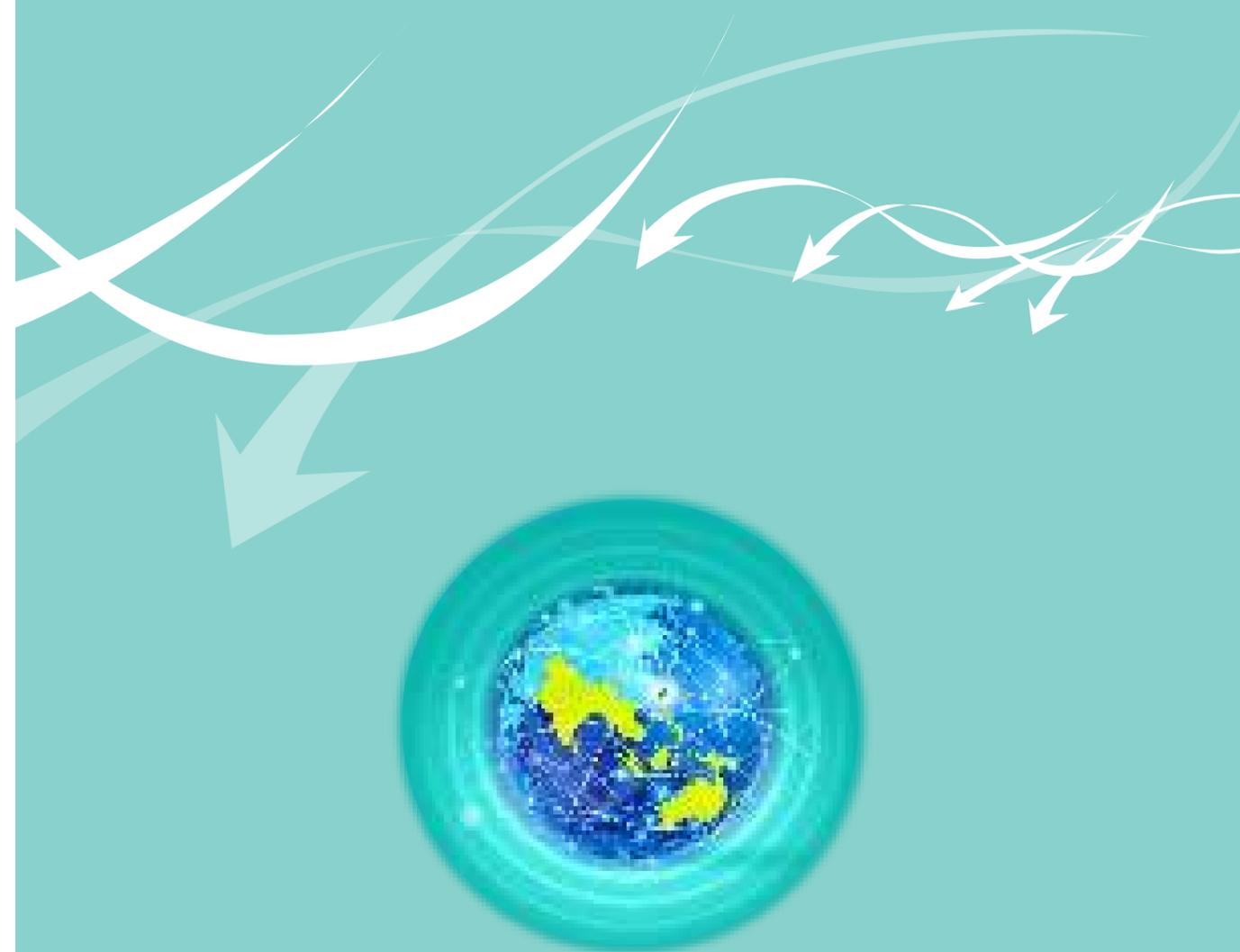




# PROGRESS & PROSPECT TAIWAN'S NEW SOUTHBOUND POLICY



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## Two years after the launch of the New Southbound Policy

— perspectives from businesses and embassies



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**Technology:** Taiwan’s strengths lie in its achievements in digitization, e-commerce, network infrastructure, and green energy, says Brian Eyler, director of the Stimson Center’s Southeast Asia program.

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**AUSTRALIA:** The New Southbound Policy signals Taiwan is “open for business,” Australian Representative Gary Cowan says, citing growing ties in the fields of energy, education, renewables and agriculture.

**INDIA:** New Delhi has expressed interest in increased Taiwanese investment, particularly in high-tech, and the two sides are cooperating in numerous fields including electronics, education, agriculture, gastronomy, industrial development, design and engineering, manufacturing, and research and development.

**INDONESIA:** With Indonesia’s middle class having grown to more than twice the entire population of Taiwan, business is booming in manufacturing, the Halal and creative industries, agricultural products, technology, green energy, tourism, steel, and education.

**MALAYSIA:** Taiwan and Malaysia are cooperating on trade, investment, education, tourism, agriculture, small and medium enterprise development, smart manufacturing, Industry 4.0, the Internet of Things and a circular economy, as well as applied research and professional training programs.

**PHILIPPINES:** Once only a minor trading partner, the Philippines has grown increasingly important to Taiwan. Two years into the implementation of the New Southbound Policy, the two nations have broadened cooperation in numerous areas, especially agriculture, education, and investment.

**SINGAPORE:** By far Taiwan’s largest trading partner among the 18 New Southbound Policy countries, Singapore stands to play a pivotal role as a gateway for Taiwanese enterprises into ASEAN and South Asian markets.

**THAILAND:** Thailand’s long history of trade with Taiwan means a large support network is already in place for Taiwanese looking to invest, and Taiwan has become the third-biggest investor in Thailand. The Thai 4.0 initiative, which focuses on value-based, high-tech and innovative industries, coincides with many of Taiwan’s economic initiatives.

**VIETNAM:** The New Southbound Policy has been very successful in the first two years of implementation, former Vietnamese representative Tran Duy Hai says. Taiwan could increase investment in high-end agriculture, high-tech electronics manufacturing, as well as public infrastructure and healthcare.

# Introduction

## OVERVIEW

With the US putting forth its Indo-Pacific Strategy and South Korea announcing its New Southern Policy, Minister Without Portfolio and Office of Trade Negotiations head John Deng (鄧振中) is even more convinced that Taiwan is heading in the right direction with its New Southbound Policy.

“Our strategy, goals and areas of interest overlap to a large extent” with those of the US, Deng says. “We’re fortunate that we initiated our policy two years ago, and that we shared the same concerns back then with many other countries.”





▲ President Tsai Ing-wen (蔡英文) meets 2014 Nobel Peace Prize laureate Kailash Satyarthi, left, on Oct. 11, 2018.



“

We are not only investing in our partners, we are also creating long-term partnerships that benefit this region today, and tomorrow. We have created and renewed cooperative ventures with the New Southbound countries.”

President Tsai Ing-wen

**Under the New Southbound Policy initiative** launched by President Tsai Ing-wen (蔡英文) in September 2016, Taiwan has been engaging in a wide range of deliberations with 18 countries in South and Southeast Asia, as well as New Zealand and Australia, promoting bilateral partnerships and exchanges of talent, capital, technology, culture and education. Taiwan has identified Indonesia, Malaysia, the Philippines, Thailand, Vietnam and India as priority nations — they were the six target countries when Taiwan sent medical teams to each destination in June 2018 with the goal of setting up a regional disease prevention network.

Taiwan has long enjoyed strong ties with Singapore, Taiwan’s top trading partner in the region, and has been looking to establish new partnerships with Australia, whose close relationship with the Association of Southeast Asian Nations (ASEAN) and recently announced foreign strategy oriented toward the Indo-Pacific converge with Taiwan’s interests.

The New Southbound Policy encompasses four main aspects: economic and trade collaboration, people-to-people exchanges, resource-sharing and the promotion of institutional links. The initiative does not seek to advance Taiwan’s geopolitical stature or influence, but intends for Taiwan to play a proactive role in the region through multifaceted cooperation, with mutual benefit and prosperity being key.

While many Taiwanese firms have tended to view ASEAN countries and South Asia as little more than manufacturing bases, the policy intends to build solid foundations for the long-term development of these Southeast Asian countries, Deng says. “We hope that they can truly feel Taiwan’s sincerity in this endeavour.”

The New Southbound Policy does not aim to compete with China’s One Belt One Road, which is focused on improving regional infrastructure; Taiwan’s projects are all about people and soft power, supporting tourism, education, health-care, technology, small and medium enterprises, and agriculture.

**IN**creased business opportunities are an immediately noticeable result of these efforts. Trade between Taiwan and the Southbound countries in the first six months of 2018 totalled US\$568.3 billion — an increase of 5.8 percent from the same period the previous year.

## ECONOMY AND TRADE

In January 2018, the Taiwanese government established the ministerial-level Southbound Policy Task Force, headed by Deng and comprised of deputy-minister-level officials. It is tasked with analysing and streamlining cross-ministerial efforts and works closely with a special panel formed by the National Security Council, which is in charge of developing strategic policy.

Currently, the two teams are focused on accelerating and improving policy implementation, as well as joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

“The New Southbound Policy is very clear in its goals, but it’s effective implementation that matters,” Deng says.

Increased business opportunities are an immediately noticeable result of these efforts. Trade between Taiwan and the Southbound countries in the first six months of 2018 totalled US\$568.3 billion — an increase of 5.8 percent from the same period the previous year. From January to July 2018, Taiwanese companies won bids for 20 construction projects in the 18 target countries — amounting to US\$809 million, a stark contrast to just four contracts in 2015. While investment has dipped overall, 2018 saw significant gains in the Malaysian, Indian and Vietnamese markets.

In December 2017, the government eased the threshold for small and medium enterprises applying for credit guarantees to raise investments in their overseas subsidiaries within the 18 target countries.

“

Only when we understand our neighbours can we consider being friends. And only then will we figure out what kind of cooperation is truly mutually beneficial to both sides.”

*Minister Without Portfolio and Office of Trade Negotiations head John Deng*

Taiwan and the Philippines have signed a new bilateral investment agreement (BIA), which came into effect in March 2018. While Taiwan has existing agreements with seven of the target countries, many are decades old and need to be updated to address current concerns and obstacles.

“The BIA we signed with the Philippines can serve as a template for future agreements with other Southbound Policy target countries,” Deng says.

Meanwhile, the Taiwan External Trade Development Council continues to help local firms develop a more profound understanding of the target nations and has been organizing trade shows both abroad and in Taiwan to showcase Taiwanese innovation and technology, such as the Taiwan Expo in Kuala Lumpur held in October 2018.

## SOFT POWER

Deng says that people have become accustomed to some of the changes in society that the New Southbound Policy has brought. The average Taiwanese college student doesn't bat an eye at the number of Southeast Asian students on campus, which continues to grow as the 2017-2018 school year saw an 26.9 percent increase in students from the New Southbound Policy target countries.

Meanwhile, the Ministry of Education is encouraging Taiwanese to study, work or volunteer in target countries, and also has a program helping the children of immigrants from these countries take advantage of their background. Exchanges on the vocational level are also taking place, as well as higher-level training for college instructors and government officials.

