# Connecting Taiwan's New Southbound Policy with U.S. Foreign Policy Initiatives in Asia:

## Recommendations for Taipei and Washington

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TAEF Taiwan-Asia Exchange Foundation 臺灣亞洲交流基金會

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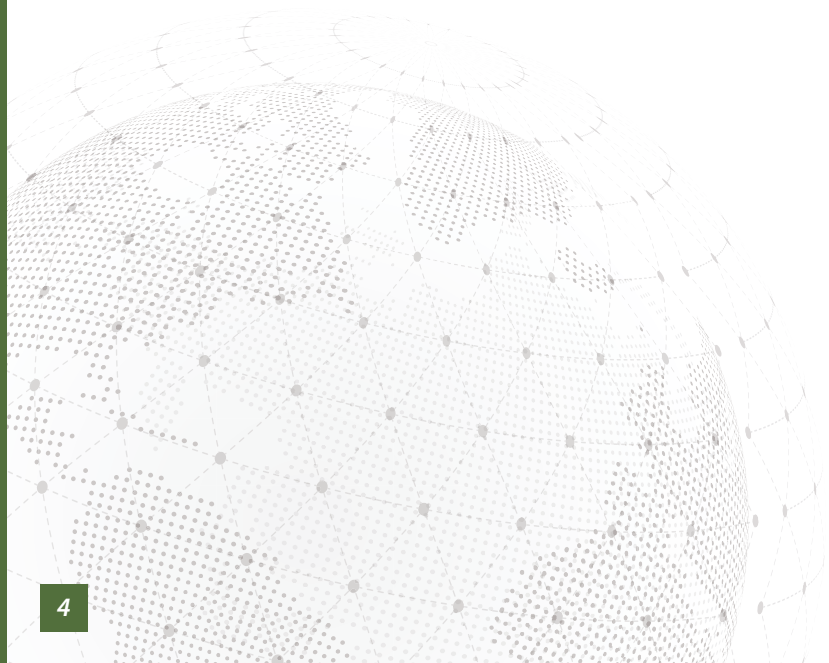
## About Us

## Global Taiwan Institute (GTI)

GTI is a 501(c)(3) non-profit policy incubator dedicated to insightful, cutting-edge, and inclusive research on policy issues regarding Taiwan and the world. Our mission is to enhance the relationship between Taiwan and other countries, especially the United States, through policy research and programs that promote better public understanding about Taiwan and its people.



## Taiwan-Asia Exchange Foundation (TAEF)

TAEF
Taiwan-Asia Exchange Foundation
臺灣亞洲交流基金會

Established in 2018, the Taiwan-Asia Exchange Foundation (TAEF) is the first policy-oriented think tank in Taiwan with a focus on Southeast Asian and South Asian affairs. In the spirit of the New Southbound Policy, the goal of TAEF is to promote comprehensive ties and strengthen partnerships between Taiwan and the 10 ASEAN countries and 6 South Asian nations as well as Australia and New Zealand through cooperation and exchanges.

TAEF is devoted to building new mechanisms for regional cooperation among Asian societies. Our goal is to cultivate common policy blueprints for Taiwan, ASEAN and South Asian states through frequent regional dialogue, with an emphasis on the commitment and contributions of Taiwan towards developments in Asia by concreting initiatives for cooperation.

## Preface

In 2020, prior to the United States presidential election, the Taiwan-Asia Exchange Foundation proposed to initiate a policy-focused project to exchange views on the links between Taiwan's New Southbound Policy and US strategic interests in the Indo-Pacific region. We are pleased to be able to cooperate with Global Taiwan Institute in Washington D.C. on this initiative.

Comprised both American and Taiwanese policy experts, this policy brief is the discussion product with the specific focus addressing the connectivity and partnership between Taiwan's New Southbound Policy and the Indo-Pacific Strategy of the United States. As well understood, both policies highlight two countries' commitments and contribution to the peace, stability and prosperity of regional community in the Indo-Pacific. Moreover, it also demonstrates the solid partnerships and shared values between Taiwan and the United States.

On behalf of Taiwan-Asia Exchange Foundation. I would like to express my gratitude to Mr. Russell Hsiao, J.D., Executive Director of Global Taiwan Institute for his leading efforts in organizing and coordinating workshops for this collaboration, and I am also thankful to Dr. Robert S. Wang for the insightful input and contribution to this report.

H. H. Michael Hsiao
Chairman, TAEF
August 2021

**Connecting Taiwan's New Southbound Policy with U.S. Foreign Policy Initiatives in Asia:**
Recommendations for Taipei and Washington

# Policy Brief on Connecting Taiwan's New Southbound Policy with U.S. Foreign Policy Initiatives in Asia: Recommendations for Taipei and Washington

# Policy Brief on Connecting Taiwan's New Southbound Policy with U.S. Foreign Policy Initiatives in Asia: Recommendations for Taipei and Washington

Robert Wang and Russell Hsiao[1]

This project seeks to identify complementary features and concrete assets between Taiwan's New Southbound Policy (NSP) and U.S. foreign policy initiatives in Asia, and to make recommendations to Taipei and Washington on ways to strengthen cooperation in these areas. Even though US officials have talked about how interests of the two sides coincide and the need to do more with Taiwan through the NSP, little appear to have been done specifically between the two governments and civil society involving the NSP.

This memo will start by framing the regional context and projecting what are likely to be key U.S. foreign policy goals in Asia under the Biden administration, focusing on political and economic priorities that might be relevant to Taiwan's NSP and some common security issues in the region. We will then look at specific initiatives that the United States has pursued that advance these goals and discuss how Taiwan's NSP complement these programs and create opportunities for developing new joint initiatives.

This memo draws partly from a workshop organized by Global Taiwan Institute on December 8, 2020 that included experts in the Washington, DC region composed of former US officials and think tank experts. Finally, we will make recommendations on ways to enhance cooperation between Taiwan and the United States in the region.[2]

## Regional Context

In this section, we will briefly frame the context of regional developments in terms of four policy areas: economics and trade, democracy and governance, security, and regional dynamics that will influence the efficacy of any efforts by the United States and Taiwan to jointly pursue mutual interests through the NSP with concrete projects in the Indo-Pacific region.

