

# How Should Taiwan React to the Changing Dynamics of Northeastern Asia?

**Shih-chung Liu**

*Vice Chairman,  
Taiwan External Trade Development Council*

## **Abstract**

Over the past year, the world has witnessed a major dynamic change in northeastern Asia. The exchange of provocative rhetoric and finger-pointing between the President of United States, Donald Trump, and the North Korean leader, Kim Jong-un, in 2017 was replaced by hand-shaking and ice-breaking summits between these two leaders and their mediator, the South Korean President, Moon Jae-in. Despite signs of reconciliation and willingness to move toward denuclearization, uncertainties remain as there is lack of trust between Washington and Pyongyang. Another issue is the evolving concept of “Indo-Pacific strategy” introduced by the Trump administration, which has received a mixed response largely due to the ongoing trade, security, and diplomatic wrestling between the U.S. and China. Most countries in this region, including Taiwan, have adopted a cautious and low-key policy to react to the U.S.-China power competition. This paper dissects the elements that led to the change of the security landscape in the Korean Peninsula and analyzes the impact it will have on Taiwan. It also addresses the structural constraints

of the “Indo-pacific strategy” and advises Taiwan to cooperate more with related parties. It recommends Taiwan be prepared for a full-blown competition between Washington and Beijing in order to preserve its own national interests.

**Keywords:** Korean Peninsula, COVID, Indo-Pacific Strategy, U.S.-China Trade War, GCTF

There has been a dramatic change of dynamics in the northeastern Asia situation over the past few months. It started with a surprising breakthrough in the Korean Peninsula, followed by the reinforcement of the Donald Trump administration’s building of “a free and open Indo-Pacific.” It also involved the ongoing competition between the United States and China over regional security, trade competition, and potential global supremacy. Despite all the progress and change, a huge amount of uncertainty still exists.

Taiwan cannot simply escape from those fast-changing “power plays.” Facing Beijing’s escalation of diplomatic, political, military, and economic pressure recently, Taiwan needs to come up with a balanced counter strategy to address these challenges.

## **I. The Ongoing Korean Peninsula Wrestling**

The historic meetings between the leaders of the Koreans in April, as well as the summit between Trump and his North Korean counterpart in June have shocked the world order. A year ago, North Korean leader Kim Jong-un launched nuclear and missile tests and engaged in provocative rhetoric with Trump. The U.S.-led international sanctions on Pyongyang and military deterrence had exerted mounting pressure on Kim. Thus, the Korean Peninsula was on the brink of

military confrontation.

Nevertheless, the North Korean leader surprised the world first by announcing his country's participation in the Pyeongchang Winter Olympics with South Korea. Later, he held a peace meeting with South Korean President Moon Jae-in at Panmunjom and jointly signed the *Panmunjom Declaration*. The two-Korean-leaders' meeting paved the way for the Trump-Kim in Singapore in June.

Nevertheless, the historic U.S.-DPRK summit in Singapore on June 12 produced both hope and confusion. The hope is that the tension was temporarily reduced, and it is expected to lead to more stability and denuclearization in the Peninsula. Nevertheless, no one should believe naively that a single summit was good enough to create a roadmap for the long-lasting U.S. insistence on Comprehensive, Verifiable, and Irreversible Dismantlement (CVID) of North Korea's nuclear program.<sup>1</sup> As U.S. Secretary of State Mike Pompeo emphasized after the summit, what the U.S. expects is a massive denuclearization outcome over the next two and half years. Indeed more dialogue and exchanges of messages have been forged between Washington and Pyongyang over the past two months.

The world, however, was shocked by the statement made by Trump to suspend U.S.-ROK military exercises as concession to the DPRK. Moreover, the joint statement between Trump and Kim failed to include key principles of CVID or a road map for the North's denuclearization. Kim only promised to pursue the denuclearization of

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1. Hanbyeol Sohn & Hyuk Kim, "PacNet #40 — Complete, Verifiable, and Irreversible Dismantlement of North Korean Nuclear Program or Cooperative, Verifiable, and Irreversible Demilitarization?" June 11, 2018, *Pacific Forum*, <<https://www.pacforum.org/analysis/pacnet-40-complete-verifiable-and-irreversible-dismantlement-north-korean-nuclear-program>>.

the Korean Peninsula without a concrete timetable and action plan. Some have argued that the summit was not the end of the era of uncertainty; rather, it was the first step into uncharted territory.

