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From Fjords to the Far East

Sweden's Position in the Indo-Pacific amid
US-China Competition

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From Fjords to the Far East: Sweden's Position in the Indo-Pacific amid US- China Competition CISS Working Paper

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Executive Summary

This report examines Sweden's evolving position in the Indo-Pacific amid intensifying US-China competition, with a particular focus on Stockholm's approach to China and Taiwan. Sweden represents a compelling case study of how a mid-sized European state with deep economic ties to Beijing and a strong normative commitment to democracy navigates the competing pressures of great power rivalry. Structured around four pillars – defense, trade, technology, and democracy – Sweden's Indo-Pacific engagement has shifted markedly over the past decade, from benign economic interdependence with China towards growing strategic wariness, NATO membership, and deepening unofficial cooperation with Taiwan and like-minded regional partners. The report traces this transformation, analyses its domestic and international drivers, and draws broader implications for European policy as anticipated below:

- *In this era of increased great power competition, middle powers may not be able to avoid taking sides, but they can manage how they do so;*
- *For Europe, the Indo-Pacific is not a separate theater. Instead, it is the primary convergence point for their current and future economic and security vulnerabilities particularly regarding critical supply chains and trade flows among others;*
- *Taiwan stands as an indispensable strategic partner in the region due to its democratic values and key role in the semiconductor value chain, yet escalating tensions with China simultaneously make it a critical flashpoint for global economic and security risks;*
- *US transatlantic retrenchment strengthens the case for enhanced European diplomatic, economic, and military cooperation, including in the Indo-Pacific. The strategic uncertainty left by the Trump administration must be met with greater European agency and deeper collaboration with like-minded partners.*

1. Introduction

Over the past decade, the Indo-Pacific region has become increasingly central to European ambitions and strategic thinking. Initially driven by concerns over maritime security and trade connectivity (Håkansson & Karlsson, 2025), European engagement with the region has increasingly been shaped by growing geopolitical competition between the United States (US) and China, concerns over economic coercion, and the recognition that security developments in Asia have direct implications for European prosperity and stability (Grano & Huang, 2023; Cardillo et al., 2025). The European Union's 2021 Indo-Pacific Strategy (European Commission, 2021) reflected this shift, highlighting the region's importance for global trade, technological innovation, strategic supply chains, and the preservation of a rules-based international order. As a result, a growing number of European states have expanded their diplomatic, economic, and security engagement with Indo-Pacific partners, including Japan, South Korea, Australia, India, Singapore, and Taiwan.

Within this broader context, Taiwan has gained increasing prominence in European debates. While most European countries continue to adhere to the One China Policy and do not maintain formal diplomatic relations with Taipei, perceptions of Taiwan have evolved significantly in recent years (EEAS, 2024). Beyond its role as a 'bastion of democracy' (Sacks, 2024) in East Asia, Taiwan has become increasingly important because of its central position in the global semiconductor supply chain and its relevance to commercial and military technologies. Consequently, several European governments have expanded unofficial political, economic, technological, and parliamentary exchanges with Taiwan, while expressing growing concern over stability in the Taiwan Strait (Szatkowski et al., 2025). Recent analyses suggest that many European policymakers now view a potential crisis around Taiwan not only as a regional security challenge but also as a development that could have severe economic and strategic repercussions for Europe itself. An important contribution to understanding these evolving dynamics has been provided by the Centre for Security, Diplomacy and Strategy (CSDS) through its 2025 report "Europe's Eyes on Taiwan: Strategic Ties, Different Perspectives" (Tercovich & Comerma, 2025). By examining perceptions of Taiwan across all 27 EU member states, the report highlights how European approaches towards Taiwan are increasingly shaped by a combination of strategic, economic, technological, and normative considerations. On the one hand, while significant differences remain among member states, the study identifies several common trends, including growing attention to Taiwan's role as a democratic partner, its importance within critical supply chains, particularly in the semiconductor sector, and the broader implications of cross-Strait stability for Europe. On the other hand, the report underlines how national approaches continue to reflect different balances between economic interests, security concerns, and political relations with both Taipei and Beijing.

