

Opportunities and Challenges of Taiwan's "New Southbound Policy" under Mainland China's "One Belt, One Road" Initiative

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Abstract

The Democratic Progressive Party (DPP) recently proposed a "New Southbound Policy" (NSP) for the diplomatic strategic planning of Taiwan. Simultaneously, Mainland China is promoting the "One Belt, One Road" (OBOR) initiative actively. Obviously, both approaches overlap in many areas. This study tries to explore how China's OBOR initiative may have an impact on Taiwan's NSP and what responses Taiwan can make? This study argues that Taiwan should make full use of its own advantages to maintain long-term positive relations with the ASEAN and South Asian countries. At the same time, Taiwan must not compete with China's OBOR initiative, because this might cause a zero-sum diplomatic competition with China, forcing these regional countries to choose the Chinese or the Taiwanese side. Therefore, the fundamental principle of Taiwan in promoting the NSP should be long-standing, non-political and effective. Long-standing means that the relationship between Taiwan and the ASEAN countries in the basic field of the humanities, culture and social relations needs a long time to be built up. Effectiveness means that

the construction of the relationship needs resources, experts and the altering of Taiwan's internal situation and mindset, then Taiwan can build open bilateral relations with ASEAN. Finally, non-political means that since Taiwan cannot compete with China in the field of international politics and diplomacy, Taiwan's foreign policy should stress constructing realistic relations with regional countries for enforcing pragmatic diplomacy.

Keywords: New Southbound Policy, One Belt One Road, ASEAN, South Asia, China

I. Introduction

At the celebration of the 29th Anniversary of the Democratic Progressive Party's (DPP) founding on September 22, 2015, the then-presidential candidate Tsai Ing-wen announced that a future DPP administration would pursue a "New Southbound Policy" (NSP) in the years ahead to strengthen the relations between Taiwan and the ASEAN and South Asian countries. Concurrently, China is promoting "The Silk Road Economic Belt" and "The 21st Century Maritime Silk Road" initiatives, the so-called "One Belt, One Road" (OBOR) initiative. The geographical scope of both Taipei and Beijing's policies have common characteristics. Taiwan's NSP is looking forward to constructing new relations with Southeast Asian countries via new thinking and a new approach. Also, Beijing's OBOR initiative is trying to deepen bilateral relations with the Southeast Asian and South Asian countries via the strategic approaches of economy, society and the humanities.

The NSP is President Tsai's important diplomatic strategic layout. Generally, the development of cross-strait relations and the diplomatic relations of Taiwan are highly linked to each other. During the era

of the former president, Ma Ying-jeou, the principle of Taiwan's pragmatic diplomatic thinking was maintaining good relations with China, which could favor Taiwan's foreign relations. Under this strategic planning, the best tactic for the former Kuomintang (KMT) government was to recognize "the 1992 Consensus" (one China, with respective interpretations), and to reach a degree of consensus and understanding with China. This way really extends Taiwan's participation in foreign affairs without China's resistance, which can be seen as a strategic thinking of "from China toward the world;" i.e., keeping good and stable relations with China is the foundation of Taiwan's foreign relations. However, after Tsai Ing-wen came to power this year, the DPP government adopted a different strategic approach from the KMT's, trying to construct the approach of "from the world toward China" for expanding Taiwan's diplomacy. Under the DPP's planning, maintaining relations with China is just a part, and no more the foundation, of Taiwan's foreign policy. Namely, the diplomatic strategic planning of Tsai's government is to deepen relations with neighboring friendly countries, and to strengthen the relationship between the United States and Japan.

Under the DPP's rule, what are the opportunities and challenges of Taiwan's NSP? This is the main question of this research. The study adopts the concept and viewpoint of structural realism as a framework to analyze the NSP of the DPP government.¹ First of all,

1. The reason why this study used an idea from structural realism is that the DPP government's Asia-Pacific layout and the NSP will involve the two most important international actors (leading powers): the US and China, of the region. Taiwan's survival and development are greatly constrained and impacted by the two powers. The interactive mode of "two bigs, one small" and the characteristics of the China-US bipolar structure form the basic assumption of structural realism; this paper therefore adopted the realist idea as the framework for the study.

given the unit concept of structural realism, the study sees Taiwan as a unit (international actor), and explores how can Taiwan make responses to the pressure of the US-China bipolar structure. Second, given the active dynamics of the unit, although Taiwan is a small unit within international structures, the new government can strengthen Taiwan's international dynamics through the "New Southbound Policy." The paper will focus on exploring the strategic logic of the NSP and discussing the strategic reasons for Tsai's NSP. Third, the study seeks to analyze the strategic planning of China's OBOR. Finally, the study examines the opportunities and challenges of the NSP under the OBOR and offers some policy recommendations.

