



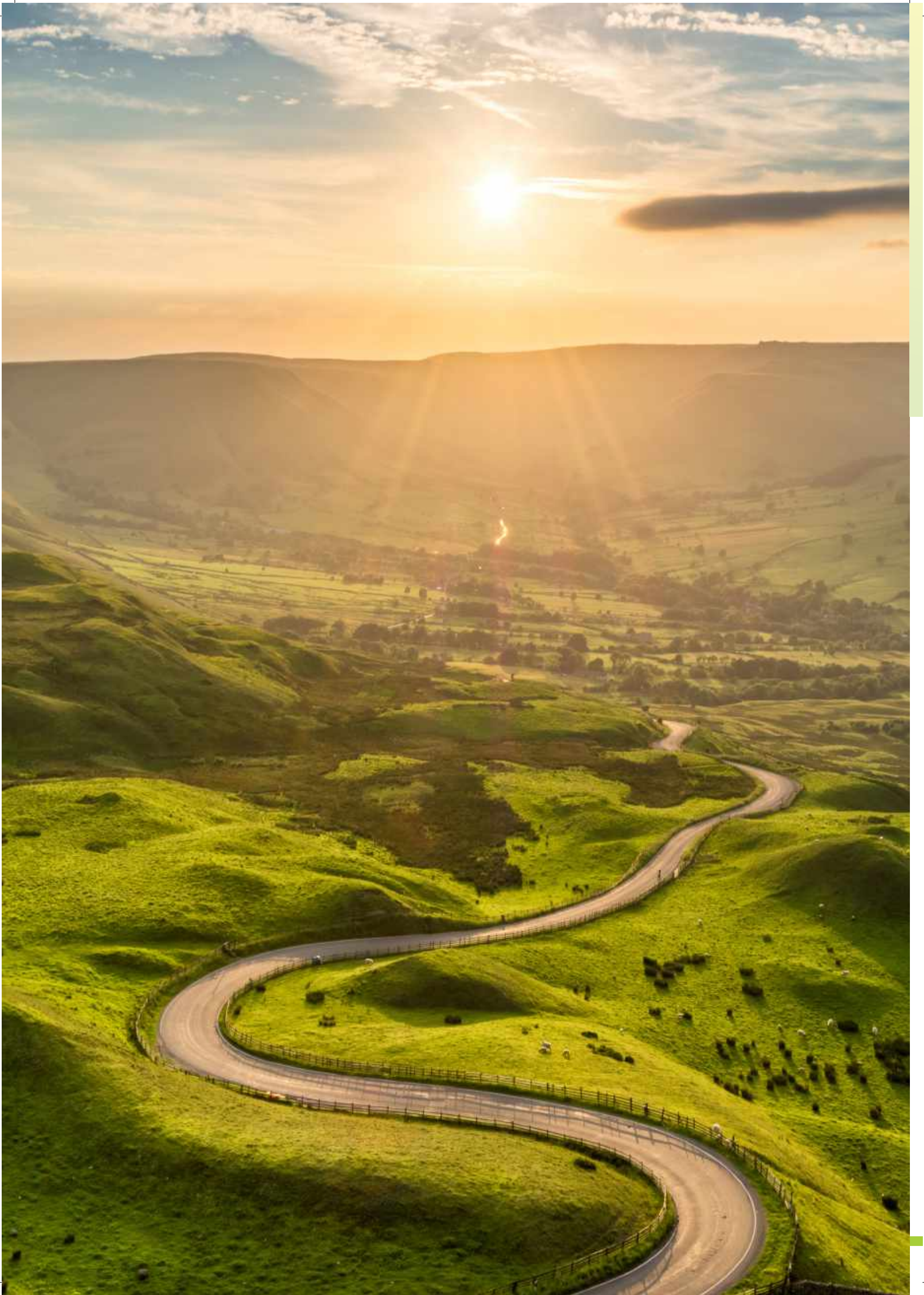
The New Southbound Policy

A Practical Approach Moving
Full Steam Ahead



Contents

| | |
|---|----|
| Foreword | 5 |
| Regional Agricultural Development | 6 |
| Medical and Public Health Cooperation and the Development of Industrial Chains | 8 |
| Industrial Talent Development | 10 |
| Industrial Innovation and Cooperation | 14 |
| Yushan Forum | 16 |
| Cross-border e-Commerce | 20 |
| Tourism | 22 |
| Infrastructure | 24 |
| Conclusion | 26 |



Foreword



Taiwan's New Southbound Policy aims to promote economic and trade ties with the Indo-Pacific region and deepen relations with partner countries by strengthening economic cooperation, talent exchanges, resource sharing, and regional connections.

Taking into account the needs of partner countries, the government of Taiwan has promoted many projects aimed at bolstering cooperation in agriculture, healthcare, tourism, disaster prevention, e-commerce, infrastructure and education.

In order to assist Taiwanese businesses expand into New Southbound Policy markets, the government signed updated versions of bilateral investment agreements with both India and the Philippines so as to better safeguard the personal safety and property rights of Taiwanese businesspeople. This is part of continuous efforts to ensure comprehensive protection of Taiwanese investments overseas. In addition, with the government's support, Taiwanese enterprises have achieved considerable success in partner countries. In terms of e-commerce, over 270,000 Taiwanese products have been listed on partner countries' platforms. In talent cultivation, more than 7,000 people from partner nations have benefited from special industry-academia cooperative courses. In tourism, nearly 2.6 million visits were made to Taiwan by people from the 18 partner countries in 2018. And in infrastructure, Taiwanese companies have won bids worth more than NT\$27 billion (US\$900 million) in power plant, petrochemical, intelligent transportation, urban mass transit, environmental protection, and water resource projects.

