

# **Contextualizing Taiwan's New Southbound Policy in ASEAN Community: The Need to Prioritize Mutual Interests**

**Alan H. Yang**

*Associate Professor, Graduate Institute of East Asian Studies,  
Associate Research Fellow, Institute of International Relations,  
Executive Director, Center for Southeast Asian Studies,  
National Chengchi University*

## **Abstract**

On September 22, 2015, the Democratic Progressive Party (DPP) announced a New Southbound Policy during the presidential election campaign. The Policy is defined as a multi-faceted initiative to enhance Taiwan's engagement in Southeast Asia. As President Tsai Ing-wen articulated the New Southbound Policy in her inaugural address, it has become a crucial element for Taiwan's economic and trade strategy. This paper contends that the New Southbound Policy is not only an external economic policy, but a tactful and proactive way to simultaneously re-orient Taiwan's national development with its international participation in the regional community. Moreover, it argues that, for success, the New Southbound Policy needs to prioritize mutual interests between Taiwan and Southeast Asia that are contextualized in the process of the ASEAN Community. This paper begins with the introduction of ASEAN integration and regional dynamics of Southeast Asia. Then, it discusses the background of

New Southbound Policy proposed by the DPP and emphasizes the framework and issue areas of prioritizing mutual interests between Taiwan and Southeast Asia.

**Keywords:** New Southbound Policy, ASEAN, ASEAN Community, Taiwan, Southeast Asia

## I. Introduction

The Association of Southeast Asian Nations (ASEAN) has been pushing for regional integration for almost five decades. Since 2003, a new vision of the ASEAN Community has prioritized the unity among member states, the consolidation of Southeast Asian people, the strategic importance of ASEAN Centrality, and the global role of ASEAN. These features and trends move beyond the original “inward-looking” approach of ASEAN integration<sup>1</sup> and reflect the increasing involvement and influence of major powers in the Asia-Pacific region over the strategic environment and regional development of Southeast Asia.<sup>2</sup> In recent years, the making of the ASEAN

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1. As defined by Hiro Katsumata, “inward-looking” and “non-militaristic” features are two traditional doctrines of domestic security concerns in ASEAN countries. Nevertheless, since the 1980s, when the cooperative agenda was invented in the ASEAN integration process, its approach to “invite external powers to take part in their cooperative endeavors” became more “outward-looking.” Nevertheless, as Benjamin Ho reminds us, it would be possible for ASEAN to look inwards and concern itself closely with itself if the global challenges become “increasingly complex.” See Hiro Katsumata, *ASEAN’s Cooperative Security Enterprise: Norms and Interests in the ASEAN Forum* (New York: Palgrave Macmillan, 2009), pp. 54-55; Benjamin Ho, “ASEAN Ready for Global Role?” *The Diplomat*, February 21, 2012, <<http://thediplomat.com/2012/02/asean-ready-for-global-role/>>.

2. H. H. Michael Hsiao & Alan H. Yang, “Soft Power Politics in the Asia Pacific: Chinese and Japanese Quests for Regional Leadership,” *Asia-Pacific Forum*,

Community symbolized a more consolidated and integrated Southeast Asia. The future of ASEAN Community is of great concern to policy and academic communities in the region for its leading role of regional cooperation and the networking capacity to engage the major powers.

Tracing back to the development of ASEAN Community, the “Trilogy of Bali Concord” is of institutional significance to the organization. The Declaration of ASEAN Concord signed in 1976, also known as the Bali Concord I, revealed the cautious approach of ASEAN by promoting intra-regional cooperation in response to external intervention. Later, in 2003, the Bali Concord II highlighted the collective awareness after the 1997 Asian financial crisis. It also became the milestone of regional grouping by proposing the visionary framework and pillars of the ASEAN Community, that is, ASEAN Political Security Community (APSC), ASEAN Economic Community (AEC), and ASEAN Socio-Cultural Community (ASCC). More recently, the Bali Concord III in 2011 once again reinforced the regional and global nexus of ASEAN as its future orientation of collaboration. As the intra-regional community-building project still is crucial to all member states, new initiatives will focus on integrating with the global political economy from 2016 to 2025.