At the same time, Europe's relationship with China has also undergone a profound transformation. Although Beijing remains a vital trading partner and a primary market for European exports and investments, a more cautious approach has emerged across the continent. This shift is driven by growing anxieties over economic dependencies, technological security, political influence operations, and China's increasingly assertive foreign policy—all intensified by persistent pressure from the US over the past decade, as exemplified by the influence Washington has exerted on European countries regarding the security risks posed by Chinese companies in specific sectors such as telecommunications (Zaccagnini & Calcara, 2025) and semiconductors (Calcara et al., 2025). Russia's invasion of Ukraine in 2022 and the subsequent strengthening of Sino-Russian ties further accelerated this reassessment, reinforcing perceptions that European and Indo-Pacific security are increasingly interconnected. Consequently, many European states now face a complex balancing act: maintaining healthy economic and diplomatic

relations with China while simultaneously reducing strategic vulnerabilities, strengthening resilience in critical sectors, and deepening cooperation with like-minded partners in the region.

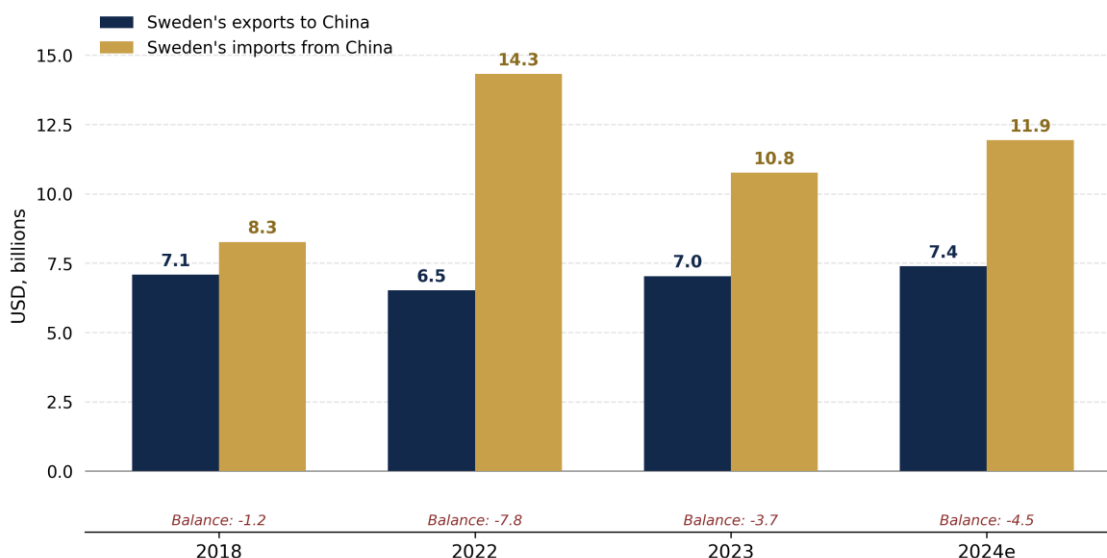
Against this backdrop, Sweden represents a particularly relevant case study to examine how European countries are adapting to the evolving strategic environment in the Indo-Pacific. While not traditionally considered an Indo-Pacific actor, Stockholm reflects many of the broader trends currently shaping European debates on China and Taiwan. First, Sweden has experienced the opportunities and constraints of deep economic interdependence with China, benefiting from extensive trade and investment links while simultaneously becoming more concerned about strategic dependencies and vulnerabilities. Second, Sweden has been among the European countries most openly critical of China's human rights record and increasingly assertive foreign policy, resulting in periods of diplomatic friction and retaliatory pressure from Beijing. Third, the country has faced many of the challenges associated with technological competition and economic security, particularly regarding 5G networks, critical technologies, and the resilience of strategic supply chains. Finally, Sweden's growing interest in the Indo-Pacific mirrors wider European efforts to connect defense, trade, technology, and democratic values within a more integrated strategic framework. By analyzing Sweden's evolving approach towards China and Taiwan, this report seeks to contribute to a broader understanding of how European states are navigating the tensions between economic interests, security concerns, and normative commitments in an era of intensifying great power competition.

