RESEARCH ARTICLE



Less panda, more dragon – Moving towards realism in EU-China relations

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Abstract

The European Union and China have a relationship that is characterized by strong economic interdependence. But since Xi Jinping's ascent to power, the gap in power and interests between the EU and China has widened, and cooperation has become more difficult. As a result, the EU's China policy has shifted towards a more structural realist perspective, strategy, and policy. The EU's realist turn will be analysed in two major areas of the EU–China relationship: security and defense with a focus on Taiwan, and trade. The EU has increased support for Taiwan and for maintaining the status quo in the Taiwan Strait by bandwagoning with the United States. In external trade, the EU is strengthening its own economic security and is balancing against China through diversifying its trade relations in the Indo-Pacific region.

Keywords: European Union; Taiwan; China; Trade; Structural realism

Introduction

The objective is to analyse recent changes in the EU's China policy based on Joseph Nye and Robert Keohane's theoretical approach to international relations of combining realism and liberalism. Realism is often neglected in analyses of the EU's foreign policy. On Nye and Keohane's spectrum between complex interdependence, i.e. a relationship in which cooperation plays an essential role, and realism, i.e. where security is a major concern, EU–China relations have moved into the direction of a more realist relationship, while at the same time, many of the characteristics of complex interdependence still exist.

The focus will be on analyzing how realism, defined as Kenneth Waltz's structural realism, can explain recent developments in EU-China relations. Structural realism has not yet been used to analyse these changes. The relationship is one of the most significant bilateral relationships worldwide, as the two are each other's first- and second-largest trading partners and are two of the three biggest economies of the world.²

Since 2003, China has been a so-called strategic partner of the EU, which entails several annual bilateral meetings and dialogues and one annual summit of the EU leaders with their Chinese counterparts. The EU hoped that closer engagement with China would socialize the country into the rules-based international order and bring China closer to the values and principles of that order, such as respect for international law and for human rights. An example of the EU's expectation for closer cooperation based on shared interests and values was the "EU-China 2020 Strategic Agenda for Cooperation" from 2013. But

¹Reichwein 2015, p. 99.

²EC - Directorate-General for Trade 2025.

neither the strategic partnership nor the agenda fulfilled the EU's expectations and the gap between both sides widened instead of leading to a convergence of interests and values.³

The EU's move to a more realist relationship with China has been a slow process that has no clear starting point. In its 2016's conclusions on the EU's China Strategy, the Council of the EU "expects that the EU's relationship with China to be one of reciprocal benefit in all respects." The Council also stated the EU's commitment to its own interests, to universal values, and the expectation that China should assume responsibilities in line with its global impact to support the rules-based international order.

The idea of reciprocity marked a new tone in the EU–China relationship, but the watershed moment was the 2019 "EU-China Strategic Outlook." The outlook ascribed three different roles to China, two of them negative: "a cooperation and negotiating partner, an economic competitor, and a systemic rival that promotes alternative models of governance." This was the first time that China was characterized as a competitor and a rival in an official EU document.

The three roles still characterize EU-China relations, but over the last few years, China's roles as a competitor and systemic rival have gained more prominence. The President of the European Commission and the former High Representative in their keynote speeches on EU-China relations in March and April 2023, mainly talk about a deterioration of the bilateral relationship in recent years.⁶

The changes in the EU's China policy have been driven by three factors: firstly, major changes in China's domestic and foreign policies under the leadership of Xi Jinping; secondly, international crises that had an impact on the EU's security interests, such as the COVID-19 pandemic and Russia's war against Ukraine; and thirdly, a re-orientation of the US' foreign policy towards the rivalry with China and on an "America First" policy under President Trump.

Since the ascent to power of Xi Jinping in 2012 as Secretary General of the Chinese Communist Party (CCP), major changes in the PRC's domestic and foreign policy have taken place. Internally, his rule has been characterized by a concentration of power in the CCP and Xi Jinping himself, and more internal repression, such as against China's civil society and human rights defenders, and a tightening of the CCP's rule in Hong Kong, Tibet, and Xinjiang. Externally, China's foreign policy largely rejects the norms, such as universal human rights, that underpin the existing global order and promotes a parallel order that is characterized by bilateralism and China-centered institutions, such as the Belt and Road Initiative. Furthermore, the PRC has pursued a more aggressive foreign policy to enforce its territorial claims towards India, Japan, Taiwan, and the South China Sea.⁷

Secondly, multiple international crises put security high on the EU's agenda. Russia's brutal war against Ukraine, and China's tacit support of Russia, and the global COVID-19 pandemic are the two major crises that had a profound impact on the EU's strategies and policies in the areas of economic security and defence policy.⁸

Thirdly, under the first Trump administration, the US changed its course towards the PRC. The 2017 US National Security Strategy portrayed the PRC as a "revisionist power" and most of its space was dedicated to the PRC and its threat to the security of the US.⁹ The Biden administration largely stayed the course but strengthened its cooperation with allies to confront China's rise.¹⁰ The focus of the US on China and on narrowly defined American interests have put more pressure on the EU to follow the direction of its most important security guarantor, and at the same time, to become more self-reliant in military and economic security.

Two issues will be analysed since recent changes in the EU's China policy have occurred starting with the "EU-China Strategic Outlook" in 2019: security and defense focusing on the example of

³EEAS 2013; Maher 2016, p. 961.

⁴Council of the European Union 2016, p. 2.

⁵European Commission and HR/VP contribution to the European Council 2019, p. 1.

⁶Borrell 2023; European Commission 2023c.

⁷Colby 2022; Huotari et al. 2020, pp. 9-11; Zhang and Boukes 2019, pp. 425-426.

⁸Biba 2024, pp. 10-13; Chimits 2024, p. 19.

⁹The White House 2017, p. 42.

¹⁰Yang 2020, p. 419; United States Department of State 2022.

Taiwan, and trade policy. Nye and Keohane define issues as "problems about which policymakers are concerned, and which they believe are relevant to public policy." An issue area is a set of closely interdependent issues that governments deal with collectively.¹¹ The two issues are all high on the agenda of the EU's China policy and usually mentioned in relevant EU documents and statements, as well as in interactions with Chinese counterparts, e.g. the latest EU–China summit in December 2023 addressed these two items.¹² Military and economic power and security are also the two dominant concerns of international actors in structural realism.

