021, they visited Taiwan together with their Latvian and Lithuanian colleagues to discuss ways of potential cooperation.<sup>31</sup> According to an article by South China Morning Post, Taiwanese President Tsai Ing-wen told the delegation that “her administration would work to boost Taiwan’s presence in Europe,” bringing Lithuania as a positive example of beneficial collaboration after opening a Taiwan representation in Vilnius.<sup>32</sup>

When commenting on the visit to *ERR*, the Estonian Public Broadcaster, Madis Milling<sup>33</sup> (Reform Party), a member of the delegation and of the Estonia-Taiwan Friendship Group, stated that both he and Jüri Jaanson, a fellow party member as well as the chairman of the group,<sup>34</sup> supported a “step-by-step” approach to recognizing Taiwan.<sup>35</sup> Taking Lithuania as an example, he pointed out that consideration should be given to the question “whether it is necessary to start a war, the outcome of which you cannot predict” and pledged for a pragmatic approach in which “every decision must have a well-thought-out analysis of what it entails. What are the pros and cons of the decision.”<sup>36</sup> Support from Estonia to Taiwan was to be political, based on the same allies (foremost the US) and a common concern (an increasingly assertive neighbor).<sup>37</sup> Prior to the visit, the group had already denounced China’s threats of war against Taiwan and called on China to refrain from any military actions.<sup>38</sup>

Milling’s statement received the expected response from the Chinese embassy in Tallinn in which the parliament members were reminded of their “special status” and “certain politicians” of the fact that “Taiwan shares no other international status besides being a part of China.”<sup>39</sup> The response included a remark of recognition concerning the related statement made by the Estonian government in which the then-Minister of Foreign Affairs Eva-Maria Liimets (Center Party) confirmed Estonia’s commitment to the One-China policy that constitutes the framework also for Estonia-Taiwan relations, with additional relations in economic and cultural sectors. According to Liimets, neither Estonia nor Taiwan had shown any particular interest in opening a Taiwanese representative office in Estonia but

were nevertheless successfully developing their relationship and conducting practical activities.<sup>40</sup>

Security issue remains a common topic for Estonia and Taiwan which is frequently discussed in national and bilateral settings. In Estonia, national security concerns are mostly voiced by the representatives of the International Centre for Defense and Security (ICDS) which, aims to contribute to the common European and transatlantic security and defense agenda as well as stimulate public debate in the field of security, defense and foreign policy.<sup>41</sup> As emphasized by ICDS researcher Frank Jüris, China's military actions against Taiwan would have a direct impact on Estonia's security because it would cause the US focus to shift to the Indo-Pacific region.<sup>42</sup>

The last argument is often used also by Marko Mihkelson (Reform Party), chairman of the Foreign Affairs Committee of the Estonian Parliament<sup>43</sup> and member of ICDS's supervisory board.<sup>44</sup> Similarly to the members of Estonia-Taiwan Friendship Group, Mihkelson advocates for closer collaboration with Taiwan in the economic and cultural fields. He suggested opening a representation or an office of Enterprise Estonia (national tourism, investment and trade promotion agency) in Taipei and a Taipei representation for culture and trade in Tallinn (which neither Enterprise Estonia nor the Ministry of Foreign Affairs considers).<sup>45</sup> With his suggestion Mihkelson, however, did not aim to copy Lithuania, but instead expressed strong criticism towards the fellow Baltic state which seemed not to have done proper long-term planning. As Mihkelson put it, "it would be very challenging to be at diplomatic odds with Russia and China, as an aspirant leading superpower, simultaneously."<sup>46</sup>

Due to the low risk assessment of a war between China and Taiwan, development of closer relations with the island is seen as beneficial to Estonia. As Jüri Jaanson pointed out, after opening a representative office in Vilnius, Taiwan promised to invest €200 million in Lithuania.<sup>47</sup> In addition, Kalle Laanet (Reform Party), also a member of the Estonia-Taiwan Friendship Group and former Minister of Defense, sees value in supporting Taiwan in order to strengthen the Baltic country's allied bond with the US.<sup>48</sup> Eric Huang, head of the Taiwanese Representative Office in Vilnius, believes that both Estonia and Taiwan would benefit from greater cooperation in security policy as well as in IT, but confirms that there is no plan to open an office in Tallinn.<sup>49</sup>

## Civil society relations

The bilateral business relations became more formalized with the establishment of the Estonia Taiwan Business Forum. The first event took place in 2011 in Taipei, focusing only on the logistics sector<sup>50</sup>, as did the second forum<sup>51</sup>. However, since the third forum the format has grown wider, by first including the ICT sector<sup>52</sup> and then changing the organizer of the event from the Estonian Logistics and Transit Association (LTA) to the Estonian Chamber of Commerce and Industry.<sup>53</sup> The main organizer from the Taiwanese side has remained the same, this being the Chinese International Economic Cooperation Association (CIECA). Recently Taiwan's Bureau of Foreign Trade has also joined the organizers.<sup>54</sup>

The initial support for the logistics sector's endeavor and the business forum came from two sources. Although the first business delegation to Taiwan was led by a representative of the Estonian Ministry of Economic Affairs and Communications<sup>55</sup>, this role was subsequently handed over to the leaders of the Estonia-Taiwan Friendship Group of the

Estonian Parliament (*Riigikogu*)<sup>56</sup>. For the 2015 business forum in Taiwan, several group members participated in the delegation, allowing the host to hope that the “visit will enhance delegation members’, and by extension Estonia’s, understanding of Taiwan’s recent political, economic, and social development as well as the progress made in improving cross-Strait relations, and promote greater bilateral exchanges in the areas of culture, tourism, trade, and parliamentary interaction.”<sup>57</sup>

As demonstrated by the increasing number of Estonian visitors to Taiwan, there has indeed been a growing interest in the island. In order to promote Taiwan as a travel destination, the Taipei Mission in Latvia participated in TOUREST 2018, the largest tourism fair in the Nordic-Baltic region.<sup>58</sup> Unfortunately, the positive developments in bilateral tourism seem to have come to an end, or at least to a halt, due to the global pandemic and the consequent travel issues.

In addition to businesspeople, parliamentarians, and tourists, Estonian-Taiwanese relations have seen some exchange also in other spheres of life. As early as in 2004 members of the Estonian doctors’ association visited Taiwan by the invitation of their counterpart, Taiwan International Medical Alliance (TIMA), with the outcome of establishing an exchange program for doctors.<sup>59</sup> An almost a decade-long collaboration has taken place in education under the framework of Estonian Taiwanese Scientific Cooperation Agreement which provides travel grants to visit Taiwanese research institutions and opportunities to receive Taiwanese researchers.<sup>60</sup> In addition, the University of Tartu and the National Central Library of Taiwan have signed a cooperation agreement for the promotion of materials and databases on sinology with the aim to strengthen mutual educational and cultural relations.<sup>61</sup> In the field of sports Taiwan’s Taekwondo team participated in the Tallinn Open 2022 contest in Estonia, winning one gold and one silver medal and attracting support from the Taipei Mission in Latvia as well as the head of the Estonia-Taiwan Friendship Group Jüri Jaanson.<sup>62</sup>

## The China factor in the Estonian-Taiwanese relations

As pointed out by Marko Mihkelson, a small country like Estonia should be conducting “smart diplomacy,” which in the case of China means working with the European and North American allies on balancing China.<sup>63</sup> The European Parliament has adopted recommendations on EU-Taiwan political relations and cooperation, the first point of which urges the EU to “work closely with the member states to intensify EU-Taiwan political relations and to pursue a comprehensive and enhanced partnership under the guidance of the EU’s One-China policy; consider Taiwan a key partner and democratic ally in the Indo-Pacific on its own merit as a robust democracy and technologically advanced economy that could contribute to maintaining a rules-based order in the middle of an intensifying great power rivalry.”<sup>64</sup>

In order for the Baltic country to orient itself better in geopolitically challenging times, the Foreign Affairs Committee of the Estonian Parliament supported the idea of developing an Asia strategy for Estonia which also includes ways of managing the great power rivalry.<sup>65</sup> The report that resulted from this process has a strong focus on engagement with Taiwan and offers recommendations for further collaboration in the field of start-ups and technology, science and research.<sup>66</sup>

China’s reactions to Estonia’s discussions over further engagement with Taiwan have been modest, unless led by active politicians like in the case of the Estonia-Taiwan Friendship

Group. Even publicly much cited praise of Taiwan by the former Estonian President Toomas Hendrik Ilves<sup>67</sup> did not receive any reaction from the Chinese embassy in Estonia. This might be due to the Estonian government's repeated confirmation of its adherence to the One-China policy which China, nevertheless, used for its public propaganda against Lithuania.<sup>68</sup>

## What's next?

Taking into account that the Estonian government has decided to follow the EU in its China policy, this provides the basis for what can and should be expected from the Estonian-Taiwanese relations. Even if parliamentarians are in the position to express their opinions more freely, the government has demonstrated that it will restrain itself from any unnecessary confrontations and adhere to the established convention when cooperating with Taiwan. As put by Mihkelson, "we are protecting our national interests, allies and values. [...] At the heart of it is that foreign policy needs to be more than high-sounding press releases, instead working toward a main goal – to protect Estonian independence while respecting international law and agreements in a way to make sure we will never again stand alone in the face of danger."<sup>69</sup>



## Chapter endnotes

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**BRUNNEN**



# Hungary: Keeping a low profile

Tamás Matura

- 1** The Hungarian government's friendly attitudes towards China significantly limit its existing relations, let alone further cooperation, with Taiwan. This is the case at least as far as the political domain is concerned.
- 2** The relations are nevertheless significant in the economic domain, with Hungary being one of Taiwan's major CEE trading partners. The country is also the top destination for Taiwanese investments in both CEE, as well as the wider EU. This fits within the government's Eastern Opening Policy, which (among other things) creates a climate conducive to East Asian investments.
- 3** Hungary is thus an intriguing example of a country with strong economic, yet significantly limited political, relations with Taiwan. This shows the economic rationale behind Taiwanese investments, which are in the case of Hungary linked to major Chinese investments as well.
- 4** Whilst the Hungarian government is unlikely to engage in any high-level political relations with Taiwan, it does not limit cooperation in economic, cultural or other non-contentious domains.

Hungarian Prime Minister Viktor Orbán was once well known for his anti-communist attitudes and reservations about the People's Republic of China (PRC). For instance, during his first term (1998–2002), he had an official meeting with the Dalai Lama in his office. Members of FIDESZ, his party, made by far the most anti-Chinese comments in the Hungarian Parliament between 1990 and 2010. However, their attitudes have changed dramatically since the party's landslide victory in 2010, following which the party members almost totally stopped criticizing China.<sup>1</sup>

Orbán became surprisingly pragmatic and established official party-to-party relations with the Chinese Communist Party (CCP) in his role as leader of the FIDESZ party in late 2009, just a few months before his election victory. Following his return to power in 2010, Orbán initiated the so-called Eastern Opening Policy in reaction to the Global Financial Crisis and to forge better economic relations with the PRC. He has visited Beijing numerous times and elevated bilateral relations to a "comprehensive strategic partnership" level. Besides its economic significance, China became a potential political partner during Orbán's second term (2010–2014), when clashes with the EU and frosty relations with the US administration led to the emergence of a political element in Hungarian-Chinese relations. Orbán has mentioned China several times as an alternative to Western economic systems and expressed his admiration for the political and economic system of the PRC.<sup>2</sup>

Against this background, it is not surprising that Budapest has been employing a two-faced policy *vis-à-vis* Taiwan. Direct investments from the island are always warmly, though not very visibly, welcomed by the Hungarian Ministry of Foreign Affairs, as Hungary is only second to the Netherlands in terms of Taiwanese FDI stock in the whole EU. Foxconn, Giant, and Yageo Holding are among the most prominent Taiwanese investors in the country. Meanwhile, when it comes to political cooperation, Budapest always sticks to Beijing's expectations and keeps relations with Taipei limited. In 2020, Hungary was one of the countries that did not support Taiwan's accession to the WHO, following a call between the Hungarian and the Chinese Ministry of Foreign Affairs.<sup>3</sup>

## Political determinants

Orbán's government has the most amicable political ties to Beijing among the EU member states of the CEE region; therefore, any highly visible political relations with Taiwan would go against Budapest's main strategy. Consequently, bilateral relations have kept a low profile, except for economic and cultural ties. Compared to the government, opposition parties are more open-minded about Taiwan, though their space to maneuver is very limited in the Hungarian political system. One of the most prominent opposition politicians, Gergely Karácsony, the mayor of Budapest, has been in regular contact with the Taipei Representative Office in Budapest and has expressed his support for stronger ties between the two capital cities in areas of education, technology, digitalization, and environmental protection. Furthermore, he supports Taiwan's participation in international platforms where it could contribute positively to the international community.<sup>4</sup> Representatives of Taiwan are regular visitors to public events organized by the Office of the Mayor or other activities connected to the opposition. For instance, Taiwanese guests were invited to the Budapest Forum initiated by the mayor in 2021 and 2022. In the latter case, Wen-tsan Cheng, the mayor of Taoyuan City, gave a keynote speech titled "Taiwan and Taoyuan under the threat of China." It has to be noted, however, that compared to their Czech counterparts, even opposition parties are cautious about mentioning political cooperation with Taipei.

## Economic exchange

Besides East Germany (GDR) and Czechoslovakia, Hungary was the only country of the Eastern Bloc to engage in direct, though limited, trade relations with Taiwan in the first half of the 1980s. Representatives of Taiwan approached Hungarian officials in 1980 to establish direct trade contacts between companies of the two countries and to enable the arrival of Taiwanese tourists to Hungary. The Hungarian Ministry of Foreign Affairs was open to the idea and intended to maintain non-official trade relations and tourism between the two sides. Taiwanese exhibitors regularly showed up at the Budapest International Fair in the 1980s, though they had to avoid using their national flag. Taiwan showed increased interest in Hungary and other CEE countries after 1987. The China External Trade Development Council organized an exhibition of Taiwanese products in Budapest and agreed with the authorities to expand bilateral ties, ease visa restrictions, establish direct telephone lines, and open trade offices between the parties. The Taiwanese government liberalized its policies *vis-à-vis* the Eastern European socialist countries, and the two sides started to organize regular business exchanges.

