



## China-Lithuania Tensions

**For Prelims:** Location of Lithuania, China's 16+1 cooperation forum

**For Mains:** China-Lithuania Tensions and India's interest, India's policy on Taiwan

### Why in News

Recently, the [European Union](#) launched action against China at the [World Trade Organization \(WTO\)](#) for targeting Lithuania over its stance on Taiwan.



### Key Points

## ▪ About the Issue:

- In November 2021, a Taiwanese Representative Office was opened in Lithuania, notable because it is for the **first time that Taiwan was allowed to use its own name** to open an office within the EU.
- Following this, **China has downgraded its diplomatic relations with Lithuania**, calling it a violation of the **“One China Policy”**. China has also unofficially boycotted products from Lithuania, whether it is sourced directly or indirectly from the country.
  - China alleges that **Lithuania is acting in concert with the American efforts** of containment by using the **Taiwan card**, and to spread discord between China and Europe.
  - **‘One China Policy’** means that countries seeking diplomatic relations with the People's Republic of China (PRC, Mainland China) must break official relations with the Republic of China (ROC, Taiwan) and vice versa.

## ▪ Action at WTO:

- By going to the WTO, the **EU lent support to accusations by Lithuanian business leaders and officials** that the row has resulted in China blocking imports from Lithuania and other economic restrictions.
  - China's crackdown on Lithuanian imports **affects other European nations as well**.
  - The country has also **imposed trade restrictions** on goods from countries like **France, Germany and Sweden**, which include parts from Lithuanian supply chains.
  - The EU is currently **China's largest trading partner**, and about **80-90% of Lithuania's exports** are based on manufacturing contracts with the rest of the EU.
- A 60-day window was launched for the two sides to come to a solution before moving the dispute to a panel.

## ▪ Reasons for taking on China by Lithuania:

### ◦ Domestic Reasons:

- Lithuania's current wave of assertive moves against China to a certain extent have been attributed to the **change of government in 2020**.
- The new Government of Lithuania espouses a **“values-based” foreign policy** based on **democracy and freedom**, and had explicitly offered support to the cause of Taiwan in 2020 itself.

### ◦ Geopolitical Reasons:

- It is also due to growing **geopolitical tensions in Eastern Europe** over EU and **NATO's** fallout with Lithuania's adversarial neighbours, Russia and Belarus.
  - Lithuania, being the **first constituent of the Soviet Union** to break out as an **independent state**, has its own historical context and ideological rationale for standing up to China.
- The **growing Sino-Russian partnership** against the West has also made Lithuania wary of China.

### ◦ Others:

- Lithuania has been **one of the biggest critics of China** within the EU on the **Xinjiang and Hong Kong issues**.
- Lithuania supported Taiwan's pitch to become an **observer** at the **World Health Organization in 2020** against China's opposition in the wake of the **Covid-19 pandemic**.
- Moreover, Lithuania's rationale that **economic relations can be sustainable only with democratic regimes**, has heightened tensions between Lithuania and China.
  - In May 2021, Lithuania **quit China's 17+1 cooperation forum** with central and eastern Europe, by calling it “divisive”, now it is 16+1.
  - Lithuania is the first country in that group to have done so and stated economic non-reciprocity of China and threats to European unity as reasons for its exit.
- Citing security reasons, Lithuania has advised its **population to avoid buying smartphones made in China**, and has kept China away from acquiring controlling stakes in its **Klaipėda seaport, as well as from its 5G infrastructure bids**.

## ▪ Geopolitical Fallout:

- Taiwan has made efforts to compensate the Lithuanian economy from China's coercion.
  - About 20,000 bottles of Lithuanian rum that had been bound for China were bought by Taiwan offering a symbolic gesture of support.
  - Taiwan has come up with a USD 200 million investment plan to help cover Lithuania's economic losses.
  - This move is also supposedly designed to make Lithuania a gateway to Taiwan for accessing the EU market, especially given the current [semiconductor supply shortages](#).
  - Taiwan is also planning to introduce a USD1 billion credit program aimed at benefiting Lithuanian businesses.
- The **US has expressed concerns** about China's attempts to coerce Lithuania over Taiwan, along with EU countries like Germany who have expressed solidarity with Lithuania.

## Way Forward

- China's response suggests an attempt to, as Chinese strategists like to say, **"kill the chicken to scare the monkeys"**, and ensure other countries do not contemplate a similar move.
- Beyond the **Lithuania-China tensions**, of particular salience to **India is how the EU, as a major power, will take forward ties with China** as it similarly weighs strategic considerations against a booming trading relationship.
  - **China's use of trade as leverage** and as a method of coercion, which stands in stark contrast to its **declaration on the 50<sup>th</sup> anniversary of its UN membership**, that it eschews **"power politics" and "hegemony"**, is another matter of concern.
  - Lithuania is an exception in having both a trade surplus with China and no pressing need to access the China market.
- **India shall closely watch the EU move** to assess the benefits and costs of taking on China on a core concern — the Taiwan issue.

[Source: TH](#)

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