The Trump-Kim summit showed that it is impossible to strike a deal between two sides at one time. Trump did make a huge diplomatic achievement his predecessors failed to do. Now, he needs to make extra effort to make sure Pyongyang is on the right track. The ideal result should be: Washington secured a deal with Pyongyang by offering possible concessions, ranging from a security guarantee, diplomatic recognition, lifting sanctions, and economic support. North Korea should reciprocate with a pledge of total dismantlement of its nuclear program. Nevertheless, North Korea won the first round by avoiding a regime change. On the focal question of how complete and irreversible dismantlement can be verified, Kim also successfully dodged the bullet.

A successful CVID would require the following steps: North Korea's declaration of its nuclear program, including access to related information and the location of facilities; monitored dismantlement of declared elements; a verification process for ensuring the absence of undeclared activities; establishing measures for proliferation prevention, such as redirecting North Korean scientists to civilian programs and creating a system for export controls; and confirming North Korea's full compliance with the *Non-Proliferation Treaty*. In other words, it takes international effort and institutions to monitor and execute the CVID.

Nevertheless, there are structural constraints to a successful CVID.

## **II. Structural Constraints of CVID**

First, the Moon government does not want the U.S. to take military action against North Korea. This means that Trump must get a clear and firm North Korean pledge of CVID. Moon is scheduled to visit the North soon with an aim of facilitating the peace process and keeping up the momentum.

Second, for its own strategic interest, other states, such as China and Russia, support an incremental approach to CVID rather than North Korea's political surrender. This indicates that an inclusive approach to CVID could acquire more political support from other regional actors. The Chinese in particular definitely would not want to see a DPRK titling toward the U.S.

Third, more mutual trust is needed between the U.S. and North Korea on CVID. The U.S. may need to admit that it cannot get everything it wants while North Korea should take some bold action to show its sincerity about denuclearization. Discussion about whether Trump and Kim should meet again in the near future can be a timely decision to push forward more progress.

More importantly, it takes years to complete the CVID. If Trump can secure his reelection in 2020, he and his administration will have to prioritize elements of the North Korean nuclear program before his reelection bid. Trump needs to consider setting a feasible short-term goal that can be achieved within his first presidential term while still keeping CVID as an ultimate goal.

For example, the Trump administration should first ensure that North Korea's missile threat to the U.S. should be prioritized for immediate removal while other components could be dismantled in

cooperative and inclusive ways. Specifically, North Korean nuclear explosive devices designed for intercontinental and medium-range ballistic missiles should be transferred to the U.S. to eliminate the threat to the U.S. and Japan from the outset.<sup>2</sup> Moreover, continued military deterrence and international sanctions must be effectively implemented until Pyongyang makes concrete moves toward denuclearization.

Otherwise, history can be repeated as Pyongyang wins more time to advance its nuclear capability while the U.S.-led campaign toward denuclearization in the Korean Peninsula fails again.

### **III. Possible Development of the Korean Situation**

The future of North Korea's denuclearization program will be decided by Pyongyang's motives and the roles Washington will play. The best scenario will be the Kim regime agrees to give up its nuclear capabilities. The worst case scenario will be that Pyongyang has adopted a deceptive peace game to decouple the ROK-U.S. alliance and remove the U.S. influence from the Peninsula. This will also be the best result from Beijing's perspective.<sup>3</sup>

From Washington's standpoint, the Trump administration can stick to its deterrence-plus-persuasion approach toward Pyongyang and play its traditional roles of leading North Korea toward democratic

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2. Hanbyeol Sohn & Hyuk Kim, "Complete, Verifiable, and Irreversible Dismantlement of North Korean Nuclear Program or Cooperative, Verifiable, and Irreversible Demilitarization?"

3. Taewoo Kim, "PacNet #49 — DPRK Nuclear Issue After Trump-Kim Summit and the Future of the ROK-US Alliance," July 23, 2018, *Pacific Forum*, <<https://www.pacforum.org/analysis/pacnet-49-dprk-nuclear-issue-after-trump-kim-summit-and-future-rok-us-alliance>>.

opening and ensuring stability. Nevertheless, since Trump has upheld the principle of “America first” and “economic nationalism,” it could incorporate a transactional approach to the alliance and nuclear negotiations with the North. This will create more anxiety from the ROK and Japan.

