Strategic Appraisal of Taiwan’s New People-Centered Southbound Policy: The 4Rs Approach

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Abstract

Taiwan has adopted various regional initiatives designed to shape the strategic, economic, and trade layout in the Asia-Pacific region, leading Taiwan to pursue constructive partnerships and establish mutual understanding with its neighbors. The New Southbound Policy promoted since 2016 is the flagship foreign policy of President Tsai Ing-wen with the purpose of deepening Taiwan’s engagement in ASEAN-led regional communities and networks. Its practice envisages the relations between Taiwan and regional counterparts in Southeast Asia, South Asia, Australia and New Zealand being transformed from a “profit-centered” to a “people-oriented” rationale that takes into account practical needs and actions of the region and localities simultaneously. As the Policy has been implemented for over a year, this article adopts the 4Rs approach to examine its development and effectiveness by scrutinizing how the Policy and related initiatives have been promoted and the preliminary results that have been achieved. It concludes by making policy recommendations through
a “4Ps” approach, that is, to boost the momentum of public diplomacy, to making more efforts to explore and consolidate solid partnerships with regional stakeholders, to demonstrate proactively Taiwan’s long-term contribution to the region, and to prioritize institutional links and agreements with regional counterparts.

**Keywords:** the New Southbound Policy, Tsai Ing-wen, the Democratic Progressive Party, ASEAN, ASEAN Community

The relationship between Taiwan and the rest of Asia is undergoing structural change that originates from the continuous bilateral interaction between Taiwan and its neighbors since the 1970s. These relationships developed into a natural and diverse transnational social link. The internal driving force behind this link, on the Taiwan side, is the Taiwan government’s foreign policies and their impact on the private sector’s capacity to expand the global and regional industrial chain and investment network.

The Taiwan government has adopted various regional initiatives designed to shape the strategic, economic, and trade layout in the Asia-Pacific region, leading Taiwan to pursue constructive partnerships and establish mutual understanding with its neighbors. In the 1990s, the Go South Policy (南向政策) proposed by President Lee Teng-

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2. Regarding Taiwan’s “total diplomacy” with the support of political and social actors, see Chen Jie, *Foreign Policy of the New Taiwan: Pragmatic Diplomacy in Southeast Asia* (Cheltenham: Edward Elgar, 2002), particularly chapter 5, pp. 223-277.
hui (李登輝) led to Taiwanese state-owned enterprises (SOE) investing in Southeast Asia and encouraged domestic small and medium-sized enterprises (SMEs) to look for business opportunities in the region.3

This initiative gradually evolved into Go South 2.0 which was supported by Lee’s successor, President Chen Shui-bian (陳水扁), in the 2000s. Under this policy, Taiwan adopted a “balanced westward” approach to regional investment and trade strategy. The intention in the second phase of the Go South Policy was to inject new energy into democratic diplomacy and build up multilateral ties between the Asian democracies.4

After he was elected in 2008, President Ma Ying-jeou (馬英九) began to promote economic cooperation with Singapore and New Zealand and to conduct feasibility studies with neighboring countries. Two economic and trade agreements signed by Taiwan under this initiative were the Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership (ASTEP) and the Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu on Economic Cooperation (ANZTEC).5

When President Tsai Ing-wen (蔡英文) of the Democratic Progressive Party (DPP) came to power in 2016, she adopted a “people-centered” New Southbound Policy (NSP, 新南向政策) which attracted a great deal of attention both in Taiwan and throughout the region. For several decades, these successive “southward policies” were the most significant ways in which Taiwan engaged with its neighbors and sought to become part of a regional community.

On the Southeast Asian side, in the late-1990s the Association of Southeast Asian Nations (ASEAN) devised plans for a regional community designed to bring its ten members closer together, with the aim of establishing an ASEAN Community by 2003. Over the past decade, the ASEAN Political-Security Community (APSC), the ASEAN Economic Community (AEC), and the ASEAN Socio-Cultural Community (ASCC) have been the three pillars of the ASEAN Community, facilitated by the Master Plan on ASEAN Connectivity (MPAC). The purpose of this is to construct a people-centered and people-oriented agenda for regional transformation.6 ASEAN today is no longer an elite organization closed to outsiders, but a significant international platform that permits more civil participation and focuses on local development needs and is able to enter into dialogue with the major powers in the region. New trends that will expand the role and increase the momentum of the ASEAN Community include increasing economic scale, the strengthening of institutionalization, the harmonization of the member states’ foreign policy positions, and a deepening sense of regional identity.7

