

French utilities giant EDF's curious departure from Taiwan

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French utilities giant EDF this year decided to close its offices in Taiwan, a democratically self-governed archipelago which China vigorously lays claim to as a province of its own. Curiously, the move comes just as Taiwan launches an ambitious programme to develop renewable energies, an important sector for EDF. It also follows a lucrative deal EDF has signed with China for the construction of offshore wind parks. The French group, meanwhile, denies any link between the two events. Alice Hérait and Adrien Simorre report from Taiwan.

During his three-day state visit to France last year, Chinese President Xi Jinping and his French counterpart Emmanuel Macron signed a raft of lucrative trade deals, and among them was a contract worth 1 billion euros for French utilities giant EDF, in which the French state has an 83.68% stake.

That contract, signed on March 25th 2019, was a deal with the China Energy Investment Corporation (CEIC) for the two-stage construction of floating wind turbines off the coast of the province of Jiangsu, which lies immediately north of the city of Shanghai. It is EDF's first offshore wind turbine project in East Asia, to be managed by its renewable energies arm, and marked its entry into what is forecast to be the largest market for offshore wind turbine parks in the Asia-Pacific region.

Meanwhile, in Taiwan, the main island of an archipelago situated around 700 kilometres further south from Jiangsu across the East China Sea, the days were numbered for EDF's small representative office. Attached to the French group's regional base in Beijing, its office in the Taiwanese capital of Taipei had been operational for several years, sounding out possible projects on the local energy market. That was opened up after the ending of the monopoly of the publicly owned electricity supplier Taipower (for Taiwan Power Company) in 2017. A sign of the promising deals ahead was the signing in January 2019 of an MoU (Memorandum of Understanding) between EDF and Taipower for energy transition projects [\[1\]](#).



A ceremony in Taipei marking EDF's MoU with Taipower (aka Taiwan Power Company), in January 2019. © Capture d'écran/YouTube

China has over recent years ramped up pressure on foreign businesses, as well as governments, over its territorial claim to Taiwan. In 2018, Beijing demanded that foreign companies which do business with Taiwan place the island under "China" on their websites [\[2\]](#) – it gave a short deadline to airlines, hotel chains and clothing brands among others to do so – with the threat of barring their

dealings with China if they do not comply. For while the Taiwanese authorities act as those of an independent state, it is not recognised as such by Beijing, which regards it as a breakaway province of China.

Following the civil war in China and the defeat in 1949 of the country's former leader Chiang Kai-shek by the communist armies of Mao Zedong, Chiang retreated with his forces to Taiwan. It was the beginning of decades of hostility between the island and mainland China, before a brief improvement in relations which began in the 1980s. But for the past 20 years the tensions have grown again, with China repeatedly – and again very recently – threatening military intervention to bring Taiwan back into the “One China” fold.

In January 2020, one year after EDF signed the MoU with Taipower, the French group discreetly closed its representation in Taiwan. Questioned by Mediapart about the move, EDF's press office explained in a written reply in March that the closure was for “commercial reasons”, and that, “The decision is the direct consequence of the commercial results, after the years spent on site”.

But in Taiwan, some see other reasons for the move. “Some EDF managers have visibly been afraid that their activities in Taiwan might place in jeopardy their interests on the Chinese market,” said one energy professional close to EDF's activities in Taiwan, speaking on condition his name was withheld. Another, who had had an advisory role in EDF's venture on the island, whose name is also withheld, agreed: “There is no other reason than the geopolitical context to explain the departure.”

Apart from prospecting commercial deals, EDF's activities in Taiwan included several roles as an advisor to Taipower, while the Taiwanese government, which plans to close down nuclear power sites by 2025, has shown a keen interest in EDF's technical competence and experience in the dismantlement of nuclear plants. The cooperation was illustrated by a visit to Paris in 2016 by the head of Taipower to meet EDF's senior management.

