



February 2026

Get It Strait

Europe and the United States Should Seize the Opportunity Provided by Taiwan's Push to Strengthen Engagement

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Taiwan sits at the nexus of the 21st century's most volatile geopolitical fault line. To spend, as we recently did, three days co-leading a transatlantic GMF delegation to meet with the island's highest leadership, including President Lai Ching-te, is to see the seriousness with which Taiwan is addressing a threat that is immediate, constant, and evolving. The island is targeted daily by Chinese cyberattacks, propaganda barrages and disinformation, People's Liberation Army (PLA) air and naval operations, and coast guard harassment. The possibility of a blockade or invasion looms large and is at the forefront of policymakers' thinking. China's leader, Xi Jinping, after all, has set 2027 as a deadline for the PLA to acquire the capability to take Taiwan by force.

Our visit revealed a nuanced dual-track strategy to counter these threats: maintaining an indispensable security relationship with the United States while accelerating strategic partnerships and technology cooperation with European and Indo-Pacific partners. Taiwan's increasingly sophisticated approach to diversifying its international relationships is driven by a pragmatic recognition that its defense modernization, supply chain resilience, and diplomatic legitimacy require a broad coalition of democracies. This piece offers recommendations for strengthening the transatlantic element of that strategy.

The Gray-Zone Challenge

The overarching challenge facing Taiwan today is not merely the threat of kinetic invasion but the accelerating "gray-zone" activity orchestrated by China. It is a sophisticated mix of lawfare, cognitive warfare, and disruptive actions designed to erode Taiwanese sovereignty without triggering a full-scale war. Informed observers such as Indo-Pacom Commander Samuel Paparo warn that Beijing could surprise Taipei by rapidly transitioning from a large-scale military exercise to offensive operations.

Taiwan's response is a strategy of "erosion and asymmetric warfare" to increase the costs of aggression, underpinned by a robust whole-of-society resilience. Taipei is integrating its active force of roughly 230,000 personnel (to be increased to 360,000) into a reserve force of 1.6 million.

Domestic Challenges

Despite the resolve, Taiwan faces significant internal headwinds. The most pressing is the political impasse between the ruling Democratic Progressive Party (DPP) and the opposition comprising Kuomintang (KMT) and the Taiwan People's Party (TPP). With the DPP controlling the executive and the KMT and TPP holding leverage in the legislature, defense spending has become a proxy battlefield. The debate centers on the \$1.25 trillion new Taiwan dollars (\$40 billion) special defense budget for 2026–2033. The KMT questions the budget's size and content, and advocates for local manufacturing over foreign procurement where possible. The infighting complicates the procurement of critical systems such as the T-Dome air defense shield and the 200,000 drones required for the asymmetry strategy.

Taiwan admits to technological gaps. In briefings, a senior official described the island's military as "slow to drones and slow to space". Urgent catch-up in intelligence, surveillance, and reconnaissance (ISR), and in integrating air and missile defense, is needed. For this, a recently established Defense Innovation Unit links the

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state-run National Chung-Shan Institute of Science and Technology (NCSIST) with private tech firms to develop drones, artificial intelligence (AI), and autonomous systems based on “[non-red](#)” supply chains. Taiwan is also looking for international partners to help it:

- address tech gaps in quality and quantity to establish asymmetric advantage in drones, robotics, and software
- bolster its domestic defense industrial base
- build, with local Taiwanese firms, supply-chain resilience
- accelerate the kill chain

Energy security is an additional vulnerability. Taiwan imports 90% of its energy and keeps only 11 days of liquefied natural gas (LNG) reserves. Coal provides a buffer of several months, but Taipei must prepare for Beijing to weaponize energy. The Lai administration has not ruled out restarting Taiwan’s last operational nuclear plant, though the issue is politically sensitive.

The Business of Diplomacy

Recognizing that “time is our most precious commodity”, Lai pursues “[value-added diplomacy](#)” to build relationships beyond traditional diplomatic channels by leveraging Taiwan’s strengths in semiconductor manufacturing, innovation capacity, and respect for rule of law. The strategy is premised on the idea that dense commercial linkages help secure lasting political support. It also demonstrates a willingness to deploy economic statecraft as larger powers often have.

The cornerstone of this approach remains the unique relationship with the United States, although Taipei wants to expand its partner base. That has led to a concerted effort to strengthen relations with other countries. In Europe, they include the Czech Republic, France, Germany, Lithuania, the Netherlands, and the United Kingdom. Taiwan is making progress on this front. The presence of 400 companies from 14 countries at the 2025 Taiwan Aerospace & Defense Exhibition reflects Taiwan’s growing importance as a global hub for aerospace innovation, defense cooperation, and international industrial partnerships.

A Focus on Europe

Taiwan’s leadership delivered a consistent and striking message throughout the delegation’s meetings: European engagement is a strategic necessity, not an optional aspiration. One senior official emphasized that Taiwan has invested more in Europe “over the last four years than [in] the last four decades”. The island now boasts 31 representative offices across the EU, an institutional infrastructure that reflects sustained engagement in diplomatic, commercial, technological, and defense affairs.

Taiwan Semiconductor Manufacturing Company’s construction of a €10 billion semiconductor fab in Dresden, Germany, is the centerpiece of Taipei’s approach to Europe. The facility will be Taiwan’s first chip manufacturing plant on the continent. It aims to enhance supply chain security, a vulnerability that both parties share but one that Taiwan skillfully leverages as the foundation for deeper partnership.

