

Taiwan's New Southbound Policy: Accomplishments and Perceptions

By Ja Ian Chong

The Tsai Ing-wen administration's New Southbound Policy (NSP) promises long-term gains for Taiwan and its population. If effectively executed, the policy can help bolster Taiwan's relationship with its immediate neighbors, moderate some of the economic and strategic risks it faces, and even complement Washington's Indo-Pacific Strategy. Using NSP engagement to push labor, environmental, and intellectual property regulation reforms could even help make Taiwan CPTPP compliant. Yet, the policy seems to face an ambivalent and somewhat muted public response within Taiwan itself. Domestic media coverage tends to focus on possible negative outcomes, be they illegal immigration or labor disputes and exploitation relating to Southeast Asia or Southeast Asians in Taiwan. NSP success requires moving beyond these narrow worries and fostering greater public understanding and support domestically.

Investing in relations with South and Southeast Asia as well as Oceania is a natural extension of Taiwan's economic and strategic interests. The island's most efficient seaborne trade routes to and from Europe and the Middle East, including its all-important energy imports, pass through the Indian Ocean, Malacca and Sunda straits, as well as the South China Sea. NSP partner countries, with a combined population upward of 2.5 billion, promise important new markets and investment opportunities for Taiwanese firms. These ties build on the already substantive interactions Taiwan enjoys with Southeast Asia, whether it be through the employment of local labor, migrant workers in Taiwan, or growing inter-marriage. Taiwan and Southeast Asia enjoy cultural and economic links, given the island's historical ties to regional maritime trade and migration. Taiwan also shares a broad, longstanding commitment to democracy that the NSP incorporates with India, Australia, and New Zealand.

Levels of trade, investment, and tourism with NSP partner countries, while always substantial, rose to new heights following the 2016 launch of the NSP. According to official figures, between 2016 and 2017 investment from Taiwan to these areas grew 54.4%, investment from these areas to Taiwan increased 15.8%, and bilateral trade value rose 15.6%. These economies together are historically only next to China in terms of trade value for Taiwan, and this rise suggests real opportunity. Moreover, almost a quarter of visitors to Taiwan came from countries covered by the NSP, almost equaling arrivals from China. Taiwan clearly has as much to gain economically from the NSP as it does from developing political and social ties, even if diplomatic relations remain quasi-formal.

Ja Ian Chong,

Associate Professor, National University of Singapore, explains that "NSP success requires... fostering greater public understanding and support domestically."

Despite the natural advantages and real benefits associated with the NSP and its positive reception in polls, overall public appreciation of the initiative and enhanced contact with South and Southeast Asia seem somewhat mixed. Some studies suggest more interest in economic interaction with China, despite apparent risks, rather than diversification through the NSP. When the NSP makes headlines, it often has to do with various problems that arise. Criticism of the policy was rife when 152 tourists from Vietnam — a key NSP partners — abandoned their tour group to remain illegally in Taiwan. Human trafficking and ill-treatment of Indonesians in Taiwan's fishing industry, illegal Southeast Asian migrant workers, and labor disputes involving Taiwanese firms in Southeast Asia likewise cast a negative light on the policy and the Tsai administration's engagement efforts.

Some limitations that the Tsai administration faces with the NSP originate from a lack of public understanding toward South and Southeast Asia combined with the uneven distribution of costs and benefits of the policy. Acknowledgement about the need for economic diversification and the general gains from the NSP are common, but public impression about most partner countries seems to be that they are under-developed and lacking in opportunity compared to China. Compounding matters is a view that these places are viewed largely as sources for cheap, low-skilled labor, and mail-order brides for older, low-income Taiwanese men. Furthermore, gains from trade and investment through the NSP tend to accrue directly to businesses and their shareholders, rather than having a clear, direct, and positive effect on wages and opportunities in Taiwan. Next to intensely scrutinized China issues, NSP partnerships can seem like afterthoughts in Taiwan.

Misunderstandings with NSP partners can represent potential setbacks for the initiative. Exploitative labor relationships can sour relations between Taiwan and partner countries, as can the export of poor environmental practices which devastate local livelihoods and ecosystems. The negative economic, environmental, and social consequences from Formosa Plastics' chemical spill in Central Vietnam, for example, continue to linger even after apologies, fines, and clean-up efforts. Publicizing breakthroughs in the NSP can risk inviting Chinese attempts to stall developments. Failing to handle relations under the NSP with enough sensitivity can prove risky for Taiwan diplomatically if not commercially.

The NSP's staying power depends on effective consolidation and entrenchment of Taiwan's relationships with partner countries across a range of issues that bolster the island's external linkages. The Tsai administration can educate the domestic public about NSP partners and sustain support through public education campaigns that involve the media and education systems. Outward moves should involve fostering labor, environmental protection, sustainability, and intellectual protection best practices — issues with which Taiwan is already familiar. Given its integration in the U.S.-led international order, Taiwan's cooperative efforts are likely to comply with the free and open standards, regulations, intellectual protection, and laws the United States generally prefers. Washington should welcome Taipei's initiatives in these areas since a Taiwan that is active and successful in regional cooperation complements Washington's Indo-Pacific Strategy and broader U.S. engagement with Asia.

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