II. The Strategic Thinking and Layout of the NSP

1. The Concept and Approaches of the NSP

The objective of the DPP government's NSP is that it can become a human-centered new Taiwan external economic strategy, which is a five-year period policy, energetically promoting mutual exchange and cooperation in talent, industry, investment, education, culture, tourism, agriculture, etc., between Taiwan and the ASEAN and South Asian countries for building up the 21st century partnership. In order to reach the objective, the new government has established a "New Southbound Policy Office" in the Presidential Office Building to upgrade the decision-making and integration level of the NSP Office. Also, the government will establish national think tanks in the field of ASEAN and South Asia studies for the promotion of the NSP. Furthermore, the government will also plan to integrate and set up a large-scale "ASEAN and South Asia Scholarship Program" for maintaining relations with ASEAN and South Asia through personnel training and educational exchange.²

2. Democratic Progressive Party, 〈民主進步黨第十六屆第六十七次中常會新聞

After the DPP government further announced the NSP long-term objectives, including New Zealand and Australia, the objectives have become: (1) promoting the linkages of economic development, trade, technologies and culture between Taiwan and ASEAN, South Asia, New Zealand and Australia for sharing resources, experts and markets, creating the new model of cooperation of mutual benefit for "The Consciousness of the Economic Community;" (2) establishing wide-ranging negotiation and dialogue mechanisms, shaping the cooperative consensus between Taiwan and ASEAN, South Asia, New Zealand and Australia for effectively solving problems and divergences, and gradually accumulating mutual trust and a sense of community.³

To connect Taiwan, ASEAN, South Asia, New Zealand and Australia for reaching the goal of the NSP, the DPP government is pursuing a strategy of four key links:⁴

(1) Soft Power Links

The DPP government tries to use the Taiwanese advantages of medicine, education, technological development, agricultural cooperation, and the experiences of small and medium enterprises to

稿〉, April 13, 2016, *Democratic Progressive Party*, <http://www.dpp.org.tw/news_content.php?kw&m1=05&y1=2016&menu_sn&sub_menu=43&show_title=%E6%96%B0%E8%81%9E&one_page=10&page=4&start_p=1&act&sn=8914&stat&order_type=desc&order_col=add_date&data_type=%E6%96%B0%E8%81%9E>.

3. Office of the President of the R.O.C. (Taiwan), 〈總統召開「對外經貿戰略會談」通過「新南向政策」政策綱領〉, August 16, 2016, *Office of the President of the R.O.C. (Taiwan)*, <<http://www.president.gov.tw/Default.aspx?tabid=131&itemid=37862&rmid=514>>.

4. Office of the President of the R.O.C.(Taiwan), 〈總統召開「對外經貿戰略會談」通過「新南向政策」政策綱領〉.

promote multilateral or bilateral cooperation between Taiwan, ASEAN, South Asia, New Zealand, Australia, etc..

(2) Supply Chain Links

In terms of trade and investment, the DPP regards Taiwan, ASEAN, South Asian countries, New Zealand and Australia as highly complementary. In order to spur regional trade and investment, Taiwan needs to deal first with supply chain integration. This integration is needed in such sectors as information and communications technology (ICT), domestic-demand-driven industries, energy and petrochemicals, new agriculture, and financial services. Division of labor and cooperation in next-generation industries and international trade is another area where Taiwan needs to act early to put the pieces in place, starting with the five major innovative industries. Cooperation involving small and medium enterprises should also be included as a key focal point of cooperation.

(3) Linking Regional Markets

The Taiwan government regards investment in software-hardware infrastructure and strengthening links between regional markets as the crux of regional cooperation between the countries of the region. Taiwan must seek to participate in infrastructure in these areas, promoting cyber-linkage of the countries using Taiwan's advantages in communication technology. Meanwhile, Taiwan needs to promote the adjustment of related laws and regulations to expand, and link to, regional markets.

(4) People-to-People Links

The DPP supposes that tourism is not only the core of people contacts, but also a catalyst for intercultural exchange and fusion. Constructing close relations and multilateral exchanges between

Taiwan, ASEAN, South Asian countries, New Zealand and Australia should be connected to tourism and cultural resources and should implement a people-centered New Southbound spirit.