Tourism jumped 17 percent to a total of 1,288,904 visitors from the target countries in the first six months of 2018. The previous year, Southeast Asian companies applied for subsidies for a total of 20,659 employees to embark on tours of Taiwan, a 74.07 percent increase from 2016. This sector is enhanced with measures such as trial visa-free entry programs, cooperation with foreign airlines, setting up service centers in target countries and catering to different groups, such as promoting a Muslim-friendly travel environment.

However, some developments are less apparent to the public, Deng adds, citing medical and agricultural exchanges as examples. In 2018, the government launched the One Country, One Center program, tasking six Taiwanese hospitals with coordinating cooperation in Malaysia, Thailand, Vietnam, Indonesia, the Philippines and India. The centers will provide medical training for locals, host exchanges, and help establish culturally sensitive healthcare environments. They are also assessing local medical regulations and market opportunities.

“This will have long-term benefits to Taiwan's medical industry as well as to the quality of life of the people there,” Deng says.

Agricultural exchanges have also been plentiful. An early target of the New Southbound Policy was to export technology, improve the lives of farmers, and promote green and sustainable practices. This includes training local agricultural professionals and improving local infrastructure. Agricultural professionals from target countries have been invited to spend time in Taiwan, while Taiwanese aged 18 to 40 competed to become one of 30 “youth agricultural ambassadors” to visit Malaysia and Vietnam in August 2018.

In June 2018, Taiwan signed an agreement with Indonesia to establish an agricultural demonstration zone in Indonesia, where Taiwanese professionals will provide technical training to local farmers while helping with local collaboration and improving irrigation infrastructure. In return, Taiwan hopes to introduce its agricultural tools, advanced fertilizers and management techniques to the Indonesian market while improving business relations at government level. The first batch of Indonesian farmers visited Taiwan in November 2018.



▲ Minister Without Portfolio and Office of Trade Negotiations head John Deng (鄧振中).

## COOPERATION AND INNOVATION

For countries on a level of development similar to Taiwan's, a more cooperative approach is taken, as the two sides often have coinciding interests in the targeted region and hope to develop new channels of collaboration. This will further open up opportunities in other partner countries: Australia, for example, has historically been close to Indonesia, while Singapore and India in May 2018 announced plans for deeper bilateral economic ties, especially in innovation and digital connectivity.

Deng cites a 2017 project in which Taiwan introduced six lychee species to Australia in order to utilize the two countries' opposite seasons to grow the fruit year-round as an example of the kind of partnership that he would like to see more of. Exchanges among indigenous peoples are also encouraged.

Taiwan is on the list of 17 priority economies

under Australia's National Innovation and Science Agenda, with collaborations between small and medium Australian firms and Taiwan's Industrial Technology Research Institute.

Exchanges with Singapore include collaborations on regional medical disease-prevention networks, offshore wind farm technology and e-commerce platforms. Taiwanese products have a special section in the Singaporean branch of PChome Online Inc (網路家庭), as well as on Singaporean site Shopee, which also has a presence in Taiwan.

Deng stresses that the New Southbound Policy is a joint effort between the government and the public, and it all begins with willingness to understand each other.

“Only when we understand our neighbours can we consider being friends. And only then will we figure out what kind of cooperation is truly mutually beneficial to both sides,” he says. ■

# Success Stories in Four Sectors

## 1. SERVICES

With the announcement of its New Southbound Policy more than two years ago, the government signalled its dedication to helping businesses expand abroad. Whether they were already moving south or aspired to do so, companies have begun to see the results of this promise.

The figures alone are evidence of the policy's success: From January to August, trade with the 18 partner nations rose by 5.5 percent from a year earlier, according to the Executive Yuan's Office of Trade Negotiations.

However, the successes go beyond the bottom line — a key facet of the policy is its focus on long-term development and efforts to forge a sense of economic community, and government agencies have responded with an array of resources to achieve these goals.

Comprised of companies that combine people-to-people exchanges with economic cooperation, two of the policy's main strategies, the service industry has a central role to play in its success, but it faces an array of challenges.

Most Taiwanese businesses are small to medium-sized enterprises, which face stiff competition in markets dominated by large companies that control business channels and have well-developed branding, Lien Yung-chih (連勇智), former director-general of the Commerce Development Research Institute's Marketing and Consumer Behaviour Research Division, told International Community Radio Taipei.

To address these challenges, organizations and agencies are offering branding and networking services to companies looking to operate abroad.

One such program, the second-phase Branding Taiwan campaign by the Ministry of Economic Affairs' Industrial Development Bureau, collaborates with the institute and other groups to help outward-looking companies develop brands that could better appeal to global audiences. Since 2016, it has prioritized companies that are looking southward or are operating in a "five plus two" sector, according to its calls for submissions.

The "five plus two" industries refer to the development of an Asian Silicon Valley; smart machinery; green energy technology; biomedicine; and national defence, as well as new agricultural business models and a circular economy.

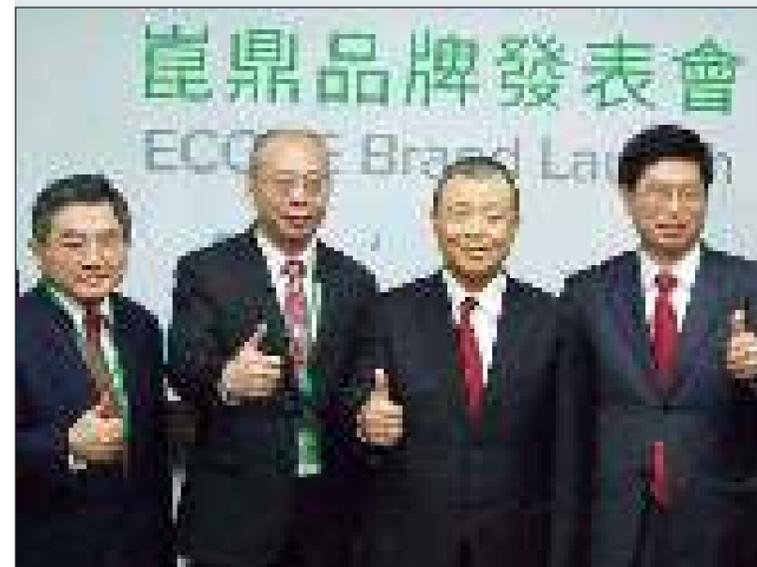
Few companies fit these criteria better than ECOVE Environment Corp (崑鼎). Formerly known as KD Holding Corp in English, a subsidiary of global engineering services provider CTCI Corp (中鼎工程), the environmental services provider has since 1999 become one of Taiwan's leaders in developing a circular economy, focusing on energy from waste (EfW), waste management, resource recovery, and solar power.

ECOVE operates seven EfW plants and two industrial and special waste treatment plants in Taiwan, and two EfW and one industrial and special waste treatment plant in Macau, in addition to offering consulting services in China, but it is also looking to expand its EfW business into Southbound countries.

"ECOVE has continuously followed EfW business development progress closely and has kept seeking EfW business opportunities in New Southbound countries," the company's sales department says.

It bid for the Singapore No. 6 EfW project and is involved in an EfW project in Kuala Lumpur, in addition to the consultation and technical services it provided for some small waste incinerators in Malaysia, Vietnam, and India.

"But awareness is still not enough in the global market. In order to expand international business, we decided to launch the ECOVE brand and renew the official Web site, uniform and service cars with the new corporate identity," ECOVE



▲ LEFT: ECOVE Environment Corp chairman J.J. Liao (廖俊喆), second left, has developed a rebranding strategy to attract attention in new markets. RIGHT: Vincent Liu (柳聖恩), third right, marketing director of Chen En Food Product Enterprise Co (承恩食品企業), attends the New Taipei City e-commerce summit in March 2018.

chairman J.J. Liao (廖俊喆) told a news conference last year.

In collaboration with the Branding Taiwan campaign, the company developed a comprehensive rebranding strategy.

"ECOVE now has more opportunities for brand strategy conduction and brand promotion, which is beneficial for ECOVE to build international channels and the expansion of brand business overseas," the department says.

Moreover, whenever a company attends an event overseas, the Taiwanese mission abroad will host a news conference to increase the company's exposure, it added.

Another barrier to entry into overseas markets, Lien points out, is the difficulty of entering markets as a small enterprise. Each of the Southbound markets is immense and it can be daunting to a firm that is unfamiliar with local rules and business cultures.

One of the policy's core functions is to define Taiwan's role in regional development, establishing the nation as "an innovator, a sharer and a provider of services."

As part of this effort, the government has proposed a NT\$1 billion budget for the economic ministry's Taiwan External Trade Development Council (TAITRA, 中華民國對外貿易發展協會) in 2019 to continue promoting business-to-business exchanges, organizing trade shows, establishing Southbound company networking associations, and helping businesses navigate overseas markets.

One of TAITRA's primary offerings is the Taiwan Expo, which brings the nation's services

and products to Southbound nations to showcase Taiwanese excellence and facilitate face-to-face exchanges. By assembling the best of Taiwanese industry in one place, with pavilions showcasing key innovations, the expo helps market Taiwan as an active partner in the region.

At the Taiwan Expo in Vietnam from July 26 to 28, 2018, 190 exhibitors participated, drawing 26,000 visitors for total potential business worth US\$98 million. Of the visitors, 99 percent said they liked the quality of the products and services exhibited, while 94 percent of exhibitors were satisfied with the business results, TAITRA figures show.

One of the segments showcased was the Taiwan Bubble Tea Pavilion, which included Chen En Food Product Enterprise Co (承恩食品企業), a provider of comprehensive bubble tea business services that helps aspirants start a drink shop, from menu planning and material procurement to business strategy.

Chen En already operates in Singapore, Malaysia, the Philippines, Indonesia, and Vietnam, but aims to become the exclusive agency that cooperates with bubble tea businesses in the region, marketing director Vincent Liu (柳聖恩) says. The firm has received subsidies from TAITRA to participate in overseas exhibitions, as well as information about Southbound policies and markets, and invitations to speak abroad, he says.

The pavilion, which also featured in the Taiwan Expo in Indonesia from March 29 to 31, 2018, introduced the TAITRA Bubble Tea Marketing Alliance certification to verify authentic Taiwanese products, as well as the slogan "Taiwan

# ONE

of the policy's core functions is to define Taiwan's role in regional development, establishing the nation as "an innovator, a sharer and a provider of services."

**IN** 2017, Taiwan secured 17 public projects in New Southbound policy partner nations with a combined bidding price of US\$25.2 billion, and in just the first seven months of this year won 20 more projects worth US\$25 billion, the *Taipei Times* reported.

Bubble Tea, Bubble Up Your Life” to bolster the drink’s identification as a Taiwanese product, according to a news release on TAITRA’s Taiwan-trade website.

“Taiwan promotes bubble tea as a way of food diplomacy, which also enhances bubble tea’s international image,” it adds.

Also present at the Taiwan Expos in India, Vietnam, Thailand, and Malaysia in 2018 was ECOVE, which joined the Taiwan Green Product Pavilion. These expos help to burnish Taiwan’s

## 2. TECHNOLOGY

“Indonesians have a much better impression of Taiwan than they do of China. There is no need [for Taiwanese businesses] to worry, because while China has quantity, Taiwan has quality.”

That is the response of Liu Chien-hsing (劉謙興), general manager of electronics manufacturer Trans Electric Co Ltd’s (大通電子) Indonesia division, when asked whether the New Southbound Policy can form a bulwark against the expansion of China’s One Belt One Road.

