

## EU-Taiwan ties after Taiwan's 2024 elections

The EU adheres to a one-China policy that recognises the government of the People's Republic of China (PRC) as the sole legitimate government of China. It does not therefore maintain diplomatic ties with Taiwan. The EU nonetheless shares with Taiwan common interests and values, including democracy, the rule of law and human rights. The general elections held in Taiwan in January 2024 once again testified to the maturity of the island's democracy. The EU engages Taiwan in a number of policy areas, notably on trade and investment. In its resolutions, the European Parliament has, among other things, called repeatedly for closer cooperation with Taiwan, notably for the negotiation of agreements on supply chain resilience and bilateral investment relations.

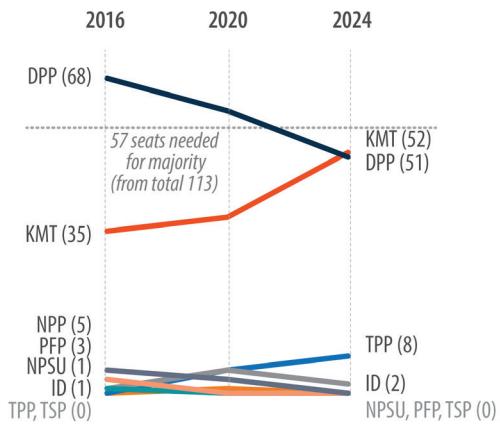
### Outcome of the January 2024 general elections in Taiwan

On 13 January 2024, the Taiwanese elected a new president from the ruling Democratic Progressive Party ([DPP](#)) for a third consecutive term, with robust voter turnout of almost [72 %](#). The DPP presidential candidate, Lai Ching-te, who has pledged to continue his predecessor's non-confrontational approach to mainland China and has argued that Taiwan already enjoys de facto independence, will take over from his predecessor, Tsai Ing-wen, in whose cabinet he has served as Vice-President. He will be sworn in on 20 May 2024. Lai secured [40 %](#) of the votes, down from the [57 %](#) that marked Tsai's 2020 landslide re-election victory, in [a three-way race](#) against opposition candidates

Hou Yu-ih from the Kuomintang ([KMT](#)) and Ko Wen-je from the Taiwan People's Party ([TPP](#)), who garnered 33 % and 26 % of the votes respectively after their failed joint ticket.

In the 2024 legislative elections, [for the first time](#) since 2004 no party has obtained the absolute majority, as the DPP lost its previous absolute majority of 61 seats in the unicameral Legislative Yuan, which has 113 seats (Figure 1). With 51 seats, it is now only the second-largest party. By contrast, the KMT increased its seats from 38 to 52, becoming the largest party. The TPP now holds eight seats and [KMT-leaning](#) Independents two seats. It is also worth noting that all other small parties have lost their seats. For now, the resulting hung parliament has turned the TPP, who gained a mere three seats, into a kingmaker and vital coalition partner for the DPP or the KMT to avoid legislative gridlock and to help shape cross-strait relations and thereby US-China relations, around one of the world's major geopolitical flash points. On 1 February 2024, when Taiwan's new legislative term began, [Han Kuo-yu](#) from the KMT was [elected](#) president of the Legislative Yuan.

Figure 1 – Seat distribution changes in the Legislative Yuan (2016-2024)



Notes: DPP=Democratic Progressive Party, KMT=Kuomintang, NPP>New Power Party, PFP=People First Party, NPSU=Non-Partisan Solidarity Union, ID=Independent, TPP=Taiwan People's Party, TSP=Taiwan Statebuilding Party

Source: [Focus Taiwan](#), 13 January 2024, based on Taiwan's [Central Election Commission](#).

### EU policy towards Taiwan and EU-Taiwan cooperation

The EU pursues a [one-China policy](#), which means that it recognises the People's Republic of China as the only legitimate representative of China and does not have official ties with Taiwan. The 2021 [EU Indo-Pacific strategy](#) references Taiwan with respect to the impact of the growing geopolitical tensions in the Taiwan Strait for the EU's security and prosperity, to existing cooperation on data protection and illegal, unreported and unregulated fishing, and to new opportunities on trade and investment and semiconductors to tackle supply chain vulnerabilities. The EU is represented in Taiwan through its [European Economic and Trade Office](#), which [reports](#) annually on [bilateral activities](#). The EU holds annual [human rights](#) consultations with Taiwan. In 2021, the bilateral trade consultations were [upgraded](#) to a [trade and investment dialogue](#) that oversees bilateral sectoral working groups on investment, [intellectual property rights](#), sanitary and phytosanitary measures, and environmental issues.



sanitary (SPS) measures, technical barriers to trade and pharmaceuticals/cosmetics. The dialogue provides a forum to discuss renewable energy, digital trade facilitation, research and innovation and other topics of common interest.