Concrete accomplishments have thus been made in the first three years of the New Southbound Policy. The government will build on these accomplishments to further promote the policy, while at the same time advancing cooperation with the U.S. and Japan in Southeast Asia. It will also integrate the strengths of the public and private sectors to create maximum benefit for all parties.

Regional Agricultural Development

A robust agricultural sector long served as the foundation for Taiwan's industrial and commercial development, driving economic growth and enhancing people's livelihoods. The advent of economic globalization and trade liberalization, however, made it imperative for Taiwan to increase its international agricultural competitiveness. Agriculture was restructured through mechanization as well as the introduction of advanced technologies and related applications in farm operations—e.g. temperature control facilities, information technology, drones, big data—to raise added value and competitiveness. Taiwan's success in agricultural transformation has won acclaim among New Southbound Policy partner countries.

Against this backdrop, the Council of Agriculture is pursuing shared agricultural prosperity, sustainable development, and win-win solutions for Taiwan and New Southbound Policy partner countries under the principle of mutual benefit. By combining resources and strengths, as well as stimulating deployment and consolidation at the grassroots level, Taiwan seeks to forge stronger ties with partner countries to collectively boost agricultural prosperity in the region.

Through concerted efforts of the government and private enterprises, Taiwan has achieved concrete progress in agricultural cooperation under the New Southbound Policy, as follows:

1. Promoting exports of agricultural materials and equipment: In 2018, Taiwan's agricultural trade with partner countries totaled US\$5.92 billion, up 3.0 percent from the previous year. Exports of fertilizers, pesticides, and agricultural machinery rose 15.1 percent compared to 2017, reaching US\$183.74 million.
2. Bolstering talent and technological exchanges: In 2018, Taiwan and partner countries made a total of 653 mutual visits for intergovernmental cooperation. Thirty Young Agricultural Ambassadors from Taiwan traveled to Malaysia and Vietnam for exchanges, while 238 foreign and overseas Taiwanese students spent a total of 3,493 days in agricultural career exploration activities in Taiwan.





3. Enhancing bilateral agricultural trade and investment

3.1. Under the bilateral agricultural cooperation framework, Taiwan and Indonesia have signed an action plan to build a modern agricultural demonstration farm in Indonesia; strengthened joint endeavors in food production, horticulture, animal husbandry, irrigation, and organization of farmers' associations; and plan to export Taiwanese agricultural materials, machinery and other equipment to Indonesia, in order to overcome trade and investment barriers for Taiwanese businesses.

3.2. According to a resolution reached at the seventh bilateral agricultural and fisheries meeting, Taiwan will assist the Philippines in establishing a demonstration farm, so as to enhance agricultural collaboration. In March of 2019, the two countries signed an agreement on the establishment of a mushroom demonstration farm in the Philippine city of Baguio.

3.3. In April of 2019, the Taiwan Agricultural Research Institute and Vietnam's Long An Province signed a cooperation agreement on a demonstration center for rice seed and fruit tree seedling production. This will also boost Taiwan's exports of related materials and equipment.

The Council of Agriculture is committed to fostering exchanges and cooperation with New Southbound Policy partner countries through closer links between the public and private sectors. It will leverage Taiwan's strengths to develop markets for agricultural products. By focusing on mutual benefit and diverse exchanges, Taiwan's agricultural sector can demonstrate its resilience and serve as a standard-bearer for the New Southbound Policy.

Medical and Public Health Cooperation and the Development of Industrial Chains



Taiwan unveiled its New Southbound Policy in 2016 to deepen cooperation, foster reciprocal relations, strengthen comprehensive interactions, share experiences and resources, and build solid partnerships with Member States of the Association of Southeast Asian Nations (ASEAN) as well as South Asian countries. One of the policy's key priorities is enhancing medical collaboration.

