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EXPERTS TAKE

Understanding EU Relations with China and Taiwan in the Indo-Pacific

An Interview with

DR. ZSUZSA ANNA FERENCZY

In the context of growing tension in Cross-Strait relations and rethinking European strategies in the Indo-Pacific post-COVID-19, ISDP intern Foster Cunliffe sat down with Dr. Zsuzsa Ferenczy to shed light on current EU policy on Taiwan, China, and the wider Indo-Pacific, and to discuss where relations can build in the coming years.

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Foster Cunliffe: One of your main areas of expertise is EU relations with China and Taiwan in the Indo-Pacific. How did your interest in the subject first begin?

Zsuzsa Ferenczy: While working at the European Parliament as a political advisor between 2008-2020, I focused on European foreign and security policy. Over the past decade, China has climbed up on the European agenda and everything started to shift in the past few years. But in reality, perceptions of China had started to gradually shift a decade ago. Taiwan at that time was much lower on the agenda because the EU's foreign policy regarding the Asia-Pacific was very much China-dominated. I think this came at the cost of seeing other actors in the region which we are now addressing, namely by upgrading ties with India, ASEAN, Japan, or the Republic of Korea.

Recently, EU language and stance regarding China have toughened, and Taiwan is now more present in the debate. In particular since the pandemic, we have started noticing Taiwan more, paying more attention to it and recognizing its strategic relevance.

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Cunliffe: Looking at the current situation in and around Taiwan, how has it evolved since you first started examining it? Particularly from 2020 when you moved to Taiwan.

Ferenczy: I moved to Taiwan in 2020. At the time, the pandemic had just started and we all thought it would be quickly resolved, but it ended up being a very long, difficult, and painful process for everyone. Throughout the pandemic, internally Taiwan managed to remain open because they closed their borders to all incoming flights, which allowed the government to protect everyone on the island. This evolved to the extent that Taiwan's profile globally got a lot of attention and European countries started to engage Taiwan more willingly. This needs to be seen in the context of how China dealt with the pandemic, and how in the perception of European countries, China used this pandemic as an opportunity to project itself as a successful governance model and to undermine democracy where countries struggled to protect people. In contrast with the strict lockdowns that China imposed, the Taiwan Model was based on transparency, technology, and trust. This was really a two-way trust between society and the government, whereby the government trusted society to comply with the restrictions and society trusted the government to do the right thing to protect them.

I was on the ground and could experience this. I also think it was very clear in the mindset of the Taiwanese people that they were in a public health emergency situation. This was very different from the European mindset, if I may compare, where I think there was a lot of dismissing of the gravity of the situation, a lack of trust in the government, little transparency and no centralized effective response. The opposite of all of that was present in Taiwan so I admired

how the government managed the situation and how the people had that faith in the government. Of course, this was not a blind faith. There was also questioning whether this was the right approach and whether data privacy was really managed well because in order to effectively do this, the government had to access people's location through QR-codes and trace people. I think there was a very healthy debate in Taiwan on these issues.

Cunliffe: Language is a powerful tool. In the field of international policy on Taiwan, there is a lot of often deliberate ambiguity when using the concepts of the “One-China Principle” and the “One-China Policy”. Could you explain the difference between the two and why the terms are so important to Taiwanese politics?

Ferenczy: Taiwan, globally, is not recognised as a country. Yet, it is a political entity with its own democratically elected government that defines itself as a nation ready to contribute to finding global solutions. Its abnormal status is often misunderstood across Europe despite the elevated profile that Taiwan has recently acquired. I am afraid many across Europe are still unable to understand Taiwan's existence, its status and its complicated relationship with China. I think despite everything we have seen as progress in Taiwan's global profile, we still need to do a lot to help Europeans understand that Taiwan faces an existential threat from the People's Republic of China. Beijing has been imposing, increasingly aggressively, a narrative that claims that Taiwan is part of the PRC. In reality, the PRC never ruled Taiwan.

