

Lithuania: towards the normalisation of relations with China

Joanna Hyndle-Hussein

On 19 February, the President of Lithuania, Gitanas Nausėda, held consultations with government representatives concerning the normalisation of relations with China. A serious crisis in bilateral relations arose in 2021, following the opening in Vilnius of a Taiwanese Representative Office (rather than a Taipei office, as in other EU Member States). In response, China imposed diplomatic sanctions, unilaterally downgrading relations from ambassadorial level to chargé d'affaires ad interim, and introduced informal yet severe economic restrictions (see '[A new phase of China's pressure on Lithuania: weaponisation of European value chains](#)').

Prime Minister Inga Ruginienė (Social Democrat) has indicated her willingness to amend the name of the representative office, which Beijing considers unacceptable. She presents this position as a rectification of what she describes as an error committed by the conservative government in 2021 and as an effort to align Lithuania's policy with that pursued by other EU Member States. Unlike her predecessor as head of government, Gintautas Paluckas (also a Social Democrat), she does not regard China as a systemic threat and has removed similar language from the government's programme. Statements made by the Prime Minister in recent months have reportedly been received positively in Beijing. On 6 February, the spokesperson for the Chinese Ministry of Foreign Affairs, Lin Jian, declared that "China's door to communication with Lithuania remains open", provided that past mistakes are corrected and the "One China principle" is respected.

President Nausėda, for his part, does not discern any genuine willingness on the Chinese side to improve bilateral relations and points to the risks inherent in such cooperation, stemming in particular from Beijing's deepening ties with Moscow. He also argues that only Taiwan itself has the authority to alter the name of its representative office. The head of state's position is supported by Kęstutis Budrys – his former adviser and currently the Minister of Foreign Affairs in the Ruginienė government. Similar views have been expressed by the incumbent and former Ministers of Defence: Robertas Kaunas regards China as a threat, while Dovilė Šakalienė has voiced concern that the Prime Minister risks sending a signal to Washington which could be interpreted as running counter to US interests – still Lithuania's principal ally.

Given the significant differences within Vilnius regarding the appropriate negotiating tactics vis-à-vis Beijing, a breakthrough in relations between the two capitals is unlikely in the near future. Lithuania may, however, seek to leverage these talks in order to intensify its economic cooperation with Taiwan.

Commentary

- **The Prime Minister's conciliatory stance towards Beijing appears to stem from her search for a political success that would strengthen her position on the Lithuanian political scene.** She is currently perceived as a technocrat lacking a strong base within her own party. Her statements on China have taken on a populist tone. Public opinion research suggests that her position on this issue resonates with a significant portion of society. Lithuanians tend to view the country's policy towards Beijing as misguided: 63.3% of respondents believe that Vilnius should not interfere in China's internal affairs, while 47.6% hold that Lithuania should refrain from criticising China's policies, given that the Chinese market is considerably more important to the Lithuanian economy than that of Taiwan (latest available survey: Spinter tyrimai, February 2024).
- **The resistance of Lithuania's leading political figures to the Prime Minister's position stems from the conviction that the reputational cost of making concessions to China would be unduly high.** Internationally, Lithuania has come to be perceived as a state that did not yield to pressure from Beijing, despite threats and the imposition of sanctions. During the crisis, Vilnius received support from both the United States and Brussels. The European Commission lodged a complaint against China with the World Trade Organization concerning Beijing's trade restrictions on Lithuanian goods, and the Vilnius–Beijing crisis contributed to the acceleration and eventual adoption in 2023 of the Anti-Coercion Instrument (ACI), designed to protect the EU against economic coercion by third countries. At the same time, the scale of direct and tangible economic assistance from Lithuania's principal partners proved limited, while the anticipated investments from Taiwan **remained** relatively modest. This weakened domestic support for maintaining an assertive policy towards China. Consequently, Lithuania's leading political figures broadly agree that relations with Beijing should be normalised, at least at the diplomatic level.
- **Vilnius is not currently prepared to improve relations with Beijing at any cost. This reflects the fact that the impact of Chinese sanctions on the Lithuanian economy proved less severe than had initially been anticipated.** China removed Lithuania from its customs system and introduced various import restrictions on Lithuanian products; freight rail services on the China–Lithuania route were suspended, and credit lines for Lithuanian entities were closed. The People's Republic of China also exerted pressure on multinational corporations to reduce investment in Lithuania and to scale back orders from Lithuanian suppliers, threatening retaliatory measures affecting their access to the Chinese market. In recent years, however, Lithuanian exports to China have increased to a level similar to that recorded prior to the conflict – approximately €208 million in 2024 (compared with a peak of around €300 million in 2020, before the dispute). The food industry sustained the greatest losses and has yet to regain access to the Chinese market. Nevertheless, the Lithuanian economy proved resilient in the face of the crisis, as cooperation with the United States facilitated the redirection of exports to alternative markets, including those in the Indo-Pacific region.
- **Vilnius is likely to use negotiations with Beijing as leverage vis-à-vis Taiwan in order to intensify bilateral economic cooperation.** Lithuanian authorities emphasise that Taiwan has not fully delivered on the commitments announced in 2022, when it declared the establishment of a \$200 million Central and Eastern Europe (CEE) Investment Fund and a \$1 billion CEE Credit Fund, intended, among other purposes, to support joint

Lithuanian–Taiwanese business projects. As Taiwanese investors continue to explore opportunities for expansion in the Lithuanian market, the overall value of Taiwanese investment remains modest. Between 2021 and 2024, Taiwan’s foreign direct investment in Lithuania increased from €0.53 million to €7.21 million, while in the third quarter of 2025 it stood at €5.14 million (placing Taiwan only 61st among foreign investors in Lithuania). Last year, the CEE Investment Fund invested US\$10 million in the Lithuanian financial technology company TransferGo. This sum constitutes, to date, the largest single investment made under that fund.