

## Agriculture key to Lithuania ties

Written by Marcin Jerzewski ☐☐☐  
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Lithuania, arguably one of the most vocal supporters of Taiwan in Europe, remains a target of Chinese tools of negative economic statecraft. In retaliation for the Baltic nation allowing Taiwan to open a representative office in its capital, China deleted Lithuania from its customs registry and has allegedly instigated a corporate boycott, instructing multinationals to sever ties with the country.

Given that cereals constitute the largest export product of Lithuania to China, farmers and food producers have been hit particularly hard through the ongoing spat.

Consequently, as Taiwan seeks to capitalize on the newfound openness in its relations with central and eastern Europe, it is imperative that the nation devises efficient, effective and flexible channels to foster cooperation with Lithuania's agricultural and food sectors.

The strong representation of Lithuanian food producers at the recently concluded international food show Food Taipei marks an important step in the right direction. The Lithuanian pavilion was one of 15 national pavilions featured at the show and was a sign of newly established yet steadily growing cooperation between the Taiwan External Trade Development Council (TAITRA) and the Lithuanian Rural Business and Market Development Agency.

At the same time, collaboration with Lithuanian farmers and food producers should not be carried out on an ad hoc basis; institutionalization of relations will remain crucial in ensuring that these ties remain sustainable as Lithuanian exporters learn the characteristics of the Taiwanese market.

Consequently, intersectoral cooperation between TAITRA, the Council of Agriculture, the National Development Council and other executive agencies is required for a holistic and nuanced approach to building ties.

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The government's efforts to become a substitute market for some of the Lithuanian agricultural exports halted by China are compatible with consumption trends at individual level. Wheat exports — Lithuania's top export to China — are a case in point. Relative to other grains, wheat consumption has been gradually increasing in Taiwan, while the country relies on imports for more than 99 percent of its wheat.

Nevertheless, the imports remain poorly diversified, with 92 percent of unprocessed wheat procured by the Taiwan Flour Millers' Association coming from the US in the marketing year 2020-2021. A heavy dependence on imported grains is one of the biggest obstacles Taiwan faces in its pursuit of a stable food supply, and low levels of diversification exacerbate this vulnerability.

Consequently, a swifter opening of the Taiwanese market to Lithuanian grain could be mutually beneficial.

Dairy presents itself as another potential area of shared interest. Gintaras Bertasius, chairman and general manager of Vilkyskiu Pienine, one of the largest dairy producers in the Baltic region, lamented in a recent interview that "while the previous governments encouraged [our company] to go to China, it is a fact that our exports are now coming to a halt."

Demand for liquid milk has continued to increase in Taiwan over the past decade, along with yogurt derived from fresh milk.

While domestic milk production is decreasing, it is expected that imports from New Zealand will increase due to the provisions of the Agreement Between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Cooperation. While this could potentially limit the viability for fresh milk imports from Lithuania due to the lack of tariff-free access to the Taiwanese market, Lithuanian producers could still capitalize on positive trends in imports and consumption of processed dairy, and cheese — which is subject to proportionally lower import tariffs — in particular.

Agriculture is also a politically salient sector.

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Vilnius' quest to deepen its ties with Taipei through its "value-based foreign policy" has received a mixed reception from the Lithuanian public, who regard it largely as an overly confrontational partisan initiative of the incumbent government.

A November survey commissioned by LRT, Lithuania's national broadcaster, revealed that the nation's policy toward Taiwan and China received the support of only 33.5 percent of respondents, whereas the disapproval rate was 40.5 percent.

Considering that polling took place before China's economic coercion, it is likely that the disapproval rate will further increase.

The Lithuanian Farmers and Greens Union (LVZS) is the largest opposition party and the second-largest group overall in Lithuania's parliament. It was also the only party that did not send any of its members to Taiwan as a part of the Baltic legislative delegation.

Giedrius Surplys, an LVZS legislator who oversaw a considerable expansion of Sino-Lithuanian agricultural cooperation as minister of agriculture in the previous government, referred to the delegation as "an indoctrination mission" and called on the coalition government to ensure Vilnius can maintain positive relations with Taipei and Beijing.

Governments come and go, while people stay. This is why it is important that in this moment of economic uncertainty, Taiwan demonstrates its agility and reliability, and enlists a broad coalition of stakeholders in Lithuania.

It is also important to recognize that incumbents from the ruling coalition notice the sensitivity of agricultural and food sector cooperation.

Matas Maldeikis, head of the Parliamentary Group for Relations with Taiwan, said during the Open Parliament Forum in Taipei: "If Taiwan opens the market for these products, it could send a clear message that we can make business politically beneficial."

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While the government has allowed imports of Lithuanian grains and legumes, exporters in the Baltic nation remain negatively affected by the obscurity of the Bureau of Animal and Plant Health Inspection and Quarantine's standards for phytosanitary certification and fumigation.

As Svajunas Banelis, head of agricultural commodities trading company Linas Agro, told LRT in an interview last month: "The Taiwanese market is interesting, but so far unknown."

This sentiment underscores the need for sustained outreach to farmers and food producers in Lithuania so that quality-control issues and other procedures can be harmonized.

Agricultural and food products are generally characterized as low-value-added, and Lithuanian stakeholders have been vocal about their desire to deepen cooperation with Taiwan in the realm of high-value-added high-tech manufacturing, semiconductors in particular. Nevertheless, given the current gap in industrial capacity between the two nations, building up Lithuania's tech prowess will be a long game.

To persuade the Lithuanian public that cooperation with Taiwan can yield tangible benefits, Taipei needs to act swiftly to address the most time-sensitive issues. Trade in agricultural and food products is prominently featured among them.

A little bread and cheese between friends can go a long way.

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