Hungary developed its new Taiwan policy in 1988, which stated that the potential opening of trade representative offices could not lead to the establishment of official political

relations by any means. The fundamental changes in the Hungarian political system, however, and the Tiananmen square event triggered quicker development of Hungarian-Taiwanese relations. The first government-level meeting took place in Vienna in 1989, when the president of the Hungarian National Bank and his delegation met Chen Li-an, the Taiwanese Minister of Economic Affairs, and his delegation. Due to the change of regime, Hungary's new, freely elected government was more resistant to pressure from Beijing and decided to authorize the opening of the Taipei Trade Office in Budapest in the spring of 1990.<sup>5</sup>

Regarding the volume of direct trade relations, Taiwan is not a significant partner of Hungary; it accounted for a mere 0.13% of exports and 0.7% of imports in 2021. By far, the most important product group in Hungarian imports from Taiwan are ICT and other electronic devices (49%), machinery (28%), and vehicles and their parts (9%). Hungarian exports show a similar pattern as machinery, including power generators (46%), electronic devices (18%), and vehicles (8%), are the top three exported product groups. Despite the low value of bilateral trade, Taiwanese electronic products are as important to the Hungarian economy and customers as are in any other country.

When it comes to investment relations, however, Taiwan plays a much more significant role in Hungary. Taiwanese companies have invested \$1.37 billion so far in Hungary, representing 1.5% of the country's total FDI stock. In comparison, the stock of Chinese investment did not exceed \$5 billion by 2020.<sup>6</sup> Unlike their Chinese counterparts, Taiwanese companies seem to be less worried about the quality of political cooperation between their home country and Hungary. They act pragmatically and focus on their business interests. Since the Hungarian government has been pursuing an economic policy that favors multinational companies, Taiwanese enterprises enjoy the same subsidies as the Chinese, making Hungary an attractive investment destination. Furthermore, the presence of major Chinese companies in Hungary represents another pull-factor for their Taiwanese business partners.<sup>7</sup> One notable example is the cooperation between Taiwan's Foxconn and China's Huawei in Hungary.

## Political and civil society relations

The Hungarian Parliament has its Taiwan-Hungary Friendship Group with members from both sides of the aisle. Through this group, MPs have visited Taipei several times to exchange views and to find new cooperation opportunities. Therefore, although the last visit took place in 2016,<sup>8</sup> practical cooperation continues to go smoothly.

Agreements have been signed on the avoidance of double taxation, on working holidays, on the scholarship program Stipendium Hungaricum, and 30 Hungarian students have had the opportunity to participate in the Taiwan-Europe Connectivity Scholarships Program.<sup>9</sup> The two sides signed an MoU to promote education cooperation and exchanges in November 2020. Based on the agreement, Hungary will provide 20 higher-education scholarships to Taiwanese students annually until 2023. Furthermore, The Taiwan Center for Mandarin Learning was established in Budapest in 2019, and Taiwan's Legislature launched the Taiwan-Hungary Friendship Association on September 25, 2020.<sup>10</sup>

Technological cooperation is on the table as well, as was evident when Taiwan's National Applied Research Laboratories (NARL) and Hungary's ZalaZone signed an MoU on November 5, 2022, following the visit of NARL members to their Hungarian counterparts in 2019. The two sides have also agreed to conduct research in the field of autonomous

vehicle testing.<sup>11</sup> Even the former Hungarian President Pál Schmitt paid a visit to Taiwan in 2017 to attend the opening ceremony of the Taipei 2017 Summer Universiade. As this was a sporting event, it did not interfere with Hungary's One-China policy.<sup>12</sup>

In a recent development, Taiwan offered two significant donations to Hungary. First, 100,000 masks arrived in Hungary as part of Taiwanese support to fight the COVID-19 pandemic, with the city of Taoyuan donating an additional 300,000 directly to the city of Budapest.<sup>13</sup> Second, Taiwan has donated \$150,000 to Budapest and an additional \$1.5 million to the Hungarian Interchurch Aid to support helping Ukrainian refugees.<sup>14</sup>

## The China factor in the Hungarian-Taiwanese relations

As has been presented above, the Hungarian government's China policy determines any exchanges with Taiwan. As the State-Secretary of the Ministry of Foreign Affairs stated in August 2022 in a reaction to the visit of Nancy Pelosi to Taipei: "Hungary honestly hopes that the situation surrounding Taiwan will not escalate and the major powers of the world return to a cooperation based on mutual respect and trust as soon as possible. The Hungarian foreign policy consistently sticks to its One-China principle."<sup>15</sup>

Meanwhile, the domestic debate about Taiwan is practically non-existent. As the media-monitoring project MapInfluence has presented, the topic of Taiwan was marginal in the Hungarian media discourse between 2010 and 2017, and the situation has not changed significantly ever since.<sup>16</sup>

## What's next?

No major shift in Hungary's Taiwan policy is expected as long as the Orbán government stays in power. The prime minister seems adamant about his pro-China policies, as it supports his illiberal policy domestically and even more so internationally. Given his extremely pragmatic foreign policy views, Taiwan simply cannot offer anything to him that could offset the value of his ties to Beijing. Chinese investment has been rising in recent years, Beijing is a major trade partner to Hungary, and values or principles dear to opposition parties or some Western countries have never played a pivotal role in the foreign policy of Viktor Orbán. Still, low-profile economic, cultural, or people-to-people relations can flourish, as the Hungarian government is not explicitly unfriendly towards Taipei and does not mind such soft relations between the two sides while actively encouraging economic and business cooperation.

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# Latvia: Falling back on a stable legacy of exchanges

Una Aleksandra Bērziņa-Čerenkova

- 1** Latvia has the deepest bilateral exchange history with Taiwan among the Baltics, including diplomatic relations between 1992-1994.
- 2** Taiwan was not a topic during the October 2022 parliamentary elections – regional and domestic challenges were prioritized instead.
- 3** Latvia is likely to apply a broader Indo-Pacific framework to explore the economic relationship with Taiwan.

Latvia was the only Baltic state to establish consular relations under an explicitly pro-Taiwan policy during the early days of restored independence (1992-1994). Due to this history, exchanges with Taipei continued even after Latvia adopted a One-China approach, terminated the relations with Taiwan, and normalized diplomatic relations with the People's Republic of China (PRC) in 1994.<sup>1</sup> Therefore, one can argue that for the last three decades, Latvia has been able to get the best of both worlds when it comes to its China approach. It has enjoyed engaging with the PRC within the One-China policy framework while maintaining soft links with Taiwan. This balance is symbolized by the largest Taipei mission in the region – the remnants of the consulate-general of the early 1990s,<sup>2</sup> although it is formally an entity registered in the Register of Enterprises of the Republic of Latvia, hence, an organization without a formal diplomatic status. The mission is not included in the Latvian Ministry of Foreign Affairs' Diplomatic list under "missions," unlike Palestine.<sup>3</sup>

The current Representative of Taipei's Mission in the Republic of Latvia, Andrew H.C. Lee, is pursuing media visibility on both the national and Baltic<sup>4</sup> levels with appearances such as his recent interview under the headline "Latvia has not gained anything from the friendship with China: Interview with the Taiwan ambassador."<sup>5</sup> However, as the situation surrounding Taiwan becomes strained and as European and transatlantic partners adopt a more engaged position *vis-à-vis* Taiwan, Latvia's comfortable balancing act might be coming to an end. Latvian policy will likely not take a Lithuania-style hard turn towards Taiwan, but what follows will be an exploration of trade and investment attraction opportunities with the nation within a wider European "Taiwan awakening," just below the threshold of triggering the PRC's retaliatory measures.

## Political determinants

In Latvia's most recent foreign policy strategy reference document, the Annual Report of the Minister of Foreign Affairs on the accomplishments and further work with respect to national foreign policy and the European Union 2021, Minister of Foreign Affairs Edgars Rinkēvičs ties the Latvian position to the EU's Strategy for Cooperation in the Indo-Pacific. This strategy demonstrates that Latvia is only in the early stages of formulating its approach to the region, stating that "Latvia is interested in a stable and sustainable development of the Indo-Pacific region, further identifying political and economic contacts with the region's countries."<sup>6</sup> To this end, Latvia has opted to expand its diplomatic presence in the region by opening an embassy in Australia in 2021, adding to the existing regional diplomatic presence in India, Japan and South Korea.

Prioritizing cooperation with selected regional partners such as Japan, South Korea, Australia, and New Zealand is understandable. As a nation with a population under 1.9 million, Latvia must be selective when allocating its limited resources to the Indo-Pacific as a whole, but the Indo-Pacific framework is seen as an opportunity for a more engaged relationship with Taiwan without the risk of drawing China's attention. Taiwan is featured in the Annual Report for the second year in a row, under the section "China as a cooperation partner, economic competitor and systemic rival." It states: "China has been flexing its muscle in the South China Sea region, especially *vis-à-vis* Taiwan, thereby creating risks to stability in the region."<sup>7</sup> Although not an indicator of a Latvian policy shift towards supporting Taiwan, the reference demonstrates Latvia's decision not to shy away from topics the PRC considers to be its red lines.

In the run-up to the October 2022 parliamentary election, Taiwan was not an important topic for the programs of political parties, as Russian war in Ukraine and Latvia's need for enhanced security took center stage in foreign policy positioning, and the trend has continued into the post-election government negotiations. The *Jaunā VIENOTĪBA* (New Unity) party, the winner of the election, and the political force represented by the incumbent Prime Minister Krišjānis Kariņš and the Minister of Foreign Affairs Edgars Rinkēvičs, primarily speaks of the continuation of the Euro-Atlantic integration.<sup>8</sup> Other parties involved in the coalition talks, including the *Visu Latvījai!-"Tēvzemei un Brīvībai/LNNK* (National Alliance)<sup>9</sup> and the political alliance *Apvienotais saraksts* (United List) also did not mention Taiwan or the Indo-Pacific in their campaigns. The smaller populist parties, including those who have secured several parliamentary seats, traditionally pay little attention to foreign policy, instead focusing on domestic social issues.

Notably, none of the political parties, including *Jaunā VIENOTĪBA*, *Zaļo un Zemnieku savienība* (the Union of Greens and Farmers), the National Alliance, Conservatives, *Attīstībai/PAR!* (Development/For!), and *Saskaņa* (Harmony), whose members were represented in the parliamentary group for support of Taiwan (consisting of 10 MPs) in the previous 13th *Saeima*<sup>10</sup> mention Taiwan in their party programs.

## Economic exchange

Latvia's investment treaty with Taiwan, the Agreement Between the Government of the Republic of Latvia and the Government of the Republic Of China (Taiwan) on the Promotion and Protection of Mutual Investments, was signed during the era of Latvian-Taiwanese diplomatic relations in 1992.<sup>11</sup> However, the Agreement was pronounced void by the *Saeima* in 2004,<sup>12</sup> the year Latvia joined the European Union and NATO, based on the decision of the Latvian side.

In 2020, Latvian exports to Taiwan totaled \$14.3 million, whereas Taiwanese exports to Latvia stood at \$79.9 million, according to the Taiwanese Ministry of Economic Affairs Bureau of Foreign Trade. In 2021, Latvian exports to Taiwan amounted to \$11.9 million, while Taiwanese exports to Latvia had slightly increased in comparison with the previous year, standing at \$87.8 million. According to the Latvian trade database, in the first half of 2022, their total exports to Taiwan were €23,230 in the category "Other sports footwear with outer soles and uppers of rubber or plastics,"<sup>13</sup> which already surpasses the total exports of 2021.

## Political relations

In November 2021, two Latvian parliamentarians, the chair and vice chair of the *Saeima*'s group for support of Taiwan, visited Taiwan as members of a Baltic delegation along with representatives of Estonia and Lithuania for the Open Parliament Forum, where they met with Taiwanese President Tsai Ing-wen.<sup>14</sup> "Freedom, democracy & human rights were high on the menu at the banquet held by Minister Wu for the delegation of MPs from Estonia, Latvia & Lithuania. We're grateful for the support of our like-minded friends & thank them for courageously choosing to #StandWithTaiwan," tweeted the Taiwanese Ministry of Foreign Affairs on November 29, 2021. Such a visit is not without precedent, with the previous bilateral exchange taking place in 2013.<sup>15</sup>

Two agreements have been concluded after the Latvian normalization of relations with the PRC in 1994:

- MoU between Anti-Money Laundering Division of the Taiwanese Ministry of Justice and the Office for Prevention of Laundering of Proceeds Derived from Criminal Activity of the Republic of Latvia (2017),
- a scientific cooperation agreement between the National Science Council of the ROC and the Latvian Academy of Sciences (1997).

## Civil society relations

An important and stable exchange channel has been established between the research and academic communities of Latvia and Taiwan. Students and researchers use scholarship and project opportunities, including the Latvia-Lithuania-Taiwan scientific cooperation fund that began in 1997 after the conclusion of a bilateral cooperation agreement between the Latvian Academy of Sciences and the National Science Council of Taiwan.<sup>16</sup> The main focus of the fund is to finance tripartite institutional cooperation for a period of three years, which includes research publication and dissemination, as well as mobility. In 2021, eight projects have been extended, and four new projects have been launched. There is funding

worth €25,000 per partner annually for projects in exact sciences, and €20,000 per partner annually for social sciences and humanities.<sup>17</sup> Exact sciences form a particularly active research cooperation avenue, as the Taiwan and the Baltic States Research Center on Physics (TBRCP) was established in Latvia in 2020.