Evidently, the DPP's planning of the NSP tries to escape the main framework of trade and investment of "the old Southbound policy of the 1990s." The DPP attempts to rebuild relations between Taiwan, ASEAN, South Asian countries, New Zealand and Australia through more comprehensive cooperation of greater depth.

2. The Strategic Thinking of the NSP

The aforementioned policy-oriented strategic thinking is obviously different from the KMT's diplomatic layout of "China is the centre of gravity, neighboring countries are peripheral." The DPP's main purpose is to seek to get rid of a China-oriented foreign policy, planning to reduce China's domination and to increase Taiwan's international dynamics. This includes the following characteristics:

(1) Change the Diplomatic Strategy of "from China toward the World"

The strategic focus of the DPP is to construct the diplomatic strategy of "from the world toward China," making the United States, Japan, and ASEAN the center of gravity of Taiwan's foreign relations. In the past, the KMT used to adopt the strategy of keeping good relations with the US, Japan and China. In addition to this, although the situation of cross-strait relations was tense in the period of Chen Shui-bian's government from 2000 to 2008, Ma's government believed that it was unnecessary to shape an anti-China atmosphere in cross-strait relations due to the close location of Taiwan and Mainland China. Therefore, for the KMT, constructing a peaceful environment for cross-strait relations was an important strategy in keeping Taiwan

secure and prosperous.⁵ On the whole, the strategic purpose of “from China toward the world” was to maintain good interactions with China, avoiding China suppressing the diplomatic space of Taiwan, and allowing for an increase in the room for Taiwan’s participation in international affairs.

When Tsai Ing-wen came to power this year, she adopted the new strategic planning of “from the world toward China” instead of the KMT’s foreign policy that was constructed by former President Ma Ying-jeou. For the relations with the US, Tsai’s government has adopted the policy of keeping closer relationships and intercourse with the US. After Tsai became the president of the R.O.C. she emphasized that: “the premise of maintaining stable cross-strait relations is to keep close contacts and interaction with the US, and I will have consultation and communication with the US about how to maintain cross-strait relations. For Taiwan, the positive factor of securing peaceful and stable cross-strait relations is to construct long-term interaction, to continue mutual trust relations and to consolidate mutual trust with the US. Also, Taiwan should become America’s trusted partner.”⁶ In other words, the policy of cross-strait relations and the layout of Taiwan’s foreign relations of Tsai’s government in the Asia-Pacific are under the grand strategic framework of the US, and Taipei should work with Washington under the Asia-Pacific strategy of the US.

5. Ministry of Foreign Affairs, R.O.C. (Taiwan), 〈有關擴大美國牛肉進口來台說明會紀要〉, December 24, 2009, *Ministry of Foreign Affairs, R.O.C. (Taiwan)*, <http://www.mofa.gov.tw/News_Content_M_2.aspx?n=70BCE89F4594745D&sms=700DE7A3F880BAE6&s=3980A60D2BF603B3>.

6. 〈重返執政後，將致力維持兩岸現狀〉, April 9, 2015, *LIGHT UP TAIWAN*, <<http://iing.tw/posts/30>>; 〈台灣迎向挑戰——打造亞洲新價值的典範〉, June 3, 2015, *LIGHT UP TAIWAN*, <<http://iing.tw/posts/21>>.

Under the strategic choice of the NSP, the new government not only amended the relationship between Taiwan and China under Ma's era, but also adjusted Ma's strategic planning of cross-strait relations. The "1992 Consensus" has never been accepted by the DPP government, the government also does not want to provoke China. For that reason, "maintaining the status quo" is Tsai's main guiding principle for dealing with cross-strait relations and for supporting the NSP. For the DPP government, "relations with China" are just one part of the whole of Taiwan's foreign relations, which is different from the idea of seeing cross-strait relations as a basis for foreign relations as in Ma's era. Specifically, Tsai's declaration of maintaining the status quo is the way to keep peaceful and stable relations with China, for which cross-strait relations are no longer a prerequisite for Taiwan's foreign relations. The strategic purpose of the declaration is to avoid having conflict with China, but not to increase good relations with China.

The aforesaid strategic planning and reason is because the unit (Taiwan) has been restricted by international structures. Taiwan must respond to demands that it does not become a trouble maker and does not act independently of the structure (the super power the US and the great power China). Thus, President Tsai has repeatedly said that the Republic of China (Taiwan) must abide by the constitutional system, and promote peaceful and stable development of cross-strait relations toward the goal of maintaining the status quo under the system. But given the DPP's premise of maintaining the status quo, Taiwan must strengthen its strategic dynamics and design a different overall strategic planning from the KMT's for enhancing the relations between Taiwan and the ASEAN and South Asian countries. This DPP approach could force Taiwan gradually to give up its dependence on mainland China and Beijing's means of an economic and political united front.

