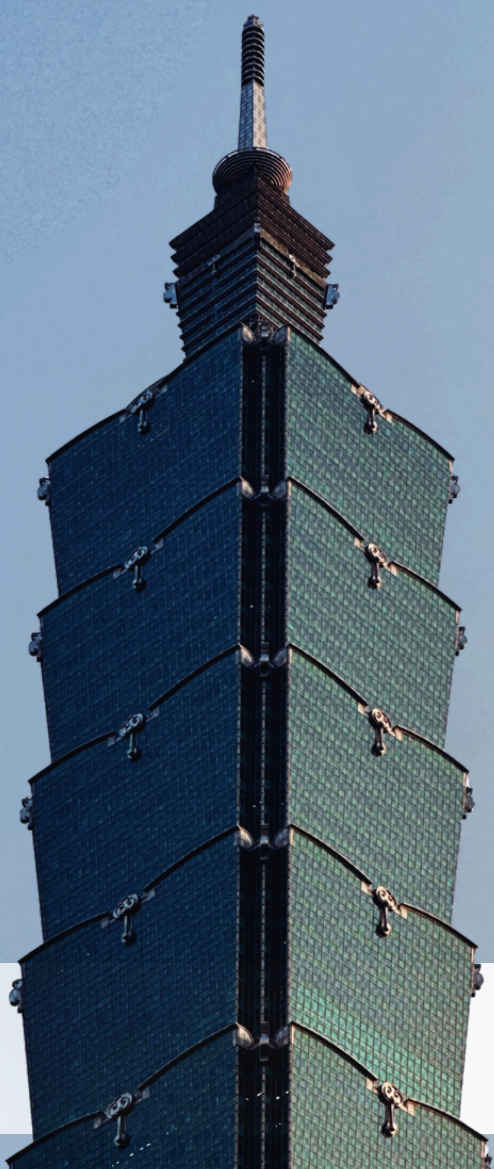


VISEGRAD / INSIGHT

THE VOLATILE TAIWAN STRAIT

ECONOMIC SECURITY PERSPECTIVES
FROM CENTRAL EUROPE



POLAND 

CZECHIA 

ESTONIA 

ROMANIA 

HUNGARY 

SLOVENIA 

SLOVAKIA 

LITHUANIA 

POLICY BRIEF | JUNE 2026

POWERED BY:



Łukasiewicz
ITECH Institute of Innovation
and Technology

FOREWORD

Middle Powers' Moment in Economic Security

A new generation of Taiwanese companies is finding its footing in Central and Eastern Europe (CEE), and the significance of this development extends well beyond commerce and into economic and democratic security.

Both CEE and Taiwan share a formative experience as they are among the most successful stories of the third wave of democratisation, having moved from authoritarian rule to open, market-based governance and embedded themselves in rules-based international structures. That shared trajectory now faces a common stress test. The contest between China and the US is the new defining challenge of the present age, placing middle power cooperation as an essential element of democratic resilience amidst the great-power rivalry. CEE and Taiwan are not bystanders to that architecture – they are among its most consequential building blocks.

This report draws on Visegrad Insight's strategic foresight project that pooled research and stakeholders to map what the deepening interdependence between CEE and Taiwan means across four plausible stages of cross-strait escalation – from low-intensity grey-zone pressure to full-scale conflict. Each stage carries distinct risks for CEE supply chains, industrial structures and political cohesion, but each also opens specific windows for action. Countries that move early to integrate Taiwan into their economic security planning, diversify critical supply chains and build institutional frameworks for contingency coordination stand to strengthen their industrial base and consolidate a strategic role within the European Union (EU) and NATO that reactive governments will struggle to claim later. The supportive data presented by Łukasiewicz – ITECH show that CEE is already more exposed to Taiwan Strait dynamics than most European policymakers recognise – and that the same integration which creates vulnerability is, if managed well, a foundation for competitive advantage.

The principal audience for this analysis is those who stand at the first line of interaction between the two regions – business leaders making sourcing and investment decisions, and local and regional politicians in both CEE and Taiwan who shape the practical conditions under which cooperation takes place. Grand strategy is made at the top, but it is tested and sustained at their level. This foresight brief is intended to give those decision-makers the wider context they need to act with greater confidence and situational awareness, and to see their own choices as part of a larger and genuinely consequential story.

Wojciech Przybylski
Editor-in-Chief, Visegrad Insight
President, Res Publica Foundation

FOREWORD

Strategic Interdependence

Few questions feel more remote from the everyday concerns of Central European countries than the fate of Taiwan, some nine thousand kilometres away, and few, on closer inspection, prove more immediate. The stability of the Taiwan Strait touches our region directly, embedded in the circuits that power our cars and factories, our energy grids and hospitals, and, increasingly, the technologies on which our security depends.

The trade data behind this relationship tells also a story – over the past five years, the dependence of CEE on Taiwanese semiconductors and electronic components has deepened markedly. That dependence is a measure of trust as much as of risk. It reflects how much our prosperity already rests on the openness, ingenuity and reliability of a fellow democracy that has built, against considerable odds, one of the most sophisticated industrial ecosystems in the world.

That is why our two institutions came together to produce this report. The Res Publica Foundation and its Visegrad Insight platform have long worked to anticipate the strategic choices facing Central Europe rather than merely react to them. Łukasiewicz – ITECH sits at the meeting point of industrial upgrading, security and defence, and European technology policy. Our conviction is straightforward: Taiwan is both a critical source of strategic technologies and a compelling example of democratic resilience under sustained pressure, offering valuable lessons for countries across our region.

The strategic-foresight method that runs through these pages addresses something our region too rarely does well. It thinks across a spectrum of scenarios, from grey-zone coercion to open confrontation, and asks what each would mean for our economies.