2. Sweden in US-China Competition

Sweden's relationship with China, traditionally focused on strong economic cooperation and trade, has shifted significantly in recent years due to rising security concerns. Trade between the two nations has flourished in the last 25 years, making China Sweden's largest trading partner in Asia (Observatory of Economic Complexity, 2024) and an important destination for Swedish exports like engineering products, pharmaceuticals, and raw materials accounting for more than €7 billion in 2018 while Chinese imports amounted to more than €8 billion (Figure 1). Approximately 10,000 Swedish companies are involved in trade with China and over 600 Swedish companies operate in the country (Embassy of Sweden in Beijing, 2020), while China owns a large part of Sweden's industry especially on the western coast of the country (interviews). Despite this economic interdependence, in 2019, Sweden's publication of a China strategy report (Ministry for Foreign Affairs, 2019) highlighted growing concerns over China's influence in the world and deterioration of democracy in the country, signaling a shift in its approach towards more caution and awareness. This increasingly negative view of China was also due to Beijing's coercive diplomacy, which became more evident since 2017 (Forsby & Sverdrup-Thygeson, 2022).

Sweden-China Bilateral Trade, 2018-2024

Selected years; trade volume has remained substantial despite rising political friction



Note: 2024 export figure is estimated by extrapolating partial-year (Jan-Sep) trade data at the reported year-on-year growth rate. Sources: OEC bilateral trade profile (China-Sweden); World Bank WITS / UN COMTRADE; Trading Economics (COMTRADE mirror data); Swedish National Board of Trade data via China Briefing (2025); Embassy of Sweden / Sweden Abroad.

Figure 1. Sweden-China Bilateral Trade, 2018-2024. Source: Author's own elaboration.

Although trade volume remained quite steady, Sweden-China relations started deteriorating in the late 2010s for two key issues: Stockholm's fears of security risks linked to Chinese technologies and so-called 'Wolf Warrior' public diplomacy (Huang, 2021) and Sweden's concerns over human rights violations in Asia (Przychodniak, 2020) with the country still requesting for the full release of Gui Minhai (suspected to be a spy) and criticizing Beijing for its repression of the Uyghur minority in the Xinjiang (CSIS, 2020; Kuo, 2020). Consequently, Sweden's stance in the US-China rivalry started shifting towards Washington given rising concerns about security and sovereignty. In 2020, Sweden decided to ban Chinese telco giants Huawei and ZTE from its 5G networks, endorsing US warnings (The New York Times, 2020) and agreeing with Washington perspectives on Chinese technology considered to be potentially dangerous for national security. China, for its part, condemned this decision, and in 2021 gave Stockholm an ultimatum to reverse the ban (Turner, 2021), threatening the Swedish telecom equipment company Ericsson with possible retaliation.

Russia's full-scale invasion of Ukraine, which began in February 2022, intensified Sweden's security concerns, which have been increasingly aligning with NATO and US objectives (to counter and contain Russia) since the annexation of Crimea in 2014. On the one hand, Sweden's entrance into NATO in February 2024 (Government Offices of Sweden, 2024b) further reinforced this shift, marking a departure from its historically non-aligned stance. On the other hand, China's increased assertiveness in Asia and more or less direct political, economic and allegedly military support (Brzozowski, 2024) for Russia has further increased tensions, leading Sweden to be increasingly aligned with American positions. According to the Swedish Defense Commission Report (2023, p. 7), China is also "challenging global security and the rules-based world order". Overall, Stockholm is caught in a trade-off between security concerns and maintaining its strong economic ties with Beijing.