[1] Robert Wang is currently a non-resident senior associate with the Center for Strategic and International Studies (CSIS) and an adjunct professor at the Georgetown University School of Foreign Service (SFS). He is also a member of GTI's Advisory Board and, as referenced earlier, a co-author for the report. Russell Hsiao is the executive director of the Global Taiwan Institute, a senior fellow of The Jamestown Foundation, and an adjunct fellow at Pacific Forum.

[2] The recommendations included in this report are the authors and should not be considered as endorsements by the workshop participants.

*Economics / Trade*

On the economics and trade fronts, the current COVID-19 pandemic has had a significant impact on economic growth in the region, with most countries having suffered varying degrees of recessions in 2020 with a notable exception of Vietnam.

Nonetheless, despite continued risks, the Asian Development Bank has forecast a return to strong regional growth post-pandemic starting in 2021.[3] Moreover, the recent conclusion of the Regional Comprehensive Economic Partnership (RCEP) agreement is expected to spur trade and further enhance growth, especially in Southeast Asia. While there are concerns that Taiwan could be further economically isolated by being left out of RCEP, the impact may be limited since the rules of origin agreed upon in RCEP only require 40% of goods being traded to be sourced from within the region, thus allowing many Taiwanese companies invested in the region to benefit from the new trade agreement as well.

Yet RCEP does represent the first major regional trade arrangement that includes China, Japan and Korea, and thus represents a significant *geopolitical* development. The institutionalization of an agreement has a built-in agenda that will facilitate work among countries involved that will be meeting regularly to coordinate their interests and provide a forum for senior leaders to meet–so the political aspects of RCEP could be potentially more complicating for Taiwan.

Meanwhile, President Biden has also been clear that he will be focusing on domestic economic priorities at the beginning of his administration rather than negotiating new trade agreements. So, despite Congressional interests, this reduces the possibility that he will initiate negotiations on a free trade agreement with Taiwan in the near term.

Finally, Chinese President Xi Jinping has also recently expressed China's interest in joining the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP), a regional economic grouping that United States had led and then pulled out of during the Trump administration. It remains to be seen whether China would actually be willing to take on the higher trade standards of this multilateral trade agreement, especially with respect to state-owned enterprises and intellectual property protection. Nonetheless, China's entry into the CPTPP would further consolidate its increasingly dominant position in the region and have serious implications for the United States as well as Taiwan. Insofar as it recognizes this challenge, the Biden administration will be under pressure to respond and engage more quickly and directly with the region. On this final point, Vice President Kamala Harris's Southeast Asia tour—her first overseas trip as vice president—provides

[3] https://www.adb.org/what-we-do/economic-forecasts/

an initial indicator as to the place of the region in the list of the Biden administration's priorities.

*Democracy and Governance*

Reflecting a global trend, the region has experienced a deterioration of democratic institutions, as seen particularly in the cases of Myanmar and Thailand, along with the rapid expansion of China's presence. China's influence operations in South and Southeast Asia are primarily conducted through economic means and media information campaigns. China's interest in the region may not principally be in undermining democracy nor deliberately setting debt traps, but its more pernicious practices, e.g., lack of transparency and influence buying, foster corruption and erode democracy and good governance.

Information campaigns are utilized primarily to protect China's political and economic interests and designed to stifle criticism of its economic tactics and protect the image of China's Belt and Road Initiative (BRI). It utilizes several tools, such as the creation of new information channels, pouring resources into propaganda and coopting existing media outlets; efforts to influence thought leaders and think tank scholars; and pressure on journalists and academics to self-censor for fear of losing access to Chinese resources.

China is increasingly pursuing United Front work abroad, often using ostensibly benign cultural exchanges to serve the party-state's interest. These activities, have weakened democratic institutions and contributed to the creation of an Indo- Pacific that is increasingly illiberal and undemocratic.

Hence, increasing Chinese influence in the region will pose serious challenges to US and Taiwan efforts to promote democracy and good governance in the region. Nonetheless, it is critical to frame these measures more broadly in terms of the need for increasing democratic resilience and fostering sustainable development rather than forcing states simply to make a choice between the United States and China. There is a lack of awareness in many countries about the risks of engaging with China, so these efforts should start by helping to increase awareness while offering alternative development strategies.

*Security*

Over the past decades, the United States has had the capability to deter China in support of Taiwan but this effort is increasingly risky as China's military power and presence has grown very significantly in the region. The most critical security issue for Taiwan will be to preserve deterrence, which will almost exclusively require the assistance of non-NSP countries. Only states like the US, Japan, India, and Australia will be able to

effectively contribute to deterrence in an integrated way. Nonetheless, information sharing, exchanges and rule-setting arrangements with NSP countries will be useful in consolidating support for Taiwan and can contribute to maintaining security and stability in the region.

Thus, while the NSP is mostly not about hard security, the strategy should help to secure Taiwan's security in the long run by ensuring that Taiwan is integrated into a larger, supportive community and enhancing its positive contribution to the region. All of the elements of the NSP are valuable and should be expanded, and initiatives like the US-Taiwan-Japan Global Cooperation and Training Framework (GCTF) will be crucial. NSP could provide for common market style integration even if this will not be sufficient in terms of deterring China and ensuring Taiwan's security.

*Regional Dynamics*

There are three key considerations concerning regional dynamics that would matter to the degree in which the United States and Taiwan can cooperate in pursuing mutual interests in the region. First, there is a considerable degree of anxiety in India and Southeast Asia about China. These countries recognize China's dominance, but are very uncomfortable about it. Second, no country in the region can economically afford not to have a constructive relationship with China. Third, most NSP countries are wary of hardening US-China rivalry.

In light of the widespread and severe impact of COVID-19 in Southeast Asia, there will be little that the United States and Taiwan can do to improve Taiwan's standing if it leaves a vacuum for China to fill in helping to cope with the current pandemic—whether in terms of financial assistance, vaccination distribution or logistical support.

Despites their reliance on the Chinese market regional countries have no illusions about the risks of Chinese economic engagement, but most of these countries also benefit from strong economic ties with China and actually seek to increase these ties. According to a survey conducted by a prominent Southeast Asian think tank, "China is seen as the most influential economic and political-strategic power in the region, and outpaces the US by significant margins in both domains."[4] Moreover, the same survey indicated, that "77 percent observe that US engagement with Southeast Asia has declined under the Trump administration compared to the Obama administration."[5] Taiwan, along with the United States, should seek to provide alternatives and offer more sustainable economic options

[4] https://www.iseas.edu.sg/wp-content/uploads/pdfs/TheStateofSEASurveyReport_2020.pdf

[5] https://www.iseas.edu.sg/wp-content/uploads/pdfs/TheStateofSEASurveyReport_2020.pdf

for countries in the region. Unfortunately, the US-Taiwan relationship is rarely framed as a public good in and of itself. Rather, it is often seen by regional states as primarily a means to counter China. This is an issue that must be addressed if there is to be a more productive working arrangement between the United States, Taiwan and other countries in the region.