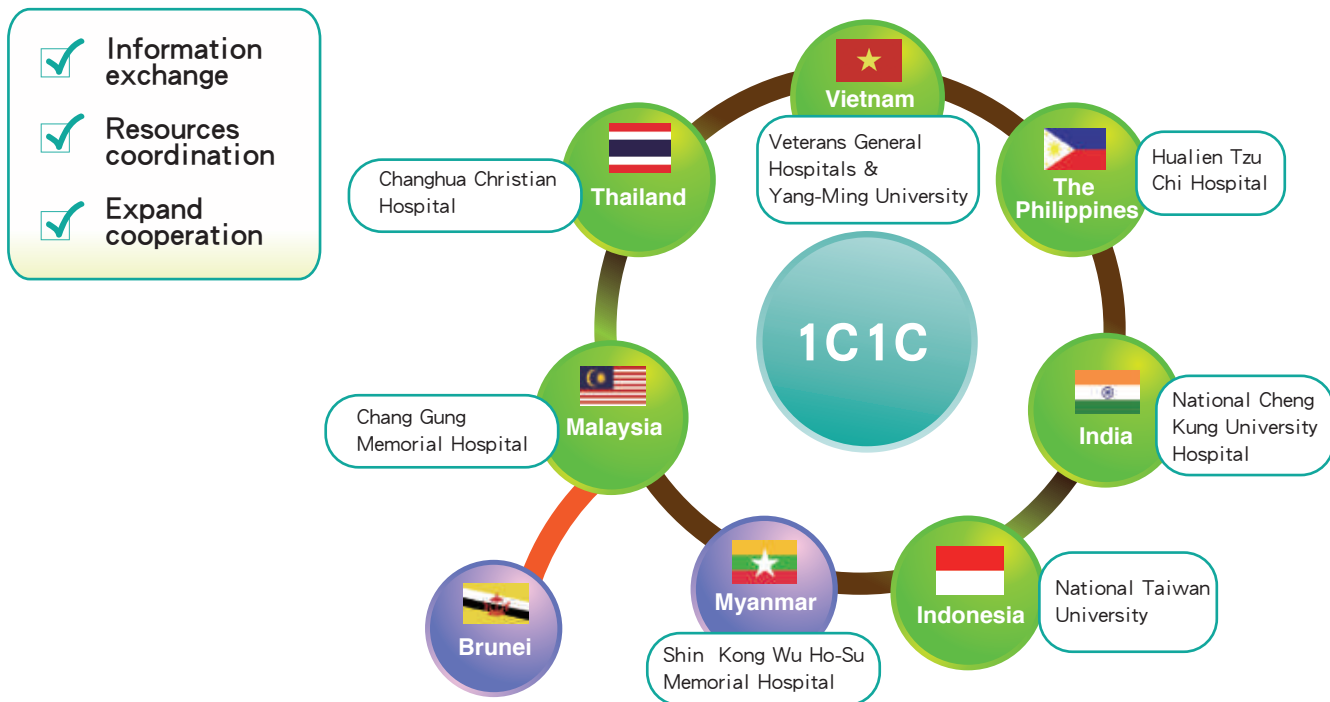
In 2018, Taiwan launched the One Country, One Center (1C1C) framework, which now covers seven countries—India, Indonesia, Malaysia, Myanmar, the Philippines, Thailand and Vietnam. Medical centers

in Taiwan are assigned to lead teams in creating a platform to meet the needs of each of these partners. National Cheng Kung University Hospital serves as the coordinator for India, National Taiwan University Hospital for Indonesia, Chang Gung Memorial Hospital for Malaysia (and Brunei), Shin Kong Hospital for Myanmar, Tzu Chi Hospital for the Philippines, Changhua Christian Hospital for Thailand, and Veterans General Hospital for Vietnam. This initiative promotes cooperation in six main areas—medical personnel training, healthcare bridge building, healthcare consultation for Taiwanese expatriates, the creation of friendly healthcare environments, surveys of medical regulations and market conditions, and information integration. In 2018, the 1C1C program provided training to 336 medical personnel from partner countries and matched services to 71 enterprises.

Taiwan adopts on a continuous and carefully planned strategy to promote the brand image of our outstanding (high quality yet affordable) healthcare service internationally. Through an integrated marketing approach, we leverage soft power of medical services to stimulate the export of the entire healthcare industry chain to New Southbound partner countries, creating new models for mutual benefits and win-win cooperation. For the past two years, the number of international patients coming from South and Southeast Asian countries to Taiwan for medical treatment has increased from 103,000 to 157,000, with a growth rate as high as 52 percent.

Meanwhile, the Ministry of Health and Welfare (MOHW) has been actively participating in international organizations. In 2018, Minister of Health and Welfare Chen Shih-chung was named Chair of the Executive Board of the APEC Life Sciences Innovation Forum by APEC Economies. This marks the highest-level position that the MOHW has held in APEC since Taiwan gained membership in 1991. An MOHW official was also appointed Chair of Work Group 2: IVDD under the Technical Committee of the Asian Harmonization

A key initiative: The 1 County 1 Center (1C1C) Project



► One medical center from Taiwan to serve as the focal point for cooperation with one partner country

Working Party. In June of 2018, Taiwan became a Regulatory Member of the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH). Since 2016, Taiwan has held the annual APEC Good Registration Management Regulatory Science Center of Excellence Workshop, building ties and networks with competent authorities in partner countries and increasing Taiwan's influence in the region.

In addition, Taiwan has undertaken two major tasks to enhance disease prevention in the region, namely, enhancing the collaborations with partner countries on dengue and tuberculosis prevention and control, and setting up a health center for travelers between Taiwan and New Southbound Policy partner countries. Through mutual visits and exchanges, international conferences and training workshops, bilateral disease reporting systems, collaborative research and other measures, Taiwan has gradually expanded cooperation and links with partner countries to jointly establish a regional disease prevention and control network and reduce cross-border transmission of disease.

Taiwan has also focused on promoting two-way capacity building and cooperation in the areas of disease prevention systems, personnel training and exchanges, pharmaceuticals, medical equipment and healthcare services. These efforts are underpinned by Taiwan's advanced ICT and medical management technology, and accompanied by the development and linkage of healthcare industries. The goal is to give the people of partner countries greater access to Taiwan's safe, high-quality, and reasonably priced medicines and medical equipment. At the same time, Taiwan and its partners are striving to strengthen mutual understanding of and confidence in each other's laws and regulations, thereby paving the way for mutually beneficial interactions in the future.



Industrial Talent Development

The New Southbound Policy embraces a new approach to people-to-people connections in industrial talent development. With people-centric bilateral exchanges and resource-sharing as its objectives, the policy helps Taiwanese industries implant high-quality human resources.