#### **IV. Implications on Taiwan**

Despite not being a direct player in the Korean Peninsula game, Taiwan is not irrelevant to such a dynamic change in the northeastern landscape. The Taiwan government has made its official stance clear repeatedly ever since the Peninsula crisis broke out. Taiwan condemned North Korea’s provocative launching of nuclear and missile tests and supported an international effort to de-escalate the crisis. Taiwan also has been cooperative with international sanctions against Pyongyang. The Taiwan government also has prepared a contingency plan for a potential outbreak of a military situation. Most importantly, the Tsai Ing-wen administration of Taiwan has maintained a *status quo* policy toward the Taiwan Strait situation and urged the Beijing authority to resume dialogue to prevent miscalculation.

In light of Trump administration’s efforts to deal with North Korea, it is Taiwan’s hope that Beijing refrain from “rocking the boat” by exerting military and diplomatic pressure to unilaterally change the *status quo* of the Taiwan Strait. Taiwan also hopes to play a more constructive role in the Trump administration’s “Indo-Pacific strategy” as a way to minimize potential “flashing points” in Asia.

#### **V. The Evolution of the “Indo-Pacific Strategy”**

In his first official visit to Asia last December, President Trump introduced his administration’s grand strategy of building a “free and

open Indo-Pacific area.” The concept was not new and unique. In fact, the Japanese and Indian leaders unveiled similar ideas a few years ago. Beijing’s reaction at that time was aggressive. It saw the formulation of the diamond-shape alliance between the U.S., Japan, India, and Australia as a united front strategy to contain the rising China. Some Chinese scholars described such an idea as building an Asian version of NATO against Beijing.

In essence, the Indo-Pacific concept is not a brand-new strategy. The bilateral and multilateral dialogue between these four countries has been going on for years, though not in a format of defense treaty or a military alliance. The Barack Obama administration used the term “Rebalance to Asia” to deepen American engagement with its Asian allies. President Trump decided to walk away from the Trans-Pacific Partnership (TPP) agreement and introduced his own version of engagement policy with Asian countries.

The Indo-Pacific strategy has been under conceptualization for months under the policy guideline of the National Security Strategy report released last December. The report defined China as a U.S. “strategic competitor.” The most recently released China Military Power reported by the Department of Defense of the U.S. also highlighted China as a potential challenge to Washington’s security interests in Asia. As the report stated clearly, “China and Russia challenge American power, influence, and interests, attempting to erode American security and prosperity. They are determined to make economies less free and less fair, to grow their militaries, and to control information and data to repress their societies and expand their influence.”<sup>4</sup>

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4. The White House, “National Security Strategy of the United States of America,”

The Indo-Pacific strategy became more of a concrete policy agenda when U.S. Secretary of State Pompeo made his visit to Asia in July. In his speech at the ASEAN ministerial summit, Pompeo further elaborated the substance of the Indo-Pacific strategy.

As part of U.S. commitment to advancing regional security in the Indo-Pacific Region, Pompeo said that the Washington was excited to announce nearly \$300 million in new funding to reinforce security cooperation throughout the entire region. This new security assistance would advance shared priorities, especially to strengthen maritime security, develop humanitarian assistance and peacekeeping capabilities, and enhance programs that counter transnational threats.<sup>5</sup>

To reassure Asian countries on the progress of the Korean Peninsula, Pompeo emphasized the importance of maintaining diplomatic and economic pressure on North Korea to achieve the final, fully-verified denuclearization of the DPRK. Pompeo reminded Asian countries that it is a collective goal shared by all partners to ensure the denuclearization of DPRK. Until Pyongyang adheres to such an ultimate goal and presents concrete actions, Pompeo called on Asian countries to enforce all sanctions strictly, including the complete shutdown of illegal ship-to-ship transfers of petroleum destined for North Korea.<sup>6</sup>

On the most recent militarization by the Chinese on the South

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December 2017, p. 2, *The White House*, <<https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>>.

5. Mike Pompeo, "Remarks at the U.S.-ASEAN Ministerial," August 3, 2018, *U.S. Department of State*, <<https://www.state.gov/secretary/remarks/2018/08/284876.htm>>.

6. Mike Pompeo, "Remarks at the U.S.-ASEAN Ministerial."

China Sea, Pompeo reiterated the importance of maintaining a rules-based order in the region. He also touched upon issues involving cooperation on counterterrorism and cyber security.

While most countries expressing concerns about Washington have been preoccupied with the North Korea issue and could be distracted, Pompeo stressed that progress on those security issues is essential to a free and open Indo-Pacific. Pompeo urged the ASEAN countries to play more active role in a free Indo-Pacific. Nevertheless, the ASEAN “centrality principle” constitutes a major obstacle for Washington to ally with them.