As for the business and non-governmental communities, there are no registered active associations. Reports from 2010 contain mentions of a Taiwan-Latvia Business Cooperation Council,<sup>18</sup> but no such organization is currently active. Preliminary assessments show that after the Russian invasion of Ukraine on February 24, 2022, mentions of Taiwan in the national press have increased, and searches of the keyword “*Taivāna*” spiked to around 50-70 searches a day in late July/early August 2022, around the time of Nancy Pelosi’s visit to Taiwan.<sup>19</sup> Because the national press has reported on the parallels between Ukraine and Taiwan, this may perhaps lead to an increased interest *vis-à-vis* Taiwan among the Latvian public. However, the general public remains removed from Taiwan-related content.

The People’s Republic of China has not expressed harsh reactions regarding the Latvian position as it is milder than that of their Lithuanian counterparts and closer to the mainstream EU approach. Nevertheless, the official webpage of the PRC Embassy in the Republic of Latvia regularly republishes Taiwan-related statements. Examples include the white paper “The Taiwan Question and China’s Reunification in the New Era” published by the Taiwan Affairs Office of the State Council and the State Council Information Office, or the positions of foreign and vice foreign ministers on the visit of Nancy Pelosi to Taiwan<sup>20</sup>.

## The China factor in the Latvian-Taiwanese relations

Taiwan policy is not visible in the Latvian domestic debate. The 14<sup>th</sup> *Saeima* Latvia-Taiwan Parliamentary Friendship Group<sup>21</sup> has a significant representation from the governing Prime Minister’s *Jaunā VIENOTĪBA* (New Unity) party, with 11 out of 14 MPs representing this political force. That also means that out of 26 *Jaunā VIENOTĪBA* MPs elected to the Latvian parliament, almost half are members of this group.

Still, no discussion on the level of the relationship with Taiwan versus China is taking place. During the annual parliamentary foreign policy debate on January 26, 2023, the only intervention relating to China was a call for prudence in light of China’s might by the MP Aleksandrs Kiršteins representing the National Alliance:

“How we are going to resist if China exerts economic pressure - it was not really clear to me [from the foreign minister’s annual report]. I agree that Latvia may have done the right thing by terminating the China-CEE platform between Central Europe and China. It may not fit our strategic interests. But then what fits?”<sup>22</sup>

No conversation on the One-China policy is taking place in the public or policy circles of the country. However, perhaps silence on the matter in the 2023 parliamentary debate is telling in itself, because the speech delivered by the Minister of Foreign Affairs during the foreign policy debate one year prior (in 2022) contained a phrase: “Latvia consistently follows and will continue to follow the One-China policy.”<sup>23</sup> Nothing resembling this statement was made a year later.

## What's next

Given the imminent regional threats, such as Russian aggression in Ukraine and the energy crisis, it is unlikely that Taiwan will take center stage in in the new parliament's foreign policy. Latvia will continue to explore links with Taiwan within the framework of the EU and US approaches but without venturing down the Lithuanian path. It is plausible that Latvia will apply a broader Indo-Pacific framework to explore the relationship with Taiwan. A wider regional trend is showing a wave of "Taiwan awakening" among several nations previously engaged in the China-CEE platform.<sup>24</sup> The Latvian version of this awakening is likely to remain in the economic and educational realms, with Latvia falling back on the legacy of exchanges dating back to early 1990s.

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# Lithuania: Leading the way?

Konstantinas Andrijauskas

- 1** Due to the opening of the Taiwanese Representative Office in late 2021, Lithuania has become a *sui generis* case of such interactions worldwide.
- 2** The breakthrough in Lithuanian-Taiwanese relations was associated with the former's disillusionment with China's economic promises and heightened concerns about its authoritarianism.
- 3** Although civil society provided a necessary background, the new Lithuanian government's "values-based foreign policy" spurred this change.
- 4** Having observed the deterioration of bilateral relations since 2019, China responded to Lithuania's Taiwan initiative with an unprecedented, multi-dimensional pressure campaign.
- 5** Thus far, this campaign has been counterproductive, and no return to the *status quo ante* seems possible, further strengthening the impetus for better relations with Taiwan.

Lithuania and the Republic of China (ROC) established diplomatic relations in the early 1920s when the island of Taiwan was still controlled by Imperial Japan. Despite the fact that the ROC had never *de jure* recognized its occupation by the Soviet Union, Lithuania decided to switch diplomatically to the People's Republic of China (PRC) in 1991, a year after regaining its independence. During the following three decades, the Lithuanian-Taiwanese non-official relationship paled in comparison to neighboring Latvia, the only Baltic state with a Taipei Mission.<sup>1</sup> Perhaps the single notable bilateral development in that period was a sister-city status between the two respective capitals of Vilnius and Taipei agreed upon in 1998. More indirectly, the Taiwanese Pan-Green Coalition took inspiration from the 1989 "Baltic Way" to perform their own massive "228 Hand-in-Hand" rally in 2004.<sup>2</sup>

The *de facto* centenary of bilateral relations coincided with a new milestone in their development when the Taiwanese Representative Office<sup>3</sup> opened in Vilnius in late 2021. However, this key event marked a new stage in a process already a few years in the making. The fateful turn in Sino-Lithuanian relations started in 2019, with mutual recriminations and diplomatic incidents providing a peculiar foreign policy context for the 2020 general elections. As part of a coalition agreement between the three victorious center-right parties, they explicitly pledged that the new Lithuanian government would carry out a "values-based foreign policy" and defend those fighting for freedom "from Belarus to Taiwan,"<sup>4</sup> although the island state was omitted in the subsequent government program. A series of decisions made by Lithuania the following year, especially its withdrawal from

the China-CEE platform (16+1)<sup>5</sup> and bold deepening of unofficial ties with Taiwan, precipitated an entire diplomatic crisis rarely seen in either country's foreign policies.

## Political determinants

Lithuania has gradually recognized the importance of the Indo-Pacific since Russia's aggressions against Georgia (2008) and Ukraine (2014–), as well as the 2007–2008 global financial crisis that forced it to look for alternative and more sustainable economic partners. This was precisely the rationale behind Lithuania's decision to join the then 16+1 platform in 2012. Vilnius' disillusionment with the lack of a general breakthrough in economic relations with Beijing had already become apparent by the beginning of the COVID-19 pandemic and its related supply chain disruptions. Coupled with the worsening of political relations with China since 2019, the new center-right Lithuanian government decided to focus on alternative actors in the Indo-Pacific, with the country's Minister of Foreign Affairs, Gabrielius Landsbergis, notably calling Japan Lithuania's most important partner in Asia.<sup>6</sup> He has also presided over a diversification of Lithuania's relations with the entire region, most visible in its bid to open embassies in South Korea, Singapore, and Australia, as well as a permanent representative office in Taiwan.

The new Lithuanian government's motives to deepen relations with Taiwan were visible in an op-ed published by local media several months before the 2020 general election.<sup>7</sup> Co-authored by Landsbergis, then leader of the largest would-be victorious party, and Mantas Adomėnas, his future vice-minister and the alleged architect of the later Taiwan policy, this article amounted to a full indictment against the assertive turn in China's politics. It mentioned the island nation eight times while explicitly recommending that "Lithuania must comprehensively strengthen her relations with Taiwan and support its political recognition in the international community as a *de facto* independent democratic state governed by the rule of law." Tellingly, a smaller liberal Freedom Party, which would join the coalition, went as far as including an explicit clause supporting Taiwan's statehood and independence in its electoral program.<sup>8</sup> Despite limited initial criticism from opposition parties, the new government simply went along with its openly-recognized goal of refocusing its Indo-Pacific policy away from China and toward fellow "like-minded countries," including Taiwan. Notably, the new approach combined normative motives with economic ones.

## Economic exchange

Lithuania's decision to deepen ties with Taiwan should be contextualized by its unwillingness to separate political/normative and economic/pragmatic agendas, as has become customary in much of the democratic world. According to foreign minister Landsbergis, Lithuania's "values-based foreign policy" is pragmatic<sup>9</sup> because it allows the country to achieve truly comprehensive and long-term cooperation with like-minded states, including in trade and investment ties, contrary to the country's negative experience in dealing with authoritarian actors, including China.

The actual economic exchange between Lithuania and Taiwan can, therefore, be roughly divided into two stages, separated by the 2021 breakthrough in the relationship. Although the total bilateral trade had been incrementally growing until the pandemic, it was limited for both partners, albeit more favorable to Taiwan. According to Lithuanian statistics, bilateral trade grew again by 30.8% in 2021 (compared to the previous year) to €111.4

million, while imports from Taiwan rose by 35.6% to €89.7 million, and exports to Taiwan increased by 14.4% to €21.8 million. In comparative terms, Taiwan was Lithuania's 43rd, 31st, and 67th most important partner for total trade, imports, and exports, respectively. As of the end of 2021, there was no Lithuanian foreign direct investment in Taiwan, and the latter took an extremely lowly 104th position in Lithuania's respective list. No Taiwanese tourists visited Lithuania in 2021.<sup>10</sup> To highlight the trend, bilateral trade went up to €168 million in 2022 with imports from Taiwan again clearly outperforming Lithuanian exports to it (€139.8 vs. €27.9 million).<sup>11</sup>

Following China's *de facto* blockade of Lithuanian export goods (see below), in early 2022 Taiwan created a \$200 million fund to invest in Lithuania and other friendly CEE countries, offering a further \$1 billion credit line for joint projects between them.<sup>12</sup> The subsequent establishment of the Taiwan and Lithuania Center for Semiconductors and Materials Science<sup>13</sup> in Vilnius marked an important step towards Lithuanian ambitions of becoming a significant part of the global chip supply chain, thus potentially strengthening the EU's position in this increasingly competitive and securitized area. Coinciding with the formal opening of Lithuania's permanent representation on the island in early November 2022 (see below), the Taiwanese finally made public their first investment, worth €3.5 million, into Lithuania's laser sector, and gave import permits for its dairy, fish and egg products.<sup>14</sup> In early 2023, the long-awaited deal on semiconductor technology sharing between one of Lithuania's key technology companies and Taiwan's famed Industrial Technology Research Institute was finally reached.<sup>15</sup> Although being small in financial terms (€10 million), it was met positively as merely a first step among many to follow.

## Political relations

There were few direct Lithuanian-Taiwanese political contacts before 2021. The Lithuanian provisional Parliamentary Group for Relations with the ROC (Taiwan)<sup>16</sup> has long been the main driver of these since its creation in 2004, the same year that the country joined the EU and NATO. Tellingly, as of the end of 2022, this group was composed of 35 elected parliamentarians, growing by eight members since its previous 2016–2020 incarnation. That accounts for almost one-quarter of all members of the *Seimas* (the Lithuanian parliament).

In a sign of things to come, in June 2020 the then Taiwanese representative to the Baltic states, Andy Chin, gave a speech about his country's handling of the COVID-19 pandemic to the *Seimas*,<sup>17</sup> the first time a Taiwanese official had spoken before the parliament. It occurred on the same day the Lithuanian President, Gitanas Nausėda, delivered his first State of the Nation Address there. Two months later, a group of Lithuanian members of the national and European parliaments formed the largest bloc in a joint public statement in support of Miloš Vystrčil, the president of the Czech Senate,<sup>18</sup> whose planned visit to Taiwan sparked a dispute between China and the Czech Republic.

However, the real breakthrough in bilateral relations came with the establishment of the Taiwanese Representative Office in Vilnius in November 2021. Notably, this institution was the first of its kind to open in a European capital in almost two decades, with a unique twist of actually carrying the name of "Taiwan" in its Chinese-language title. Since the Lithuanian, English, and Chinese versions marked a clear departure from the usual naming of such institutions worldwide, Beijing responded with a comprehensive campaign of pressure on Vilnius (see below). As a result, there was a sharp rise of vocal criticism of this policy,

particularly the naming controversy, from opposition parties,<sup>19</sup> some local<sup>20</sup> and international business community<sup>21</sup> representatives, and even former<sup>22</sup> and current Lithuanian presidents.<sup>23</sup> Nonetheless, the government withstood its position and became more defiant after receiving tangible support from “like-minded” allies.<sup>24</sup> Russia’s full-scale invasion of Ukraine also provided a distraction. Ministerial and parliamentary bilateral visits soon resumed, and in early November 2022 the long-awaited Lithuanian Trade Representative Office in Taipei was opened officially.<sup>25</sup>

## Civil society relations

In retrospect, it is apparent that civil society ties provided a necessary background for breakthrough in Lithuanian-Taiwanese *de facto* political relations, particularly since 2020. Primarily in reaction to Taiwan’s effective handling of the pandemic and the medical assistance it provided to Lithuania, around 200 Lithuanian public figures sent an open letter to the president Nausėda in April 2020 asking him to support the island’s membership at the World Health Organization.<sup>26</sup> Lithuania’s reciprocal decision to donate 20,000 vaccines to Taiwan further contributed to the latter public’s interest in a distant country, eventually leading to the so-called “Lithuania fever” among Taiwanese consumers, who were especially eager to support Lithuanian exporters facing Chinese *de facto* sanctions.<sup>27</sup>

The Lithuanian Community in Taiwan was officially established in early 2020, and despite having a small number of members, it has become a vocal supporter of deepening bilateral relations in general and various common initiatives in particular.<sup>28</sup> In October 2020, the Lithuania-Taiwan Forum was established in Vilnius by some 60 prominent representatives of the host society,<sup>29</sup> with Gintaras Steponavičius, the first and the longest-serving chairman of Lithuania’s Taiwan parliamentary group, later becoming its head. It aims to develop mutual cultural, scientific, economic, and political relations and support the island’s aspirations regarding democracy, human rights, and self-determination. As a result, mutual cultural and educational visits have followed political and business delegations ever since.