In addition to a review of the literature and official EU documents on the EU's China and Taiwan policy, over thirty qualitative expert interviews with representatives of EU member states in Taiwan, Taiwanese parliamentarians, party representatives, and officials, and members of the European Parliament have been conducted, mainly about the EU's Taiwan policy in the context of EU–China relations but also covering other areas of EU–China relations. The interviews were conducted during research stays in Taiwan from May to July 2022, from August to October 2023, and online interviews in August and September 2022 with experts in Brussels (see appendix). All my interview partners expressed the wish not to be quoted, so I have used the information provided by them, but have been careful that nothing can be attributed to them.

Theory

Literature review and research gap

Most of the existing research has used institutionalism and/or liberalism to analyse EU–China relations. Christiansen has used institutionalism to analyse the relationship, which he views as based on common interests and mutual dependence through bilateral trade. But Christiansen also states that "the nature of the bilateral dialogues is deliberative rather than decisional – mostly there is no expectation of immediate outcomes following any meetings." Christiansen et al. have also analysed security cooperation between the EU and China in several areas in the time period from 1989 to 2015. The cooperation remained limited. Institutionalism has been used to explain EU–China cooperation to combat climate change, too. Algieri, Geeraerts, and Maher have viewed EU–China relations as a mixed relationship consisting of competitive and cooperative elements, which form two opposite trends that both influence bilateral relations.

Constructivism has been used to explain EU-China relations by focusing on the identities and values of each side. Conflicts over values, such as human rights or China's nationalism, provide the background of EU-China relations. Michalski and Pan view the EU and China as competing on whose values and norms will shape the international order following different role conceptions. Dong et al. view an "increasingly strained China-EU relationship" due to major differences in perceptions in many policy areas, such as human rights, Taiwan, Hong Kong, and Tibet, and a decreased willingness to compromise on both sides. Pavlićević describes the recent shift in the EU's China policy as being mediated by "'China Threat' (CT) – a regime of understanding China and China-related developments as gravely threatening, and thus necessitating a corresponding response." In a similar vein, Chen and Gao state that the EU foreign policy towards China since

¹¹Keohane and Nye 2012, p. 56.

¹²European Council 2023c.

¹³Christiansen 2016, p. 30.

¹⁴ibid., p. 42.

¹⁵Christiansen et al. 2018, p. 289.

¹⁶Men 2014.

¹⁷Geeraerts 2019; Maher 2016, p. 976; Algieri 2002.

¹⁸Jørgensen and Wong 2016.

¹⁹Michalski and Pan 2017, p. 625.

²⁰Dong et al. 2022, pp. 2-3.

²¹Pavlićević 2022, p. 70.

the mid-2010s has witnessed increasing collective securitization based on official discourses in the EU that portray China as an existential threat to the EU in various areas, such as China's threat to the global human rights system.²² Biba has used role theory to explain more alignment of the EU with the US in their respective China policies over the last years.²³

The complex interdependence between the EU and China can be well explained by institutionalist and liberal approaches. But the widening gap between the interests and the power of both sides, the perception of China as a threat, and the securitization of the bilateral relationship can be explained by realism.

Various strands of realism have already been used to analyse the EU's foreign policy, ²⁴ even though realism is seldom used as a theory for analyzing the EU's foreign policy. Cottey has applied realism to parts of the EU's and the United Kingdom's China policy. He views France and the United Kingdom pursuing a policy of military balancing against China, for example, by engaging in naval freedom of navigation operations in the South China Sea. ²⁵ Hooijmaaijers has used neorealism to analyse case studies in the EU's economic policy towards China, in particular on solar panels and mobile telecommunication networks, and in the EU's policies to deal with China's activities in Africa. ²⁶

Complex interdependence and structural realism

Relations between the EU and China are analysed against the background of Nye and Keohane's concept of international relations set out in their book "Power and Interdependence," and Kenneth Waltz's structural realism. Keohane and Nye's theory "posits a spectrum, one that has at one end a realist 'ideal type,' in which states are concerned only with survival and security and for whom war is an ever-present option. At the other end lies the world of 'complex interdependence,' in which states are mutually dependent on each other for their well-being. Any given outcome in international life will depend upon where a state sits on that spectrum."

The conditions decide where a multi- or bilateral relationship can be located on the spectrum between the ideal types of realist conditions and complex interdependence. They advocate for combining the theoretical approaches of realism and liberal institutionalism.²⁸

The ideal type of complex interdependence has three main characteristics. First, multiple channels connect societies, including formal and informal ties between governments and governmental elites, between non-governmental elites and civil societies, and between transnational organizations, such as multinational corporations. Second, the agenda of interstate relationships consists of multiple issues that are not arranged in a clear or consistent hierarchy but are subject to trade-offs. Security does not consistently dominate the agenda. Thirdly, military force is not used by governments towards other governments within the region.²⁹

A strong interdependence, defined as reciprocal costly effects of cross-border flows on governments and societies³⁰, still exists between the EU and China, in particular in trade in goods. Multiple channels of contact between the EU and China also continue to exist with the – usually annual – EU–China summit and low-level bilateral dialogue mechanisms across different sectors³¹, but the meetings are often shallow in terms of concrete outcomes. Transnational contacts have been reduced, such as

²²Chen and Gao 2022.

²³Biba 2024.

²⁴Toje and Kunz 2012.

²⁵Cottey 2019.

²⁶Hooijmaaijers 2021.

²⁷Keohane and Nye 2012, p. XV.

²⁸ibid., p. XXIII.

²⁹ibid., pp 20, 270.

³⁰ibid., p. 232.

³¹Pavlićević 2022, p. 68.

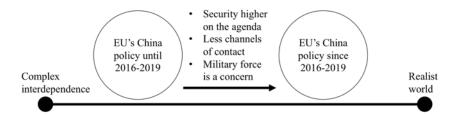


Figure 1. Moving towards a realist world in EU-China relations.

tourism, transnational civil society cooperation, and cooperation between European and Chinese companies.

In addition, security is much higher on the EU's agenda in EU-China relations, in particular the EU's economic security. While the use of military force in bilateral relations is not an issue, China's support for Russia in its war against Ukraine, and the PRC's potential use of military force against Taiwan, in the South China Sea, or in other regional conflicts in the Indo-Pacific have become topics on the EU's agenda (see Figure 1). However, neither the EU nor China have the resources, capabilities, and willpower to use military force in each other's regions. In a military conflict between the US and China, a few European countries, notably France and the United Kingdom, would have only very limited resources and capabilities to assist the US, if they decide to do so.