## EU-Taiwan trade and investment relations

According to Eurostat data (Figure 2), bilateral trade in goods decreased from €84.3 billion in 2022 to €77.6 billion in 2023 amid contracting global trade. EU imports from Taiwan shrunk from €49.2 billion to €47.1 billion and EU exports to Taiwan from €35.1 billion to €30.5 billion. In 2023, the EU ran a trade in goods deficit with Taiwan of €16.6 billion, up from €14.1 billion in 2022. In 2022, major Taiwanese export items to the EU were integrated circuits and electronic components (23 %), transport equipment (10.7 %) and electronic data processing and office equipment (10.6 %). The main EU export items to Taiwan were non-electrical machinery (32.7 %), transport equipment (15.5 %) and chemicals (15.4 %). According to Eurostat service trade data as of February 2024, in 2022 the EU and Taiwan traded services worth €18 billion, up from €13.9 billion in 2021.

In 2022, EU foreign direct investment (FDI) stocks in Taiwan stood at €28.4 billion after steady growth from €6.8 billion back in 2013 (Figure 3). Taiwan's FDI stocks in the EU remained at a low level between 2013 and 2019, ranging from €0.9 billion to €2.4 billion, but leapt in 2020 to €12 billion and again in 2022 to €20.7 billion. Recent examples of Taiwanese investment projects in the EU include a €3.5 billion investment in a semiconductor foundry in Dresden (Germany) by the world's largest contract chipmaker, TSMC, and the investment of more than €5 billion in a battery plant in Dunkirk (France) by Prologium, the world's only successful commercial manufacturer of solid-state electric vehicle batteries.

Since 2002, Taiwan has been a member of the World Trade Organization (WTO), with the status of a customs territory. It has never been the respondent in a WTO case, but has lodged a total of seven complaints against other WTO members, including one (DS377) against the EU in 2008 concerning the EU's tariff treatment of certain information technology products under its commitments made under the WTO Information Technology Agreement (ITA). The most recent WTO trade policy review report on Taiwan was drawn up in 2023. Unlike the PRC, Taiwan is a party to the WTO Agreement on Government Procurement.

Although the EU has never launched a WTO complaint against Taiwan, the European Commission nonetheless lists a total of six trade barriers for Taiwan in its database, including local content requirements in public procurement for transport, localisation requirements for wind energy and several SPS measures pertaining to various animal diseases, including the non-recognition of the regionalisation principle.

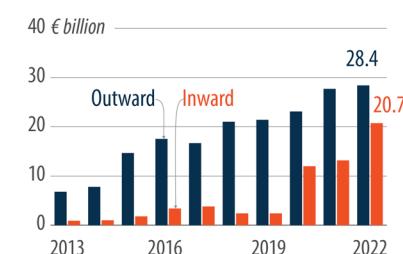
In its resolution of 28 February 2024, the European Parliament 'reiterates that Taiwan is a key EU partner and a democratic ally in the Indo-Pacific region'. It 'strongly condemns China's continued military provocations against Taiwan and reiterates its firm rejection of any unilateral change to the status quo in the Taiwan Strait, which endangers regional stability'. It 'calls for the EU and its Member States to ensure, through clear and consistent signalling, that any attempt to unilaterally change the status quo in the Taiwan Strait, particularly by means of force or coercion, cannot be accepted and will have high costs'. It 'highlights that China's territorial claims have no basis in international law'. It 'notes that neither Taiwan nor China is subordinate to the other'. It 'expresses grave concern over China's use of hostile disinformation to undermine trust in Taiwan's democracy and governance'. It 'denounces China's blocking of Taiwan's participation in multilateral organisations'. Finally, it 'welcomes the visits to Taiwan, since 2021, by consecutive official delegations from Parliament committees'.

Figure 2 – EU-Taiwan trade in goods and services, in € billion



Source: [Eurostat Comext](#) (goods), [Eurostat bop its6\\_det](#) (services).

Figure 3 – EU-Taiwan FDI, stocks, outward and inward, in € billion



Source: [Eurostat bop\\_fdi6\\_pos](#), as of February 2024.