3. Sweden in the Indo-Pacific: Defense, Trade, Technology and Democracy

Although Sweden could be seen as geographically remote from the Indo-Pacific, the political debate in the country is increasingly focusing on the interconnections between the two and is built around four key pillars: defense, trade, technology, and democracy. Particularly since 2023, Swedish Minister for Defense Pål Jonson claimed that the European Union (EU) should have been more involved in the Indo-Pacific, emphasizing that the state of the region was evolving. In 2024, the government published its “Defense Policy Direction for Cooperation with Countries in the Indo-Pacific Region” (Ministry of Defence, 2024) claiming that defense engagement and cooperation with Indo-Pacific partners was becoming increasingly vital for addressing shared challenges, ensuring stability, upholding the rules-based order, and safeguarding trade flows. Specifically, the document underlines the need for Sweden to secure access to technology, raw materials, capital, and knowledge and to increase defense and defense materiel cooperation with high-tech partners operating in the region, such as South Korea, Japan, Singapore, Australia, and the US, which “could improve Sweden’s ability to enhance its national defense capability” (Ministry of Defence, 2024, p. 4).

Besides that, increasing Sino-American competition and growing tensions in the region, and especially regarding Taiwan, are restructuring and affecting power and alliance dynamics. Sweden has historically endorsed the One China policy, in line with the EU’s stance, and avoided formal recognition of Taiwan. In fact, the country is never directly mentioned in the above-mentioned 2024 document. Nevertheless, and according to its defense policy direction, Sweden has already engaged with Taiwan in areas such as trade, cultural exchange, and technology, while supporting democratic values and human rights in line with its own principles (Ministry for Foreign Affairs, 2024b). However, changes in geopolitical dynamics—especially with China’s increasing assertiveness in the Indo-Pacific and support for Russia in Europe—have placed new pressures on Sweden’s stance. Swedish public discourse and policy statements increasingly reflect a more cautious approach to China, an increasing alignment with the US and a potential openness to unofficial support for Taiwan. It should be noted, however, that pressure to support Taiwan more broadly has come mainly from the opposition rather than from the government itself.

4. Support for Taiwan as a Democracy and Symbol of Territorial Independence

Sweden’s foreign policy traditionally emphasizes democracy, human rights, and international law, as reflected in Sweden’s 2020 Foreign Policy Statement (Ministry for Foreign Affairs, 2020) and the 2024 National Security Strategy (Government Offices of Sweden, 2024a). The country is ranked top 5 by most Democracy indexes across the globe and is committed to providing extended support to democracy (Government Offices of Sweden, 2022) and its core values worldwide. In its “Strategy for Sweden’s regional development cooperation with Asia and the Pacific Region in 2022–2026”, Stockholm stated that the goal of Sweden’s international development cooperation was to create opportunities to improve the lives of people living in poverty and oppression, and the focus was on the following key themes: human rights, democracy, the rule of law, gender equality, environmentally and climate-resilient sustainable management of ecosystems and biodiversity, and sustainable use of natural resources (Ministry for Foreign Affairs, 2022).

Sweden, like Taiwan, has experienced authoritarian intimidation through its history and given Taipei's commitment to resist external pressures from China (ranging from diplomatic sway and disinformation campaigns to military threats), the countries possess a solid basis for diplomatic cooperation. However, in the late 1980s Sweden's restrictive stance prohibited official contacts between state representatives and the two countries started to get closer only after the Tiananmen Square massacre in 1989 which placed China in a more isolated position in the international arena (Bohman & Davies, 2022). Consequently, during the 1990s Stockholm's stance became more open with an active political debate on issues related to Taiwan and several Taiwanese ministers visiting Sweden in the 2000s.

Today, the country is represented in Taiwan through the semi-governmental organization Business Sweden's office in Taipei (Business Sweden, n.d.) and according to Swedish experts even though the office's main responsibility is trade promotion, "in practice it also has a political mission and represents Sweden in various contexts" (Bohman & Davies, 2022). As part of the EU, Sweden has also endorsed collective statements supporting Taiwan's role as a democratic partner and condemning a possible Chinese aggression in the region. In 2022 parliamentary discussions, a Swedish bipartisan group called on the government to support Taiwan "the same way they have supported Ukraine since February" (Huynh, 2022). The group asked the government to support and protect shared values such as freedom, democracy, and human rights, for which Taiwan represents a bastion in East Asia, ranked in 2021 as the top full democracy in the region and the eighth globally (Huynh, 2022). In April 2022, the Swedish parliament approved a motion initiated by Swedish lawmakers to consider renaming Sweden's representative office in Taiwan to "House of Sweden." This move signaled an intention to strengthen Sweden-Taiwan relations beyond economic ties. Markus Wiechel, a member of the Sweden Democrats in parliament, noted that such a name change could imply a recognition of Taiwan as a nation rather than a Chinese province, reflecting and signaling a shift in Sweden's diplomatic approach to Taiwan (Chung, 2022). In May 2023, two members of Sweden's Foreign Affairs Committee advocated for their government and the EU to consider offering military assistance to Taiwan if necessary (Liu, 2023).