## Upcoming US Foreign Policy Priorities

President Joe Biden has been very clear about what his immediate priorities are: COVID-19 and the economy. These priorities will likely consume the first several years of his presidency. Issues pertaining to Taiwan and, more so, Southeast Asia will likely be discussed as they relate to these priorities even though the President and his advisers have been clear that he wants to rebuild US alliances and leadership abroad.

In an article published in the 2020 March/April issue of Foreign Affairs, then Presidential candidate Joe Biden laid out his overall U.S. foreign policy goals. He wrote: "As president, I will take immediate steps to renew U.S. democracy and alliances, protect the United States' economic future, and once more have America lead the world."[6]

To begin with, Biden noted that without strong U.S. leadership, "democracies— paralyzed by hyper-partisanship, hobbled by corruption, weighed down by extreme inequality— are having a harder time delivering for their people. Trust in democratic institutions is down." Hence, Biden announced that the United States will organize and host a global Summit for Democracy in December 2021 "to renew the spirit and shared purpose of the nations of the free world." "It will bring together the world's democracies to strengthen our democratic institutions, honestly confront nations that are backsliding, and forge a common agenda to fight corruption, defend against authoritarianism and advance human rights."

Second, Biden focused on the issue of America's economic security as a foreign policy priority, underscoring, in particular, that "China represents a special challenge" as it is "playing the long game by extending its global reach, promoting its own political model, and investing in the technologies of the future." "If China has its way, it will keep robbing the United States and American companies of their technology and intellectual property. It will also keep using subsidies to give its state-owned enterprises an unfair advantage— and a leg up on dominating the technologies and industries of the future." Biden thus proposed building a united front of U.S. allies and partners that would "give us substantial leverage to shape the rules of the road on everything from the environment to labor,

[6] https://www.foreignaffairs.com/articles/united-states/2020-01-23/why-america-must-lead-again

trade, technology, and transparency, so they continue to reflect democratic interests and values." He will likely continue to take a tough stance on China on technology, state mercantilism, and other issues in cooperation with allies and partners.

Given Biden's focus on China's challenge—even publicly stating that he foresees "extreme competition" with Beijing, the Biden administration has continued the previous Obama policy emphasis on Asia and work to rebuild ties with regional allies and partners, including groupings such as the Association of Southeast Asian Nations (ASEAN). With specific reference to Taiwan, Biden also wrote in an October 22, 2020 op-ed in the *World Journal* (Taiwan's Chinese-language newspaper published in America) that the United States will "stand with friends and allies to advance our shared prosperity, security and values in the Asia-Pacific region. That includes deepening our ties with Taiwan, a leading democracy, major economy, technology powerhouse – and a shining example of how an open society can effectively contain COVID-19."[7]

From the above, we believe that the Biden administration will continue to mobilize efforts to promote democracies and good governance, despite the recent setback in Afghanistan, in conjunction with inclusive and sustainable economic development in its foreign policy. At the same time, recognizing the challenge that China poses in terms of its global threat to the rules-based liberal and economic order, the United States will seek to strengthen economic ties abroad and enhance the security of the global supply chain, especially in advanced technology and other critical sectors, in order to reduce China's leverage and ensure US economic security. These priorities clearly reflect and complement Taiwan's own national and foreign policy interests and potentially create opportunities for greater bilateral cooperation with the United States.

## US Initiatives to Promote Sustainable Growth and Good Governance

With a view toward identifying potential areas of cooperation between Taiwan's NSP and U.S. initiatives in Asia, we will focus in this report on Southeast Asia where Taiwan currently has significant business and people-to-people ties. In particular, we will look at concrete U.S. policy initiatives relating to countries within the Association of Southeast Asian Nations (ASEAN).

At the 8th U.S.-ASEAN Summit held virtually in mid-November 2020, U.S. and ASEAN officials reaffirmed their support for a free and open Indo-Pacific "based on a shared respect for freedom of the seas and skies; sovereignty; market-based economics, open investment, and fair and reciprocal trade; and supporting transparency and good

[7] https://www.worldjournal.com/wj/story/121468/4955258

governance." (3) https://www.state.gov/united-states-and-asean-a-billion-futures-across-the-indo-pacific/

According to the U.S. press release, the focus of this year's meeting was on advancing human capital development across the region where the United States has invested over $930 million to support education in ASEAN countries and $785 million to support academic, cultural and professional exchanges over the past 15 years. We summarize and highlight below a number of these programs that may be of special interest and complementary to Taiwan's New Southbound Policy.

**Billion Futures Scholars:** This initiative aims to bring more ASEAN students to the United States for exchange study to build on the over 500,000 ASEAN students who have studied in the United States in the last ten years and help U.S. universities diversify their international student bodies. It will do so through two existing programs: the **Global Undergraduate Exchange Program (UGRAD)** and the **Fulbright program** for graduate studies. Also included in this initiative is USAID's five-year $19 million **Lincoln Scholarship Program** in Burma, which will support 95 young leaders from diverse ethnic and religious backgrounds to earn master's degrees in the United States in fields that promote reconciliation and a stable future for Burma.

**Young Southeast Asian Leaders Initiative (YSEALI):** Complementing the Billion Futures Scholars initiative, the State Department provided $5 million to establish the **YSEALI Academy at Fulbright University Vietnam** to educate the next generation of Southeast Asian leaders in technology and innovation, public policy, and entrepreneurship. Since 2013, more than 150,000 young leaders from across ASEAN member states and Timor-Leste have participated in YSEALI through U.S. exchanges, regional workshops and programs, and the virtual YSEALI Network. The United States has supported YSEALI with $51 million to date.