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7. For details of the modality of ASEAN economic integration, see Mia Mikic &
There is no doubt that Taiwan must respond actively to this new regional strategic context. This is an international political landscape with ASEAN at the center, connecting the major powers of the Asia-Pacific region, and setting a development agenda that links regional integration with the needs of its people. After the DPP government came to power and initiated the NSP, Taiwan began to transform itself in terms of both its international relations and domestic society, consolidating its partnership with ASEAN and South Asia and making domestic social and institutional adjustments. The NSP has gradually been transformed from a “profit-centered” to a “people-oriented” project that takes into account practical needs and actions. Hence, this article will discuss the development and effectiveness of the New Southbound Policy by examining how this government- and private sector-led project has been promoted and the preliminary results that have been achieved. It will conclude by making some policy recommendations.

I. Unpacking the Rationale of the NSP

The NSP is essential for the advancement of Taiwan’s external relations and national development in general. This article argues for a “4Rs” approach within the NSP (relocation, reinvention, reinvigoration, and reform). First, it is necessary to relocate Taiwan’s role and capacity in the ASEAN-led community and regional network. In particular, the NSP’s new “people-centered” rationale is the Taiwan government’s first formal response to the development of the ASEAN

Community. It is also a strategic move designed to show the international community that Taiwan is willing to make an active contribution to regional prosperity and integration.

With ASEAN at the center, Taiwan is emphasizing its contribution to and partnership with the ASEAN Community, the Southeast Asian countries and their people, and the ASEAN dialogue partners, including India, New Zealand, and Australia. These partnerships with countries in Southeast Asia, South Asia, and Oceania are regarded as important interfaces for Taiwan’s links with Asia.

Second, the NSP is conducive to reinventing community awareness and mutual benefit through the joint efforts of Taiwan and the NSP target countries. President Tsai has voiced her expectation that the NSP will be implemented in such a way that it will stimulate awareness of an economic community among Taiwan and the regional stakeholders. This awareness includes the expectation that relations

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8. At the opening ceremony of the 2016 Annual Conference on Southeast Asian Studies in Taiwan, President Tsai said “We are forging more comprehensive links that go beyond economies and trade, to cut across science, technology, culture, tourism, education and other people-to-people interactions, with the nations of Southeast Asia, South Asia, Australia and New Zealand,” see the Office of Trade Negotiation, “President Tsai attends 2016 Annual Conference on Southeast Asian Studies in Taiwan (September 22, 2016),” September 22, 2016, Office of Trade Negotiation, Executive Yuan, <https://www.moea.gov.tw/Mns/otn_e/content/Content.aspx?menu_id=19315>.

9. During an interview with journalists from Southeast and South Asian countries, President Tsai contended “this [the NSP] will contribute to both the development and wellbeing of people across the region, as well as further our sense of community.” See Office of the President R.O.C.(Taiwan), “President Tsai’s opening statement in interview with journalists from India, Indonesia, Malaysia, the Philippines, Singapore, and Thailand,” May 5, 2017, Office of the President R.O.C.(Taiwan), <http://english.president.gov.tw/NEWS/5132>.
between Taiwan and its neighbors will remain stable, that there will be a natural connectivity between their societies, and that Taiwan’s economic growth will be linked to regional and global production chains. Efforts to consolidate political stability, foster social links, and facilitate industrial synergies highlight the fact that the further integration of Taiwan into the ASEAN-led regional community and networks serves the interests of all parties.

Third, the NSP aims to reinvigorate Taiwan’s partnerships with regional stakeholders. As early as the first wave of the Go South Policy in the 1990s, Taiwan anticipated establishing projects and networks with governments in Southeast Asia through the provision of economic incentives and the localization of investment and trade arrangements. Over the past two decades, the legacy of the Go South Policy has enabled the development of multifaceted networks involving Taiwan and the countries of Southeast Asia through ever-closer people-to-people ties. The new context of the NSP should encourage more actors and stakeholders to engage in the region, including legislatures, the private sector, civil society groups, local governments, academic institutions, and think tanks, as well as ordinary members of the public.