However, the Swedish government has never officially compared Taiwan's situation to that of Ukraine. Despite this, relations between the two countries have continued and, later that year, the former Taiwanese President Tsai Ing-wen welcomed a delegation from the Swedish-Taiwanese Parliamentarian Association, expressing gratitude to the Swedish government and parliament for their continued support of Taiwan (Office of the President, Republic of China – Taiwan, 2022). She highlighted her hopes for strengthening cooperation between Taiwan and Sweden, particularly in areas like climate action and enhancing supply chain resilience. President Tsai also encouraged the delegates to advocate for a Taiwan-EU bilateral investment agreement (BIA). Stressing the shared values of freedom and democracy between Taiwan and Sweden, President Tsai emphasized her belief in the potential for democracies worldwide to collaborate, reinforcing their alliance to uphold peace and stability in the Indo-Pacific region. More recently in August 2024, a Swedish parliamentary group visited Taiwan "to better understand the country's democratization and the situation across the Taiwan Strait" (Focus Taiwan, 2024) as reported by a spokesperson from the Ministry of Foreign Affairs (MOFA).

5. Taipei's Role in Strategic Supply Chains and Swedish-Taiwanese Trade Relations

Overall, economic cooperation has been a core link between Sweden and Taiwan with both sides looking to improve bilateral trade and Swedish companies eager to enter the Taiwanese market. The period 2019

to 2022 shows a steady increase in trade volume between the two countries. In 2021, Taiwan's imports from Sweden accounted for € 780 million, registering a 20.66% increase compared to the previous year, while exports to Sweden reached € 728 million, marking a 36.14% rise. The same year, in the context of the "2021 Taiwan-Swedish Economic and Trade Dialogue Conference" and the "37th Taiwan-Sweden Economic Cooperation Conference" the two countries signed an Investment Cooperation Memorandum (Ministry of Economic Affairs, Republic of China - Taiwan, 2021). During the two conferences, representatives from Sweden and Taiwan discussed rising challenges and opportunities in critical sectors such as electric vehicles, semiconductors, renewable energies and sustainable industries, as well as exchanges and cooperation in financial technology. According to Taiwan's Ministry of Finance, in 2021 Sweden was Taiwan's top trading partner in Northern Europe. According to data from the Observatory of Economic Complexity (n.d.), in 2022, trade volume between Stockholm and Taipei continued to grow with Taiwan's imports from Sweden which reached a value of € 843 million regarding mainly cars (21.7%) and packaged medicaments (7.86%), and exports to Sweden which increased to € 960 million. The product that Sweden imported most from Taiwan were the so-called integrated circuits, which accounted for 12.3% of the country's total imports from the island and of which semiconductors are a key component.

In 2022, Taiwanese companies already held a significant share of the global semiconductor industry, contributing 20.8% to chip design sales, 77.6% to chip manufacturing, and 53.9% to chip packaging and testing (TSIA, 2023). Today, the Taiwan Semiconductor Manufacturing Company (TSMC) dominates the market for advanced logic chips, holding around 60% of the global market for chip contract manufacturing and positioning Taiwan at the center of the semiconductor global value chain. Specifically, the country produces the most advanced chips in the world such as the 2nm (nanometer-wide) process nodes and has been investing heavily in innovation to remain a leader, and an indispensable partner, in the sector. TSMC-made microchips are employed in a wide range of products such as 5G systems, unmanned and autonomous platforms and artificial intelligence systems among others; in addition, they are also critical to military applications, including Lockheed Martin's F-35 fighter jets (Fulco, 2023).