As Malaysia assumed the ASEAN Chairmanship in 2015, the 27<sup>th</sup> ASEAN Summit marked a new stage and turning point of launching regional community in Southeast Asia. Although completion of the ASEAN flagship arrangement of Regional Comprehensive Economic Partnership (RCEP), which was expected to be carried through at the end of 2015, was rescheduled to 2016, the delay did

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No. 43, March 2009, pp. 111-129; Prashanth Parameswaran, “US, ASEAN to Ink New Strategic Partnership,” *The Diplomat*, November 20, 2015, <<http://thediplomat.com/2015/11/us-asean-to-ink-new-strategic-partnership/>>.

not affect the progress of the ASEAN Community. Nevertheless, ASEAN leaders revealed a new strategic goal for 2025, as shown in “Kuala Lumpur Declaration on ASEAN 2025: Forging Ahead Together,” with the great expectation to achieve a more integrated political stance, even closer economic ties, and a new stance with more social responsibility.<sup>3</sup>

The ASEAN Community is of strategic importance to Taiwan. This regional grouping of ten countries has more than 600 million people, over \$6 trillion in GDP, and \$4.5 trillion in trade volume.<sup>4</sup> Its significance is greater than these brisk trade volume and outstanding economic indicators. In terms of regionalization, Southeast Asia is the key for Taiwan to participate in and link to mega regional economic arrangements, such as the Trans-Pacific Partnership (TPP) and RCEP. Concerning the global production network, Southeast Asia is a production base for global investors as well as an emerging market for the Taiwanese private sector. The regional layout of Taiwanese businessmen (*Tai-shang*) has been rooted in Southeast Asian localities for more than three decades, some of which has been localized as the driving force for national and regional economic development.<sup>5</sup> Moreover, the population of Southeast Asian communities in Taiwan, including hundreds of thousands of migrant workers, new immigrants, and their second-generations, have grown rapidly over the past twenty years. It is true that Taiwanese communities in Southeast Asia and

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3. The ASEAN Secretariat, *ASEAN 2025: Forging Ahead Together* (Jakarta: ASEAN, 2015), pp. 1-124.

4. A new member, Timor Leste, is expected to join in ASEAN as the 11<sup>th</sup> member state in 2017.

5. Alan H. Yang & H. H. Michael Hsiao, “Tai-shang (Taiwan Business) in Southeast Asia: Profile and Issues,” in Kim Young-Chan, ed., *Chinese Global Production Networks in ASEAN* (London: Springer, 2016), pp. 213-230.

Southeast Asian communities in Taiwan are vital actors in reshaping and facilitating mutual interests between both sides and that they contribute to the inseparable community between Taiwan and Southeast Asia.

It is imperative for Taiwan to get more involved in the ASEAN Community and to deepen the ties with Southeast Asian societies. The key is how we transform the current relations into specific shared prospects that may enable Taiwan to walk into the regional community from the edge of regional marginalization.

## II. Regional Dynamics of Southeast Asia

During the Cold War era, the antecedents of ASEAN, namely, the Association of Southeast Asia (ASA) and Maphilingo, were aimed at stabilizing regional order and normalizing bilateral as well as multilateral relations among regional states. Nevertheless, the collective efforts were less effective than ASEAN due to the lack of political will in regional cooperation and the mistrust among neighbors. It was not until the establishment of ASEAN in 1967, with the progress of trade, industrial, and economic cooperation, that a rather stable framework and norm of regional interaction for Southeast Asian regionalism could be provided.<sup>6</sup>

As contended by former Secretary-General of ASEAN, Rodolfo C. Severino, this regional grouping has had two objectives since its beginning: first, to prevent historical disputes from being current military conflict; second, to keep the major external powers from maneuvering ASEAN for quarrels.<sup>7</sup> The first objective follows the

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6. Jonathan Rigg, *Southeast Asia: A Region in Transition* (London: Routledge, 1994), pp. 207-228.

inward-looking approach of security governance by diluting potential conflicts among its members, while the second objective proceeds an outward-looking mentality, which later on became the key feature of ASEAN Centrality.

In terms of intra-regional dynamics, “ASEANization” has become imperative for countries of small and medium size to ensure their economic security and political stability. As Singapore endeavored to be one of the founding members in 1967, it shared similar strategic intent with Brunei Darussalam in 1984. Both of them considered that participating in ASEAN would promise the same rights and status in ASEAN institutional settings as neighboring countries, such as Malaysia and Indonesia, ensuring the survival of small states in international politics.