**Mekong-US Partnership Initiative:** This is a new initiative that succeeds and builds on the former **Lower Mekong Initiative** (LMI) through which the United States provided over $3.9 billion in assistance to the five Mekong partner countries (Cambodia, Lao PDR, Burma, Thailand, and Vietnam) from 2009-2020. This Partnership will expand areas of cooperation to address issues of economic connectivity, human capital, women's empowerment, transboundary water and natural resource management, and non-traditional security, such as transnational crime, including wildlife and timber trafficking, and other important areas. Over $150 million in U.S. assistance was announced at the inaugural Mekong-U.S. Partnership Ministerial in 2020.

**U.S.-ASEAN Health Futures:** Over the last 20 years, the United States has invested over $3.5

billion in supporting public health in ASEAN member countries. This platform supports U.S. assistance for public health and combating infectious disease in ASEAN states, with a focus on health system capacity and resiliency, developing the next generation of health professionals, and research. More recently, the United States has allocated over $87 million dollars to help ASEAN respond to COVID-19 and are planning to fund $1.5 million to support the development of an **ASEAN Public Health Emergency Coordination System**, which will help ASEAN members collectively respond to future health emergencies. It has also provided $2.5 million to establish the **U.S.-ASEAN Infection Prevention and Control Task Force** to combat the growing threat of Anti-Microbial Resistance. USAID is investing $16 million in **One Health Workforce-Next Generation** to transform the multi-sectoral health workforce and help ASEAN countries prepare for, prevent, detect, and respond to public health emergencies.

U.S.-ASEAN Smart Cities Partnership (USASCP): Since 2018, the United States has committed over $13 million to 20 projects to help ASEAN Member States meet rapid urbanization challenges, including transportation, water management, and energy. The Partnership is engaging with the private sector in new programs, such as the Integrated Urban Services project, which will create linkages across basic urban services to optimize efficiency and advance water and energy recovery and reuse. The new Health in Cities program is designed to help build resilience in sub-national health care systems in response to the COVID-19 pandemic through small grants to support ASEAN business and service providers. For example, the program is helping hospitals in three Cambodian cities migrate to electronic medical records. In 2020, the Partnership launched eight city pairings between U.S. and ASEAN cities, five in transportation planning and three in water management, to promote best practices, spur innovation, and identify business opportunities.

### U.S. Assistance to Support Business Development and Strengthen Economic Ties

In the coming years, we also expect the United States to increase its assistance to Southeast Asian countries to promote private sector business development that will sustain the region's rapid economic growth and buttress its role in the global supply chain. As noted earlier, this effort aims to strengthen economic ties that should help to "shape the rules of the road….so they continue to reflect democratic interests and values." We describe below some of the policy institutions and programs involved in this effort.

**U.S. International Development Finance Corporation (DFC):** DFC has invested in multiple sectors across Southeast Asia, with over $1 billion dollars deployed to date. In June, DFC approved a $25 million investment to support a regional equity fund, which will invest in businesses introducing innovative technology in Indonesia, Vietnam, the Philippines, and Malaysia. These investments will help reduce costs for small and medium enterprises,

facilitate trade, and foster innovation. DFC has committed to invest $40M to help Frontiir, a homegrown Burmese ICT firm, expand broadband access in the country. Another $5 million project in Cambodia will extend financial services to underbanked populations. DFC's qualified pipeline includes investments in telecommunications in Burma, education in Vietnam, and renewable energy projects across the region.

**Indo-Pacific Business Forum:** The third session of the forum was held in October 2020 and brought together business and government leaders to spur economic innovation and collaboration. U.S. firms signed more than $11 billion in commercial deals. The U.S. government organized high-level public-private panels on human capital development entitled "Building ASEAN's Workforce for Tomorrow" and "Sustainable Smart Cities," as well as a discussion on the business outlook and investment opportunities in Mekong countries with all five U.S. Ambassadors to Mekong countries.

**ASEAN Women CEO Summit:** Launched in 2019, this annual summit is organized and hosted by the **ASEAN Women's Entrepreneur Network (AWEN)** founded through USAID assistance in 2014. The 2nd Annual Summit was held in Hanoi in mid-November, 2020, and brought together high-profile speakers from the U.S. private sector and U.S. government. The United States has also helped support the **ASEAN-U.S. Science Prize for Women** since 2014, inspiring young women in Science, Technology, Engineering, and Math (STEM) fields across the region. This Prize honors women researchers in STEM and highlights their work.

**Women's Livelihood Bond Series:** USAID has provided loan guarantees, managed through the DFC, to this program. Currently, the second bond in the series is working toward mobilizing $100 million in private sector financing for expanded economic opportunities. This activity provides women access to long-term financing raised through capital markets, thereby addressing the structural constraints that women and girls often face in many countries across the region. This year, more than 25,000 women in Indonesia and Cambodia are benefiting from increased financial inclusion.

**ASEAN Single Window (ASW):** USAID has continued to work with ASEAN to implement a self-certified system to expedite select traders in securing government certificates of origin to qualify for lower tariff rates. It has now linked the ASW with the United States Customs and Border Protection's Automated Commercial Environment (ACE) to share electronic plant inspection certificates (e-phyto certificates) between ASEAN and the United States. Currently around 90,000 documents are issued by ASEAN and the United States each year, totaling approximately $13 billion of two-way trade revenue. Expansion of the ASW allows for increased intra-ASEAN trade and will eventually lead to streamlined trade with the United States once their electronic commercial systems are linked.

**Support for the ASEAN Secretariat:** Since 2013, the United States has committed over $65 million to support ASEAN multilateral assistance programs. This assistance is implemented by the **ASEAN-USAID Partnership for Regional Optimization within the Political-Security and Socio-Cultural Communities (PROSPECT) and Inclusive Growth in ASEAN through Innovation, Trade and E-Commerce (IGNITE)** programs. **PROSPECT** supports ASEAN to better respond to transnational challenges—including non-traditional security threats—and promotes sustainable, rules-based and inclusive growth by expanding rights and opportunities for women, youth, and other marginalized groups across Southeast Asia. **IGNITE** implements initiatives that reduce the cost of international trade; spurs e-commerce; supports micro, small, and medium enterprises (MSME) and gender mainstreaming; and increases productivity in Southeast Asia through technical assistance to ASEAN bodies in the areas of trade facilitation; digital economy; and science, technology and innovation.

**USAID-ASEAN Regional Development Cooperation Agreement:** In August 2020, USAID and the ASEAN Secretariat signed this 5-year agreement, with a value of up to $50 million, to support programs addressing regional and global challenges and promoting economic integration of ASEAN, human rights, and the rule of law.