(2) Seeking New Momentum for Taiwanese Economic Growth

The DPP's traditional viewpoint for cross-strait economic and trade relations is that Taiwan's economy is too dependent on the Chinese market. Because of China's rapid economic development, Taiwanese enterprises continue to go to China for investment and trade; Taiwan's reliance on China's market is getting deeper. This situation is a threat to Taiwan's national security. Additionally, even if Asia-Pacific regional economic integration continues to progress, Taiwan cannot only not take part due to China's "one China policy," but also because it is unable to negotiate with other countries to sign bilateral free trade agreements (FTA). The DPP considers that Taiwan's merely signing the *Economic Cooperation Framework Agreement* (ECFA) with China might deepen Taiwan's economic reliance on China. Consequently, the problem of how to reduce Taiwanese economic reliance on China has become an important objective and direction for today's DPP government.

During the KMT's rule from 2008 to 2016, even though Taiwan tried to keep close relations with China, friendly cross-strait relations did not really benefit Taiwan's economic growth. For example during this time there was a widening of the gap between the poor and the rich, GDP was at a standstill, and prices rose, etc., Most Taiwanese people, therefore, were unsatisfied with economic development under Ma, this is also one of the reasons why the DPP came to power. Now, how to resolve Taiwan's economic plight has become a significant task for Tsai's government. Thus, strengthening the relations between Taiwan and the ASEAN countries that are close to Taiwan, and also with Taiwan's important economic and trade partners can help Taiwan to get rid of its economic dependence on China, and find an alternative plan for the new dynamics of Taiwan's economic growth.

(3) Take Soft Power as A Breaking Point for Taiwan's Diplomatic Strategy

During the past eight years, the creation of Taiwan's diplomatic space and its participation in international affairs were built on, and relied on, the foundation of negotiation and consultation between Taipei and Beijing, which greatly controlled the development of Taiwan's foreign affairs. To break this situation, Taiwan must construct a complete and proactive diplomatic policy, the NSP thus becomes an important touchstone. According to the DPP, the focus of the NSP is economics, culture, tourism, agriculture, education and society, without the political relations of ASEAN, so as to avoid China's interference and construct a new model of promoting Taiwan's soft power for the extension of Taiwan's foreign relations.

Therefore, James Huang (黃志芳), the former director of the NSP Office, said that "The NSP can be seen as 'Southbound 3.0' and is an economic and cultural exchange without the involvement of cross-strait political issues. The NSP can be seen as Taiwan's new economic strategy as well. Taiwan hopes to become a reciprocal and close partner with the ASEAN countries. The NSP is not a political issue, but economic and cultural issues. This soft exchange of reciprocity and mutual benefit will not be rejected by the ASEAN countries."⁷

7. Jing-Zhe Huang, 〈黃志芳自評新南向 過於重北輕南〉, 《聯合新聞網》 (*United Daily News*), August 15, 2016, <<http://udn.com/news/story/1/1896838-%E9%BB%83%E5%BF%97%E8%8A%B3%E8%87%AA%E8%A9%95%E6%96%B0%E5%8D%97%E5%90%91-%E9%81%8E%E6%96%BC%E9%87%8D%E5%8C%97%E8%BC%95%E5%8D%97>>.

III. Strategic Thinking and Layout of the Chinese “One Belt, One Road” Initiative

1. The Chinese OBOR Idea and Practice

During his visit to Kazakhstan and Indonesia in September and October 2013, Chinese President Xi Jinping proposed the two concepts of “The Silk Road Economic Belt” and “The 21st Century Maritime Silk Road,” the so-called OBOR initiative. Then, when Xi participated in the annual APEC Economic Leaders’ Meeting, he expressed that China will promote the OBOR initiative. The overall goal of the OBOR is to go through Eurasia. The “One Belt” will start from Xi’an along the Hexi corridor, run via Central Asia and the West to reach the European continent. The “One Road” will go through the Malacca Strait then toward Myanmar and Bangladesh, and then by way of East Africa, and finally get into Europe from the Mediterranean.⁸