The recommendations that follow are deliberately practical, and we commend them to policymakers, business leaders and our partners in the Indo-Pacific. This report's purpose is to ensure that, when it matters, Central Europe is caught neither materially unprepared nor politically irresolute.

Michał Matlak

Director, Łukasiewicz – Institute of Innovation and Technology (iTECH)

VISEGRAD / INSIGHT

Economic Security | Taiwan | Central Europe | May 2026

Problem

The security framework that enabled both CEE and Taiwan to prosper is eroding under intensifying great-power competition. As CEE economies grow more dependent on Taiwanese imports, a Taiwan Strait contingency increasingly tests Europe's ability to uphold its own economic security agenda.

Key facts

Since 2020, imports of Taiwanese integrated circuits into CEE have risen sharply, peaking in 2022 and remaining above pre-war levels since. Across electronics-related sectors, Taiwanese value added in CEE production is increasing most visibly in Lithuania, Slovenia and Poland. Hungary and Poland are now the region's main importers of Taiwanese high-tech components, followed by Romania and Czechia.

Foresight

Without shots fired, intensified cyber operations, shipping harassment and selective trade restrictions would raise transport and insurance costs, destabilise just-in-time supply chains and force CEE governments to navigate divisive debates inside the EU and NATO on how to respond.

The Volatile Taiwan Strait

EXECUTIVE SUMMARY

- While CEE-Taiwan's growing interdependence supports industrial upgrading and aligns with the EU's economic security agenda, it also concentrates exposure. Any instability in the Taiwan Strait would rapidly affect CEE's supply chains, trade routes and investment climate.
- Trade data indicate that CEE's reliance on Taiwanese high-tech inputs has deepened significantly since 2020: imports of integrated circuits from Taiwan increased sharply in 2022 across all CEE economies and have not returned to pre-2022 levels since, indicating both strategic stockpiling and a longer-term upward trajectory in reliance on Taiwanese high-tech inputs. Price dynamics also suggest a structural shift towards higher-value, harder-to-substitute components.
- Lithuania, Estonia, Czechia and Poland are now importing increasingly sophisticated Taiwanese components and record the fastest growth in Taiwanese value added embedded in electronics and electrical equipment.
- A Taiwan contingency may unfold in four stages: sustained greyzone pressure, economic statecraft, limited military escalation and full-scale conflict. Each stage would require distinct preparedness measures from CEE governments, businesses, EU and NATO.
- Therefore, CEE countries must reduce exposure across all Taiwan escalation stages. They need to coordinate regional outreach to Taiwan, integrate trade and value-added data into national risk mapping, outline dependencies on China and use the results to guide diversification and resilience investments.
- At the same time, the growing mutual awareness between CEE and Taiwan opens new opportunities to anchor their shared industrial and security interests in deeper, more strategic long-term cooperation across key sectors.

About

Project

Visegrad Insight is the main Central European analysis and media platform. It generates future policy directions for Europe and transatlantic partners. Established in 2012 by the Res Publica Foundation.

Views and opinions expressed within the Policy Brief are those of the author(s) only and do not necessarily reflect those of the supporting partners.

Authors

Wojciech Przybylski - political analyst who leads strategic foresight on EU affairs, Editor-in-chief of Visegrad Insight, President of the Res Publica Foundation

Marcin Jerzewski - political scientist and sinologist, Marcin Król Fellow at Visegrad Insight, Head of the Taiwan Office of European Values Center for Security Policy

Co-Authors

Luca Flora Soltész - contributing editor at Visegrad Insight

Natalia Ziemińska - author and contributing editor of the *Lukasiewicz* – Institute of Innovation and Technology (ITECH) special data supplement

Contributors

Simon Xiao
Magda Jakubowska
Natalia Kurpiewska
Vitali Matyshau
Magdalena Przedmojska
Arslan Suleymanov
Agnieszka Stelmach

INTRODUCTION

Over the past three decades, Central and Eastern European (CEE) states and Taiwan have followed remarkably similar trajectories. Emerging from authoritarian rule, both developed into economically agile democracies, embraced open markets, competitiveness and innovation-driven growth, and anchored themselves within wider security structures that now appear increasingly fragile. As small and medium-sized powers exposed to intensifying great-power competition, CEE states and Taiwan face a common set of challenges: safeguarding democratic and economic security, maintaining vulnerable supply chains and managing mounting geopolitical risk both within their neighbourhoods and beyond.

These parallels are reinforced by deepening interdependence. Owing to the Taiwan Strait's central role in global trade and the concentration of strategic technologies, disruptions around Taiwan reverberate far beyond East Asia. CEE countries have already experienced these effects through their own supply chains and, consequently, have become increasingly willing to experiment with new approaches towards Taiwan and China. This trend ranges from post-Covid policy initiatives in Czechia and Slovakia, to Lithuania's bold yet increasingly contested opening and Poland's gradual effort to recalibrate its position and project influence within the European Union (EU).

Taken together, these developments constitute a laboratory of economic statecraft in CEE and should therefore be interpreted more broadly than through the prism of United States (US)-China great-power rivalry alone. The relationships that CEE governments, businesses and civil societies are building vis-à-vis Taiwan increasingly need to be integrated into the EU's broader approach, informing the bloc's emerging economic statecraft and economic security policy rather than remaining a collection of isolated national experiments.