In order to expand the concept into a more comprehensive and strategic landscape, Pompeo described the Indo-Pacific strategy by emphasizing the elements of free trade, good governance, rules-based conduct, and peace-driven responsibility-sharing.<sup>7</sup>

On trade and economics, Pompeo said that the Trump administration recognizes the long-term strategic importance of one of the world’s most competitive regions. The Indo-Pacific has been and will be a major engine of economic growth, and Trump wants to make sure America and all countries responsibly can reap the benefits of all current and future opportunities. The U.S. is committed to doing just that according to its values, the rule of law, transparency, and good governance.

Facing the administration’s decision to withdraw from the TPP and launch a series of trade negotiations with Asian countries, Pompeo pledged that Washington has pursued partnership, not dominance.

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7. Mike Pompeo, “Remarks at the U.S.-ASEAN Ministerial.”

When outlining the Trump administration's economic strategy for advancing a free and open Indo-Pacific, Pompeo stressed U.S. businesses' engagement in the region is crucial to Washington's mission of promoting peace, stability, and prosperity. With Asia being a potential huge market for trade and investment and to counter China's Belt and Road Initiative, Pompeo called on a shared effort between the U.S. and Asian countries to contribute government and private resources to support foundational areas of the future: the digital economy, energy, and infrastructure.<sup>8</sup>

Under such a policy framework, Pompeo said the Trump administration is working with Congress to encourage the passage of laws to strengthen the government's development finance capacity to \$60 billion to support U.S. private investment in strategic opportunities abroad. These initiatives are strategic investments designed to spur U.S. partners' engagement with American companies.<sup>9</sup>

## **VI. The Structural Constraints of the Indo-Pacific Strategy and Its Impact on Taiwan**

Despite its evolution, it takes three other players to echo the Indo-Pacific strategy introduced by the U.S.. Indian Prime Minister Narendra Modi made his first open remark about the concept at the annual Shangri-La Dialogue in Singapore in June but did not mention too much about the role that India will play. Japanese Prime Minister Shinzo Abe is planning on visiting Beijing later this year after he secures his leadership within the Liberal Democratic Party (LDP). The goal is to improve China-Japanese relations. The new Australian government under Scott Morrison has not unveiled any clues of its

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8. Mike Pompeo, "Remarks at the U.S.-ASEAN Ministerial."

9. Mike Pompeo, "Remarks at the U.S.-ASEAN Ministerial."

policy toward China. ASEAN has adopted a more cautious approach to embrace the Indo-Pacific strategy.

It is in most players' interest not to choose sides but to maintain a low-key manner to the Washington-led Indo-Pacific agenda. Those elements constitute the structural constraints of the implementation of the Indo-Pacific strategy.

Meanwhile, the Taiwan government has announced its willingness to be a part of the Indo-Pacific family. The Trump administration also publicly recognized the potential constructive role Taiwan can play in such a policy initiative. Since Washington has made it clear that the Indo-Pacific agenda is not aimed at counterbalancing China's Belt and Road Initiative, Taiwan's strategy is partnering with Washington in a cautious way. Echoing Pompeo's policy guideline, the new Director-general of the American Institute in Taiwan (AIT), Brent Christensen, said that Taiwan is a dependent partner and a key player in the Indo-Pacific region. The U.S. will continue to promote regional peace with Taiwan based on such shared values and interests.<sup>10</sup>

In reality, Taiwan can use the existing policy framework with Washington to upgrade Taiwan's role in the Indo-Pacific framework. Under the so-called "Global Cooperation Training Framework" (GCTF) program, both Taipei and Washington have jointly conducted cooperation on programs related to transnational diseases, digital economy, women's rights, and people-to-people training.

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10. Brent Christensen, "Remarks by AIT Director Brent Christensen Prior to Meeting with President Tsai Ing-wen," August 24, 2018, *American Institute in Taiwan*, <<https://www.ait.org.tw/remarks-by-ait-director-christensen-prior-to-meeting-with-president-tsai-ing-wen/>>.

The GCTF also involved direct participation of some countries from Southeast Asia. AIT Director Brent Christiansen publicly expressed more opportunities for both sides to work closer under the GCTF.<sup>11</sup> A future training program to address challenges, such as disinformation and media literacy, has been planned.<sup>12</sup>

On the other hand, Taiwan also should pursue low-key cooperation with Japan, India, and Australia by adopting a GCTF-like program. It is important for Taiwan to present its values as a strong defender of democracy and human rights, free trade, peace and stability, and a rule-based international order. Taiwan also should utilize its advantage as a high-tech innovation nation. Through various channels of participation and its current economic strategy of “moving south,” Taiwan can step-by-step engage with like-minded partners within the Indo-Pacific region.

