The New Southbound Policy
A Practical Approach Moving Full Steam Ahead
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The New Southbound Policy—A Practical Approach Moving Full Steam Ahead

The New Southbound Policy, one of the government’s current policy priorities, has been under implementation for over a year, and has already yielded concrete results. Over this period, the concerted efforts of central government, local governments, legislative branches of government, private enterprises and civil society have allowed the coordination of the policy to mature, and the effects of associated projects to become clear. Moreover, domestic and international media reports on the policy have been positive, indicating that the policy is conducive to Taiwan’s integration into the South and Southeast Asian region, as well as Australia and New Zealand, and to the strengthening of Taiwan’s overall competitiveness. The response of New Southbound Policy partner countries has been similarly enthusiastic: Many such countries have taken the initiative to propose a range of cooperative projects and exchange programs. The New Southbound Policy has generated a new wave of cooperation within the region.

To demonstrate Taiwan’s proactive approach toward integrating with the international community, our government will be increasing its efforts and resources in terms of promoting mutually beneficial cooperation with New Southbound Policy partner countries. In addition, the domestic community as a whole should accumulate experience and results. Taking partner countries’ needs and Taiwan’s interests into account, the policy is now focusing on the planning and implementation of five flagship programs, plus three prospective areas. The aim is to bring positive benefits to New Southbound Policy partner countries and Taiwan in the shortest possible time. The Executive Yuan aims to allocate NT$1.19 billion to the implementation of the New Southbound Policy in 2018, demonstrating the government’s resolve. To maximize the policy’s effectiveness going forward, the government will consolidate its resources and put them to optimal use.

Regional Agricultural Development

For many countries, sustainable agricultural development and the improvement of farmers’ incomes is an important policy issue. Faced with the impact of climate change and other environmental changes, these countries are also committed to developing innovative agricultural technologies and investing in infrastructure. Cooperation between international organizations, governments and the private sector can help realize such goals, stabilizing sales of agricultural produce, achieving food security, facilitating rural development and improving farmers’ livelihoods.

Taiwan’s agricultural development and technologies are globally renowned. Through its agricultural technical missions, Taiwan has assisted many partners in developing their agricultural sectors and increasing farmers’ incomes. Between 2011 and 2014, for example, the Taiwan Technical Mission in Indonesia implemented the One Village, One Product Agribusiness Project, assisting in the development of agribusiness systems by providing guidance on the production of oranges and asparagus, and the operation of marketing organizations. This agricultural assistance combined with marketing, agricultural exhibitions and publicity activities helped develop Bangli Regency into a premium orange production area, and Badung Regency into a premium asparagus production area, thus improving local farmers’ incomes and wellbeing.

To demonstrate Taiwan’s agricultural soft power, and help New Southbound Policy partner countries replicate and expand upon Taiwan’s development experience and model, thus improving agricultural management and raising farmers’ incomes, the Council of Agriculture will enhance agricultural connections and cooperation with these countries through a flagship regional agricultural development program. The initiative will be implemented under a model that seeks to generate mutual benefits and win-win dividends.

To take rice production as an example, partner countries Myanmar, Thailand and Vietnam are three of the world’s major rice exporting countries. Rice is also a major product and staple food in many other partner countries where rice production techniques and facilities need improving. In Taiwan, only 200,000 hectares of farmland is available for rice production; however, cooperation between industry, government and research units has led to the commercial development of more than 100 rice species, while the implementation of a three-level rice germplasm system means that Taiwanese rice is of a purer and higher quality. In addition to enjoying the benefits of having established an industrial chain within its rice production sector—comprising unified rice seedling production procedures; mechanized harvesting; advanced pest control techniques; and excellent rice drying, storage and threshing facilities—Taiwan has cooperated with the International Rice Research Institute to nurture the long-term development of international human resources in the rice production sector, and already possesses significant experience in terms of implementing major agricultural cooperation projects in partner countries. Enhancing cooperation associated with the development of industrial chains within the rice production sectors of partner countries would create the mutually beneficial outcome of increasing exports of Taiwan’s production materials, equipment and resources, while helping these countries raise rice production and farmers’ incomes.

