

The New Southbound Policy

John C. C. Deng

Minister-without-Portfolio and Trade Representative

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Agenda

I. Introduction to the New Southbound Policy

**II. The New Southbound Policy's Spirit of Inclusiveness,
Openness and Cooperation**

III. Conclusion

I. Introduction to the New Southbound Policy

1. Asia Pacific's Increasing Global Great Importance: Rapid economic growth and growing geopolitical significance have made the New Southbound Policy (NSP) Partner Countries of great strategic importance to many countries.

NSP Partner Countries

- Indonesia
- Malaysia
- Philippines
- Singapore
- Thailand
- Vietnam
- India
- Brunei
- Cambodia
- Laos
- Myanmar
- Australia
- New Zealand
- Bangladesh
- Bhutan
- Nepal
- Pakistan
- Sri Lanka

India – Act East Policy

Korea – New Southern Policy

U.S. – Indo-Pacific

Taiwan

• New Southbound Policy

NSP Partner Countries

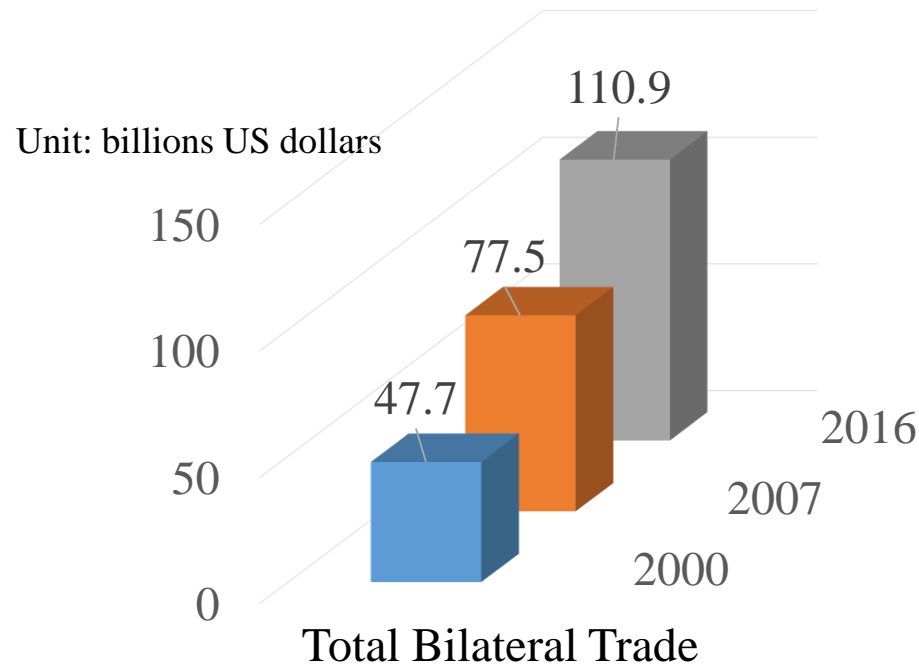
The average GDP growth of Partner Countries in 2018 will increase to 5.4%, surpassing the 3.7% global average (IMF, 2017/10).

I. Introduction to the New Southbound Policy

2. NSP Partner Countries are Taiwan's Important Economic Partners

■ Bilateral Trade:

- Total trade with Partner Countries grew over 2.33-fold in 17 years.
- Taiwan's exports to these Partner Countries amounted to 67.4 billion USD in 2017, which counts for 21.23% of Taiwan's total export.



■ Foreign Direct Investment:



Partner Countries are Taiwan's top FDI destinations. Approximately 10,000 Taiwanese companies have investments up to 100 billion USD in Partner Countries, creating up to 4 millions job opportunities since 1952.

■ Two-way travel:



- The total number of two-way travel between Taiwan and Partner Countries has increased from 2.2 million people in 2000 to 4.7 million in 2017—a 2.10-fold increase in 17 years.
- The total number of flights between Taiwan and Partner Countries increased from 31,867 in 2009 to 49,238 in 2016—a 1.54-fold growth in 7 years.

