

The New Southbound Policy:

The Pursuit of Mutual Prosperity, Benefits, Sharing, and Consensus



New Southbound Policy Implementation Agencies

Ministry of the Interior | Ministry of Foreign Affairs | Ministry of Finance | Ministry of Education | Ministry of Economic Affairs | Ministry of Transportation and Communications | Ministry of Labor | Ministry of Agriculture | Ministry of Health and Welfare | Ministry of Environment | Ministry of Culture | Ministry of Digital Affairs | National Development Council | National Science and Technology Council | Mainland Affairs Council | Financial Supervisory Commission | Ocean Affairs Council | Overseas Community Affairs Council | Veterans Affairs Council | Council of Indigenous Peoples | Hakka Affairs Council | Public Construction Commission | Directorate-General of Personnel Administration | National Palace Museum | Taiwan - Asia Exchange Foundation

FROM NSP LAUNCHPAD TO INDO-PACIFIC POWERHOUSE



The present geopolitical climate poses significant obstacles to broad regional economic integration, particularly as the global economic and trade system remains in a state of flux. Taiwan is situated at the nexus of Northeast and Southeast Asia and serves as a crucial strategic pivot in the Indo-Pacific region, giving its New Southbound Policy (NSP) a foundational role in shaping a diverse array of economic and trade strategies.

In August 2016, President Tsai convened a meeting to strategize over Taiwan's international economic and trade policy, during which she approved the adoption of policy guidelines for the NSP which set forth its guiding principles as well as its short, mid, and long-term goals.

The NSP embraces the principles of long-term cultivation, diversified expansion, and mutual benefits, integrating governmental resources with support from private enterprises and organizations. Focused on four key pillars — economic and trade cooperation, talent exchange, resource sharing, and regional connections — it aims to forge a mutually beneficial, win-win model of cooperation with ASEAN and South Asian countries as well as Australia and New Zealand.

Unlike prior policies, which were largely economic and trade-centric, the NSP acts as a linchpin in Taiwan's overarching economic blueprint linking Taiwan to the broader narrative of the Indo-Pacific region. It also seeks to create a symbiotic relationship characterized by mutual prosperity, benefits, sharing, and consensus. In essence, the NSP has evolved to embrace not just economics and trade, but to cultivate goodwill among the countries to Taiwan's south.

Recent shifts in the global political and economic landscape signal the increasing relevance of the Indo-Pacific region in global developments of the 21st century. For Taiwan, the region's economic and security dynamics are intimately tied to our own national security concerns. Whether it is the U.S.-led Indo-Pacific Economic Framework for Prosperity, Japan and India's Free and Open Indo-Pacific Strategy, or South Korea's New Southern Policy, these regional initiatives resonate with Taiwan's NSP, underscoring the validity and significance of our approach.

Taiwan is committed to adhering to international conventions and collaborating with allies sharing similar values to advance regional prosperity and growth. We possess the potential to be a pivotal force in the peaceful development of the Indo-Pacific region as well as a dependable link in the region's resilient supply chains. By steering our efforts in the right direction and securing our foothold to Taiwan's south, we are setting the stage for expanding our influence across the Indo-Pacific and beyond.



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Mutual Prosperity

TRADE | INVESTMENT | INDUSTRY | FINANCE

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Mutual Benefits

EDUCATION | TALENT | EMPOWERMENT

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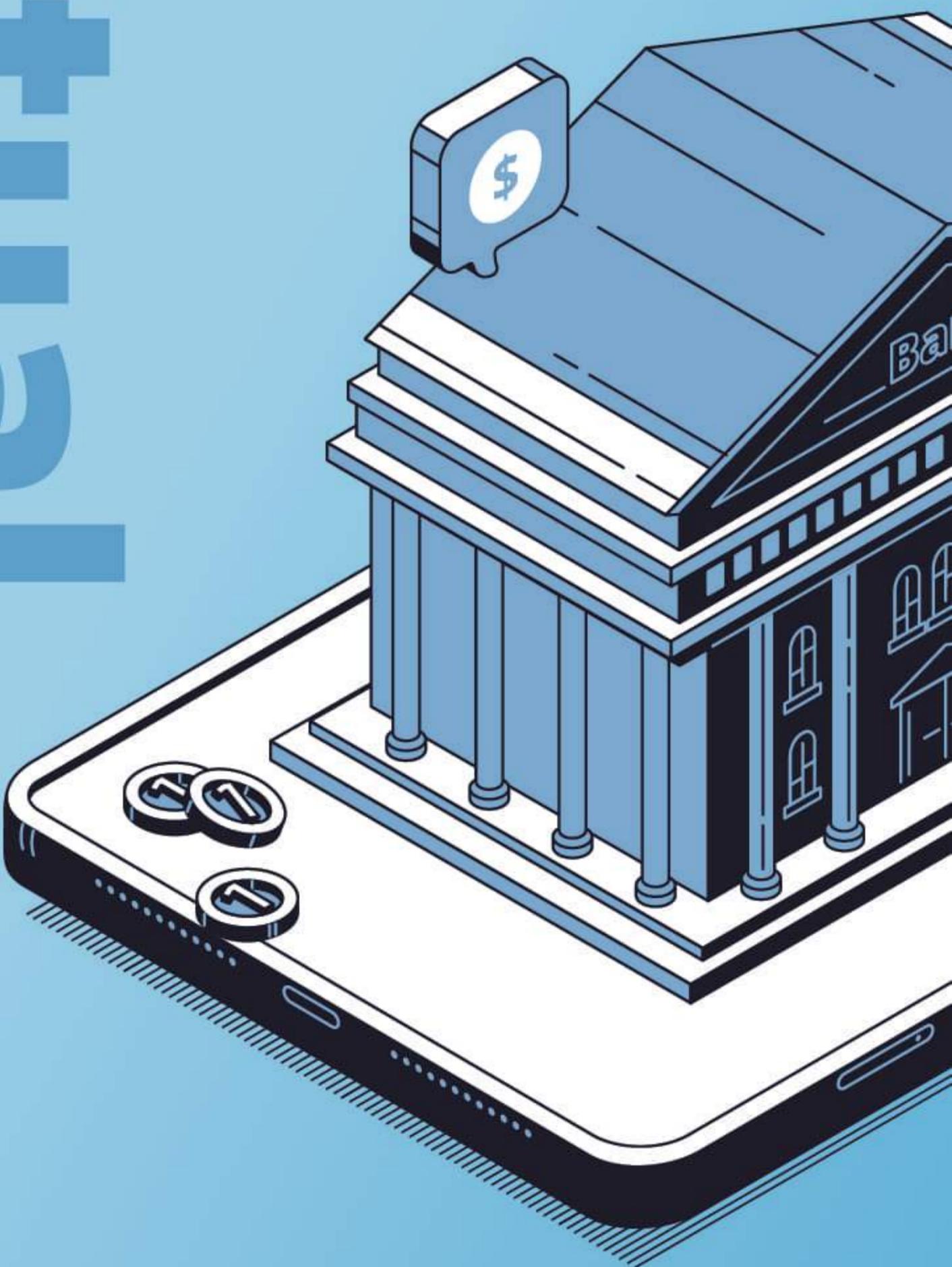
Mutual Sharing

HEALTHCARE | AGRICULTURE | ENGINEERING

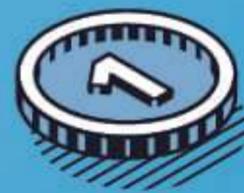
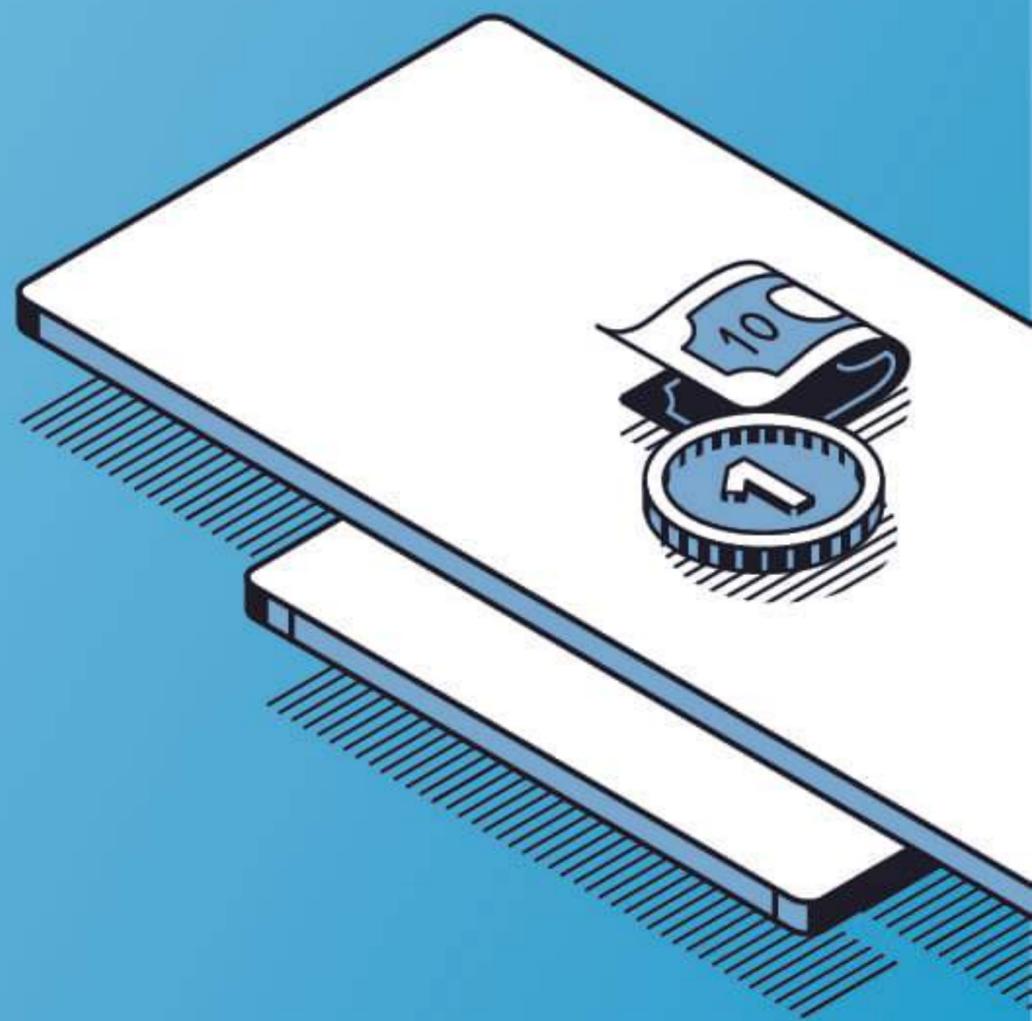
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Consensus

UNDERSTANDING | COLLABORATION | CONNECTIONS



Mutual Property Priority



The NSP Boosts Taiwan's Supply Chain Resilience

A Surge in Trade and Investment Fosters Industry Clusters, Bolstering a Reliable and Secure Supply Chain for Taiwanese Businesses