## Recommendations to Taipei and Washington

- **U.S.-Taiwan Coordination Mechanism in Southeast Asia:** As shown in this report, U.S. initiatives in Southeast Asia and Taiwan's New Southbound Policy clearly complement each other in their overall objectives as well as in their specific assets. In order to increase the effectiveness of the respective programs and to create synergies between them, we recommend that Taipei and Washington establish a working group mechanism to coordinate policies and develop areas of cooperation, similar to the recently-created annual dialogue between Korea and the United States.[8]

- **U.S.-Taiwan Track 1.5 New Southbound Dialogue:** There is a need for sustained interaction not just events at the governmental level but also via think tanks to promote sustained dialogue and exchanges among think tanks and NGOs to broaden the base of understanding about the complementary aspects of Taiwan's NSP and US initiatives in the Indo-Pacific and share that with NSP-target countries to bring their views into the conversation. Even in the US, there is often pushback against efforts to "counter China" as there is generally a lack of awareness of the issues. This is doubly true in ASEAN/SE Asia. However, the issues should be framed positively rather than negatively, an

[8] See, e.g., https://www.state.gov/the-united-states-of-america-and-the-republic-of-korea-on-working-together-to-promote-cooperation-between-the-indo-pacific-strategy-and-the-new-southern-policy/

approach overly based on the latter could limit the impact and receptivity of countries in the region to embrace such initiatives. TAEF is the ideal organization to carry out this initiative in conjunction with a US-based think tank that help facilitate participation by US experts to engage in the discussion.

- **Regional Non-Governmental Organization (NGO) Training Center in Taiwan:** Building on Taiwan's model as a vibrant democracy in Asia, we recommend that the United States and Taiwan join in an effort to fund and support American and Taiwan NGOs in establishing a regional NGO center in Taiwan to jointly train personnel from NGOs in Southeast Asia to promote democratic and civil society values. Taiwan's NGOs possess enormous capacity and the country's know-how in this sector should be leveraged for enhancing capacity-building.

- **U.S. Taiwan Economic Prosperity Partnership Dialogue:** The United States and Taiwan should expand this recently-established economic dialogue to address issues relating to the management of the regional and global supply chain, especially in critical sectors such as advanced technology and medical supplies. This dialogue should aim to eventually include other countries in the region, e.g., Japan and Korea, who have the same interests and concerns about the regional and global supply chains, as well as engaging their business communities through the various trade associations in the region. President Biden should continue this dialogue and, as its first tangible steps under the new administration, prioritize the development of a medical supply chain alliance with Taiwan that can help provide immediate support for vaccination distribution and logistical support for NSP-target countries. Additionally, if held regularly, discussions under the signed MoU on "Framework to Strengthen Infrastructure, Finance, and Market Building Cooperation" could further the goals of NSP.

- **US-Taiwan Education Initiative:** While primarily a bilateral initiative for international education cooperation and expected to enhance and expand existing Mandarin and English language opportunities in the United States and Taiwan, the two sides should explore the possibility of expanding the program to other countries in Southeast Asia.

- **US-Taiwan Subnational Initiatives:** Taiwan should also expand its cooperation with countries in the region by seeking opportunities to launch subnational projects at the municipality and county levels. The United States should consider encouraging the development of sister-city relations between Taiwan and NSP-countries.

- **Global Cooperation Training Framework:** Utilize this existing multilateral mechanism to provide a platform for US-Taiwan-Japan cooperation with NSP-target countries on

issues of common concerns. The platform has been an effective vehicle for exploring new avenues of cooperation and identifying assets among the countries involved and encouraging quasi-official interactions in multilateral fora.

- **Asia-Pacific Economic Cooperation (APEC):** Utilize this multilateral forum to advance US-Taiwan partnership in advancing common goals of inclusive goals and governance standards. Many issues on areas of common interests could be developed through other bilateral mechanisms and advanced as initiatives under APEC.

- **US-Taiwan Free Trade Agreement:** Prepare to commence negotiation on a bilateral free trade agreement that will indirectly enhance Taiwan's role in the regional supply chain. Acknowledging the challenges of starting negotiations in the near-term, the US and Taiwan should begin discussions on important trade-related matters within the recently-resumed TIFA talks in order to pave the way for eventual negotiations. This is particularly important given President Tsai's bold decision to unilaterally lift restrictions on the import of US beef and port.

- **Trans-Pacific Partnership (TPP):** Finally, the United States, in coordination with Taiwan, should eventually seek membership in the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) in order to further strengthen rules-based and high standard trade and investment partnerships in the region.

- **Center of Excellence on Democratic Resiliency:** Modeled after The European Centre of Excellence for Countering Hybrid Threats, which is an international, independent network-based organization promoting a whole-of-government and whole-of-society approach to countering hybrid threats, the United States should consider assisting Taiwan in establishing a center that can assist like-minded nations' and civil societies' capabilities to strengthen democratic resiliency and prevent as well as counter political warfare through sharing best practices, testing new ideas and approaches, and providing training courses and exercises.

- **Indo-Pacific Democratic Governance Consultations:** Utilize this existing multilateral mechanism to provide a focused discussion on democracy and governance assistance with NSP-target countries. The participation of US democracy focused-NGOs such as the International Republican Institute and the National Democratic Institute in this dialogue mechanism is a positive steps in the right direction. As next steps, the United States and Taiwan should consider expanding the mechanism to include consulting with European democracy-assistance foundations such as UK's Westminster Foundation for Democracy and Germany's Friedrich Naumann Foundation, to name only a few, which have substantial presence in Southeast Asia.