## **VII. The U.S.-China Rivalry over Geopolitical and Global Supremacy**

An essential reality behind the ongoing trade friction between the U.S. and China is competition in a geopolitical quest for supremacy. President Trump has his domestic rationale to ignite a trade war against Beijing. Nevertheless, there is a deeper strategic calculation to contain China’s technological development in the near future. It is not only a war over trade. It is also a battle over technology.

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11. Brent Christensen, “AIT Director Christensen gives remarks at GCTF’s Transnational Crime and Forensic Science Workshop,” August 14, 2018, *American Institute in Taiwan*, <<https://www.ait.org.tw/ait-director-christensen-gives-remarks-at-gctfs-transnational-crime-and-forensic-science-workshop-video/>>.

12. The Taiwan Foundation for Democracy is planning on organizing an event with the AIT under the GCTF structure to address issues related to media literacy and disinformation in mid-October 2018 in Taipei.

In terms of China's rise as a region hegemon or even a global leader, some argue that Washington and Beijing could fall into the so-called "Thucydides Trap." This refers to ancient Greek history and states that cataclysmic war can erupt if an established power (like the U.S.) becomes too fearful of a rising power (like China).

It has become more and more true, however, that the Trump administration sees China as too weak rather than too strong. Some characterize such a thinking as the so-called "Kindleberger Trap." This theory states that the disastrous decade of the 1930s was caused by the U.S. replacing Britain as the largest global power but failing to take on Britain's role in providing global public goods. The result was the collapse of the global system into depression, genocide, and world war.<sup>13</sup>

Today, as China's power grows, the authoritarian regime seems to do the opposite and provide global public goods and shoulder international responsibilities. From the Trump team's perspective, China is internally problematic and externally assertive. The fact that the Chinese leader, Xi Jinping, consolidated his leadership by lifting his term limits shows that he is facing tremendous challenges at home. The Chinese economy has been slowing down. The potential debt crisis is deepening. The U.S. economy, however, is strong. The unemployment rate is the lowest in 18 years. Now is the best time for Washington to pressure Beijing to accept a rules-based international order on trade and security.

Trump and his key advisors strongly believe that the President

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13. Joseph S. Nye, "The Kindleberger Trap," *Project Syndicate*, January 9, 2017, <<https://www.project-syndicate.org/commentary/trump-china-kindleberger-trap-by-joseph-s--nye-2017-01?barrier=accesspaylog>>.

must put “America first.” This change never means the abandoning of American supremacy in the international system. Instead, it is continued unrivaled American primacy that gives Trump both the incentive and capability to play this unilateral game.

Nevertheless, there have been worries that Washington might retreat from global governance. This gives hope that China would fill the empty seat and open up its quest for a greater role or even leadership in global affairs. Regretfully, what international society has witnessed so far is a lack of willingness and action from Beijing to maintain global order. There also has been growing worry that Beijing will try for a “free ride.”

That explains why the Trump administration ignited the “trade war” primarily with China—and subsequently with major countries of the world. To urge the Chinese to reduce the current trade surplus with Washington, Trump and his team have exercised tariff increase measures to pressure Beijing. The current U.S. trade deficit with China stands at \$375 billion. There are rumors that the Chinese are committed to reducing it by \$200 billion by 2020. Nevertheless, no concrete actions have been seen yet.

Washington’s longtime accusation against China is about its unfair subsidies to Chinese companies, forced technology transfer from American companies, and violation of individual property rights. Nevertheless, demanding Beijing to solve its trade deficit and unfair trade is one thing, but counteracting China’s pursuit for technological advances constitutes another strategic thought.

The widespread fear among U.S. policymakers is that China is not only seeking to compete commercially with U.S., but also aims to seek military and geopolitical supremacy.<sup>14</sup> On the other hand,

Chinese leaders believe that a party-led and state-dominated economy is fundamental both to the future growth of the world's second-largest economy and consolidation of Communist Party rule in the country.

So far, China's tough talk about retaliation could stem from nationalist pride. Perhaps it believes that it could force the Trump administration to back off. On the other hand, Chinese leaders may believe China has the capacity to withstand the substantial damage to the Chinese economy from a full-blown trade war. In any case, Chinese leaders believe containing China is the real motive behind Trump's launch of a trade war with them.