Interpreting these developments requires a strategic foresight approach, which Visegrad Insight has developed over many years through its extensive network of fellows and experts from Central Europe, the US and Taiwan, among others. This policy brief would not have been possible without the contribution of government officials, business representatives and civil society leaders from both Taiwan and the CEE countries examined here, who have built and continue to deepen a remarkable level of cooperation. We would particularly like to thank the *National Endowment for Democracy* for its initial support that enabled the authors to conduct scenario-based workshops with stakeholders in 2025 and the *Lukasiewicz – Institute of Innovation and*

Powered by:

Technology (ITECH), for adding the insights underpinning the economic sections of this brief and co-publishing this report. We also gratefully acknowledge the contributions of Luca Flora Soltész, contributing editor at Visegrad Insight, Simon Xiao, an undergraduate student at Princeton University who prepared background research as a Visegrad Insight's 2025 Junior Fellow, and Natalia Ziemińska who is the author of the ITECH section.

ECONOMIC SECURITY

Trade as Pillar of Economic Security

Economic security – protecting vital industries, critical infrastructure and supply chains from external risks – has become a priority in the strategic calculus across Europe amid rising geopolitical tensions. In this section, we assess the economic security of CEE–Taiwan relations through trade and value-added figures, as these allow us to see how geopolitical risk translates into concrete vulnerabilities in supply chains and industrial structures.

Using Eurostat ComExt trade statistics and OECD Trade in Value Added (TiVA) data for a five-year period between 2020 and 2024, ITECH examined two critical product groups integral to CEE high-tech supply chains – electronic integrated circuits (HS 8542) and discrete semiconductor devices (HS 8541). These groups represent broad aggregates. While discrete semiconductor devices include solar power components, their volumes are not a primary driver of the observed trends. Furthermore, as electronic integrated circuits encompass microprocessors regardless of generation, a direct assessment of the technological innovation of specific circuits is constrained. To address this, the analysis is complemented with unit-value indicators (EUR/kg) as a proxy for technological sophistication and product innovation, adding to trade volume, which alone fails to distinguish between legacy parts and high-performance semiconductors.

Combined, these figures indicate how deeply Taiwanese technologies/products are embedded in CEE's domestic production, and which sectors/supply chains are thus the most exposed under different Taiwan Strait escalation scenarios.

At the same time, standard trade statistics are distorted by intermediary trade and the 'Rotterdam effect', where goods transiting major hubs are recorded at the port of entry rather than their true origin. These phenomena cause a significant share of Taiwanese components reaching CEE markets via other EU member states and thus appearing as intra-EU trade. Finally, import-based data does not capture Taiwanese sub-components

embedded in goods manufactured by third countries, which enter CEE markets for integration into subsequent stages of the supply chain.

The year 2020 serves as a useful cutoff for analyzing current dynamics in relations between Taiwan and CEE. Political considerations explain the context in which economic exchanges gained momentum. Deepening Europe–Taiwan relations have been driven by new geopolitical realities since 2020, starting with the COVID-19 pandemic and continuing with the onset of the full-scale Russian invasion in Ukraine, which China fuels as a strategic enabler. Additionally, the beginning of this decade marked CEE’s awakening from its “China dream,” fueled by unfulfilled promises of lucrative economic deals and growing concern about the national security ramifications of Chinese acquisitions in the region, including critical infrastructure. Put together, these factors created an opportunity for Taiwan to make inroads into Europe through CEE as the continent embarked on a strategy of deepening partnerships with Indo-Pacific democracies and open economies.

Expectedly, import values across CEE economies roughly track the size of their gross domestic products (GDPs). Poland and Hungary emerge as the quantitative heavyweights in terms of Taiwanese imports, with Romania and Czechia constituting a strong second tier. In discrete semiconductor devices, the hierarchy is similar, although Czechia moves into third place, confirming that the larger and more industrially diversified CEE economies are the key recipients of Taiwanese components.

The year 2022 became a distinct turning point: all CEE countries increased their imports of Taiwanese electronic integrated circuits, followed by a correction in 2023 that still left import values above pre-2022 levels. This trajectory is consistent with strategic stockpiling by both firms and public authorities seeking to hedge against the potential global disruption caused by Russia’s full-scale invasion of Ukraine and the shock the invasion imposed on European supply chains. Taiwan’s decision to join international sanctions against Russia, alongside the heightened perception of geopolitical risk in East Asia, gave additional impetus to front-loading orders for critical components. In the discrete semiconductor category, the 2022 peak is less pronounced, suggesting greater availability of alternative suppliers and, as such, a lower need for emergency accumulation during a period of heightened demand.

Import Value of Discrete Semiconductor Devices (HS 8541) from Taiwan to CEE, (kEUR)

	2020	2021	2022	2023	2024
Czechia	3 056	6 547	8 094	6 890	3 306
Estonia	54	234	132	44	328
Hungary	5 047	9 476	15 487	14 786	13 086
Lithuania	350	654	1 791	316	588
Poland	7 596	9 147	12 920	14 645	19 591
Romania	924	1 968	6 086	2 675	2 003
Slovenia	1 886	1 684	1 641	1 949	1 617
Slovakia	1 149	1 355	1 911	1 536	1 242

Import Value of Electronic Integrated Circuits (HS 8542) from Taiwan to CEE, (kEUR)

	2020	2021	2022	2023	2024
Czechia	15127	20768	137658	64101	74689
Estonia	1516	6536	14410	3569	2933
Hungary	99829	185988	295240	217609	202436
Lithuania	2001	9934	29444	7313	10760
Poland	174202	228306	317126	282255	266053
Romania	57221	97383	166490	149996	96535
Slovenia	2067	3992	5558	2689	2247
Slovakia	27974	42610	68123	43858	45682

To capture the strategic quality of these flows, ITECH employs a unit value indicator. Between 2020 and 2022, unit prices for Taiwanese electronic integrated circuits increased steadily across most CEE economies, peaking in 2022. Slovakia and Hungary were the main exceptions to this pattern, showing a more muted price spike. After 2022, however, unit values declined from their peak levels yet have not reverted to earlier levels, revealing a lasting trend towards higher-value imports.

