Beyond Formal Diplomatic Relations

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Taiwan occupies one of the most paradoxical positions in contemporary international politics. Despite being a highly developed economy, a vibrant democracy, and a central node in global technology supply chains, it remains diplomatically marginalised within the formal structures of the international system. This marginalisation is largely rooted in the geopolitical constraints imposed by the People's Republic of China's "One China" policy, which asserts sovereignty over Taiwan and pressures states to withhold diplomatic recognition from Taipei. Since the transfer of China's seat at the United Nations from the Republic of China to the People's Republic

of China in 1971, Taiwan has experienced a steady erosion of formal diplomatic ties, leaving it recognised today by only a small number of states, most of which possess limited geopolitical influence.

Yet, Taiwan's international position cannot be understood solely through the lens of diplomatic recognition. While formally excluded from much of the global diplomatic architecture, Taiwan has developed extensive informal networks of economic, political, and security relationships with major powers and international partners. This dual reality, formal diplomatic isolation combined with deep functional integration,reflects broader structural asymmetries in global power, economic incentives, and strategic alignments. This brief is structured around three core dimensions: Taiwan's diplomatic marginalisation, the strategies it uses to maintain international engagement, and the limitations that continue to shape the effectiveness of its informal international relations. This brief aims to analyze the drivers of Taiwan's diplomatic marginalisation, the strategies it employs to sustain international engagement within its limited formal recognition and the broader geopolitical implications of its expanding partnerships.

The evolution of Taiwan's diplomatic marginalisation

Taiwan's diplomatic recognition has long been shaped by the geopolitical constraints imposed by the People's Republic of China's (PRC) "One China" policy, which asserts that Taiwan is an inseparable part of Chinese territory. Since the United Nations General Assembly Resolution 2758 in 1971 transferred China's seat from the Republic of China (Taiwan) to the PRC, Taiwan has experienced a steady decline in formal diplomatic recognition. Today, Taiwan maintains official diplomatic relations with only a small number of states, primarily in Latin America, the Caribbean, and the Pacific. This limited recognition is not simply the result of Taiwan's international status but reflects broader structural asymmetries in global power, economic incentives, and strategic alignments.

Taiwan's diplomatic isolation is largely the product of sustained pressure from Beijing. The PRC uses a combination of economic inducements, political leverage, and coercive diplomacy to persuade states to switch recognition from Taipei to Beijing. This strategy, often described as "checkbook diplomacy," involves offering infrastructure investments, development aid, trade opportunities, and access to China's vast market in exchange for diplomatic recognition. For many small or developing states, particularly those with limited economic resources, the benefits of recognising the PRC outweigh the symbolic and practical advantages of maintaining ties with Taiwan.

Recent years have seen a notable acceleration in the loss of Taiwan's diplomatic allies. Several countries have switched recognition from Taipei to Beijing, particularly since the late 2010s. These shifts often occur within broader contexts of economic dependency, domestic political change, or strategic recalibration. For example, countries facing fiscal pressures or seeking large-scale infrastructure investments may find China's Belt and

Road Initiative especially attractive. In such cases, the decision to switch recognition is framed not only as a diplomatic adjustment but as an economic necessity.

The pattern of recent switches also reveals the intensifying geopolitical competition between China and Taiwan. Beijing's approach has become increasingly assertive, especially as cross-Strait tensions have escalated. Diplomatic recognition has thus become a symbolic battleground, where each shift is interpreted as a measure of Taiwan's shrinking international space and China's expanding global influence.From Beijing's perspective, each country that switches recognition reinforces the legitimacy of its sovereignty claim over Taiwan. Conversely, for Taiwan, each diplomatic loss represents not only a reduction in formal international support but also a challenge to its political identity and international visibility.

Managing diplomatic marginalisation: Taiwan's informal relations

Despite lacking official diplomatic relations with most countries, Taiwan is far from isolated internationally. Beyond its formal diplomatic relations, Taiwan maintains extensive and developing informal ties with countries across the globe, including most major countries. Many states that do not formally recognize Taiwan nonetheless sustain substantial trade, security, and cultural relations with it. This reflects a pragmatic approach in which states balance their economic and political ties with China against their interests in engaging with Taiwan. As a result, Taiwan's international position can be understood as a form of "informal integration" rather than complete isolation.