Diverse approaches to talent cultivation

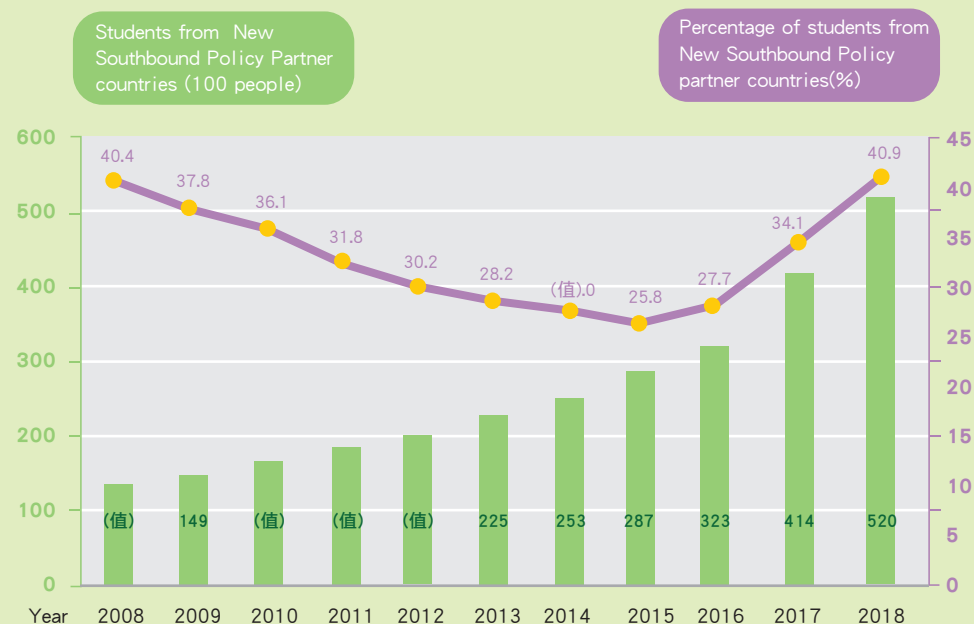
1. Leveraging Taiwan's exceptional vocational education to foster skill development among the youth of partner countries.

Taiwan is subsidizing domestic technical colleges to open international programs of industry-academia collaboration for students from partner countries. Colleges are developing customized courses and degree programs to meet the human resources development needs of partner countries' industries. Assistance in obtaining internships or, after graduation, job opportunity information, is also available. In the 2018 academic year, 5,870 students from partner countries enrolled in 111 industry-academia collaboration degree programs in Taiwan. One short-term technical training program was held for 235 foreign youths, and three short-term programs on enhancing professional skills were organized for 180 foreign youths. Four industry-academia collaboration programs for Indonesian 2-year colleges benefited 88 students from Indonesia.

2. Providing short-term exchange channels for youth from partner countries

Taiwan is also subsidizing colleges and universities to open elite intensive programs, elite

The number of students from New Southbound Policy partner countries in Taiwan in the last 10 years





research and development degree programs, holiday schools, and short-term internships for foreign students. These programs aim to provide such students with the opportunity to experience Taiwan's culture and take part in themed activities, while also learning more about the advantages of the higher education environment and post-graduation employment opportunities in Taiwan. In 2019, Taiwan's academic institutions received approval to hold 124 holiday classes, which were expected to attract 3,100 attendees. An additional 153 classes were approved to be held in 36 sessions at institutions under the trial Taiwan Education Experience Program, which served more than 1,200 students from partner countries from its launch in August of 2017 to June of 2019.

3. Expanding technical training for foreign youth and vocational programs for overseas compatriots

To meet the needs of Taiwan's industrial development, the Overseas Community Affairs Council introduced technical training programs for foreign youth as well as a special 3+4 program for overseas compatriots comprising three years in vocational high school and four years in a technical university. Schools are encouraged to open up academic disciplines that meet the needs of compatriots and Taiwanese companies overseas, and strengthen their recruitment of youth from partner countries that are major potential sources of students. A total of 844 students enrolled in the technical training program for foreign youth in 2019, while 23 schools have received approval to offer this program in 2020. In response to the needs of overseas compatriot communities, classes for Mandarin language instructors, as well as courses on agriculture, fisheries, and long-term care, have been organized. Overseas recruitment for these programs took place between June and August of 2019.



In 2018, 12 schools offered the 3+4 program for overseas compatriots. A total of 1,711 applications were received, while 1,578 students actually enrolled in the program. In 2019, 21 schools were granted approval to offer this program, receiving a total of 2,415 applications following recruitment efforts in Southeast Asia in the first three months of the year. These figures demonstrate rapid growth in the number of students in the 3+4 program.

4. Cultivating seed technical instructors and experts in partner countries

Taiwan hopes to help ASEAN and South Asian countries cultivate high-level professionals who are needed for economic development. To this end, it has increased exchanges of visits with management teams at job training institutions in partner countries, and dispatched experts to provide technical support for the establishment of vocational training centers there. Taiwan also subsidizes domestic colleges and universities to organize high-level specialized classes in Taiwan for personnel from partner countries to conduct short-term research on cross-disciplinary or topic-oriented subjects. Taiwan has launched the Delta MOOCx course, an integrated program operating both online (virtual) and offline (real) classes to better provide instructors in automation-related disciplines from partner countries with on-the-job training opportunities.

5. Cultivating college instructors from ASEAN and South Asian countries

The government subsidizes top colleges and universities through the Elite Scholarship Program, so that up to 100 lecturers per year from Southeast and South Asian universities can pursue master's or doctoral degrees in Taiwan.