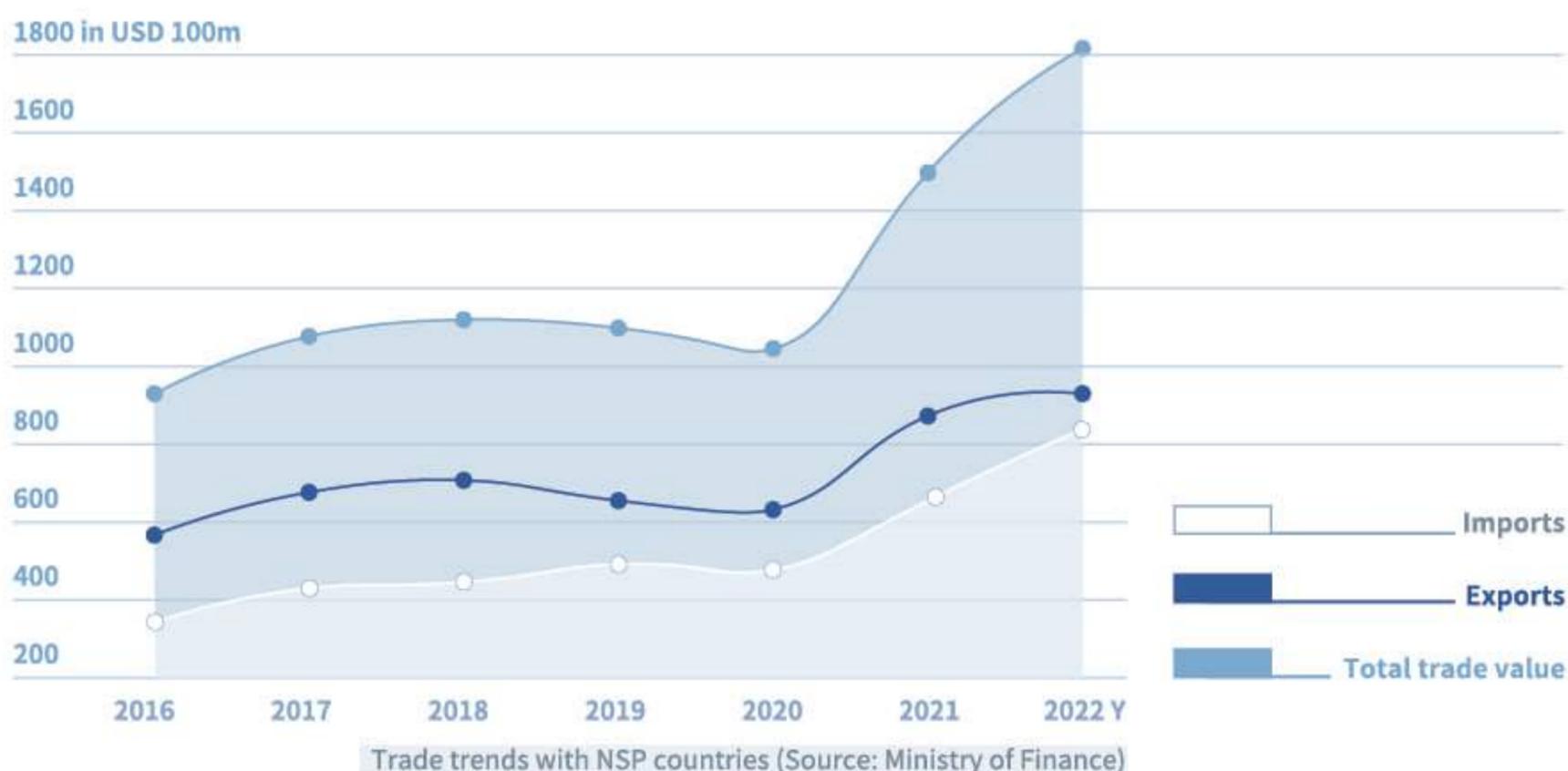


Impressive Expansion in Bilateral Trade Fuels Mutual Economic Growth and Prosperity

Since the implementation of the NSP in 2016, Taiwan's already robust trade ties with the 18 NSP countries have further strengthened, with combined trade volume surging 88.2% from US\$95.8 billion in 2016 to US\$180.3 billion in 2022 significantly outpacing Taiwan's overall global trade expansion over the same timeframe.

The value of Taiwanese exports to NSP countries also soared from US\$59.2 billion in 2016 to US\$96.9 billion in 2022, while imports from these countries increased more than twofold from US\$36.6 billion to US\$83.4 billion over the same period.

This concurrent growth in both imports and exports reflects efforts by Taiwanese businesses to build comprehensive industrial supply chains in NSP countries, which serve not only as significant export markets but also as vital sources of energy, industrial raw materials, semiconductors, and other key semi-finished products.



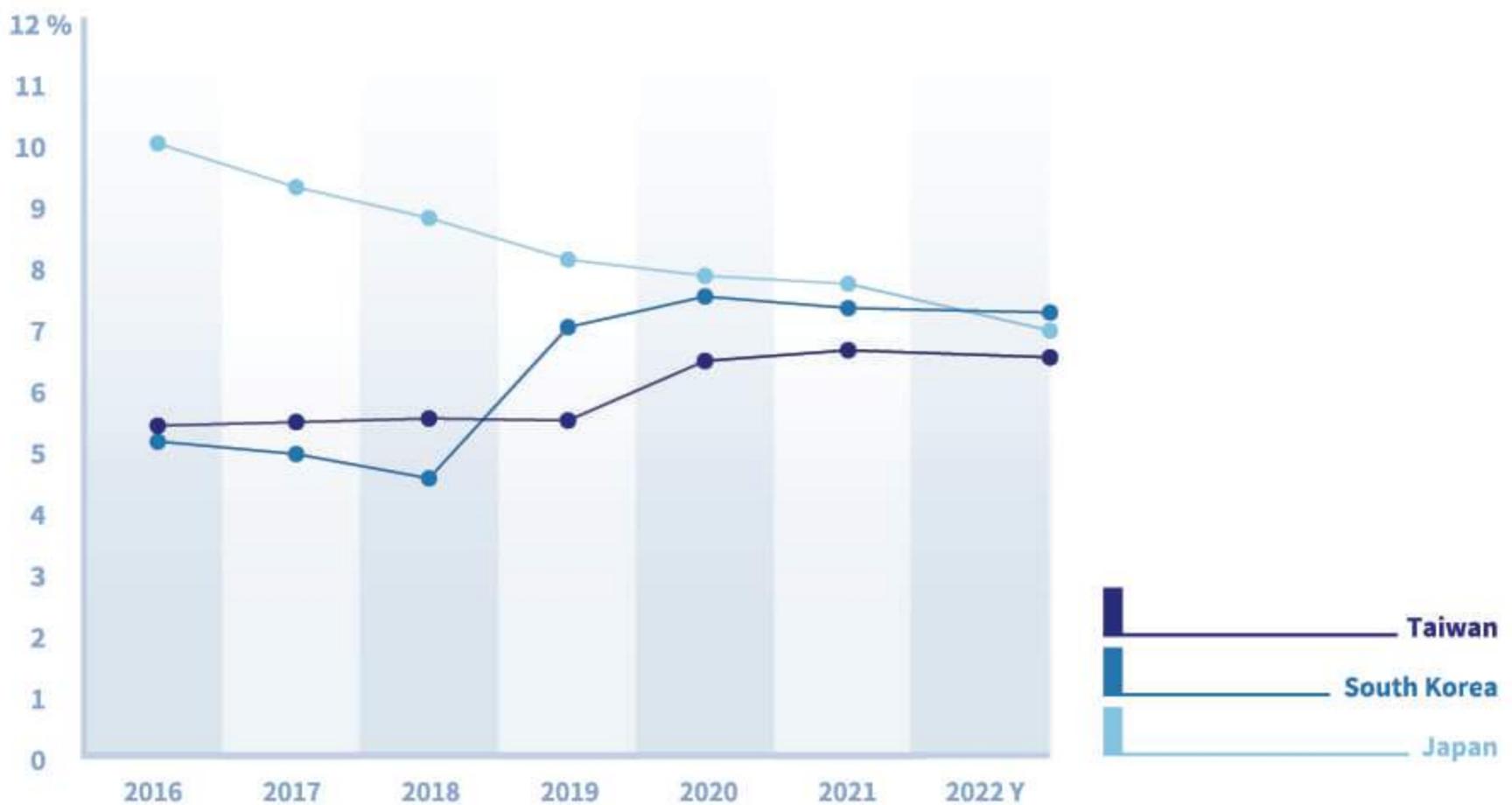
NSP Milestones: Taiwan Makes Strides in ASEAN Import Markets

Import data from major ASEAN nations, such as Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam, reveals an upward trend in Taiwan's import share from 5.5% in 2016 to 6.7% in 2022.

The latest data released by Singapore also shows that the market share of imports from Taiwan has notably increased from 7.98% in 2016 to 10.8% as of July 2023, positioning Taiwan ahead of both Japan and South Korea in terms of import market share in Singapore.

In contrast, the import share in ASEAN countries from China, Japan, South Korea, and other Asian nations has seen a gradual decline in recent years. Japan's import share decreased from 10.1% in 2016 to 7.1% in 2022, South Korea's share dropped from a peak of 7.7% in 2020 to 7.2% in 2022, and China's share declined from its 2021 peak of 22.9% to 21.8% in 2022.

These trends underscore the fact that, bolstered by the promotion of the NSP, Taiwan's trade competitiveness with ASEAN nations has been consistently on the rise.



Import share of ASEAN country (Source: Customs Administration of ASEAN countries)

A Mutually Beneficial Win-win: Taiwanese Investment in NSP Countries Soars

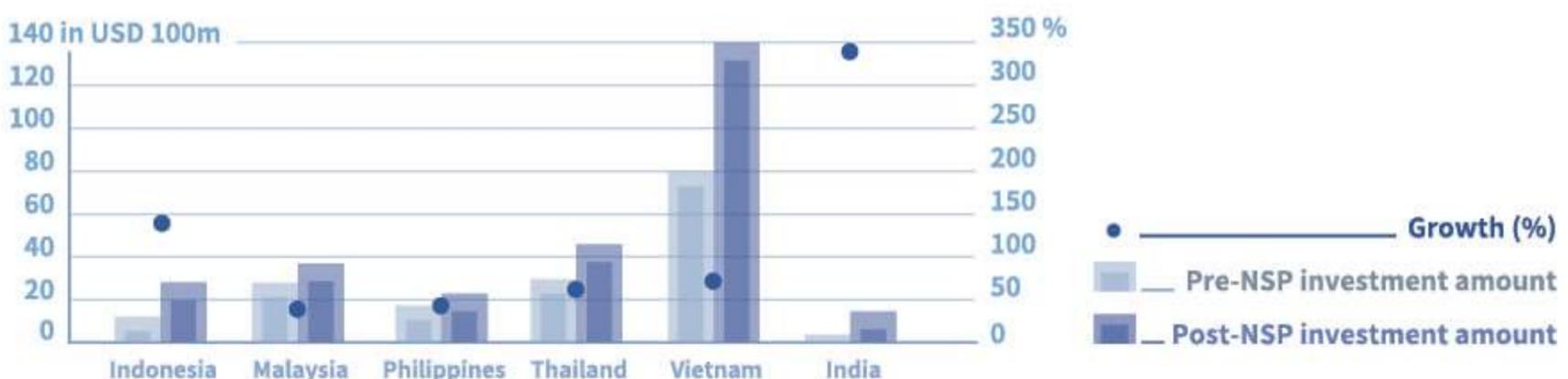
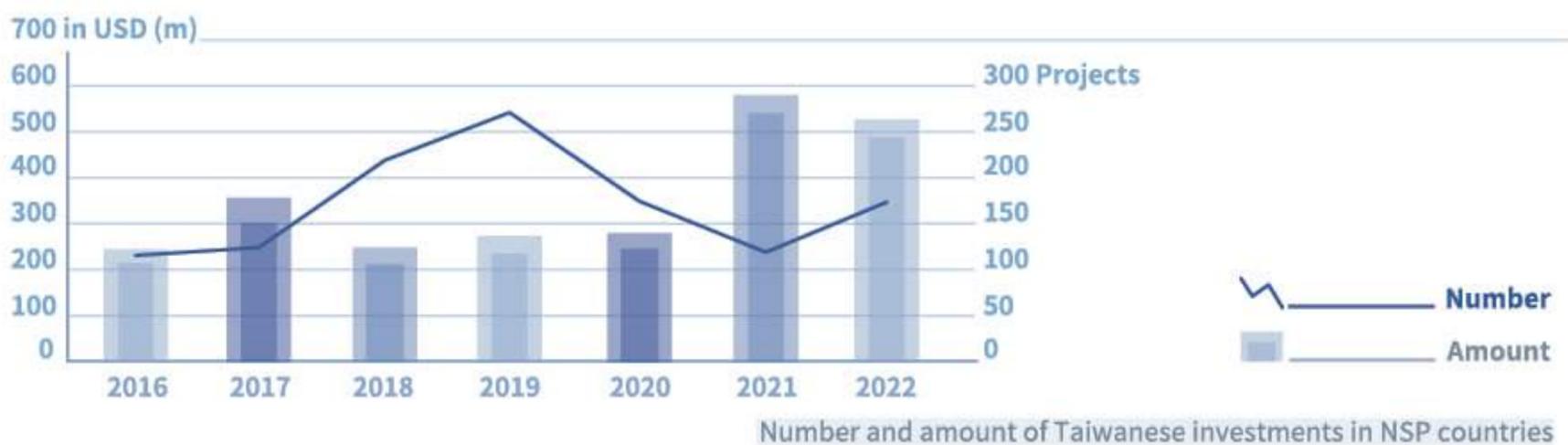
Advancing with Confidence, Unfazed by the Pandemic

Southeast Asia has historically played a crucial role in Taiwanese companies' international operations and amplified by the introduction of the NSP, along with U.S.-China trade tensions and COVID-induced supply chain restructuring, they have been ramping up their investments in NSP nations.

Data from the Investment Commission of the Ministry of Economic Affairs reveals that in 2022, Taiwan channeled a staggering US\$5.27 billion into NSP countries, marking a 121.4% increase from 2016. Meanwhile, investments from NSP countries in Taiwan reached \$2.07 billion in 2022, an eightfold increase from 2016.

In India, for example, Taiwanese investment surged from an initial \$310 million in 2016 to \$1.36 billion in 2022, marking a 4.4-fold increase. Indonesia also experienced a 2.4-fold increase, with investment rising from \$1.19 billion to \$2.86 billion, while investment in Vietnam expanded by 74.5%, reaching \$13.71 billion.

In fact, since the rollout of the NSP, Taiwan has initiated more than 1,300 investment projects in NSP countries, amounting to over \$27.3 billion, while nearly 4,100 such projects have flowed from NSP countries into Taiwan, for a total value of \$7.6 billion. Clearly, both sides have reaped mutual benefits from this innovative and forward-looking policy.



