

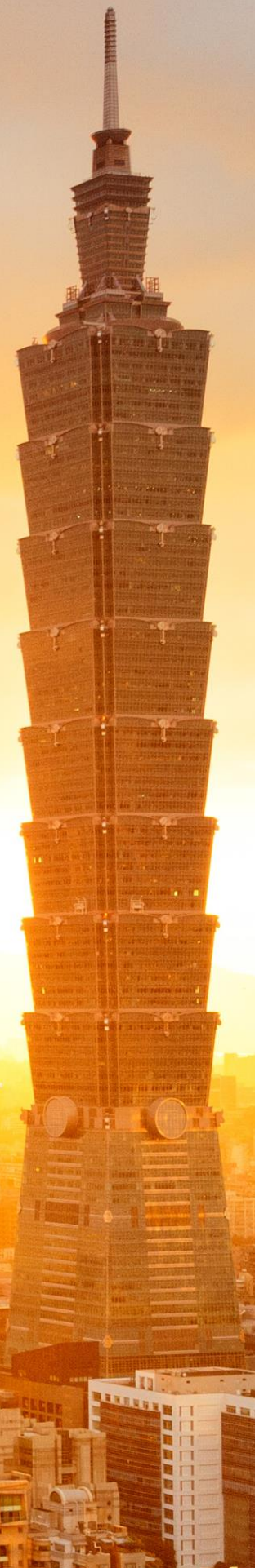


University of
Nottingham
Taiwan Research Hub

A policy paper

Trump Presidency Impact on EU-Taiwan Relations. How to Maintain the Momentum?

By
Zsuzsa Anna Ferenczy



Trump Presidency Impact on EU-Taiwan Relations. How to Maintain the Momentum?

Zsuzsa Anna Ferenczy

Introduction

Amid growing societal and political polarization, on 20 January 2025, Donald Trump will be inaugurated as the 47th president of the United States (US). The choice of the American people will have ramifications for the entire world. The European Union (EU) and Taiwan, two of America's closest friends, are likely to experience change in their relations with an unpredictable president, just as they continue to face the challenge of an increasingly assertive China. The EU and Taiwan are both struggling, in their own ways, to position themselves amid the US-China competition. In response to growing tensions, including China's support to Russia in its aggression against Ukraine, EU-Taiwan mutual awareness has strengthened, and a positive momentum has emerged in their bilateral engagement.

The EU is exploring ways to expand cooperation with Taiwan without diplomatic recognition. Driven by the fear of losing global relevance, the bloc has been mostly in a reactive mode, playing catch up, seeking to enhance economic resilience and competitiveness in a way that supports its digital transition while balancing regulation and innovation. In this process, it has started to pay more attention to Taiwan, an advanced economy and mature democracy, and also a leader in emerging technologies. Taiwan has doubled down on efforts to engage like-minded partners, including the EU as a whole and individual EU member states, as a way to cement their support to withstand the existential threat it faces from China.

Trump's foreign policy vision and strategy are still emerging. Yet, the next four years are likely to transform transatlantic relations and significantly impact EU-Taiwan relations. While it is tough to predict how Trump will behave on the global stage, the EU and Taiwan will face pressure to align with Washington, even if, in their perceptions, such alignment might not always serve their interests as much as those of Washington. Trump's win appears to be adding a sense of urgency both to Brussels and Taipei to invest in resilience and self-reliance, in cooperation with like-minded partners. Stepping up their resilience individually and, where possible, together and reinforcing mutual awareness is an investment that will benefit both, irrespective of how Trump's presidency unfolds.

Recommendations:

- The EU and Taiwan must prioritize sustaining the positive momentum in bilateral cooperation and cement Taiwan's place in official EU discourse;
- The EU and Taiwan should establish regular strategic consultations on democratic and economic resilience to help advance mutual understanding;
- The EU must prioritize investing in strengthening its China and Taiwan competence – Taiwan can help by supporting its efforts to understand Beijing's intentions.

Transatlantic Tensions

In the post-Cold War era, America moved on to occupy a position that is unprecedented in the history of international relations. Yet, its place in the world today is no longer without parallel. The People's Republic of China (PRC), once Washington's de facto Cold War partner, has become its greatest challenger. Under the leadership of Xi Jinping, during the past decade, Beijing has skillfully positioned China in the developing world at the expense of American influence, with the pledge to build a 'multipolar' world.