In practice, Taiwan has developed alternative strategies to maintain international presence, enabling it to remain effective in promoting its economic and security interests as well as cultural and democratic values. These include participating in international organizations where statehood is not a strict requirement, cultivating strong economic partnerships, and promoting soft power through development assistance and appeal to democratic values. Taiwan's reputation as a technologically advanced economy and a democratic polity has allowed it to maintain meaningful relationships with many countries despite the absence of widespread formal recognition.

Over time, this dynamic has produced a clear pattern: Taiwan's diplomatic partners are typically smaller states with limited geopolitical influence, while major powers recognize the PRC but maintain robust unofficial relations with Taiwan. Countries such as the United States, Japan, and most European states follow a "One China" policy but sustain extensive informal ties with Taiwan. This dual structure of formal diplomatic exclusion and unofficial engagement underscores the paradox of Taiwan's international position: it is economically integrated and politically connected globally, yet diplomatically marginalized.

Nevertheless, Taiwan's alternative structure of informal relations replicates most of the benefits of formal diplomatic recognition, albeit without the official diplomatic status. More than fifty countries have "trade mis-

sions" or "representation offices" in Taiwan, which often operate as de facto embassies. Conversely, Taiwan maintains almost one hundred (unofficial) representation missions abroad. Additionally, Taiwanese passport holders have visa-free (or visa-on-arrival) entry to 135 countries, compared to 82 for holders of PRC passports.

Since political or diplomatic issues extend beyond the realm of "informality", economic and trade issues constitute the core of Taiwan's informal relations. This is underscored by Taiwan's economic and technology clout, stemming from its global leadership in advanced semiconductors, which provides strong incentives for other countries to engage with Taiwan. Taiwan's Ministry of Foreign Affairs emphasises economic engagement and trade diplomacy as core principles of Taiwan's foreign relations, with foreign economic policy centered around the Five Trusted Industry Sectors – a strategic plan to promote the semiconductor, artificial intelligence, military, surveillance, and next-generation communications.

As in the economic domain, Taiwan's informal relations are, in practice, more important for the island's self-defense capabilities than its formal diplomatic ties. Following the United States' diplomatic ŕecognition switch to the PRC in 1979, the Taiwan Relations Act commits the US to make available defense supplies for Taiwan to maintain adequate capacity for self-defense. It also declares that the US shall maintain the capacity to resist the use of force that would threaten the security of Taiwan. For years the US has supported Taiwan mainly through arms sales, which totaled $39 billion between 2015–2025. In recent years, however, the US has expanded its ability to strengthen Taiwan's self-defense capabilities through the enactment of the Taiwan Enhanced Resilience Act (TERA). TERA enabled new mechanisms for the support of Taiwan's defense capabilities, including the Presidential Drawdown Authority (PDA), which allows for direct transfer of defense articles from US stockpiles, and the Foreign Military Financing (FMF), which provides Taiwan with grants and loans for arms purchases. This reflects a shift from a transactional model in which Taiwan was buying US arms to a more structured system of security assistance aimed at strengthening Taiwan's ability to defend itself.

Beyond the United States, Taiwan has been strengthening its informal defense ties with regional partners. In November 2025 Japanese Prime Minister Sanae Takaichi triggered a diplomatic dispute with China after stating that a Chinese attack on Taiwan could potentially justify a Japanese military response. While this episode may be viewed as a political or diplomatic incident, it also reflects enhanced strategic dialogue between Tokyo and Taipei. Subsequent parliamentary visit to Taiwan in December 2025 by Japanese lawmakers, along with Japan's announcement of plans to deploy surface-to-air missiles to Yonaguni Island (a tiny island 100km from Taiwan) by 2031, further signals heightened security alignment.

Taiwan is also expanding informal security ties with the Philippines. A Report from a senior Filipino government official indicates engagement at

the level of "senior military leadership," suggesting that Taiwan is slowly being incorporated into broader Philippine security discussions. While the Philippines have previously cooperated with Taiwan on security issues, having participated in trilateral coast guard drills with Taiwan and Japan, this development indicates a shift toward more direct bilateral engagement.