After four decades, ASEAN announced that it was ready to embrace the upcoming ASEAN Community in 2015. Its members, organizations, and community are turning into a new engine in the region, from a group of small and medium size countries with relatively weak capacities into a new collective and united community in the Asia-Pacific region. Facing a more globalizing world and a more intricate geo-political and geo-economic environment, ASEAN has been devoted to accommodating external major powers, such as the United States, China, India, Japan, and Russia, to reinvigorate its engagement in the region.

By providing institutional platforms for major powers to be involved in regional integration, setting the agenda for multilateral

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7. Rodolfo C. Severino, “From Political/Security Concerns to Regional Economic Integration,” in Ooi Kee Beng et al. eds., *The 3<sup>rd</sup> ASEAN Reader* (Singapore: Institute of Southeast Asian Studies, 2015), p. 17.

dialogue among major powers and ASEAN countries, the organization manages to seek common ground and shared interests through the ASEAN Plus mechanism. For years, ASEAN has been one of the hubs of the emerging regional architecture in the Asia-Pacific region.<sup>8</sup>

The responses from major powers are even more positive. In addition to deepening bilateral ties with Southeast Asian governments, more resources have been invested and introduced to facilitate local development. For example, the Lower Mekong Initiative (LMI) of the United States underlines its presence in Burma, Cambodia, Lao PDR, Thailand, and Vietnam by fulfilling local needs for sustainable economy, health system, education, energy, and environment.<sup>9</sup> In addition to the sub-regional engagement, the United States also leads various projects in foreign assistance, capacity building, and cultivating the leaders of tomorrow through the Young Southeast Asian Leader Initiative (YSEALI).

The New Tokyo Strategy for Mekong-Japan Cooperation (MJC 2015) of Japan is echoing LMI by prioritizing collaboration with Mekong countries, such as Cambodia, Lao PDR, Myanmar, Thailand, and Vietnam. Through the advancement of four pillars, including hard efforts on industrial infrastructure development, soft efforts on industrial human resource development, sustainable development of green Mekong, and coordination with various stakeholders,<sup>10</sup> Japan

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8. Allan Gyngell, "Design Faults: The Asia Pacific's Regional Architecture," in Ooi Kee Beng et al. eds., *The 3<sup>rd</sup> ASEAN Reader* (Singapore: Institute of Southeast Asian Studies, 2015), pp. 418-420.

9. U.S. Department of the State, "Lower Mekong Initiative," July 23, 2009, *U.S. Department of the State*, <<http://www.state.gov/p/eap/mekong/>>.

10. Ministry of Foreign Affairs of Japan, "New Tokyo Strategy 2015 for Mekong-

can secure the nexus between the development needs of Mekong countries and its maritime interests as a way of counterbalancing the rise of China in the region.<sup>11</sup> In 2016, a report from the Research Committee of Japan's House of Councilors revealed the 2016 annual budget of Official Development Aid (ODA) is 551.9 billion yen, with an increase of 9.7 billion over 2015. This is the first increase during the past 17 years, showing Japan's support for the domestic revitalization strategy and high quality output of infrastructure in Southeast Asia.<sup>12</sup>

Competing with the United States and Japan, China's "One Belt One Road Initiative (OBOR)" is of strategic importance to Beijing in connecting Central Asia, Southeast Asia, the Middle East, and Europe. As China is aware of its contrarians in the region challenging Beijing's claims in South China Sea disputes, new initiatives for winning hearts and support from the rest of the ASEAN countries are in urgent demand. In 2013, Chinese President Xi Jinping announced the Maritime Silk Road as the enhancement of Chinese output in infrastructure and physical connections to Southeast Asian neighbors. Although China is disappointed, as ASEAN countries have yet to utilize the OBOR initiatives,<sup>13</sup> the geo-economic interests remain

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Japan Cooperation (MJC2015)," July 4, 2015, *Ministry of Foreign Affairs of Japan*, <<http://www.mofa.go.jp/mofaj/files/000088538.pdf>>.

11. 〈メコンに ODA7500 億円 日本、インフラ支援〉, 《日本経済新聞》(The Nihon Keizai Shinbun), July 4, 2015, <[http://www.nikkei.com/article/DGXLASFS04H0R\\_U5A700C1MM0000/](http://www.nikkei.com/article/DGXLASFS04H0R_U5A700C1MM0000/)>.