Finally, the NSP is firmly rooted in the government’s domestic reform agenda. It is President Tsai’s key foreign policy with respect to enhancing social engineering and institutional reform in Taiwan. The NSP has attracted widespread attention and provoked a great deal of feedback from Taiwanese society. This has encouraged the government to reinforce its political commitment to reform of the business, education, financial, human resources, and tourism sectors in response to the development needs of ASEAN and other countries in the region.
The "4Rs" approach (see Figure 1), has enabled Taiwan to replace its previous static policy position with a bidirectional partnership and multifaceted engagement with South and Southeast Asia. This study will now look at the development of the NSP since May 20, 2016, and review the preliminary results of the policy through the lens of the 4Rs approach.

II. Tracing the Evolution of the NSP

The NSP was unveiled on September 22, 2015, by DPP chairperson, Tsai Ing-wen, at a diplomatic reception hosted by the party. Tsai explained that the NSP would emphasize the deepening of "diverse and multifaceted partnerships" with other countries in the
region, rather than focusing solely on trade and investment issues.\textsuperscript{10} The new partnerships formed under the NSP are designed to amplify and intensify social connectivity and transnational links through non-governmental exchanges, young talent engagement, and cultural and educational outreach. The following analysis will focus on the evolution of the NSP from 2016 to the present, including an appraisal of its institutional setting, its evolving agenda, and the joint efforts that have been made to construct partnerships.

1. The Institutional Setting

In June 2016, right after President Tsai’s inauguration, the New Southbound Policy Office (NSPO) was established in the Office of the President. Under its director, James Huang (黃志芳), the NSPO was tasked with policy consultation and planning. In early August that year, the National Security Council (NSC), which was in charge of strategic planning of the NSP, issued a document entitled \textit{Guidelines of the New Southbound Policy} (新南向政策綱領). The Guidelines, which listed the long- and short-term goals of the policy, were approved by President Tsai on August 16.\textsuperscript{11}

Once the Guidelines had been published, the task of implementing the NSP was handed to the Executive Yuan, with the Office of Trade Negotiation (OTN), led by Minister without Portfolio John Deng, in charge of policy coordination. On September 6, the Executive Yuan announced the \textit{New Southbound Policy Promotion Plan} (新南向政

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策推行計畫) which set out four dimensions of engagement: enhancing economic and trade cooperation, facilitating exchanges of young talent, sharing resources, and exploring regional connectedness.\textsuperscript{12} The Promotion Plan was due to be implemented over the following four years. In December 2016, the Executive Yuan approved the New Southbound Policy Work Plan (新南向政策工作計畫) which contained details of eighteen policy goals, fifteen concrete projects, and forty-eight initiatives, providing guidance for the various ministries involved in implementing the NSP.\textsuperscript{13}

In addition to the strategic planning and policy coordination roles played by the Office of the President and the Executive Yuan, the Taiwan External Trade Development Council (TAITRA) has been a key participant in the NSP, especially since February 2017 when James Huang was appointed TAITRA chairman. In March, shortly after Huang’s appointment, TAITRA signed an agreement with the Japan External Trade Organization (JETRO) concerning the joint promotion of trade and investment in NSP target countries.\textsuperscript{14} The following month, TAITRA established a new India Center to enhance exchanges and information sharing among the business communities in Taiwan and India.\textsuperscript{15} Meanwhile, TAITRA organized a network of


more than 450 enterprises consisting of ten sub-groups, called the New Southbound Business Alliance, to encourage the private sector to explore connectivity with NSP target countries.16

Thus, the NSP is being promoted through a synergistic partnership involving the Office of the President (strategic planning), the Executive Yuan and the OTN (policy implementation and coordination), and TAITRA (overseas network and business outreach in Asia) (see Figure 2).

![Diagram](source: Illustrated by the author.)

**Figure 2. The Operating Structure of the NSP**

Source: Illustrated by the author.

2. The Evolving Agenda

Taiwan’s NSP is a pragmatic strategy that seeks to cultivate people-to-people connectedness between Taiwan and its neighbors and

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strategically links regional integration with national development programs and domestic reform. From late 2015 to March 2016, the NSP was positioned as a “people-centered external economic strategy.” Although the Guidelines give priority to economics and trade, increasing emphasis is being put on building social links and transnational connectivity to encourage bilateral and multilateral collaboration between Taiwan and the region.

Both the Promotion Plan and the Work Plan show that the original focus on economics and trade has gradually given way to a more inclusive agenda involving building “comprehensive connectivity” with regional stakeholders. In addition to economic and trade cooperation, the people-centered features of the NSP include people-to-people exchanges (including the cultivation of human capital in the fields of education, medical services, and industry), resource sharing (in fields such as medicine and public health, culture, tourism, science and technology, agriculture, and small and medium enterprises) and regional connectivity (including the promotion of bilateral and multilateral agreements to jointly facilitate regional integration).