With an unpredictable president back in the White House, Xi is likely to seize the opportunity to double down on his global agenda and exploit developing countries' anxiety about the future while challenging US primacy. In Washington, the perception that Beijing is America's foremost geopolitical competitor has enjoyed bipartisan support. Republicans and Democrats largely agree that China seeks to overtake the US as the world's preeminent power. This has secured continuity in American foreign policy vis-à-vis China, a bipartisan agreement that is likely to persist under Trump.

The US and the EU converge that China seeks to reshape global governance rules across all fields, including security, trade, development, and diplomacy. They also agree that whoever sets the norms of the digital transition will be better positioned to secure global leadership. Seen in the context of China's growing lead in the competition for key emerging technologies and its ambition to reshape global governance, the transatlantic alignment between China and digitization cannot and should not be divorced.

When it comes to digitization, the long-term transatlantic strategic partnership has enabled growth and innovation on both sides, but it has not been without challenges. Differences might intensify under Trump, particularly on how to manage China. Trump has vowed to pursue a foreign policy shaped by an "America First" vision and has not excluded taking measures against Europe. The European Commission has been preparing for Trump's promise to introduce tariffs, as well as his pressure on European tech companies to align with US export controls or sanctions against China.

Compared with Trump's first presidency, when he imposed tariffs on EU steel and aluminum in 2018, this time, the EU is better prepared with substantial economic security tools, which enable adopting countermeasures. In 2019, Trump even said the EU treats the US worse than China on trade, "they're just smaller".ⁱ Among its levers in reaction to US actions, the Commission also has the power to carry out ex-ante investigations against US enterprises operating in the EU and found to be unfairly benefitting from US subsidies under the Foreign Subsidy Regulation. Nonetheless, a trade war with Washington will inevitably negatively impact EU industry and particularly EU exporters. At the same time, now that the EU has a robust toolbox in place, it is the extent to which it will actually use that will show the depth of the EU's strategic shift and preparedness to withstand shock beyond rhetoric.

Concerning tech cooperation, while the EU has been a world leader in tech regulation, in some areas, the US has not even had a policy in place. In the absence of comparable US regulation, the EU has set the pace in areas such as disinformation and Artificial Intelligence (AI), acting

as the default arbiter of rules that govern the digital economy.ⁱⁱ Meanwhile, China has gained the upper hand in the global tech race with a stunning lead over Western democracies, emerging as a major driver of global innovation.ⁱⁱⁱ

When it comes to addressing challenges related to cooperation with China, the US and Europe diverge. Different strategic considerations drive their policies. Washington and Beijing are locked in a strategic rivalry, competing for leadership in the Indo-Pacific and on the global stage, with Washington focused on constraining Beijing in its ability to overtake the US.

In contrast, the EU's approach to China has been less clear cut, shaped by its internal diversity. While it continues to consider China simultaneously a partner, competitor and systemic rival, Brussels' approach is increasingly dominated by rivalry rather than partnership. Yet, Brussels has struggled to manage the differences between the individual approaches of member states. As the 27 EU countries have their own ambitions, coordination has been tough, which Beijing has skillfully exploited.

The diversity of member states has often hindered collective EU-level response. Yet, whenever member states manage their differences, collective action is possible. The challenge, therefore, has been less their divergence and more of their inability to manage it. The EU's China strategy remains fragmented, risking undermining coherence and credibility. Yet, a shift in the EU's posture has enabled positive momentum which has benefited Europe's approach to China, as well as to Taiwan.

New Assertiveness?

In March 2023, days before her trip to Beijing, European Commission President Ursula von der Leyen called for a new approach to China. She said the EU needs a new policy because China has changed.^{iv} According to some, in their ties with China, Europeans are still hoping to maximize economic benefits with marginal de-risking and to safeguard a path for engagement.^v

Others believe that a more confident European approach is possible. As such, in October 2024, the Commission introduced tariffs on imports of electric vehicles (EVs) from China to the EU, which shows that the Commission president can manage to rally the collective power of the Brussels bureaucracy to deliver.^{vi} Although not all member states backed the plan, the Commission faced no coalition strong enough to oppose the measures.^{vii}

Under von der Leyen's leadership (2019-2024), the Commission has kept a sharpened focus on investing in the EU's economic resilience, with the aim to de-risk ties with China. The EU adopted a set of trade defense instruments to protect its interests. With the toolbox in place, von der Leyen has focused on the EU's capacity to effectively rebalance EU-China ties while securing a level playing field for European companies and ensuring that China plays by the rules.