Within this regional picture, two Baltic states, Lithuania and Estonia, stand out. Across both integrated circuits and discrete semiconductors, they record some of the highest unit values in the CEE group, signalling that their Taiwanese imports are heavily skewed towards technologically sophisticated components. In Lithuania's case, the maximum average unit price for integrated circuits was observed in 2022, with semiconductors peaking in the 2023-2024 period, signalling both one-off stockpiling and substantial investments in the domestic technology sector that altered the composition of imports. These dynamics may also be linked to Lithuania's diplomatic overtures: first, the opening of the Taiwanese Representative Office in 2021, followed by subsequent Chinese economic pressure and efforts by the Social Democratic Party's (LSDP) government under Paluckas and Ruginienė to "normalise" relations with Beijing. Together, these developments may have affected risk assessments by Lithuanian firms sourcing from Taiwan.

Unit Value of Discrete Semiconductor Devices (HS 8541) from Taiwan to CEE, (EUR/kg)

	2020	2021	2022	2023	2024
Czechia	65	87	112	60	74
Estonia	237	318	202	107	786
Hungary	138	143	149	152	143
Lithuania	12	24	682	1 479	1 505
Poland	132	181	311	345	372
Romania	193	338	296	62	586
Slovenia	59	58	62	64	60
Slovakia	154	141	183	157	218

Unit Value of Electronic Integrated Circuits (HS 8542) from Taiwan to CEE, (EUR/kg)

	2020	2021	2022	2023	2024
Czechia	1 211	1 301	4 091	2 799	3 514
Estonia	2 461	4 080	4 959	3 921	2 200
Hungary	489	2 116	1 977	2 383	3 016
Lithuania	2 726	3 511	5 728	4 208	4 187
Poland	1 889	2 314	3 103	2 899	2 562
Romania	2 936	2 828	4 397	3 802	3 595
Slovenia	896	1 438	1 713	1 136	880
Slovakia	2 787	3 146	1 184	2 101	1 983

Czechia and Romania also record elevated unit values in the integrated circuits segment. For Czechia, this aligns with its broader positioning as a regional frontrunner in economic cooperation with Taiwan in information and communication technology (ICT) and automotive-adjacent supply chains, including Taiwanese research and development (R&D) footprints. Romania's pattern points to a growing appetite for higher-end components, even as its overall volumes remain below those of Poland and Hungary. Poland combines very high import values with more moderate unit prices, consistent with its profile as a large manufacturing platform that uses both advanced and more standardised components across a wide range of industries.

OECD Trade in Value Added (TiVA) indicators were used to assess Taiwan's footprint in CEE industrial ecosystems by measuring the share of Taiwanese foreign value added embedded in domestic final demand across two sectors:

- 1) manufacture of computer, electronic and optical products, and
- 2) electrical equipment.

All CEE economies in the sample exhibit rising Taiwanese value-added shares, although with marked differences in pace. Lithuania, Slovenia and Poland show the most dynamic relative growth, albeit from different starting points. Lithuania began from the lowest baseline, around 1.7 per cent, yet recorded some of the strongest increases between 2020 and 2022. Slovenia and Poland started from higher positions and still registered

substantial growth. Czechia's growth in Taiwanese foreign value added (FVA) is more modest, mirroring its somewhat lower unit values in 2020-2021 before the significant surge in integrated circuit imports in 2022. Hungary, Romania, Estonia and Slovakia all show upward trends, although with varying intensities.

When placed in an EU-wide ranking, Poland's position is particularly striking: it holds third place in terms of Taiwanese FVA share in electronics and electrical equipment, behind only Germany and Finland. More broadly, CEE countries account for four of the EU's ten highest positions in this ranking: Poland, Slovakia, Czechia and Estonia. This reflects the region's growing role as a hub for Taiwanese value-added integration.

Taiwanese Foreign Value Added (FVA) in CEE Electronics and Electrical Equipment Sectors, 2020–2022

	2020	2021	2022	2020-21	2021-22
	FVA [%]			Relative change of FVA [%]	
Czechia	4,33	4,54	4,65	4,8%	2,4%
Estonia	3,92	4,2	4,71	7,1%	12,2%
Hungary	3,40	3,78	4,06	11,2%	7,6%
Lithuania	1,73	2,1	2,61	21,8%	24,0%
Poland	3,85	4,5	5,56	16,6%	23,7%
Romania	2,18	2,38	2,67	9,3%	12,1%
Slovenia	2,75	3,41	4,15	24,0%	21,9%
Slovakia	3,26	3,57	4,33	9,7%	21,3%

This quantitative pattern dovetails with the heterogeneous political landscape of the CEE region previously mapped by Visegrad Insight. Countries that have adopted more proactive or hedging approaches towards Taiwan, such as Czechia, Lithuania, Estonia and Poland, are also those where Taiwanese technological inputs are most visible in trade and value-added data. By contrast, Hungary and, more recently, Slovakia, which have pursued more cautious and China-aligned strategies, show slower or more uneven deepening of Taiwanese technological integration despite rising import values.

In conclusion, two patterns stand out from the data as particularly consequential for CEE policy. On the one hand, the CEE region is consolidating its position as an indispensable partner for Taiwan's high-tech industries, importing growing volumes of increasingly sophisticated components and embedding rising shares of Taiwanese value added in its electronics and electrical equipment sectors. At the same time, this integration inevitably heightens exposure to shocks emanating from the Taiwan Strait, whether through supply chain disruption, rising shipping costs or broader financial contagion.