Structural realists share some common assumptions: firstly, the predominant role of states as actors; secondly, security and survival as the dominant goals of states; and thirdly, the key role of military and economic power relative to the power of other units in the structure of the international system. The three assumptions and how they apply to the EU's foreign policy will be discussed below.

A first realist assumption is that states as coherent units are the dominant actors in world politics.³² In structural realism, we largely omit most of the domestic factors that influence foreign policy, as they are considered to be of secondary importance compared to the influence of the structure of the international system on its units, namely, the states.³³ This first assumption is tricky for the EU, as it is a unique actor that is neither aptly classified as an international organization nor as a (federal) state. But for functional reasons, the EU can and has been analysed as a state actor in European studies, most prominently in the theory of federalism.³⁴

Furthermore, the EU's power, unity, and the degree of hierarchy between the EU institutions and the member states vary a lot depending on the policy areas. Different competences and decision-making procedures apply to different policy areas. The EU has its own foreign policy, the Common Foreign and Security Policy (CFSP), but it does not replace the foreign policies of the 27 member states. Another major constraint lies in the requirement for unanimous decisions under the CFSP in the European Council and the Council of the EU. Most of the EU's security policy and the EU's policy towards Taiwan fall under the CFSP, which means the EU is a comparatively weak actor.

The EU's external trade policy, including trade with China and Taiwan, falls under the exclusive competence of the EU, which means solely the EU can take decisions in this policy area and the member states cannot act on their own. In external trade policy, the EU is a unitary actor and the hierarchy between the EU and the 27 member states is clearly established. In short, the EU's ability to act as a coherent and unitary state actor depends on its competences and capabilities in a specific policy area and the coherence of the EU's institutions' and member states' external policies.

³²Keohane and Nye 2012, p. 19.

³³Waltz 2010, p. 82.

³⁴Kelemen 2019.

A second structural realist assumption is that survival³⁵ and thus maintaining their own security are the dominant goals of states and other international actors.³⁶ Actors have two major choices to react to a threat to their own security: balancing or bandwagoning.

Balancing refers to behaviour designed to create a better range of outcomes for a state vis-a-vis another state or coalition of states in the international system by adding to the power assets at its disposal.³⁷ Balancing can be undertaken by internal mobilization of power resources (internal balancing), e.g. increasing economic and/or military capabilities, or by aligning with other states to increase power against a potential threat and/or to weaken opposing alliances (external balancing).³⁸ Whether states can successfully balance against threats also depends on their capacity for internal mobilization. States can be constrained by domestic political considerations in their capacity for internal mobilization.³⁹

Whereas, Waltz stresses balancing against power, i.e. that alliances form against the most powerful state⁴⁰, Stephen Walt assumes in his "balance-of-threat theory" that states mainly balance against the state that they see as the most threatening, not necessarily against the most powerful state.⁴¹ The level of threat is not only affected by the distribution of power in the international system but also by geographic proximity, offensive capabilities, and perceived intentions.⁴² But balancing against power and against threats are interrelated. A state needs to take into account both its relative power position in the international system and how other states are able to threaten the state.

Bandwagoning is another potential behaviour of states, which means that weaker states align themselves with a strong state to seek security.⁴³ The EU has a tradition of bandwagoning with the United States, as it has been a successful strategy to guarantee the EU's security and to uphold the EU's relative power position in the international system.⁴⁴ The United States has the power to guarantee the EU's security, but it is not seen as a threat by the EU.

A third structural realist assumption is that international politics is the realm of power and power struggles⁴⁵ and that the essential type of power is military force, which is usually based on economic power and can also be supplemented by it. Other types of power may also be employed in order to achieve a state's interests.⁴⁶ The key goal of an international actor is to maintain its relative power, thus preserving or increasing its own power in relation to other units in the international system.⁴⁷

Following the theoretical assumptions, in the two case studies, the relevance of the topic for EU-China relations and crucial changes will be described. Second, it will be analysed whether and/or how the EU views China as a threat in the specific policy area. Relative power shifts between the EU and China will also be examined. Third, the EU's policies of balancing and/or bandwagoning will be analysed as to why the EU has decided to pursue one or the other (or none of the two). The perception of China as a threat to the EU in a specific policy area and the belief that China has the power to act against the EU's interests are preconditions for either balancing or bandwagoning by the EU. Fourthly, constraints of the EU's policies and actions will be discussed, namely, legal constraints depending on the EU's (limited) competence and thus actorness as a state and political constraints resulting from internal divergent opinions of member states.

³⁵Waltz 2010, p. 91.

³⁶Keohane and Nye 2012, p. XXVIII; Waltz 2010, p. 126.

³⁷Art 2005/2006, pp. 183-184.

³⁸Parent and Rosato 2015, pp. 52-55; Waltz 2010, p. 118.

³⁹Schweller 2004, pp. 200–201.

⁴⁰Waltz 2010, p. 126.

⁴¹Walt 2013, p. 148.

⁴²ibid., p. 5.

⁴³Waltz 2010, p. 126.

⁴⁴Cladi and Locatelli 2012, p. 282.

⁴⁵Waltz 2010, p. 113.

⁴⁶Keohane and Nye 2012, p. 19; Waltz 2010, p. 113.

⁴⁷Waltz 2010, p. 126.

Hugging the real panda – Putting Indo-Pacific security and Taiwan on the EU's agenda China as a threat to the EU's security interests

China as a threat to the EU's security interests on the European continent and in the Indo-Pacific region, as well as China's threat to Taiwan, were low on the EU's agenda until a few years ago. But this has changed mainly during the 2020s.

Security cooperation, in particular in the area of military security, was already limited in the 1990s, 2000s, and 2010s. In the EU–China 2020 Strategic Agenda for Cooperation from 2013, the peace and security pillar included a plethora of topics under a very broad definition of peace and security: regional and global security, political stability, multilateral diplomacy, global financial governance, nuclear non-proliferation, human rights, maritime security, and humanitarian aid. Limited practical cooperation in that pillar took place in areas that are not part of military security, such as disaster and crisis management. are not part of military security.