Yet Taiwan’s enthusiasm is tempered by clear-eyed realism about constraints. Officials acknowledged that “there will always be a China problem” and lamented an absence of European consensus on Taiwan policy. Individual

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EU member states pursue their own “One China” policies and navigate their respective competing economic and diplomatic pressures. The EU has not heeded Taipei’s calls for a bilateral investment agreement. Nevertheless, Europe realizes that a military conflict in the Taiwan Strait would have a catastrophic impact on global supply chains and economic growth, and there is an increased willingness to contribute in selective ways to enhancing Taiwan’s security while seeking commercial profits.

The Innovation Imperative

Taiwan’s most dynamic shift in countering the threat from Beijing, however, is an embrace of defense innovation to close a capability gap. We visited the recently established Army Unmanned Aircraft System Training Center, which aspires to train every soldier to become a drone pilot. The curriculum integrates drone tactics into pilot training and adapts lessons from the fighting in Ukraine.

But Taiwan cannot achieve its objectives alone. This, alongside the strategy to broaden international partnerships, presents a massive opportunity for Europe, especially as Taipei seeks to build a “[democratic supply chain](#)” that excludes components from China. There is, rather, interest in acquiring European counter-unmanned aircraft systems, radars, remotely operated vehicles for deep-water critical infrastructure protection, advanced magnets, and battery technology. Collaborative ventures between European and Taiwanese companies have already yielded encouraging results. Taiwanese companies in Chiayi City have partnered with foreign firms for drone development. One such agreement brings together Geosat Aerospace and Technology with UK-based Flyby Technology and Türkiye’s Fly BVLOS Technology to produce drones in Taiwan.

NCSIST officials still acknowledge that, despite strong US links, Taiwan’s defense industry feels “isolated”. To remedy this, European partners can be a source of supply chain resilience and technology innovation. Priorities include drones and robotics, magnets and batteries, and AI and command and control (C2) capabilities.

Recommendations

To strengthen engagement with Taiwan effectively, the transatlantic partners must move beyond symbolic gestures toward concrete industrial and technical integration. This means:

- **establishing “democratic supply chains” for critical components.** As the United States and Europe reevaluate their supply chain dependencies on China, Taiwan emerges as the ideal partner. US and European firms should collaborate with Taiwanese manufacturers to co-develop dual-use technologies. A focus should be on magnets and batteries to ensure that raw materials for autonomous systems are sourced from allied nations.
- **advancing an EU-Taiwan trade and investment framework that explicitly includes defense industrial cooperation.** Such a partnership would boost European defense industrial competitiveness and diversify Taiwan’s supply base.
- **leveraging US links.** For European countries wary of direct political friction with Beijing, working through US entities offers a pragmatic route to the Taiwanese market. It provides plausible deniability while securing access to Taiwan’s tech sector. Joint ventures that pair European innovation with US integration and Taiwanese manufacturing capacity can also accelerate the delivery of asymmetric capabilities.

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- **co-develop asymmetric capabilities.** Taiwan is scaling up its manufacturing capability for drones, but to meet an ambitious target of producing tens of thousands of them by 2028 the island must overcome bottlenecks in the production of key components and build a resilient supply chain. US and European firms should take advantage of Taiwan's financial incentives for research and development centers to test technologies in the Asia-Pacific. There is a pressing need for co-development of maritime defense technology, especially unmanned underwater vehicles and smart sea mines.
- **supporting Taiwan's whole-of-society resilience programs through information sharing and civil defense cooperation.** Taiwan's vulnerability to cognitive warfare, disinformation, and potential energy weaponization requires sustained assistance beyond military hardware. The US Cybersecurity and Infrastructure Security Agency, along with strategic communications experts, should contribute to long-term capacity-building programs on media literacy, critical infrastructure protection, and emergency preparedness. Taiwan's aspirations demand knowledge transfer in areas in which the United States maintains advantage.
- **sharing best practices in countering China's disinformation.** European nations with sophisticated experience countering Russian disinformation—particularly the Baltic states, Czechia, and Poland—should formalize knowledge transfer programs with Taiwan's cognitive defense apparatus. The benefit would be mutual. Taiwan's experience confronting Beijing's information operations on an industrial scale offers lessons for European contexts, while European tactical innovations in detecting and countering influence campaigns can enhance Taiwan's resilience.
- **securing Taiwan's energy lifeline.** The transatlantic partners should help Taipei diversify its energy infrastructure. The assistance should include technical cooperation on renewable energy storage and, potentially, reviving use of nuclear power through advanced small modular reactors, which would offer a resilient alternative to vulnerable LNG imports.
- **coordinating Europe's position on stability in the Taiwan Strait.** The lack of a European consensus on declaratory policy regarding Taiwan, which was noted repeatedly to our delegation, undermines deterrence and creates exploitable division. Individual states may maintain distinct relationships based on national interests, but the EU should articulate baseline principles and affirm that any change in the cross-strait status quo must be peaceful, consensual, and free from coercion. This would provide a political foundation for member state-level defense cooperation and strengthen an international order that underpins European security. France and Germany, given their strategic weight and existing engagement with Taiwan, should lead the effort.

Taipei's perspective is one of urgent realism. The threat from China is existential, but Taiwan's resolve is hardening. By integrating defense into the fabric of society and pivoting toward a model of expanded international partnerships, Taiwan is transforming itself from a geopolitical flashpoint into a critical node in the global security architecture. For the transatlantic alliance, the time for observation has passed. The imperative now is to integrate, innovate, and scale the capabilities needed to ensure that deterrence holds.

The views expressed herein are those solely of the author(s). GMF as an institution does not take positions.