## The China factor in the Lithuanian-Taiwanese relations

Sino-Lithuanian relations were gradually worsening when news emerged in mid-2021 of the planned opening of the Taiwanese representation in Vilnius. Soon after, China resorted to a concerted and multi-dimensional pressure campaign against Lithuania, consisting of diplomatic, discursive, and, most importantly, economic means. The former included a bilateral recall of ambassadors and unilateral downgrading of the official relationship to the level of *chargé d'affaires*,<sup>30</sup> both rarely employed tactics in Beijing’s foreign policy toolbox. As far as economic coercion was concerned, China first put a freeze on almost all Lithuanian exports and business negotiations, then canceled freight trains passing through the country, and, most significantly and uniquely, disrupted the imports of goods from Lithuania, even if mere components were made in Lithuania by multinational companies.<sup>31</sup>

Beijing’s final action amounted to an unprecedented Chinese attack against Western-led global supply chains, in general, and the EU’s single market, in particular. This triggered a somewhat reluctant but significant response by Lithuania’s allies and partners,<sup>32</sup> diminishing the country’s actual and potential economic losses. Foreign vice-minister Adomėnas later admitted that Lithuania had not predicted China’s pressure on Western multinationals when it made its decision.<sup>33</sup> Despite the government’s explicit insistence

that its relations with Taiwan are non-official and do not challenge its commitment to the One-China policy, some prominent public figures continue to talk privately in this context about an “Iceland moment,”<sup>34</sup> a telling reference to the relatively small and distant country being the first to recognize Lithuania’s independence from the Soviet Union.

## What’s next?

The case of Lithuanian-Taiwanese relations has become unique globally and continues to evolve at the time of this writing. It provides important lessons, both good and bad, for other countries that are considering similar foreign policy options. One of the more certain takeaways is that despite claims otherwise, the current Lithuanian government has crossed the Rubicon in its relationship with China, and no return to the *status quo ante* seems possible without significant political changes in the latter. In these circumstances, it seems natural for Lithuania to even more actively explore economic and other opportunities associated with Taiwan, notably, without incurring additional costs for its fellow Western allies. Much will depend on factors such as sustainable commitment by both democratic partners prone to policy shifts, effective management by their respective representative offices, and the global context that is thus far characterized by increased tension between authoritarianism and democracy, which is actually conducive to the alignment in question. Lithuanian-Taiwanese relations are yet to prove, however, that values-based foreign policy can, indeed, be pragmatic.

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# Poland: Constrained growth amid lingering potential

*Marcin Jerzewski*

- 1** Informal relations between Poland and Taiwan are relatively well-institutionalized, but given Poland's highly restrictive One-China policy and the government's efforts to avoid antagonizing Beijing, the country has shown little progress in developing relations relative to other CEE countries.
- 2** The expansion of people-to-people relations, including more efficient utilization of existing programs such as the working holidays scheme, could increase the salience of Taiwanese issues in Poland.
- 3** There is potential to increase limited economic interactions between Poland and Taiwan, particularly by strengthening investment ties and diversifying the structure of trade relations.

Poland and Taiwan began cultivating informal bilateral relations in the early 1990s. The establishment of reciprocal representative offices in Warsaw in 1992 and Taipei in 1995 laid the foundation for the further institutionalization of the Polish-Taiwanese ties. Warsaw concluded several significant agreements with Taiwan, including on judicial cooperation and avoidance of dual taxation. Furthermore, while limited in volume, regular people-to-people exchanges are realized through academic cooperation, youth exchange schemes, and parliamentary and subnational diplomacy.

At the same time, the potential of these relations has yet to be fully realized. Poland's strong relations with the People's Republic of China<sup>1</sup> manifested through the upgrade of ties to a comprehensive strategic partnership,<sup>2</sup> high-level exchanges including at the level of the heads of state,<sup>3</sup> and reliance of Polish state-owned enterprises on the Chinese market,<sup>4</sup> provide barriers to the deepening of informal political relations with Taiwan. In the economic realm, insufficient understanding of their respective economies, barriers to market entry on the Taiwanese side, and insistence on prioritizing exports of low-value added agricultural goods on the Polish side also constitute obstacles to the broadening and deepening of exchanges.

## Political determinants

While Poland has not designated a special envoy for the Indo-Pacific or published any documents on its strategic approach to the region, the country has clearly grown its interest in expanding ties with the Indo-Pacific countries over the last five years (2017-2022). Poland views the Indo-Pacific as a field of opportunity for increasing investments in maritime and cybersecurity domains, counterterrorism operations, as well as for balancing

threats to supply chain resilience and market access.<sup>5</sup> To this end, high-ranking officials at the Ministry of Foreign Affairs repeatedly emphasized the importance of expanding ties with the Association of Southeast Asian Nations (ASEAN) for the development of Poland's Asia policy.<sup>6</sup>

Concurrently, the Polish government favors maintaining positive relations with Beijing, particularly in areas of bilateral trade, investment, and connectivity cooperation. High-level Polish officials have acknowledged China's efforts to "challenge" the existing dynamics in the Indo-Pacific region.<sup>7</sup> However, cordial exchanges between Polish and Chinese dignitaries, including President Andrzej Duda's visit<sup>8</sup> to China during the opening of the 2022 Winter Olympic Games,<sup>9</sup> and a meeting<sup>10</sup> between Minister of Foreign Affairs Zbigniew Rau and his Chinese counterpart Wang Yi during the 77th United Nations General Assembly, point to Warsaw's commitment to avoid antagonizing Beijing. Unlike Taiwan, China is also explicitly mentioned in the strategic documents of the Ministry of Foreign Affairs as a key partner for realizing Poland's foreign and development policy objectives, including in the 2022-26 Foreign Policy Strategic Concept.

Additionally, Poland's conservative approach toward expanding ties with Taiwan can be viewed as a side effect of the lack of a consistent China policy in Warsaw. Unlike in other CEE countries such as Lithuania<sup>11</sup> or Slovenia,<sup>12</sup> the issue of Chinese influence is not electorally salient in Poland. This state of affairs, paired with a low level of China competence in the Polish government, explains the aforementioned inconsistencies that also affect developments with Taiwan.

Even within the ruling Law and Justice party, there is a lack of a unified voice on China-related issues.<sup>13</sup> Some high-ranking party officials, such as Anna Fotyga, MEP,<sup>14</sup> lead the conversation about broadening engagement with Taiwan. Meanwhile, others, including Member of *Sejm* Marek Suski and Senator Grzegorz Czelej, both active in the Poland-China Parliamentary Group, engage with and openly praise<sup>15</sup> policies of the Chinese Communist Party (CCP). Further tensions have developed since the expansion of the Russian war against Ukraine in 2022. Poland is now witnessing<sup>16</sup> growing tensions between President Duda, representing a more accommodating stance toward China, and the government of Prime Minister Mateusz Morawiecki, which has grown increasingly wary<sup>17</sup> about the growing confluence of strategic interests between Beijing and Moscow.

Other political parties also failed to develop consistent strategies for engagement with Beijing and Taipei. During the most recent parliamentary elections in 2019, the issue of Poland's relations with China was entirely lacking from the policy manifestos of the parties competing in the electoral race.<sup>18</sup> A closer look at inconsistencies in the pattern of engagements with China and Taiwan among the members of Civic Platform, Poland's largest opposition party, is illustrative of these dynamics. Some of its politicians, including Member of *Sejm* and Vice-Chair of the Poland-China Parliamentary Group Tomasz Kostuś, actively advocate for intensifying economic engagement with China at various levels of governance. Meanwhile others, including former transportation and justice minister Cezary Grabarczyk, are actively engaged in efforts to expand Poland's ties with Taiwan.

Consequently, while Warsaw's growing interest in expanding its presence in Asia and clear intention to continue developing economic ties with Taiwan lay a strong foundation for the development of Polish-Taiwanese ties, progress has been slower than in several other CEE countries due to multi-level internal inconsistencies in defining Poland's approach *vis-à-vis* China and Taiwan.

## Economic exchange

While economic relations constitute the core of Polish-Taiwanese ties, neither side views the other as a primary economic partner. In 2021, Poland was Taiwan's 35th largest trade partner.<sup>19</sup> Meanwhile, Taiwan is Poland's 7th largest trade partner in Asia.<sup>20</sup> According to the 2020 trade complexity data, the three largest categories of products Poland exports to Taiwan are metals (24.65%, particularly copper), machinery (23.27%), and agricultural goods and food products (12.91%). Taiwan's exports to Poland include electronics (38.26%, mainly LCD panels and semiconductors), machinery (20.77%), and metals (16.60%). Poland continues to have a negative trade balance with Taiwan, with the trade deficit amounting to \$714 million in 2020.

The uneven trade balance between Poland and Taiwan can be attributed to two main barriers. Firstly, in terms of non-tariff barriers, Taiwan's commodity inspection measures remain complicated and highly bureaucratized. Additionally, it ought to be considered that while Taiwan's national standards are based primarily on international standards such as those developed under the International Standards Organization (ISO), the International Electro-technical Commission (IEC), and the International Telecommunications Union (ITU),<sup>21</sup> the country does not recognize many external certifications which leads to trade disruptions. Secondly, in terms of tariff barriers, Taiwan remains relatively protectionist particularly in terms of market access for agricultural goods and food products, with import duties for such articles exceeding 25%. Other imports with high tariff rates include textiles, alcoholic beverages, and motor vehicles.

While trade barriers exist and competition intensifies, the Polish government actively seeks opportunities to increase Polish agricultural exports to Taiwan. Currently, Taiwan allows imports of Polish dairy and fruit juices. Given the political strength of fruit producers, opening the Taiwanese market to Polish apples was considered a major achievement by Polish diplomats,<sup>22</sup> although exports remain virtually non-existent.<sup>23</sup> Additional efforts are currently under way to secure market access for Polish huckleberries.

In terms of investment, there are currently approximately 30 companies with Taiwanese capital in Poland, estimated to have generated around 3,000 new workplaces. A high degree of fragmentation characterizes the pattern of Taiwanese investments in Poland; unlike in other countries of the region, the Taiwanese investment stock in Poland consists mainly of projects implemented by small-and-medium-sized enterprises (SMEs) in the sectors of manufacturing, consumer electronics, and automobiles. One of the largest recent investments is a \$18 million investment in an airbags and seatbelts factory by the Taiwanese company Iron Force, currently under construction in the city of Zabrze (Silesian Voivodeship). The total value of the investment stock remains under \$100 million. The total volume of the Polish FDI stock remains miniscule (under \$150,000 by 2021), most originating from investments made in 2021 (\$133,000).

Polish-Taiwanese investment ties are facilitated by the agreement on the avoidance of dual taxation, which came into force in November 2016. This marked an important development for promoting direct investments rather than investments routed through intermediary countries such as the Netherlands.<sup>24</sup>

Despite the challenges expressed in the limited volume of bilateral economic interaction (relative to the two countries' engagements with other partners), economic relations between Poland and Taiwan are well institutionalized. The opening of a Foreign Trade

Office of the Polish Investment and Trade Agency in Taipei in September 2018 strengthened the institutional foundation of the relations.<sup>25</sup> Another form of institutionalization of Polish-Taiwanese economic cooperation is the annual Taiwan-Poland Economic Consultations. During the 10th edition of the consultations held in Taipei in May 2022, both sides signed MOUs on research and development, good laboratory practice (GLP), and electric vehicle cooperation.<sup>26</sup> It is noteworthy that in the context of a global conversation on the diversification of supply chains in strategic technologies, one of the MOUs concluded in 2022 focuses on the promotion of joint R&D on compound semiconductor components for electric vehicles and energy-saving applications.

Furthermore, Poland and Taiwan also established a bilateral working group on semiconductors.<sup>27</sup> With its primary aim defined as coordination of collaboration on semiconductors between the representatives of public administration, R&D experts, business, academia, and education facilities, the formation of the group constitutes a tangible result of the economic delegation from Taiwan to Poland, led by Deputy Minister of Economic Development and Technology Grzegorz Piechowiak in May 2022.<sup>28</sup> Reciprocal visit by Taiwanese experts followed in September that year. These developments cement Poland's position as a potential investment destination under the aegis of growing EU-Taiwan cooperation on semiconductors.<sup>29</sup>

Before the COVID-19 pandemic, approximately 7,800 Polish tourists visited Taiwan annually. Data on the number of Taiwanese tourists traveling to Poland remains unavailable because the statistics of the Polish Tourism Organization combine the figures for visitors from Taiwan and the People's Republic of China, Hong Kong, and Macao.<sup>30</sup> Regardless, tourism promotion remains an important component of the public and cultural diplomacy portfolio of the Polish Office in Taipei, which hosts the Polish booth at the annual Taipei International Travel Fair.<sup>31</sup>

## Political relations

As in the case of other CEE countries, parliamentary diplomacy constitutes a pivotal tool of high-level engagement between Poland and Taiwan. There are bilateral parliamentary groups established in the legislatures of both countries. With 92 members, the Polish-Taiwanese Parliamentary Association<sup>32</sup> is the second-largest bilateral group in the Polish parliament.<sup>33</sup> It is chaired by Waldemar Andzel, deputy caucus leader of the Law and Justice party. In the Legislative Yuan, Democratic Progressive Party (DPP) Legislator Lin Ching-Yi presides over the Taiwan-Poland Parliamentary Amity Association.<sup>34</sup>