The question inevitably raised by EDF's exit from Taiwan is whether it was because such exchanges were viewed by China as being cooperation on a quasi-governmental level, and so crossing a red line. “These questions would not be raised if EDF was not a state-owned company,” commented the source close to the utilities giant's activities in Taiwan.

EDF, meanwhile, denied that it had been the target of any pressure. It did not respond to Mediapart's requests to interview staff from the Taipei office or those in Beijing.

The reasons it gave for the closure of its operations in Taiwan are in contrast to an expected vast expansion of the island's energy market. The Taiwanese president, Tsai Ing-wen, first elected in 2016 and returned to office in elections in May 2020, has said she wants the proportion of alternative energy sources to rise from the current 4.9% of all energy production to 20% by 2025. The ambitious programme is forecast to make Taiwan the second-largest operator of offshore wind turbine installations in the Asia-Pacific region after China [3]. But despite these prospects, EDF is the only major Western energy company to now leave Taiwan.

In an article published shortly after EDF's 1-billion-euro offshore wind deal with China last year, Feng Zhao, strategy director at the Brussels-based Global Wind Energy Council, an association promoting the wind power industry, told online magazine GreenTechMedia [4] (GTM) that some companies hoping to enter the Chinese offshore wind market, the world's largest, will find it difficult. “In particular, said Zhao, companies that have placed bets on the Taiwanese offshore wind market may be at a disadvantage owing to geopolitical considerations,” reported GTM.

Feng Zhao, a specialist on the Chinese wind farm market, separately told Mediapart that there were

currently no international wind turbine companies that are simultaneously active in both China and Taiwan. He said companies that have already signed contracts with Taiwan – such as Ørsted, GIG, EnBW and Wpd – had to be very careful over geopolitical considerations if they were hoping to expand into China.

If EDF was driven by political considerations in its decision to leave Taiwan, it would represent the first known move of the sort and, for some, an unjustified one. “There is no pressure on the part of China, most of our members have operations in both countries,” said Giuseppe Izzo, chairman of the European Chamber of Commerce in Taiwan. “The EDF members have perhaps taken this decision because they did not understand the dynamics on the ground.”

However, a visit this September to Taiwan by the president of the Czech senate, Milos Vystřcil [5], when he met with Taiwanese leader Tsai Ing-wen, gave an illustration of the high tensions in Beijing over Western dealings with Taiwan, and the sanctions that it is ready to impose as punishment. Chinese foreign minister Wang Yi described the visit by Vystřcil as “open provocation”, adding: “China must tell the Czech Senate leader: You’ve crossed the line.” Immediately following the visit, Czech piano maker Petrof, one of Europe’s major manufacturers of the instrument, was hit by a cancellation of orders from China [6].

“The question is to know just how far Beijing is prepared to go in cases of tensions,” said Antoine Bondaz, a lecturer at the Paris political sciences school Sciences Po, specialised in Chinese foreign policy and security issues, and a member of French think-tank La Fondation pour la recherche stratégique. “The more that tensions increase, the more that China exerts economic pressures on Taiwan. Until recently, the pressure placed on companies was of a political order. Now, there can be the loss of a market, and so an economic dimension.”

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P.S.

- MEDIAPART. December 28, 2020 :
<https://www.mediapart.fr/en/journal/international/281220/edfs-curious-departure-taiwan>
- English version, with some added reporting, by Graham Tearse.

Footnotes

[1] <https://www.youtube.com/watch?v=t8pKcY7hBdc&feature=youtu.be+>

[2] <https://www.bbc.com/news/business-44614106>

[3] <https://www.offshorewind.biz/2020/08/28/taiwan-to-become-second-largest-apac-offshore-wind-market/>

[4] <https://www.greentechmedia.com/articles/read/edfs-china-offshore-wind-deal-opens-door-to-western-developers>

[5] <https://apnews.com/article/asia-pacific-europe-3abcd97ddf05ca0f7d7eb67102b0f0b9>

[6] <https://praguebusinessjournal.com/petrof-suffers-fallout-as-czech-china-relations-sour/>