At the same time the PRC has imposed its own “One-China Principle” according to which it claims that there is only one China and Taiwan is part of it. In contrast, the EU has its own “One-China Policy” in light of which the EU recognises

the PRC as the sole legitimate government of China and at the same time maintains economic and cultural cooperation with Taiwan. The EU's policy does not make any reference to Taiwan's status by international law. The EU does not take a position on Taiwan's sovereignty, but has increasingly sought to assert its policy. This is precisely the shift that I alluded to earlier. We are now seeing a Europe that is more willing and ready to assert its own stance, including on the “One-China Policy”. However, Europe is still not there yet and is still not effectively pushing back against Chinese disinformation and false claims. I think it is becoming finally clear in Brussels that it is key to distinguish between the “One-China Policy” and the “One-China Principle” and to leave no room for Chinese disinformation. We still have a lot of work to do in the European context.

Cunliffe: As a European living and working in Taiwan, what is the perception of Europe on the island? How valuable are relations with the democratic world to the average Taiwanese citizen?

Ferenczy: I think this a very important question in the context of an assertive China not just against Taiwan, but also in the Indo-Pacific and globally. We have seen implications of that aggressive behavior across Europe and there is a reaction across the democratic world. In that context, Taiwan stands out as a solid and robust democracy which in turn has had an impact on the self-perception of Taiwanese people living inside Taiwan. I think we have seen interesting developments in the self-perception of the Taiwanese people who despite seeing themselves under growing pressure and facing an existential threat, also realize that they are not alone. I think that even just knowing that they are not alone has consolidated their self-awareness and identity as

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Taiwanese. In this concept of Taiwanese identity, the bigger challenge is the role of the China element. To what extent can Taiwanese people perceive themselves as Taiwanese and Chinese at the same time? This is a question for many Taiwanese people, who are proudly Taiwanese but at the same time consider themselves Chinese. There are others who want to completely remove the China element from their Taiwanese identity. I think these are complex, but fascinating discussions. Teaching at the university over the past three years across Taiwan I have had insightful debates on Taiwanese identity and I am learning a lot from my students in this sense. I think that the Chinese threat and European support have strengthened Taiwanese identity, but Taiwanese society is also diverse. There are different views, perceptions, and visions of the future that the Taiwanese people want for themselves. I think we need to be mindful that when we talk about Taiwan as you and I are doing, we must not forget that we are not talking only about Taiwan, but also about the 23.5

million people living there, who have their own ideas about what they want – they have agency.

Cunliffe: What impact has the COVID-19 pandemic had on EU relations with Taiwan, particularly regarding supply chain resilience?

Ferenczy: I think COVID-19 was a gamechanger in EU-Taiwan relations. It allowed Taiwan to project itself as a reliable, trustworthy partner to Europe, as opposed to the PRC. Nonetheless, linking this to the supply chain disruption and reconfiguration, there has been no automatic shift away from China to Taiwan. During the pandemic, European perceptions of Taiwan have changed, no doubt. Also, there is now an understanding in Europe that we need to move away from strategic dependencies in our relationship with China. Therefore, Europe is in this process of reconfiguring supply chains and has signalled that it sees Taiwan as a partner. That is why Taiwan is included in the EU's Indo-Pacific strategy. Yet this process has only come along for 2-3 years, and democratic countries have not yet really shifted away from the pre-pandemic supply chain set-up, but are still gradually moving in that direction. I think we are in the process, and this pandemic has allowed Europe to bring Taiwan into the discussion, and to reflect together with Taiwan on how we can together create resilience in moving away from trade with countries that we don't trust and instead work with "like-minded partners" that we can trust.

Cunliffe: You talk about shifting perceptions and that it is a gradual process. You have previously argued that EU must reconsider its relationship with Taiwan from a "like-minded partner" to a "vital partner".¹ How important is the EU's wider Indo-Pacific policy in helping to shift perceptions in Europe towards this new relationship?

Ferenczy: Earlier I said that our Asia-Pacific focus was China dominated which came at the expense of seeing other partners. Now I think this has totally changed. We are reaching out to other countries that we see as potential partners in the region, and we have consolidated these relationships in many areas of cooperation, particularly in digital connectivity. Digital and green growth is at the top of the EU's agenda. Europe has moved forward with India, Japan, Australia, and the Republic of Korea. The EU has now understood that because more than one third of its exports come to this region, anything that happens in this region will have direct implications for its prosperity and security. This is a new understanding, but not a new situation and our realization comes perhaps late in the sense that we should have thought about protecting our interests earlier. The EU lacks resilience, and this is why it is talking about reducing strategic dependencies. I think having this broader understanding of the Indo-Pacific, understanding the shift of global trade to the region and seeing Taiwan in this context, allows a more comfortable setting in the EU to talk about Taiwan and to engage Taiwan. Ultimately, if we keep engaging Taiwan within this broader debate then perhaps it reduces the sensitivity that Taiwan

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still entails because the EU involves 27 countries and there is no common approach – not on China and not on Taiwan.