Using the tools effectively and consistently is where the Commission president will face the biggest challenges in her second term (2024-2029). Von der Leyen has vowed to continue on

the same path and engage China on new terms in a way that helps push back against Beijing's attempts to undermine democratic governance and endanger regional peace and stability in the Indo-Pacific. She also stressed the importance of keeping channels of communication with Beijing open.

Under her leadership, but primarily driven by the European Parliament, recently, the EU has become more assertive in pushing back against Beijing's attempts to interfere in the EU's cooperation with Taiwan. The EU now sees Taiwan as a reliable and like-minded partner on its own merit, not exclusively through the China lens. In its latest and strongest push-back so far, the European Parliament adopted a resolution opposing "the PRC's constant distortion of UN Resolution 2758 and its efforts to block Taiwan's participation in multilateral organizations", stressing that the UN resolution does not take a position on Taiwan.^{viii}

The extent to which Brussels upholds this robust stance on Taiwan vis-à-vis Beijing will be a test case for its adjustment to a China that has changed. Trump's return to the White House brings additional uncertainty to European convergence on China and Taiwan. EU member states lack consensus on both strengthening Europe's geopolitical position and Taiwan's place within that strategy. This discord makes it uncertain whether Brussels and Washington can mount an effective joint response to Beijing's growing pressure on Taiwan.

More Taiwan in Europe

In April 2023, the Commission President said: "We can – and we must – carve out our own distinct European approach that also leaves space for us to cooperate with other partners, too. And the starting point for this is the need to have a shared and very clear-eyed picture of the risks and the opportunities in our engagement with China".^{ix} There is now a realization in Brussels that without understanding China it is not possible to have an effective China policy.

The good news is that Europe has elevated cross-Strait relations and Taiwan on its agenda and has started to engage in conversations on how to respond to Beijing's growing assertiveness in the Indo-Pacific. As stated in its 2021 Indo-Pacific Strategy, the EU understands that the display of force and increasing tensions in the region "may have a direct impact on European security and prosperity".^x

The Taiwan Strait is a critical waterway for global supply chains and the primary shipping lane for European ships headed for Japan, the Republic of Korea and China.^{xi} With over one-third of Europe's exports going to the Indo-Pacific region, the Taiwan Strait is a strategically vital area for Europe.

The 2023 European Council Conclusions noted that the EU "is concerned about growing tensions in the Taiwan Strait", and member states oppose "any unilateral attempts to change the status quo by force or coercion". These Conclusions are noteworthy as they reflect member states' aligned positions, although they are often a common denominator text, the result of accommodating the internal divergence.^{xii}

Discussion of Taiwan policy remains contentious in Brussels due to the complex politics of Taiwan-EU engagement. Each EU member state maintains its own distinct approach to relations with both Beijing and Taipei. These differences stem from varying assessments of China as a strategic threat, which in turn shapes how individual states interact with Taiwan. Some member states view China's actions toward Taiwan as an urgent security concern, while others take a more cautious stance, affecting their willingness to deepen ties with Taipei. Nonetheless, the growing China-Russia alignment has reinforced the sense of urgency in the EU to pursue a more united approach against authoritarian threats.

The EU and Taiwan share a commitment to democracy, the rule of law and fundamental freedoms. They are also bound by a common concern regarding China's influence on global governance, just as they face a different set of complexities in their relations with Beijing. In order to build on the positive momentum in bilateral relations, both sides will need to do more and better as they brace for a new American administration and likely a more intense US-China rivalry. This will not be possible without engaging each other with more clarity in discourse and more creativity in their actions. This will facilitate circumventing pressure in line with the need for both to navigate the lack of diplomatic relations.