Apart from the US and regional partners, Taiwan is also deepening its informal relations with the European Union. Economic cooperation remains central, with technical working groups focusing on intellectual property rights, investments, technical barriers to trade, and sanitary rules. Beyond economic issues, the EU and Taiwan hold annual consultations on topics including migrant workers' rights, gender equality and treatment of LGBTQIA+ people.

Parliamentary diplomacy between Taiwan and the EU, as well as individual member states, has also intensified. In November 2021, the European Parliament made the first official visit to Taiwan, when the Parliament's Special Committee on Foreign Interference in all Democratic Processes (INGE) visited Taipei to study interference and manipulation campaigns. In 2022 and 2023, the Parliament's Committee on International Trade (INTA) and the Committee of Foreign Affairs (AFET) also paid an official visit to Taipei to discuss trade and security issues. Another historic development in EU-Taiwan relations took place in November 2025 when Taiwan's vice-president Hsiao Bi-Khim visited the European parliament to address lawmakers regarding security and trade ties, and support for democracy. Since the EU does not have formal diplomatic relations with Taiwan, her speech addressed lawmakers during the annual Inter-Parliamentary Alliance on China (IPAC) summit, instead of a formal address directly to the European Parliament. Nevertheless, Hsiao's speech still marked a diplomatic breakthrough, as it represented the first time a sitting Taiwanese vice-president visited a foreign parliament building of a partner that does not formally recognise Taiwan.

Limitations of Taiwan's informal foreign relations

While they are of paramount importance for Taiwan's foreign policy, informal relations have their limitations. Although highly functional, they are politically and diplomatically constrained compared to formal diplomatic relations. For example, due to the absence of formal diplomatic recognition, Taiwan is excluded from most relevant international organisations, including the United Nations, World Health Organization, International Civil Aviation Organization, and Interpol. To some extent, Taiwan has been able to circumvent its exclusion from international organisations by joining regional organisations or organisations in which statehood is not a strict requirement. However, even on this front Taiwan has recently suffered a diplomatic blow. Following the recent diplomatic recognition shift in Central America, Taiwan has been expelled from its role as a permanent observer in the Central American Parliament in 2023 and replaced by China. Moreover, even its participation in international organisations,

including the International Olympic Committee, Asia-Pacific Economic Cooperation, or World Trade Organization, has its caveats – Taiwan is only able to participate under other names, such as Chinese Taipei and "Separate Customs Territory of Taiwan, Penghu, Kinmen,and Matsu". While diplomatic efforts to invite Taiwan to international organisations are growing, its limited participation is one of the greatest disadvantages of not being officially recognised by most UN countries.

Consequently, Taiwan's remaining formal diplomatic allies remain of crucial importance. As recognised sovereign states, Taiwan's formal partners can advocate on Taiwan's behalf in international organisations and provide opportunities for official state visits. As such, they provide Taiwan with the opportunity to make transit visits to countries with which it lacks formal relations. For example, Taiwan president Lai Ching-te's visit to Tuvalu included transit visits to US territories of Hawaii and Guam. Ultimately, Taiwan's formal diplomatic partners provide it with a rare form of institutional access to the international system that informal relations, however substantive, cannot fully replace. The importance of Taiwan's remaining formal diplomatic partners thus extends far beyond their relatively limited geopolitical weight.

Conclusion

Conclusively, Taiwan's international position is characterised by a persistent tension between formal diplomatic marginalisation and substantive global engagement. While sustained pressure from Beijing has significantly reduced Taiwan's formal diplomatic recognition, this has not resulted in complete international isolation. Instead, Taiwan has developed extensive informal networks of economic, political, and security cooperation that allow it to remain meaningfully integrated into global affairs.

At the same time, these informal relationships cannot fully compensate for the limitations imposed by the absence of widespread formal recognition. Exclusion from key international organizations, vulnerability to further recognition shifts, and dependence on a small number of formal allies continue to constrain Taiwan's international space. As a result, Taiwan's global presence ultimately reflects a delicate balance: informal partnerships mitigate the effects of diplomatic isolation, but they do not eliminate the structural importance of formal diplomatic recognition.