Cunliffe: *Within the EU, member-states' positions on Taiwan vary drastically. For example, French President Macron's friendly visit to China in April, accompanied by a business delegation contrasts significantly from Lithuania's position, following its dispute with China over the naming of its representative office with Taiwan in 2021, and the subsequent economic pressure exerted by China on the small Baltic nation.² Is EU-wide unity on Taiwan realistic? Is it helpful to discuss EU-Taiwan relations in this way?*

Ferenczy: That's a good question. Where we are at this moment is heightened awareness of Taiwan. I think this is also happening in Taiwan, meaning growing awareness of Europe's importance for Taiwan. In the European context of that awareness, individual member-states are driving this process. I think we have to first answer the following question, and I don't know if this is a question that we can even answer: What is the endgame that we want with Taiwan? Are we seeking a common EU position? I think that is perhaps an unhelpful way to assess the EU's approach to Taiwan, that disregards the progress we have made in strengthening ties despite given constraints. We need to be mindful of some limitations, such as our own “One-China Policy” which means that we maintain the right to cooperate with Taiwan without establishing official ties. In turn, every member-state has that right and has been exercising it to different degrees. Some Central Eastern European countries have done more with Taiwan. You mentioned Lithuania, which is clearly a country where Taiwan is investing more and is increasing its footprint. I do not think that it is the right question to ask whether a common EU position

on Taiwan is realistic. I think we need to see how this process evolves. And we see that as individual member-states drive this process, they also impact how other countries across the bloc see Taiwan. The EU's position on Taiwan is not an entirely COVID-related development. Before COVID, Europe had already been the largest investor in Taiwan. So that is why earlier I said that the EU should have thought about ways to better protect its interests in case there is a situation in the Taiwan Strait. Going forward though in this learning process, Taiwan now has a solid place on the European agenda, and I trust that we will not go back to business as usual with China. We are definitely in a new phase where Europe is rethinking its relationship with China. This is where the de-risking comes in as a very useful framework that allows us to maintain cooperation with China as long as this is balanced and in line with international rules, and to diversify and to reduce strategic dependencies. Taiwan can also play a role here as well as ASEAN countries, India, and other Asia-Pacific partners.

Cunliffe: China has exercised a policy of cognitive warfare on Taiwan, making attempts to alter perceptions and control narratives on contentious regions. This can be seen not only in Taiwan, but also in Tibet, Xinjiang and Hong Kong. In the ISDP's recent publication on the Dalai Lama's succession, you explain that Beijing often deflects Western criticism of Chinese interference as personal attacks on China.³ Why is it important to criticise Chinese interference and narratives on these contentious regions?

Ferenczy: That is another important question because when it comes to democracy, and the protection of human rights in particular, China has committed to several international conventions that protect economic and social,

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as well as cultural and political rights. These are China's own commitments. So when we criticize China's appalling human rights record, this is not Europe telling China what to do. This is urging China to live up to its own commitments. In reality, this is not how Beijing portrays this in the Chinese narrative. Beijing claims that whenever we criticise its human rights record, we interfere in their domestic affairs. There is a huge contradiction because as I said, China had committed to international standards, so claiming that these are domestic affairs goes against those international commitments.

It is important to voice criticism because Beijing is imposing its own authoritarian alternative model of governance which disregards individual rights and emphasizes the role of the state at the expense of fundamental freedoms. It is a state-centric approach to human rights. The Chinese narrative is damaging not only human rights within China but across the globe, and that is why we must counter it. China has been skilful in projecting its narrative in countries that have developed trade dependencies on China and that

has allowed China to gain space in their political discourse. I believe that is also what China is trying to do in Taiwan – to shape the political discourse, not so much along human rights issues but to use that space to undermine the trust of the Taiwanese people in their own government. The narrative, whether it is on human rights, the rule of law, or the concept of “democracy that works” must be countered. Democracies must counter it not just by asserting that it is false, but also by proactively creating content that empowers citizens in the democratic world to fight against the false narrative themselves. Europe needs to have a much more strategic and proactive approach to counter false narratives.