Trans Electric, which makes digital antennas and cameras for vehicles, has been operating in Indonesia for about five years, and has in that time won numerous Indonesian consumer product and business awards. Although its products cost three times as much as those of its Chinese competitors, they still sell impressively. While Chinese products flood the consumer market, Chinese companies generally do not provide after-sales services; Taiwanese firms, however, offer warranties and other after-sales services, Liu says.

Other Taiwanese firms, such as Acer Inc (宏碁) and Asustek Computer Inc (華碩), have been successful in Indonesia for the same reason.

image as a nation of talent and opportunity, as well as its unique culture, which it wishes to share with the world, the company says.

ECOVE is hoping to receive more government help to secure larger EfW public-private partnership tenders in Southbound nations.

To this end, the government has allocated NT\$500 million for official development assistance loans to targeted nations in 2019 to aid Taiwanese companies wishing to secure larger projects overseas. While not directly subsidizing businesses, the program has the potential to help make Taiwanese businesses more attractive to foreign governments as they bid for projects.

In 2017, Taiwan secured 17 public projects in New Southbound Policy partner nations with a combined bidding price of US\$25.2 billion, and in just the first seven months of 2018 won 20 more projects worth US\$25 billion, the *Taipei Times* reported.

In only two years, the immediate business benefits are apparent, but as the policy matures, it is the longer-term benefits that will have the greatest effect. Taiwan’s repositioning as a talented partner to ASEAN, South and Southeast Asian countries, Australia, and New Zealand will continue to broaden collaborations and ensure that Taiwan comes to mind first as a valued partner. ■

“The Taiwanese youth and businesspeople are more outstanding than those from China,” Liu says. “All they need to do is to step out [into ASEAN markets] and let ASEAN countries know how good Taiwan is. Don’t always run in the direction of China!”

Quality and a focus on services are helping Taiwan excel in its trade efforts in India and Southeast Asia. Its focus on services in particular are in line with where the region is headed, with its shift toward Industry 4.0, the trend of automation and data exchange in manufacturing technologies. It includes cyber-physical systems, the Internet of Things, cloud computing and cognitive computing — areas in which Taiwan excels.

Brian Eyler, director of the Stimson Center’s Southeast Asia program, says Taiwan’s strengths lie in its achievements in digitization, e-commerce, network infrastructure, and green energy.

The US — an important partner for Taiwan in the implementation of the New Southbound Policy — is looking to not only build basic infrastructure in Southeast Asia, but also to improve the region’s technological capabilities and equip-



▲ People compete in the final games of the Fifth Taiwan Excellence Gaming Cup organized by the Taiwan External Trade Development Council in Mumbai, India, on Oct. 20, 2018.

ment, help refine its legislation and environment, and improve its competitiveness, Eyler says.

The services industry will be the driving force for medium-term growth in ASEAN countries, especially financial technology (fintech), telecommunications systems, transportation, real estate, healthcare, and quality agriculture.

Investment in Vietnam has been focused on Ho Chi Minh City, Bình Dương Province, Đồng Nai Province and Ha Tinh Province, with the majority of small and medium-scale manufacturers concentrated in Bình Dương Province. Larger manufacturers and construction businesses tend to be concentrated in Ho Chi Minh City and Đồng Nai Province.

As southern Vietnam has become more saturated, Taiwanese businesses have been investing in areas around Hanoi in the north. Hon Hai Precision Industry Co (鴻海精密) and other major Taiwanese computer companies have been investing in northern Vietnam and have been a driving force in attracting other manufacturers.

Computer manufacturer Advantech Co, Ltd (研華科技) held an Industry 4.0 forum in Ho Chi Minh City in 2017 with Vietnamese systems integration company Techpro — the first large-scale forum of its kind in Vietnam. Advantech is taking a three-pronged approach to Vietnam: development of designated industries, local investment, and training of local talent.

Advantech CEO Ho Chun-sheng (何春盛) says

Vietnam became a key country in the company’s development strategy, not only to satisfy investors’ requirement to shift production capacity to Vietnam, but also to expand into the Vietnamese market.

Advantech is developing smart transportation, smart energy production, and smart manufacturing in Vietnam. It is cooperating with sales partner Techpro, which invested in Advantech’s first repair center in the country to provide complete services

“

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Trans Electric Co Ltd General Manager  
Liu Chien-hsing



▲ Acer Cyber Security Inc chairman Maverick Shih, center, general manager Rex Wu, right, and Information Service Industry Association of the Republic of China Director-General Yvonne Chiu attend a news conference in Taipei on Aug. 9, 2018, as the company was listed on the Emerging Stock Market.

to South Korean customers and forward investors. Advantech plans to equip Vietnamese with Industry 4.0 and sales skills.

"Taiwan can invest in producing computers, cellphones and electronic components in Vietnam," Representative to Vietnam Tran Duy Hai (陳維海) says. "Just look at Intel, which has invested US\$1 billion in Vietnam. So I hope there can be more high-tech Taiwanese companies investing in Vietnam... Because the Vietnamese youth are very intelligent, they can pick up skills very quickly."

Industry 4.0 was the focus of the Smart Asia forum held from Oct. 4 to 6, 2018, in Bangalore, India. It was attended by 32 Taiwanese computer companies including ICP DAS (泓格科技公司), D-Link Corp (友訊科技), Gigabyte Technology Co Ltd (技嘉), QNAP Systems Inc (威聯通科技), Acer and Asus. The exhibition largely focused on Internet of Things and other Industry 4.0 solutions, and showcased products for smart homes, offices and cities.

Data networking products manufacturer Edimax Technology Co, Ltd (訊舟科技股份有限公司) showcased its Service Message Block-based (SMB) solutions for helping small and medium enterprises build smart manufacturing environments, while AVer Information Inc (圓展) showcased videoconferencing solutions for multinational companies.

ICP DAS, Moxa Ltd (四零四) and Advantech demonstrated to attendees how collection and

analysis of data along the production line can help improve the manufacturing process by automatically adjusting equipment to maximise efficiency.

The Taiwan External Trade Development Council (TAITRA) sent 10 companies to attend the Fourth Smart Cities India 2018 Expo from May 23 to 25, 2018, in New Delhi. At the expo, QNAP presented cloud-based smart solutions, IEI Integration Corp (威強電工業) showcased its intelligent transportation system solutions, Elitegroup Computer Systems Co, Ltd (精英電腦) demonstrated its industrial energy-saving solutions, while Microprogram Co (微程式資訊) showed its intelligent payment and smart home solutions.

Thailand has been promoting large-scale investment and its Thailand 4.0 initiative, which aims to nurture an innovation-driven economy and developing Thailand's eastern seaboard, known as the Eastern Economic Corridor. Appreciation of the Thai baht against the US dollar is forcing Thai industry to speed up automation and to look for foreign investment partners.

In July 2018, Information Service Industry Association of the Republic of China Director-General Yvonne Chiu (邱月香) led 12 Taiwanese information services companies to attend a symposium in Bangkok.

Chiu also chairs the World Information Technology and Services Alliance (WITSA). Member companies, including Tatung System Technologies Inc (大同世界科技), Sunnet Technology Corp (旭聯科技) and Shinewave (翔威國際), met with Representative to Thailand Tung Chen-yuan (童振源) and Thai Minister of Digital Economy and Society Dr. Pichet Durongkaveroj to discuss opportunities for expansion of the technology industry in Thailand and cooperation between the two countries.

The trade mission focused on smart cities, smart manufacturing, and smart information security, especially investment in the Eastern Economic Corridor, support for Thailand 4.0, and investment in a smart city at the Amata Nakorn Industrial Estate, which is based on eight smart services for the city: energy conservation, transportation, communities, the environment, education, factories, aviation, and research and development.

Amata currently operates two large industrial parks in Thailand — Chonburi Province's Amata Nakorn Industrial Estate, and Rayong Province's Amata City. Together they house 730 enterprises employing 180,000 workers. A Taiwan area will be established in the park, with plans for cooperation with Taiwanese information and communications technology companies. ■

### 3. HEALTHCARE

One of the New Southbound Policy's five flagship projects is geared toward promoting medical and public health cooperation as well as the development of industrial links with the partner countries.

The project aims to leverage the soft power of Taiwan's medical expertise and foster stronger ties with partner countries by expanding bilateral and regional collaboration, such as offering professional training programs, bolstering medicine and health-related industrial supply chains, building a regional disease prevention network, and working toward regulatory harmonization, laboratory accreditation and standardized inspection techniques.

Taiwan is internationally recognized for its impressive record in public health and disease control, having an affordable and universal healthcare system, and its prompt and high-quality medical services, including 15 Joint Commission International-accredited hospitals.

The Ministry of Health and Welfare on June 1, 2018, established the Health and Welfare New Southbound Policy Project Office as part of the Chung-Hua Institution for Economic Research (中華經濟研究院) to help coordinate implementation of the policy, and launched a one-year One Country, One Center program.

In the initial stage of the program, six Taiwanese hospitals are tasked with each forming a medical team to integrate local medical resources and extend healthcare cooperation with one of six New Southbound Policy partner countries — Malaysia, Thailand, Vietnam, Indonesia, the Philippines, and India.

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Ministry of Health and Welfare International Cooperation Office Technical Superintendent Hsu Min-huei (許明暉) says the New Southbound Policy provides a comprehensive framework that integrates abundant resources from different fields, relying on coordinated teamwork across the public and private sectors to ensure the best long-term outcomes.

If the project is viewed as a ball game, Hsu says, then the government plays the role of cheerleader, although it does step in to help negotiate better cooperation platforms when needed. But the real players are companies in the private sector, including hospitals and healthcare industries.

At a conference on the New Southbound Policy, healthcare cooperation and industrial chain development held in Taipei on Oct. 15, 2018,

### ONE COUNTRY, ONE CENTER

Six Taiwanese hospitals are tasked with each coordinating cooperation in one of six priority countries to provide medical training, host exchanges, nurture culturally sensitive healthcare environments, and assess local medical regulations and market opportunities:

National Taiwan University Hospital (國立臺灣大學醫學院附設醫院) — **Indonesia**

National Cheng Kung University Hospital (成大醫院) — **India**

Changhua Christian Hospital (彰化基督教醫院) — **Thailand**

Changhua Show Chwan Memorial Hospital (彰化秀傳醫院) — **Malaysia**

Hualien Tzu Chi Hospital (花蓮慈濟醫院) — **The Philippines**

Taipei Veterans General Hospital-National Yang-Ming University (臺北榮民總醫院-國立陽明大學) — **Vietnam**

**WHILE** a goal of training at least 119 healthcare professionals from New Southbound Policy partner countries was set for 2018, the hospitals and universities had already trained 148 professionals by the end of September 2018.

Hsu said many of the One Country, One Center program's goals have already been achieved — the hospitals have launched medical training programs, are offering health consultation services for overseas Taiwanese, and are studying local medical regulations and markets to customize feasible cooperation models and identify business opportunities in each country.

Hsu says that while a country like India, the world's largest provider of generic medicines, might have little need to import pharmaceuticals from Taiwan, each country has different requirements, which might include medical and pharmaceutical products, telemedical services, advanced training, developing medical tourism, or assistance in setting up a health insurance system or smart healthcare administration.

While a goal of training at least 119 healthcare professionals from Southbound partner countries was set for 2018, the hospitals and universities had already trained 148 professionals by the end of September 2018.



Another goal that has been surpassed is that of fostering connections between at least 18 Taiwanese health-related companies and hospitals in partner countries: 25 companies had made connections by the end of September.