Taiwanese investment in major NSP countries shows significant growth (Source: Ministry of Economic Affairs)

NSP Countries Eclipse China to Become Taiwan's Top Overseas Investment Destination



Even as Taiwanese investment in NSP nations has continued to flourish, geopolitical dynamics are driving an accelerated exit of Taiwanese businesses from China. This has allowed NSP countries, fueled by a sustained increase in investment, to overtake China as the primary destination for Taiwan's overseas investment in 2022.

According to data from the Investment Commission of the Ministry of Economic Affairs, Taiwanese investment levels in NSP countries and China neared parity in 2021. But by 2022, Taiwan's total investment of US\$5.27 billion in the 18 NSP nations surpassed the \$5.05 billion invested in China.

Moreover, despite global economic headwinds, Taiwanese investment in NSP countries has remained strong in 2023, with the \$2.13 billion in investments for the first half of the year outstripping the \$1.91 billion invested in China.



Recent Taiwanese investment in China and NSP countries (Source: Ministry of Economic Affairs)

Building Robust and Reliable Supply Chains for Taiwanese Businesses via Industrial Clustering and Digitalization

As the global landscape has continued to evolve, companies are increasingly focused on risk diversification, with major global firms adopting the “China Plus” strategy to forge resilient supply chains. In response, Taiwanese enterprises have begun to venture into NSP countries, reconfiguring their operations and fostering industrial clusters to boost their global competitiveness.

Today, key Taiwanese business hubs can be seen across various ASEAN countries, from electronics manufacturing in Vietnam to PCB production in Thailand and textile and footwear manufacturing in Indonesia. Some Taiwanese enterprises have also ventured into Thailand and Indonesia's renewable energy sector.

In order to facilitate collaboration and exchange between these companies and local industries, the Ministry of Economic Affairs also organizes annual industry-linkage summits in NSP countries which are designed to facilitate industry coupling by taking into account such factors as market scale, manufacturing development levels, and key industrial policies.

At the same time, the NSP is going digital, leveraging Taiwan's strengths in digital tech innovation and hardware capabilities to foster digital industry growth in NSP nations and enable system integration across diverse sectors. Digital NSP promises to be a significant driving force in the future.

1 India

Mobile phone manufacturing (Foxconn, Pegatron, Wistron)
Charging stations (Delta Electronics)
Panels (Innolux)

2 Thailand

Consumer electronics (Cal-Comp, Quanta)
Power supply (Delta Electronics Thailand)
PCB (Apex)

3 Malaysia

Server assembly (Wiwynn)
Semiconductor P&T (ASE)
PCB (HannStar, gbm)

4 Singapore

Wafer manufacturing (UMC)
IC Testing (Ardentec)
Semiconductor component distributors (WT Microelectronics)

5 Indonesia

Textile (Eclat, MAKALOT)
Shoemaking (Pou Chen, Feng Tay)
Tires (Maxxis, Kenda)

6 The Philippines

Consumer electronics (New Kinpo)
Power adapter (AcBel)
Netcom Ind. (SERCOMM)

7 Vietnam

Consumer electronics (Foxconn, Compal, Pegatron, Quanta, Inventec)
Netcom Ind. (Arcadyan, Gemtek)



Overview of Taiwanese industrial clusters in NSP countries

Taiwanese Banks Join Taiwanese Businesses in NSP Expansion

Providing Solid Financial Backing for Taiwanese Firms

Securing financial resources is paramount for embarking on any venture and with the advancement of the NSP, Taiwanese banks have substantially increased their total credit extensions to NSP countries from NT\$790.2 billion (~US\$24.7 billion) in 2016 to a record-breaking NT\$1.5766 trillion (~US\$49.3 billion) as of June 2023.

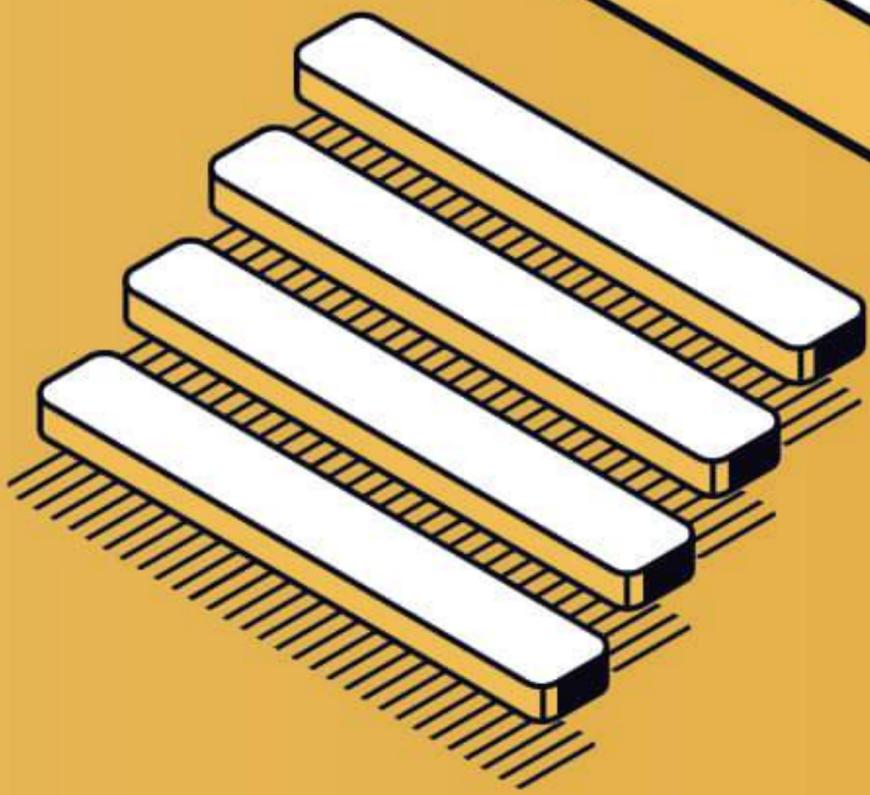
In the process, Taiwanese businesses engaged in trade and investment with NSP nations have catalyzed the global expansion of Taiwanese banks. CTBC Holding's recent acquisition of shares in Thailand's LHFG represents a significant milestone in the establishment of an enhanced presence in NSP markets. Other prominent players like Cathay United Bank, Mega International Commercial Bank, E.SUN Bank, and First Commercial Bank have also stepped up their expansion efforts, with the number of service points operated by Taiwanese banks in NSP countries rising from 201 to 339 since 2016.

In fact, Taiwanese banks have reaped substantial benefits from the NSP, more than 6 times more than the gains from the “Go West” approach. Data from the Financial Supervisory Commission shows that in the first half of 2023 alone, overseas branches of Taiwanese banks in NSP countries recorded profits of NT\$12.19 billion (~US\$381.5 million), marking a 40% YoY increase, while profits from Chinese banks declined by 31.7% to NT\$1.99 billion (~US\$62.2 million).

	2016	First Half of 2023
Bank branches	201 locations	339 locations
Balance of loans	NT\$790.2 bn (~US\$24.7 bn)	NT\$1.5766 tn (~US\$49.3 bn)
Eximbank's overseas investment financing, export financing, and financing and credit guarantees for overseas construction projects		NT\$179.688 bn (~US\$ 5.62 bn) 1,160 cases
A syndicated platform that provides loan and guarantee established by Eximbank and Taiwanese banks	NT\$4.2 bn (~US\$130.6 mn) 55 cases	NT\$31.2 bn (~US\$975.8 m) 272 cases
Overseas Credit Guarantee Fund for NSP countries		Financing credit: US\$1.396 bn Guarantee: US\$850m
SME Credit Guarantee Fund and Agricultural Credit Guarantee Fund for NSP countries		4,073 cases NT\$21.178 bn (~US\$658.6 m)

Financial support for Taiwanese businesses in NSP countries

Mutuaja Benefits





Connecting Enterprises and Employees through a Sustainable Talent Pool

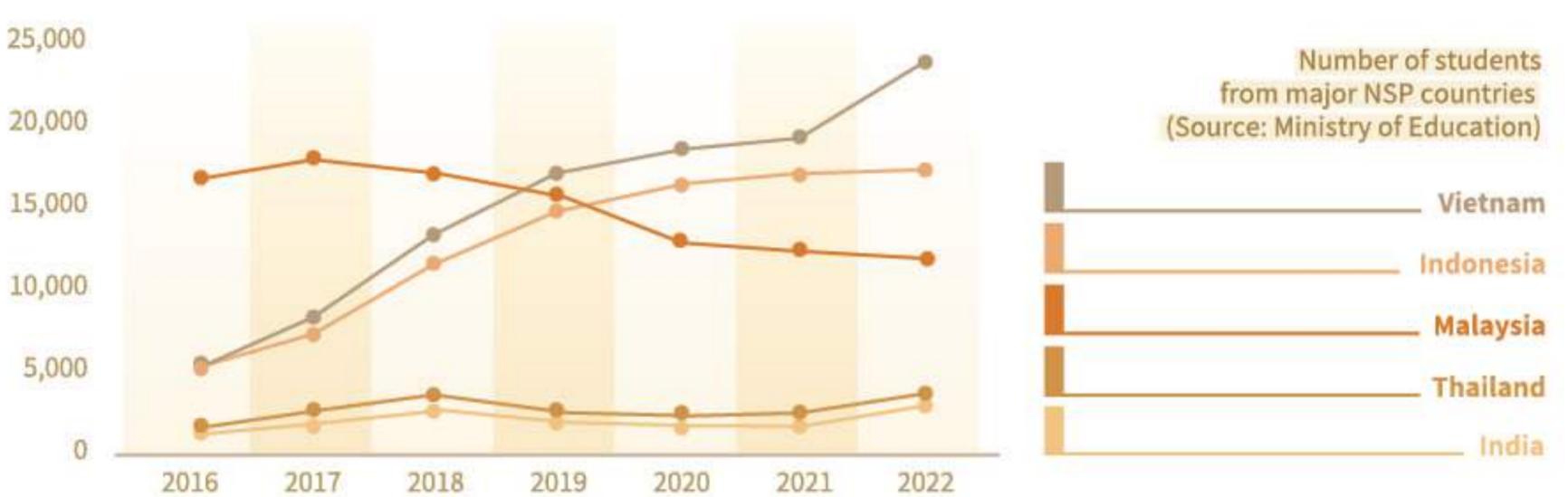
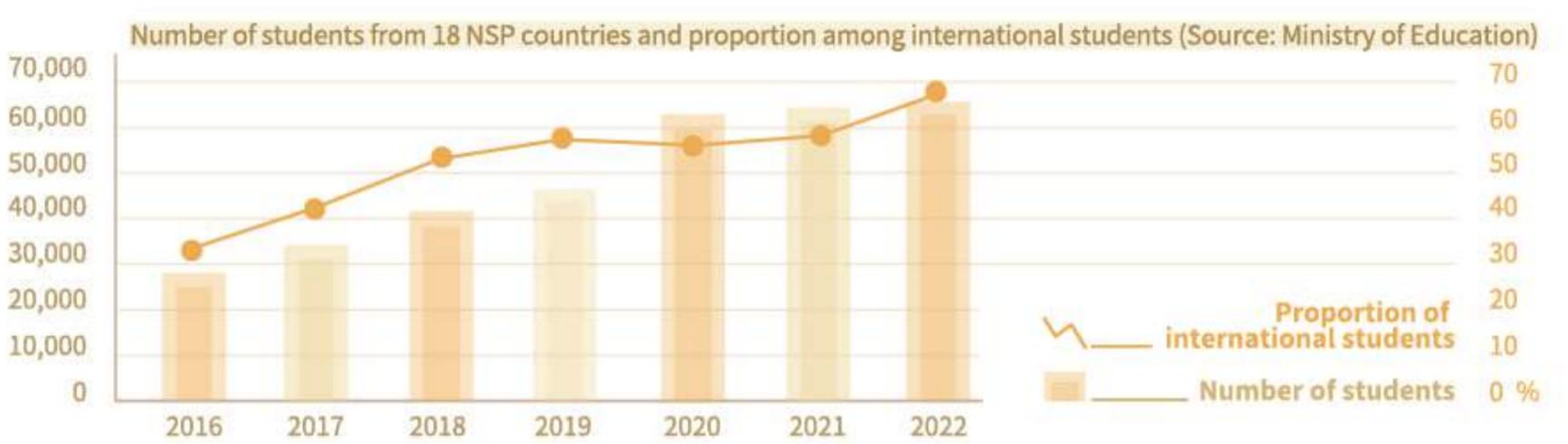
Cultivating Tomorrow's Leaders:
The Role of Education in Making Taiwan a Haven for
Local and NSP Cultures to Thrive

The Number of NSP Students in Taiwan Double: Graduates Opt to Stay in Taiwan and Offer Their Skills

In this era of globalization and regional interconnectivity, individuals with high global mobility are in constant demand. The NSP fosters educational collaborations that invite top students from NSP nations to pursue higher education in Taiwan, and retaining these graduates has emerged as an effective tactic in Taiwan's global talent acquisition.