12. Daigo Matumoto, 〈平成 28 年度 (2016 年度) 政府開発援助予算〉, February 2016, 《日本参议院》(House of Councillors), <[http://www.sangiin.go.jp/japanese/annai/chousa/rippou\\_chousa/backnumber/2016pdf/20160203062.pdf](http://www.sangiin.go.jp/japanese/annai/chousa/rippou_chousa/backnumber/2016pdf/20160203062.pdf)>.

13. Kavi Chongkittavorn, "China and ASEAN: Next 25-year Cycle Will be Complicated," *The Nation*, August 29, 2016, <<http://www.nationmultimedia.com/opinion/China-and-Asean-Next-25-year-cycle-will-be-complic-30293985.html>>.

important to enhance mutual benefits of both sides.

Overall, by introducing the support and resources from external power to realize the making of the ASEAN Community and secure ASEAN in the driver's seat of regional integration, the intra-regional security concerns of ASEAN are tying up with outward-looking strategic interests in engaging major powers in the Asia Pacific region. This is a critical time for Taiwan to reinvigorate its bilateral and multilateral ties with the region.

### **III. DPP Government and the New Southbound Policy**

As the Democratic Progressive Party (DPP) won the presidential election in 2016, the new government shoulders the responsibility of charting a promising and open future for Taiwan by tackling existing problems and challenges. Preparatory efforts had been made during the election campaign in late 2015 as the term of "New Southbound Policy" began to be publicized.

Admittedly, previous regimes led by President Chen Shui-bian and President Ma Ying-jeou also drafted specific strategies to approach Southeast Asia countries. Nevertheless, none of them strategized the subjectivity of Southeast Asia in drafting relevant policy outline and initiatives. Compared with preceding governments, the current DPP government prioritizing the New Southbound Policy is "putting flesh on the bones" to create a key framework to normalize the relationship between Taiwan and Southeast Asia and to reinvigorate Taiwan's contribution to the region.<sup>14</sup>

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14. Xueying Li, "Taiwan Plans People-Centric Drive to Wean Itself Off China," *The Jakarta Post*, May 31, 2016, <<http://www.thejakartapost.com/sea-sia/2016/05/31/taiwan-plans-people-centric-drive-to-wean-itself-off-china.html>>.

On May 20, 2016, President Tsai Ing-wen's inauguration speech pragmatically shed light on the tight connectivity among Taiwan, Southeast Asia, and the Asia-Pacific region by highlighting the constructive approach of the Policy. She articulated the strategic importance of the New Southbound Policy.<sup>15</sup> Later, in June, the New Southbound Policy Office was created in the President Office, working as a new platform and mechanism for policy coordination. James Huang, a former foreign minister, acted as the director of the office with the task of spearheading the idea and vision of the New Southbound Policy.<sup>16</sup>

Public sector and private enterprises are encouraged to reanimate capacities and links with Southeast Asia localities, carefully re-examining the needs and development trends in the region. Against this backdrop, the DPP government declared the Guidelines for the New Southbound Policy on August 16, right after a high-level meeting on external economic and trade strategy convened by President Tsai. The Guideline clearly projected the overall and long-term goals, that is, to enhance links between Taiwan and South and Southeast Asian countries "in the areas of economic and trade relations, science and technology, and culture; share resources, talent, and markets" and "to establish mechanisms for wide-ranging negotiation and dialogue."<sup>17</sup>

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15. Office of the President, Republic of China (Taiwan), "Inaugural address of ROC 14th-term President Tsai Ing-wen," May 20, 2016, *Office of the President, Republic of China (Taiwan)*, <<http://english.president.gov.tw/Default.aspx?tabid=491&itemid=37416&rmid=2355>>.

16. In September 2016, James Huang was nominated as Taiwan's representative to Singapore.

17. Office of the President, Republic of China (Taiwan), "President Tsai Convenes Meeting on International Economic and Trade Strategy, Adopts Guidelines for 'New Southbound Policy,'" August 16, 2016, *Office of the President, Republic*

New Southbound Policy is different from the first wave of the Go South Policy in the 1990s initiated by President Lee Teng-hui, which was set to provide Southeast Asia as a strategic alternative to the Chinese market.

Admittedly, the Southbound Policy then was essentially a hedging strategy. The mentality constrained Southeast Asia merely as a subordinate to cross-strait relations. Even though the government and enterprises then realized the vital role of Southeast Asia, Taiwanese engagement in Southeast Asia was trapped politically by the One China Policy among its peripheral counterparts. This is the main reason official and diplomatic ties have been extremely difficult to be extended with Southeast Asian countries.