The regional agricultural development flagship program includes the following four major objectives:

1. Enhance agricultural cooperation with New Southbound Policy partner countries and promote the export of Taiwan’s agricultural materials, production supplies and technologies.
2. Strengthen agricultural human resources and bilateral technical exchanges, thus nurturing cross-border agricultural human resources.
3. Strengthen bilateral agricultural trade and investment relationships, and encourage (overseas) Taiwanese businesses to invest in agricultural industries in New Southbound Policy partner countries.
4. Enhance regional food security by facilitating the establishment of key production bases.

The COA has already drawn up 11 potential projects for cooperation with partner countries involving, inter alia, high-quality crop production systems; animal vaccines and feed additives; biological pesticides and microbial fertilizers; aquaculture; the introduction of livestock and poultry species; agricultural installations, including solar panels; seeds and seedling production; soil and water conservation; hill slope disaster prevention and irrigation technology; halal food; agricultural machinery; and agricultural fisheries and livestock produce and processed products. Working with foundations, international organizations, NGOs, universities, industrial entities, state-owned enterprises and government agencies to integrate private and public sector resources, the COA will strengthen agricultural cooperation with New Southbound Policy partner countries and promote regional agricultural development.
Taiwan operates a comprehensive medical system and public health and epidemic prevention network comparable to those of advanced nations, a highly developed pharmaceutical and medical equipment industry, and a world-famous national health insurance system. In recent years, the government has been making significant efforts to integrate Taiwan’s advanced ICT and medical management practices in such a way as to establish an electronic medical system that meets the needs of the 21st century. Thanks to its remarkable development, Taiwan’s average life expectancy was 80.2 years in 2015; the maternal mortality ratio was 11.7 deaths per 100,000 live births, and the infant mortality rate was 4.4 deaths per 1,000 live births. Such figures match or exceed standards in advanced nations.

With interaction increasing among the global community, medical and public health issues are already extending beyond national boundaries, and countries must work together to pursue regional or global solutions to such issues. Taiwan’s geographical position makes the country a perfect location for medical and health collaboration in the Asia-Pacific region. As a member of this community, Taiwan hopes to share its medical resources, experience and findings with partners throughout the region.

Taiwan plans to develop medicine and public health-related cooperation with New Southbound Policy partner countries under the framework of the New Southbound Policy, building on previous regional collaboration. In the future, we expect to further expand this medical and health collaboration and resource-sharing network with Southeast Asian and other partner countries through four channels: soft power connectivity; supply chain connectivity; regional market connectivity; and people-to-people connectivity. Taiwan will draw on its own development experience to work with these countries in improving such areas as personnel training, disease prevention, healthcare systems, pharmaceuticals and medical instruments.

Firstly, the program will aim to expand training programs for talented doctors, and seek to direct further resources toward capacity building in and for partner countries, with Taiwan providing training opportunities to physicians and medical personnel from these countries. As a result, New Southbound Policy partner countries will eventually be capable of meeting demand for trained medical professionals.

Secondly, the program will promote medicine and public health-related industrial supply chains by raising market connectivity in and among partner countries. Having placed medical testing, services, and research and development at the core of its supply chain, Taiwan can draw on its advanced medical technologies to establish horizontal alliances and establish stronger cooperative relations in terms of medicine and public health-related industrial clustering.

Overall, the program will facilitate collaboration, promote mutual understanding and standardize medical regulations. Forming partnerships and sharing experiences with partner nations with regards to regulatory harmonization, laboratory accreditation and standardized inspection techniques will promote Taiwan’s goal of sharing resources at a regional level.

Finally, it is likely that bilateral interaction between Taiwan and its partners will become more and more frequent as tourism, educational and cultural exchanges deepen links between the people of the region. More frequent interactions will inevitably trigger challenges in terms of cross-border or cross-district health concerns. Therefore, the program will facilitate the establishment of a regional epidemic prevention and control network, as well as protect the health and wellbeing of the people in New Southbound Policy partner countries by assisting their efforts to prevent and control dengue and tuberculosis.
Industrial Talent Development

The New Southbound Policy Flagship Program for Industrial Talent Development will target the cultivation of talent and vocational training to meet the needs of Taiwan, Southeast and South Asian nations, and Australia and New Zealand. It is hoped that a combination of short- and long-term talent cultivation and vocational training will enable Taiwan’s colleges and universities to establish substantial educational exchanges and communication with partner countries, thus deepening interaction, cementing alliances, establishing mutually beneficial approaches toward the shared cultivation of talent, and developing a shared vision for regional economic prosperity.