The COVID-19 pandemic severely affected the volume of parliamentary delegations between both sides. In the summer of 2022, a group of five DPP legislators, including Lin Ching-Yi and Foreign Affairs and National Defense Committee Convener Wang Ting-yu visited Poland.<sup>35</sup> They held meetings with the Polish Senate as well as civil society organizations facilitating humanitarian relief for Ukrainian refugees.<sup>36</sup> Prior to the pandemic, the last visit by Polish parliamentarians to Taiwan was the 2018 delegation led by the then-Deputy Marshall of the *Sejm*, Beata Mazurek.<sup>37</sup> The impasse in parliamentary exchanges was broken in December 2022, when Waldemar Andzel led a cross-party delegation of seven Members of *Sejm* for a five-day visit to Taiwan, which included meetings with President Tsai Ing-wen and key science facilities such as the Hsinchu Science Park and the Taiwan Semiconductor Research Institute.<sup>38</sup>



In July 2022, the Health Committee and the Foreign and European Union Affairs Committee of the Polish Senate unanimously passed a resolution advocating for Taiwan's participation in the works of the World Health Organization.<sup>39</sup> It is noteworthy that the passing of the resolution was also recommended by the executive branch, specifically the Ministry of Health.<sup>40</sup>

Furthermore, Poland and Taiwan actively engaged in mutual support during the COVID-19 pandemic. During the first wave of the pandemic, Taiwan donated one million face masks, 5,000 protective suits, and 20,000 surgical gowns to Poland.<sup>41</sup> Amid Taiwan's difficulties to procure COVID-19 vaccines, Poland donated 400,000 doses of the Oxford/AstraZeneca vaccines to the island nation. This places Poland as the third-largest donor of vaccines to Taiwan, following the United States and Japan.<sup>42</sup> Additionally, during the summer 2021 outbreak of the coronavirus disease in Taiwan, the Polish Office in Taipei and Polish biotechnology company Nomi Biotech Corporation donated 1,500 sets of personal protective equipment (PPE) to Taipei City Government, a sister-city of Warsaw.<sup>43</sup>

Para-diplomacy is another noteworthy dimension of relations between Poland and Taiwan. There are currently three sister-city agreements between municipalities in the two countries.<sup>44</sup> Nevertheless, other than the deal between Warsaw and Taipei, the remaining relationships are effectively dormant. The Taiwanese side seeks to rekindle potential subnational or multi-level channels by actively engaging municipal governments across Poland, recently also under the aegis of humanitarian relief for Ukrainian nationals.<sup>45</sup> There are also plans to establish a sister-city partnership between Tainan and Kraków.<sup>46</sup>

## Civil society relations

Academic cooperation constitutes an important foundation of people-to-people relations between Poland and Taiwan. The European country remains one of the top destinations for Taiwanese students seeking overseas training in medicine and dentistry. This can be attributed to the overall strength of Polish medical academic institutions and relatively low cost of tuition – top three Polish institutions listed in the Times Higher Education World University Ranking 2023 are medical schools,<sup>47</sup> with the average annual tuition amounting to less than €6,000.<sup>48</sup> In 2021, there were approximately 1,000 Taiwanese students enrolled at Polish institutions of tertiary education.<sup>49</sup> Moreover, 1,000 health professionals in Taiwan have completed their training in Poland. Prior to the outbreak of the COVID-19 pandemic, the Polish Office in Taipei sought to actively engage Taiwanese alumni of Polish medical institutions as part of its public and cultural diplomacy efforts, for example, by organizing annual events for the community.<sup>50</sup>

Academic cooperation in disciplines other than medicine is also an essential aspect of Polish-Taiwanese ties. In September 2022, Taiwan's Deputy Minister of Education, Lio Mon-chi, led a delegation of representatives from seven Taiwanese universities to the inaugural Taiwan-Poland Higher Education Forum in Warsaw.<sup>51</sup> One of the important objectives of the forum was to promote Taiwan as an attractive destination for advanced training in STEM, including nurturing talent in the semiconductor industry. In the humanities and social sciences, it is important to point to the activities of the Taiwan Studies program housed by the Faculty of Political Science and International Studies at the University of Warsaw.<sup>52</sup>

Besides study abroad programs and other forms of academic exchange, a working holiday scheme, or the Polish-Taiwanese Program on Cultural and Educational Exchange for Youth,

has also been initiated. Inaugurated in 2014, the program allows up to 200 young people from each country to spend up to one year in the host country to learn about its “culture and lifestyle” while potentially engaging in work or studies.<sup>53</sup> However, the program remains underutilized. Between 2017 and 2019,<sup>54</sup> on average, 27 Polish individuals were issued working holiday visas to come to Taiwan annually.<sup>55</sup> Meanwhile, in the same period, the Polish Office in Taipei issued an average of 27 working holiday visas to Taiwanese citizens yearly.<sup>56</sup>

Currently, no grassroots civil society organizations are working to promote Taiwan in Poland or vice versa. The Polish-Taiwanese Association, established in 2000, officially terminated all its activities in 2018.<sup>57</sup>

## The China factor in the Polish-Taiwanese relations

The Polish formulation of the One-China policy explicitly recognizes Taiwan as an “inalienable part of the Chinese territory.” This definition was initially laid out in the November 17, 1997 Joint Statement of the People’s Republic of China and the Republic of Poland, and further reiterated in public statements by Polish officials.<sup>58</sup> A recent example includes foreign minister Zbigniew Rau’s comments during his state visit to Lithuania. At a press conference held at the Lithuanian Ministry of Foreign Affairs, Rau asserted that Poland “recognized the One-China policy and viewed Taiwan as a part of China”.<sup>59</sup> While some countries, including the United States, acknowledge but do not recognize the PRC’s territorial claim to Taiwan, the Polish definition of the One-China policy appears to concur with the PRC’s interpretation.

During Xi Jinping’s 2016 state visit to Poland, Warsaw and Beijing agreed on elevating their bilateral relations to a “comprehensive strategic partnership.”<sup>60</sup> This decision has tangible ramifications for relations between Warsaw and Taipei, as, according to a statement by the Department of Asia and the Pacific of the Polish Ministry of Foreign Affairs: “in principle, in case of a clash between Polish-Chinese and Polish-Taiwanese cooperation projects, priority should be given to cooperation with the People’s Republic of China.”<sup>61</sup> This is a clear indication that the government considers potential Chinese reactions to cooperation projects with Taiwan as an important factor shaping the scope and volume of engagements with Taipei.

At the same time, it is necessary to consider that Beijing’s reactions to recent developments in Polish-Taiwanese ties have been less belligerent than in similar instances across the region. Comparing China’s responses to the signing of legal cooperation deals between Taiwan and Poland<sup>62</sup> with those between Taiwan and Slovakia<sup>63</sup> serves as a case in point. These two examples lend themselves well for comparison as they are both illustrative<sup>64</sup> of a “broad legal spectrum cooperation” between Taiwan and CEE countries. In the case of the agreement concluded by Warsaw and Taipei, the Chinese state-affiliated outlet *Straits Tribune* merely stated that related developments in CEE-Taiwan ties “merit further vigilance of the Chinese side.”<sup>65</sup> In the case of Slovakia, the paper described the legal cooperation arrangement as Bratislava’s attempt at “playing the Taiwan card” and accused them of “colluding with the DPP and anti-China forces.”<sup>66</sup>

This demonstrates that Poland’s commitment to avoiding antagonizing Beijing, and its conservative formulation of the One-China policy under which Chinese interests are explicitly prioritized, reassures Beijing. Therefore, in comparison to other countries in CEE,

Warsaw benefits from limited scrutiny over its limited dealings with Taiwan, which in turn allows it to pursue its strategy of “dual engagement.”

## What's next?

A relatively high level of institutionalized relations between Taiwan and Poland serves as a strong basis for the deepening and broadening of political, economic, social, and cultural exchanges between the two countries. The loosening of Taiwan's highly restrictive anti-COVID-19 measures provides a new window of opportunity for strengthening people-to-people ties. For example, the first visit of a parliamentary delegation from Poland to Taiwan since 2018 is expected to take place in early 2023. Additionally, the abolishment of quarantine requirements should facilitate the flow of people in both directions, including business delegations and youth enrolled in the working holiday program. At the same time, the scope of relations remains highly constrained due to political considerations.

Presidential elections in 2025 may bring about a new opening in political relations between Poland and Taiwan. Based on the information from sources at the presidential office, there have been speculations that Andrzej Duda's amicable relations with Beijing are driven by his personal ambitions to secure a position with the United Nations upon the expiration of his second term.<sup>67</sup> Consequently, irrespective of the political affiliation, Poland's next president may represent a more open stance towards engaging Taiwan than their predecessor.

Initiating Poland's Taiwan, China, and Indo-Pacific strategies remains an outstanding task; this process has not begun at the party level either. In this context, it is important to highlight that based on Article 133 of the Polish Constitution, the president shares the responsibility for shaping the state's foreign policy alongside the prime minister and the foreign minister. This is not merely a theoretical consideration; research on Polish foreign policy demonstrates that the Constitution provides the President with a considerable scope of freedom, and the degree of its use has remained high.<sup>68</sup> Consequently, post-2025 presidents of Poland can be expected to play a meaningful role in institutionalizing ties with Taiwan on the strategic level.

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# Romania: The land where Taiwan is still taboo

Andreea Brinza

- 1** Political relations between Romania and Taiwan are still taboo as Romania recognizes the One-China policy, without maintaining government relations with Taiwan.
- 2** Economic relations are also quite underdeveloped, because, unlike in the case of Hungary, without political support there is not much interest from Taiwanese companies to invest in Romania.
- 3** It is very difficult for Taiwanese tourists to travel to Romania, and Romanian tourists to travel to Taiwan, as the legal aspects are rather blurred, and the border police used to mistake Taiwanese for mainland Chinese – who are subject to different visa regulations.
- 4** Civil society relations with Taiwan are reduced to one NGO, the other NGO related to Taiwan being a Taiwanese economic representation in Romania.

Romanian-Taiwanese relations emerged in the shadows of the close relations that Romania used to have with China. For more than 70 years, the People's Republic of China (PRC) was the country that Romania called China, while Taiwan (the Republic of China, ROC) was a mostly taboo subject for the government.

However, ironically enough, out of all the political entities that existed on the territory of today's China in the 20<sup>th</sup> century, the Republic of China was the one with which Romania first established diplomatic relations in 1939. The relations lasted only until 1941<sup>1</sup> when Romania recognized the Nanjing government of Wang Jingwei. Eight years later, Communist Romania started its official relations with the PRC only five days after the proclamation of the People's Republic of China on October 1, 1949. Afterward, Romania and the PRC developed very close relations. Their friendship and the similarities of the two Communist regimes deterred Romania from any engagement with Taiwan, which it considered part of China. This perception was kept even after the fall of Communism in Romania. Thus, after 1989, relations with Taiwan did not develop or improve – on the contrary, Romania is among the few countries in Europe that adopted a “do not talk about” position with regard to Taiwan.

## Political determinants and relations

The lack of interest in Taiwan is not a peculiarity, but a normal feature of Romania's lack of engagement and interest in the Indo-Pacific region. During the last years, apart from

some visits occasioned by important events like the coronation of Emperor Naruhito or Shinzo Abe's funeral, no Romanian president or prime minister has visited countries in the Indo-Pacific. But things started changing recently. In December 2022, the Romanian prime minister visited South Korea and in March 2023 the Romanian president paid an official visit to Japan to sign the strategic partnership agreement that was negotiated for more than five years. But this increased diplomatic activity is very recent. In the past, when a high-level delegation from Japan, led by then-Prime Minister Shinzo Abe, came to Romania in 2018, the Romanian prime minister decided to resign just the night before its arrival, leaving his counterpart, Abe, without an official meeting.<sup>2</sup> This would probably not have happened with an EU or a US high-level delegation, and it underlines the lack of Romanian interest in the Indo-Pacific countries. Romania's main focus remains on its relations with the EU, the US, and NATO. Russia also plays an important role in Romania's foreign agenda, being the source of numerous security anxieties.

Thus, without a strong interest shown to the major countries of the Indo-Pacific, it is no surprise that Taiwan is not a priority for the Romanian government. Moreover, not only does Romania consider Taiwan part of the PRC, but the government is worried that developing closer relations with Taiwan means endorsing a secessionist movement, which it considers a sensitive subject. Because it fears possible secessionist movements on its own territory, Romania is among the few European countries that did not recognize Kosovo. Thus, improving its relations with Taiwan would represent a shift from its previous rigid approach towards secessionist movements, making it unlikely. This is another reason Romania keeps a very low profile regarding its bilateral relations with Taiwan.

It is also worth mentioning that Romania, different from the Baltic states or the Czech Republic, is not so keen on defending democracy and human rights abroad. In Romania, the topic of human rights abuses in other countries is almost non-existent, and the government has been mostly silent on topics such as Xinjiang or Hong Kong.

Nevertheless, due to the war in Ukraine, US-China tensions, and the human rights abuses in Xinjiang, some members of parliament (including some from one of the ruling parties) began discussing the PRC and Taiwan, engaging in a few contacts with Taiwanese officials or representatives. Despite this small change, Taiwan remains an almost non-existent topic on the politicians' agendas and in the Ministry of Foreign Affairs' strategy.

Romanian-Taiwanese relations are limited by Romanian-Chinese relations, as Romania asserts that it respects the One-China policy.<sup>3</sup> Thus, there are no agreements signed between Romania and Taiwan, and during the last five years no official delegation has visited Taiwan. Despite the fact that Romania has no official parliamentary friendship group with Taiwan, in 2013, four Romanian members of the parliament were part of an unofficial delegation that visited Taiwan in what was said to be an attempt to improve Romania's economic ties with Taiwan. But the outcome was not very bright, as the visit to Taiwan started a diplomatic scandal in Romania. The speaker of the Chamber of Deputies distanced the institution from the visit<sup>4</sup> of the four members of the chamber, while reassuring the PRC of "close relations" and apologizing to the PRC ambassador in Romania. Similarly, the Romanian Ministry of Foreign Affairs (MFA) published a press release stating that it "reaffirms Romania's position regarding the One-China principle [the press release mentioned in Romanian the "One-China principle" which is then translated in parenthesis, in English, as the "One-China policy"] and also reiterates the importance of the special relations of cooperation with the People's Republic of China."<sup>5</sup> It continued by saying that "(t)he MFA disapproves the trips of some representatives of the Romanian

state, including parliamentarians, who present the appearance of official missions, in areas such as Taiwan, which were not recognized by the Romanian state. This will continue to be officially reiterated to all Romanian institutions by the Ministry of Foreign Affairs in the following period.” The Ministry of Foreign Affairs of Romania also canceled the service passport<sup>6</sup> of one of the parliamentarians who visited Taiwan.