According to the archive of Taiwan's Ministry of Foreign Affairs, there have been only 157 agreements and Memorandum of Understandings (MoUs) with Southeast Asian counterparts. Broken down by countries, the Philippines has signed the most agreements with Taiwan, second is Thailand, then Vietnam, Indonesia, Singapore, and Malaysia, while there are only a few with Lao PDR, Cambodia, and Myanmar. Most of the agreements and MoUs have been signed by designated parties of Taiwanese and Southeast Asian governments.

Concerning the issue-areas of cooperation, there have been 38 agreements for technical cooperation, 25 for economic cooperation, 22 for transportation cooperation, and 19 for social issues. *The MoU between the Taipei Economic and Cultural Office in the Philippines and the Manila Economic and Cultural Office in Taiwan on Cooperation in Combating Drug Abuse and Illicit Trafficking of Controlled*

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*of China (Taiwan)*, <<http://english.president.gov.tw/Default.aspx?tabid=491&itemid=37868&rmid=2355>>.

*Substances and Chemicals* (2007), *the Agreement between Taipei Economic and Cultural Office in Vietnam and the Vietnam Economic and Cultural Office in Taipei on Judicial Assistance in Civil Matters* (2010), and *the Agreement Concerning the Facilitation of Cooperation on Law Enforcement in Fisheries Matters between the Taipei Economic and Cultural Office in the Philippines and the Manila Economic and Cultural Office in Taiwan* are some of a few milestones of bilateral legal cooperation in recent years.

**Table 1: Agreements between Taiwan and Southeast Asian Countries**

Agreement \ Nation	Philippines	Thailand	Vietnam	Indonesia	Singapore	Malaysia	Lao PDR
Technical	7 (17%)	11 (29%)	5 (15%)	14 (56%)	-	1 (20%)	-
Post	1 (2%)	-	1 (3%)	1 (4%)	-	-	1 (100%)
Transportation	7 (17%)	8 (21%)	1 (3%)	3 (12%)	3 (16%)	-	-
Investment	3 (7%)	2 (5%)	-	2 (8%)	2 (11%)	2 (40%)	-
Taxation	1 (2%)	3 (8%)	1 (3%)	1 (4%)	2 (11%)	1 (20%)	-
Economic	7 (17%)	9 (24%)	7 (21%)	2 (8%)	9 (50%)	1 (20%)	-
Social	3 (7%)	1 (2%)	14 (43%)	1 (4%)	-	-	-
Immigration	-	-	1 (3%)	1 (4%)	-	-	-
Political	1 (2%)	1 (2%)	-	-	-	-	-
Labor	3 (7%)	1 (2%)	-	-	-	-	-
Legal	4 (10%)	-	1 (3%)	-	-	-	-
Tourism	1 (2%)	1 (2%)	1 (3%)	-	2 (11%)	-	-
Health	1 (2%)	-	-	-	-	-	-
Sum	39	37	32	25	18	5	1

Source: table by the author, calculated from the agreement archive of Ministry of Foreign Affairs (R.O.C.).

The regional environment has distinguished itself from the 1990s as Taiwan and Southeast Asia are enjoying a significant mutually beneficial relationship as well as increasingly shared interests. Both are co-existing in the context of power politics and are thriving together. As the DPP government continues deepening its relationship

with Southeast Asian countries based upon a “people centric” value, the need for normalizing its engagement and presence in specific countries and key issues is in urgent demand. The practice and implementation of the New Southbound Policy, therefore, seeks to initiate and promote multilateral dialogue and bilateral agreements with Southeast Asia countries to meet the mutual needs of both sides.

#### **IV. Strategizing Taiwan's New Southbound Policy**

Taiwan needs a new grand external strategy, starting with its Southeast Asian neighbors. The rationale of such a strategy has to emphasize the subjectivity of Southeast Asia by highlighting the people-centric needs of Southeast Asian localities, engaging the people, and focusing on the rise of ASEAN in the making of a regional community. The strategic rationale, policy discourse, and relevant resources allocated to implement the New Southbound Policy are major concerns of ASEAN neighbors. For the DPP government, it is imperative to strategize the “two-way” exchange in order to take mutual trust and mutual benefits into consideration so that the New Southbound Policy can further facilitate a regional community between Taiwan and South and Southeast Asian countries.