## Taiwan's New Southbound Policy and US Priorities in the Indo-Pacific

## Workshop

December 8, 2020
12:00PM – 3:30PM

### Participants

- **Russell Hsiao**
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  *Report Co-author*
- **Barbara Weisel**
  *Rockcreek Advisors*
- **Patrick Cronin**
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- **Riley Walters**
  *Heritage Foundation/ Global Taiwan Institute*
- **Robert Wang**
  *Georgetown University*
  *Report Co-author*
- **Dave Shullman**
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- **Satu Limaye**
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### Observers

- **Jack Liu**
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- **Marshall Reid**
  *Global Taiwan Institute*
  *Notetaker*
- **Katherine Schultz**
  *Global Taiwan Institute*

**Connecting Taiwan's New Southbound Policy with U.S. Foreign Policy Initiatives in Asia:**
Recommendations for Taipei and Washington

# The Strategic Significance of the New Southbound Policy in the Two Terms of President Tsai Ing-wen.

*With the will of Taiwan's 8.17 million voters who support President Tsai Ing- wen's re-election and the representative of the majority of Taiwan's people, strengthening Taiwan's international status and energy is an integral part of her blueprint for the future development of Taiwan's national politics. Although President Tsai was facing a major global crisis of transnational infectious diseases at the beginning of her second term, her precise judgments have created the value of "needed" for Taiwan in the global turmoil caused by the global pandemic. Moreover, by strengthening the New Southbound Policy's energy and practice, it will help promote Taiwan to cooperate with international partners and countries with similar ideas to "transition to new prosperity," thereby bringing Taiwan and Asia to an important direction for a better future.*

**Dr. Alan Hao Yang**
Professor of the Graduate Institute of East Asia Studies, NCCU, Executive Director of Taiwan-Asia Exchange Foundation

President Tsai Ing-wen has actively promoted the New Southbound Policy (NSP) since taking office in 2016 and tried her best to find new international coordinates for Taiwan. As Taiwan's "regional strategy for Asia," the NSP focuses on a people-centered development program and aims to develop a sense of regional community in the expansion of international cooperation networks. It has gradually recalibrated the working language and updated the two-way communication and interaction model between Taiwan and neighboring Asian countries over the past few years.

The NSP has allowed Taiwan to gain a global strategic voice in President Tsai's first term. It is undeniable that before 2016, the direct international association with Taiwan's foreign relations is perhaps cross-strait relations in addition to the Chinese factor. In other words, Taiwan's international space has been restrained under the structure of cross-strait relations since the suppression of Chinese hegemony and political interference. Still, it has also restricted or even stifled overseas friends' creativity to interact with Taiwan and promote cooperation.

## The Importance of the New Southbound Policy in the First Term of President Tsai Ing-wen

President Tsai Ing-wen has taken the initiative to propose the New Southbound Policy since 2016. This policy has brought new energy to Taiwan's international role and activities, especially for the international think tank community or policy communities and civil society in various countries. Taiwan has gradually transformed its policy announcements into actual actions and progress within a few years, which has attracted all parties' attention. The NSP promotion is a major international declaration for Taiwan. Reveals that as long as Taiwan maintains profitability and builds a concrete national strength, we can actively create strategic dialogue opportunities and even cooperation with major countries in Asia-Pacific even if we are not a global power.

Furthermore, while President Tsai promoted the NSP during her first term, she also decisively presented Taiwan's voice and views on world changes. The specific implementation process is based on economic and social linkages. With the development and cooperation agendas of external proliferation through establishing multiple partnerships, neighboring countries have also seen Taiwan's attitudes, initiatives, and concrete actions to integrate into the regional community actively. The NSP's footprint and accumulation have rebuilt the global coordinates and provided more precise visibility of Taiwan in Asia and the Indo-Pacific region in the past four years. Simultaneously, signals of deepening relations between the Taiwan government and civil society and the international community appear on the friendship radar of Southeast Asia, South Asia, Australia and New Zealand, and countries with similar ideas in the Indo-Pacific. Thus, the NSP can be seen as a strategic guideline for Taiwan to pursue a broader international space.

The author has had the honor to participate in exchanges and cooperation related to the New Southbound Policy in the past few years. Most of the delegations from Southeast Asia, South Asia, New Zealand, and Australia viewed and responded positively to Taiwan's NSP, particularly to President Tsai Ing-wen's focused on the people-centered cooperation agenda. This means that Taiwan recognizes its own development needs and motivations and participates actively and cooperatively. Most guests' attention to Taiwan will not focus on the negative and restricted cross-strait relations and China factors. Instead, they will place more discussions and expectations on the positive and proactive New Southbound Policy and brainstorm what Taiwan's initiative can bring for this country or narrow the distance between Taiwan and countries in Southeast Asia, South Asia, and New Zealand, and Australia. For instance, Teofisto T. Guingona, Jr., the Philippines' former vice president,

came to Taiwan to participate in the first Yushan Forum in 2017. "Being close, like brothers and sisters," he said in his keynote speech. He emphasized that Taiwanese and Filipinos have equal socio-economic and cultural backgrounds. Thus, the two countries should have a closer cooperative relationship in economic and social life to promote a better world and sustained happiness jointly.

In addition, the newly established "Envisioning Asia: Roundtable Dialogue" at the 3rd Yushan Forum in 2019 also invited Sandra Oudkirk, Deputy Assistant Secretary for Australia, New Zealand Pacific Islands Affairs of the US Department of State and senior APEC officials, Shivshankar Menon, Chairman of the Advisory Committee of the China Research Institute in Delhi, India, Taeho Bark, the former Minister of Trade and Economic Cooperation of the Ministry of Foreign Affairs and Trade of South Korea, and John Deng, the executive council member of the Executive Yuan, conducted a round-table dialogue on the extensive exchanges of opinions of the Indo-Pacific region's challenges, development strategies, economic and trade cooperation, talent cultivation, green energy, resource sharing, and other issues. We can discover that Taiwan, which is more active and proactive during the banquet, does have the needed value internationally.

Most of the leaders with similar policy influences the author has come across in the past few years tend to regard the NSP as a goodwill initiative that Taiwan calls on international partners to strengthen cooperation and deepen relations. It also represents Taiwan's self-preparation of the integrated regional community and efforts to build closer relations with Asia. Ever since this policy started in the official direction, President Tsai Ing-wen is ever mindful and expects the NSP to be useful and successful with civil society's response. The continuous accumulation of public-private partnerships has given the NSP a strong Taiwanese and Asian flavor in the past four years. In particular, the existing five flagship projects have been advancing year by year, with many exchange stories written both internationally and domestically.

## Expectations for the New Southbound Policy in the second term of President Tsai Ing-wen

It is worth mentioning that the COVID-19 pandemic in Wuhan, China, which broke out at the end of 2019 and early 2020, has deeply affected neighboring Asian countries. They have faced severe challenges to their economy, trade, industry, investment, society, and development, including all kinds of suspicion and distrust of each other, which are vital challenges that erode the tacit understanding of regional cooperation, loosen, and break the community's unity. The Taiwanese experience of maintaining resilience and trust

in society during the pandemic prevention and post-pandemic era, as President Tsai Ing-wen's vivid narrative of "Taiwan is helping," can indeed serve as a reference for the international community to restore resilience and return to normal operation.