In 2016, Taiwan welcomed approximately 32,000 students from the 18 NSP nations, making up just 27.7% of the international student body. In 2022, however, thanks to the active promotion of NSP educational initiatives, this number doubled to 66,000, or 63.8% of all international students. Among them, Vietnam led the way with more than 23,000 students, followed by Indonesia with nearly 17,000, and Malaysia with 12,000.

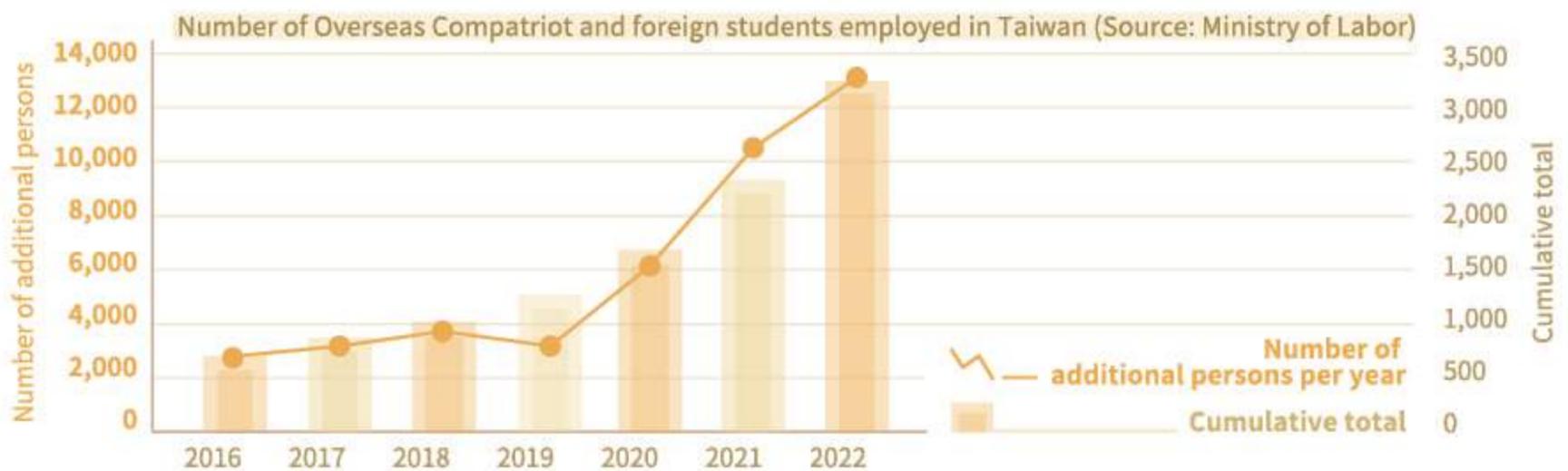
As part of these initiatives, the Ministry of Education has also established industry-academic partnerships tailored to meet industry demands in such diverse fields as long-term care, nursing, agriculture, precision machinery, and logistics management. The Ministry of Foreign Affairs has also rolled out the “New Southbound Policy Elite Study Program” focused on medicine, semiconductor technology, and regional security. And the Overseas Community Affairs Council has established programs designed to help overseas Compatriot students develop skills in mechanical, electrical and electronic engineering, tourism, logistics management, e-commerce, and horticulture.



Top NSP Students Build Roots in Taiwan: The Making of Taiwan’s Industry Vanguard

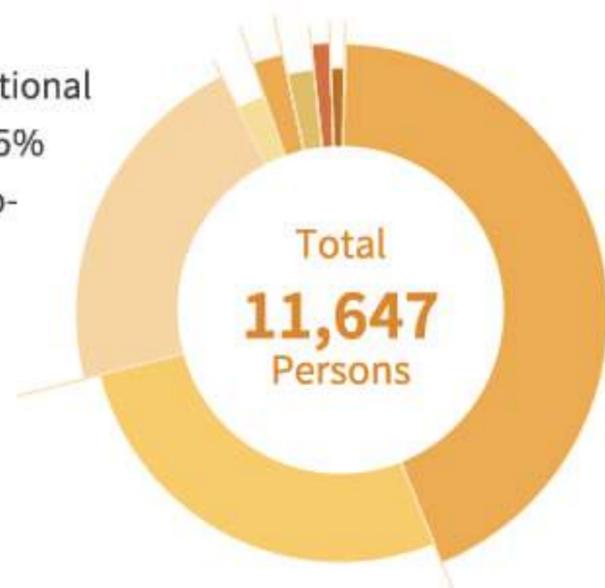
In an effort to address domestic economic, industrial, and global integration needs, the Executive Yuan has recently endorsed an Action Plan for Foreign and Overseas Compatriot Students to Work in Taiwan. Through cross-departmental collaboration, this plan envisions an assessment framework which would enable Overseas Compatriot and international graduates to stay and seek employment in Taiwan. Regulations regarding residency have also been eased to align with domestic labor demands, with students from NSP countries being the most proactive in taking advantage of these opportunities.

At the same time, universities have also established industry-academic partnerships to meet the demand for skilled technicians. A program with Indonesia, for example, provides mechanical engineering students with internships to learn quality control techniques and a collaboration with Vietnam allows students to intern at domestic logistics firms, helping them develop logistics management skills. Both programs encourage students to stay in Taiwan, thereby contributing to its development.



In fact, as of July 2023, 13,950 Overseas Compatriot and international graduates have opted to remain in Taiwan for work, with 83.5% hailing from such NSP countries as Malaysia, Vietnam, and Indonesia.

● Malaysia	44.7%	● Thailand	1.6%
● Vietnam	26.4%	● India	1.5%
● Indonesia	22.9%	● Myanmar	0.85%
● Philippines	1.8%	● Others	0.3%



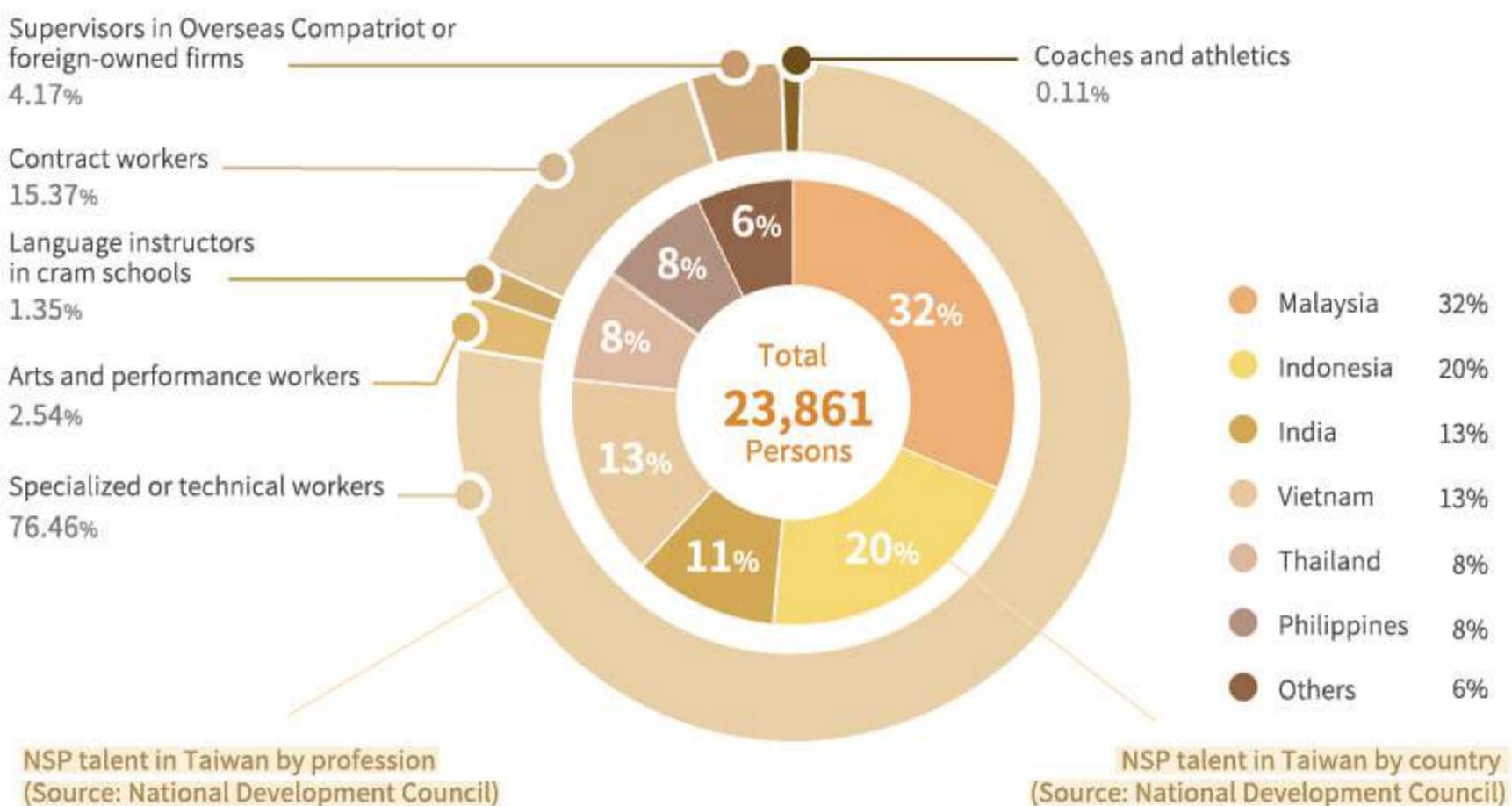
Nationalities of NSP talent in Taiwan between January and July of 2023 (Source: Ministry of Labor)

Attracting Global Talent: Streamlining Immigration Policies to Build a Home Away From Home in Taiwan

In order to tackle the growing need for mid-level technical professionals while retaining foreign talent to support Taiwan's industrial growth, the Ministry of Labor has initiated the Long-term Retention of Skilled Foreign Workers Program. Targeting labor-intensive sectors, this program allows qualified migrants wishing to settle in Taiwan to apply for an extended work permit and is designed to preserve the rights of migrant workers without impacting local employment. As of June 2023, the program has received 13,477 applications, of which 10,703 have been approved, with the majority of applicants being from Indonesia.

As a result of this program and other initiatives, the government has successfully attracted 23,861 professionals from NSP countries to work in Taiwan as of June 2023, 30% of whom come from Malaysia, followed by Indonesia and Vietnam. The talent who choose to stay in Taiwan primarily focus on specialized or technical roles, arts and performance, language instruction, contract work, supervisory roles in Overseas Compatriot or foreign-owned firms, as well as coaching and athletics.

Notably, high-level management talent has also been recruited, with 1,178 Employment Gold Cards — a 4-in-1 card that includes a work permit, residence visa, Alien Resident Certificate, and reentry permit — issued as of June 2023 and 312 cardholders hailing from Singapore.



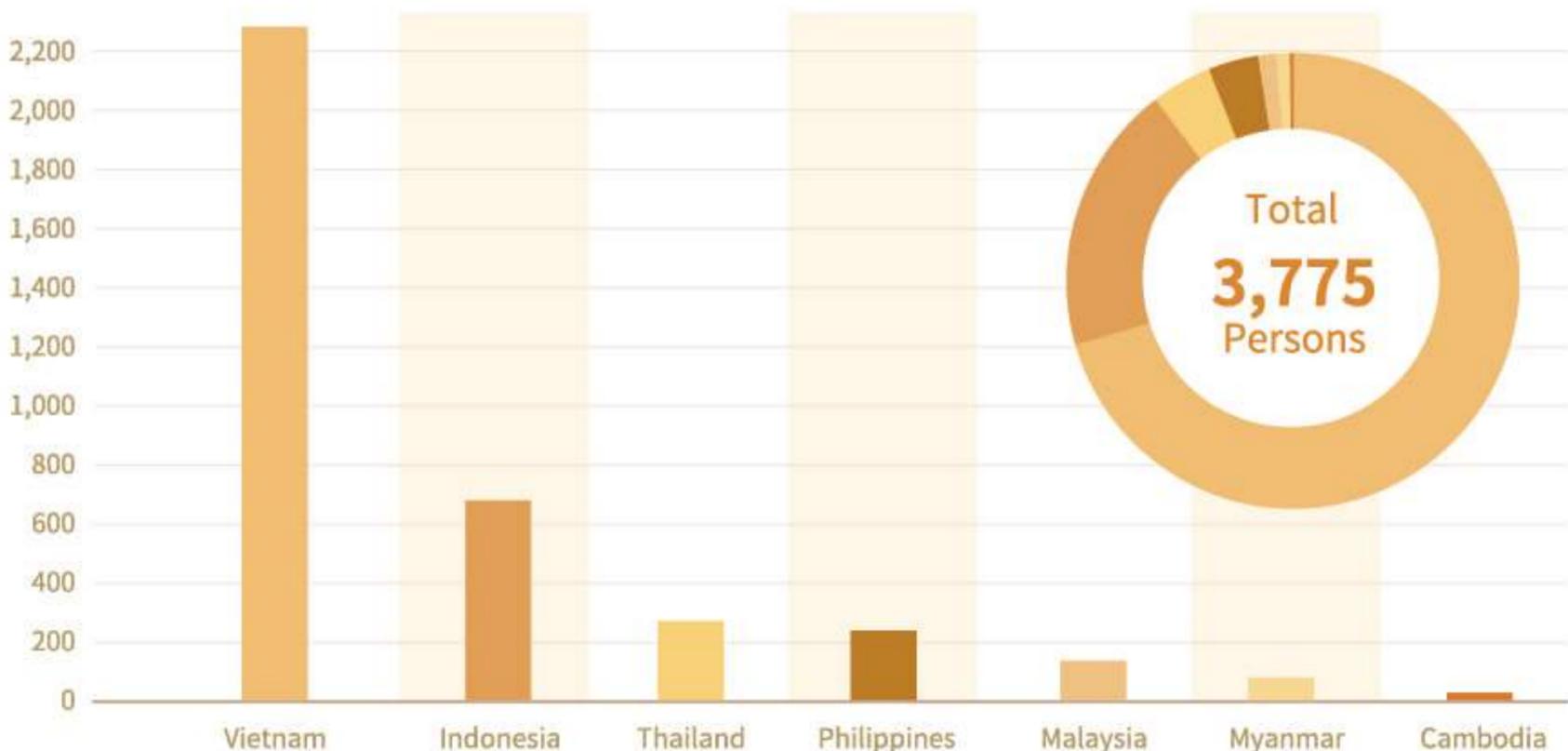
New Immigrants Shine through Mother Tongues: Bicultural Interactions Elevate Taiwan to a New Level