The agenda of the New Southbound Policy needs to be distinguished from the previous kind of external economic policy initiatives. It ought to be upgraded as the overall reinforcement of Taiwan's national development and international engagement. First, from the geo-political and geo-economic perspectives, the New Southbound Policy needs to be a regional approach to Asia-Pacific mega regionalism. While the Taiwanese government long has expressed its willingness to be included in both TPP and RCEP, the New Southbound Policy, which considers “ASEAN” as an extension of Taiwan's domestic market,<sup>18</sup> is vital to the continuing efforts towards participating

in major regional economic frameworks and bringing Taiwan into the process of regional cooperation and collaboration.

Second, the New Southbound Policy is a roadmap for Taiwan's engagement in the multi-level and multi-facet process of ASEAN-led regional integration. As the DPP government articulates, the Policy will enhance "the regional connection in the areas of soft power, supply chains, regional markets and people-to-people contact,"<sup>19</sup> news input should be encouraged and directed in accordance with ASEAN's integration projects. The regional community building project featuring ASEAN as the prime focus at this stage is more than just a regional trade bloc. It is constructed with multiple sub-regional initiatives, such as ASEAN growth triangles, the Greater Mekong Sub-regional (GMS), Lower Mekong River Initiative (MRI), and a variety of trans-boundary special economic zones (SEZs) sponsored by governments and large transnational enterprises. These plans and projects not only feature the local needs for development but also help construct the transnational chain of the global production network. For Taiwan, the multi-pronged regional integration process directs new social and business opportunities for the domestic private sector, business groups, and young talents with innovative entrepreneurship.

Third, the New Southbound Policy needs to reinvigorate Taiwan's output to Southeast Asia as well as Southeast Asian input in Taiwan. By all means, the Policy can work as the driving force to fulfill

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18. "Taiwan's 'New Southbound Policy' Resembles Empty Promise: The China Post," *The Straits Times*, July 29, 2016, <<http://www.straitstimes.com/asia/east-asia/taiwans-new-southbound-policy-resembles-empty-promise-the-china-post>>.

19. Chia-chen Hsieh & Y. F. Low, "Guidelines for 'New Southbound Policy' Adopted," *Focus Taiwan News Channel*, August 16, 2016, <<http://focustaiwan.tw/news/aip/201608160030.aspx>>.

domestic needs of Taiwan and normalize its ties with Southeast Asian societies. As a transnational development strategy, the Policy needs to support domestic private enterprises to take root in the region and enhance their capacities in the global-regional production network. As a cross-border social strategy, it requires further strengthening in the social ties between Taiwanese and Southeast Asian societies by highlighting the needs and welfare of hundreds of thousands of new residents and migrant works from Southeast Asia in Taiwan. Taking care of the changing features of domestic needs will justify the people-centric orientation and value of the Policy.

To strategize these three features, the New Southbound Policy aims to re-explore the subjectivity of the region, relocate Taiwan's role in Southeast Asia, and re-orient its capacity in the ASEAN Community. As the DPP long has been regarded as taking a "guarded approach to all ties with China,"<sup>20</sup> Taiwan's "pivot" to Southeast Asia driven by this new policy should respond to some critical concerns from Southeast Asia more carefully and pragmatically.<sup>21</sup> Undoubtedly, taking on a new direction needs new identity and discourse. Due to the political constraints, it is difficult for Taiwan to apply for ASEAN membership. Such a political constraint has not discouraged Taiwan's commitment in the region. As Taiwanese business groups have become

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20. Ralph Jennings, "New Urgency for Taiwan President's Goal of Easing Away from China," *Forbes*, June 6, 2016, <<http://www.forbes.com/sites/ralphjennings/2016/06/06/new-urgency-for-taiwan-presidents-china-dilution-policy/#7b9f3210473d>>.

21. For example, Simon Tay, the Chairman of Singapore Institute for International Affairs (SIIA), argues that closer ties between ASEAN and Taiwan will be relevant to the development of cross-strait relations, see Simon Tay & Cheryl Tan, "Renewing Taiwan's 'pivot' to Southeast Asia," *The Japan Times*, June 1, 2016, <<http://www.japantimes.co.jp/opinion/2016/06/01/commentary/world-commentary/renewing-taiwans-pivot-southeast-asia/#.V8r1nY9OLIU>>.

rooted in all Southeast Asian countries, various projects have been sponsored and supported by the Taiwanese government and institutions and people-to-people contacts have been increasing over the past three decades, so the mutually accumulated interests should be underlined and installed in the New Southbound Policy.