In March 2015, China’s State Council released the full project files of the OBOR, PRC President Xi Jinping adopted “Five Forms of Communication” (*wu tong*) as the cooperative emphasis of the OBOR, including: policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bonds. With the intention of supporting the construction of the OBOR, Beijing has begun to build many financial platforms and logistical hubs to support OBOR promotion and practices.⁹ For the meantime, Beijing

8. Scott Kennedy & David A. Parker, “Building China’s ‘One Belt, One Road,’” April 3, 2015, *Center for Strategic and International Studies*, <<http://csis.org/publication/building-chinas-one-belt-one-road>, accessed on December 9, 2015>; Tong Lin, 〈習近平『一帶一路』戰略對區域政經的影響，以及台灣因應對策建議〉, January 28, 2015, *NPF Backgrounder*, <<http://www.npf.org.tw/3/14699>>.

states that the design of the OBOR mechanism is not a brand new mode. It uses existing bilateral or multilateral cooperation mechanisms to promote its structure, such as China-ASEAN 10 plus 1, APEC, The Asia-Europe Meeting (ASEM), Asia Cooperation Dialogue (ACD), Conference on Interaction and Confidence-Building Measures in Asia (CICA), China-Arab States Cooperation Forum, China-Gulf Cooperation Council Strategic Dialogue, Greater Mekong Sub-region Economic Cooperation Program, Central Asia Regional Economic Cooperation (CAREC), etc..¹⁰

2. The Strategic Thinking of the OBOR

After Xi Jinping came to power, Beijing began to promote a series of national initiatives for external development strategy and arrangement. This transformation of China's foreign policy implies that China has changed its grand strategy from military expansion toward economic development. Its purpose is to increase China's comprehensive national power and its role in the West Pacific and Asia.¹¹ There are several points in Xi's OBOR strategic planning, including:

(1) Build China as the Core Area of Eurasia

China is the hub of the OBOR economic circle that includes about 4.4 billion population and about 21 trillion USD in economic

9. Dang Zhong Yang Zhi Guo Li Zheng Editorial Board, 《黨中央治國理政：新理念、新思想、新戰略》(*Dang Zhong Yang Zhi Guo Li Zheng*)(Beijing: Beijing United Publishing, 2016), pp. 145-148.

10. Dang Zhong Yang Zhi Guo Li Zheng Editorial Board, 《黨中央治國理政：新理念、新思想、新戰略》(*Dang Zhong Yang Zhi Guo Li Zheng*), p. 149.

11. Yin-Hong Shi, "The Latest Transfer in China's Foreign Strategy: from 'Military Strategy' to 'Economic Strategy,'" *Contemporary International Relations*, Vol. 25, No. 2, March/April 2015, pp. 52-56.

output. Moreover, the OBOR includes continental and maritime economic circles, which occupy 63% and 29% regions of the world.¹² China tries to construct herself an economic backyard with strong growth potential but without the US and its influence. It is clear that Beijing is attempting to guide the development of the global economy and to shape an economic balance with the US and Europe.

The famous British geographer and geo-politician Sir Halford John Mackinder (1861-1947) gave a paper on “The Geographical Pivot of History” in 1904, in which he formulated the “Heartland Theory.” In his paper, he suggested that controlling Eastern Europe is the strategic route to command the world. Whilst the heartland theory initially received little attention outside geography, it would later exercise some influence on the foreign policies of world powers. In addition to this, Mackinder’s next major work, *Democratic Ideals and Reality*, appeared in 1919. The most famous quotation from this book is “Who rules East Europe commands the Heartland; who rules the Heartland commands the World Island; who rules the World Island commands the World.” In other words, the heartland mentioned by Mackinder is the core of Eurasia, and the World Island is the whole Asian continent.¹³ For China, the range of OBOR strategy is the whole Asian continent. Through integration with the Eurasian continent, China can become the core of the world island, reaching the national great rejuvenation of the “China Dream.”

12. Chi-Keung Li, 〈大陸自貿區總體戰略簡析〉, February 2015, pp. 5-7, *Mainland Affairs Council, Republic of China (R.O.C.)*, <www.mac.gov.tw/public/Attachment/531715352962.pdf>.

13. Halford John Mackinder, “The Geographical Pivot of History,” *The Geographical Journal*, Vol. 23, No. 4, April 1904, pp. 421-437; Halford John Mackinder, *Democratic Ideals and Reality* (London: Constable Publishers, 1942), p. 50.