Bilateral meetings that took place in the 2020s have revealed fundamentally different viewpoints on international and regional security topics, such as the EU's statement after the 12th EU–China Strategic Dialogue on Russia's war against Ukraine, or the Israeli–Palestinian conflict.⁵¹

Firstly, China is increasingly viewed as a threat to the EU's security interests. The North Atlantic Treaty Organisation, in which almost all EU countries are members, and which is the main guarantor for their security, has for the first time in the year 2019 mentioned China vaguely as a challenge to NATO.⁵² Subsequent statements underlined more clearly China as a challenge and competitor to the rules-based international order and NATO's security.⁵³

Russia's invasion of Ukraine and China's ongoing tacit support for Russia has been a turning point in EU–China relations. After the 23rd EU–China summit in the year 2022, former High Representative Borrell called it "a dialogue of the deaf," because China did not want to talk about Ukraine. He emphasized the importance of Russia's war for the EU: "For us, the war in Ukraine is a defining moment for whether we live in a world governed by rules or by force. That is the question." The latest NATO summit statement from July 2024 also reflects these concerns: "The People's Republic of China's (PRC) stated ambitions and coercive policies continue to challenge our interests, security and values. The deepening strategic partnership between Russia and the PRC and their mutually reinforcing attempts to undercut and reshape the rules-based international order, are a cause for profound concern." 55

The PRC's tacit support for Russia directly threatens the EU's security, as Russia has emerged as the EU's main threat after its full-scale invasion of Ukraine in 2022. The PRC's "no limits partnership" with Russia has provided Russia with an economic lifeline after the US, the EU, and other countries have imposed heavy sanctions on Russia. China has emerged as Russia's no. 1 trading partner, and the volume of the bilateral trade has increased by more than 50% after Russia invaded Ukraine in February 2022. Military cooperation and exercises between the two have also grown, as well as cooperation in the UN Security Council and in other international fora. ⁵⁶

In sum, Russia is perceived by the EU as the main threat to its own security. China's close partnership with and support of Russia strengthens Russia's power relative to the EU's. China's support of Russia and the increase of China's own military and economic power relative to the EU's have shaped the EU's perception of China as a threat to the EU's security interests, not only in Europe but

⁴⁸Christiansen et al. 2018, pp. 301-302.

⁴⁹Fanoulis and Song 2022, p. 354.

⁵⁰ibid., pp. 359–361.

⁵¹EEAS 2023.

⁵²North Atlantic Treaty Organization 2019.

⁵³Nato 2021, 2022, 2023.

⁵⁴European External Action Service 2022b.

⁵⁵Nato 2024.

⁵⁶Fong and Merrow 2024.

also in the Indo-Pacific region, like in the Taiwan Strait. However, China does not perceive the EU as a threat to its own security. The PRC is focused on its power competition with the US.

The growing threat to Taiwan

Taiwan has become a flashpoint in US-China relations and it is also of mounting concern to the EU. Former President Biden has declared several times that the United States will defend Taiwan if China attacks the island, while the PRC puts more pressure on Taiwan to advance its goal of annexation of the island.⁵⁷ Even though President Trump's commitment to Taiwan is less clear,⁵⁸ the structural factors that make Taiwan essential to the US' power in the Indo-Pacific region have not changed, such as the strategic importance in the first island chain, the critical role in the supply of semiconductors, or Taiwan's status as a consolidated democracy and long-standing ally of the US.

Furthermore, the balance of military power in the Taiwan Strait has markedly shifted in China's favour over the last few years. Taiwan, the US, and Japan that are concerned about China's gain of relative power have increased their defense budgets and/or their military presence around Taiwan, and the Biden administration has strengthened its network of alliances in the Indo-Pacific to counter China's growing power.⁵⁹

Structural realism can well explain these developments as internal and external balancing by China's neighbours to counter China's increase of military power relative to theirs.

The growing threat to Taiwan posed by the PRC, as well as the US' renewed focus on Taiwan, also had an influence on the EU's perception of the situation in the Taiwan Strait. While the EU Strategic Outlook on China has mentioned Taiwan only in a footnote, ⁶⁰ the European Parliament has passed its first-ever resolution dedicated solely to Taiwan in 2021 and states "that maintaining peace and stability in the Indo-Pacific is a core interest for the EU." The resolution criticizes Chinese provocations towards Taiwan and calls for solidarity of the EU with Taiwan, as well as that changes in the status quo of Taiwan must not be made against the will of the Taiwanese people. ⁶¹ The European Council and the High Representative both issued statements in 2023 that they are opposed to any unilateral attempts to change the status quo by force or coercion. ⁶²

On the multi- and bilateral level, the EU and its member states have also issued statements that have mentioned Taiwan for the first time. Since 2021, the annual G7 summits underscored "the importance of peace and stability across the Taiwan Strait" and called for a peaceful resolution of cross-strait issues.⁶³ The EU–US summit in 2021 and the three EU–Japan summits since 2021 have inserted identical wordings in their statements.⁶⁴

In its bilateral relations with China, the EU has started to raise the issue of Taiwan at the 23rd annual EU–China summit in April 2022 raising concerns about cross-strait tensions and stating the importance of preserving the status quo in the Taiwan Strait. The 24th summit in December 2023 used similar language.⁶⁵

The widening gap between the PRC's and Taiwan's military power and how the PRC uses its power to pressure Taiwan has led to a changed threat perception in the EU because of Taiwan's relevance to the EU's economic and – albeit indirectly – military security and power, as described below.

⁵⁷Colby 2022.

⁵⁸Sang and Kiet 2025.

⁵⁹Murphy and Poling 2024; Sacks 2024.

⁶⁰European Commission and HR/VP contribution to the European Council 2019, p. 1.

⁶¹European Parliament 2021.

⁶²Borrell 2023; European Council 2023a.

⁶³The White House 2023.

⁶⁴European Council 2021, 2023b.

⁶⁵European Council 2022, 2023c.

Modest bandwagoning with the United States

As a result of the perception of China as a threat to its security interests and of a major increase in China's military power relative to the other countries in the Indo-Pacific region, the EU has strengthened its military presence in the Indo-Pacific region and has stepped up political support for Taiwan.

France and the United Kingdom have started in the 2010s to sail regularly through the South China Sea as freedom of navigation operations to refute China's maritime claims over the area. Germany and Italy have sent warships through the South China Sea for the first time in 2021 and 2023 to uphold freedom of navigation. In 2024, the German Navy and the Dutch Navy sent for the first time in decades combat vessels through the Taiwan Strait. Cottey views these deployments, as well as more cooperation of EU member states on security issues with various Indo-Pacific stakeholders, like India or Japan, as balancing against China. In March 2023, the EU and the United States have conducted their first joint naval exercise in the Indo-Pacific. The EU has also conducted joint naval exercises and port calls with other countries in the Indo-Pacific, like India, Japan, and South Korea. These exercises have become standard practice for the EU to contribute to peace and stability in the Indo-Pacific region.