I. Cultivation of Talent and Vocational Training

1.1 Providing students with the resources and job placement services as required by students from New Southbound Policy partner countries for transnational employment and development: Students from these countries who are studying in Taiwan will be provided with customized curricula, degree programs, internship opportunities and job placement services in accordance with industrial development needs identified as part of the process of implementing the New Southbound Policy.

1.2 Providing students from partner countries with opportunities for short-term exchanges in Taiwan: The government subsidizes presemester language and foundation courses provided by colleges and universities, as well as joint and dual degree programs, summer school, and the Taiwan Experience Education Program, among others. This enables foreign students to experience Taiwanese culture, as well as benefit from Taiwan’s tertiary education and greater employment opportunities.

1.3 Assisting partner countries in cultivating technicians and high-level professionals: Taiwan will establish communication channels between vocational training organizations in Taiwan and partner countries. Taiwan will also send experts to these countries to provide technical support for the development of vocational training centers. Moreover, Taiwan will provide scholarships each year to 100 faculty members at colleges and universities in these countries in the hope they will pursue doctoral degrees in Taiwan. In addition, Taiwan will launch the Elite Study in Taiwan project, through which it will select scholars and high-level officials from partner countries to engage in advanced studies in Taiwan.

II. Enhancing awareness among Taiwanese students of partner countries and bilateral exchange mechanisms

2.1 Providing programs for the children of immigrants: Taiwan encourages children of immigrants to participate in such activities as returning to their roots and gaining international work experience. Taiwan will subsidize classes that have both an industrial and academic focus, and offer incentives to second-generation immigrants in terms of education, internships, and job placement services.

2.2 Developing expertise and an international perspective among Taiwanese students to facilitate the implementation of the New Southbound Policy: Taiwan will subsidize the cost of classes on culture, economics, and trade taken at foreign colleges, universities, and trade associations in the region to cultivate international trade talent. Taiwan will also launch a program to send 1,000 Taiwanese college and university students to partner countries each year to intern at enterprises Taiwan has invested in, as well as transnational corporations, to enhance their knowledge of these countries. They will be encouraged to get involved with local entrepreneurial teams and start-ups that relate to the New Southbound Policy.

2.3 Strengthening links between Taiwan and partner countries, and providing a bilateral platform for educational exchanges: Taiwan will implement the Taiwan Connection program, firmly establishing a bilateral platform for educational exchanges between academic institutions in Taiwan and their counterparts in partner countries. This will help forge deeper educational partnerships and multicultural links with these nations.
Industrial Innovation and Cooperation

The Flagship Program for Industrial Innovation and Cooperation is based on the Asian Silicon Valley, smart machinery, and green energy technology components of the Five Plus Two Innovative Industries Initiative that Taiwan is currently promoting. Its main content includes establishing Asia-Pacific industrial supply chain partnerships, promoting export system integration, providing assistance to small and medium enterprises, and boosting the image of Taiwan and its industries. The aim of the Four Major Innovation Sectors and Three Specific Strategies form the basis of the program is to promote the Five Plus Two Innovative Industries Initiative, while also strengthening industrial ties with New Southbound Policy partner nations, assisting them through industrial innovation and cooperation, and jointly developing a New Southbound Market to create mutual prosperity.

The Four Major Innovation Sectors include building Asia-Pacific industrial supply chain partnerships, advancing cooperation with partner countries to help bring about the Asian Silicon Valley, using smart machinery to build regional industrial supply chains, and creating an environmentally friendly Asia with green energy technology. The core idea is strengthening industrial links to boost bilateral relations between Taiwan and partner countries. Mutually beneficial partnerships with each nation will be established according to their different industrial strengths, Taiwan’s competitive industries, and local conditions. On the one hand, Taiwan seeks to facilitate the exchange of technologies, funding, and talent between itself and partner nations. On the other, Taiwan is looking to work with them on market testing and cooperation projects that leverage Taiwan’s industrial innovations and products to promote industrial upgrading in partner nations. The program seeks to establish long-term mutually beneficial partnerships in the areas of the Asian Silicon Valley, smart machinery, and green energy technology.