The author also expects that in the second term of President Tsai Ing-wen, the continuation of the previous phase of the NSP and the continuous implementation of relevant plans will help advance to convey Taiwan's views on Asian development and regional communities to the international society. The position can also help Taiwan integrate into the international community by highlighting the practical actions of warm power-sharing and understanding how Taiwan has become a trusted partner globally. The author believes that with the will of 8.17 million voters who support President Tsai Ing-wen's re-election and the representative of the majority of Taiwan's people, strengthening Taiwan's international status and energy is an integral part of her blueprint for the future development of Taiwan's national politics. Although President Tsai was facing a major global crisis of transnational infectious diseases at the beginning of her second term, her precise judgments have created the value of "needed" for Taiwan in the global turmoil caused by the global pandemic. Moreover, by strengthening the NSP's energy and practice, it will help promote Taiwan to cooperate with international partners and countries with similar ideas to "transition to new prosperity," thereby bringing Taiwan and Asia to an important direction for a better future.

It is undeniable that the ongoing question of "how to return to prosperity" is a challenge Asia and even the world face. It involves public health issues and deep thinking about human life and the world's operating model. What we should pay more attention to is that the term "return" should not only be used to "return to the normal state of the past," but to introduce new ideas to create a "new future."

Given this, we should not limit ourselves to the purely industrial layout debate of "de-sinicization" or "de-globalization." Instead, we should seriously consider how to recreate a new type of "fair and reasonable" international cooperation to promote international "sustainable prosperity" in the current crisis; the purpose is to implement new "economic security," "social stability," and "sustainable value." Indeed, although the NSP is not a panacea, it has accumulated collective experience and diverse partnerships under Taiwan's diplomatic difficulties in the past few years and strengthened its focus on the next policy direction stage. The possible contributions and actions of cooperation in response to the global crisis and the path to recovery can also be expected as a concrete reference for how the international community can restore trust and build a blueprint for prosperity.

# Expectations and suggestions for the "New Southbound Policy 2.0."

**Dr. Hsin-Huang Michael Hsiao**
The Chairman of Taiwan-Asia Exchange Foundation

**Dr. Alan Hao Yang**
The Executive Director of Taiwan-Asia Exchange Foundation

A few months ago, The Diplomat made an in-depth coverage of President Tsai Ing-wen's first administration achievements and re-election success in their May 2020 issue. Its comments on the performance of the New Southbound Policy are set to be mildly successful. It is undeniable that the New Southbound Policy, firmly promoted after President Tsai took office, has quite successfully conveyed to the international community and neighboring countries in Asia. Taiwan's new perspective on the world and the intention to contribute to the regional community has also received attention from neighboring countries and countries with similar ideas in the past three years.

With the upcoming May 20th President's inauguration ceremony, people from all walks of life at home and abroad are looking forward to what President Tsai's re-election talks will bring us. Due to the COVID-19 outbreak in China, the pandemic's global spread is likely to change various human social life patterns, especially in the past five months. In the face of severe challenges today, President Tsai Ing-wen should again use the New Southbound Policy to actively integrate Taiwan and promote the regional community's interests to highlight the national position and declare to further developed various new partnerships. Just as President Tsai stated in the previous Yushan Forum, "Taiwan can help Asia" and "Asia can help Taiwan," With the recent share of Taiwan's experience in pandemic prevention showing that "Taiwan is helping." We firmly believe that the New Southbound Policy will play an essential role in assisting Taiwan Asian regional community's resilient development. Moreover, we look forward to the three enhancements of the New Southbound Policy during President Tsai's second term. Based on the accumulated four years of existing systems and cooperation, we will further pragmatically outline a new operating model in the "post-epidemic era."

As a whole, the "three enhancements" emphasize that the New Southbound Policy should continue the first phase of the results and strengthen the promotion of its essential links.

The first is to "strengthen existing links." The Executive Yuan's ministries have linked the interests of the three sectors between government, enterprise, and society of countries in Southeast Asia, South Asia, New Zealand, and Australia through Five Flagship Programs in the past four years. The New Southbound Policy 2.0 should strengthen links on the existing basis or create unexpanded partners for cooperation.

The second is "deepening the relationship." We must continue to promote the New Southbound Policy through domestic public-private partnerships in the future and deepen the relationship between the national team's overall energy, member institutions, and inter-ministerial associations. For instance, the Yushan Forum, organized in the past three years, has presented the government's practical experience and achievements between the private sector and various ministries and committees to implement the New Southbound Policy. The key to whether the New Southbound Policy can achieve productive results in the next stage lies in the question of "How to promote the creation and improvement of the national team energy and transnational partnership shown by the cross-departmental and cross-field association."

The third is to "speed up implementation." The New Southbound Policy still has room for improvement and unfinished goals in President Tsai's first term. To expand the scale and channels of Taiwan's integration into the Asian regional community and accelerate two-way mutually beneficial results. Both government ministries and civil society should take innovative actions to accelerate implementing the blueprints, plans, and measures to be revised for the new south direction in the next four years.

Taiwan's successful experience in pandemic prevention developed through the government's close concerted efforts, and civil society has created a valuable "Taiwan model" in the international community in the past few months. We propose to include the "Taiwan Model" of "pandemic prevention" to be more tangibly and in-depth with New Southbound regions and countries as targets for expanding practice and diligence.