With the goal of creating culturally sensitive medical environments, several hospitals have established Muslim or multifaith prayer rooms, specialized outpatient clinics with qualified translators and multilingual signs for new immigrants or patients from abroad.

The program's industrial development aspect aims to boost Taiwanese exports of pharmaceutical and medical products. The goal is to achieve annual growth of at least 20 percent in exports of synthetic bone graft substitutes and dental materials, and double the output value from foreign patients who seek healthcare services in Taiwan.

A total of 17 medical centers and large regional hospitals from across Taiwan came together on June 26, 2018, and established the New Southbound Market Healthcare Union to promote healthcare exchanges, personnel training, patient referrals and exports of medical products with partner countries, under the facilitation of the Taiwan External Trade Development Council (TAITRA).

TAITRA Executive President Walter Yeh (葉明水) says the Ministry of Health and Welfare's records show that 305,600 patients from other countries received medical care in Taiwan, which represents tenfold growth from a decade before, and among them 33.17 percent are from South-east Asian countries.

Shih Chung-liang (石崇良), director-general of the Ministry of Health and Welfare's Department of Medical Affairs, says that in addition to having the six hospitals coordinating resources and promoting cooperation in each country, reinforcement from other hospitals is needed, and the ministry has been working on easing medical regulations to expedite healthcare interactions with the partner countries.

The ministry in May 2018 implemented a regulation allowing diagnosis and treatment through telemedicine, enabling patients in New Southbound Policy countries to have medical consultations with healthcare practitioners in Taiwan by means of telecommunications technology.

In addition to approving six types of cell therapy in Taiwan in September, restrictions were eased to allow foreign healthcare practitioners

◀ Professor Yuyun Yueniwati of Brawijaya University Medical School signs an MOU with National Taiwan University Hospital's Yunlin Branch in July 2018.



▲ TAITRA Executive President Walter Yeh (葉明水), front, fourth left, and Shih Chung-liang (石崇良), director-general of the Ministry of Health and Welfare's Department of Medical Affairs, fifth left, host a press conference to announce the establishment of the New Southbound Market Healthcare Union on June 25, 2018.

attending training programs at teaching hospitals in Taiwan to attend to patients under certain conditions.

Hsu says healthcare practitioners who received training in Taiwan have helped lay a foundation for cooperation between Taiwan and their home countries, and international humanitarian assistance and volunteer medical missions provided by Taiwanese healthcare facilities contributed to sustaining ties.

As an example, Hsu cites Changhua Christian Hospital (CCH). It has for many years cultivated a close relationship with Taiwanese businesspeople in Vietnam, who regularly undergo health exams at the hospital when they return to Taiwan and can receive follow-up treatment at the hospital's collaborative partner in Vietnam, the University of Medicine and Pharmacy in Ho Chi Minh City.

CCH also assisted Shing Mark Enterprise Co Ltd, founded by a Taiwanese businessman in Vietnam, in establishing the University Medical Shing Mark Hospital in Đồng Nai Province in 2013, and has stationed medical and management teams at the hospital since 2017.

During a series of anti-China protests in Vietnam in 2014, CCH established a window to assist Taiwanese businesspeople seeking emergency medical treatment and trauma consultation, and performed reconstructive surgery for free on a manager who was seriously injured in a riot.

In March 2018, the Taipei Economic and Cul-

tural Office in Thailand and the Ministry of Health and Welfare launched the online Taiwan-Thailand Medical and Healthcare Exchange Service Platform to introduce 11 Taiwanese healthcare facilities to people in Thailand, and created a chat group consisting of more than 100 contact windows of hospitals, medical universities and health-related businesses in the two nations.

Taipei Economic and Cultural Office in Thailand Representative Tung Chen-yuan (童振源) led a group of Taiwanese businesspeople and Thai journalists to experience CCH's executive health check-up, in which one participant was found to have a serious vascular occlusion. The visit saved his life.

CCH says Taiwanese businesspeople working abroad often find it difficult to seek medical attention due to language barriers, but now they can undergo check-ups when they return to Taiwan and continue to receive follow-ups at local hospitals through telemedicine.

Commissioned by the Ministry of Health and Welfare's Centers for Disease Control, National Taiwan University Hospital in August 2018 established Taiwan's first New Southbound Personnel Health Service Center, which specializes in comprehensive services including health check-ups, infectious disease consultation and vaccination, chronic disease care and a hotline service for people planning to visit New Southbound Policy partner countries. ■

## 4. CONSUMER PRODUCTS

K.K. Orchard (瓜瓜園), a farm-to-store sweet potato enterprise, is looking at a 20 percent increase in profits in 2018 — but its ambitions do not stop there. In June, the company broke ground on a US\$700 million sweet potato factory in Tainan, which is to become Taiwan's largest when it is completed in 2019. Its target? The Southeast Asian market.

While K.K. Orchard had been exporting produce to Singapore for more than 10 years, its expansion into the rest of the region had been slow due to unfamiliarity with market needs, marketing director Carey Chen (陳慶玲) says.

Two years ago, the company set up a department focusing on the region that interacted with clients, and business in the region has since expanded to the Philippines, Singapore, Malaysia, and Thailand.

"We started to actively interact with clients in the region regarding sales channels and con-

sumer preferences, and this has opened up more opportunities," Chen says.

As consumer spending power continues to boom in Southeast Asia, the consumer goods market is becoming increasingly important. However, Taiwanese exports to Southeast Asia are still mostly dominated by industrial materials. A China Information Credit Services study released in 2018 mostly included consumer goods industries in its list of 13 industries that have an advantage in Southeast Asia, especially household appliances and products, recreational equipment, furniture, audio/video equipment, food, and fashion.

"In the near future, consumer goods and services will be the market segments offering the most potential for rapid growth in this region, which should benefit Taiwan's innovative, flexible SMEs [small and medium enterprises], helping them to establish a foothold in these markets," the Small and Medium Enterprise Administration said in February 2018.

TAITRA regularly organizes expos and exchanges between Taiwan and New Southbound Policy partner countries that aim to increase awareness of Taiwan and its products and technology. The main event is the Taiwan Expo, which is held annually in the six priority countries of India, Indonesia, Malaysia, the Philippines, Thailand, and Vietnam.

K.K. Orchard has been an eager participant, and it was one of 19 food companies to present its wares in Manila in October 2017. The event was fruitful, with 148 local businesses attending and an estimated US\$1.25 million worth of business opportunities conducted. K.K. Orchard in particular received large orders from two major

▼ The Taiwan Halal Center showcases food products that have received Halal certification at the Taiwan Expo in Malaysia on Oct. 26, 2018.

“

In the near future, consumer goods and services will be the market segments offering the most potential for rapid growth in this region, which should benefit Taiwan's innovative, flexible SMEs [small and medium enterprises], helping them to establish a foothold in these markets.”

*Small and Medium Enterprise Administration*



▲ Visitors attend a three-day fair organized by the Taiwan External Trade Development Council to promote Taiwanese products in Bangkok, Thailand, on Aug. 31, 2018.

Philippine supermarkets.

Consumer goods tend to do well at these expos. At an event in Thailand that concluded on Sept. 1, 2018, Tokuyo Biotech Co (督洋生技) received enough orders for its massage chairs to fill an entire shipping container, while attendees rushed to clear the expo's inventory of dried meat, sweets and nanotech underwear.

Eco-friendly products have also been a hit at these shows. Immediately after the 2017 Taiwan Expo in Indonesia, the Green Trade Project Office brought several Taiwanese companies to the Indonesia International Green Technology and Eco-Friendly Products Exhibition, highlighting Taiwan's ability to transform waste into clothing, glassware, and other consumer products.

EcoMax Textile Co (富勝紡織), which specializes in turning PET bottles into fabrics, attended both events and found that its scarves and other wrap-type fashion items were popular with Indonesia's female Muslim population. The event's success inspired company president Ko Han-che (柯漢哲) to personally attend the 2017 Taiwan Expo in Vietnam, where he was further encouraged by local enthusiasm for his products. One buyer even offered to provide land for Ko to build a factory in Vietnam. While EcoMax has yet to cash in big on its Southbound efforts, it has received continued interest from Southeast Asian countries ever since.

Tapping into the Halal market is also extremely lucrative. While K.K. Orchard already has Halal certification, Chen says it plans to ramp up its efforts in the sector in the next few years.

The potential of Halal markets should not

be overlooked, as a Grand View Research report predicts that the global Halal food and beverage market will grow from US\$436.8 billion in 2016 to US\$739.59 billion by 2025, with the Asia-Pacific region as the top consumer in 2016. Within the region, Indonesia and Malaysia accounted for more than 55 percent of the total demand.

TAITRA compares Halal certification to an "entry ticket" into Indonesia and Malaysia, and established the Taiwan Halal Center in April 2017 to help Taiwanese firms with the certification process. Since then, the number of Halal-certified Taiwanese companies has grown from about 300 to more than 800 as of March 2018, and TAITRA predicts the number will exceed 1,000 by the end of 2018. The majority of these are food companies, followed by beauty product manufacturers.

One of the beneficiaries is Tai Ping Yang Food Factory (太平洋食品廠), which specializes in fermented bean curd. Ever since it received Halal certification, its sales numbers in Southeast Asia have grown by about 20 percent annually.

E-commerce collaborations have also helped Taiwanese companies reach Southeast Asian consumers. In August 2018, TAITRA partnered with Taiwan's largest online shopping site, PChome Online Inc (網路家庭), to set up a "Knock Knock Taiwan" speciality section on the company's Thai website, with items ranging from selfie sticks to inflatable neck pillows and sporting equipment. Free shipping was provided for the first two months.

This came on the heels of similar partnerships with Vietnam's second-largest e-commerce site, Tiki, in April 2018, and Indonesia's Bilibili in June 2017. ■



# Country Profiles





▲ Australian Representative to Taiwan Gary Cowan.



# AUSTRALIA



Taiwan is really looking out and is more open to countries in its region... I've noticed this year the government is very open to feedback on how it can improve the environment. I think business, international business, notices that, including Australian business."

Australian Representative to Taiwan Gary Cowan

**The main benefit of the New Southbound Policy** is that it signals that Taiwan is "open for business," Australian Representative to Taiwan Gary Cowan says, emphasizing advances in energy, educational and interpersonal ties between the two nations.

Taiwan's policy dovetails with the Australian government's Foreign Policy White Paper and its focus on the Indo-Pacific region, Cowan says.

The white paper, published on Nov. 23, 2017, states Canberra's commitment to lifting "the ambition of our engagement with major Indo-Pacific democracies" via bilateral and small-scale multilateral engagement, converging with the New Southbound Policy's emphasis on bilateral and people-to-people exchanges. In particular, Australia and Taiwan have an opportunity to keep growing their already close energy ties, with a focus on coal, natural gas and renewables, Cowan says.

Australia is Taiwan's biggest supplier of energy — especially of traditional fuels, such as coal — but Taiwan is planning an enormous transition, he says, referring to the government's plan to make Taiwan nuclear-free by 2025.

"We want to be there every step of the way," he says, mentioning Taiwan's development of high-efficiency coal-fired power stations. "They are a very impressive technology and our coal suits those kinds of stations."

Australia is also eager to help with Taiwan's increasing interest in natural gas, he says, adding that the small amount it was supplying would increase in 2018, for the first time under a long-term contract.