The Three Specific Strategies are focused on the needs of local people in partner nations and geared towards joint development of markets. As such, industrial collaboration must be planned in accordance with local market requirements. Areas that are ripe for innovation and system integration include solar power, smart cities, and green transportation, as well as such industries as the Internet of Things, catering, food, and kitchenware production. Taiwan is seeking to promote its national image in partner nations by allowing a deeper understanding of the country and instilling a sense of trust in Taiwanese products, services, and companies. Based on this premise, the flagship program puts forward Three Specific Strategies: system integration—turnkey projects; the New Southbound Policy for small and medium enterprises—establishing collaborative networks; and Taiwan’s image—innovative marketing and promotion.

Internally, the program has innovation and industrial upgrading at its core, while it is fueled externally by broad-ranging business opportunities and the expansion of domestic markets in partner countries. The desired outcome is to both stimulate and harness the enormous consumer markets in partner nations, as well as demand for innovative and creative industries, thereby ensuring the development and competitiveness of Taiwan’s economy, while also strengthening industrial supply chain partnerships with partner nations. This will inject momentum into the economies of all parties concerned, and bring about more mutually beneficial bilateral cooperation and long-term partnerships.
The New Southbound Policy Forum and Youth Exchange Platform

As a newly established platform for facilitating regional cooperation in the Asia-Pacific and promoting Taiwan’s New Southbound Policy, the inaugural “Yushan Forum: Asian Dialogue for Innovation and Progress” aims to unite the efforts of government agencies, nongovernmental groups, think tanks, and other institutions in Taiwan with regional connections. By exploring diverse areas of cooperation, the Yushan Forum aims to create multifaceted partnerships across the Asia-Pacific.

The forum is a newly launched annual event for regional dialogue that aims to promote the exchange of ideas, gathering of talent, and application of technology for innovation and progress across the Asia-Pacific. By bringing together prominent leaders, thinkers, organizers, and innovators from the region and beyond, the goal of the Yushan Forum is to foster initiatives for regional cooperation, particularly in cultivating human resources through increased connectivity.

As illustrated by its 2017 theme, “Fostering Economic and Social Connectivity with Southeast and South Asia,” the Yushan Forum aspires to cultivate multifaceted people-to-people ties across the region. The event will invite participants from the Asia-Pacific region and beyond.

The Yushan Forum envisions an era of progress in Asia based on innovation, creativity, and new links between people that encourage technological exploration, intellectual entrepreneurship, as well as enhanced social connectivity.

As an indicator of the wide range of cooperation the Yushan Forum hopes to facilitate, a diverse array of topics is covered by the forum’s six sessions, including the economy and trade, human resources, technological innovation, NGO engagement, think-tank cooperation, and youth leadership.

Located in Taiwan, Yushan—also known as Mount Jade or Tongku Saveq in the language of the local indigenous Bunun people—is the tallest summit in East Asia. With relative ease of access to the summit, Yushan is a symbol of Taiwanese aspirations for excellence, as well as their warm friendship towards people from surrounding nations.
The rapid development of cross-border e-commerce is an important driving force for the global economy and trade. The government’s New Southbound Policy aims to enhance collaboration, talent exchange, resource sharing, and regional integration between Taiwan and the economies of South and Southeast Asia, as well as Australia and New Zealand. The policy encourages cross-border e-commerce partnerships between Taiwanese businesses and local service providers, making high quality products from Taiwan available in each region and creating mutually beneficial outcomes.

The New Southbound Policy Prospective Areas—Cross-border e-Commerce Work Plan is being developed by the Ministry of Economic Affairs to further cross-border e-commerce partnerships between Taiwan and partner economies. The work plan involves three main components: market development, talent cultivation, and upgrading the e-commerce landscape. Businesses will be compelled to upgrade their corporate operations and develop positive brand images in order to exploit the broad range of demand in new markets.