In fact, Taiwan's survival as an independent state relies not only on its political, diplomatic, and defense capabilities but also on its economic and technological resilience. To reduce dependence on China and strengthen ties with other nations, Taiwan actively promotes economic and technological self-reliance. The government supports local companies and research institutions to enhance their global competitiveness, employing both industrial and technological policy measures. This effort is complemented by strategic foreign trade policies, aimed at ensuring Taiwan's indispensability (Börjesson & Chen, 2024) to global partners in critical sectors such as microelectronics (even though bilateral initiatives are restricted by Taiwan's political status with Beijing pushing the One China principle). Semiconductors can be considered as a backbone technology since they are essential components of all modern appliances. However, the most advanced chips require different industrial capabilities, know-how, and expertise in order to be processed and manufactured and involve many companies in different countries across different continents, making the technological decoupling very difficult (Calcara & Zaccagnini, 2024). Unsurprisingly, a large proportion of trade investments and initiatives aimed at increasing economic and technological cooperation between Stockholm and Taipei since 2020 have focused on semiconductors, especially on chip procurement and supply chain security and resilience. In fact, this approach was in line with Sweden's national exports strategy and the 2023 Strategic Export Control in which the government addressed the importance of securing critical supply chains (including advanced semiconductors), maintaining control over dual-use technologies, and of diversifying trade partnerships (Ministry for Foreign Affairs, 2024a, p. 30).

Finally, despite Taiwan's strategic importance and a steady increase in trade volume, Swedish companies are facing some issues operating on the island. Specifically, Taiwanese business model and processes, more rigid than the western ones, have been causing delays and confusion among Swedish companies. Already in 2021, Fredrik Boye, former chief executive officer at Swedish Chamber of Commerce Taipei, claimed that the Taiwanese government should have encouraged more investments from Swedish firms addressing the abovementioned issue and making legislation more transparent (Focus Taiwan, 2021).

6. Strategic Considerations Following China's Support During Russia's Invasion of Ukraine

The 2022 Russian invasion of Ukraine led Sweden to abandon its 200-year-long traditional neutral stance in favor of joining NATO. On the one hand, rising tensions in Eastern Europe and concerns about a possible escalation of the conflict led Sweden and Finland to greater alignment with the US, culminating in their subsequent entry into NATO and in an increase of their defense budgets. On the other hand, the already deteriorating relations with China after 2019 and the latter's support of Russia during the war led Sweden to reconsider and reassess its relationship with Beijing. According to NATO, China is allegedly supporting Russia (Sanger, 2024) not only from a political and economic perspective but also by providing 'very substantial' (Brzozowski, 2024) military support, sending materiel or key components such as semiconductors and microelectronics (Christoffersen, 2024; Madhani, 2024). Furthermore, Moscow and Beijing's initiatives to strengthen their energy-focused cooperation in the Arctic (Andersson, 2024) and "Ocean-24" joint military exercises held in the region, are even more deteriorating Sweden's stance on China.

The Swedish Defence Commission's (2023) report raised questions about China's strategic ambitions, marking a shift in Sweden's perception of China as a potential security risk, namely the report underlined that "Sweden's relationship with China must be formed in a way where Sweden's security is protected" and that to achieve this end the country should increase cooperation with the EU, allies and partners. In addition, the report warned about "China's movement in an increasingly authoritarian direction, its political ambitions, extensive military rearmament and aggressive military and security policy behavior" and Chinese threatening operations in Europe involving espionage, cyberattacks and other illegal intelligence activities. In this regard, in the Prime Minister's office, a National Security Council was established, in which a significant China group operates, focusing on how Beijing's policies will affect Sweden (interviews). Then, there is a section of the 2023 report dedicated to "China's increasing claims to power" that according to the document "are manifested in military and political pressure on Taiwan, its far-reaching restrictions on Hong Kong's autonomy, its annexation of territories and militarization of the South China Sea and increased economic influence in Southeast Asia and the Pacific Ocean". Finally, the report recognizes that Russia and China are both pushing for a different world order rejecting the existing structure and Western values such as democracy, human rights, and the rule of law.