I. Introduction to the New Southbound Policy

3. Taiwan's Soft Power: Agriculture



Development of a comprehensive support system to assist farmers in improving production processes, economic management, disease control, and sales.



Long-term government support has facilitated agricultural innovative research in breeding, cultivation, and pest control. We have many fruitful achievements in the production of high-quality varieties of rice, vegetables, fruits, and flowers.

Promoting high-end agricultural processing technology to balance agricultural supply and demand, especially during bumper harvest season, aiming to increase the added value of agricultural products and farmers' income.



3. Taiwan's Soft Power: Public Health



Taiwan health expenditures is 6.6% of Taiwan's total GDP (U.S.: 17.1%; Japan: 10.2%). Taiwan provides high-quality, affordable healthcare, and its national insurance system is ranked as one of the best in the world.



Highly advanced medical technology and teams specializing in liver transplant, craniofacial surgery, and In Vitro Fertilization (IVF), with high success rates.



With an impressive record of public health and disease control experience, Taiwan has currently no cases of small pox, rabies, malaria, or polio, and has the ability to quickly contain outbreaks of infectious diseases, such as dengue fever.

Cases of Dengue	Thailand	Vietnam	Malaysia	Philippines	Singapore	Taiwan
2014	39,569	31,848	108,698	113,485	18,318	15,732
2015	142,925	97,476	120,836	200,415	11,298	43,784
2016	62,405	110,854	100,028	176,411	13,115	744
2017	52,048	183,287	83,849	-	2,772	343

Source:

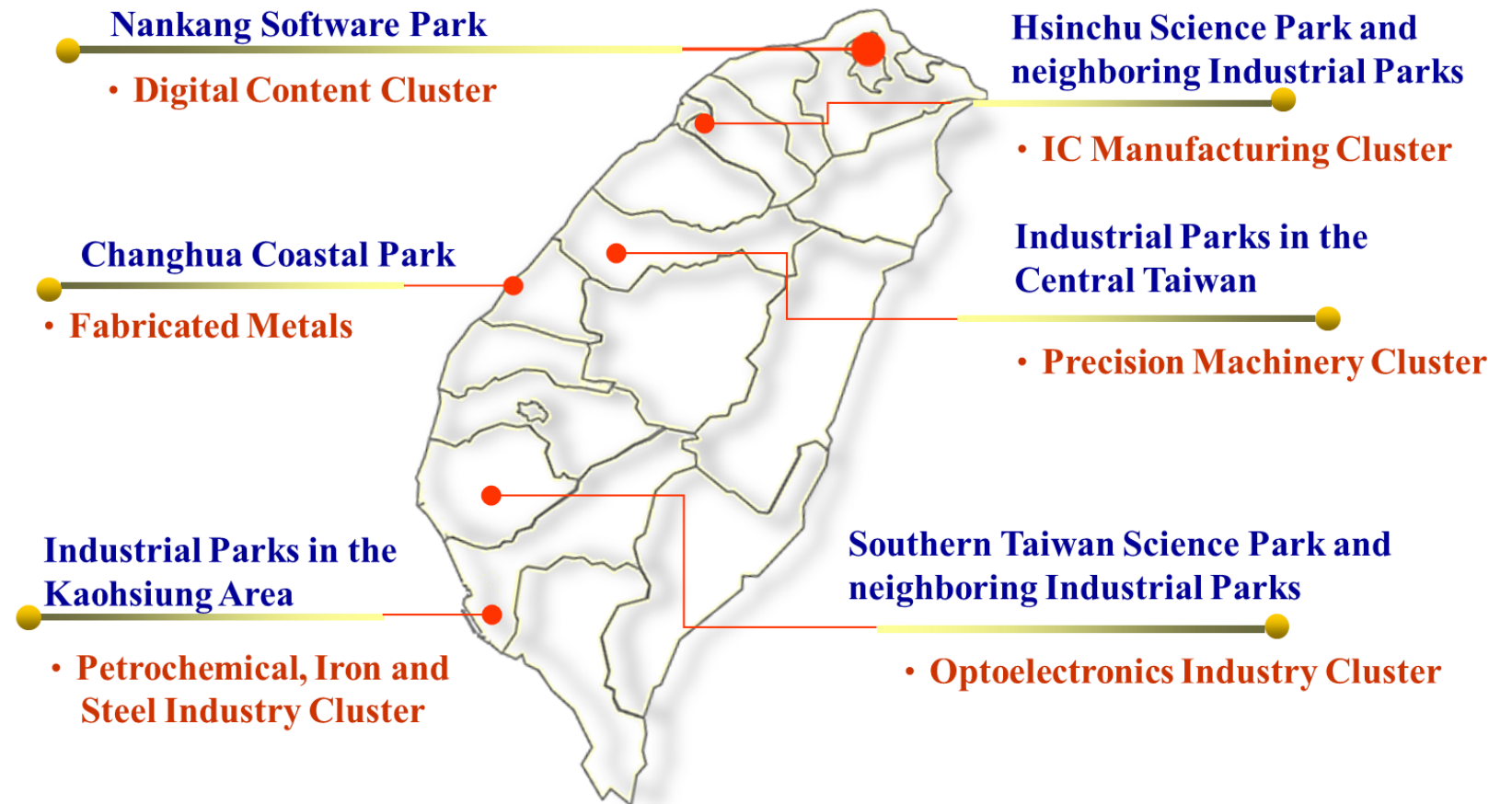
1. Annual Dengue Data in the Western Pacific Region
2. WHO: Dengue Situation Updates