Given that the heartland is the theoretical base of the OBOR, Beijing therefore tries to construct Asia as a China-centered economic interdependent area by promoting infrastructure, trade and cultural exchanges. The OBOR shows that China has adopted a new proactive outgoing strategy instead of Deng Xiaoping's international route of keeping a low-profile diplomatic strategy. The OBOR is also a vital approach for achieving the revival of China and the creation of an integrated Asian community through political interaction, economic inclusion, social identity and cultural amenities.¹⁴

(2) Building a Structural Power: Constructing the Chinese Bretton Woods System

The Bretton Woods system of monetary management established the rules for commercial and financial relations in the world in the mid-20th century. It included the United States, Canada, Western Europe, Australia and Japan. This monetary system made the US the economic hegemon and leader of the world. In general, the IMF, World Bank and the WTO (formerly GATT) are the three major pillars of Washington's leadership in global finance, international trade and economic development. Beijing sees the US factor as the main obstacle to the process of China's rise in the Asia-Pacific region. How to break the US-created international framework and build a China-centered regional and global financial order to compete with it is a serious problem and challenge for China's rise and its discourse-rights creation. Creating a China-centered Bretton Woods system has become an essential part of strategic planning for the OBOR.

How to practice the Chinese Bretton Woods system? According to the Beijing authorities, there are three directions. First, the inter-

14. Hsin-Chih Chen, "Beijing's 'One Belt and One Road' Strategy: Visions, Practices and Impacts," *Prospect Journal*, No. 14, October 2015, pp. 27-51.

nationalization of the Chinese currency (Renminbi, RMB) is a vital task for the Chinese version of the IMF which will promote the RMB as an important medium of international exchange, a unit for economic transactions and targets of investment. In order to achieve the external condition of the Chinese IMF and to influence the international financial situation, Beijing thus tries to take a big step to make the RMB a rival to the US Dollar. Second, the establishment of the Free Trade Area of the Asia-Pacific (FTAAP) can support China in her guidance of the rules of regional and global trade and in building a new paradigm for free trade that can integrate more countries for economic reciprocity. Third, the OBOR plays a central role in the Chinese Infrastructure Modernization Plan (IMP). The OBOR can assist the development of the “World Island” via the establishment of the Asian Infrastructure Investment Bank (AIIB), the BRICS Bank and other international institutions. This not only can resolve the funding problem of the OBOR, but also can accomplish the Chinese IMP. Specifically, China is attempting to regain its discourse rights and rule-making power in the regional and international trade systems by means of the AIIB, BRIC’s New Development Bank and the FTAAP.¹⁵

(3) Creating a New Cooperative Paradigm for Developing Countries

China is trying to build a new non-Western international cooperative mechanism, hoping to shape a new paradigm for economic cooperation among developing countries. The OBOR follows a different model of economic cooperation to the American-led economic development model, which is an economic union among Asian and

15. Theresa Fallon, “The New Silk Road: Xi Jinping’s Grand Strategy for Eurasia,” *American Foreign Policy Interests*, Vol. 37, No. 3, July 2015, pp. 140-147; Justyna Szczudlik-Tatar, “China’s New Silk Road Diplomacy,” *PISM Policy Paper*, No. 34, December 2013, pp. 1-8.

European countries. Meanwhile, the promotion of the OBOR is conducive to the internationalization of the RMB, making China a regional economic hub. Additionally, Beijing is looking forward to showing the world a new foreign-aid model with Chinese characteristics by practicing the OBOR and highlighting the principle of no interference and no preconditions.

(4) Breaking US Strategic Encirclement

The OBOR is, basically, designed to avoid US-Japan strategic encirclement in East Asia. The development of a China-centered regional integration in Eurasia can evade the China-US conflicts in the West Pacific and can extend China's strategic depth.¹⁶ Because of the gradual withdrawal of US troops in the Middle East, Washington has adopted strategic rebalancing toward Asia. In order to counter the US Asia-Pacific rebalancing strategy, Beijing's OBOR framework therefore has become a countermeasure against the US strategy. Against the background of a new political reformation and economic transformation in China, the Beijing authorities' implementation of "Neighboring Diplomacy" must evade the US strategy of containment toward China.¹⁷

16. Fu-kuo Liu, "The Implications of the Maritime Silk Road Initiative for China's Geostrategic Advance to South and Southeast Asia," *Prospect Journal*, No. 14, October 2015, pp. 75-100; Dang Zhong Yang Zhi Guo Li Zheng Editorial Board, 《黨中央治國理政：新理念、新思想、新戰略》(*Dang Zhong Yang Zhi Guo Li Zheng*), pp. 145-148.