Under its One-China Principle, Beijing claims that there is one China and that Taiwan is part of China. Beijing considers Taiwan an internal affair and has made it clear that it accepts no compromise. China has been threatening the island through a mix of hybrid means, including economic, cyber, and military, and has vowed to take Taiwan "by force if necessary." Taiwan rejects Beijing's sovereignty claims as false, upholding that the PRC never ruled the island.

The EU does not take a position on Taiwan's sovereignty. Instead, it continues to abide by its own One-China policy, in light of which it recognizes the PRC as the sole legal government of China and maintains cooperation with Taiwan without diplomatic recognition. In other words, the EU never subscribed to Beijing's One-China Principle. Yet, by not pushing back against Beijing's false claim that its cooperation with Taiwan violates Beijing's One-China Principle, Beijing has interfered in the bloc's sovereign policy space and continues to undermine Europeans' right to engage Taiwan.

Things are, however, changing. EU member states are pushing back against Beijing's interference, with some showing more political courage than others. The EU's approaches to Taiwan and China are shifting. In 2022, in a European Parliament debate, EU High Representative Josep Borrell explicitly said that "the One China Policy does not prevent us – the European Union – from persisting and intensifying our cooperation with Taiwan".^{xiii} Expectations are high in Taipei that the incoming High Representative will uphold and consolidate the same clear stance.

Taiwan Can Help

Although strategic competition defines the relationship between Washington and Beijing, cooperation in certain areas is not only possible but necessary. This is the view many in the EU share and it is likely to persist with Trump back at the White House. Yet, there is no common transatlantic agenda for China, and it is unlikely one will emerge. Although it has

been overwhelmed by rivalry, engagement has never left Brussels' discourse, but the EU has changed the terms of engagement. In contrast, Trump has so far expressed no interest in working with – or engaging – China; instead, he has signalled his priority to constrain Beijing's ability to overtake America. At the same time, the transatlantic agenda on digital and technology-related issues remains unclear – and unpredictable. The reality is that every area of EU policy is going to be impacted by Trump's victory. EU-Taiwan cooperation is no exception. Debates on competitiveness are still unfolding in Europe, and Trump is still to follow through – or not – on his campaign promises to impose tariffs on Europe, in addition to China.

As Russia's aggression continues in Ukraine, EU member states disagree on how to strengthen European defense autonomy, especially facing the possibility of a Trump presidency that could weaken NATO commitments. One potential outcome is that European governments will increase military spending and coordinate their defense industries to build independent capabilities rather than relying on US support. While the collective aim is to prepare the Union to respond to growing security threats in complementarity with NATO, there are different European visions on how to get there.

Under Xi Jinping's leadership, Washington, Brussels, and Taipei can all expect an assertive China eager to speed up progress in leading in emerging technologies and in shaping global governance in line with "Chinese-style modernization".^{xiv} In response, all three have started to invest in strengthening cooperation. Going forward, there are several areas the EU and Taiwan should consider in order to be better prepared for an unpredictable Washington. First, the EU and Taiwan must prioritize sustaining the positive momentum in bilateral cooperation and help cement Taiwan's place in official EU discourse. This will require being clear and coherent whenever EU institutions and member states bilaterally engage China on issues such as the EU's One-China policy. Second, the EU and Taiwan should expand existing bilateral cooperation into a series of strategic consultations at the highest level to help advance mutual understanding. These consultations should focus on economic and democratic resilience, areas where both sides can learn from one another. Such conversations have already started in terms of the fight against disinformation. Turning these into a more visible and formalized strategic consultation with stakeholders on both sides in a whole-of-society approach will be important.

Third, mindful of transatlantic differences and bracing for an unpredictable American president, the EU must prioritize investing in strengthening its own China and Taiwan competence by working together with Taiwan. One of the weaknesses of the EU's China policy has been that it has failed to invest in a better understanding of Beijing's intentions. Member states remain ill-equipped to articulate realistic China strategies, and the EU as a whole is vulnerable to Beijing's attempts to manipulate perceptions. EU-Taiwan cooperation is a victim of neglecting the need to cultivate a better understanding of China in Europe. Taiwan can help to address this vulnerability. Europe must finally produce its own China policy that works while working closely with its transatlantic ally.