I. Introduction to the New Southbound Policy

3. Taiwan's Soft Power: Technology and Industry

- The Government has long supported research and development institutions and the development of efficient technology transfer systems to promote industry cooperation.
- Taiwan's industry has formed diverse and robust industry clusters with a strong mutually support network.

Industry Cluster



I. Introduction to the New Southbound Policy

3. Taiwan's Soft Power: Disaster Relief



- Asia's largest training center for disaster relief is located in Central Taiwan: Susceptible to an average of 3-4 typhoons a year and large-scale earthquakes, Taiwan has accumulated ample experience in responding to various complex disaster types and is eager to share its experience with other countries.
- Many private charitable organizations in Taiwan have long been engaged in post-disaster reconstruction work both at home and abroad. For example, the internationally-renowned Tzu Chi provides immediate post-disaster relief to disaster-stricken areas. To date, they have provided not only food, clothing, and pharmaceuticals, but also rebuilt homes, schools, developed water sources, and provided medical aid to over 70 countries.

I. Introduction to the New Southbound Policy

3. Taiwan's Soft Power: Education

- Taiwan offers high-quality higher education at relatively affordable costs

Average Annual Tuition Fees at Public and Private Universities

Unit: USD

Country	Public	Private	Available Year
Taiwan	1,816	3,401	2016
Japan	6,756	--	2015
U.S.	9,650	33,480	2016
United Kingdom	14,827	--	2014
Korea (Non-medical)	1,676-12,619	1,795-10,424	2014

Source: Taiwan Ministry of Education and US CollegeBoard (<https://trends.collegeboard.org>).

- Taiwanese vocational schools are highly integrated with the industry, providing students with internship opportunities for on-the-job training and career development.