With President Tsai’s announcement of the five flagship projects in April 2017, which were further elaborated by the Executive Yuan in August, the focus of the NSP shifted toward exploring collaboration in innovative industries, the cultivation of talent, cooperation in the fields of medical and public health through a network of industrial supply chains, regional agriculture, and setting up policy forums with

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17 At a meeting of the DPP Standing Committee, James Huang, then director of the party’s Department of International Affairs, said “the NSP is Taiwan’s new outward-oriented economic strategic plan that puts people at its core.” See Alison Hsiao, “DPP Elaborates on Its ‘New Southbound Policy,’” Taipei Times, April 14, 2016. <http://www.taipeitimes.com/News/taiwan/archives/2016/04/14/2003643929>.
a new international platform for exchanges of young talent. Accordingly, the policy evolution process reflects Taiwan’s determination to respond to the priorities of ASEAN-led regional integration and to engage the regional community through multi-faceted partnerships (see Figure 3).

Figure 3. The Evolving Agenda of the NSP (2016-2017)

Source: Illustrated by the author.

3. Joint Efforts through Partnerships

Although she shares her predecessors’ desire to achieve economic cooperation with countries in the region, President Tsai also has more comprehensive goals, in that she is seeking through the NSP to build “an extensive network of cultural and interpersonal relationships throughout the region.” The success of the NSP depends on whether

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joint efforts can be made through cross-sectoral synergy and transnational partnership. The former emphasizes collaboration between the public and private sectors in Taiwan on one side, and networks of Taiwanese businesses (Taishang) and civil society groups in South and Southeast Asia on the other. In September 2016, the Policy Research Committee of the DPP formed an “ad hoc Study Group on the NSP” under Professor Hsin-Huang Michael Hsiao, the senior advisor to the president. This study group drew up a document entitled *The DPP’s Strategic Proposal for the New Southbound Policy* which contained specific recommendations on the role of party diplomacy, the Legislative Yuan, city and local governments, the Taishang and its organizations, civil society groups, and next generation leaders as the key stakeholders to be encouraged to get involved in the implementation of the NSP (see Figure 4).

![Figure 4. Multi-sectoral Partnership of the NSP](source: Illustrated by the author)

In addition to domestic collaboration, the NSP envisages working with like-minded international and regional stakeholders. For example, the Work Plan mentions cooperation with the United States and Japan. Through the Global Cooperation and Training Framework (GCTF) between Taiwan and the United States, Taiwan anticipates working and sharing resources with regional stakeholders in professional training in the fields of medicine and public health. The NSP also encourages Taiwanese businesses to take part in the global and regional supply chain led by Japan. By building up solid bilateral ties with regional stakeholders, Taiwan will enhance its engagement in regional connectivity (see Figure 5).

*Figure 5. External Partnerships within the NSP*

Source: Illustrated by the author.
III. Assessing the NSP: The “4Rs” Approach

1. Relocation

The NSP has been in operation since the inauguration of President Tsai in May 2016, and its Work Plan was approved in December that year. One major purpose of the NSP is to relocate Taiwan in the network of ASEAN-led regionalism and reinforce Taiwan’s bilateral relations with NSP target countries through new economic, social, and governmental connectedness. Progress so far on this first of the “4Rs” has been encouraging.

For example, bilateral trade between Taiwan and the NSP target countries in the period June 2016-June 2017 was worth US$112.8 billion, an 11.14% increase over the previous year (US$101.5 billion). This growth rate exceeds that of trade between Taiwan and its other trading partners (7.92%). The growth in bilateral trade reinforces the economic linkage between Taiwan and the region.

Where people-to-people exchanges and connectivity are concerned, from June 2016 to June 2017, the number of tourists coming to Taiwan from the NSP target countries increased by 27.03%, from 1.74 million to 2.22 million. This increase in tourism was driven by Taiwan’s continuous efforts to relax visa requirements with regard to its neighbors. In the 2016-17 school year, there were 31,531 students from NSP target countries studying in Taiwan, a 9.7% increase

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Tourists (members of the emerging middle class) and students (young talent) coming to Taiwan from the region will enhance Taiwan’s engagement with its neighbors and help sustain the momentum of ongoing regional integration.