7. Implications and Recommendations

Sweden's position on Taiwan is mainly shaped by its principled commitment to democracy and human rights alongside pragmatic considerations tied to trade, security, and economic interdependencies. The country is increasingly emphasizing the interconnectedness of European and Indo-Pacific security, trade flows and economy, as highlighted by Minister Pål Jonson's claim that instability in the Indo-Pacific

threatens global trade, which is a vital interest for Sweden's export-driven economy. In addition, the current government seems to be more critical and firmer on China, warning about its authoritarian drift, which could have important consequences for Sweden-Taiwan relations. However, according to Swedish experts (interviews), at the moment there is no official channel of cooperation between the two governments, particularly in the technological or military fields, where initiatives are led and carried out by individual companies, with formal relations between the two countries that are mainly limited to trade flows.

This approach has been described as 'commercial pragmatism' (Forsby, 2024), with Sweden (along with Denmark and Finland) trying to promote its economic interests in Taipei without relying on official channels. Formally, it must be noted that Swedish State Secretaries regularly engage with Taiwan representatives in bilateral trade talks (Forsby, 2024). Despite both former and current Swedish governments having endorsed more cooperation with Taiwan, given their firm support for the One China Policy and the current geopolitical context, it is unlikely that the situation will change and that official channels will be opened soon. In fact, both parties were more insistent on the issue when they were in opposition than when they were actually in charge, given the country's need to balance economic and trade policies with the Taiwanese situation also to avoid China's retaliation (interviews) as other countries such as Lithuania have experienced in the past (Janeliūnas & Boruta, 2022).

However, the overall trend remains positive. In May 2026, Taipei hosted the Taiwan-Sweden Trade Talks, during which both sides reaffirmed their commitment to further strengthening bilateral economic cooperation and deepening commercial ties (Taiwan Today, 2026). Later that month, Swedish companies resumed participating in events and cultural exchanges in Taiwan that had been suspended during the COVID-19 pandemic. One example was the Swedish Days in Taipei, held on 23 May, which brought together major Swedish firms such as Ericsson, Electrolux, Atlas Copco, Fjällräven, Hästens, and SKF (Taipei Times, 2026).

Looking forward, Sweden's general elections on 13 September 2026 represent a significant variable for the country's future Taiwan and China policy. Current polling points to a lead for the center-left opposition bloc, with the Social Democrats consistently polling between 32% and 36%, well ahead of the governing Moderates, while recent surveys continue to show the opposition maintaining a lead over the government-aligned parties. On the governing side, the political landscape has shifted itself. In fact, in March 2026, the Liberals and the Sweden Democrats reached the so-called 'Sweden Promise' (The Local, 2026), an agreement that would give the Sweden Democrats cabinet positions should the Tidö coalition retain its majority, a move that would mark the first time the nationalist, China-skeptical party formally entered government. For Sweden's Taiwan and China policy, this electoral landscape carries two distinct implications. A change of government towards the Social Democrats and a reconstituted center-left bloc would likely preserve substantive continuity on the security dimension—NATO membership, defense spending trajectories, and a cautious stance towards Beijing's coercive practices are now broadly consensual across the Swedish political spectrum—while potentially tempering some of the more assertive parliamentary rhetoric on Taiwan that has characterized opposition politics. Conversely, a continuation of the Tidö coalition, especially with the Sweden Democrats inside government for the first time, could harden Sweden's posture towards Beijing further, given the party's traditionally hawkish stance on China, though this would still operate within the constraints of the One China Policy and Sweden's deep economic interdependence with Beijing. In either scenario, the pattern noted above, of opposition parties pressing harder on Taiwan than incumbents are willing to act upon, suggests that whichever bloc loses the election may become a louder advocate for Taiwan from the opposition benches, while whichever bloc governs will likely continue to prioritize commercial pragmatism over formal recognition.