3. Taiwan's Soft Power: SMEs

- Small and Medium-Sized Enterprises (SMEs) comprise 97.7% of Taiwan's domestic companies and excel at integrating resources and forming industry clusters that respond well to changing environments.
- The Government provides assistance through a government loan guarantee program for SMEs.
- Many of Taiwan's "Hidden Champion" enterprises started as SMEs, including:
 - Sheico Group: 65% global market share for diver suits
 - Saint-Fun International Co.: 90% of global market share for toy claw machines
 - NORMAN Shutters Blinds and Shades: third largest manufacturer in the world
 - Yongda Food Technology Co. (Taiwan lemon juice): 20% of global market share



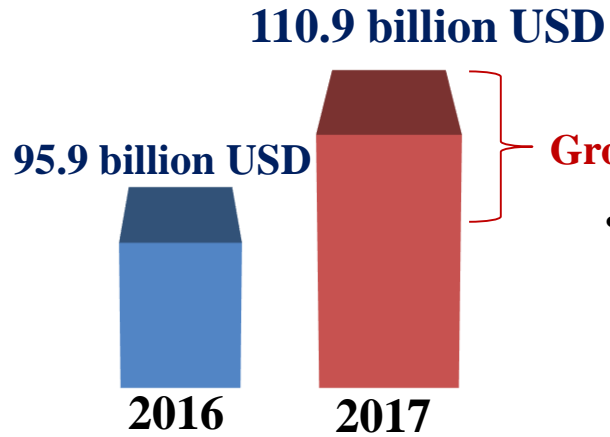
I. Introduction to the New Southbound Policy

4. Pillars of the New Southbound Policy

(1) **Core concept:** With the objective of fostering regional prosperity and development, NSP seeks to expand cooperation on the basis of reciprocity with Partner Countries in areas of economic and trade collaboration, people-to-people exchanges, resources sharing, and connectivity, while showcasing Taiwan’s “Soft Power”.

(2) Results:

Trade

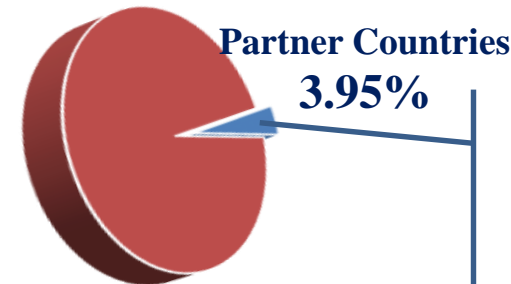


Growth rate of 15.61%

- **Export:** Taiwanese exports to Partner Countries amounted to 67.4 billion USD (21.23% of Taiwan’s total export) in 2017, increasing 13.4% from 2016.
- **Import:** Imports from Partner Countries to Taiwan amounted to 43.5 billion USD (16.78% of total Taiwan imports) in 2017, increasing 19.2% from 2016.

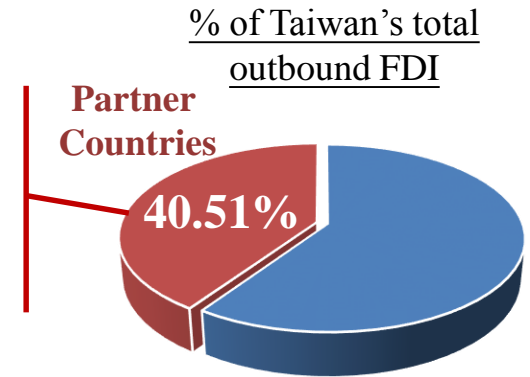
Investment

➤ From Jan to Nov 2017, 115 Taiwan investment cases to Partner Countries, amounting to 3.61 billion USD, increasing 59.22% from the same period in 2016.



% of Taiwan’s total inbound FDI

➤ From Jan to Nov 2017, 521 approved investment cases from Partner Countries to Taiwan, amounting to 240 million USD, increasing 22.57% from the same period in 2016.