-
- ⁱ Reuters (2019) *Trump says EU treats U.S. worse than China does on trade*, May 18. Available at: <https://www.reuters.com/article/world/trump-says-eu-treats-us-worse-than-china-does-on-trade-idUSKCN1SN2FC/>
- ⁱⁱ Burwell, F. (2023) 'Looking ahead to the next chapter of US-EU digital collaboration', *Atlantic Council*, October 7, <https://www.atlanticcouncil.org/in-depth-research-reports/report/looking-ahead-to-the-next-chapter-of-us-eu-digital-collaboration/>
- ⁱⁱⁱ World Economic Forum (2024) *Why China is making innovation the new engine of growth*, June 28. Available at: <https://www.weforum.org/stories/2024/06/why-china-is-making-innovation-the-new-engine-of-growth/>
- ^{iv} European Commission (2023) *Speech by President von der Leyen on EU-China relations to the Mercator Institute for China Studies and the European Policy Centre*, March 30. Available at: https://ec.europa.eu/commission/presscorner/detail/en/speech_23_2063
- ^v Vasselier, A. and Varma, T. (2024) 'Toward a Transatlantic Deal on China', *Carnegie Endowment*, November 14. Available at: <https://carnegieendowment.org/europe/strategic-europe/2024/11/toward-a-transatlantic-deal-on-china?lang=en>
- ^{vi} Oertel, J. (2024) 'From Brussels with leverage: How the EU is recalibrating its China strategy', *European Council on Foreign Relations*, October 24. Available at: <https://ecfr.eu/article/from-brussels-with-leverage-how-the-eu-is-recalibrating-its-china-strategy/>
- ^{vii} Race, M. (2024) 'EU hits China with big taxes in electric car sales battle', *BBC*, October 4. Available at: <https://www.bbc.com/news/articles/cly20n4d0g9o>
- ^{viii} European Parliament (2024) *Misinterpretation of UN resolution 2758 by the People's Republic of China and its continuous military provocations around Taiwan*, October 24. Available at: https://www.europarl.europa.eu/doceo/document/TA-10-2024-0030_EN.html
- ^{ix} European Commission (2023) *At the EP plenary session debate on EU-China relations, President von der Leyen calls for Europe's own distinct approach to China*, April 18. Available at: https://ec.europa.eu/commission/presscorner/detail/en/ac_23_2346
- ^x European External Action Service (2021) *The EU strategy for cooperation in the Indo-Pacific*, September 16. Available at: https://www.eeas.europa.eu/sites/default/files/jointcommunication_2021_24_1_en.pdf
- ^{xi} Hsu, S. (2022) 'Potential Logistical and Operational Costs of a China-Taiwan Conflict', August 17. Available at: <https://thediplomat.com/2022/08/potential-logistical-and-operational-costs-of-a-china-taiwan-conflict/>
- ^{xii} European Council (2023) *European Council Conclusions on China*, 30 June. Available at: <https://www.consilium.europa.eu/en/press/press-releases/2023/06/30/european-council-conclusions-on-china-30-june-2023/>
- ^{xiii} European External Action Service (2022) *Taiwan: Remarks by High Representative/Vice-President Josep Borrell at the EP debate on the recent developments*, September 19. Available at https://www.eeas.europa.eu/eeas/taiwan-remarks-high-representativevice-president-josep-borrell-ep-debate-recent-developments_en
- ^{xiv} National Development and Reform Commission (2023) *Deeply Understand the Essential Requirements of Chinese-style Modernization*, December 29. Available at: https://www.ndrc.gov.cn/xwdt/ztl/NEW_srxgjcjijisx/yjcg/yw/202401/t20240123_1363640.html



About the Author



Dr. Zsuzsa Anna FERENCZY is Affiliated Scholar at the Department of Political Science of Vrije Universiteit Brussel, Associated Research Fellow at the Institute for Security & Development Policy (ISDP Stockholm), Head of the Associates Network at 9DASHLINE and Fellow at Agora Strategy, Munich. Based in Taiwan, Zsuzsa is Assistant Professor at the National Dong Hwa University in Hualien. Between 2008 and 2020 Zsuzsa worked as a political advisor in the European Parliament. Her latest book, “Partners in Peace. Why Europe and Taiwan Matter to Each Other” was published in October 2024. Zsuzsa is a regular commentator in international media outlets. She tweets at @zsuzsette