LANDSCAPE OF CEE-TAIWAN RELATIONS

Building on this paper's central claim, that the stability of the Taiwan Strait is a core tenet of Central Europe's economic security, this section maps the region's varied engagements with Taiwan and distills what those interactions mean for resilience. Across the CEE region, cooperation with Taiwan increasingly serves three overlapping aims:

- 1) hedging against single-country dependencies by diversifying partners and supply chains;
- 2) upgrading industrial and innovation capacity in strategic technologies and
- 3) strengthening the legal-institutional toolkit that underpins economic security.

Drawing on semi-structured expert interviews, triangulated across multiple experts per country, Visegrad Insight presents a three-tier typology of CEE countries' spectrum of engagement with Taiwan:

Tier One: Proactive outreach (Czechia, Lithuania) features high-visibility political signaling and active institutionalization of informal but substantive ties to catalyze investment and R&D.

Tier Two: Growing openness/hedging (Estonia, Poland, and, until recently, Slovakia) reflects maintaining rising cooperation balanced against sensitivities related to their respective one-China policies and the EU alignment.

Tier Three: Cautious pragmatism (Hungary, Romania, Slovenia) maintains low-profile or compartmentalized ties due to higher exposure to Chinese finance and other cooperation projects.

Channels of Engagement

Parliamentary diplomacy is a vital tool for circumventing Taiwan's international isolation and, in turn, serves as a significant driver of agenda-setting across the region. Friendship groups and visiting delegations often move more quickly than the more cautious executive branch, providing a political umbrella and public narrative for deepening economic ties.

Meanwhile, technology collaboration remains the most consequential lane for economic security. Czechia has emerged as the regional frontrunner, with trade and investment concentrated in ICT and automotive-adjacent supply chains. Additionally, Estonia's and Poland's engagements with Taiwan are increasingly pivoting to "resilience technology", including the

protection of critical infrastructure through dual-use technologies.

Last but not least, academic and research exchanges provide a politically safer on-ramp. Joint projects, scholarships, and lab-to-market initiatives anchor trust, cultivate talent mobility, and can scale into commercial partnerships in semiconductors, cybersecurity, and green technologies.

Countries' Snapshots on Engagement

Czechia is a regional leader in economic and political engagement with Taiwan, whose trade and investment relations are strong and continue to center on ICT and automotive industries. Czechia hosts Taiwanese R&D centers and actively supports Taiwan's international visibility. Political visits and bilateral institutionalization reflect a sustained commitment despite China's symbolic pushback.

Estonia has historically focused on transatlantic security and since 2022 severely increased its attention toward Taiwan, viewing it through the lens of democratic resilience and shared security threats. Though trade remains minimal and there is little cooperation in strategic technologies, potential collaboration on undersea infrastructure protection is being explored. Estonia's strong legal frameworks for investment screening and vocal support for human rights position it to deepen informal ties with Taiwan without fully reversing its EU-aligned balancing strategy.

Hungary remains China-aligned, with limited public or political engagement with Taiwan. While economic ties exist, including Taiwanese investments, they are apolitical and low-profile.

Lithuania made headlines by opening a Taiwanese representative office in Vilnius in 2021. While the previous government embraced Taiwan robustly, current leadership has softened rhetoric, seeking détente with Beijing. Still, Lithuania resists backtracking on symbolic milestones and continues cooperation in tech and resilience sectors.

Poland views Taiwan as a democratic partner and a valuable economic interlocutor, especially in science and technology. Engagement remains unofficial and cautious due to China's sensitivities, though ties have visibly grown since 2022, with ministerial-level visits and increased dialogue on innovation and education.

Romania treads a middle ground – it upholds a conservative and restrictive one-China policy, even though some stakeholders are slowly expanding unofficial ties with Taiwan. Parliamentary

delegations and civil society initiatives, including those supported by the private sector, are primary drivers. Technology and green energy are identified as potential growth areas.

Slovakia's relations with Taiwan have cooled significantly since PM Robert Fico returned to power in 2023. His administration has prioritized closer ties with China, culminating in a 2024 “strategic partnership” agreement that explicitly aligns Slovakia with Beijing’s position on Taiwan as an internal matter. While existing trade and humanitarian ties persist, political engagement with Taiwan has notably diminished.

Slovenia prioritizes economic ties with China. Political divisions persist, with the governing coalition hesitant to deepen ties with Taiwan due to concerns about potential Chinese retaliation. While cultural and civil society exchanges exist, high-level engagement is minimal, given unofficial ties with Taiwan. Parliamentary delegations and civil society initiatives remain the primary drivers of exchanges.

Heterogeneity and Resilience

Strategic diversification and industrial upgrading are key considerations for several countries in pursuing closer engagements with Taiwan. For Prague, Vilnius, Tallinn, and to a growing extent Warsaw, Taiwan offers a path to reduce exposure to single suppliers and to move up value chains in semiconductors, digital resilience, and green technologies. In Czechia, this intent is operationalized through active investment facilitation and bilateral R&D linkages; in Lithuania, it is explicitly framed as reducing dependence on authoritarian regimes; in Estonia, it is anchored in critical-infrastructure protection.

Risk and hedging remain the countervailing force. Policymakers weigh the potential economic retaliation or opportunity costs in relations with China against the long-term benefits of deeper ties with Taiwan. Slovenia and Hungary continue to compartmentalize Taiwan engagement due to heavy Chinese footprints in EVs and infrastructure. This risk calculus explains why several governments keep cooperation with Taiwan substantive yet deliberately low-key.

Technology and supply-chain security shape priorities and instruments. Only a subset of CEE states are currently pursuing industrial partnerships with Taiwan at scale, but the direction of development is clear: semiconductor-adjacent manufacturing, cybersecurity, and resilience technology dominate the agenda.