% of Taiwan’s total outbound FDI

5. Current NSP Flagship Programs

➤ Agriculture

- Provide agricultural training, e.g. small scale sustainable farming, greenhouse management, and agribusiness
- Cooperate with Partner Countries to introduce high-value crops and low-cost farming systems for small-scale farmers
- Facilitate bilateral trade and investment in agriculture

➤ Public Health

- Provide training programs for ASEAN government officers on topics of global health, disease prevention and treatment under the Global Cooperation and Training Framework (GCTF)
- Establish the regional joint epidemic prevention network within Partner Countries
- Promote training and capacity building

5. Current NSP Flagship Programs (continued)

➤ Industry Innovation

- Select industry cooperation projects based on Partner Countries' industry development needs and Taiwan's industry advantages; establish supply chain partnerships, in industries such as textiles, auto parts, and shipbuilding
- Facilitate exchange of entrepreneurs and encourage co-development of products and services suitable for the region

➤ Talent Development

- Design courses and curriculum that fit industry needs; provide vocational training and career development for students from Partner Countries
- Increase the number of scholarships offered to students from Partner Countries

I. Introduction to the New Southbound Policy

5. Current NSP Flagship Programs (continued)

➤ **New Southbound Policy Forum and Youth Exchange Platforms**

- Promote dialogue between non-governmental organizations, the youth, and think tanks through the Yushan Forum

➤ **Public Infrastructure**

- Taiwan has announced a plan to establish a transparent Official Development Assistance (ODA) system in order to help improve infrastructure in the region.

➤ **Tourism**

- Encourage cultural and tourism exchanges between Taiwan and Partner Countries. For example, Taiwan will continue reviewing visa issues and improve the environment for Muslims to attract tourists from the region and promote people-to-people links.

II. The New Southbound Policy's Spirit of Inclusiveness, Openness and Cooperation

Taiwan is willing and capable of cooperating with the U.S. in the Indo-Pacific.



- **Consistent with the U.S. vision in the Indo-Pacific:**
The NSP takes an overarching dialogue and inclusive cooperation approach to cultivate trust and mutual understanding in the Asia-Pacific region, which is consistent with the U.S. vision for a “free and open Indo-Pacific”, a place where all can be “prosperous side by side”.

- **Consistent with the U.S. economic development plan of the Indo-Pacific:**
The U.S. seeks “robust trade relationship” and to “strengthen the bonds of commerce” between all the nations of the Indo-Pacific, e.g. Thailand, Philippines, Vietnam, Malaysia, Singapore, Indonesia and India—countries that are our partners in NSP.



II. The New Southbound Policy's Spirit of Inclusiveness, Openness and Cooperation

■ Possible Areas of Cooperation:

I. Economic and Trade Cooperation

Industry cooperation in areas such as SMEs, manufacturing-related services, e-commerce, and energy between U.S. and Taiwanese companies in Thailand, Philippines, Vietnam, Malaysia, Singapore, Indonesia, and India.

II. Capacity Building

Increase capacity building in disease prevention, women empowerment, humanitarian aid, disaster relief and cyber security under the existing U.S.-Taiwan GCTF framework.

III. Public Infrastructure

President Trump's announcement to "reform development finance institutions" to "direct efforts toward high quality infrastructure investment that promotes economic growth" is aligned with the NSP's policy to initiate an ODA program that will assist to improve public infrastructure in the region.

II. The New Southbound Policy's Spirit of Inclusiveness, Openness and Cooperation

■ Possible Approaches of Cooperation:

Incorporating issues of mutual interest into existing U.S.-Taiwan dialogue frameworks

- Increase dialogue between government officials working on NSP-related issues
- Facilitate exchange between our respective trade associations in the region
- Enhance cooperation between think tanks

Encourage capacity building activities in Partner Countries

- Increase and deepen capacity building through the GCTF on issues such as e-commerce, SMEs, and youth exchange

III. Conclusion

- Taiwan is willing and capable of cooperating with the U.S. to actively assist social and economic development in the region.
- Taiwan's objective to deepen trade on a mutually-beneficial basis and to achieve maximized trade liberalization is aligned with President Trump's announcement in the APEC Leaders Meeting to "make bilateral trade agreements with any Indo-Pacific nation that will abide by the principle of fair and reciprocal trade". Taiwan is interested in pursuing such an agreement with the U.S., which would serve as a model in the Indo-Pacific region.



Thank you.
Q & A