6. Cultivating human resources for the development of regional markets

In order to boost Taiwan business investments in Southeast Asia, the government arranged for the International Trade Institute to open classes offering training in Southeast Asian languages and marketing management. Seventy-seven people have completed the program since it commenced in 2015, and 24 more are expected to enroll in 2019. Furthermore, a program was launched in 2017 focusing on international trade practices, marketing, business techniques, and e-commerce in New Southbound Policy markets. The classes—one each in Taipei, Taoyuan, Taichung and Kaohsiung—have benefited 428 people. About 140 participants are expected to attend in 2019.

7. Sending university students to partner countries for internships

To give Taiwanese university students a better understanding of partner countries' markets and nurture professionals who could help develop these markets, Taiwan has sent nearly 550 students majoring in international trade on overseas internships since 2014. In 2019, the government approved funding for 24 colleges and universities to send 150 students on business internships to six partner countries—Indonesia, Malaysia, Myanmar, the Philippines, Thailand, and Vietnam.

Two-way talent exchanges

1. Government-sponsored scholarship

A government-sponsored scholarship was created in 2017 to further boost two-way talent exchanges. A total of 19 students were selected through examinations and awarded the scholarship for studies in partner countries. Another 42 students received the scholarship upon selection based on other criteria.

2. Establishing talent networks in partner countries

Taiwan maintains contact with youth from partner countries who have studied or conducted research in Taiwan (including recipients of the Taiwan Scholarship, Huayu Enrichment Scholarship, and the Taiwan Experience Education Program Scholarship). By creating related online platforms, Taiwan can amass robust talent networks in partner countries.

3. Helping overseas compatriot students and foreign students in Taiwan gain internships and post-graduation employment opportunities

An internship-matching program has been created for overseas compatriot and foreign students in Taiwan. The functions of the Contact Taiwan website, which aims to attract foreign talent to Taiwan, will be further strengthened.

4. A platform for Taiwanese enterprises in partner countries to register and post job opportunities

Since the launch of the platform, more than 40 job opportunities have been posted by the Department of Investment Services under the Ministry of Economic Affairs, which collects such information from Taiwanese businesses operating in Indonesia, the Philippines, Thailand and Vietnam. This can help migrant workers continue working for Taiwanese businesses in their home country.



Industrial Innovation and Cooperation

The Flagship Program for Industrial Innovation and Cooperation centers on the Asian Silicon Valley, smart machinery, and green energy technology components of the Five Plus Two Industrial Innovation program. It aims to establish Indo-Pacific industrial supply chain partnerships, promote Taiwan's system integration solutions overseas, provide assistance to small- and medium-sized enterprises (SMEs), and enhance the image of Taiwan's industries through the Four Major Innovation Sectors and Three Specific Strategies. Taiwan seeks to foster stronger industrial ties with New Southbound Policy partner nations and build partnerships based on mutual benefit and prosperity, paving the way for deeper industrial connections with and greater access to regional markets.

The Four Major Innovation Sectors comprise forging partnerships through Indo-Pacific industrial supply chains, advancing cooperation with partner countries to help create an Asian Silicon Valley, building regional industrial chains for smart machinery, and creating an environmentally friendly Asia through green energy technology. The core idea is to strengthen industrial links between Taiwan and partner countries. Reciprocal and mutually beneficial relations will be established with each nation, taking into consideration their industrial strengths and local conditions, as well as Taiwan's competitive industries. On the one hand, Taiwan aims to expand exchanges with partner nations. On the other, it is looking to export Taiwan's advantageous industrial products and promote the upgrading of Taiwan's industries.

The Three Specific Strategies comprise system integration of total solution export for New Southbound SMEs, construction of a cooperation network for Taiwan's image, and innovative marketing promotion. Partner countries are an extension of Taiwan's domestic market; collaboration must be planned in accordance with local market needs in areas that are ripe for industrial innovation and system integration such as smart cities and green transportation. Such efforts present Taiwan with an opportunity to promote its national image, thereby fostering a deeper understanding of Taiwan and instilling a sense of trust in Taiwan.

Taiwan has bolstered industrial cooperation with partner countries by establishing communication platforms consisting of industrial associations, technical institutions and think tanks, and has started to see collaboration projects being realized. In 2018, Industrial Collaboration Summits were held in India, Indonesia, Malaysia, the Philippines,





Thailand and Vietnam, and were attended by over 2,000 industry representatives, scholars and experts. The summits had facilitated joint endeavors in the areas of textiles, basic technologies and automation for light industries, semiconductors, electronics, food technology, smart cities, metal and food processing, smart machinery, information services, shipbuilding, and cultural and creative industries.

For example, Taiwan's Institute for Information Industry and Thailand's Digital Economy Promotion Agency are developing a mechanism for smart city pilot projects. A Taiwanese developer is planning to build the Technology Innovation International Park in Bengaluru, India, which will serve as an integrated zone accommodating over 50,000 people. Another Taiwanese firm is collaborating with a Malaysian hospital to export smart orthopedic surgery glasses to Malaysia. In the Philippines, a Taiwanese company is working with the Cagayan Economic Zone Authority and the Valenzuela City government to develop a smart transportation service system for electric tricycles in the city. In Vietnam, a local hospital is working with a Taiwanese company to introduce smart learning in medical training.

