

New Southbound Policy Promotion Plan (October 3, 2016)

A. Background

Emerging markets in the Association of Southeast Asian Nations (ASEAN) and South Asian countries have grown rapidly as the global supply chain undergoes structural changes. Taiwan, meanwhile, is an important member of the Asia-Pacific region whose economy is closely bound with those of many within the region. In particular, ASEAN has recently become Taiwan's second-largest export market and second-largest investment destination, and Taiwan's relations with ASEAN members have expanded to technology, tourism, education, labor, culture and other realms.

To meet the challenges of regional economic integration, the Executive Yuan has reassessed Taiwan's external economic strategy and set forth the "New Southbound Policy Promotion Plan" based on guidelines announced by President Tsai Ing-wen. The plan calls for the development of comprehensive relations with ASEAN, South Asia, Australia and New Zealand while promoting regional exchanges and collaborations. The plan also aims to build a new model of economic development for Taiwan, reposition Taiwan as an important player in Asia's growth, and create new value for the future.

B. Essence of the New Southbound Policy—forge a new and

mutually beneficial model of cooperation, create a sense of economic community

Rather than unilaterally setting up contract manufacturing bases in ASEAN and South Asia as in the past, Taiwan will pursue bilateral partnerships and expand exchanges of personnel, capital, technology, culture and education with ASEAN, South Asian states, Australia and New Zealand. These efforts will forge a new and mutually beneficial model of cooperation and ultimately create a sense of economic community.

C. Four main tasks

Taiwan intends to settle in for the long haul and develop comprehensive ties with 18 countries—10 ASEAN members, six South Asian countries as well as Australia and New Zealand. To build strategic partnerships that will create regional prosperity, the plan outlines four tasks:

1.Promote economic collaboration: Forge new partnerships by integrating with those countries’ supply chains, connecting with their domestic demand markets, and cooperating on infrastructure projects.

a.Supply chains: Taiwan will support the industrial capacities and demands of partner countries through the five major innovative industries it is currently developing. For instance, Taiwan can export or help set up internet-of-things systems for such applications as electronic toll collection, smart health care

and intelligent school campuses. The government will also set up a “Taiwan Desk” in those countries to gather local resources and help overseas Taiwanese enterprises form business clusters. In Taiwan, a single window for southbound economy and trade expansion will be established as a platform for seeking, creating, integrating and promoting bilateral trade opportunities.

b.Domestic demand markets: Use cross-border electronic and physical distribution channels to sell quality and affordable products. Export new service industries including education, health, medical care and dining. Shape Taiwan’s industrial brand image.

c.Infrastructure projects: Create a collaborative platform for exporting infrastructure construction services and turnkey projects. Form export teams on energy, petrochemical and environmental infrastructure. Build strategic alliances with third-country service providers.

2.Conduct talent exchange: With a focus on people, deepen bilateral exchange and cultivation of young scholars, students and industry professionals. Share and complement human resources with partner countries.

a.Education ties: Expand scholarships to draw more students from ASEAN and South Asia. Depending on Taiwan’s industrial needs, create courses on academia-industry cooperation and

foreign youth technical training, and provide job matching services after their graduation. Encourage universities and colleges to set up campuses or courses abroad or preparatory programs. Offer elementary and junior high school language courses for new immigrants, and encourage universities and colleges to cultivate more Southeast Asian language experts and regional trade professionals.

b.Industry talent: Establish a points-based system allowing residency extensions for eligible foreign professional or technical workers in Taiwan, and encourage them to obtain job skills training and professional certification. Promote a two-way flow of professionals, streamline procedures for foreign workers coming to Taiwan, and match them to local companies.

c.New immigrants: Help first-generation immigrants use their linguistic and cultural advantages to obtain work certification and job opportunities (such as language teaching and tourism-related work). Help second-generation immigrants connect with their ancestral countries by encouraging universities to establish appropriate departments or curriculums, and give admission priority to students speaking Southeast Asian languages.

3.Share resources: Capitalize on Taiwan's soft powers to promote bilateral and multilateral cooperation in culture, tourism, medical care, technology, agriculture, and small and medium-sized enterprises. Improve quality of life in partner

countries and expand Taiwan's economic footprint.

a. Health care: Cooperate with ASEAN, South Asia, New Zealand and Australia on bilateral pharmaceutical certifications and new drug and medical equipment development. Help ASEAN and South Asia cultivate medical care and public health workers.

b. Culture: Use film, broadcasting and online games to market Taiwan's cultural brand. Encourage Taiwan's local governments to engage in intercity exchanges and cooperation with ASEAN, South Asia, New Zealand and Australia.

c. Tourism: Ease visa requirements for ASEAN and South Asian tourists to Taiwan. Promote Taiwan tourism through multiple channels, raise the quality and quantity of tour guides, and create a Muslim-friendly travel environment.

d. Technology: Build technology exchange platforms, strengthen international connections at Taiwan's science parks and research institutes, and promote exchanges in smart disaster prevention technologies.

e. Agriculture: Establish a "Taiwan international agricultural development company" to increase exports of agricultural products and materials. Provide agricultural technology assistance, expand use of biomaterials and agricultural

machinery, and improve the business capabilities of partner countries.

4. Forge regional links: Systematize bilateral and multilateral cooperation with partner countries while strengthening negotiations and dialogue. Draw on the collective strength of private groups, overseas Taiwanese networks and third countries. Advance regional safety and prosperity.

a. Regional integration: Actively pursue economic cooperation agreements or individual economic cooperation provisions with India and major ASEAN trade partners. Update and strengthen current bilateral investment and taxation treaties. Improve risk management by creating major event alert and emergency response mechanisms.

b. Negotiations and dialogue: Promote multilevel and all-encompassing negotiations and dialogue with ASEAN, South Asia, New Zealand and Australia. Open dialogue and negotiations with China at a suitable time on relevant topics and cooperation matters.

c. Strategic alliances: Reallocate foreign aid resources, build a comprehensive foreign aid mechanism, and expand Taiwanese companies' participation in local development projects in other countries. Strengthen official and nonofficial cooperation platforms between Taiwan and Japan, set up a Taiwan-Singapore

economic and trade cooperation platform, and join third countries in tapping markets in ASEAN, South Asia, New Zealand and Australia.

d.Overseas Taiwanese networks: Create an overseas Taiwanese database and exchange platform (including for foreign graduates of Taiwan universities, Taiwanese businesses operating abroad, and overseas ethnic Chinese). Connect with overseas ethnic Chinese and overseas Taiwanese business networks and strengthen their links with companies in Taiwan.

D.Conclusion

The New Southbound Policy constitutes an important plank in Taiwan's external economic strategy. Built around the core concepts of long-term exploration, multipronged development and mutual benefit, the promotion plan will integrate the resources and strengths of central government agencies, local governments and private companies and organizations. By linking resources, talent, markets and technologies with ASEAN, South Asia, Australia and New Zealand, Taiwan will create a new model of economic development and help drive growth and prosperity for the entire region.