Legal-institutional readiness is a differentiator. Recent enhancements to investment-screening mechanisms, especially in Estonia and Poland, reflect a broader turn toward economic security. These tools are not only about China-related risk, they also enable the channeling of secure, values-aligned capital from partners such as Taiwan. In practice, that means fewer barriers to Taiwanese R&D footprints, clearer guardrails around critical assets, and government capacity to steward strategic projects over political cycles.

The presented analysis of heterogeneity in CEE's engagements with Taiwan suggests two preliminary conclusions. First, diversity is an asset: not every CEE country needs to do everything with Taiwan. A regional mix, consisted of leaders that drive semiconductor-adjacent and digital-resilience projects, cautious states that advance research and training, and middle-ground governments that deepen parliamentary and civil-society channels, could collectively raise the baseline of preparedness for shocks emanating from a potential Taiwan Strait crisis across the region. Second, institutions matter: the durability of cooperation hinges on the institutionalization of relations through MOUs, dialogue platforms, and the involvement of Taiwan in international fora at an appropriate level. It may involve consultations surrounding investment screening regimes, innovation promotion, and strategies for industrial upgrading with the involvement of Taiwan.

CEE'S APPROACHES TO ECONOMIC SECURITY

The current chapter explores how CEE countries define and implement economic security policies. It highlights common regional trends in strategy, governance, EU alignment, critical focus areas, and responses to foreign economic coercion.

Regional Trends and Divergent Approaches

None of the eight countries analyzed maintains a standalone economic security strategy. Instead, economic security objectives are embedded in broader national strategic frameworks.

Policy coordination typically follows a multi-stakeholder approach, even if it falls short of a fully whole-of-government characterization. Economic ministries lead on industrial and investment issues, while national security councils and intelligence services contribute risk assessments.

Alignment with the EU's economic security framework is broadly evident. All eight states have implemented the EU's 2020 FDI Screening Regulation and most support initiatives such as the EU

Chips Act, the Critical Raw Materials Act and the Anti-Coercion Instrument. Two countries stand out as outliers – Hungary, which promotes an alternative model of “economic connectivity” and opposes stronger EU-wide screening tools and Slovakia, which has become increasingly sceptical of EU-level economic coordination and has realigned its stance toward Beijing after PM Fico’s return in 2023.

Critical sectors identified across the region include energy, transport, ICT, financial systems, and emerging technologies such as semiconductors, AI, quantum computing, and biotechnology.

Countries’ Snapshots on Economic Security

Czechia outlines economic security in its 2023 Security Strategy and has introduced a national semiconductor roadmap aligned with EU goals. The government has tightened FDI screening and flagged China and Russia as threats. It partners with Taiwan on semiconductors and green tech.

Estonia lists economic security as one of the pillars of its 2023 National Security Concept. It aligns closely with EU/NATO initiatives, focusing on infrastructure resilience and cybersecurity. Estonia seeks to avoid dependencies on authoritarian states and supports cooperation with Taiwan on infrastructure protection.

Hungary embeds economic security across development strategies, emphasizing connectivity with East and West. It prioritizes industrial sectors such as EVs and batteries, heavily reliant on Chinese investment. While complying nominally with EU standards, Hungary resists deeper screening frameworks and downplays foreign coercion risks.

Lithuania sees economic security as integral to national sovereignty. It has banned untrusted vendors, aligned with EU tools, and partnered with Taiwan on semiconductors and biotech. Lithuania has responded robustly to Chinese coercion and become a model for democratic resilience in the EU.

Poland integrates economic security into its 2020 National Security Strategy, focusing on financial stability, industrial resilience, and development gaps. Responsibility spans multiple ministries, and Poland actively aligns with EU acts including the Chips Act and CRMA. Key sectors include semiconductors and critical raw materials. Poland supports de-risking from China but avoids confrontational rhetoric.

Romania coordinates economic security through its CSAT, with active alignment to EU policies. It canceled sensitive

infrastructure projects with Chinese partners and the country supports NATO and EU-led de-risking. Taiwan engagement is low-profile but benefits from shared interest in secure technologies.

Slovakia references economic security in its 2021 Security Strategy, listing 5G, AI, quantum tech, and critical raw materials. Despite formal EU harmonization, Slovakia under Fico has reversed course on Taiwan engagement and grown closer to Beijing and Moscow.

Slovenia embeds economic security in its national strategy and upgraded its FDI screening law in 2023. It cautiously aligns with EU efforts and regulates telecom and strategic investments. Although open to engagement with Taiwan, fears of Chinese retaliation shape a conservative posture.

Synthesis on Economic Security

Economic security is now a central component of the strategic calculus for the region. For most countries in CEE, Taiwan is increasingly viewed as a viable partner in developing resilient supply chains and high-tech-oriented industrial upgrading. Countries with robust screening laws and clear alignment with EU de-risking frameworks are better positioned to deepen ties with Taiwan without inviting retaliation.

Conversely, countries that define their strategy for attracting foreign investment as “economic neutrality” or that have recently shifted closer to China are less inclined to pursue overt economic engagement with Taiwan. In such contexts, economic security concerns can limit cooperation unless Taiwan is positioned as a contributor to resilience rather than a geopolitical liability.

As EU-level economic security policy continues to evolve, particularly with the introduction of new tools such as the Anti-Coercion Instrument and outbound investment screening, the incentive for smaller states to align with new and existing like-minded partners will increase. Taiwan’s value as a provider of strategic technologies and a trustworthy economic actor may become increasingly attractive – particularly for countries seeking to hedge against overdependence on authoritarian regimes while preserving industrial competitiveness.