The Flagship Program for Cooperation in Industrial Innovation, based on the New Southbound Policy and Five Plus Two Industrial Innovation program, has innovation and industrial upgrading at its core. The program will be propelled by wide-ranging exports to and the extension of Taiwan's domestic market into partner countries. Through the Four Major Innovation Sectors and Three Specific Strategies, the program will grasp the enormous consumer markets of partner nations as well as their demand for innovative and creative industries. This in turn will strengthen Taiwan's industrial chain partnerships with partner countries. A new economic cooperation model will be created by redefining the role of all parties concerned in industrial chains, injecting momentum into their economies, jointly developing local markets, and forging reciprocal long-term partnerships.



Yushan Forum

The New Southbound Policy adopts a people-centric approach. The key to its success lies not merely in cooperation initiatives introduced by the government, but more in the abundant strengths of the private sector. The foundation for the policy will be further consolidated by enhancing civil society connections between Taiwan and partner countries through the integrated use of public and private resources. The Yushan Forum was conceived with this goal in mind, allowing the private sector to lead but with government participation. It serves as a major platform for regional dialogue that highlights Taiwan's values and distinctive traits.

Successfully held on October 8th and 9th, 2019, the Yushan Forum has entered its third year. Compared to other regional dialogues, it has gradually established its own unique characteristics. It seeks to promote discourse and collaboration in the Indo-Pacific based on Taiwan's soft power in the areas of economy and trade, agriculture, healthcare, education, science and technology, environmental protection, disaster prevention and relief, and SMEs, as well as its experience in civil society development.

The Taiwan-Asia Exchange Foundation (TAEF) commenced operations in June of 2018. Its activities are not limited to organizing the Yushan Forum; it also serves as



a leading think tank, promoting dialogue between think tanks, academics and policymakers across the region as well as exchanges among civil society representatives such as NGOs and youth leaders. It has quickly garnered international acclaim, and was the only institution from Taiwan to be ranked among the best new think tanks in the 2018 Global Go To Think Tank Index Report published by the University of Pennsylvania.

In addition to hosting the annual Yushan Forum, the TAEF is focusing on five key areas in which to build international connections through collaboration with other important think tanks and NGOs in Asia.

Asian youth leadership: Together with National Chengchi University's Center for Southeast Asian Studies, the Ramon Magsaysay Transformative Leadership Institute, and the American Institute in Taiwan, the TAEF organizes a youth forum and a youth camp to nurture social innovation and public governance skills among youth leaders from Taiwan and other Asian and like-minded nations.

Think tank collaboration: The TAEF and the Institute of Developing Economies of the Japan External Trade Organization signed an MOU for cooperation and dialogue





on Asian political and economic developments, cross-border migration, and other issues of mutual interest. The TAEF also plans to publish a research report on Taiwan-India relations, and another on Taiwan businesses and Taiwan's image.

Civil society connections: The TAEF is working with the Taiwan Alliance in International Development and other domestic and foreign NGOs to encourage closer collaboration on civil society networks, women's issues, and talent incubation between Taiwan and Southeast Asian, South Asian, and other Asian countries.

Regional resilience: In April of 2019, the TAEF established the Asia Regional Resilience Consortium to serve as an international network for think tanks and partners from different disciplines and industrial sectors to work together on regional disaster prevention and relief.

Cultural exchanges: In a partnership with the National Culture and Arts Foundation, the TAEF is working with Asian cultural institutions to introduce an art and cultural exchange platform aimed at promoting long-term collaboration among cultural communities, cultural promotion institutions, and cultural leaders.

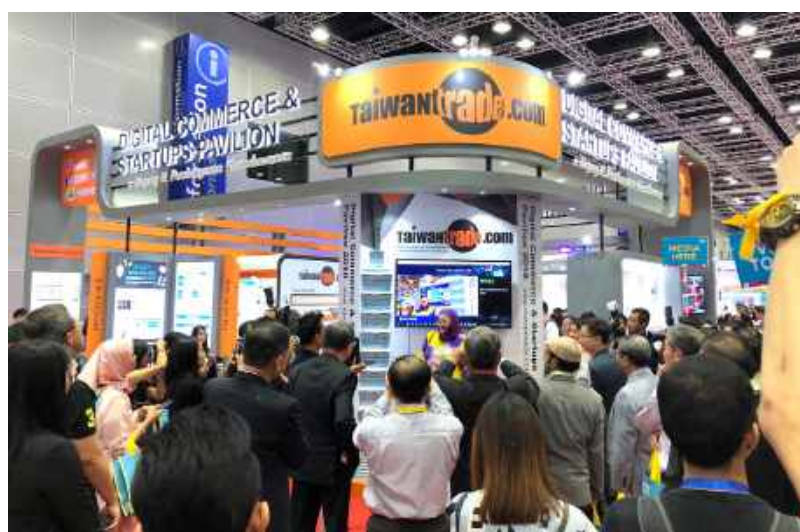
Through the Yushan Forum, Taiwan will continue to use its soft power to inspire innovative and pragmatic strategies for bilateral and multilateral cooperation so as to make its own unique contributions to regional development.

Cross-border e-Commerce

The New Southbound Policy Prospective Areas—Cross-border E-commerce Work Plan is based on three main strategies: developing markets, cultivating talent, and upgrading the e-commerce infrastructure, in order to attain the digitalization of foreign trade capabilities, the internationalization of SMEs, and the activation of trade momentum.