As for renewables, the government has selected Sydney-based Macquarie Capital Ltd to build Taiwan's first two offshore wind farms by 2020, and hopes to cooperate more on wind and solar energy.

Macquarie in 2016 signed a letter of intent with the Ministry of Economic Affairs to invest NT\$25 billion in the offshore projects, and considers the government's green energy policy the "biggest business opportunity in Asia," company chairman John Walker told the Central News Agency at the time.

"We've been Taiwan's biggest energy supplier and we'd like to stay there across all those platforms," Cowan says.

Another area that has seen significant advances is education, with Australia second only to the US as a destination for Taiwanese studying abroad or participating in vocational programs, in addition to the 22,000 young Taiwanese per year who come to Australia on its working holiday program.

Australia is pleased to participate in the Taiwan-Asia Exchange Foundation, which was set up on Aug. 8, 2018, with the goal of deepening interpersonal links, as well as promoting exchanges between educational institutions and think tanks, Cowan adds.

The number of Australian students going to Taiwan has increased, aided by programs such as the New Colombo Plan, which is sending 150 students in 2018 alone.

Considering the increasing number of Taiwanese studying in Australia, Cowan says he would like to see more science and research links that develop into deeper business innovation cooperation, as many talented Taiwanese do in the US after they complete tertiary degrees there.

"For a lot of things, we're in the top 10 for each other or just outside the top 10, but in re-



▲ Bank of Taiwan opens its Sydney branch in February 2018.

search links we're much, much lower, so it's an area we should definitely improve on," he says.

In agriculture, the number of products being made available in each market is slowly but steadily increasing. A bellwether of potential cooperation in this industry is a lychee production agreement between Taiwan and Queensland State signed in 2016. The first batch of high-quality Taiwanese lychee trees has gone through a year-long quarantine and is being planted in Queensland.

If everything goes well, there are other projects in the pipeline, Cowan says.

At government level, a number of bilateral agreements were signed in 2018, according to the Executive Yuan's Office of Trade Negotiations. On Sept. 18, Taipei and Canberra signed an agreement to mutually recognize authorized economic operators, which are to enjoy preferential treatment when passing customs at the border, while on June 5, the two sides signed a customs agreement to crack down on drug smuggling, and to broaden customs cooperation, the office says.

However, the best thing about the New Southbound Policy is the idea, rather than the specifics, Cowan says.

"Taiwan is really looking out and is more open to countries in its region," he says. "I've noticed this year the government is very open to feedback on how it can improve the environment. I think business, international business, notices that, including Australian business." ■



# INDIA



**HIGH-TECH** is not the only sector where Madhusudhanan feels investment is needed. India has a large agricultural sector and the country is adept at producing organic food products, but has abundant room for growth in the area of food processing. Taiwan and India signed an MOU in 2016 on cooperation in agriculture, and Taiwanese investment in food processing and food packaging in India creates great opportunities to sell food products in India's immense market, and to export them to other countries.

**Taiwanese exports to India** — worth approximately US\$3 billion in 2008 — more than doubled to US\$6.3 billion by the end of 2017. Currently, there are 90 Taiwanese companies with operations in India, but New Delhi has expressed interest in seeing increased Taiwanese investment, particularly in the high-tech industries.

Some of the major Taiwanese computer companies that already have a presence in India are Hon Hai Precision Industry Co (鴻海精密), also known as Foxconn Technology Group (富士康科技集團), Sanyang Industry Co (三陽工業), Gigabyte Technology Co Ltd (技嘉), Delta Electronics Inc (台達電), and D-Link Corp (友訊科技). Hon Hai has said that it will invest more in the country and open new production facilities there.

A new trade office opened by the Taiwan External Trade Development Council (TAITRA) in New Delhi in May 2018 — the council's fourth trade office in India — speaks to the expectations for trade growth between the two countries since the implementation of the New Southbound Policy two years ago. The new office held



▲ Indian Representative to Taiwan Sridharan Madhusudhanan.

the Taiwan Expo — the first such expo to be held in India — from May 17 to 19, 2018, where about 100 Taiwanese companies from different industries showcased their technologies and sought to establish business partnerships.

TAITRA and the India Trade Promotion Organisation (ITPO) agreed in the same month to hold talks in Taipei in October, and the two sides agreed to cooperate at upcoming events in both countries, including Taitronics, Computex and Food Taipei held in Taiwan, and the Smart Asia show that was held in October 2018 in Bangalore, India.

Representative to India Tien Chung-kwang (田中光) and Indian Representative to Taiwan Sridharan Madhusudhanan signed a memorandum of understanding (MOU) on Dec. 14, 2017, through which they hope to improve cooperation in areas including design and engineering, product manufacturing, research and development, and post-sales services. The two sides said they hope to develop business parks to facilitate industrial development, and that they will exchange ideas on trade regulations.

Just prior to the MOU, 21 agreements were signed on Oct. 21, 2017, between several major businesses and associations from the two countries at the Taiwan-India Industrial Collaboration Summit in Taipei.

Madhusudhanan says India's advantage lies in its large population — the average age of which is 29 — and has said that the country's rapid economic growth in recent years shows that its

young population has money it wants to spend. India expects a need for US\$400 billion worth of electronics over the next 10 years, of which only one-quarter can be produced by Indian companies, he says.

Taiwan has a good opportunity to fill this gap, but it needs to increase its investment in India to do that.

"India's economy is like an evening banquet that has already started," Madhusudhanan says, adding that Japan, the US and other countries already have large operations in India. "Taiwan has to catch up with the banquet," he says.

High-tech is not the only sector where Madhusudhanan feels investment is needed. India has a large agricultural sector and the country is adept at producing organic food products, but has abundant room for growth in the area of food processing. Taiwan and India signed an MOU in 2016 on cooperation in agriculture, and Taiwanese investment in food processing and food packaging in India creates great opportunities to sell food products in India's immense market, and to export them to other countries.

Under Indian Prime Minister Narendra Modi's Make in India, Digital India and Skill India initiatives, companies are encouraged to have their products manufactured in India by skilled Indian workers. Many of the country's states are providing tax exemptions and other initiatives to encourage businesses to set up there, and Madhusudhanan says Taiwanese concerns about linguistic and cultural differences are ill-founded and unnecessary. Each of India's states has a population equivalent to that of an entire country, and a foreign company operating there need only focus on their own industry and on the state where they plan to operate, he says.

"India is like a highway: When you're driving you don't worry about the whole map, you focus on your lane," he says.



▲ Chief Minister of Karnataka H.D. Kumaraswamy, right, and TAITRA Chairman James Huang (黃志芳) attend the opening ceremony of the Smart Asia India Expo and Summit in Bangalore in October 2018.

For Taiwanese companies setting up in India there are many lanes to choose from. TAITRA Chairman James Huang (黃志芳) says a 15 to 16 percent increase in bilateral trade is targeted for 2018. The two countries have also long been mulling a free-trade agreement, and, aside from high-tech products and agriculture, the two countries are expected to increase cooperation in areas such as electric vehicles and medical equipment.

The Executive Yuan's Office of Trade Negotiations has said Taiwanese firms are confronting higher production and management costs in China, as well as more regulations amid a clampdown on air pollution by the Chinese authorities. Combined with favourable conditions provided by the New Southbound Policy, India's various initiatives could motivate companies to move production to India.

As Taiwan already sells large numbers of precision tools and mobile phone microprocessors to India, it would make sense to manufacture these products there, reducing distribution costs and tariffs. India has close to 1 billion mobile phone users, one-quarter of which are smartphone users — a number that Madhusudhanan says is expected to increase as the number of Indians with disposable incomes increases.

India imported US\$21 billion worth of precision instruments from China in 2017, compared with only US\$626 million from Taiwan, but Taiwanese products offer greater precision, and Indian companies are being encouraged to diversify their suppliers.

Taiwan should also seek to attract more Indian university students by ensuring better access to scholarships and more post-graduation employment opportunities, Madhusudhanan says.

These students would be an invaluable resource for Taiwanese companies, as they speak fluent Chinese and are familiar with Taiwanese culture, making them highly adaptable to the work environment in Taiwan. Companies could also send them abroad to take advantage of their English language abilities and international outlook, he says. At the same time, India can be promoted as a study destination for Taiwanese students, allowing them to take advantage of the country's advanced knowledge of science and technology and to learn about Indian business practices.

The two countries are also cooperating in less conventional areas, such as the maintenance of mountain railways on Taiwan's Alishan and in India's Himalayas.

Madhusudhanan, who enjoys visiting Taiwan's temples and translating pre-modern Chinese poetry into his native Hindi, says the two countries have more in common culturally than one might expect. ■



# INDONESIA



**WITH** the Indonesian government's launch of the Making Indonesia 4.0 roadmap in April 2018, which focuses on technology, innovation and sustainability, opportunities for Taiwan are set to increase.



▲ Indonesian Representative to Taiwan Didi Sumedi.

Taiwan is a “pillar of the commercial world,” Indonesia’s former representative to Taiwan Robert James Bintaryo said at the Indonesia Investment Business Forum in Taichung in July 2018.

Taiwanese investment in Indonesia jumped by 166 percent in 2017. Totalling US\$397 million, this investment includes 530 projects, of which 78.9 percent are in the manufacturing sector. Among the prominent players is Lealea Enterprise Co (力麗), a textiles manufacturer which spent US\$50 million building a dyeing factory in Bandung.

Trade between the two countries has also grown, rising by 15 percent in 2017 to US\$8 billion. The inaugural Taiwan Expo in 2016 contributed to the increase, with almost US\$200 million worth of business negotiated and 184 partnerships discussed — many involving the Halal industry.

Indonesians comprise the majority of migrant workers in Taiwan at 38 percent, totalling 261,000 as of May 2018. However, during the business forum, Jakarta-Taiwan Entrepreneur Association director Lisa Lee told the audience not to mistake Indonesia for an undeveloped country, noting that Indonesia’s middle class, numbering 50 million people, has reached 20 percent of the

◀ The Taiwan Excellence Batik Fashion Show in Jakarta in March 2017 demonstrates the success of TAITRA’s collaboration with Indonesian designer Ivan Gunawan.

population, which is more than twice the entire population of Taiwan.

Representative Didi Sumedi replaced Bintaryo in late August 2018. Less than a month after taking office, he met with Taiwan’s Vice Minister of Economic Affairs Wang Mei-hua (王美花) to discuss a variety of topics ranging from bilateral cooperation in the sugar and water industries to importing Indonesian mangosteens to Taiwan — which began in October 2018.

They also discussed the director-level Taiwan-Indonesia Joint Commission of Trade and Investment, which held its fourth meeting in Bali in March 2018. During this meeting, the two sides discussed the prospects of signing an economic cooperation agreement and updating their existing bilateral investment agreement to reflect current concerns. Also on the agenda was Taiwan providing professional training to Indonesia in international services, negotiations and machinery.

The third Taiwan Expo took place in Jakarta the day after the commission summit, attracting 21,000 people and generating US\$638 million worth of business — three times that of 2016’s event. The most popular items were Halal foods and green energy products — Xing Tai Guang Technology Co, Ltd (興台光科技有限公司), a green lighting company, sold out the inventory it had brought to the event and engaged in collaboration discussions with a number of Indonesian companies.