Furthermore, against the background of rising tensions and in order to maintain the status quo, the EU has stepped up its political support for Taiwan by strengthening cooperation, sending more delegations to the island, and by official statements of solidarity and seeing Taiwan as a valued partner. The EU, like most countries in the world, pursues a "One China policy," which refers to the fact that the EU only recognizes the PRC as the sole legitimate government of China, but the EU does not recognize the PRC's claim of sovereignty over Taiwan. The status quo, the EU does not recognize the PRC's claim of sovereignty over Taiwan.

Overall, relations between the EU and Taiwan are based both on interests and shared values, as several diplomats from EU member states have said. Taiwan is viewed by diplomats stationed in Taiwan as a democratic role model and a human rights leader in the region, for example, Taiwan has been called a "shining beacon for democracy."

Another tool in the EU's and member states' foreign policy to preserve peace and stability in the Taiwan Strait is to strengthen political and economic cooperation with Taiwan. The relationship between the EU and Taiwan is based on a broad net of institutionalized annual dialogues, consultations and working groups in the areas of trade and investment, labour rights, judicial cooperation, human rights, and political cooperation. In recent years, the EU has strengthened the bilateral institutional framework with the establishment of new formats, such as the Human Rights Consultations, or an upgrade of existing formats. The annual EU–Taiwan Trade and Investment Dialogue was upgraded in 2022 by the EU from the level of deputy director-general to the director-general level, the highest rank of the EU's civil servants.⁷⁴

However, most of the EU's support for Taiwan remains symbolic, and the military deployments to the Indo-Pacific region are relatively modest. The EU is bandwagoning with the United States on security and stability in the Indo-Pacific region, as it does not have the military capabilities and the willpower to play a bigger and/or more independent role. Two major factors are driving the EU's changing policies on Taiwan.

Firstly, the United States has a direct influence on the EU-Taiwan relationship. According to several of my interview partners from the EU member states' offices in Taiwan, US counterparts frequently ask the EU for more support for Taiwan. It is also no coincidence that several Central and Eastern European (CEE) countries, who feel most threatened by Russia and who are among the closest US allies

⁶⁶Cottey 2019, pp. 481–482.

⁶⁷Bundeswehr 2023; Pedrajas 2023.

⁶⁸Darroch 2024; Kirchner 2024.

⁶⁹Cottey 2019.

⁷⁰European External Action Service 2024, p. 28.

⁷¹European External Action Service 2022a, p. 57.

⁷²Krumbein 2023.

⁷³Brown 2022.

⁷⁴Ministry of Economic Affairs, Republic of China (Taiwan) 2022.

in Europe, are the strongest supporters of Taiwan in the EU. According to most of my interview partners from CEE countries, they view their alliance with the United States as essential for their own security. Consequently, the CEE countries are usually taking into consideration their foreign policies' impact on their alliance with the United States and are sensible to the priorities of the US' foreign policy.

Secondly, the EU is also concerned about a potential conflict over Taiwan for its own economic and security interests. A potential war between the US and China over Taiwan would threaten the US' role as the security guarantor to the EU by consuming the US' military power in its conflict with China, and potentially also drag the NATO members in the EU into a direct conflict with China. Even though NATO's mutual defense clause does not cover the Indo-Pacific region, it is unlikely that the European NATO members could simply remain passive if the US is engaged in a major war over Taiwan. Taiwan is also an essential economic partner for the EU, in particular in semiconductors. Everyone wants a slice of the "silicon cake" as one EU member state diplomat aptly said. A military conflict would incite a global economic crisis and endanger the supply of raw materials, semiconductors, and other critical goods to the EU.

In short, structural realism can explain how the widening gap between China's and Taiwan's military power, China's increased pressure on Taiwan, and the focus of the US's foreign and defense policy on China and the Indo-Pacific region have led to the perception of China as a threat to the EU's economic and security interests. However, as the EU lacks the resources and capabilities to play a significant military role in the Indo-Pacific region, it is bandwagoning with the US by deploying regularly warships to the contested maritime waters of the region, by increasing cooperation with the US and other partners in the Indo-Pacific region, and by stepping up political support for Taiwan.

Internal constraints of the EU's policy

The EU's foreign and security policy in the Indo-Pacific region and towards Taiwan falls under the CFSP competence for the EU, which means that all member states need to agree to decisions in this policy area. Due to different attitudes among member states towards China and Taiwan, more substantial changes in EU-Taiwan relations remain elusive.

On the member state level, CEE member states are the most supportive of Taiwan in political statements and visits to the island, while trade and investment of the EU with Taiwan is dominated by Western European countries. Most CEE countries are close allies of the United States, and due to their Communist past, have sympathy for Taiwan as a country threatened by a Communist dictatorship. The most high-ranking delegations to Taiwan are coming from CEE countries, and Taiwanese politicians also direct most of their high-level visits to these countries.⁷⁵ In August 2020, the president of the Czech Republic's Senate, Milos Vystrcil, travelled to Taiwan, making him the highest-ranking representative of an EU member state who has ever visited Taiwan.⁷⁶ Czech president Petr Pavel had been the first head of state of an EU member state to have had direct and official contact with Taiwan's former President Tsai Ing-wen, as she called him on 31 January 2023 to congratulate him on his election. 77 The only two Indo-Pacific strategies of CEE countries, the Czech and Lithuanian strategies, are also vocal in their criticism of China and their support for Taiwan.⁷⁸ The exception is the Central European country of Hungary, whose illiberal government has close relations with China.⁷⁹ In 2024, Hungary received 44% of all Chinese investments in the EU.⁸⁰ The Western European member states are usually more reluctant to send high-ranking officials, such as government ministers, to Taiwan and are also more reluctant to welcome Taiwan's foreign minister, who mainly travels to CEE member states.

⁷⁵Remžová 2023.

⁷⁶Bondaz 2022, p. 4.

⁷⁷Lau 2023.

⁷⁸Ministry of Foreign Affairs of the Czech Republic 2022, p. 5; Ministry of Foreign Affairs, Republic of Lithuania 2023, p. 6.

⁷⁹Remžová 2024.

⁸⁰Kratz et al. 2025.