Finally, based on increased transnational exchanges and a new partnership network shaped by the NSP, the Taiwan government is seeking to speed up institutional cooperation with NSP target countries. Up to the time of writing, Taiwan had signed eight agreements and memoranda of understanding (MoUs) with regional counterparts in the fields of agriculture and capacity training. Negotiations on renewing business investment agreements (BIAs) and investment protection agreements (IPAs) with key NSP target countries are being prioritized as part of the effort to consolidate regional connectivity.

The Ministry of Education is taking the lead in the establishment of more programs and initiatives aimed at enhancing partnerships with universities in the ASEAN countries and South Asia. For example, leading universities in Taiwan have already set up seven Regional Resource Centers for cooperation in the fields of economics and trade, culture, and industry (RRC, 區域經貿文化及產學資源中心) in collaboration with Taishang organizations and local university networks in neighboring countries (see Table 1). Although Taiwan is not a member of the ASEAN University Network, these newly es-

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established projects and institutions may contribute to more substantial collaboration with regional counterparts.

### Table 1. Regional Resource Centers in ASEAN and South Asia

<table>
<thead>
<tr>
<th>Countries</th>
<th>Focal Point in Taiwan</th>
</tr>
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<tbody>
<tr>
<td>Malaysia/Singapore</td>
<td>National Cheng Kung University</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Chung Yuan Christian University</td>
</tr>
<tr>
<td>Vietnam</td>
<td>National Taiwan Ocean University</td>
</tr>
<tr>
<td>Myanmar</td>
<td>National Chi Nan University</td>
</tr>
<tr>
<td>Philippines</td>
<td>National Sun Yet-sen University</td>
</tr>
<tr>
<td>India</td>
<td>National Tsing Hua University</td>
</tr>
<tr>
<td>Thailand</td>
<td>National Taiwan University</td>
</tr>
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Source: Compiled by the author.

### 2. Reinvention

Another aim of the NSP is to *reinvent* awareness of a regional community and shared interests between Taiwan and its neighbors. This will be realized through the establishment of solid partnerships based on resource sharing projects. Over the past year, the projects set up under the *Promotion Plan* and the *Work Plan* have highlighted Taiwan’s prominent contribution to areas of common interest. Through its reinvention approach, Taiwan has highlighted key interests and mutual benefits in the fields of medicine and public health, tourism, culture, agriculture, and technology.

One aspect of this reinvention is the utilization of Taiwan’s advantages in education, humanitarian assistance, medicine, and public health (particularly in response to epidemic diseases) in the promotion of international collaboration and training programs in these fields. A new project initiated by the Ministry of Education, entitled the “Elite Scholarship Program (新南向培英專案)”, is encouraging lec-
turers from South and Southeast Asian universities and colleges to pursue masters or doctoral degrees in Taiwan.

A second aspect of reinventing awareness of a regional community operates through local-to-local nexuses, particularly in the field of cultural exchange. Beginning in 2016, museums in Taiwan have staged exhibitions with a Southeast Asian slant, such as the “New Tai-Ker” exhibition (on migrant workers and immigrants from Southeast Asian countries in Taiwan) at the National Museum of Taiwan History and the “Understanding Asia” exhibition at the Southern Branch of the National Palace Museum. Increasing numbers of social events and cultural activities with a South and Southeast Asian flavor have facilitated communication, understanding, and awareness among people of Austronesian, Hakka, and Chinese cultural background in Taiwan and in other countries in the region.

This reinvention has also extended to the agricultural sector. The Taiwan government has set up the Taiwan Agricultural Development Co. (International) to enhance capacity-building projects in high tech agriculture and to engage in technical cooperation and the sharing of marketing strategies, particularly with Thailand and Myanmar. A further project will see the establishment of sixteen special zones for agricultural collaboration in Southeast Asian countries. These zones will help secure national and regional food security for both Taiwan and the host countries by charting a common future with shared interests in local development.

Finally, one important aspect of technological cooperation between Taiwan and the NSP target countries is the strengthening of scientific collaboration in the fields of disaster prevention, earth science, climate change, and transnational epidemic prevention, which are regarded as key national development issues and priority areas
for regional community-building projects in Southeast Asia. Taiwan’s Ministry of Science and Technology has worked closely with leading universities to establish Overseas Centers for scientific research and technical innovation (OC, 海外科學研究與技術創新中心) in NSP target countries. These new, institutions and mechanisms, which will work in partnership with the RRCs established by the Ministry of Education, have the potential to enhance collaboration and explore networks in South and Southeast Asia.