During the expo, the Taiwan External Trade Development Council (TAITRA) signed a cooperation agreement with the Indonesian Chamber of Commerce and Industry (KADIN), whose Taiwan committee chairman, S.D. Darmono, expressed hopes of setting up Taiwanese cultural or trade centers in Indonesia, even suggesting creating a “Taiwantown” in the suburbs of Jakarta.

Meanwhile, delegates from eight Taiwanese banks visited Indonesia’s Financial Services Authority to survey the prospects of opening branches there.

Other major trade events of 2018 included the Taiwan-Indonesia Industrial Cooperation Summit in August, where six memorandums of understanding were signed, including a collaboration agreement between Binus University and Taiwan’s Industrial Technology Research Institute. Other items included Taiwan providing professional training in food production and creative industries, as well as collaborations on shipbuilding and smart traffic systems.

The summit led to a more specialized forum in September 2018 — the Taiwan-Indonesia Steel Dialogue. A Food Dialogue is planned for 2019, with biotechnology as one of the focuses.

A total of 6,453 Indonesians pursued further education in Taiwan in 2017, an increase of more than 1,000 people from 2016. Taiwan granted 72 full scholarships to Indonesian master’s or doctoral students and Mandarin learners. The program targeted universities across Indonesia to attract students from beyond Java, where the vast majority of Indonesian students in Taiwan have come from.

Tourism continues to grow steadily. For the first eight months of 2018, the number of Indonesian visitors to Taiwan increased by over 7 percent compared with the same period in 2017.

In June 2018, Taiwan launched the One Country, One Center program, tasking six Taiwanese hospitals each with coordinating cooperation in one of the New Southbound Policy’s six priority countries. National Taiwan University Hospital (NTUH) already had existing relationships with three Indonesian hospitals, and exchanges began right away. On July 10, 2018, students from the University of Brawijaya visited NTUH to meet local students and discuss a wide range of specialties. A month later, a delegation from Taiwan visited Universitas Airlangga, the top school in East Java.

In June 2018, the Taiwanese government signed an agreement with Indonesia to establish an agricultural demonstration zone in Indonesia, where Taiwanese professionals will provide technical training to local farmers while fostering local collaboration and improving irrigation infrastructure. In return, Taiwan hopes to introduce its agricultural tools, advanced fertilizers and management techniques to the Indonesian market while improving business relations at government level. The first delegation of Indonesian farmers visited Taiwan in November 2018.

With the Indonesian government’s launch of the Making Indonesia 4.0 roadmap in April 2018, which focuses on technology, innovation and sustainability, opportunities for Taiwan are set to increase.

The Indonesia Economic and Trade Office to Taipei has visited many Taiwanese technology companies, universities and R&D institutions to discuss how their expertise can fit into Indonesia 4.0.

Trade office Chief of Protocol and Consular Affairs Nugroho Priyo Pratomo advises Taiwan to export its technology by setting up a production base and research center in Indonesia, adding that the Indonesian government is planning to offer subsidies, funding and other incentives for companies committed to helping implement Indonesia 4.0. ■



▲ Malaysian Investment Development Authority (MIDA) Taipei Director Nurullydia Ahmad, center.

# MALAYSIA



**WHILE** Malaysia and Taiwan have not signed a free-trade agreement, the countries can still deepen collaboration through the Malaysia and Taiwan Economic Cooperation Committee (MTECC) platform, and there is great potential for Taiwanese companies to tap into Malaysia's biotechnology, e-commerce and Halal industries.

Malaysia, with a population of over 32.4 million from multiple ethnic groups, is one of the world's most open economies and has for many years recognized the importance of international trade and relations.

With a per capita income of over US\$10,620 in 2017, Malaysia is the third-wealthiest nation in Southeast Asia, and its level of economic development drives domestic demand for better products and services. It became Taiwan's seventh-largest trading partner in 2017 as bilateral

trade grew 24.6 percent to a record US\$17.5 billion, while Taiwan is the fourth-largest foreign investor in Malaysia, with accumulated foreign direct investment exceeding US\$12.4 billion since the 1990s. There are currently over 1,700 Taiwanese companies operating in Malaysia, in industries ranging from petrochemicals, food and machinery to electronics.

Malaysian Friendship and Trade Center President Datuk Pung Shuk Ken Adeline said in a speech on bilateral relations in April 2018 that while Taiwan previously focused on direct investments in Southeast Asia, the New Southbound Policy encompasses more aspects, including cultural and talent exchanges.

Malaysia is already the largest source of students from New Southbound Policy partner countries in Taiwan, and the policy has made more government-funded scholarships available.

According to the Ministry of Education, the number of Malaysian students in Taiwan has been increasing steadily, growing from 16,051 students in 2016 to 17,079 in 2017, which makes Malaysia the second-largest source of international students in Taiwan. Over 60,000 Malaysian students have graduated from universities in Taiwan, and many have started businesses after returning home, playing essential roles in promoting bilateral trade.

The Malaysian Investment Development Authority (MIDA) and Taiwan's Industrial Technology Research Institute (ITRI) signed a memorandum of understanding in May 2018 to facilitate and promote economic cooperation on trade, investment and small and medium enterprise development, particularly in smart manufacturing, Industry 4.0, the Internet of Things and a circular economy.

The MIDA and ITRI are cooperating on applied research and professional training programs, as well as encouraging collaboration between industry and research bodies.

Datuk praises Taiwan's healthcare quality and charitable organizations, such as the Tzu Chi Foundation, which has a branch in Malaysia that provides medical care, education grants, disaster relief, and financial support to the underprivileged.

Under the New Southbound Policy and guided by the Ministry of Health and Welfare's One Country, One Center program, Taiwan's Chang Bing Show Chwan Memorial Hospital was in 2018 appointed to form a medical team to lay the groundwork for boosting cooperation on healthcare institutions, academia and health-related industries. Chang Bing Show Chwan Memorial Hospital has helped train nearly 100 surgical specialists from Malaysia and ASEAN countries in 2018.

MIDA Taipei Director Nurullydia Ahmad says Malaysia offers tax incentives for foreign investment in high-technology industries, and welcomes Taiwanese investment in biotechnology, medical technology and hospital administration.

She says Malaysia will expand cooperation with Chang Bing Show Chwan Memorial Hospital to provide one-stop healthcare services for Taiwanese businesspeople in Malaysia, and MIDA will assist Taiwanese medical device companies to tap into the supply chains of Malaysia's healthcare facilities.

Datuk says that while Malaysia and Taiwan have not signed a free-trade agreement, the countries can still deepen collaboration through the Malaysia and Taiwan Economic Cooperation Committee (MTECC) platform, and there is great potential for Taiwanese companies to tap into Malaysia's biotechnology, e-commerce and Halal industries.

Taiwan's Taoyuan and Malaysia's Kota Kinabalu, home to the country's second-largest international airport, have potential for development cooperation, Datuk says, while some of Taiwan's Aboriginal groups and some Malaysian ethnic groups speak Austronesian languages, which can form the basis of further cultural exchanges.

Malaysia is the leading global Halal hub, with an annual export value of Halal products worth US\$10.9 billion in 2017, and the local Halal industry contributed approximately 7.5 percent to the nation's GDP.

The Taiwan External Trade Development Council (TAITRA) held the first Taiwan Expo in Kuala Lumpur in November, 2017, featuring a Taiwan Halal Pavilion. It showcased over 5,000 innovative and high-quality products from 164 Taiwanese companies and attracted more than 20,000 visitors over three days.

TAITRA, with support from the Ministry of Economic Affairs, opened the Taiwan Halal Center in Taipei City in April 2018 to assist local businesses in gaining Halal certification and expanding export opportunities to tap into the global Halal market and create a Muslim-friendly environment locally.

Taiwan's Council of Agriculture, meanwhile, formed a team of eight Halal-certified Taiwanese agriculture and food manufacturing companies to join the Malaysia International Halal Showcase in Kuala Lumpur in April 2018, where the team showcased products from 36 companies.

In the annual MasterCard-CrescentRating Global Muslim Travel Index released in April 2018, Taiwan moved up in ranking to fifth-best destination for Muslim travellers outside the Organization of Islamic Cooperation (OIC) destinations in Asia.

The largest intercollegiate e-sports tournament in Malaysia to date — Taiwan Excellence Intercollege Battleground 2018 (TEIB) — launched in April 2018 with 10 qualifier tournaments from 10 universities in six cities across Malaysia. The tournament showcases outstanding Taiwanese gaming products and industries, with big Taiwanese companies being major sponsors.

Malaysia was Taiwan's sixth-largest source of international visitors in 2017 — and the largest source among ASEAN countries. The number of Malaysian visitors to Taiwan reached 528,019 in 2017, up 11.3 percent from 474,420 in 2016, while the number of Taiwanese visitors to Malaysia grew by 10.7 percent, from 300,860 in 2016 to 332,927 in 2017.

Council of Agriculture Minister Lin Tsung-hsien (林聰賢) led a delegation to Johor Province in March 2018, visiting animal feed and fertilizer companies and learning about the requirements for Halal poultry meat production.

State-run Taiwan Fertilizer Co (台肥) has cooperated with a large Malaysian fertilizer retailer to establish a vegetable supply and marketing system that can help drum up business for Taiwanese agricultural companies in Malaysia, while the Taiwan Agricultural Research Institute and National Chiayi University signed an MOU with Malaysia's Southern University College to collaborate in an agriculture project in Johor Province and the Cameron Highlands District.

Taipei Economic and Cultural Office in Malaysia Representative Anne Hung (洪慧珠) said at Taiwan's National Day Reception in Kuala Lumpur in October 2018 that Taiwan has strong "soft power," such as its world-renowned high-quality healthcare, and as Taiwan pushes forward the New Southbound Policy, it hopes to strengthen ties with Malaysia in fields including trade, investment, culture, education, and tourism. ■



▲ Malaysia Blockchain Association president Rayson Wong, left, signed an MOU with Yu Wan-ju (余婉如), a Taiwanese legislator who represents Taiwan's General Chamber of Commerce.



Under the framework of the New Southbound policy, cooperation has gone very smoothly.”

Manila Economic and Cultural Office (MECO)  
Representative Angelito Tan Banayo.

# PHILIPPINES



▲ Manila Economic and Cultural Office (MECO) Representative Angelito Tan Banayo.

Once only a minor economic trading partner, the Philippines has grown increasingly important to Taiwan as a result of the New Southbound Policy.

“Under the framework of the New Southbound policy, cooperation has gone very smoothly,” Manila Economic and Cultural Office (MECO) Representative Angelito Tan Banayo says.

In 2016, Taiwan invested US\$32.82 million in the Philippines, making it the country’s 12th-largest source of foreign investment for the year. In 2017, that number jumped to US\$210 million, making Taiwan the Philippines’ second-largest investor behind Japan. While in the past Taiwan looked mostly to the US, Europe and East Asia for economic partnerships, the time has come for Taiwan to look to the south, Banayo says.

Two years into the implementation of the policy, the two nations have broadened cooperation in numerous areas, especially agriculture, education, and investment.

With business opportunities flourishing in the Philippines, the two nations renewed a bilateral investment agreement on Dec. 7, 2017, and Taiwanese officials have been assiduously engaging investors in conventions and trade fairs.

Taiwan Expo 2017, held in Manila, created US\$58 million in business opportunities for Taiwanese investors in the Philippines in areas including motor vehicles, sanitary facilities, textiles,

electronics manufacturing, agriculture, and finance.