The EU's limited competence in foreign policy and the consensual decision-making procedure also explains why the EU is a weak actor in foreign and defense policy in the Indo-Pacific region and is bandwagoning with the United States. There is no clear hierarchy between the EU and its 27 member states in foreign policy. Both the EU level and the member state level have foreign policies that are often complementary but can also contradict each other. One condition of structural realism, i.e. a unitary foreign policy, only partially exists in the EU's CFSP, which is another major constraint besides the limited military capabilities and the geographical distance to the Indo-Pacific region.

The EU's trade policy towards a mercantilist dragon

The biggest change in the EU's China policy has taken place in the EU's trade relationship with China. At the latest 2023 EU–China summit, the unbalanced trade relationship was the most important item on the agenda.⁸¹ External trade also falls under the exclusive competence of the EU, which means that the EU can act similarly to a state-like entity.

In 2023, the volume of trade in goods between the EU and China amounted to 739 billion €. It makes China the EU's second-biggest trading partner in goods after the United States.⁸²

China as a threat to the EU's economic security and power

The growing perception of China as a threat to the EU's economic prosperity is based on three factors: a huge trade imbalance, worsening conditions for European companies in China, and concerns over how China has used its growing economic power to advance its own interests that are detrimental to the EU's.

Firstly, the deficit in trade in goods between the EU and China has increased from 104.2 billion € in the year 2013 to 291 billion € in the year 2023.⁸³ This trade deficit is partly the result of China's mercantilist economic policy. China wants to become more independent across all economic sectors and become a technological leader in key areas, while the other economies of the world should become more dependent on China. These objectives have been publicly stated in its "Made in China 2025" and "dual circulation" strategies.⁸⁴

Secondly, for a long time, the EU has attempted to create a level playing field for European companies in China, following an institutionalist logic of mutually beneficial cooperation. The EU and China had concluded in principle, after seven years of talks, the negotiations for the Comprehensive Agreement on Investment (CAI) on 30 December 2020. It was one day before the end of the German rotating presidency of the Council of the EU. Former German Chancellor Merkel had been pushing actively for the conclusion of the deal. The major objective was to rebalance the bilateral relationship by improving access for European companies to the Chinese market and levelling the playing field for them in China. The ratification of the CAI would have marked the biggest advance in EU–China relations in the last decade by opening new sectors in China to EU investments and by facilitating the conditions of European companies for doing business in China.

But the CAI is indefinitely on hold due to Chinese sanctions against members of the European Parliament. On 22 March 2021, the EU enacted modest sanctions against China, which included a travel ban and EU asset freezes on four Chinese individuals and one entity connected to the persecution of the Uyghur ethnic minority in Xinjiang. The PRC immediately retaliated and announced sanctions on ten individuals and four entities in the EU, including members of the European Parliament and of national parliaments, on the same day as the EU had imposed its sanctions.⁸⁶

⁸¹European Council 2023c.

⁸²EC - Directorate-General for Trade 2025.

⁸³ European Commission 2024a.

⁸⁴García-Herrero 2021; Huotari 2022.

⁸⁵ European Commission 2020.

⁸⁶McElwee 2023.

But even more important reasons than the counter-sanctions are concerns among many EU member states that conditions for European companies in China would not have improved much and that the CAI would benefit China more than the EU. This opinion has been voiced during several of my interviews and can also be found in Germany's Strategy on China that has been published in August 2023.⁸⁷

In China, European companies often complain about discrimination, widespread regulatory barriers, restricted access to the Chinese market in several areas, notably in services, an increased politicization of the business environment, and decreasing profitability. In its 2024/2025 European Business in China Position Paper, the European Chamber of Commerce in China has made over a thousand recommendations to the Chinese government to improve the business environment for European companies.⁸⁸

Thirdly, President von der Leyen's keynote speech on EU-China relations in March 2023 has iterated a long list of concerns on how China uses its power against both the EU's economic and political interests, such as China's position on Russia's war against Ukraine, but also economic and trade coercion against the EU and other countries. She said that Xi Jinping "essentially wants China to become the world's most powerful nation" and that China "is becoming more repressive at home and more assertive abroad." She came to three broad conclusions: that China is moving into a new era of security and control, that China wants to become less dependent on the world and the world becoming more dependent on China, and "that the Chinese Communist Party's clear goal is a systemic change of the international order with China at its centre."

In sum, the EU's dependence on Chinese imports has increased while at the same time, European companies face a more challenging business environment in China. Additionally, the EU is concerned about how China is using its economic power to advance its interests in other policy areas that are detrimental to the EU's interests. Consequently, the EU views China as a growing threat to its economic security and power and has taken measures to address this threat: firstly, the enactment of unilateral trade strategies, policies, and instruments, i.e. internal balancing; and secondly, a multilateral strategy of diversifying its trade relations, i.e. external balancing.

Internal balancing

Firstly, on the strategic level, the EU's trade strategy and von der Leyen's keynote speech emphasize the EU's strategic autonomy and a strategy of "de-risking." The European Council in June 2023 and the former High Representative in his keynote speech on China in April 2023 have reaffirmed the EU's objective of reducing economic dependencies and vulnerabilities through de-risking and diversifying. In June 2023, the European Commission has unveiled an Economic Security Strategy with the objective of identifying, assessing, and managing risks to its economic security, such as in supply chains, energy, or critical infrastructure. In 2021, the European Commission published its first-ever report on trade dependencies, triggered by the COVID-19 pandemic and its impact on the supply of goods to Europe. This report and a second report published in 2022 concluded that the country the EU is the most dependent on for the supply of goods is China. In 2021, the EU is the most dependent on for the supply of goods is China.

On the policy level, the European Union has enacted or proposed several unilateral measures in the area of trade and investment to increase its own economic security: measures to restrict investments, exports, and trade practices that are against the EU's interests. In October 2020, the EU Foreign Direct Investment Screening Regulation entered into full application. The Commission in cooperation with the member states screens acquisitions and investments in security-sensitive areas, such as critical

⁸⁷The Federal Government 2023; Nicolas 2022, p. 54.

⁸⁸European Chamber of Commerce in China 2025; Geeraerts 2019, p. 285.

⁸⁹European Commission 2023c.

⁹⁰ European Commission 2021a, 2023c.

⁹¹European Council 2023a; Borrell 2023.

⁹²European Commission 2023d.