As Taiwan's engagement with NSP nations deepens, the demand for proficiency in Southeast Asian languages is on the rise, and the linguistic skills of new immigrants and their children offer invaluable resources for effective communication.

In the past, newcomers in Taiwan would often feel isolated due to language barriers, but the expansion of NSP initiatives across the financial, tourism, healthcare, agriculture, and engineering sectors has fostered dynamic regional exchanges. Individuals proficient in both Mandarin and their native Southeast Asian languages are also highly sought after as interpreters, unlocking new avenues of opportunity.

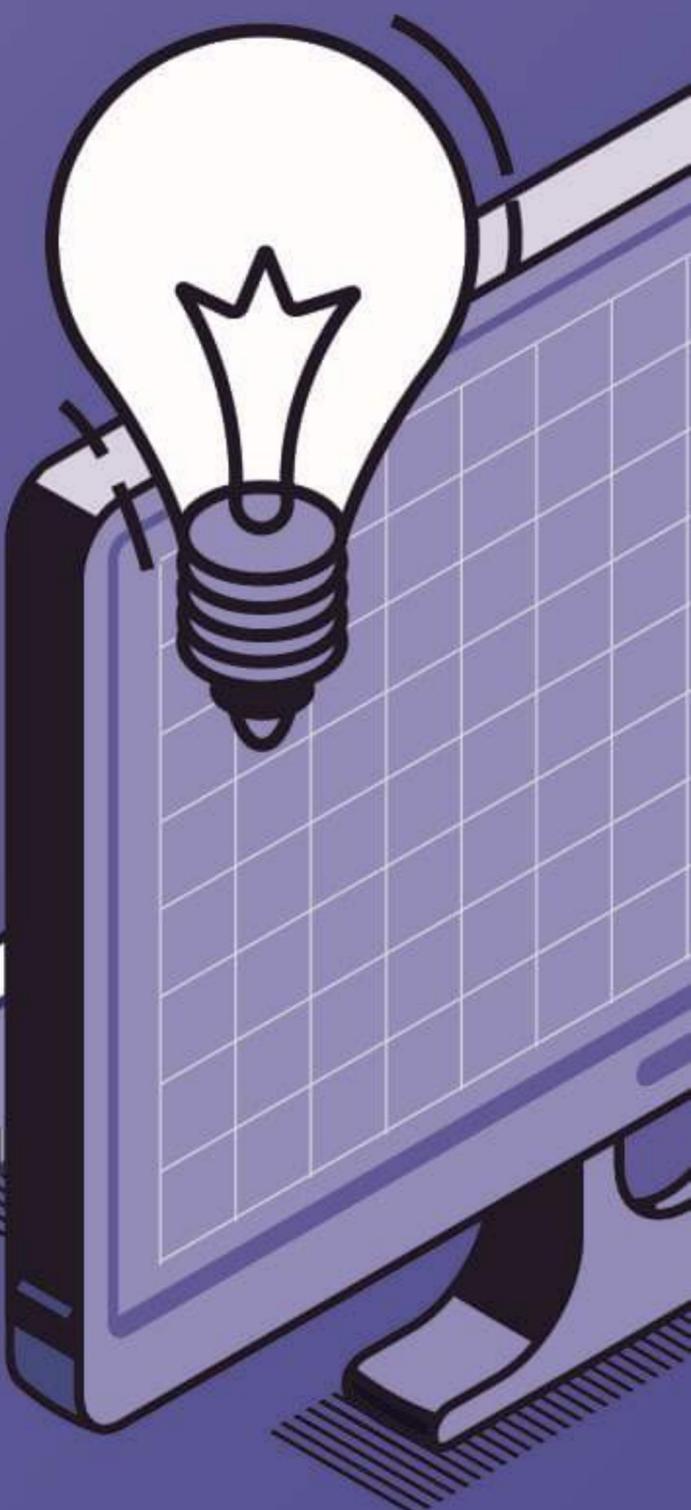
The government actively encourages these new residents to tap into their linguistic and cultural assets. Through skill empowerment programs, they are urged to integrate their experiences from their home countries into their new lives in Taiwan, thereby enriching local communities, workplaces, educational institutions, and society at large.

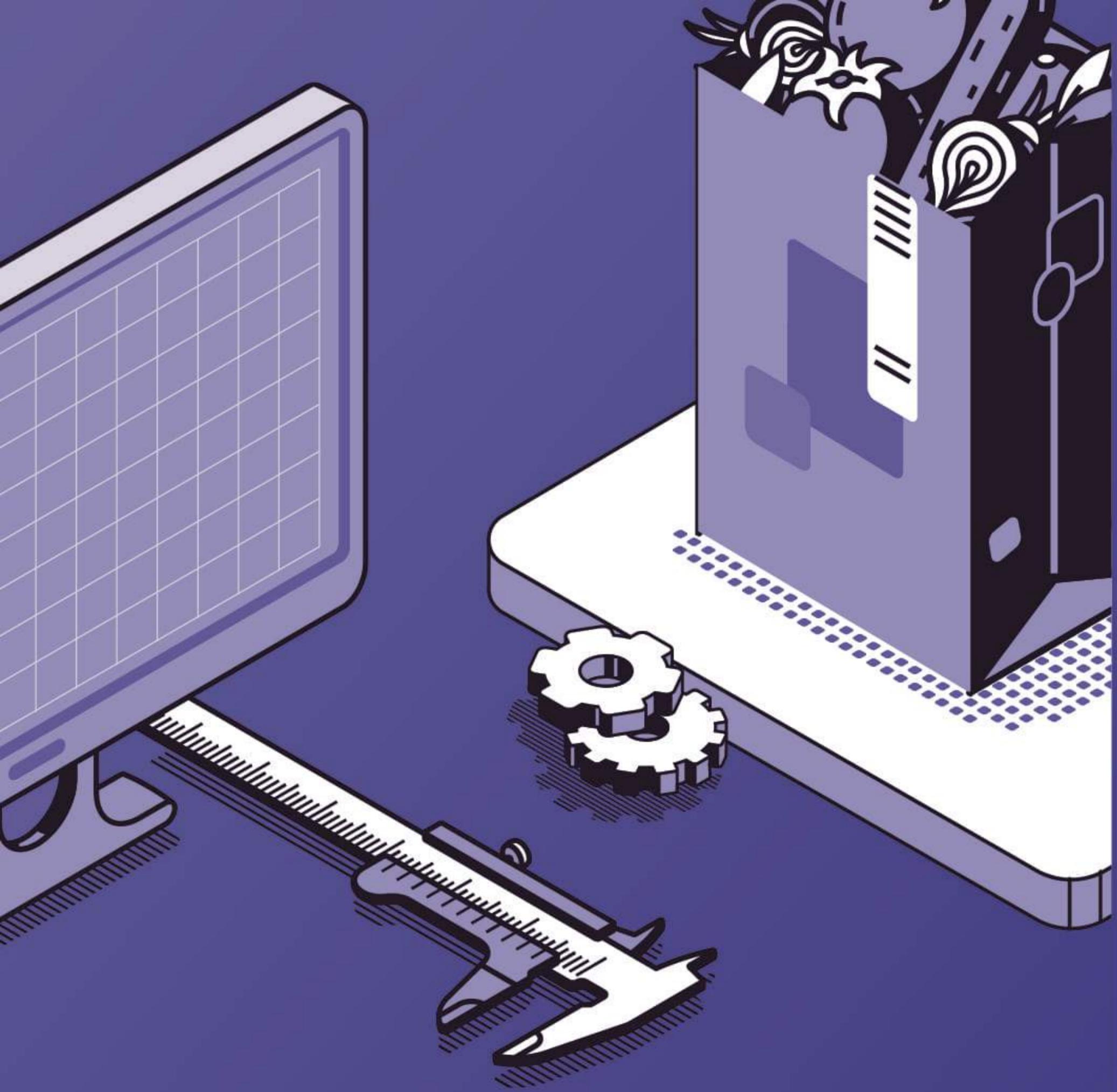
Since 2016, the Ministry of Education has also championed the “New Immigrant Language Teaching Program,” which allows eligible applicants to become instructors for mother tongue courses in elementary and middle schools. As of August 2023, some 3,775 immigrants have earned their qualifications to teach these classes. At the same time, various administrative bodies require the services of interpreters, and a variety of training programs have given new immigrants the skills necessary to take on these roles.



Number of new immigrants with mother tongue teaching qualifications (Source: Ministry of Education)

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Building Sustainable Partnerships through Resource Reciprocity

How Taiwan Can Help Asia and Asia Can Help Taiwan:
Symbiotic Growth through Regional Support

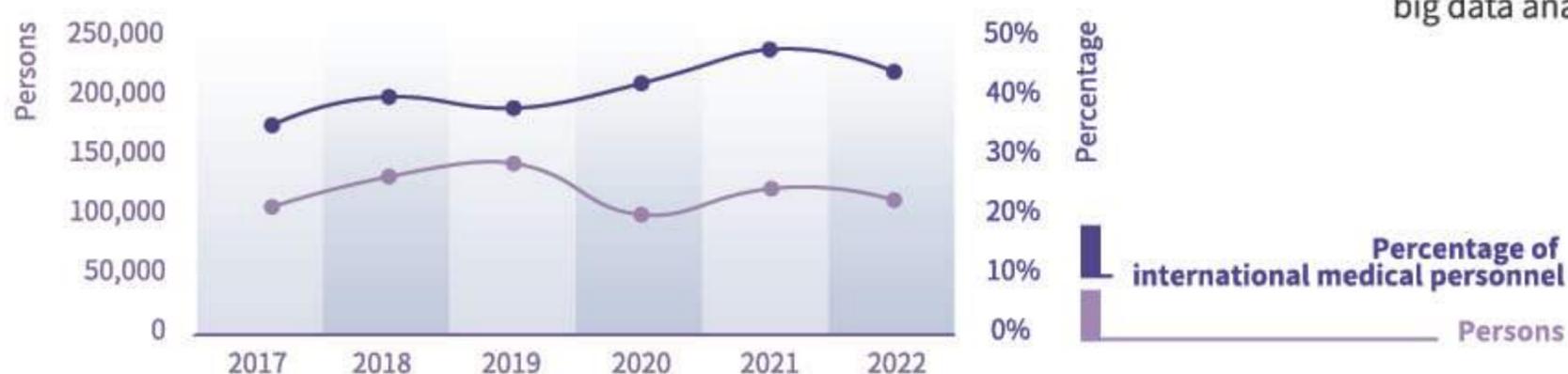


Excellence in Medical Services: Attracting NSP Nationals to Taiwan for Healthcare Services and Professional Development

Known for its exceptional quality and affordability, Taiwan's healthcare services have earned global recognition. Specialties such as cardiovascular care, craniofacial surgery, and reproductive medicine are particularly sought after, attracting a global patient base from both NSP countries and around the world.

In 2022, 45% of all international visitors seeking top-tier medical services in Taiwan were from NSP countries, and between 2017 and 2022, the total number of medical visitors from NSP countries surpassed 728,000. At the same time, Taiwan has continued to engage in cooperation and exchange with Vietnam on tuberculosis control and with Indonesia on the prevention and treatment of dengue fever.