FORESIGHT

The state of the Taiwan Strait has direct implications for economic security in CEE, making any disruption in East Asia consequential for the region’s strategic autonomy. Immediate risks for CEE would be multi-fold:

Supply chain exposure: semiconductors, critical components, and ICT goods manufactured in Taiwan are critical for EU and CEE industries. Disruption upstream can delay or halt production downstream.

Maritime, air, and data routes, including trade shipping, aerial routes, and undersea cables, many of which pass through or near East Asia or depend on global Asian production hubs, remain vulnerable. Disruptions could drive up insurance and rerouting costs, and lead to significant delays.

Economic shock propagation: price shocks, inflation, and financial market disruptions. A blockade or war would impact countries that rely on imports, trade with Asia, or are integrated into global value chains.

Political and strategic alignment: how EU member states and NATO allies respond could force CEE countries to choose alignments, manage the risks of economic retaliation, and adapt their policies (e.g., de-risking and diversifying suppliers).

Against this backdrop, Visegrad Insight's strategic foresight approach treats contingency not as a binary scenario, but as a spectrum of escalation. We therefore outline four stylised stages of possible contingency: low-intensity grayzone coercion, partial blockade and trade restrictions, limited military coercion short of invasion and full-scale conflict.

Four stages of Taiwan contingency

Stage 1 – Status Quo Low-Intensity Grayzone Coercion

The first stage is defined by continued grayzone coercion below the threshold of war. Beijing would intensify non-kinetic pressure without crossing into open conflict. This could include regular incursions into Taiwan's Air Defense Identification Zone, naval and coast guard patrols and persistent cyberattacks targeting infrastructure and institutions. Parallel disinformation campaigns, electoral interference and diplomatic pressure would seek to isolate Taiwan and raise the political and economic costs of engagement.

Domestically, Taiwan's public opinion would remain broadly supportive of maintaining the political status quo, with no radical transformation of the party system. Beijing would continue to engage in lawfare and falsely portray its 'One-China principle' as an established consensus within the international community..

Taiwan's participation in international organisations such as the WHO and the OECD would remain blocked.

For CEE, even this 'baseline' scenario would increase uncertainty around trade and investment linkages involving Taiwanese inputs. Manufacturers reliant on just-in-time delivery would face growing concerns over supply reliability. Harassment of commercial shipping would raise insurance and transport costs across global supply chains. Investor confidence could weaken, affecting both Taiwanese investment in CEE and the willingness of regional firms to expand operations linked to Taiwan.

Political debates within the EU and the NATO over responses to grayzone pressure would also expose internal divisions, including within CEE itself. Governments in the region would face the challenge of balancing solidarity with allies against fears of economic retaliation from Beijing.

Stage 2 – Intensification of Economic Statecraft

The second stage would emerge if Beijing escalated from low-level harassment to overt economic isolation. China could declare exclusion zones around Taiwanese ports, impose intrusive customs and regulatory controls under the guise of 'maritime security operations', or enforce selective embargoes on key goods. Cyberattacks and physical threats to critical infrastructure, including undersea cables and telecommunication facilities, would further disrupt flows of information and commerce, severely constraining Taiwan's trade and industrial activity.

At the same time, Beijing would intensify efforts to erode Taiwan's remaining diplomatic recognition through investment, aid and market incentives. Taiwan's economic exposure to mainland China would be leveraged more aggressively through audits and regulatory pressure on Taiwanese firms operating across the Strait. Information operations, cyberattacks and electoral interference would deepen domestic polarisation in Taiwan.

For CEE, a de facto partial blockade would produce tangible economic effects. Supply chains dependent on Taiwanese goods would experience delays and shortages, directly affecting automotive and manufacturing sectors. Rerouting costs would add to inflationary pressure across European economies, while financial markets would react with increased volatility and capital retreating from exposed sectors.

Politically, pressure would mount within the EU and NATO over the appropriate response. CEE governments would have to reconcile growing engagement with Taiwan against continued economic ties with China, forcing a clearer prioritisation of values, interests and risk tolerance.

Stage 3 – Escalation to coercion plus military skirmishes

The third stage represents a major escalation, combining economic coercion with limited kinetic action short of invasion. Beijing could conduct missile tests or limited strikes around Taiwan, impose temporary no-fly zones, intensify maritime blockades or engage in naval skirmishes near key ports and sea lanes. The objective would be to intimidate Taiwan, test the resolve of the United States and its partners and normalise a permanent crisis environment without formally declaring war.

Diplomatic pressure on Taiwan's remaining partners would intensify, with threats of market exclusion and investment withdrawal aimed at countries maintaining ties with Taipei. Beijing could also pressure BRICS members and Belt and Road Initiative beneficiaries to reduce engagement with Taiwan or even impede Taipei's engagements with its other partners, as in the recent case of Taiwanese president's state visit to Eswatini – African countries revoked Taipei's flight permits by demands of Beijing. Domestically, electoral integrity in Taiwan would come under heavier pressure through disinformation campaigns and influence networks designed to strengthen pro-Beijing political forces.

For CEE, the implications would be severe. Any disruption to Taiwan's semiconductor industry would reverberate immediately through European automotive, electronics and defence sectors, given the lack of viable short-term alternatives. Shipping and air freight disruptions would intensify shortages of industrial inputs and reinforce inflationary pressure, potentially leading to production stoppages in sensitive sectors. Financial volatility would increase, particularly in more vulnerable Central European economies. Strategically, EU and NATO debates would shift from resilience to defence posture and crisis management. CEE would need to prepare for increased security commitments, humanitarian contingencies and the political costs of aligning more decisively against China.