The components are outlined below:

For market development, the central government sponsors an e-commerce portal called Taiwantrade to help Taiwan’s businesses link with e-commerce platforms of New Southbound Policy countries and other international e-commerce platforms. The e-commerce portal maintains an e-commerce service database to promote the operations of Taiwan’s businesses in these countries. Taiwantrade helps Taiwan’s SMEs set up industry cluster contact points, increases the exposure of Taiwan’s products, and uses big data analytics to enable precision marketing. Taiwantrade is expected to assist 25,000 businesses, generate at least US$530 million in business opportunities in the New Southbound market, and help Taiwanese businesses list more than 5,000 items on partner countries’ e-commerce platforms every year.

Regarding talent cultivation, Taiwan has launched several programs, including an industry-school joint internship to combine theory and practice, online and on-site courses to upgrade digital marketing skills, and an e-Commerce Forum to engage business operators from New Southbound Policy partner countries. Training courses to develop innovative e-commerce talents for at least 5,000 people will also be offered every year.

With respect to the upgrading of e-commerce infrastructure, Taiwan has developed a cross-border e-commerce online platform to provide information on laws and regulations in the New Southbound market. It also has commissioned lawyers and accountants to provide professional consultation services and assisted in eliminating trade barriers. In the future, we will consolidate domestic and cross-border e-commerce platforms. From 2017 to 2020, two overseas warehouses will be built in partner countries every year so as to shorten delivery times and reduce logistics costs for cross-border e-commerce operators.

Through e-commerce platforms in Taiwan and partner countries, the New Southbound Policy Prospective Areas—Cross-border e-Commerce Work Plan will continue to introduce Taiwan’s products to businesses and consumers in New Southbound Policy countries, helping businesses from home and abroad form closer ties in a cost-effective way.
Tourism: A New Market for Taiwan

Taiwan is “the hidden gem” of Asia, according to well-known travel writer David Code. “This is a hugely underrated gem of Asia, and any time you spend here will be richly rewarded.” Tourism is one of the best channels for bringing people closer together, and the Tourism Plan of the New Southbound Policy will give partner countries a better understanding of Taiwan’s history, natural environment, and hospitality.

In 2016, the Ministry of Transportation and Communications developed, under the Tourism Development Action Plan, a four-pronged strategy for attracting, guiding, and retaining tourists from New Southbound Policy partner countries, as well as encouraging repeat tourists. This action aims to boost Taiwan’s tourism industry and its peripheral industries, while enhancing the friendship, familiarity, and understanding between the people of partner countries and Taiwan. The program will serve as a solid foundation for the five NSP Flagship Projects.

The most direct way to make inroads in target tourism markets is for branches of the Tourism Bureau in these countries to introduce Taiwan locally. The Ministry of Transportation and Communications is preparing to establish an office in Bangkok in 2017 and is exploring a number of potential ways to spark interest in Taiwan.

The United Nations World Tourism Organization declared 2017 the International Year of Sustainable Tourism Development, and Taiwan declared it Ecotourism Year. Taiwan is rich in cultural and natural resources, with each area having a unique character. The public and private sectors have joined forces to launch programs promoting tourism throughout the country. Another plan aims at promoting Taiwan’s Hakka culture and ecotourism to ethnic Hakka in New Southbound Policy partner countries.

Meanwhile, international cruises with multiple stops and the Fly Cruise package provide other exciting ways to combine air and sea transportation when visiting Taiwan. The Tourism Bureau has also upgraded the Southeast Asian language versions of the Taiwan Tourism Information website and has made them more user-friendly. At the same time, travel agencies and academic institutions are working together to train more docents who speak Southeast Asian languages and professional tour guides in order to meet future tourism market demands.

Tourism from New Southbound Partner countries visiting Taiwan reached 1,789,000 in 2016, accounting for 17 percent of all visitors. Moreover, there were 1,103,000 such tourists in the first half of 2017, making up 22 percent of all tourists. Through the globalization, digitalization, localization, and sustainable development of the international tourism market, we estimate that 10 million tourists will visit Taiwan in 2020, and 25 percent (2.5 million) will be from New Southbound Policy partner countries.