From Aug. 16 to 18, 2018, several major Taiwanese computer companies including Asustek Computer Inc (華碩), Acer Inc (宏碁), and BenQ Corp (明基電通) attended the Systems Integration Philippines convention in Manila, where they showcased products and expressed an interest in working with Philippine partners on telecom systems and other high-tech products.

On Sept. 4, Pharma Philippines 2018 and Dental Philippines 2018 were held at the SMX Convention Center in Manila, where Taiwanese industry specialists interacted with colleagues from Germany, Belgium, South Korea, the US and elsewhere. Organizers said the medical device market in the Philippines was forecast to grow over the next few years, citing a compound annual growth rate of 8.14 percent. Currently the Philippines relies heavily on foreign imports due to underdevelopment of its domestic medical device industry. Most of the imported products are medical consumables, much of which come from Belgium and China.

Given that the medical industry is one area where Taiwan excels, the importance President Tsai Ing-wen (蔡英文) has placed on biotechnology and biomedicine offers a wealth of opportunities for Taiwanese medical companies.

The Ministry of Health and Welfare, in partnership with Hualien’s Tzu Chi Hospital, is engaged in a cooperative project with Philippine medical professionals to share Taiwan’s experience with the National Health Insurance System and medical personnel training.

Philippine companies have also participated in conventions in Taiwan, such as SEMICON Taiwan 2018, the premier event in Taipei for microelectronics manufacturing. The event was held in the Nangang Exhibition Center in September, and featured a booth set up by the Philippine Trade and Investment Center in Taipei (PTIC-Taipei) and MECO’s Commercial Affairs Section. The Philippines hopes to act as a conduit for Taiwanese electronics firms to enter ASEAN markets, PTIC-Taipei says. The Philippines has a number of electronics companies that specialize in the areas of design, assembly and testing that were represented by the country’s SEMICON delegation.

Another big convention for the year is International Metalworking Philippines 2018 — a packaging summit held in Manila on Nov. 12 and 13. Taiwan’s Representative to the Philippines Michael Hsu (徐佩勇) was invited to attend the convention’s opening ceremony.

With the food and beverage industry being one of the biggest contributors to the Philippine economy, making up about half of its manufacturing sector and contributing 24 percent of the country’s GDP, food packaging forms a large part of the country’s economy, and is growing by roughly 10 percent annually. Given the environmental impact of this packaging, the Philippine government has expressed goals of improving plastic recycling in the country, and aims for 40 percent recovery and recycling of its disposable packaging by 2022.

Demand is also expected to increase for biodegradable and eco-friendly materials and solutions, and plastic-recycling machinery. This is an area where Taiwanese and Philippine packaging industries share a common goal.

Both Banayo and Tsai have placed particular emphasis on the agricultural sector, and both sides are seeking to establish an agricultural pilot zone in the Philippines. Taiwanese will assist with farming techniques in the pilot area, helping local farmers plant high-value crops, which can be sold in Taiwan or the Philippines. The government has already successfully implemented a similar model in Indonesia, and it expects the Philippine pilot zone to be launched before the end of 2018.

Banayo says it is crucial that more Filipino youth become interested in farming to prevent a food security crisis. Through the pilot zone and other efforts to improve farmers’ incomes, he



▲ National Sun Yat-sen University sent its first teaching delegation to the Philippines in 2017. The broadening ties between the two countries have generated educational opportunities.

hopes this can be achieved. He says that aside from introducing Taiwanese farming skills and technology into the Philippines and improving the quality of agriculture there, he hopes the country can learn from Taiwan’s agricultural management experience, to improve the income of Philippine farmers.

Mindanao provides excellent growing conditions, and is one of the areas being considered for the pilot zone. The Davao Agri-Trade Expo was held on the island from Sept. 20 to 22, 2018, and several Taiwanese farming equipment manufacturers attended.

The broadening ties between the two countries have also generated educational opportunities. The Philippine Science High School System will now offer Chinese-language classes, which will be taught by teachers from Taiwan. Banayo says Chinese-language education is important and he hopes graduating students will come to Taiwan to attend university, where they can enter science or engineering programs. Compared with other developed countries like the US, Singapore and Australia, the tuition in Taiwan is very reasonable, he says.

The increase in investment in the Philippines has been facilitated by major Taiwanese banks establishing branches in Manila, including Yuanta Commercial Bank (元大銀行), CTBC Bank Co (中國信託銀行), Taiwan Cooperative Bank (合庫銀行), Mega International Commercial Bank (兆豐銀行), First Commercial Bank (第一銀行), Cathay United Bank Co (國泰世華銀行), Chang Hwa Bank (彰化銀行), and Hua Nan Commercial Bank (華南銀行).

Ultimately, Banayo hopes to see the Philippines’ middle class grow in size, and he believes that more investment from Taiwan to help establish more small and medium enterprises in the Philippines offers a way to do this. ■



▲ The 14th joint meeting between the Singapore Business Federation (SBF) and the Chinese International Economic Cooperation Association (CIECA) brought together about 180 business leaders from Singapore and Taiwan in January 2018. Taiwanese Representative to Singapore Francis Liang (梁國新), second right, front row, also attended the conference.

# SINGAPORE



**THIS** business-friendliness can make it preferable over less costly locations for companies looking south, and in 2017, as in 2016, Singapore was the top destination for Taiwanese investment in the ASEAN region, with Taiwan's digital and electronics industries leading the charge.

Taiwan and Singapore are close partners, and the two countries' friendly relations predate even Singaporean independence. Taiwanese Representative to Singapore Francis Liang (梁國新) told an audience of thousands at the 2018 Double Ten National Day celebration in the city-state.

That relationship only deepened with the signing of the 2014 ASTEP free-trade agreement between the two countries, the first such treaty for Taiwan, Liang said.

Now, Singapore stands to play a pivotal role in the New Southbound Policy, as an essential gateway for Taiwanese enterprises looking to venture into ASEAN and South Asian markets.

Singapore is by far Taiwan's largest trading partner among the 18 countries targeted by the New Southbound Policy. Singapore is Taiwan's sixth-largest trading partner and fifth-largest export market, with trade between both sides reaching US\$26.3 billion in 2017, according to Ministry of Finance data, followed at a distance by Malaysia at US\$17.6 billion, with Singapore both Taiwan's main export and import partner in the group, and electronics, machinery and electric components dominating in both directions.

In the first eight months of 2018, Singapore maintained its position as the main export destination for Taiwanese industries, while imports from the city-state fell to third place, with US\$16.8 billion in bilateral trade in the year through August. Taiwan has a sizeable export surplus with Singapore, with shipments to the Lion City almost twice the value of imports over the period.

However, in Singapore's case, trade tells only part of the story. Integration between the two sides runs deep. Since First Commercial Bank (第一銀行) opened its first branch in Singapore in 1977, many peers have followed and more than 14 Taiwanese financial institutions now operate in the Singaporean market.

Apart from its central position in ASEAN, Taiwanese firms setting up bases in Singapore benefit from the ease and protection provided by trade and investment agreements between ASEAN members, or between Singapore and New Southbound Policy nations, including India and Sri Lanka, as well as close financial and transport links, helping to overcome some of the difficulties that companies still face when operating out of Taiwan.

Meanwhile, a Taiwanese biotechnology firm using Singapore as its Southeast Asian point of entry can count on a strong protection regime for sensitive technology and intellectual property rights, as well as a stable legal framework, providing peace of mind as local champions explore new horizons.

This business-friendliness can make it preferable over less costly locations for companies looking south, and in 2017, as in 2016, Singapore was the top destination for Taiwanese investment in the ASEAN region, with Taiwan's digital and electronics industries leading the charge.

Investment also flows to Taiwan from Singapore, with US\$138 million in inward investment approved by the Investment Commission in 2017, and 2018 likely to match that, with US\$71 million approved by the end of September. That means Singaporean investments made up 61 percent of flows from the 18 New Southbound Policy countries in 2017.

Some investments have been in response to Taiwan's National New Energy Program to build a regional base for offshore wind farm development and renewable energy in Taiwan.

In July, Singapore's PACC Offshore Holdings Ltd (POSH) announced a joint venture with Taiwan's Kerry TJ Logistics Co (嘉里大榮物流) with the aim of providing a "one-stop shop" for marine services related to wind farm construction, operation and maintenance, including transporta-

tion of turbines. POSH Kerry Renewables signed a memorandum of understanding with Taiwan's Swancor Holding Co Ltd (上緯) and Macquarie Capital, which have won a tender to develop some of Taiwan's first turbines.

Efforts to step up trade in services and people-to-people exchanges are also gaining steam. With 5.6 million residents, Singapore is a relatively small but wealthy market for tourism, which shows in the numbers: In 2017, the city's residents made more than 425,000 visits to Taiwan, a new record high.

The Ministry of Transportation and Communications says Singapore was one of the main drivers of tourism growth in 2017, with a 39 percent increase. Taiwanese reciprocated with about 400,000 visits to Singapore. New cruise departures offer more Singaporean travellers the opportunity to reach the Port of Kaohsiung by sea, and direct flights between the Taiwanese harbour city and Singapore create even more options.

In the education field, the Ministry of Education aims to attract foreign high-level officials and lecturers to Taiwan for advanced study through the Elite Study in Taiwan Project, relying on coordinated recruitment efforts, a single platform for applications and increased domestic cooperation between institutes of higher learning.

Technical colleges are offering short-term training courses for students from Southbound partner nations, combining about one-third theory and two-thirds practice with the aim of building lasting connections between 200 yearly participants and Taiwan. In an example of cooperation, China University of Science and Technology in Taipei has teamed up with Singaporean partners to offer six-week aviation mechanics and aviation electronics courses to Southeast Asian professionals.

Meanwhile, Taiwanese producers are selling their consumer products far beyond the nation's borders in cooperation with retail platforms in New Southbound Policy economies. Singapore's Shopee, which has expanded in Taiwan through Shopee Taiwan Co Ltd (樂購蝦皮), sells Taiwanese products and specialities in its home market via its "Taiwan House" platform, while PChome Online Inc (網路家庭) has also set up a Singaporean branch.

Taiwan's ties with Singapore are as close as they are diverse, and the relationship benefits from a long history of cooperation. However, with the New Southbound Policy, these ties have acquired new meaning. As Taiwan seeks closer interaction with Singapore's regional partners, the city-state itself features more prominently than ever on the Taiwanese map. ■



▲ Thailand's Representative to Taiwan Thongchai Chasawath.



# THAILAND



Although we have a long history of trade with Taiwan, the average Thai person is still unfamiliar with Taiwan and its technology... These types of events give us a broad view of what Taiwan offers that Thailand can use."

*Thailand's Representative to Taiwan  
Thongchai Chasawath*

According to Thailand's Representative to Taiwan, Thongchai Chasawath, the biggest event in 2018 as far as the New Southbound Policy is concerned was the first-ever Taiwan Expo.

Held from Aug. 30 to Sept. 1 at the Bangkok International Trade and Exhibition Center,

the event showcased Taiwanese products from 210 companies, ranging from dried pork to massage chairs and nanotechnology clothing. About US\$110 million worth of business was conducted on site, with attendees forging new connections for future trade.

Taiwan's Tokuyo Biotech Co (督洋生技), for example, received enough export orders to fill an entire shipping container, and announced its intentions to open a branch office in Thailand, while three Thai technology companies expressed interest in setting up shop in Taiwan. A number of schools brought their students to the expo as well.