The international context in which the next general elections will take place has also changed substantially since Donald Trump's return to the White House in January 2025. On Taiwan specifically, the Trump administration has compounded rather than resolved the United States' traditional posture of strategic ambiguity, combining substantial support for Taiwan's defense modernization with notable rhetorical restraint. Washington planned a record arms package to support Taiwan's capability to deter any potential Chinese attack and signaled the possibility of record-high arms sales in 2026 (despite, according to AFP & Reuters, the sale is still under review and must be officially approved), while simultaneously extracting important economic concessions. In this context, Taiwanese semiconductor firms committed to substantial new direct investment in US manufacturing, alongside Taiwanese government credit guarantees to support smaller supply-chain firms relocating to the US. At the same time, the May 2026 Trump-Xi summit in Beijing exposed the limits of that support. Ahead of the meeting, Trump suggested he would discuss the pending Taiwan arms package directly with President Xi Jinping, departing from the long-standing US practice of not consulting Beijing on arms sales to Taipei, even though US officials subsequently insisted that American policy toward Taiwan had not changed (Al Jazeera Staff & Reuters, 2026).

For European observers, the more important development may be Washington's approach to its own allies. NATO members, including Sweden, agreed in June 2025 to raise the alliance's defense-spending target to 5% of GDP by 2035, a target widely read as a response to sustained US pressure and as a precondition for Washington's continued attention to European security. Yet that same pressure has been accompanied by recurring uncertainty over the depth of the US commitment to its allies more broadly, from friction over Greenland to inconsistent support for Ukraine, which has left European capitals weighing how much continued alignment with Washington's Indo-Pacific posture is compatible with hedging against its unpredictability closer to home. For Stockholm, this reinforces rather than resolves a key trade-off, balancing its interests between the Arctic, the Baltic Sea, Eastern Europe, and the Indo-Pacific. A more transactional and less predictable US ally complicates Sweden's ability to treat its Indo-Pacific engagement as separable from its core security concerns in its own neighborhood.

Finally, Sweden's advanced military-industrial sector, led by companies such as Saab Group, positions the country as a potential player in technology and defense collaborations with high-tech players in the Indo-Pacific region such as Taiwan, South Korea, and Japan. The country's expertise in advanced defense technologies, including fighter jets and naval platforms such as the JAS 39 Gripen multirole fighter aircraft and the Visby-class stealth corvette, could align with growing regional defense needs and requirements. Sweden's decision to exit the Global Combat Air Programme (GCAP) and refocus on independent development of a sixth-generation fighter could open new avenues for bilateral military technology cooperation (or export) with third players, representing an avenue that Indo-Pacific partners seeking diversification away from sole dependence on US-made platforms may find increasingly attractive.

Beyond the Swedish case, several broader implications emerge for European policy. First, Sweden's experience illustrates that economic interdependence with China and strategic alignment with Indo-Pacific democracies are not mutually exclusive but require active, continuous management rather than a one-off strategic choice; other European states facing similar dependencies, particularly in critical minerals, telecommunications equipment, and semiconductor supply chains, should expect the same balancing act rather than a clean decoupling. Second, the gap between parliamentary rhetoric and government practice on Taiwan that recurs across Swedish politics is not unique to Stockholm and reflects a structural feature of the European approach to China more broadly, in which normative commitments to democratic partners are consistently filtered through risk-aversion towards Chinese retaliation and the preservation of commercial access. European governments seeking a more coherent Taiwan policy will

need to address this gap directly, rather than relying on opposition parties or non-binding parliamentary motions to signal positions that governments are unwilling to formalize. Third, growing uncertainty over the durability and direction of US commitments—whether to NATO, to Ukraine, or to Taiwan itself—strengthens the case for European states to invest in their own defense-industrial capacity and to deepen direct, government-to-government cooperation with Indo-Pacific democracies, rather than treating engagement with the region as an extension of transatlantic alignment alone. Sweden’s defense-industrial base, like that of a handful of other European states such as Germany, France, and Italy, offers a template for this kind of diversification, but it will only translate into a viable and practicable strategy if matched by clearer political commitments and better coordination among EU member states, whose national approaches to China and Taiwan remain markedly uneven. In this context, US retrenchment may force European countries to step up and truly take on greater responsibilities not only on the Old Continent but globally.

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