But while 2013 was a peculiar year for Romanian-Chinese relations, being the climax of post-Communist relations between the two countries (in that year, Romania hosted the China-CEE summit and signed almost a dozen MoUs with China), the spirit of ignoring Taiwan, even from an economic point of view, still exists today, nine years after the Romanian delegation visited Taiwan. This lack of interest from Romania’s side is best exemplified by the poor economic relations between Taiwan and Romania.

## Economic exchange

While Taiwan is a significant investor for some countries, in Romania, it is not among the top 50 most prominent investors by country of origin in Romania.. In the first position, we encounter the Netherlands with €9.3 billion, while in the 50<sup>th</sup> position is Singapore with €11.2 million. In fact, according to the Romanian central bank, in 2021, Taiwan’s investments in Romania were only about €3 million. In 2021, according to the Romanian government, the country imported €308 million worth of goods from Taiwan, representing 0.3% of Romania’s total imports. In 2020, imports amounted to €209 million, mostly from electrical machinery and equipment, machinery, iron and steel products, and vehicles.<sup>7</sup> Romanian exports to Taiwan were worth €48 million in 2021, or 0.06% of the total amount of its exports. In 2020, exports were €42 million, mostly consisting of wood, steel, and iron products, textiles, electronics, and machinery.<sup>8</sup>

While there is no data available about Taiwanese companies that invested in Romania, because investments are directed through third countries, the best-known case of a Taiwanese investment is that of Romcarbon.<sup>9</sup> In 2003, the state-owned company Romcarbon was acquired by Living Plastic Industry, a company established and owned by a Taiwanese businessman. Since then, Romcarbon has become a leading player in the plastic recycling market and has received media coverage.

As Taiwan has no official representative office in Romania, those who want to travel to Taiwan and encounter problems need to contact Taiwanese representation in Hungary or Slovakia. On the other hand, while they do not require visas, Taiwanese people have to meet certain requirements,<sup>10</sup> such as evidence that they have a round-trip ticket, a minimum amount of money, and a hotel reservation. If visitors fail to meet these requirements, authorities can forbid their entry to Romania. That was the case for a group of Taiwanese tourists who wanted to travel to Romania in 2016 and were denied access by Romanian border police.<sup>11</sup> The group was stopped because they did not have an invitation letter (even though Romania officially does not ask for such a document from Taiwanese visitors), and the border police feared they might attempt to immigrate into the EU. This incident mainly happened because, without clear legislation regarding Taiwan, each representative of the border police could make entry decisions based on their own instincts. In 2015, for example, 39 Taiwanese visitors were denied entrance into the country.<sup>12</sup> According to a person familiar with the matter, this problem happened mainly because, back then, the border police did not differentiate between visitors from the PRC (who need a visa) and those from Taiwan (who do not need a visa), considering both to be Chinese. As an

interesting fact, Romania does not apply the entry visa stamp on Taiwanese passports but on a separate paper with the logo of the Ministry of Foreign Affairs. Romania seems to be the only country in the European Union to apply such a practice.

Despite these barriers, 555 Taiwanese have come to Romania in the last five years (2018-2022),<sup>13</sup> while 5,812 Romanians have visited Taiwan during the same period.<sup>14</sup> According to a person familiar with Romanian-Taiwanese tourism, many Taiwanese are interested in experiencing rural Romania. But the small number of Taiwanese coming to Romania is probably the result of too many mandatory requirements, and unclear regulations regarding their access to Romania.

## Civil society relations

While Taiwan seems to have become an attractive country for many Romanian tourists, when it comes to Romanians studying in Taiwan, the information is very scarce. The PRC has a partnership with the Romanian Ministry of Education, and each year dozens of Romanian students go to mainland China. There is no such partnership involving Taiwan. According to a person familiar with the matter, there are currently no Romanians studying in Taiwan because of the difficulties in recognizing their diplomas in Romania after graduation. At the same time, there are more than 30 Taiwanese students in Romania, mostly studying medicine.

The underdeveloped state of people-to-people relations is also portrayed by the small number of NGOs related to Taiwan in Romania. Only one such NGO exists in Romania, known as ROTA.<sup>15</sup> Acting as an economic and cultural bridge between Romania and Taiwan, ROTA was founded in 2014 by a group of Romanians with experience in Taiwan. Many times, ROTA has helped Taiwanese people in Romania with their problems. ROTA was among the organizations that helped with the donation of ventilators<sup>16</sup> and masks<sup>17</sup> to Romanian hospitals and cities by Taiwanese companies or cities.

TAITRA,<sup>18</sup> an economic branch of the Taiwanese Ministry of Economy, which acts as an official representation in Romania, is registered in Romania as an NGO. It is thus difficult for Taiwanese institutions to operate in Romania, as not only do they have to function as NGOs, therefore not having diplomatic status and protection, but diplomats from the Embassy of the PRC in Romania occasionally interfere with their public activities.

When we look at how Romanians view Taiwan, the perspectives have changed relatively little. Without concrete surveys or polls, Romanians' opinion of Taiwan is reduced to technology, chips, and conflicts they hear about in the news. However, this opinion is mainly among the well-informed because the majority of the Romanian population does not have a clear idea about Taiwan or even where Taiwan is. According to a Romanian expert on Taiwan, for a long period of time, some Romanians have confused Taiwan with Thailand.

When it comes to Romanian media, the perspective has changed more, especially after the pandemic and the war in Ukraine, when more news about Taiwan started to be published. In 2013, when the unofficial Romanian delegation visited Taiwan, the Romania media was very caustic toward the delegation, accusing it of worsening relations with the PRC. Nowadays, the Romanian media tends to cover the PRC from a more critical angle, as in the case of recent tensions in the Taiwan Strait. While Taiwan rarely appears in the news, coverage is mostly positive, as in the case of its pandemic management.

## What's next?

More than three decades after the fall of Communism, Taiwan remains a taboo subject for the government, even though Romanian-Chinese relations have considerably deteriorated over the past few years. As a consequence of numerous bureaucratic barriers, Romanian-Taiwanese relations are almost non-existent, with weak people-to-people ties, very little trade, and few Taiwanese investments in Romania. The underdeveloped state of Romania's relations with Taiwan is ultimately just an example of the general lack of attention, coordination, and direction in relations with the Indo-Pacific. Because of this weak foundation and lack of interest, the outlook for Romanian-Taiwanese relations does not look very bright.

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SLAVIA

# Slovakia: A pragmatic enthusiast

*Matej Šimalčík, Dominika Remžová*

- 1** The development of Slovak-Taiwanese relations is strongly dependent on domestic politics in Slovakia. Upcoming elections in September 2023 may cause a slow-down in mutual relations after a period of active Slovak-Taiwanese engagement that emerged following the 2020 elections.
- 2** Slovakia's approach can be characterized as pragmatic in both political and economic domains.
- 3** The Friends of Taiwan group in the Slovak parliament is the most vocal proponent of more active engagement with Taiwan, and regularly voices support for Taiwan's international engagement in various domestic and international fora.
- 4** The electronics and automotive industries are particularly important when it comes to current investment trends between the two countries. Promising cooperation is also developing in the semiconductor, blockchain, and space tech sectors.

Relations between Slovakia and Taiwan are currently going through a phase of increased attention as stakeholders from politics, business, and civil society communities see various cooperation opportunities from which both countries can benefit. However, this has not always been the case.

The current phase of warm relations began around 2020, as the country was experiencing a domestic political transition following the February 2020 general election. This phase follows the advancement of mutual relations achieved between 2002 and 2006; a time which saw the opening of the Taipei Representative Office (TRO) in Bratislava and its Slovak counterpart in Taipei in 2003, as well as the first exchange<sup>1</sup> of parliamentary delegations between the two countries.<sup>2</sup>

Despite being interrupted by a period of PRC-focused outreach towards East Asia, the two phases of increased attention on Taiwan yielded results in attracting Taiwanese investment to Slovakia and developing new areas of cooperation that increasingly included political topics. Indeed, with the prioritization of economic interests being a well-established staple of Slovak-Taiwanese relations, the more political tone of the post-2020 exchanges marks a new development in Slovak-Taiwanese relations, positioning Slovakia among the most vocal supporters of Taiwan in CEE.

## Political determinants

Slovakia's relations with Taiwan are strongly dependent on the domestic political situation. Similarly to relations with China, there is a lack of general political consensus on what Slovakia's policy towards Taiwan should look like. However, this lack of consensus did not inhibit attempts by the previous governments to pursue stronger relations with China, driven by both economic and political considerations.<sup>3</sup>

On the Slovak political spectrum, the center-right and liberal-left politicians tend to have favorable views of Taiwan, coinciding with their critical views of China. Left-wing populist and far-right parties, on the other hand, tend to have favorable views of mainland China and thus have only limited interest in developing relations with Taiwan.<sup>4</sup>

In 2004, Slovakia and China signed a Joint Communiqué, a basic document outlining the principles of mutual relations. Even though the Joint Communiqué is not legally binding, it explicitly references Beijing's One-China principle, claiming Taiwan to be an "inalienable part of China." The document also claims that "Slovakia will only enter into private sector-led trade and economic relations with Taiwan,"<sup>5</sup> which has been repeatedly stressed by the Chinese representatives in reaction to perceived breaches by Slovakia.<sup>6</sup>

Nevertheless, Slovakia's actual approach to Taiwan is embedded in the EU's version of the One-China policy rather than Beijing's One-China principle. Thus, even though Slovakia officially recognizes Beijing as the sole representative of China, it does not comment on the position of Taiwan, and its position does not preclude it from engaging in practical cooperation with Taiwan on both economic and political issues.

This has been particularly apparent since 2020, when a government coalition composed of mostly China-critical political parties came to power, leading to an increase in economic interactions, the adoption of several Taiwan-supportive parliamentary resolutions, and an acceleration in the number of mutual political visits. The latter includes the December 2021 visit by the Slovak Deputy Minister of Economy Karol Galek<sup>7</sup>, who led the country's highest-level executive delegation to Taiwan since the 2003 opening of the Slovak Economic and Cultural Office (SECO) in Taipei.<sup>8</sup> The purpose of the visit was to attend the first session of the Taiwanese-Slovak Commission on Economic Cooperation, which concluded with the signing of nine MoUs between the two countries, including cooperation in smart cities, electric vehicles, and semiconductors.<sup>9</sup>

The increasing attention paid to the Indo-Pacific, including tensions in the Taiwan Strait, at the European level, is further likely to affect Slovakia's positioning on Taiwan. With the EU's pursuit of strategic autonomy in the semiconductor industry, the Union's and CEE's technological relations with Taiwan are bound to deepen. Indeed, cooperation in semiconductors is now one of the main talking points in Slovak-Taiwanese economic relations, as demonstrated by both sessions of the Taiwanese-Slovak Commission on Economic Cooperation.<sup>10</sup>

## Economic exchange

The beginning of Slovak-Taiwanese economic relations can be traced back to 1998 when the ROC National Association of Industry and Commerce and the Slovak Chamber of Commerce and Industry signed an agreement on business and industrial cooperation.

Nevertheless, it was not until 2002 that an uptake in both exports and imports started to be recorded,<sup>11</sup> corresponding to the first phase of heightened political activity.

Further institutionalization of economic relations was achieved in 2019 upon signing a Memorandum on Economic Cooperation.<sup>12</sup> This was followed by convening the first session of the Slovak-Taiwanese Commission on Economic Cooperation in December 2021.<sup>13</sup>

Electronics are among the top product groups traded between the two countries. Vehicles and machinery are the other major groups exported to Taiwan, whereas machinery and metals are the primary products imported from Taiwan. As of 2020, Slovakia's exports to Taiwan were worth \$94 million, and imports amounted to \$112 million. This creates a trade deficit for Slovakia, albeit significantly reduced compared to the previous years or compared to most other CEE countries.

Taiwanese investments in Slovakia amounted to €450 million and were concentrated primarily in the automotive and electronics industries, where Taiwanese companies are important suppliers of intermediary products. Between 2010 and 2019, Taiwanese investors in Slovakia paid around €36 million in income taxes, with the most significant contribution derived from Foxconn.<sup>14</sup> It has also been estimated that Taiwanese companies generated around 2,500 jobs.<sup>15</sup>

Present in Slovakia since 1996,<sup>16</sup> Foxconn is one of the major Taiwanese investors in the country, with Delta Electronics and AU Optronics. In 2022, Foxconn Slovakia announced its plans to diversify its Slovak production by entering electromobility.<sup>17</sup> Slovakia's Ministry of Foreign Affairs notes in the 2021 policy planning document that relations with Taiwan present potential for pursuing further economic opportunities. Cooperation in electromobility offers promising prospects to do just that by aligning the two countries' strengths in the semiconductor and automotive industries.<sup>18</sup>

Beyond large-scale investments, start-ups are emerging as another potential area of economic cooperation; one promoted by several MoUs signed between the two countries since 2021. One such MoU was signed between the Taiwan Space Industry Development Association and the Slovak blockchain start-ups 3IPK and Decent during the October 2021 visit to Bratislava by the Trade and Investment Delegation from Taiwan.<sup>19</sup> This visit was a part of the delegation's three-country tour of CEE, including Czechia and Lithuania. It was a significant indication of the future strengthening of ties between Taiwan and the three countries.