Chasawath says the Taiwan Expo is a great foundation and the next step is to host industry-specific expos from Taiwan. Two weeks after the expo, he led a group of Taiwanese businesspeople and a trade delegation to Thailand for follow-up meetings.

"Although we have a long history of trade with Taiwan, the average Thai person is still unfamiliar with Taiwan and its technology," Chasawath says. "These types of events give us a broad view of what Taiwan offers that Thailand can use."

Chasawath says it is this long history that sets Thailand apart from the other five New South-

bound Policy initial priority countries — Indonesia, Vietnam, India, Malaysia and the Philippines. Taiwanese have been investing in Thailand since the late 1950s, and today there are over 5,000 Taiwanese firms in Thailand and about 150,000 expatriates or second-generation Taiwanese.

While Taiwan was Thailand's top investor in the 1990s, it fell to seventh or eighth place in recent years. However, Chasawath says proof of the New Southbound Policy working is that Taiwan has climbed back to third place, just after Japan and Singapore.

He explains that Japanese firms are well-known in Thailand, because many of them are prominent conglomerates, while most Taiwanese businesses are small and medium enterprises that don't advertise much.

"Taiwan has contributed much to Thailand's economic development, but its public profile has always been rather quiet," Chasawath says.

A large support network is already in place for Taiwanese looking to invest in Thailand, he says, adding that Thai society is generally very accepting of foreigners.

Other avenues of promoting Taiwanese products include e-commerce: In May 2018, the Taiwan External Trade Development Council (TAITRA) partnered with e-commerce giant PChome Online Inc (網路家庭) in launching a marketing campaign for Taiwanese goods on the company's Thai website, with free shipping for a limited time.

The Thai 4.0 initiative, which focuses on value-based, high-tech and innovative industries, coincides with many of Taiwan's economic initiatives, and the opening up of Thailand's Eastern Economic Corridor in February 2018 should open up even more investment and collaboration opportunities for Taiwan.

In August 2018, Thai Deputy Prime Minister Somkid Jatusripitak met with an executive of Hon Hai Precision Industry Co (鴻海精密) and invited the company to invest in the Eastern Economic Corridor, promising to give them priority.

Two years before, Taiwan had launched a one-year test period (later extended to two) to allow citizens of Thailand and Brunei 30 days visa-free travel and eased restrictions for a number of other countries, which was estimated to bring in NT\$13 billion in tourism.

Taiwan's Representative to Thailand, Tung Chen-yuan (童振源), says allowing visa-free travel is meant to boost tourism to Taiwan, and the numbers indicate success, with a more than 80



▲ Taiwan's Representative to Thailand Tung Chen-yuan (童振源), left, promotes tourism to Taiwan at the 4th Taiwan One More Time Expo in Bangkok in 2018.

percent increase in Thai visitors in 2017.

Chasawath says Taiwan's agriculture and medical technology especially can benefit Thailand. Exchanges in these fields don't just include trade, but also involve resources and expertise sharing, as the New Southbound Policy is focused on soft power.

In June 2018, the Taiwanese government launched the One Country, One Center program, tasking six Taiwanese hospitals each with coordinating cooperation in one of the New Southbound Policy's six priority countries. The centers will provide medical training for locals, host exchanges, help to establish culturally sensitive healthcare environments, and assess local medical regulations and market opportunities.

Changhua Christian Hospital (CCH) is opening the center in Thailand. In June 2018, hospital superintendent Lee Kuo-wei and representatives from four Taiwanese medical technology companies visited Thailand, surveying available medical resources and seeking avenues of collaboration.

CCH signed memorandums of understanding with RSU International Hospital and the Bangkok Christian Hospital to establish sister relationships, which include academic exchanges and educational opportunities as well as collaborations in medical technology and personnel training. CCH can share its expertise in process management, systems integration and universal healthcare, while Thailand can teach Taiwan about medical tourism. In addition, CCH's know-how concerning smart and green hospitals will help its sister hospitals, which are both planning to construct new buildings.

Soft diplomacy is the best route between Taiwan and Thailand, Chasawath says, noting that more opportunities lie ahead as the Eastern Economic Corridor develops. ■



# VIETNAM

## TRAN

Duy Hai, former director of the Vietnam Economic and Cultural Office in Taipei, says he considers the New Southbound Policy “very successful” in the first two years of implementation and hopes Taiwan can increase investment in high-end agriculture, high-tech electronics manufacturing, as well as public infrastructure and healthcare.

▲ Vietjet Air offers 52 direct flights every week connecting Taiwan’s Taipei, Taichung, Kaohsiung and Tainan with Vietnam’s Ho Chi Minh City and Hanoi.

Taiwanese investment in Vietnam goes back over two decades, starting when the country was first opened to foreign direct investment in 1988. Taiwan has invested in 2,551 projects between 1988 and the end of July 2018, totalling over US\$30.9 billion in value, and is the fourth-largest foreign investor in Vietnam, accounting for 9.28 percent of total registered foreign direct investment.

According to the Ministry of Economic Affairs, Taiwanese investment in Vietnam reached NT\$680 million in 2017. Investment in the first season of 2018 alone exceeded NT\$400 million — 233 percent growth from the same season the year before, demonstrating Taiwanese companies’ increasing confidence in investing in Vietnam.

Former Vietnam Economic and Cultural Office in Taipei director Tran Duy Hai (陳維海) says

he considers the New Southbound Policy “very successful” in the first two years of implementation and hopes Taiwan can increase investment in high-end agriculture, high-tech electronics manufacturing, as well as public infrastructure and healthcare.

Taiwan in 2017 expanded a conditional visa-free entry program to include Vietnam, allowing passport holders who had been issued an entry visa or Alien Resident Certificate in the past 10 years to apply online for free multiple-entry permits.

Vietnam, with a population exceeding 96 million, of which 73 percent are younger than 35, has an abundant supply of young labour and strong growth potential in domestic consumption, and has attracted some of the world’s largest companies. Economic growth has been robust over the past several years, averaging 6.26 percent between 2000 and 2018. The nation’s income per capita passed US\$1,000 in 2008, and more than doubled in a decade, reaching US\$2,385 by the end of 2017.

Before leaving his post as director, Tran in August 2018 said that Vietjet Air had launched its first route to Taiwan just before he assumed the post in 2015, and the number of routes to Taiwan rapidly increased to seven in 2018, offering 52 direct flights every week connecting Taiwan’s Taipei, Taichung, Kaohsiung and Tainan with Vietnam’s Ho Chi Minh City and Hanoi.

Taiwan’s EVA Airways Corp (長榮航空) has increased its direct flights to Vietnam from seven

per week in 1992 to 28 a week in 2018, and teamed up with the New Taipei City Government to promote affordable self-guided tour packages for Vietnamese visitors.

Tourism Bureau data show the number of Vietnamese visitors reached 383,000 in 2017, up 95 percent from 2016. By June 2018, the number had exceeded 250,000. Vietnam National Administration of Tourism figures report 616,232 visits by Taiwanese to Vietnam in 2017, up 21.5 percent from the prior year, making Taiwan the fourth-largest source of visitors that year.

Taiwan and Vietnam had signed a bilateral investment agreement (BIA) in 1993, and are now working on renewing it.

To align with the New Southbound Policy and facilitate exports of Taiwanese smart city solutions, the Industrial Technology Research Institute and the Institute for Information Industry collaborated with Vietnam’s Becamex IDC in 2017 in launching a cloud computing project in Vietnam’s Binh Dương Province, helping the province promote its smart city plan.

With Ho Chi Minh City repositioning itself as Southeast Asia’s Silicon Valley, TAITRA signed an MOU with the city in July 2018, covering cooperation in smart city technology and services.

State-run oil refiner CPC Corp, Taiwan (台灣中油) is building a lubricant blending plant, with an expected annual capacity of 32,000 kilolitres of lubricants and solvents, in Đồng Nai Province, with production to start by the end of 2019, and signed an MOU with Vietnam’s Sovico Holdings



▲ LEFT: TECO Electric & Machinery held the ground-breaking ceremony on July 5, 2018, for its Vietnam small-motor plant, built as the centerpiece of the TECO Vietnam Technology Park. RIGHT: Former Vietnam Economic and Cultural Office in Taipei Director Tran Duy Hai (陳維海).

# TAITRA

Chairman James Huang says Vietnam has a lucrative domestic market that Taiwanese companies can tap into, and the countries have similar holidays, food preferences and cultural backgrounds, so some Taiwanese products have been welcomed enthusiastically in Vietnam, such as bubble tea — Ngo Duc Ke Street in Ho Chi Minh City has even been dubbed the city's "bubble route."

in July 2018 on cooperation in oil exploration, oil and petrochemicals trading, and exploring and expanding business opportunities in Vietnam as well as other countries in the region.

The Taiwan External Trade Development Council (TAITRA) held its first Taiwan Expo in Ho Chi Minh City in July 2017, introducing Taiwan's green industry and smart technology in industrial and home applications.

"Taiwanese companies used to focus on manufacturing here and exporting the products, but it is time to shift the focus to the domestic market," TAITRA Chairman James Huang (黃志芳) said at the expo.

Following the first year's success, the second Taiwan Expo was held in July 2018, generating an estimated transaction value of US\$98 million.

The council expects increased demand in Vietnam for food processing machinery, agricultural technology, high-end information and communications technology, and green energy solutions.

Huang says Vietnam has a lucrative domestic market that Taiwanese companies can tap into, and the countries have similar holidays, food preferences and cultural backgrounds, so some Taiwanese products have been welcomed enthusiastically in Vietnam, such as bubble tea — Ngo Duc Ke Street in Ho Chi Minh City has even been dubbed the city's "bubble route."

TAITRA reached a deal with Tiki, Vietnam's second-largest e-commerce platform, in April

2018 to expand digital sales channels in South-east Asia.

Education is another important aspect of the New Southbound Policy for Vietnam, Tran says, adding that he in 2017 suggested that universities in Taiwan offer specialized programs for Vietnamese students, and while there were fewer than 5,000 Vietnamese students in Taiwan in 2015, the number reached 7,500 in 2018.

According to the Ministry of Education, there were 7,339 Vietnamese students in Taiwan in 2017, a significant increase of 53.7 percent since the New Southbound Policy was implemented.

Taiwan's Central Taiwan University of Science and Technology (CTUST) has signed internship and exchange cooperation agreements with Vietnam's Shing Mark Hospital, and in November 2017 launched Taiwan's first customized professional training program for Vietnamese students — a one-month healthcare administration program for top managers at Thanh Nhan Hospital, followed by a short-term nursing professional training program for Vietnamese nurses in January 2018. The university is also planning a specialized undergraduate degree program for Vietnamese students.

Under the Ministry of Health and Welfare's One Country, One Center program, Taipei Veterans General Hospital and National Yang-Ming University are coordinating cooperation between healthcare facilities and industries in Taiwan and Vietnam.

Taipei Veterans General Hospital initiated a teleconsultation clinical service at the Medical University of Ho Chi Minh City in July 2018, providing a specialized channel for Taiwanese businesspeople and Vietnamese for outpatient care with doctors in Taiwan, with translation services available.

Taipei Veterans General Hospital also signed an MOU with Vietnam's National Hospital of Tropical Diseases in 2018 concerning cooperation on hepatitis, liver cancer, and infectious disease research and prevention, and signed MOUs with several medical universities in Vietnam aimed at promoting medial research, information sharing, and academic exchanges. ■



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