17. Teng-chi Chang, 〈大陸地緣經濟戰略軸心—「一帶一路」〉, in Mainland Affairs Council, R.O.C.(Taiwan) ed., *Mainland and Cross-strait Situation Briefing*, September 2014, pp. 1-3, *Mainland Affairs Council, Republic of China (R.O.C.)*, <<http://www.mac.gov.tw/public/Attachment/410315552838.pdf>>.

(5) Finding a Solution for the Overcapacity of the Domestic Economy

China in recent years is facing the severe economic problems of the duplication of investment and overproduction. The problem of overproduction has brought China a serious economic risk. However, the OBOR could find a solution for the problem, relieving the internal pressure on China's economic growth, seeking a new driving force for the economic development of China.

IV. Opportunities and Challenges of the Taiwanese NSP under the Chinese OBOR Strategy

While the background of Taiwan's NSP strategic planning and goals is different from China's OBOR, both countries economic-zone planning and implementation methods for their economic-strategic guidelines are highly overlapped. Both the Taiwanese NSP and the Chinese OBOR hope to increase close relations with the ASEAN and South Asian countries by using soft power, such as cooperation in the humanities, society, culture, education, tourism, and economic-trade exchanges, for winning these countries' friendship and trust. As a result, the overlap between the NSP and the OBOR brings the following opportunities and challenges to Taiwan.

1. Opportunities

(1) Advantages of Taiwanese Soft Power

Taiwan's education, medical services, agriculture, science & technology, and other soft-power elements have amazing comparative advantage and attractiveness for the ASEAN and South Asian countries. When facing the further deepening of bilateral relations between Taiwan and these countries, the Taiwan authorities can make full use of these advantages to promote cooperation and exchanges with the

countries of the region under a mutually beneficial and win-win policy. This is the chance to build 21st century partnerships according to the NSP.

(2) Link to New Immigrants

For the sake of high economic growth, Taiwan has accepted more and more immigrants from the ASEAN and South Asian countries. These new immigrants can be seen as an important connection between Taiwan and the home countries for constructing 21st century partnerships. In the meantime, the next generation of these new immigrants also can become a vital proactive factor for building close relations between Taiwan and their motherlands, thus Taiwan's government and society should be kind to these new immigrants and create a friendly environment for them. Notably, Taiwan should help these new immigrants to integrate into Taiwanese society and become members of the land, which can become a propulsion for the NSP.

(3) Cooperation between Advantaged Industries

Taiwan not only has pretty good practical experience in the development of the electronics industry, petrochemical industry, and food processing industry, and the R & D of automotive parts, etc., but also has high-level technology and manpower for the development of advantaged industries. In recent years, the ASEAN countries have begun to emphasize the development of the aforementioned industries. This situation has caused mutual competition between Taiwan and these countries. The Taiwanese government should assist Taiwan's industries to deal with regional industrial competition through promoting exchanges and cooperation with the industries of ASEAN countries. This approach can turn the competing Taiwan-ASEAN relations to cooperative ones, and can assist in the development of these countries, for the purpose of deepening regional economic collaboration.

2. Challenges

(1) The Possibility of China's Containment of Taiwan

Nowadays, China's political-economic strength cannot be matched by Taiwan's; hence, it is not difficult for the ASEAN and South Asian countries to choose cooperation with China or Taiwan. Taiwan must recognize the reality of the situation, avoiding political competition with China in the regions of Southeast Asia and South Asia. At the same time, the development of the relations between Taiwan and these countries may face a challenge from China's containment. China's insistence on the "1992 Consensus", which the DPP government does not recognize, has led to stagnation in the development of cross-strait relations. Whether this stagnation will spill over into relations between Taiwan and other countries in the region is something that cannot be known for sure yet. In the foreseeable future, because the political-economic effects and incentives of China's promotion of the OBOR are attractive, many countries in the region may stop developing close relations with Taiwan. To solve this problem, Taiwan needs to evade competition with China over political relations with countries in Southeast and South Asia. Taipei should try especially hard to maintain steady cross-strait relations without provoking Beijing.