Slovakia is also one of the three focus countries of the CEE Investment Fund established by Taiwan Capital. The investment company has raised \$200 million in venture capital to fund CEE-based projects that have the potential to establish cooperation with Taiwanese partners. Approximately 60% - 80% of funding was earmarked specifically for Slovakia, along with Czechia and Lithuania. As of December 2022, Taiwan Capital has closed an investment deal with Photoneo, a robotics company, worth \$8 million.<sup>20</sup> Taiwan Capital's ability to execute more investments in the near future and their returns-on-exit will be an important litmus test for the viability of start-up cooperation between Slovakia and Taiwan.

Business contacts have also been facilitated by the Slovak-Taiwanese Chamber of Commerce, which has been particularly active in promoting Slovak exports in Taiwan while providing advice to Slovak companies on how best to approach the Taiwanese market.

## Political relations

An important spark in political relations emerged during the COVID-19 pandemic when the two countries offered aid to each other. In 2021, Slovakia was battling the pandemic while Taiwan was enjoying a period of relatively successful prevention. Seeing this, Taiwanese actors donated several shipments of masks and other personal protective equipment (PPE) to Slovakia. One year later, Taiwan's generosity was reciprocated when the country was facing hurdles in vaccine procurements. Slovakia, alongside other CEE countries, donated 160,000 doses of the AstraZeneca vaccine, contributing to positive perceptions of Slovakia in Taiwan.<sup>21</sup> Slovakia was the second EU country to provide vaccines to Taiwan, following Lithuania.<sup>22</sup>

Several high-profile visits have occurred during and after this time, both on the parliamentary and executive levels. In October 2021, Taiwanese Minister of Foreign Affairs Joseph Wu visited Slovakia.<sup>23</sup> His trip coincided with a Taiwanese Trade and Investment Delegation visit<sup>24</sup> and was followed by other high-level exchanges, including the two sessions on economic cooperation. 2021 also saw Slovakia co-hosting its first two workshops<sup>25</sup> of the Global Cooperation and Training Framework (GCTF), a platform established by the US-Taiwan MoU to enhance Taiwan's cooperation with other countries by utilizing its expertise to address issues of global concern. Among the more recent visits, particularly noteworthy is the June 2022 visit by the Deputy Speaker of the Slovak National Council, who led a cross-party delegation of 10 Slovak parliamentarians to Taiwan.<sup>26</sup> During their stay, the delegates signed a historical first "Arrangement" on judicial cooperation between Taiwan and an EU member on civil and commercial matters.<sup>27</sup> Slovakia is also one of the only two EU countries, alongside Poland, to have signed a broadly conceived "Arrangement" on judicial cooperation in criminal matters, which includes extraditions.<sup>28</sup>

Slovakia and Taiwan have also signed agreements on dual taxation and customs cooperation, which form an important legal backbone for establishing business relations between Slovak and Taiwanese companies.

The unofficial Friends of Taiwan Group within the Slovak parliament is a vital actor driving political relations. The Group is chaired by MP Peter Osuský, an outspoken critic of China and its human rights abuses. Osuský is also a member of the Formosa Club, an international group of European and Canadian lawmakers joined by their aim to improve relations with Taiwan. Despite China's criticism, members of the Group have taken repeated trips to Taiwan and maintain close relations with Taiwanese leadership. Osuský has even received a Friendship Medal from the Taiwanese Ministry of Foreign Affairs in recognition of his contributions to enhancing bilateral relations and his support of Taiwan on the international stage.<sup>29</sup>

Besides Osuský, who is a well-known supporter of Taiwan's international space, several other MPs, together with their colleagues from other CEE countries, addressed a letter to the WHO President expressing support for Taiwan's participation at the 2020 World Health Assembly.<sup>30</sup> Supportive resolutions were adopted in several parliamentary committees, primarily the Foreign Affairs Committee and the Health Care and European Affairs Committees. Since the start of the 2020-2024 term, these committees have adopted resolutions supporting Taiwan on at least five occasions.

These resolutions were opposed by some of the MPs affiliated with the opposition China-pragmatic political parties on the grounds that such moves are in breach of Slovakia's



official position and the One-China policy.<sup>31</sup> However, the adoption of the resolutions was justified by citing Taiwan's record in dealing with the COVID-19 pandemic and its provision of humanitarian aid to Ukraine.<sup>32</sup> In September 2022, support was also expressed for Taiwan's participation in the ICAO.<sup>33</sup> Several vocal MPs also proposed a committee resolution supporting Taiwan's participation in INTERPOL but failed to gain the necessary support.

## Civil society relations

Despite a flurry of recent political activity and the long-term economic presence of Taiwan in Slovakia, public opinion presents a more complicated picture of mutual relations. According to a survey by the Sinophone Borderlands and Central European Institute of Asian Studies (CEIAS), Slovak views of Taiwan in 2020 were mostly neutral. Compared to public perceptions of China, fewer people had negative and positive views of Taiwan, albeit the difference in the latter category was not significant.<sup>34</sup> When it comes to Taiwanese views of Slovakia, they are predominantly positive but less enthusiastic compared to views of Japan, the US, or various Western European countries.<sup>35</sup>

Further people-to-people interactions will be necessary to improve mutual understanding between the two societies. Here, the working holiday scheme, which was inaugurated in 2014, may be used as an instrument to intensify grassroots engagements. Currently, up to 100 Taiwanese and 100 Slovaks can benefit from this interaction opportunity each year.<sup>36</sup>

Various subnational diplomacy activities, including sister-city agreements, may also contribute to future improvements in mutual perception between the two countries.

Indeed, the aforementioned pandemic-related cooperation led to the establishment of a partnership between Kaohsiung, the second largest city of Taiwan, and the Bratislava Self-Governing Region.<sup>37</sup> Before the conclusion of this partnership, Bratislava had established cooperation with Shanghai. Interestingly, establishing the partnership with Kaohsiung was not met with public opposition by Shanghai nor the Chinese Embassy in Bratislava. This is a notably different development compared to Prague's conclusion of a similar agreement with Taipei, which resulted in partnership terminations by both Beijing and Shanghai. The difference can be attributed to Bratislava not politicizing its relationships with Shanghai and Kaohsiung and avoiding framing them as mutually exclusive alternatives.<sup>38</sup>

Frequent contacts with Taiwanese partners are also maintained by Bratislava's Old Town borough, with the relationship serving as a platform for disbursing Taiwanese aid to Ukrainian refugees who fled the Russian war of aggression in 2022.<sup>39</sup>

In January 2021, the Slovak-Taiwan 1.5 Track Dialogue was co-organized by CEIAS and the Slovak Foreign Policy Association (SFPA), convening this platform to establish new avenues for constructive dialogue on Slovak-Taiwanese relations between policymakers and experts from the two countries. As a follow-up, CEIAS has established the Center for CEE-Taiwan Relations, an initiative tasked with producing and disseminating expert knowledge necessary for ensuring the sustainable development of relations between Taiwan and the EU while having a special focus on the CEE countries.

Academic cooperation also exists between Slovak and Taiwanese universities. In 2023, Taiwan offered 21 scholarships to Slovak graduate students of semiconductor technology.<sup>40</sup> Moreover, Slovak scholars regularly feature among the alumni of the

Taiwanese government-sponsored Taiwan Fellowship. Slovakia's Comenius University has recently signed an agreement with Taiwan's National Central Library to host a Taiwan Resource Center for Chinese Studies.<sup>41</sup>

Various cooperation activities have also been established between technological research institutions in Slovakia, namely the Slovak University of Technology, Technical University of Košice, and Slovak Academy of Sciences, and their Taiwanese counterparts, including the National Taipei University of Technology, Sun Yat-Sen National University in Kaohsiung, Chung Hua University and Soochow University.<sup>42</sup>

## The China factor in the Slovak-Taiwanese relations

In a stark departure from the previous years, the nature and frequency of Slovakia's engagement with Taiwan over the past three years justify grouping Slovakia with countries like Czechia and Lithuania as part of the CEE avant-garde. However, Slovakia's approach has, at the same time, been different - engaging less in symbolic gestures and focusing more on practical cooperation.

This indicates that there is an element of balancing present in Slovakia's approach to China and Taiwan, which has taken three main forms:

- limiting governmental action to pursuing 'positive' agenda with Taiwan without framing the activity in relation to China,
- transferring Taiwan-related criticisms of China to the parliamentary level (thereby maintaining a level of deniability), and
- engaging in some symbolic actions *vis-à-vis* China (e.g. taking on an active role in unveiling the commemorative envelope on the occasion of the 10th anniversary of the China-CEE platform).

It is also important to note that Slovakia has been exposed to much less pressure from China in reaction to its engagement with Taiwan, at least when compared to Lithuania or Czechia. Chinese reactions were generally limited to diplomatic reactions and critical rhetoric, without resorting to economic coercion or sanctioning of the actors driving Slovakia's Taiwan engagement. This indicates that Slovakia's approach successfully achieved its goals *vis-à-vis* Taiwan while mitigating negative impacts on its relations with China. This makes Slovakia's approach particularly interesting, with the potential to inspire other smaller EU member states interested in approaching Taiwan.

## What's next?

As previously stated, Slovak political parties have diverging views of Taiwan and what Slovakia's approach to the country should look like. This makes Slovakia's approach to Taiwan very dependent on the domestic political situation and prone to changes based on the change in political representation.

At the time of publishing this report, Slovakia faces prospects of early elections, which are scheduled for September 30, 2023. Neither Taiwan nor China is a politically salient issue in Slovakia. Hence, they are unlikely to be the subjects of campaign rhetoric (unlike in neighboring Czechia). That said, the election outcome may impact Slovakia's relations with

both countries. Should the leftist-populist and far-right political parties gain a majority, a probable outcome, we are likely to see a slow-down in engagement with Taiwan as the parties will most likely attempt to re-establish their engagement with China on a bilateral basis as well as within the China-CEE platform.

Still, if the past can be of some indication, the developments which were already achieved will continue to be implemented, providing a basis on which relations pursued by non-governmental actors can be built.

## Chapter endnotes

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# Slovenia: Out of sight, out of mind

Tinkara Godec

- 1** Slovenian-Taiwanese relations are marked with rare substantive activity due to detrimental factors such as Slovenian inactivity in the East Asian region, lack of presence of Taiwan in Slovenia, focus on economic diplomacy which favors China, rare historical ties, and lack of knowledge of the region.
- 2** The lack of knowledge and awareness about the region, and especially Taiwan, in Slovenia is also reflected in the lack of substantial civil society relations.
- 3** Slovenia's relations with Taiwan have been neglected in part also due to the more important relations with China, which is a bigger trading partner for Slovenia.
- 4** Although there are opportunities to deepen relations, it is unlikely Slovenia will pursue a more active Taiwan policy.

Until 1991, Slovenia's foreign policy, and relations between Slovenia and Taiwan, were shaped by Yugoslavia's foreign policy. Although fostering close relations with the People's Republic of China, Yugoslavia was one of the first communist Eastern European countries to trade with Taiwan in the late 1970s.<sup>1</sup> However, after the disintegration of Yugoslavia and Slovenia's independence in 1991, Slovenia perceived China's support in the United Nations Security Council as crucial in order to establish itself as a sovereign country, thus prioritizing relations with Beijing.<sup>2</sup> Today, Taiwan does not have a representative office in Slovenia, and Slovenian-Taiwanese relations are characterized by rare substantive ties.

As a small country, Slovenia's foreign policy rests mostly on economic diplomacy focused on the EU, Slovenia's neighborhood (the Western Balkans), and the Euro-Atlantic space.<sup>3</sup> Thus, a distance exists between Slovenia and East Asia not only geographically but also in a diplomatic and political sense, meaning that neither the region nor Taiwan carries much importance for Slovenia's foreign policy strategy.<sup>4</sup> A major obstacle to Slovenia's activity in East Asia is a weak diplomatic network; Slovenia has embassies only in China and Japan, which are also relatively small.<sup>5</sup> Such a low level of regional diplomatic activity translates into the government's priorities. The East Asian region, including Taiwan, has not been high on the list of priorities for any Slovenian government, and the general awareness and level of knowledge about the region is quite low as well.