3. Reinvigoration

Since the era of the Go South Policy in the 1990s, Taiwan has undergone a process of democratic transformation and further consolidated its democracy; it has also gone through a period of difficult relations with China and is facing a new political security landscape in the Asia-Pacific region. In these circumstances, the NSP would be unlikely to yield satisfactory results if it relied only on input from the public sector.

As the NSP has provided new impetus to Taiwan’s bilateral relations with countries in the region, the reinvigoration approach has encouraged various stakeholders outside the public sector to explore new opportunities and partnerships in South and Southeast Asia. Encouraged by the NSP, more than seventy leading Taiwanese private enterprises are reinvigorating their investment projects in the region. State-owned enterprises (SOEs) and corporations in which the Taiwan government owns shares, such as the CPC Corporation (中油), Taiwan Sugar (台糖), CSBS (台灣國際造船), Taiwan Power Company (台電), Taiyen (臺鹽), and Chunghwa Telecom (中華電信), have either considered making investments in NSP target countries or have set up branches in the region.25
Over the past year, the Taiwan government has invested both tangible resources and intangible political commitment in this aspect of the NSP. With respect to tangible resources, the Executive Yuan has reserved NT$44.5 billion as “seed money” for the implementation of policy initiatives and to encourage SOEs and large corporates to engage in the region. In addition, the NSP has reinvigorated the NT$5 billion specific overseas credit insurance fund and has guaranteed funding of NT$50 billion for Taiwan’s SMEs—the new Taishang—as an incentive to explore southwards.26

In terms of political commitment, the Office of the President and the Executive Yuan have played critical roles in strategic planning and policy implementation and have continued to track, update, and revise the operation of the NSP. The Guidelines, the Promotion Plan, the Work Plan, and the announcement of five flagship projects in August 2017 are all evidence that President Tsai and the Taiwan government have the political commitment and determination to invest limited public resources in ensuring the efficiency and effectiveness of the NSP.

4. Reform

The advancement of the NSP is not merely a unilateral declaration of Taiwan’s intention to pursue external economic engagement, it also represents a determination to transform itself from within.27 The

25. For example, Chunghwa Telecom established a new branch in Thailand in 2016.
NSP is perceived by the Taiwan government, the business community, and civil society as a reform initiative with the potential to build a better Taiwan. It is one of the key national and regional development policies to which President Tsai has made a long-term political commitment; it is “not a one-off effort defined by the election cycle or the government of the day.”28 Taiwan has introduced social engineering initiatives, increased the national budget to support the NSP, and reformed the relevant inter-parliamentary amity associations that link the Legislative Yuan with its counterparts in neighboring countries.

The Taiwan government’s NSP-related social engineering initiatives include a commitment to reform Taiwan’s tourism industry. For example, the awarding of halal certification to more than a hundred restaurants and hotels marked the first step toward Taiwan becoming a Muslim-friendly environment. A new Taiwan Halal Center, opened in Taipei in April 2017, will increase understanding of Muslim norms and markets in Taiwan. The core primary school curriculum has also been reformed to include more content about Southeast Asia. In particular, major Southeast Asian languages will become part of the curriculum in primary schools from 2018.29 Under the NSP, the Taiwan government is also considering reforms concerning the welfare and rights of migrant workers, ensuring that “in the island state [they] are fairly treated and well protected by law.” As noted in an op-ed piece in the Manila Times, the Philippines government takes account of migrant labor laws and policies when they are concluding bilateral

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agreements with other countries. It is imperative for Taiwan to enhance its soft branding in order to consolidate the country’s hard partnerships with regional stakeholders.

Second, the 2018 national budget shows a significant increase in fiscal support for the NSP—a 63% increase over 2017, from NT$44.5 billion to NT$72.6 billion. The ministries of Economic Affairs (MOEA), Education (MOE), Science and Technology (MOST), and Foreign Affairs (MOFA), and the Overseas Community Affairs Council (OCAC) are the departments with the largest budget allocations. Seven ministries have been given a 60% increase, including the Ministry of Health and Welfare (MOHW), the OCAC, the Environmental Protection Administration (EPA), the Ministry of Finance (MOF), the MOE, and the MOEA. These budget increases reflect an emphasis on the five flagship projects.