Medical staff training has also seen robust collaboration with NSP countries. Initiatives such as the “Seven Countries, Ten Centers” program spearheaded by the Ministry of Health and Welfare, for example, focuses on promoting international medical cooperation in domestic healthcare facilities, allowing 1,395 healthcare professionals from various NSP countries to come to Taiwan for training. Exchange and collaboration with NSP countries has also been promoted through the establishment of the Medical Excellence Taiwan (MET) foundation, which when combined with the development of digital medicine, should help integrate the NSP into the healthcare industry through the fusion of digital technology, open health databases, and big data analytics.



Number of medical service providers from NSP countries (Source: Ministry of Health and Welfare)

“Seven Countries, Ten Centers” Initiative	Medical centers
Indonesia	National Taiwan University Hospital, Far Eastern Memorial Hospital
India	National Cheng Kung University Hospital
Vietnam	Veterans General Hospital Kaohsiung Medical University Chung-Ho Memorial Hospital (KMUH)
Thailand	Changhua Christian Hospital
Philippines	Hualien Tzu Chi Hospital
Malaysia / Brunei	Chang Gung Memorial Hospital, China Medical College Hospital
Myanmar	Shin Kong Memorial Wu Ho-Su Hospital

(Source: Ministry of Health and Welfare)

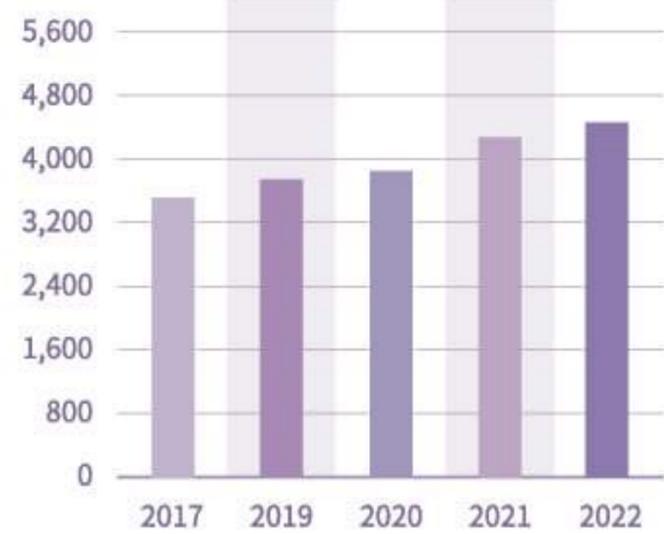
Promoting the Development of the Medical Industry in NSP Markets and Opening up New Channels for Traditional Chinese Medicine and Dental Materials

In order to support the efforts of traditional Chinese medicine (TCM) firms to break into global markets, the government is ramping up quality management for TCM materials and aims to introduce its high-quality TCM formulations to NSP nations by streamlining export regulations. In fact, by 2022, 44 TCM producers have already secured a total of 4,742 traditional medicine permits in countries like Malaysia, Singapore, Vietnam, and Indonesia, marking an increase of over a 1,000 permits since 2017.

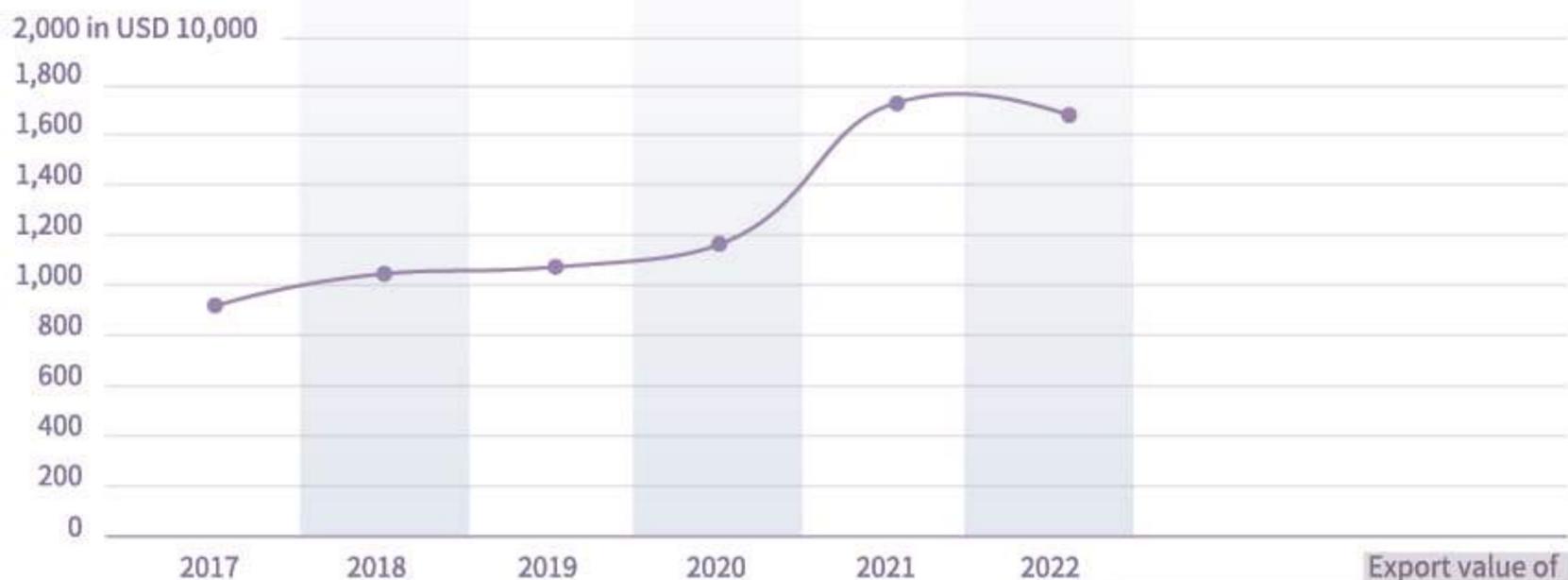
TCM exchanges have also flourished. In 2022, for example, Taiwan and India inked a Memorandum of Understanding on Traditional Medicine Cooperation designed to foster collaboration in both research and personnel exchanges.

The export of TCM formulations to NSP countries has seen steady growth. During the pandemic, one of Taiwan's TCM formulations, Taiwan Chingguan Yihau (NRICM101), received widespread acclaim from ASEAN countries, boosting TCM exports from \$9.3m in 2017 to over \$17.21 million in 2021, for an impressive year-over-year growth of over 40%.

As for the promotion of high-quality dental materials into NSP markets, from 2017 through June 2023, a total of 29 dental material licenses were obtained and more than 500 dental health professionals were trained from NSP countries. Domestically produced dental materials were also used over the course of this training, enhancing students' familiarity with these materials and creating opportunities for international business cooperation.



Cumulative number of TCM permits secured by Taiwan in NSP countries (Source: Ministry of Health and Welfare)



Export value of TCM formulations to NSP countries (Source: Ministry of Health and Welfare)

Joint Efforts Ensure Regional Food Security: Sustained Growth in Agricultural Trade

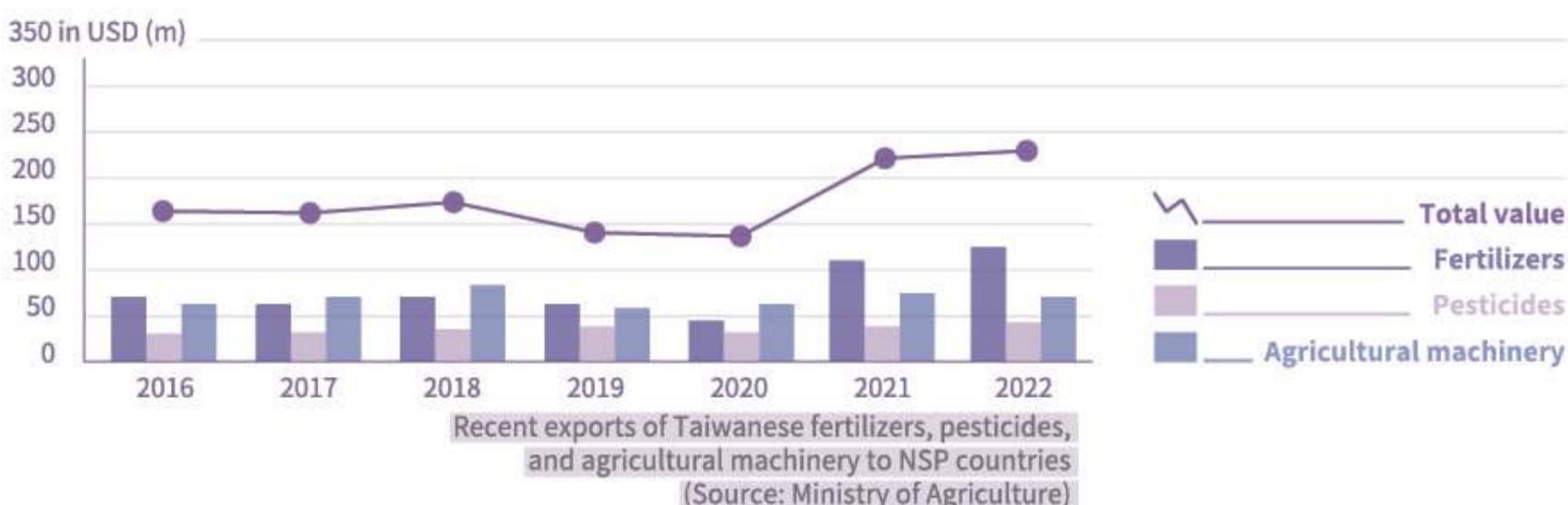
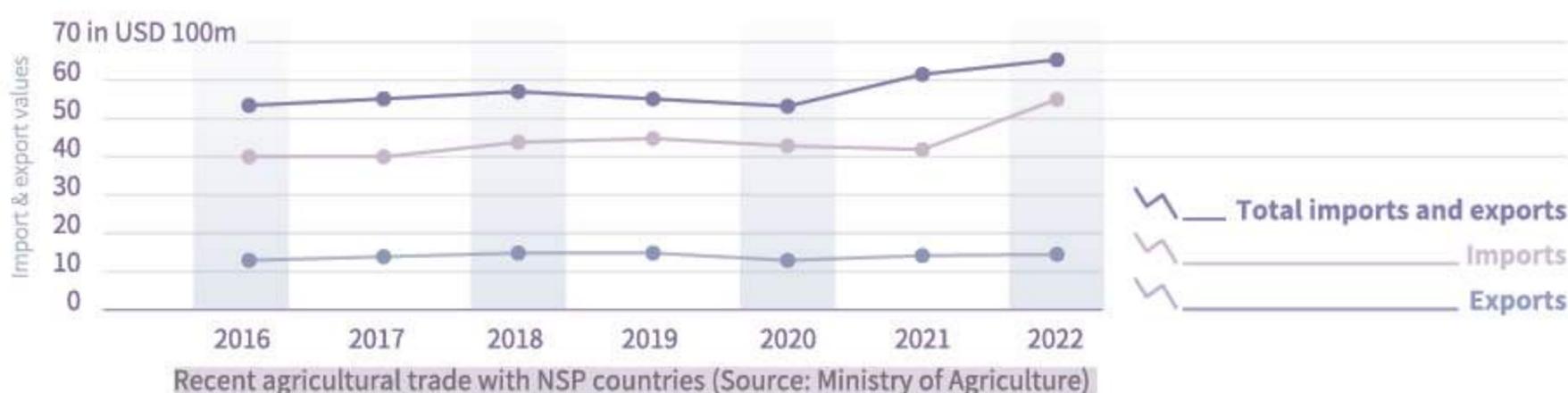


In an era marked by climate-related disruptions and geopolitical tensions, food security has emerged as a critical concern for nations worldwide, which is why advancing regional agricultural development is a priority for the NSP.

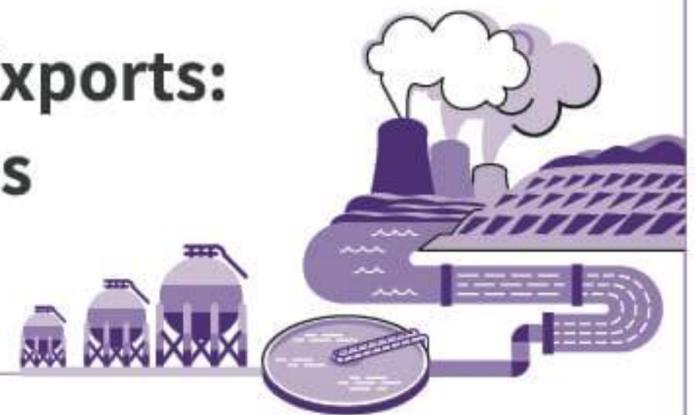
Between 2016 and June 2023, the Ministry of Agriculture entered into 19 agricultural memorandums of understanding and agreements with various NSP countries. Based on principles of equality and mutual benefit, these agreements facilitate exchanges in agriculture, livestock management, fisheries, aquaculture, and food processing technologies.