For example, in dealing with Taiwan and China, Slovenian officials and media are not clear about the difference between the One-China policy and the One-China principle.<sup>6</sup> When President Pahor affirmed in January 2022 that Slovenia respects the "One-China principle",

some media cited him as saying Slovenia is committed to the “One-China policy”.<sup>7</sup> Furthermore, some media even misreport China’s stance, writing that “China adheres to the “One-China policy”,<sup>8</sup> which is factually incorrect, as China follows the “One-China principle” – that “[t]here is but one China in the world, Taiwan is an inalienable part of China’s territory, and the Government of the People’s Republic of China is the sole legal government representing the whole of China.”<sup>9</sup>

Trade and economic cooperation are also factors affecting Slovenia’s downgrading or deepening relations with Taiwan. If Slovenia were to deepen relations with Taiwan, it would gain some economic and trade benefits, but it would simultaneously lose such benefits with China. Slovenia witnessed such a reaction from China in January 2022, when the then-Prime Minister Janez Janša announced in an interview for Indian national TV that Slovenia was to exchange representative offices with Taiwan.<sup>10</sup> Janša’s interview stirred up a huge media response not only in Slovenia but across the EU, China, and Taiwan.<sup>11</sup> China reacted harshly to the announcement, with some Chinese companies withdrawing from deals with their Slovenian counterparts.<sup>12</sup>

However, the main point of contention was not the opening of representative offices but rather the fact that Janša called Taiwan “China’s neighboring country” and implied the representative offices would be opened under the name of Taiwan rather than Taipei.<sup>13</sup> This was rebuked the next day by the Slovenian Minister of Foreign Affairs Anže Logar, who reaffirmed that the representative offices would be established under the name Taipei, like in other European nations. The Foreign Policy Committee of the National Assembly also reiterated Slovenia’s respect for the One-China principle and concluded it would further explore the possibility of exchanging representative offices with Taipei.<sup>14</sup>

## Political determinants

For a short time, it seemed like Slovenia would deepen relations with Taiwan, at least to the level of cooperation seen in other EU member states. However, as elections neared in April, there was some disagreement in Slovenia on whether the plan would materialize. While some predicted that Slovenia would not backtrack on its pro-Taiwan policies, continuing the cooperation (although at a low profile),<sup>15</sup> others argued that a left-wing government would indeed backtrack.<sup>16</sup>

Historically, right-wing parties, primarily the Slovenian Democratic Party (SDS), have been the main initiators of ties with Taiwan, while the left-wing parties have consistently neglected possibilities for cooperation.<sup>17</sup> Janez Janša, president of SDS, ex-Prime Minister and now-Member of Parliament, for example, facilitated the founding of the Slovenia-Taiwan Friendship Association, and has also visited Taiwan in the past.<sup>18</sup> Left-wing parties, on the other hand, traditionally do not engage with Taiwan. In April 2022, a left-wing government was elected, and, as of August 2022, the Slovenian Ministry of Foreign Affairs has abandoned plans to exchange representative offices with Taipei or explore possibilities of deeper cooperation.<sup>19</sup>

## Economic exchange

Balancing economic benefits is the common thread of Slovenia's relations with Taiwan. However, since there are no significant investments made in Slovenia by Taiwanese businesses, trade is limited, and so is economic diplomacy. The Slovenian government has little reason to deepen relations with Taiwan and risk trade with China, which has been growing in the past decade. Especially now, with Slovenia announcing its candidacy for the UN Security Council membership in the 2024–2025 period, it is unlikely that we will see any deepening of relations as Slovenia is likely to work to secure China's support.<sup>20</sup>

Although trade between Slovenia and Taiwan has grown in the past decade, it remains small compared to other trading partners, such as China. Exports to Taiwan have grown by 10 million, from \$28.4 million in 2018 to \$29.1 million in 2021. In contrast, imports from Taiwan have been decreasing since 2014, from \$151 million in 2014 to \$120 million in 2020.<sup>21</sup> The structure of imports has also changed over the last decade. In 2010, a quarter of all imports from Taiwan to Slovenia were semiconductors, while today, most imports from Taiwan are metals - screws and other articles from steel or iron, as well as polymers of styrene, parts for motorcycles or wheelchairs, and electric motors and generators. The same can be said for exports. In 2010, Slovenia mainly exported hydraulics (turbines), and alloy bars to Taiwan. In 2020 most exports consisted of medicaments, a trend that does not owe to the pandemic, as medicaments already presented the second largest share of exports in 2018. Other most exported items include electric motors and generators, petroleum oils, bars of alloy, and lifting machinery.<sup>22</sup>

Trade in services is also quite low. In 2020, exports of services from Slovenia to Taiwan represented only 1.45% of all exports in services. Imports of services from Taiwan represented 1.45% of all imports to Slovenia, a similar number to exports. Lastly, there is no significant FDI from Taiwan to Slovenia.<sup>23</sup> The Bank of Slovenia classifies Taiwanese FDI under China, and even Chinese FDI is very low, and dispersed through many sources so it is hardly possible to trace Taiwanese FDI.<sup>24</sup>

Travel from Slovenia to Taiwan had been growing steadily before the pandemic and was relatively steady (around 700 to 800 visitors a year), but then fell drastically.<sup>25</sup> Similarly, travel from Taiwan to Slovenia had been increasing before the pandemic. In 2018, 2,499 Taiwanese nationals visited Slovenia. However, since 2020, no Taiwanese tourist has visited Slovenia.<sup>26</sup> It should also be pointed out that the data for Taiwanese tourists that had traveled to Slovenia is only available for years 2017, 2018, and 2019 in Taiwanese sources. The data cannot be found in Slovene sources because Taiwan is not recognized as a country and because Asian tourists represent such a small tourist population that they are simply categorized under "non-European states."<sup>27</sup>

## Political relations

Since Slovenia's independence in 1991, several government officials have visited Taiwan, such as SDS delegation led by Member of Parliament Bogomir Špiletič, which visited Taiwan in May 1998. In October 1998, the Republic of China (ROC, Taiwan) also held a National Day reception for the first time in Ljubljana. In August 2000, the Slovenian Minister of the Economy visited Taiwan, and Representative of Taiwan to Austria Chen Lien-gene visited the Slovenia-Taiwan Friendship Association in 2009.<sup>28</sup>

High-level visits ceased for a while after that, until former Slovenian Prime Minister Janša (then MP in the Slovenian National Assembly) visited Taiwan in 2011 with his wife<sup>29</sup> and in 2016 with an SDS delegation.<sup>30</sup> During his visits, he met with the then-President Ma Ying-jeou and Minister of Foreign Affairs Yang Jintian. However, this was not an official National Assembly delegation but rather a visit by SDS to Taiwan. The next political visit, this time from Taiwan to Slovenia, was when the Taipei City Council President Wu Bizhu visited Slovenia in 2016, and in 2020, Representative of Taiwan to Austria Vanessa Shih visited Slovenia when Taiwan donated medical equipment to Slovenia.<sup>31</sup>

Similarly to high-profile political visits, the list of agreements and memoranda signed between Taiwanese and Slovenian political or economic stakeholders is quite short. The first agreement on trade cooperation was signed in 1992 between the Chinese External Trade Development Council Taipei and Slovenia. As part of the General Agreement on Trade in Services, Slovenia ratified an agreement with “the separate customs areas of Taiwan, Penghu, Kinmen, and Matsu (Chinese Taipei)” in 2009.<sup>32</sup> Later, the Chamber of Commerce and Industry signed two additional memoranda with partners from Taiwan, namely with the Chinese National Association of Industry and Commerce (CNAIC) in 1999, and with the Importers and Exporters Association of Taipei in 2019.<sup>33</sup>

Janša has been called a staunch supporter of Taiwan,<sup>34</sup> a characteristic that was reflected in his administration when he served as Prime Minister of the Republic of Slovenia from March 2020 until June 2021. During the COVID-19 pandemic, Taiwan and Slovenia held a virtual health ministers meeting in order to exchange good practices and each others’ experience in COVID-19 crisis management response and implementing pandemic prevention measures. In 2021, the two also held industrial and trade talks to expand business opportunities.<sup>35</sup> During Janša’s administration, space opened up for Taiwan and Slovenia to expand cooperation, but the opportunities were later lost, as the Ministry of Foreign Affairs discarded plans to exchange representative offices with Taipei, and the new government has been following a more pragmatic China policy since April, in order to keep relations stable and economic cooperation flourishing.<sup>36</sup>

## Civil society relations

While there are no measurements of public opinion on Taiwan in Slovenia (even measurements of public opinion on China are rare), some organizations exist which either promote cooperation with Taiwan or deal with Taiwan research. However, there is no Taiwan friendship group in the National Assembly. Although it was proposed for a Taiwan Friendship Group to be established in the National Assembly, the proposal was struck from the Committee on National Affairs’ agenda by Monika Gregorčič, a Member of Parliament from the center-left governmental party *Stranka modernega centra* (SMC, Modern Center Party), who presided over the Committee at the time.<sup>37</sup> The oldest of the organizations is the Slovenia-Taiwan Friendship Association,<sup>38</sup> which was established in October 1997 as an initiative of the right-leaning SDS. It is also the main lobbying group for Taiwan in Slovenia and has played a significant role in fostering cooperation and exchanges between the two countries.<sup>39</sup>

Later, in 2009, the Taiwan Research Center was established by Dr. Saša Istenič Kotar at the University of Ljubljana’s Faculty of Arts. The center aims to promote relations between Taiwan and Slovenia, especially through cooperation in education, organizing activities, and providing information on Taiwan-related events in Slovenia.<sup>40</sup> The center also

promotes Taiwan studies in Slovenia and incentivizes local students to pursue degree programs in Taiwan.<sup>41</sup> The Taiwan research space in Slovenia expanded in 2018 with the establishment of the East Asia Resource Library (EARL) at the initiative of the Faculty of Social Sciences and Faculty of Arts at the University of Ljubljana. The EARL consists of four corners, including a Taiwan corner. Its aim is “to facilitate a wider East-Asian network of institutions contributing literature and other teaching resources, with a view to promoting understanding between nations from the region and the local, but also regional interested public, students, and faculty.”<sup>42</sup> Besides these three organizations, there are no other activities within civil society, NGOs, or think tanks, reflecting the general inactivity in the sectors of politics, diplomacy, trade, and economy.

## The China factor in the Slovenian-Taiwanese relations

The public debate about Taiwan policy is virtually non-existent in Slovenia, while public debate about China policy is more present but still overlooked. This year was an exception to the rule, as Taiwan was a popular topic, firstly due to the then-Prime Minister Janša’s statements on Indian national TV and secondly due to the US House Speaker Nancy Pelosi’s visit to Taiwan. Nevertheless, Slovenia’s Taiwan policy was actively discussed by Slovenia’s China and Taiwan experts only in the first case, and, even in that case, the community of Slovenian China and Taiwan watchers was divided.

Dr. Lipušček, a China researcher, suggested that Slovenia would gain an opportunity to import more from Taiwan if it established a representative office there. However, he simultaneously cast doubt on whether Slovenia would be able to export there, essentially warning against deepening relations with Taiwan at the cost of worsening relations with China.<sup>43</sup> On the other hand, Dr. Šabič, head of the EARL and a professor at the Faculty of Social Sciences, emphasized that “in principle, Slovenian foreign policy supports a democratic social order. So why look away when it comes to Taiwan?” Indeed, as he points out, and as has been pointed out beforehand in this report, ignoring Taiwan has been a decision of the left wing in Slovenia.<sup>44</sup> As Slovenia now has a left-wing government, it finds itself ignoring opportunities for cooperation with Taiwan.

## What’s next?

The engagement with Taiwan is next to none, and Slovenian politicians often reaffirm Slovenia’s respect for the One-China principle. There is rarely talk of the One-China policy, and these terms are often used interchangeably in the media without realizing the difference between them.<sup>45</sup> With its general lack of awareness of the Taiwan policy, Slovenia is unlikely to develop it in any meaningful way in the near future.

## Chapter endnotes

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the 1990s, the number of people in the UK who are aged 65 and over has increased from 10.5 million to 13.5 million, and the number of people aged 75 and over has increased from 4.5 million to 6.5 million (Office for National Statistics 2002).

There is a growing awareness of the need to address the needs of older people, and the UK Government has set out a strategy for the 21st century in the White Paper on *Ageing Better: Our Future as a Nation* (Department of Health 2002). The White Paper sets out a vision of a society in which older people are able to live well, and to contribute to society. It also sets out a number of key objectives for the government, including: to improve the health and well-being of older people; to support older people to live independently; to ensure that older people are able to participate in society; and to ensure that older people are able to live in their own homes.

The White Paper also sets out a number of key actions for the government, including: to improve the health and well-being of older people; to support older people to live independently; to ensure that older people are able to participate in society; and to ensure that older people are able to live in their own homes. The White Paper also sets out a number of key actions for the government, including: to improve the health and well-being of older people; to support older people to live independently; to ensure that older people are able to participate in society; and to ensure that older people are able to live in their own homes.

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# About CEIAS

Central European Institute of Asian Studies (CEIAS) is a transnational think tank headquartered in Bratislava, Slovakia and regional presence in Czechia, Austria, Poland, Hungary, Taiwan, Hong Kong and beyond.

The main goal of CEIAS is to spread knowledge about Asia among scholars and experts in Central Europe and beyond, while also informing the public about Central European activities in Asia.

To this end, CEIAS conducts and publishes its research, organizes public seminars and conferences, supports education on Asian topics, and communicates with the local, regional, and international media.

CEIAS activities focus mainly on international relations and security studies in East, Southeast, South, and Central Asia. CEIAS cooperates with a number of experts and similar organizations in the region and beyond.

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# About EU-Taiwan Tracker

The EU-Taiwan Tracker is a website dedicated to providing comprehensive information about the development of relations between Taiwan and the 27 EU member states from January 2019 onwards. This tool is for anyone from the scholarly, policymaking, and journalistic community working on EU-Taiwan relations.

Events are listed chronologically, with the latest news listed on the top. Events can be filtered by topic, country, or both. Each entry contains one or more links to English- and Chinese-language media sources. Data entries are updated on a weekly basis.

## Visit the EU-Taiwan Tracker

<https://eutwtracker.ceias.eu/>


### Filter events

Countries  Topics  Month

#### Events

25 October 2022


EU Investment Forum took place in Taipei, jointly organized by the Ministries of Foreign and Economic Affairs and the European Economic and Trade Office. The event focused on green transition and was addressed by Taiwan's President Tsai Ing-wen. [1][2]

 Economic

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23 October 2022


Led by Peter Heidt, the 6-member delegation of German lawmakers from the Bundestag's Committee on Human Rights and Humanitarian Aid paid a 4-day visit to Taiwan. The two sides convened to highlight their commitment to promoting freedom, democracy and respect for human rights. [1][2]

 Visits

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18 October 2022

Taiwan's National Central Library recently opened five Sinology resource centers in Central and Eastern Europe (CEE) to expand collaboration on a union catalog for ancient Chinese books and enhance research resources on Taiwan affairs, Sinology and East Asian studies. The NCL-run "Taiwan Resource Center for Chinese Studies" (TRCCS) signed agreements with the Vilnius University in Lithuania, University of Tartu in Estonia, Masaryk University in the Czech Republic, Comenius University in Slovakia and Eotvos Lorand University in Hungary. [1][2][3]

 Culture



## Beyond the Dumpling Alliance: Tracking Taiwan's relations with Central and Eastern Europe

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