A third reform initiative emanates from the Legislative Yuan. Since April 2016, the legislature has established fourteen new interparliamentary amity associations, six of which have been set up since the inauguration of President Tsai. These associations have been promoted by both the main opposition party, the Kuomintang (KMT), and the ruling DPP, and they cover such NSP target countries as Australia, Cambodia, India, Indonesia, New Zealand, Malaysia, Myanmar, Singapore, the Philippines, and Vietnam. Some of them are trying to establish working relationships among legislators on

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the two sides, involving common concerns and shared interests, rather than focusing merely on bilateral courtesy visits. Robust policy communities facilitated by lawmakers have the potential to create a mutually beneficial partnership between Taiwan and the NSP target countries.

Table 2. Inter-parliamentary Amity Associations Set up under the NSP

<table>
<thead>
<tr>
<th>Countries</th>
<th>Name of Association</th>
<th>Date of Establishment</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASEAN and NSP target countries</td>
<td>Amity Association of Parliament Members of Taiwan and ASEAN Countries</td>
<td>July 15, 2016</td>
</tr>
<tr>
<td></td>
<td>Amity Association of Parliament Members of Taiwan and ASEAN Plus India</td>
<td>June 30, 2017</td>
</tr>
<tr>
<td></td>
<td>The Taiwan-New Southbound Policy Countries Parliamentary Amity Association</td>
<td>January 13, 2017</td>
</tr>
<tr>
<td>Australia and New Zealand</td>
<td>Amity Association of Parliament Members of Taiwan, Australia and New Zealand</td>
<td>April 4, 2016</td>
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<tr>
<td></td>
<td>Amity Association of Parliament Members of R.O.C. and New Zealand</td>
<td>June 17, 2016</td>
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<tr>
<td>Indonesia</td>
<td>Amity Association of Parliament Members of R.O.C. and Indonesia</td>
<td>April 29, 2016</td>
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<tr>
<td></td>
<td>Amity Association of Parliament Members of Taiwan and Indonesia</td>
<td>May 19, 2016</td>
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<tr>
<td>Cambodia</td>
<td>Amity Association of Parliament Members of Taiwan and Cambodia</td>
<td>May 19, 2016</td>
</tr>
<tr>
<td>India</td>
<td>Amity Association of Parliament Members of Taiwan and India</td>
<td>April 22, 2016</td>
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<tr>
<td>Malaysia</td>
<td>Amity Association of Parliament Members of Taiwan and Malaysia</td>
<td>April 22, 2016</td>
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<tr>
<td>Myanmar</td>
<td>Amity Association of Parliament Members of Taiwan and Myanmar</td>
<td>May 19, 2016</td>
</tr>
<tr>
<td>Singapore</td>
<td>Amity Association of Parliament Members of R.O.C. (Taiwan) and Singapore</td>
<td>May 3, 2016</td>
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<tr>
<td>Philippines</td>
<td>Amity Association of Parliament Members of Taiwan and the Philippines</td>
<td>April 18, 2017</td>
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<tr>
<td>Vietnam</td>
<td>Amity Association of Parliament Members of Taiwan and Vietnam</td>
<td>May 6, 2016</td>
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Source: Compiled by the author.
Note: Amity Associations with “Taiwan” in their title were organized by DPP legislators, while those with “R.O.C.” were organized by KMT legislators.
IV. Challenges Ahead and Areas Where More Effort Is Needed

Since the inception of the NSP, some challenges, both domestic and international, have emerged. Domestically, people have wondered whether it is feasible for the Taiwan government to ask the private sector, including Taishang, to invest in South and Southeast Asia because the government itself has limited resources. It is true that Taiwan has been pushing such regional policies since the time of Lee Teng-hui’s presidency. However, demands for the private sector to comply with the NSP are losing momentum. Meanwhile, companies in the private sector, both large corporations and SMEs, are more aware of the business opportunities and economic incentives offered by the region and are moving to internationalize their production chains.

In answer to these criticisms, the government intends to offer Taishang more protection by updating and promoting the BIA and concluding taxation agreements with NSP target countries instead of just “commanding” local corporations to invest in South and Southeast Asia. These agreements are being extended to substantial collaboration in agriculture, human resources, and vocational training to ensure that investors have access to high quality skilled labor and managerial staff as well as institutional support.

In addition, the Taiwan government is providing financial support to encourage companies thinking of investing in the region to get involved in regional supply and value chains. In recent years, more Taiwan enterprises of all sizes (known as the new Taishang), have begun to improve their corporate social responsibility (CSR), which is also something highlighted in the NSP. Only with the participation of the private sector and civil society groups, in addition to the government, will Taiwan be able to establish a new type of partnership with
its neighbors in the region.