In market development, the e-commerce platforms of Taiwan and New Southbound Policy partner countries are leveraged to market Taiwanese products and business-matching services. Centering on the national-level e-commerce platform, Taiwantrade.com, in collaboration with a number of well-known online e-commerce platforms including eBay Australia, Blibli of Indonesia, Tiki of Vietnam, and PChome Thai, Taiwanese businesses were assisted in putting a total of nearly 270,000 product items on shelves as of 2018. An e-commerce and startup pavilion was also set up at Taiwan Expos in partner countries. Delegations of e-commerce startup representatives visited potential partners in the region, and executives from eight e-commerce platforms and agencies in New Southbound Policy partner countries were invited to visit vendors in Taiwan. Each year, Taiwantrade.com offers assistance to around 25,000 businesses, creating procurement opportunities with New Southbound Policy markets to the value of at least US\$530 million.

In order to develop New Southbound Policy markets for SMEs and create successful cross-border marketing models, Taiwan encourages SMEs to build up business alliances to develop new markets, adapt digital innovative services





to local markets, employ digital innovative technological marketing, use diversified digital marketing tools, collaborate with local internet celebrities in target markets, embed shopping guides in livestream broadcasts, increase brand exposure, assist vendor groups in building payment and logistics systems for e-commerce platforms, and team up with local partners in overseas markets. Under this plan, at least 60 SMEs enter New Southbound Policy markets each year.

As for talent cultivation, Taiwan has launched several talent incubation initiatives, including industry-academia cooperation to facilitate practical work experience, online and on-site courses to upgrade digital marketing skills, and an international e-commerce forum to engage businesses from partner countries. More than 5,000 professionals from Taiwan's e-commerce sector attend these training programs each year.

E-commerce infrastructure is being upgraded through a cross-border e-commerce portal that makes New Southbound Policy market information available to domestic companies, commissions lawyers and accountants to offer professional consultation services, and assists in eliminating operational barriers. In addition, Taiwan is also shortening delivery times and reducing logistics costs for cross-border operators by bringing together logistics companies at home and abroad to build two warehouses in partner countries each year between 2017 and 2020.



Tourism

Following the launch of the New Southbound Policy, the Ministry of Transportation and Communications (MOTC) introduced two initiatives: Tourism 2020—A Sustainable Tourism Development Strategy for Taiwan, and the New Southbound Policy Prospective Areas—Tourism Plan. A four-pronged strategy was developed to attract, guide, and retain tourists from partner countries, as well as encourage repeat tourists. It promotes firsthand experience of Taiwan’s culture, history, ecology and hospitality, and, through tourism exchanges, seeks to enhance friendship and familiarity between the people of Taiwan and partner countries.

To develop the tourism market, the MOTC has convened meetings for related ministries and agencies, local governments and tourism associations to discuss overseas marketing and resource integration, so as to attract visitors from major cities in target markets. Efforts have been made to raise Taiwan’s international profile, while local internet celebrities in these countries have been invited to help generate interest in Taiwan. In 2018, the Salam Taiwan campaign was launched featuring Malaysian internet celebrities and showcasing Taiwan’s Muslim-friendly environment. According to the 2019 MasterCard-CrescentRating Global Muslim Travel Index, Taiwan ranked third among Muslim-friendly destinations outside of the Organisation of Islamic Cooperation. Such international recognition of its commitment to creating an excellent hospitality environment for Muslims has increased its appeal to Muslim tourists.

Furthermore, measures have been taken to reduce barriers and boost tourism. Trial visa-free entry programs were launched for Brunei and Thai nationals in July of 2016 and for Philippine nationals in November of 2017. Electronic visas are issued to nationals from Cambodia, India, Indonesia, Laos, Myanmar and Vietnam who meet certain criteria. The Civil Aeronautics Administration has also expanded the implementation of differential aircraft landing fees, encouraging airlines to extend their services to airports other than Taipei Songshan Airport and Taiwan Taoyuan International Airport. As of December 2018, the number of weekly flights between Taiwan and New Southbound Policy partner countries had risen to 621. These served about 12.63

Boosting the number of two-way visits to 5 million in 2018

| | Inbound travelers from New Southbound Policy partner countries | Outbound travelers to New Southbound Policy partner countries | Mutual visits of Taiwan & New Southbound Policy partner countries |
|------|--|---|---|
| 2015 | 1,551,937 | 2,096,196 | 3,648,133 |
| 2016 | 1,789,503 | 2,233,784 | 4,023,287 |
| 2017 | 2,284,382 | 2,474,412 | 4,758,794 |
| 2018 | 2,594,765 | 2,791,608 | 5,386,373 |



million passengers, representing an increase of 12 percent over 2017, and generating greater interest among travelers from partner countries.

In terms of strategic planning, the Tourism Bureau set up service centers in the New Southbound Policy markets, serving three main categories—Buddhist, Muslim and English-speaking populations. It opened a promotion office in Bangkok, Thailand, in 2017, and a tourism information center in Mumbai, India, in October of 2018, sharing an office with the Taiwan External Trade Development Council. Financial incentives have been increased in order to attract high-spending tourist groups, which include subsidies for fly/cruise programs as well as charter flights from partner countries.

The government has also introduced measures to further enhance the hospitality environment and related human resources. Travel information has been made available in Southeast Asian languages. To develop tourism professionals, recent immigrants and overseas compatriot students from partner countries are encouraged to become tour guides, with the former receiving assistance in acquiring required certification and the latter in obtaining internships and extending their stays in Taiwan. Local tour guides are encouraged to receive training, while interpretation subsidies are provided to Southeast Asian tourist groups. An accreditation program for quality Taiwan tours was implemented on a trial basis in Thailand in 2018 and a promotional campaign was launched targeting high-spending Thai visitors.