They also serve a dual purpose. First, by enabling the development of advanced farming techniques, they help local communities enhance production and food yields. Second, by fostering the growth of agricultural bases, they facilitate the export of Taiwan's agricultural equipment to other countries, thereby bolstering regional food security.

With respect to trade in agricultural goods, successful export initiatives have sent fresh pineapples to Australia, lychees to New Zealand, and pork to the Philippines. In 2022, the combined value of agricultural imports and exports between Taiwan and NSP countries reached US\$6.84 billion, a 23% increase from 2015. At the same time, the export value for fertilizers, pesticides, and farming equipment climbed to \$230 million, a 27.8% increase from 2015.



Momentum Builds in Engineering Exports: Supporting Infrastructure Advances in NSP Nations



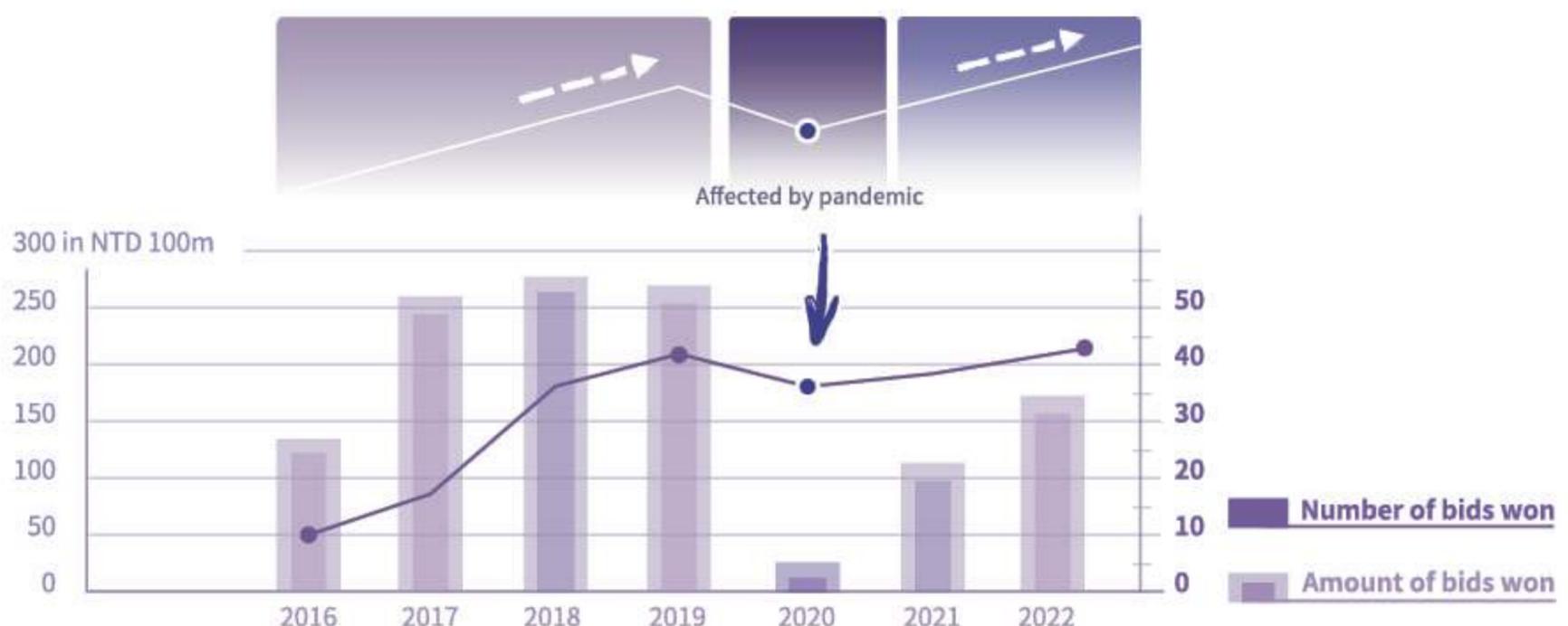
In line with the NSP, the Public Construction Commission collaborates with various government agencies to help domestic engineering firms extend their international reach, which also help drive infrastructure advancements in NSP countries.

Between 2016 and 2022, Taiwan secured a total of 221 engineering bids in NSP nations, amounting to NT\$123.1 billion (~US\$3.8 billion), with project types ranging from basin flood management and soil-water conservation to power plants, construction projects, natural gas terminals, petrochemical plant turnkey projects, and sewage treatment facilities spread across more than 10 NSP countries. Moreover, despite temporary setbacks posed by the pandemic to overseas engineering projects, there are already encouraging signs of recovery.



Taiwan exports ETC technology to Thailand's smart motorways

In addition to construction projects, Taiwan is also taking advantage of its technological prowess by working with NSP countries on implementing the Electronic Toll Collection (ETC) system for highways, including the development of the M6 and M81 smart motorways in Thailand, technical consulting services in Malaysia, and E-tag sales initiatives in the Philippines.

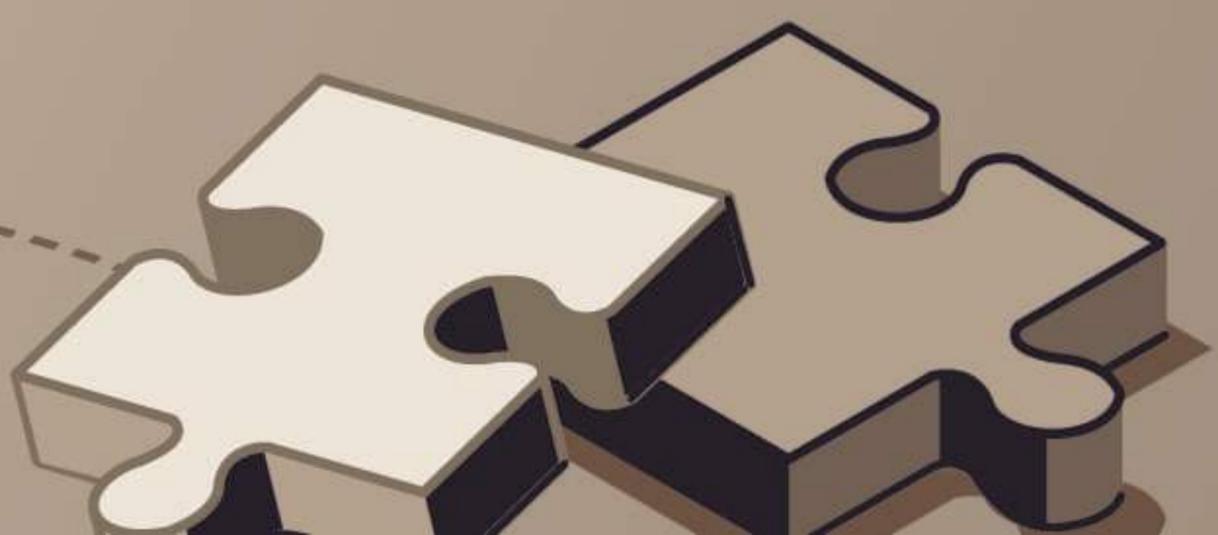


Total number of bids won: 221 | Total amount of bids won: NT\$123.09 bn (~US\$3.8 bn)

Number and amount of bids won by Taiwanese engineering firms in the NSP region

(Source: Public Construction Commission)

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Strengthening Regional Alliances through Cooperative Action

From Understanding to Cooperation:
Cementing Regional Ties with NSP Nations

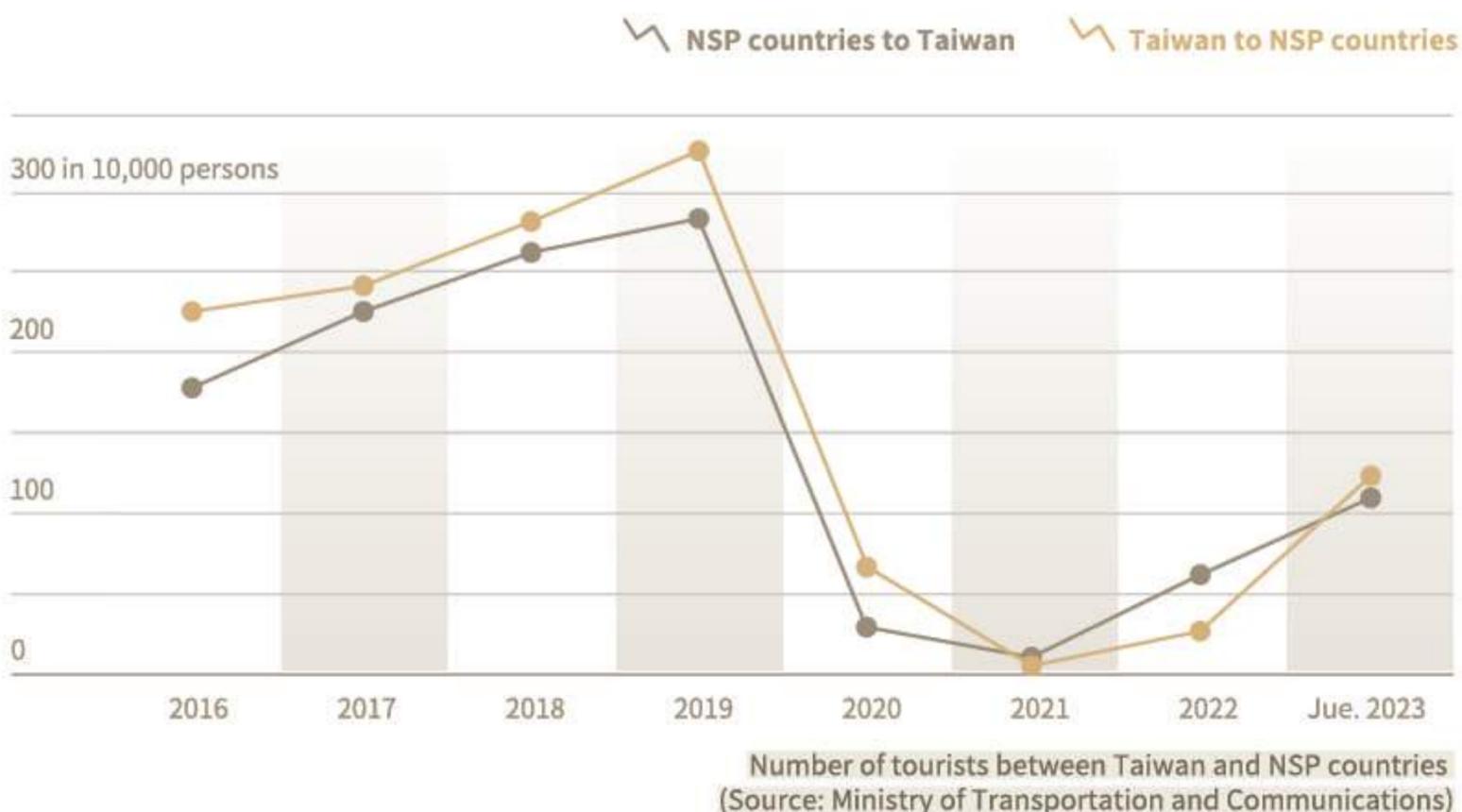


Building Bilateral Trust and Understanding through two-way Tourism: The NTP Attracts more than 10 Million Visitors to Taiwan

Tourism helps foster better relations with other countries by offering a firsthand account of their culture and traditions and by strengthening economic ties, which is why Taiwan's Tourism Administration has been actively cultivating tourism opportunities with NSP countries in Southeast Asia.

These efforts have, in turn, laid a foundation of mutual trust and understanding, allowing Taiwan to welcome more than 11.62 million visitors from NSP nations between January 2016 and June 2023, while an increasing number of foreign enterprises have been selecting Taiwan as their destination of choice for corporate getaways.

While COVID-19 temporarily interrupted this flow of tourists in 2020 and 2021, the trend resumed its upward trajectory in 2022 as the pandemic subsided. In fact, thanks to post-pandemic initiatives, travel between Taiwan and NSP countries has exceeded 1 million visitors in the first half of 2023 and is expected to increase in the years ahead.