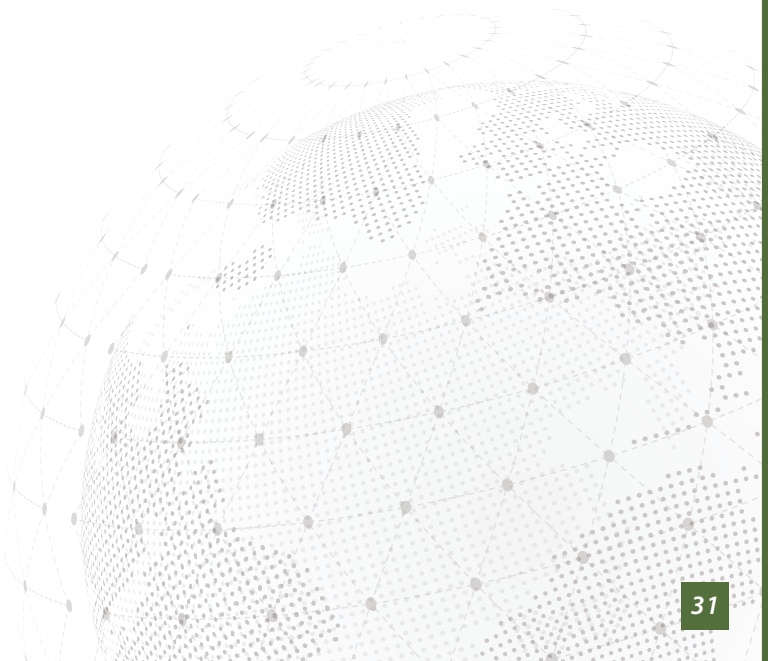
Based on this, we sincerely hope that Taiwan's "New Southbound Policy 2.0" can further demonstrate the following new missions.

The first is to look for the problems and challenges Taiwan and neighboring countries like Southeast Asia and South Asia will be facing. For example, the public health challenges caused by the COVID-19 pandemic, the food security and stability that may be faced in the future, the new model of technological innovation and industrial development, and the talent cultivation plan in response to the new governance agenda, etc. These common problems and challenges allow problem-solving approach oriented to develop a cooperation model through consensus.

The second is to strengthen the administrative efficiency of the government's cross-departmental international cooperation plans and practices, just as the first phase of the New Southbound Policy focuses on promoting the Five Flagship Programs at the executive level. In addition to collecting resources, we should also highlight Taiwan's characteristics and possible contributions in the future.

Third, we believe that creating innovative and diversified partnerships would promote the diversified institutional links of national partners between Taiwan and the priority countries in the New Southbound Policy.

Finally, we look forward to the future New Southbound Policy that can implement the concept of "co-production." Besides promoting mutually beneficial cooperation with the new southbound countries, we can also create new values and implement the vision of success and a win-win situation. Overall, the New Southbound Policy that has been accumulated over four years should not only be interpreted as a passive avoidance strategy to get rid of excessive dependence on China. Instead, it should be a specific Taiwan strategy to demonstrate Taiwan's value and enhance Taiwan's regional status. In other words, we are eager to expect the "New Southbound Policy 2.0" will lead Taiwan to a stable and magnificent internationalization in the next four years.



**Connecting Taiwan's New Southbound Policy with U.S. Foreign Policy Initiatives in Asia:**
**Recommendations for Taipei and Washington**

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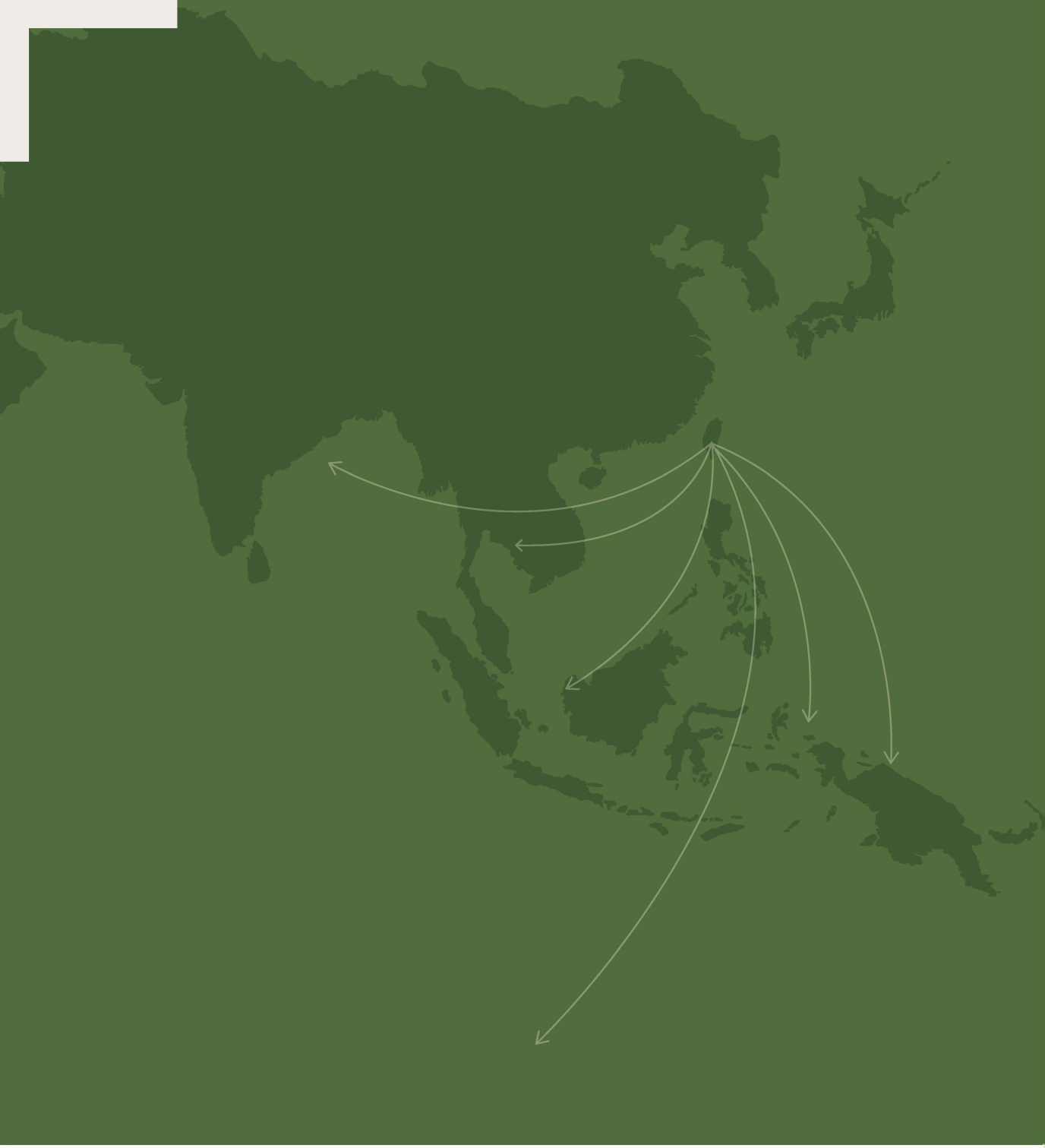

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