(2) Shaping the Government and Society of Taiwan: An Equal Mindset to Treat the ASEAN and South Asian Countries

Undeniably, the R.O.C. bureaucracy has the attitude of "emphasizing Europe and America, and neglecting Asia." This mindset and policy of the governmental bureaucracy of Taiwan is caused by Taiwan's former long-term neglect of these regions and countries. More than that, most people in Taiwan are ignorant and prejudiced against expatriate laborers and foreign spouses who come from Southeast Asia and South Asia. This bias has been shown from interactions between Taiwanese people and foreigners/immigrants (in-

cluding second generation immigrants). These foreigners/immigrants from Southeast Asia and South Asia and their children are more or less subjected to improper treatment and insult in Taiwanese society, which just illustrates the Taiwanese people's ignorance and bias against the regions of Southeast Asia and South Asia. To build a NSP based on the dimensions of the humanities, society and culture, the Taiwanese authorities and civil society have to reconstruct a complete understanding and cognition of the ASEAN and South Asian countries' humanities, societies and cultures, and treat these expatriate laborers and foreign spouses (and their children) who work and live in Taiwan equally, with friendship and respect. This can achieve real success for the NSP.

(3) Managing Relations with Southeast and South Asian Countries through Long-Term Effective Investment in Economic and Human Resources

The DPP's NSP is attempting to run the relations between Taiwan and Southeast and South Asian countries via the investment of time, resources and manpower. But, recently, the economic situation of Taiwan is not good and national budgets are quite limited, the practice of the NSP needs long-term and large inputs of resources and human capacity building. The challenge and difficulty of the NSP is to plan a policy for effective and long-term implementation without the restrictions imposed by limited budgets and changes of ruling parties. Exchanges in the humanities, society and culture all require spending much time and money. In the short-term, training professionals on Southeast Asian languages also cannot produce immediate fruit. The emphasis of the NSP is on "people exchange" but not "benefit exchange," and "people exchange" needs more time to show its harvest. If the Taiwan government cannot change the mindset of only pursuing a short-term policy, the current mindset might become the main challenge for the NSP.

V. Conclusion: Policy Suggestions

The DPP's promotion of the NSP hopes to build new human-centered mutual relations with the ASEAN and South Asian countries. However, Beijing's OBOR also tries to construct human-centered mutual relations with these countries. The NSP is part of the DPP government's strategic planning for Taiwan. It tries to build a strategic orientation from the world to China, strengthening relations with countries in the region, and seeking a new dynamics for Taiwan's economic development. Since both the NSP and the OBOR overlap in places, Taiwan does have more advantages than China for forming connections in the humanities, culture and education with the region. Taiwan should make full use of its advantages to develop long-standing relationships with ASEAN and South Asian countries.

Although the DPP government has adopted the strategy of "keeping good relations with the US and maintaining the status quo without referring to the '1992 Consensus' in cross-strait relations," at the level of tactics, the government should not enter into conflict with China, and not contest the political relations of the ASEAN and South Asian countries with China. On the contrary, Taiwan, at the tactical level, should unilaterally emphasize that the NSP and the OBOR supplement and complement each other. Taiwan should explain to the ASEAN and South Asian countries that the purpose of cooperation and development between Taiwan and them is not to compete with China in the field of foreign political relations, but to help them to pursue common development and prosperity. This can increase their acceptance of Taiwan's proposal of the NSP. The NSP should focus on building partnerships and not only on strengthening economic relationships. Indeed, Taiwan must build relations with the ASEAN and South Asian countries in the humanities, culture and the economy, and avoid landing them in the dilemma of choosing between Taiwan and China.

There are so many countries in ASEAN and South Asia, but Taiwan's resources are limited. This does restrict the motivation of the DDP government to upgrade comprehensive development with all countries. Consequently, Taiwan should take a "point, line, and surface" approach to promote the NSP. In other words, the government should take a point approach to develop close relations with key countries first. This way is also the beginning of the NSP. Also, the government should connect the points of cooperation and create lines of deeper mutual cooperative relations between Taiwan and these countries. Then, in order to reach the goal of common development and prosperity with the countries, the government needs to connect all lines to form a surface.

Finally, the principle of the Taiwanese government's NSP should be long-term, effective and non-political. Long-term procedure is the base for constructing relations in the humanities, culture and society with the ASEAN and South Asian countries. Relation building cannot be constructed in a day. It needs more time to be finished. Effectual policy must rely on relation building with the countries, for which Taiwan needs to alter and adjust its internal attitude of bias against the countries, and then Taiwan can have true relations with them. Non-political practice stresses the reality that Taiwan cannot compete with China in the realm of international politics. Taiwan should put its emphasis on constructing true relations with the countries. Once the substance of the relationship between Taiwan and these countries becomes solid and strong, political and diplomatic relations will be naturally constructed.

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