⁹³Chimits 2024, p. 19; European Commission 2021b.

infrastructure. In September 2021, the upgraded EU Export Controls Regulation went into force. Under this regulation, the member states examine and need to authorize the export of goods with potential military use to non-EU countries, e.g. dual-use goods, which can be used for civilian and military purposes. In January 2023, the EU Foreign Subsidies Regulation entered into force to address distortions caused by foreign states' subsidies. Foreign investments (and other non-trade) activities in the EU are subject to state aid controls. In July 2024, the EU has imposed provisional duties on imports of battery electric vehicles from China ranging from 17.4% to 37.6% depending on the company, because of unfair subsidization of these companies by the Chinese state.

These measures of internal balancing aim at creating unilaterally a level-playing field with China in the areas of Chinese investments in the EU and Chinese exports entering the EU, and at reducing the EU's economic dependence on China. The overall objective is thus to increase the EU's economic power relative to China's and to ensure the EU's economic security.

Furthermore, the European Union has enacted a regulation for an Anti-Coercion Instrument to shore up the EU's capacity to react to attempts of economic coercion. Chinese pressure and sanctions against Lithuania due to the opening of a Taiwanese representative office in the Baltic state were a major reason behind this regulation. This instrument allows the EU to take countermeasures, such as the imposition of tariffs, against a third country that tries to pressure EU member states as China did with Lithuania. 98 In June 2021, Lithuania had allowed Taiwan to open a new representative office in Lithuania's capital with the name "Taiwanese Representative Office in Vilnius." It was the first new office to open in a European country after 18 years, and only the second worldwide to use the name Taiwan (the first one was in Somaliland). For China, the use of Taiwan instead of Taipei in the name of a representative office signals stronger recognition of Taiwan as a sovereign country, even though Lithuania did not change its "One China policy." As a consequence, the PRC had blocked imports from Lithuania, a policy that had violated WTO trade rules. Trade from Lithuania to China dropped 80% from January to October 2022 as compared with 2021. Exports to China accounted for less than one per cent of Lithuania's total exports, so the economic impact on Lithuania's economy remained limited. The European Commission has opened a WTO dispute settlement case against China that is still ongoing due to the trade restrictions imposed by the PRC. 100 China's measures were not only illegal under international law but have also put into question the integrity of the entire single market of the EU by discriminating against one of the single market's members.

Moreover, the PRC downgraded the status of its diplomatic representation in Lithuania to the level of the chargé d'affaires. Lithuania already had a tense relationship with the PRC, as it was the first country to withdraw from the 17 + 1 initiative in 2021 and also banned Chinese companies from developing a 5G network in Lithuania. ¹⁰¹

Overall, the EU has concluded over the last few years that it needs to take unilateral steps of internal balancing to protect its interests and to preserve its economic power relative to China's. The CAI signalled a cooperative approach to ensure a level playing field for European companies in China and to reduce the EU's trade imbalance by providing more opportunities for European companies to invest in and export to China. But since its failure and a growing perception of China as a threat, the EU has resorted to unilateral measures to address its trade imbalance with China and to strengthen its economic security, like the different instruments targeting unfair trade and investment practices by the PRC, economic coercion, and China's (potential) use of European goods for military purposes that could harm the EU's security interests.

⁹⁴European Commission 2022b.

⁹⁵European Commission 2022c, pp. 13–18.

⁹⁶European Commission 2023e.

⁹⁷European Commission 2024b.

⁹⁸Council of the European Union 2023.

⁹⁹European Commission - DG Trade 2025; Janeliūnas and Boruta 2022.

¹⁰⁰Laukagalis 2025.

¹⁰¹Janeliūnas and Boruta 2022.

External balancing

Secondly, another goal is external balancing in trade: to strengthen cooperation with other countries, and to diversify the EU's supply chains and external trade to reduce its dependence on the Chinese market, e.g. by concluding free trade agreements.

The EU's Indo-Pacific strategy and the strategies of the member states that have published Indo-Pacific strategies have in common that they intend to strengthen political and economic cooperation with countries in the region that share the EU's interests and/or values. Australia, India, Japan, New Zealand, and South Korea are usually mentioned, sometimes also Taiwan. ASEAN and its ten member states also play a prominent role. More cooperation with China is seldom proposed. ¹⁰²

In recent years, the EU has concluded free trade agreements with several trading partners in the Indo-Pacific region: Japan (2019), New Zealand (2023), Singapore (2019), South Korea (2015), and Vietnam (2020). Furthermore, the EU is currently negotiating free trade agreements with India, Indonesia, and Thailand. ¹⁰⁴

The EU Critical Raw Materials Act and the European Chips Act are other examples of the EU aiming at securing and diversifying the supply of critical raw materials and of semiconductors by strengthening cooperation with third-countries other than China. ¹⁰⁵

In a nutshell, the EU is balancing against China's growing power in the Indo-Pacific region by increasing economic and political cooperation with other countries in the region that share the EU's interests and/or values. The EU aims to reduce its economic dependence on China, create economic opportunities for European investments in other countries, and to strengthen the rules-based international order that has benefitted the EU.

Internal constraints of the EU's policy

In the EU's economic policy towards China, the EU has become more united in its view of China. The EU's institutions are also less dependent on the member states in their decision- and policy-making procedures due to the EU's exclusive competence, and the EU has a lot of economic power.

But internal constraints also hinder the EU's power in this policy area. The dependence on the Chinese market is uneven among the member states. 13.6% of Germany's exports of goods to non-EU countries went to China in the year 2023, the highest percentage among all member states. That number translates into exports worth 97.3 billion €, which amounts to more than 40% of the total exports of goods to China from the EU. For that reason, Germany has been more reluctant to support forceful actions against China. German chancellor Olaf Scholz has for example – unsuccessfully – lobbied against tariffs on Chinese electric vehicles. Germany's small- and medium-sized enterprises, represented by the Federation of German Industries (BDI), tend to be more critical of China than Germany's big companies, in particular automotive or chemical companies like Volkswagen, Mercedes Benz, or BASF. Corrections of the EU's power in this policy area. The dependence on the China that provides a support of the total exports of goods to China that to support forceful actions against China. Germany's small- and medium-sized enterprises, represented by the Federation of German Industries (BDI), tend to be more critical of China than Germany's big companies, in particular automotive or chemical companies like Volkswagen, Mercedes Benz, or BASF.