For more information on tourism in Taiwan, please visit the following websites: http://eng.taiwan.net.tw/; http://www.taiwan.net.tw/th/; http://www.taiwan.net.tw/ms/; and http://www.taiwan.net.tw/vi/.

Infrastructure: A New Market for Taiwanese Industries

Several major infrastructure projects were launched in Taiwan in the late 1960s. Since then, a large number of important public works in such fields as transportation, green energy, construction, environment protection, and water conservation have been completed, contributing enormously to the country’s economy. These infrastructure projects continue to benefit the people and industries of Taiwan by preserving the beauty of the island, consolidating its economic foundation, and enhancing its international competitiveness.

To improve the lives of the people of Taiwan, the government continues to enhance infrastructure through innovative engineering and technology. For instance, the following has been completed in recent years: the Taiwan High Speed Rail, Hsuehshan Tunnel, Taipei 101, freeway electronic toll collection system, and Wuyang freeway-widening project. Taiwan, a signatory to the Agreement on Government Procurement of the World Trade Organization since 2009, is ready and willing to share its experience and expertise in international projects.

To foster mutually beneficial cooperation with New Southbound Policy partner countries, the government is promoting infrastructure construction cooperation and system integration services in five key areas—power plants, petrochemical plants, electronic toll collection systems, rail transport, and environmental engineering—based on Taiwan’s engineering achievements in recent years. In some cases, financing is available to countries constructing high-quality infrastructure through low-interest loans from Taiwanese suppliers.

For more information on Taiwan’s energy industry, please visit the following websites: http://www.taiwan.net.tw/; http://www.taiwan.net.tw/th/; http://www.taiwan.net.tw/vi/; and http://www.taiwan.net.tw/.

Petrochemical plants

Constantly striving towards better energy production and utilization, Taiwan actively seeks to reduce carbon emissions by investing in green energy and developing alternative energy resources such as thermal and hydroelectric power, pumped-storage hydropower, and wind energy. Taiwan’s energy industry has helped build solar power plants in many countries, including Indonesia, Malaysia, the Philippines, and Thailand.

Petrochemical plants in recent years, Taiwan’s petrochemical industry has used its mature technology knowhow to build oil refining petrochemical plants in Indonesia, Malaysia, Oman, and the United States.

Electronic toll collection systems

Taiwan has won three international awards for being the first nation to install a comprehensive electronic toll collection system on all national freeways, implement full conversion to electronic barrier-free toll collection, and construct an ETC-equipped roadway network covering 926 km. In 2015, this Taiwanese ETC system won the International Toll Collection Excellence Award in the United States. Vietnam has signed a related contract with the Taiwanese supplier, and memorandums of cooperation have been signed with Kazakhstan and Belarus.

Rail transport

With great experience in the construction and operation of high-speed rail and mass rapid transit systems, Taiwanese suppliers excel at rail engineering, especially with respect to planning and designing, mechanical and electrical system specifications, procurement strategies, contract management, and business operations. They have also taken part in subway construction in India, Malaysia, and Singapore, and served as consultants on MRT operation and ticket integration in Malaysian and Indonesian projects.

Environmental engineering

To ensure the sustainable use of land and the health of the people, Taiwan pays careful attention to achieving balanced economic growth and environmental sustainability with regard to incineration plants and soil and groundwater pollution control projects. Related Taiwanese enterprises have also participated in incineration plant projects in Indonesia.
Summary

According to international economic forecasts, countries Taiwan is partnering with under the New Southbound Policy should enjoy stable governments and robust economic performance in the foreseeable future, allowing their infrastructure development and markets to thrive. Their domestic developments will further shape the New Southbound Policy. With the flagship and prospective area projects, cooperation between Taiwan and these partner countries will be more focused and effective, thereby strengthening Taiwan’s relations with partner countries in a wide range of areas.

The government will continue to work with the private sector so as to consolidate and better utilize resources. By promoting mutual benefit and win-win scenarios, Taiwan aims to establish mutual trust and a sense of community throughout the region.