In 2018, visitors from the 18 New Southbound Policy partner countries made a total of 2,594,000 visits to Taiwan, an increase of 310,000, or 13.61 percent, compared to the previous year. Meanwhile, Taiwanese citizens made 2,791,000 trips to partner countries in 2018, marking growth of 317,000, or 12.8 percent, indicating an obvious increase in tourism exchanges.



Infrastructure

Taiwan boasts world-class expertise in infrastructure development, and its businesses are well-versed in international procurement rules. Under the promotion of the New Southbound Policy, we encourage the engineering industry to cooperate with New Southbound Policy partner countries’ governments and/or private enterprises to progress high-quality infrastructure with excellent Taiwan engineering experience, technology and capabilities.

After surveying Taiwan’s export potential and partner countries’ infrastructure needs, six key areas for cooperation have been identified: power plants, petrochemical plants, intelligent transportation systems (ITS) such as electronic toll collection (ETC), urban rail transport, environmental protection, and water resources. In 2018, engineering and construction companies won bids for 37 projects worth NT\$27 billion (US\$900 million) in partner countries, up from NT\$23.9 billion (US\$767 million) in 2016 and NT\$25.2 billion (US\$833 million) in 2017. SMEs continued to make inroads into the region, accounting for a record high of 17 projects. To build on this success, the Public Construction Commission in 2019 pooled interagency resources to assist Taiwanese engineering and construction firms, including SMEs doing business in partner countries.

Power plants

Taiwan’s energy companies have provided Southeast Asian countries, including Indonesia, Malaysia, the Philippines and Thailand, with the benefit of their experience in building solar power plants and cogeneration power plants.

Petrochemical plants

In recent years, Taiwan’s petrochemical industry has used its mature technology and know-how to

| Year | | 2016 | 2017 | 2018 |
|-------------------|--------------|---------------------------------------|---------------------------------------|--|
| No. of projects | Won by SMEs* | 3 | 3 | 17 |
| | Total** | 10 | 17 | 37 |
| Value of projects | SMEs* | NT\$2.45 million (US\$81,667) | NT\$152 million (US\$5.07 million) | NT\$763 million (US\$25.43 million) |
| | Total** | NT\$23.9 billion (US\$767 million) | NT\$25.2 billion (US\$888 million) | NT\$27 billion (US\$900 million) |

* Companies other than large engineering and construction firms with previous experience in international bids

** Engineering and construction companies, as well as firms that set up overseas offices under a government incentives scheme, specializing in the six key areas of cooperation



build oil refineries and liquefied natural gas terminals in India, Indonesia, Malaysia, Oman, the Philippines, Thailand and the United States.

ITS and ETC

Taiwan set three world records in its development of a freeway ETC system: It was the first nation to install a comprehensive ETC system on all national freeways, the first to implement full conversion to electronic barrier-free toll collection, and the first to possess an ETC-equipped road network covering a length of nearly a thousand kilometers. Taiwan has also since won contracts to build ETC systems in several Southeast Asian countries.

Rail transport

Taiwan's companies have provided services in metro construction, personnel training and turnkey projects in Indonesia, Malaysia, Singapore and Vietnam.

Environmental protection

To ensure the sustainable use of its land and the health of its people, Taiwan has committed significant resources to building incinerators and implementing soil and groundwater pollution control, with the aim of achieving an optimal balance between economic growth and environmental sustainability. Taiwanese firms have also participated in related projects in Indonesia and Thailand.

Water resources

Taiwan is highly experienced in the development of water resource infrastructure. In order to share this experience, we have consolidated Taiwan's water supply chain to form a top team of upstream and downstream businesses to provide total solutions to Indonesia and other partner countries.



Conclusion

As a responsible member of the region, Taiwan has pushed forward the New Southbound Policy with the core objective of forging stronger relations and cooperation with partner countries to advance regional economic and trade development. The Taiwan government is committed not only to integrating all resources and continuing existing projects, but also to proactively exploring new areas and forms of cooperation, so as to further amplify the policy's impact.

SMEs have long been the driving force behind Taiwan's economic development. In order to assist SMEs with pursuing new business opportunities in partner countries, the government is providing guidance and other services in talent cultivation, business environment information, technological assistance, and financial support aimed at raising their competitiveness. As Taiwan's large innovation-related workforce constitutes an important form of soft power, domestic startups are given support to keep pace with international developments and young innovative entrepreneurs are encouraged to expand their horizons to partner countries and gain more experience. Meanwhile, startups from partner countries are welcome to visit Taiwan and conduct exchanges, so as to infuse vitality into Taiwan's startup sector. In the future, the New Southbound Policy will focus even more on supporting domestic SMEs, startups and youth entrepreneurs.

With their rapid economic growth in recent years, partner countries have gained in strategic importance internationally. Over the past three years, Taiwan and its partner countries have achieved considerable success in joint endeavors across many fields. The Taiwan government seeks to build on this solid foundation by expanding the breadth and depth of cooperation and, through an innovative approach, establishing more extensive and diverse partnerships. The New Southbound Policy will thereby not only serve to develop Taiwan's external trade relations but also create opportunities for collaboration between Taiwan and partner countries to jointly advance regional prosperity.



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A Practical Approach Moving
Full Steam Ahead

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