## V. Prioritizing Mutual Interests

A recent contribution to the opinion and editorial column of the *Manila Bulletin* by a retired diplomat, Jose Abeto Zaide, portrayed the story of Taiwan's International Youth Ambassador Program (IYAP) in the Philippines. In this article, he pinpointed Taiwan's New Southbound Policy is to "set up and broaden its cooperation in trade and investment, agriculture, fisheries, aquaculture, SMEs, ICT, and climate change"<sup>22</sup> with soft power features. A closer tie between Taiwan and ASEAN at all levels can be achieved by prioritizing the mutual interest of both sides in the context of community building process.

The ASEAN Community operates with political security, economic community, and socio-cultural pillars through various blueprints, plans of action, and initiatives. In particular, each pillar is bridged by the Master Plan of ASEAN Connectivity (MPAC), which coordinates the interpersonal connection, institutional links, and the physical connectivity among member states. As the vertical division and horizontal connectivity become key features of ASEAN integration over the next decade, Taiwan's New Southbound Policy needs to embrace a corresponding framework to prioritize mutual interests in a more constructive way.

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<sup>22</sup> Jose Abeto Zaide, "Friends and Neighbors," *Manila Bulletin*, August 31, 2016, <<http://www.mb.com.ph/friends-and-neighbors/#IRF6sbAsscwpZhIE.99>>.

In order to justify its Southeast Asian turn, this paper argues that Taiwan can further emphasize three implications of the Policy. First, Taiwan should boost its contribution to common prosperity with Southeast Asian neighbors. This is a critical moment for Taiwan to draw attention from ASEAN by formally declaring its respect for ASEAN Centrality and its willingness to participate fully in ASEAN-led regional integration. Second, Taiwan should uphold the geo-factors in engaging with Southeast Asia. By elevating geo-political, geo-economic, and geo-societal importance of the New Southbound Policy, it will grant Taiwan a new regional identity of being part of Southeast Asia. Finally, Taiwan should implement the Policy through a multi-sectoral framework and synergetic arrangement. As indicated by the Guideline, a comprehensive engagement in ASEAN Community is necessary, which needs composite input from multiple sectors, with various resources, and based upon compound interests. Continuing Taiwan's economic ties with Southeast Asia is beneficial to both sides; nevertheless, reinventing Taiwan's strategic and social linkage with ASEAN Community is becoming more crucial.

According to the institutional design of the ASEAN Community, Taiwan's New Southbound Policy needs to take mutual interests in politics and security, economics and investment, and social prosperity into consideration. Concerning political and security interests, Taiwan can position itself as a dialogue partner of functional cooperation with ASEAN. For example, since maritime security and humanitarian assistance and disaster relief (HADR) are key issue-areas of APSC cooperation, shared interests can be engendered by introducing Taiwan's contribution to the development of traditional and non-traditional security cooperation in the existing mechanism, including the ASEAN Regional Forum (ARF) and Council for Asia Pacific Security Cooperation (CSCAP). In particular, joint efforts can be made in maritime security dialogue, coordination, and cooperation,

with specific focus on the training program of coast guard personnel or specific assistance projects in marine protection and disaster relief, for the purpose of facilitating the possible establishment of a maritime dialogue between Taiwan and Southeast Asia.

In addition, economic and investment interests are essential to the development of Taiwan and Southeast Asian relations. The implementation of AEC directs ASEAN integration with the vision of FTA Plus, which internally strengthens the regional competitiveness of ASEAN and externally ties up with global economic frameworks, such as RCEP and TPP. While ASEAN continuously converts the competition between RCEP and TPP into strategic opportunities for its regional development, Taiwan can continue its economic engagement in Southeast Asia by simultaneously advancing Economic Cooperation Agreements (ECA) with its neighbors and reviving its capacity to benefit private sectors. As shown in the Guideline, the New Southbound Policy supports a “new model for economic development” by encouraging Taiwanese business to connect Southeast Asia with their next moves.<sup>23</sup>

Nevertheless, enhancing the role and function of Taiwan External Trade Development Council (TAITRA), Taiwanese Chambers of Commerce (TCC), and the economic and trade think tanks in facilitating Taiwanese private capacity at Southeast Asian localities is necessary. Successful experience from the Japan External Trade Organization (JETRO) and Japan International Cooperation Agency (JICA) in field studies, information gathering, and personnel training are of specific importance.