Stage 4 – Full-scale kinetic confrontation

The fourth and most catastrophic stage would involve a full-scale military assault on Taiwan, including amphibious landings, missile barrages and sustained air and naval operations aimed at

occupation or regime change. Taiwan's infrastructure would face destruction, seizure or prolonged shutdown, while the Taiwan Strait would effectively close to normal trade and energy flows.

The humanitarian consequences would be immense, including mass displacement and civilian casualties. For CEE, however, the economic and strategic impact would also be systemic. A collapse or prolonged shutdown of Taiwan's semiconductor production would paralyse global electronics, automotive and defence industries. The resulting disruption could exceed both the Covid-19 pandemic and the economic fallout following Russia's full-scale invasion of Ukraine.

Global markets would convulse, investment flows would contract and currencies in more fragile economies, including parts of Eastern Europe, would come under severe pressure. Politically, the EU would face a decisive test: whether to coordinate a robust response alongside the United States and Indo-Pacific partners or risk fragmentation and declining credibility.

For CEE, this scenario would likely require accepting substantial economic costs in defence of democratic principles and the rules-based international order, echoing choices made after Russia's invasion of Ukraine in 2022. Over the longer term, such a conflict could fundamentally reshape Europe's strategic outlook, pushing the EU towards a more resilient and Indo-Pacific-aware security posture.

RECOMMENDATIONS

While each stage of an escalation in the Taiwan Strait presented in the preceding section demonstrates increases in severity, there are certain cross-stage implications that CEE countries should anticipate for:

Diversification of supply chains: reducing reliance on single-sourcing from countries in East Asia, stockpiling critical imports, supporting regional supply chain redundancy

Strategic investment in critical technologies: semiconductors, advanced ICT, defense materials; support capacity building locally or in partnership.

Policy coordination within the EU and NATO: coordinated sanctions readiness, diplomatic coordination, risk sharing and intelligence cooperation.

Resilience of infrastructure: securing undersea cables, redundant data routes, energy supply security, shipping route mapping and insurance regimes.

Public awareness and political buy-in: need to communicate risks so that hard decisions can be made with legitimacy.

Actions to strengthen CEE-Taiwan economic ties

To address these, CEE governments and businesses need a mix of diversification, targeted investment, better coordination with allies and stronger public consent for costly decisions.

To outline actionable recommendations for strengthening CEE-Taiwan ties for economic security, Visegrad Insight organized two structured rounds of focus groups to evaluate the risks posed by different stages of potential escalation in the Taiwan Strait, and to generate actionable recommendations to strengthen CEE's economic resilience. Focus groups brought together a diverse mix of representatives of EU institutions and countries' officials responsible for economic security policymaking and implementation, as well as selected leaders from the business community and policy analysts from across CEE and Taiwan. Participants classified their suggestions along two key axes: perceived impact and ease of implementation, allowing the results to be summarized in a 2x2 matrix, highlighting measures that combined high potential impact with relative ease of implementation as immediate policy priorities, while also acknowledging more ambitious, longer-term solutions that may require substantial resources or political consensus:

1 – Act now (easy to implement, high impact)

Strategic communication – reframe and engage through multi-stakeholder networks: CEE governments should jointly promote a narrative that frames cooperation with Taiwan in semiconductors and other strategic technologies as long-term capacity building, that matures beyond a single electoral cycle. In parallel, CEE stakeholders should intensify outreach to the Taiwanese private sector via chambers to position CEE as a trusted, rules-aligned landing zone for greenfield and brownfield projects. Meanwhile, business chambers, sectoral associations and universities can use concise message kits and convene B2B and B2U partnerships.

Double down on sectoral, technical cooperation in strategic domains: CEE countries should focus on practical expert-level workstreams where benefits are tangible, while sensitivities are lower: semiconductor upskilling, supplier-qualification schemes, energy security and grid-resilience exchanges and dual-use

technology cooperation – especially drones. Joint training, standards mapping, testing and certification pathways can start with modest resources yet deliver clear milestones and civilian spill-overs.

Use existing non-political platforms: CEE agencies and experts should participate more systematically in Global Cooperation and Training Framework (GCTF) tracks on public health, disaster relief, energy cooperation, law enforcement, digital economy, cybersecurity, media literacy and good governance. These offer low-friction entry points for regular participation, co-hosting and follow-up projects with Taiwan and partners such as the US, Japan, Australia and Canada.

2 – Keep on the radar (harder to implement, high impact)

Coordinate regional outreach to Taiwan to build ecosystems, not bidding wars: CEE states and business associations should move from ad-hoc national pitches to a coordination mechanism for Taiwan outreach, which matches complementary niches along semiconductor and advanced-tech value chains and bundles them into regional offers. To this end, they could utilize rotating consultative formats to align messaging, minimize duplication, and foster cross-border clusters.

Map dependencies and vulnerabilities involving China: CEE governments should undertake whole-of-government and industry-supported mapping of critical inputs and chokepoints on China across trade, finance, technology, infrastructure and information, focusing on critical inputs and chokepoints. Aligning taxonomies with EU practice will then support comparability and stress-testing, with findings guiding mitigation through diversification, stockpiles, alternative suppliers, standards work and resilience investment. This could be paired with briefings for firms on the EU Anti-Coercion Instrument (ACI).

3 – Consider later (easy to implement, low impact)

Build city-level cooperation (paradiplomacy) below the political radar: Municipalities and regional innovation hubs should expand technical memoranda and exchange programs with Taiwanese counterparts on smart manufacturing, circular economy, start-ups, cultural industries and vocational training. Such city-to-city cooperation is cost-effective, builds “Taiwan literacy” among future leaders, laying the groundwork for steadier ties over time.