There is also a substantial amount of domestic support for the NSP. In August 2017, the Ministry of Foreign Affairs released the results of a survey in which 61.1% of respondents said they were familiar with the NSP, 79.2% supported the policy, and 81.2% felt positive about the joint implementation of NSP-related initiatives by central and local governments. With regard to the relaxation of visa requirements, 71.6% of respondents expressed approval, although 23.9% had reservations.32 By gaining more public support, the NSP has demonstrated that it is a self-reforming process that will help Taiwan become part of the ASEAN-led community.

Apart from domestic challenges, geopolitical competition among the major powers casts doubt on the future success of the NSP. The major powers in the Asia-Pacific region are developing new regional policies and initiatives, such as Japan’s New Tokyo Strategy, Russia’s Asian Pivot, India’s Act East Policy, the Rebalancing Strategy of the United States, and China’s Belt & Road Initiative. These policies are intended to strengthen the powers’ regional networks in Asia to ensure that they can achieve the leadership necessary to promote domestic economic growth.

Some initiatives in the region may be exclusive, focusing only on cooperation between the provider and the receiver. Nevertheless, there are initiatives that are relatively open to collaboration and joint efforts by regional stakeholders to promote economic prosperity,

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social stability, and peace in Asia. Taiwan’s NSP belongs to the latter category, as it comes with no political strings attached and does not target any competitors. The policy welcomes the input of regional stakeholders in charting a common future for Taiwan and other countries in the region.

From a geopolitical and geo-economic perspective, the ongoing deepening of regional economic integration has laid a firm foundation for regional stability and peace. Without a doubt, to echo the vision of the ASEAN Community, ASEAN members are in urgent need of physical infrastructure (hardware) and skilled human resources (software), and this is resulting in competition among Asia-Pacific providers and the major powers. In response to this, Taiwan’s NSP highlights Taiwan’s successes in the fields of SMEs and economic growth, its technological advantages, and its social development, and this will facilitate Taiwan’s involvement in the emerging regional community and the specific process of economic integration which is intertwined with national and regional agendas. Meanwhile, with NSP-led contributions, ASEAN’s regional flagship projects, such as the new Master Plan on ASEAN Connectivity (MPAC 2025), will be reinforced in the fields of production networks, agriculture, education, economic empowerment, medicine, public health, and human resources.

V. Policy Recommendations

Against the backdrop of a strategic appraisal of the NSP, this study offers the following suggestions for facilitating the implementation of the policy through a “4Ps” approach.

First, it is imperative for the government to boost the momentum of public diplomacy directed at local, national, and regional stakeholders involved in the NSP. Key policy documents, materials, and statements
should be prepared simultaneously in Chinese, English, and the lan-
guages of Southeast Asia, targeting central and local governments,
the media, universities, think tanks, and partner social institutions.
More discussion and explanation of the mutual benefits of the policy
and the ongoing flagship projects are urgently needed. The policy
should be communicated in a clear and understandable way to the
people of Taiwan and the entire region.

Second, more effort should be made to explore and consolidate
solid partnerships with stakeholders in all sectors in Taiwan and the
region. For example, inter-parliamentary amity associations, bilateral
or multilateral channels of communication for local governments, al-
liances of civil society groups, and networks of think tanks need to
be reinforced and linked with each other. Dialogue and collaboration
between think tanks and the policy communities on both sides should
be supported so that policies that benefit both Taiwan and the NSP
target countries can be devised. Taiwan needs to call for external
support and partnerships to make best use of the NSP in the region.

Third, it is necessary to demonstrate proactively Taiwan’s long-
term contribution to South and Southeast Asia through people-to-
people exchanges. It is also critical for Taiwan to give substance to
the five flagship projects if it is to project a new image of Taiwan
and win goodwill in the shaping of the ASEAN-led community.

Finally, prioritizing institutional links and agreements with regional
counterparts is essential. The NSP uses the building block approach
to reinventing bilateral collaboration through agreements and institutional
arrangements. It is vital to integrate and secure Taiwan’s national in-
terests, development needs, and security through the reinvigoration
of institutional networks with regional stakeholders.
This study is the preliminary result of the author’s project “Re-enabling Think Tank Diplomacy in Taiwan-Southeast Asia Relations: Perspective from Complex Interdependence Plus” sponsored by the Ministry of Science and Technology, Republic of China (MOST 106-2420-H-004 -002 -MY2)
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