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<sup>23</sup> Office of the President, Republic of China (Taiwan), “President Tsai Convenes Meeting on International Economic and Trade Strategy, Adopts Guidelines for ‘New Southbound Policy.’”

Meanwhile, it is time for Taiwan and ASEAN to make joint efforts on institutional innovation. As the US-ASEAN Business Council and Japan-ASEAN Center are listed as ASEAN affiliated entities and institutions in the ASEAN Charter, the New Southbound Policy could facilitate the establishment of the “Taiwan-ASEAN Business Council” or “Taiwan-ASEAN Friendship Association” as a mechanism for Taiwan to proceed with high-end business dialogue and cooperation with ASEAN Community. These efforts are made to strengthen incentives of the New Southbound Policy as a refined external economic strategy, while making Taiwanese people aware of ASEAN as the key to the national and international development of Taiwan.

Finally, both Taiwan and ASEAN needs to prioritize common prosperity and social interests in constructing a solid partnership. As ASCC becomes the third pillar of the ASEAN Community, ASEAN is becoming more people-oriented in protecting human security and securing human development. As the people-centric orientation will guide ASEAN integration in the forthcoming decade, cooperation on local resilience in sustainable development, disaster prevention and relief, environmental governance, and humanitarian assistance are of mutual interest. Moreover, the practice of the New Southbound Policy in re-cultivating talents for Southeast Asian affairs, re-expanding the bilateral social network and connectivity as well as re-polishing a mutually beneficial basis are in urgent demand.

The Policy has to enhance the “Southeast Asian network in Taiwan” (taking good care of migrant workers and new immigrants in Taiwan) as well as the “Taiwanese network in Southeast” (working closely with Taiwanese businessmen and their second generation in Southeast Asia) simultaneously for strengthening the positive image of common prosperity and social interests between Taiwan and

Southeast Asia. The former can be achieved by introducing the input from local governments and civil society groups, while the later should be strategized to set up the future layout of Taiwanese economic and social networks in Southeast Asian localities.

These efforts are time-consuming but necessary for inventing a new partnership with Southeast Asian counterparts. Whether the New Southbound Policy will succeed or not depends on how the Taiwanese government and society can reach the self-expectation of being a part of the regional community, instead of focusing on superficial economic statistics. After all, the self-motivated transformation of Taiwan and its people are the actual targets of the New Southbound Policy.

## **VI. Conclusion**

For decades, Taiwan's engagement in Southeast Asia has relied on private friendship among political leaders. This is in its twilight as the oligarchy is waning in Taiwan and in Southeast Asian countries. As being internationalized in economic and trade areas becomes imperative to Taiwan, the government should ponder how to utilize its strengths and tactics to engage Southeast Asia countries and societies in an innovative way.

Referring to the official articulation of the New Southbound Policy revealed in President Tsai's inaugural address, the Policy tactfully showed a proactive way to simultaneously promote Taiwan's international participation in regional integration and stabilize cross-strait relations. Essentially, it is not an either A or B choice between southbound (Southeast Asia) and westwards (China), but a critical moment to draft a new grand strategy to be a part of the region. While the DPP government defines the Policy as an external economic

strategy, the Policy can be strategized as an initiative to trigger serious self-examination on Taiwan's national development as well as to normalize the presence of Taiwan in the process of integration.

Admittedly, the success of the Policy needs to introduce a new framework that includes a wide range of emerging actors, new strategic interests, and cooperative networks among public and private sectors, such as a transnational linkage among policy communities and think tanks as well as the partnership among local governments between Taiwan and Southeast Asia. Hence, necessary efforts should be made to enable cross-sectoral coordination in relevant ministries and organizations.

As the Guideline has been set, the next move is to define its plans of action and contextualize the mutual interests of Taiwan and Southeast Asia into policy implementation. In addition to economic and investment interests, it is imperative to upgrade the strategic interests and to facilitate social interests shared by people in Taiwan and Southeast Asia. Being a part of the regional community, Taiwan needs to shoulder more responsibilities of Southeast Asian development by contextualizing the New Southbound Policy in the process of the ASEAN Community.

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