Cunliffe: What role can the EU play in denouncing these narratives?

Ferenczy: I think Europe has been a leading voice raising China’s human rights record in international platforms. Its efforts, however, have not been very effective. This is because China has continued to reject criticism and deny access to its regions where violations occur, such as Tibet and Xinjiang, while the situation of human rights defenders, human rights lawyers, and religious minorities all across China has continued to deteriorate. It is also because the EU has failed to be consistent and coherent, often dropping human rights concerns thinking this would help advance its interests.

At the same time, it is difficult to actually evaluate the effectiveness of the EU’s efforts to advocate for fundamental freedoms. It is clear today that throughout its development, Beijing has refused to become more open (both politically and economically) and has instead become more repressive and obsessed with control over every aspect of people’s lives. It is important though that the EU continues to consistently raise human rights, but it must find ways that work. So the

question is what does actually work? Is it more effective to publicly criticize China or should the EU do this through quiet diplomacy, as it has also done throughout the years. Europe should continue to explore ways to hold China accountable and I also think it must do this while working together with other democracies. I think this is what actually works – democracies’ consistent language and coordinated measures to signal to Beijing that it can’t get away with its human rights violations. I also see deterrence values in such international coordination.

Cunliffe: My final question is, where do you see EU relations in the Indo-Pacific going? Are you optimistic about the direction of relations?

Ferenczy: Since 2021, Europe has an Indo-Pacific strategy, the first document that signalled that on a European level Brussels has embraced the concept. It was a significant step to allow the bloc to think about ways to increase its role and relevance within this region. Individual member-states have driven this process. The French, German, and the Dutch put forward their strategies. Most recently, the Czech Republic adopted its own Indo-Pacific strategy. I am optimistic that the EU will continue on this path and I am also encouraged by the language in Brussels, which suggests that there is a clear understanding that China has changed and the world has changed. This is what the EU Commission President von der Leyen recently said, just days before her visit to Beijing earlier this year.⁴ She very clearly signalled that the EU is adjusting to a new reality. But the EU will need political will to follow up.

The problem with the EU is that we do things slowly because of our structural constraints, but eventually we get there. This has been the case with most issues and many still need to be addressed, such as migration, where the EU is

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yet to adopt a sustainable agenda. But as the European response to Ukraine’s existential fight has shown, it is the lack of political will that has constrained the EU most. I think the reason why the EU is the world’s most successful integration model is because member-states have managed to integrate their policies in a way that brought prosperity internally, but also allowed projecting the EU as a global force for good, or a normative power – which became a much debated concept. Clearly this language was more relevant pre-pandemic and even pre-global financial crisis, but after every crisis we have seen the EU come

out stronger. That was the case after the 2008 financial crisis, Brexit, and the Russian invasion of Ukraine. Therefore, I trust and I do have faith that we can actually use our leverage which comes from our economic weight. The EU is the world’s largest trading bloc and has a lot of leverage. So when we talk about how our relationship with China evolves, we must remember that this is an interdependent relationship. China does not want to lose Europe, an essential partner in advancing its global agenda. The EU has now an opportunity to rebalance ties with renewed strength after the Russian invasion, which was the latest and strongest pulling factor that strengthened European unity, and also NATO. I am optimistic that we will continue this approach in the Indo-Pacific. We see how in trade we are actually stepping up, upgrading our trade defence instruments and relations with partners to build up resilience and deter coercive behaviour from third countries.

We also have the EU’s Global Gateway Initiative which I think is finally making some progress. I am optimistic but at the same time I am aware that the EU remains fragmented. This fragmentation will not go away, we just need to learn to manage it in a way that does not undermine our own strength.

Endnotes

- 1 Zsuzsa A. Ferenczy, “Taiwan in the European Discourse: Toward Political Consensus,” ISDP, October 2022, <https://www.isdp.eu/content/uploads/2022/10/Brief-Oct-5-2022-Zsuzsa.pdf>.
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