Therefore, what is emerging is an undeclared but intensifying war over technological superiority and domination, with both commercial and military applications, between the U.S. and China. Washington now apparently sees the U.S.-China competition on technology as an issue of economic and national security.

### **VIII. US-China Trade War and Its Impact on Taiwan**

The key strategic thinking behind Trump's trade agenda is to rebalance the U.S. trade accounts with the rest of the world. The goal is to correct the systematic and excessive trade imbalance with East Asia and Europe, while protecting industries vital to U.S. national security. Trump's threats of tariffs and other protectionist measures, however, are better seen as bargaining chips designed to open other countries. They also represent attempts to elevate trade diplomacy

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14. Cary Huang, "How US-China Rivalry over Technology is a Front for a Geopolitical Quest for Supremacy?" *South Morning China Post*, July 3, 2018, <<https://www.scmp.com/comment/insight-opinion/china/article/2153427/how-us-china-rivalry-over-technology-front>>.

to greater strategic prominence, through sanctions and other methods of economic statecraft to pressure states to do things that Washington wants but that they otherwise would not do.<sup>15</sup>

Since China has become Washington's primary target and Trump has announced a series of tariff increases on Chinese products, there is huge potential for impact on Taiwan. Given the fact that over 40% of Taiwan's exports go to the Chinese market, the deterioration of U.S-China trade war has made many Taiwanese companies operating in China nervous.

The government of Taiwan has adopted several measures to minimize the impact. For example, the Taiwan government already pushed forward a "New Southbound Policy" two years ago as a strategy to diversify its foreign outreach. Taiwan is not the only country that has been moving south. The Koreans and Japanese also are. India has been acting east. Australia is pivoting north. The main concern from those countries is almost the same. That is, they feel they must avoid over-dependency on the Chinese market.

In fact, in the past few years, more and more Taiwanese Small and Medium-sized Enterprises (SMEs) have decided either to move back to Taiwan or to relocate to ASEAN markets. The fact that the labor wage in China is increasing, as well as more regulations and rules being introduced, has caused most Taiwan SMEs to find that it has become more and more difficult to do business in China. Some already have adopted a "hedging" strategy by relocating to other southeastern countries. This proves that Taiwan government's policy

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<sup>15</sup> Randall Schweller, "Three Cheers for Trump's Foreign Policy: What the Establishment Misses," August 17, 2018, *Foreign Affairs*, <<https://www.foreignaffairs.com/articles/world/2018-08-13/three-cheers-trumps-foreign-policy>>.

to pivot to the south was a smart and timely decision.

Having said that, the impact of the trade war between Washington and Beijing cannot be overlooked. The Taiwan government needs to do a comprehensive survey and investigation on every potential sector that might be hampered by the trade friction. Engaging the Taiwanese companies in China also is important. The government also needs to improve the domestic investment environment in order to assist Taiwanese companies to reopen their business at home. It should also help the companies search for appropriate alternative markets following the New Southbound Policy guidelines.

So far, there has been some progress in the New Southbound Policy practices. Several joint cooperation projects between Taiwan and India are going on. These involve areas of electric vehicles, petrochemicals, and smart cities. Taiwan's exports to the New Southbound Policy countries in 2017 has grown 12%. The number maintained its growth in the first half of 2018. Numbers of tourists from the targeted areas also have increased. Cultural, educational, and science and technology exchanges and cooperation all have increased.<sup>16</sup>

Facing competition from other countries in Southeast Asia and South Asia, Taiwan also tried to team up with Japanese companies for selected joint ventures. Taiwan is planning on seeking more cooperation with Korea and Australia in the area.

The idea of moving south and cultivating new links and engagement with the New Southbound countries will alleviate the impact

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<sup>16</sup> Information gathered by the author after interviewing with officials from the Ministry of Economics and Transportation, the Taiwan External Trade Development Council recently.

of the ongoing trade wrestling between the U.S. and China to some extent. It is also a strategy for Taiwan to reduce its dependence on the Chinese economy.

In conclusion, the dynamics of northeastern Asia has a spill-over effect on other areas. Issues related the Korean Peninsula, U.S.-China trade war, and the evolution of the “Indo-Pacific region” all transcend national boundaries; thus, they are closely intertwined. Taiwan has introduced a counter strategy to address those challenges. Nevertheless, it takes more action to ally with like-minded countries to maintain regional peace, prosperity, and stability.

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