Respecting Cultural, Religious, and Ethnic Diversity: Taiwan Recognized for its Muslim-Friendly Tourism

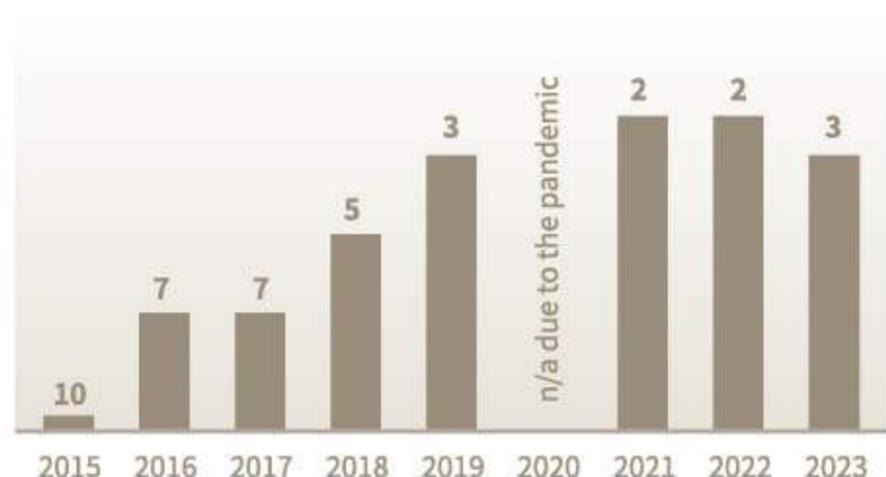
Taiwan prides itself on being an inclusive society which respects the beliefs and cultural values of different communities, and in order to appeal to tourists from NSP countries, Taiwan has diligently created a travel setting that is welcoming to Muslim visitors. Key transit locations and tourist spots, including international airports, major railway and high-speed rail stations, national parks, and highway rest areas, are all equipped with Muslim prayer rooms. Muslim dietary and prayer customs are also taken into account in crafting Muslim-friendly travel itineraries and creating an inviting travel experience.



According to the Mastercard-CrescentRating Global Muslim Travel Index (GMTI), Taiwan has been steadily advancing in the rankings for non-OIC (Organization of Islamic Cooperation) destinations. Taiwan broke into the top three for the first time in 2019, climbed to second place in 2021, and is projected to sustain its top-three status in 2023, underscoring the successful integration and coordination of travel resources catering to Muslim travelers.

The GMTI assesses a range of factors such as transport, public safety, and religious freedom, all of which spotlight Taiwan's hospitable and respectful environment, attesting to its laudable efforts to Muslim visitors from around the world.

Taiwan's GMTI ranking (Source: CrescentRating)



At the Forefront of Emerging Issues: Prominent Indo-Pacific Leaders Highlight Yushan Forum's Significance



Yushan Forum themes over the years
(Source: Yushan Forum website)

- 2023 Start a New Blueprint for Asian Development
- 2022 Revitalizing, Reorienting, and Reconnecting
- 2021 Resetting Priorities of Joint Progress with Resilience
- 2020 Forging a Resilient Future Together
- 2019 Deepening Progressive Partnerships in Asia
- 2018 Working Together for Regional Prosperity
- 2017 Asian Dialogue for Innovation and Progress

The Yushan Forum, an annual event organized by the Taiwan-Asia Exchange Foundation, an independent think tank, is a regional dialogue platform for the Indo-Pacific region which focuses on cross-border talent cultivation as well as human capital and technological exchange.

Since its inauguration edition in 2017, the Yushan Forum has been held six times, even during the pandemic when it was held virtually or in a hybrid format, with President Tsai gracing the event each year. The seventh edition is scheduled to take place in October 2023.

Over the course of this event, Taiwan has received staunch support from a wide range of world leaders engaged in the NSP, including Surangel S. Whippis Jr. (President of Palau), Stephen Harper (former Prime Minister of Canada), Jusuf Kalla (former Vice President of Indonesia), Tony Abbott (former Prime Minister of Australia), Malcolm Turnbull (former Prime Minister of Australia), Keiji Furuya (Chairman of the Japan-ROC Diet Members' Consultative Council), and Winston Peters (former Deputy Prime Minister and Foreign Affairs Minister of New Zealand).

In the face of rising authoritarian threats within the Indo-Pacific, countries with shared values are joining Taiwan's Yushan Forum to carve out a renewed vision for the region, reflecting the international recognition of Taiwan's NSP and its indispensable role in defining a new framework for Indo-Pacific development.

Sharing Best Practices in Border Security Management Building Partnerships in Firefighting and Rescue



Closing ceremony for the 2023 Immigration Benchmark Training Program for foreign immigration officers

Taiwan's strategic location in East Asia, combined with its robust immigration and emigration controls, makes it a model for other countries. Through the NSP and the Immigration Benchmark Training Program, Taiwan has welcomed officials from Indonesia, Vietnam, Thailand, the Philippines, and Malaysia for collaborative exchanges on border security management and anti-human trafficking. It has also promoted the reciprocal use of automated immigration clearance systems and established border control partnerships with various NSP nations.

Situated on the west rim of the Pacific and facing similar natural disasters as other NSP nations, Taiwan has been sharing its state-of-the-art search and rescue equipment and expertise with firefighting and disaster relief officials from NSP countries since 2018, demonstrating its unwavering commitment to humanitarian values while fostering friendship and building a mutually supportive network rooted in the spirit of solidarity.



Filipino firefighter in rappelling training



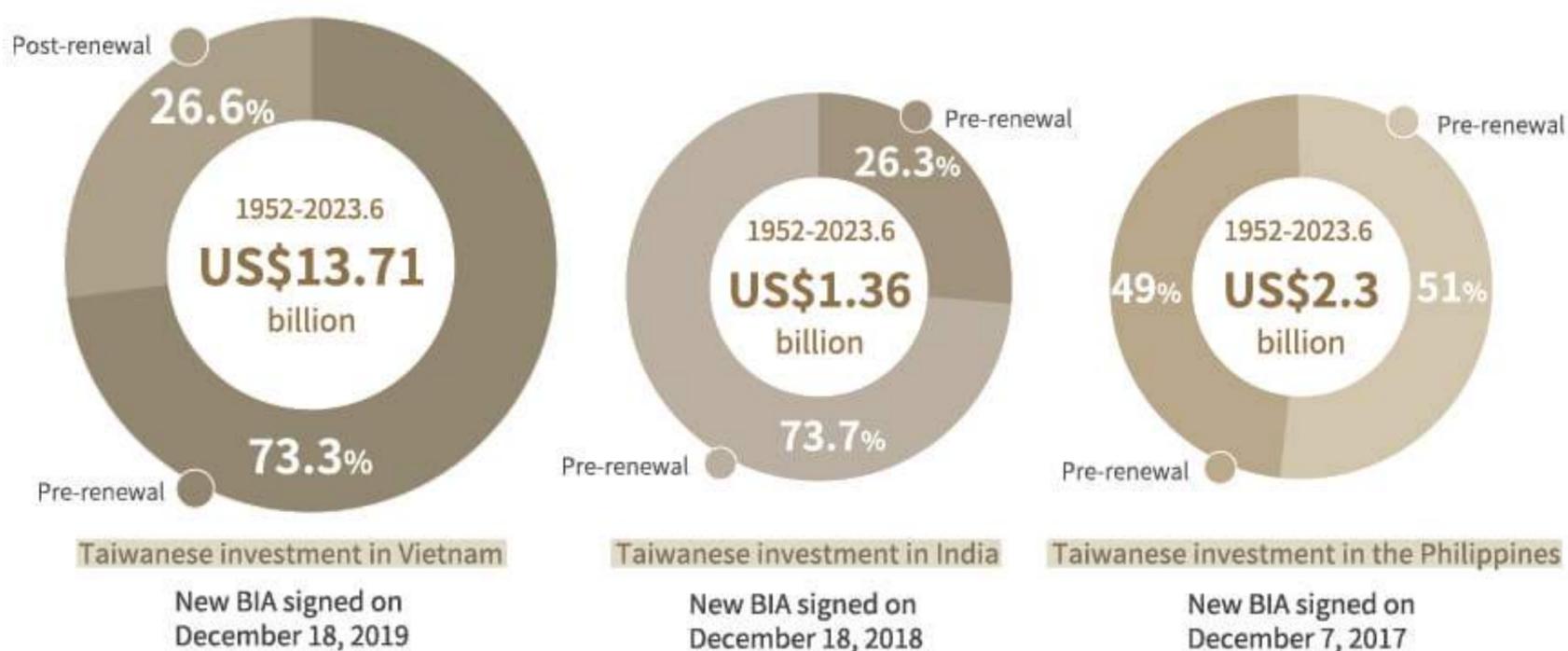
Renewed Bilateral Investment Agreements Offer Protection: Promoting Taiwanese Investment in NSP Countries



Taiwan and NSP countries are deepening economic and trade relations, with a focus on investment security and resilience, by signing and renewing bilateral investment agreements (BIAs). Through intergovernmental framework, these agreements strive to protect accredited investors from non-commercial risks and uphold equal treatment.

Following the implementation of the NSP, Taiwan has updated its BIAs with the Philippines, India, Vietnam, and other crucial investment partners, while negotiations with other NSP countries are ongoing.

These updated BIAs have effectively encouraged Taiwanese companies to invest more in NSP countries. For instance, the Taiwan-Philippines BIA has driven nearly half of all Taiwanese investment in the Philippines since it was signed in 2017, and in India, this figure surpassed 70%. Within just three years, Taiwan's BIA with Vietnam also attracted investment worth US\$3.65 billion, boosting its cumulative investment in Vietnam to \$13.71 billion as of June 2023.



Taiwan's outbound investment to countries with renewed BIAs (Source: Ministry of Economic Affairs)

Bilateral Agreements on Standards and Customs: Forging Network Linkages with NSP Countries

In addition to updating its BIAs with NSP countries, Taiwan has also been inking other agreements in such areas as standards, customs, and talent development through collaborations across financial, trade, political, education, health, and other sectors.

For example, it has signed a Memorandum of Understanding on the Cross-Border Exchange of Certificate of Origin has been signed with Vietnam to streamline trade processes, and a Memorandum of Understanding on the Application of Competition Laws with Indonesia to ensure a level playing field in the market. Indonesia is the eleventh country to establish such an agreement with Taiwan, joining others like Australia and New Zealand.

Taiwan has also signed A Mutual Recognition Arrangement on Conformity Assessment for Industrial Products with the Philippines and a Mutual Cooperation Agreement on Standardization and Conformity Assessment with India. Now, businesses can have their products undergo the mandatory inspection required in the Philippines at the Taiwan Testing and Certification Center, eliminating the need for additional local testing. This enables smoother entry of products into local markets and optimizes the opportunities offered by the NSP.

At the same time, Taiwan is expanding its digital economic and trade connections with NSP countries, engaging in collaborations which will eventually extend beyond smart industries to encompass broader partnerships in customs, e-commerce, data analytics, and more.



CONCLUSION

After seven years of concerted effort, Taiwan and the NSP nations have made significant strides in areas ranging from trade, investment, industry, finance, education, and talent to empowerment, healthcare, agriculture, and engineering. Through mutual understanding, cooperation, and connections, we have embarked on a rewarding journey toward shared values and prosperity.

Economically, we have not only seen a notable increase in overall trade with NSP countries, but our investments there have now officially outpaced those in China, making the 18 NSP countries Taiwan's most significant overseas investment destination. We are also scaling Taiwan's digital economic footprint with the conviction that the digitalization of the NSP will be instrumental in solidifying Taiwan's expanded presence in the Indo-Pacific region.

Investment acts as a catalyst for trade. Following recent shifts in supply chains, Taiwanese companies have fast-tracked their expansion in NSP nations, contributing to the emergence of industry clusters. Our goods are gaining an ever-larger share of the ASEAN import market, even outperforming Japan and South Korea in some countries. This means that Taiwan is becoming an indispensable supply chain partner with ASEAN nations, as it continues to contribute to shared prosperity in the region.

The thriving landscape of Taiwan's economic and trade relations with NSP countries has also elevated the demand for individuals proficient in Southeast Asian languages and adept at cross-cultural communication. Whether coming to study or work in Taiwan, transitioning from migrant workers to skilled professionals, or rising to high-level managerial positions, various routes for career development await. Supported by various talent recruitment policies, individuals can now opt to either stay and contribute to Taiwan's economy or join Taiwanese businesses back home, as Taiwan's systemic training, recruitment, and empowerment initiatives aim to foster a mutually beneficial relationship with NSP countries.



In terms of resource sharing, the “Seven Countries, Ten Centers” initiative has facilitated the training of local healthcare professionals and the advancement of digital health solutions while boosting exports of Taiwanese medical equipment. We are also building bridges through the sharing of mutual resources and expertise in such sectors as agriculture, disaster relief, and engineering.

Since 2017, the Taiwan-Asia Exchange Foundation, an independent think tank, has also organized the Yushan Forum for promoting regional dialogue in the Asia-Pacific region. Held for the last six years despite the pandemic, this annual forum has provided an important platform for welcoming such notable figures as Palau President Whipps Jr., former Indonesian Vice President Kalla, and former Australian Prime Ministers Abbott and Turnbull.

At the same time, recent updates to existing bilateral investment agreements between Taiwan and countries like the Philippines, India, and Vietnam, coupled with the signing of new agreements on trade, investment, standards, and customs, have deepened our connection with NSP countries, positively impacting economic and trade vitality in the region.

The New Southbound Policy is a visionary and purposeful initiative that has already yielded meaningful outcomes. But resting on our laurels is not an option; we must set higher goals and extend our reach. We aspire to uphold the enduring principles of mutual prosperity, benefit, sharing, and consensus, as Taiwan continues to collaborate with countries in the Indo-Pacific region to promote peace, prosperity, and stability.



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