The second- and third-biggest economies in the EU, France and Italy, also have ambiguous relations with China and are trying to balance economic cooperation and opportunities with a growing trade imbalance and an increasing perception of China as a threat.¹⁰⁸

A few diplomats from CEE countries have also highlighted during my interviews that they view Taiwan as an equally or potentially even more important economic partner for their countries than China. They are in particular interested in cooperation in research and technology and investments from Taiwan.

¹⁰²High Representative of the Union for Foreign Affairs and Security Policy 2021; The Federal Government/Foreign Office 2020; French Ministry for Europe and Foreign Affairs 2021, p. 10; Government of the Netherlands 2020, p. 6; Ministry of Foreign Affairs of the Czech Republic 2022, p. 10; Ministry of Foreign Affairs, Republic of Lithuania 2020.

¹⁰³European Commission 2023a.

¹⁰⁴European Commission 2023c.

¹⁰⁵European Commission 2022a, 2023.

¹⁰⁶Benner 2024.

¹⁰⁷Remžová 2024; Wu 2024, pp. 6-7.

¹⁰⁸Ghiretti et al. 2023.

Even though the EU has exclusive competence in the area of external trade making the European Commission a powerful actor, the member states can still weaken the EU's unity, and thus the EU's power. However, external trade is the policy area in which the EU is the most powerful in its relations with China. The EU has used that power for internal and external balancing to increase its economic power relative to China's. The EU has both the resources, i.e. the size of the single market and the EU's GDP, and the tools, i.e. the competence to enact legal instruments and to conclude trade agreements.

Conclusion

The perception of China as a threat to the EU's economic and security interests and a shift in relative power in bilateral relations have led to a more realist approach to the EU's China policy.

However, the EU's resources and capability to act depends on its legal competence in that specific policy area, and the political will of the 27 member states. The EU has an exclusive competence in the area of external trade policy. The EU institutions have forceful policy instruments to act, and decision-making in the Council of the EU only needs a qualified majority of member states, i.e. 55% of member states representing 65% of the EU's population. As a result, the EU engages in internal and external balancing to strengthen its own economic security and power and to reduce its economic dependence on China.

In the area of foreign and defense policy, the EU depends on the consensus of all member states to take decisions, and the member states retain their national foreign policies. Consequently, the EU's power is relatively weak. The member states also do not have the military capabilities to play an independent role as a security actor in the Indo-Pacific region. On the topics of defense and Taiwan policy, the EU is mainly bandwagoning with the United States. The EU signals support for peace and stability in the Taiwan Strait and the broader region, and voices its concerns towards China, while conducting modest military operations. It is also stepping up political and economic cooperation with its Indo-Pacific partners that share the EU's interests and values, including Taiwan.

China's military and economic power is likely to further grow relative to the EU's and its domestic and foreign policies under Xi Jinping will continue to focus on national security, and on expanding its regional and global influence. The US-China rivalry will also continue, while the US under the second Trump presidency will be an unreliable and unpredictable partner for the EU. Consequently, the EU will need to adapt its actions and policies even more to this realist world by focusing on increasing its economic power and security, strengthening cooperation with other partners than the US, and reducing its dependence on China.

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Appendix - List of interview partners

All interviews have taken place in Taipei (Taiwan), if not stated otherwise.

Interview partner	Date of interview
Jiann-Fa Yan, Vice-President of Taiwan Foundation for Democracy	1 June 2022
Dr. Jörg Polster, Director General, German Institute Taipei	6 June 2022
Tania Berchem, Executive Director, Trade and Investment Office Taipei of the Grand Duchy of Luxembourg	6 June 2022
Frédéric Verheyden, Director, Belgian Office Taipei	7 June 2022
Anna Marti, Head, Global Innovation Hub, Friedrich Naumann Foundation for Freedom	7 June 2022; 2 August 2023
Filip Grzegorzewski, Head of Office, European Economic and Trade Office	8 June 2022
Martin Podstavek, Representative, Slovak Economic and Cultural Office Taipei	14 June 2022
Dr. Klement Gu, Director-General, Department of Policy Planning, Ministry of Foreign Affairs, R.O.C. (Taiwan)	15 June 2022
Maria Yu-Hsin Chiang, Section Chief, Strategic Security Section, Department of Policy Planning, Ministry of Foreign Affairs, R.O.C. (Taiwan)	15 June 2022

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Patrick Rumlar, Representative, Czech Economic and Cultural Office	17 June 2022
Christine C.Y. Lin, Section Chief for European Union Affairs, Department of European Affairs, Ministry of Foreign Affairs, R.O.C. (Taiwan)	17 June 2022
Freddie Höglund, CEO, European Chamber of Commerce Taiwan	20 June 2022
Davide Giglio, Representative, Italian Economic, Trade and Cultural Promotion Office	21 June 2022; 17 August 2023
Jean-François Casabonne-Masonnave, Director, Bureau français de Taipei	23 June 2022
Pierre Goulange, Head of the Political Affairs, Press and Communication Section, Bureau français de Taipei	23 June 2022
Lo Chih-Cheng, Legislator, Democratic Progressive Party	30 June 2022
Dániel Lörincz, Representative, Hungarian Trade Office	6 July 2022
Cyryl Kozaczewski, Director, Polish Office in Taipei	11 July 2022; 18 September 2023
Audrey Tang, Digital Minister, Republic of China (Taiwan)	12 July 2022
Chen Heh-Ling, Director, Taiwan People's Party	12 July 2022
Alex K.S. Fan, Committee Member of International Affairs Committee, Taiwan People's Party	12 July 2022
Fan Yun, Legislator, Democratic Progressive Party	13 July 2022
Shen Cheng-hao, Deputy Leader, KMT Youth League	14 July 2022
Matthias Hackler, Parliamentary Assistent to Reinhard Bütikofer, Member of European Parliament (online)	8 August 2022
Michael Gahler, MEP, Chairman of the European Parliament's Taiwan Friendship Group (online)	17 September 2022
Monika Solis, European External Action Service (online)	19 September 2022
Reinhard Bütikofer, MEP, Chair of the European Parliament's Delegation for Relations with the People's Republic of China (online)	26 September 2022
Paulius Lukauskas, Representative, Lithuanian Trade Representative Office in Taipei	9 August 2023
Andreas Hofem, Director for Political Affairs, German Institute Taipei	21 August 2023
Guido Tielman, Representative, Netherlands Office Taipei	15 September 2023
Frieder Mecklenburg, Political Officer, European Economic and Trade Office	18 September 2023