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The New Southbound Policy &

India-Taiwan Relations

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About the Author



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The New Southbound Policy and India-Taiwan Relations

“Taiwan’s “new southbound policy” is not an attempt to make a political statement or compete with China, but is about promoting mutually beneficial development in the region.” - Tsai Ing-wen, President of Taiwan

Abstract

The objective of the paper is threefold: first, to analyse the evolution of the New Southbound Policy, framework, elements, implementations policy and its contribution towards overall Taiwan’s Foreign Policy. The second, to examine Taiwan’s relationship with the major countries in the ‘South’. The third, to discuss the India-Taiwan relations and discuss the challenges and opportunities under the policy to take the relations forward. The paper argues that there is immense potential for India-Taiwan economic engagement under the New Southbound Policy. The recently approved bilateral investment agreement between India and Taiwan is a positive step and Taiwan will have to increase its investments to make it a success.

Introduction

Taiwan's New Southbound Policy is aimed at reinvigorating and expanding ties with Southeast Asia and South Asia. Taiwan's President, Tsai Ing-wen in her inaugural speech on 20 May 2016, said, "We will also promote a 'New Southbound Policy' in order to elevate the scope and diversity of our external economy, and to bid farewell to our past overreliance on a single market"¹. Apart from diversifying its trade, the other agenda of the Tsai Ing-wen administration in its new approach has been to move away from China. Thus, the policy is aimed at reducing Taiwan's dependence on the mainland and indicates a pragmatic shift in its foreign policy. The Taiwanese Foreign Minister has explicitly said that Taiwan's "warm power"² would win over China's "sharp power" vis-a-vis the New Southbound Policy.

Taiwan is trying to apply its knowledge in transportation, logistics and construction to the region's development. In fact, the warm power is the spirit of the policy and Taiwan's way of reaching out to its extended neighbourhood and maintain its relevance.³ Among all the other countries, India has emerged as one of the most important destinations for the Policy. The relationship between India and Taiwan was established in 1995. The trade and economic engagement between both the sides have increased considerably. Since then a series of agreements signed between India and Taiwan indicates an upward trajectory in ties. There have been rapid increase in the number of bilateral exchanges and the trade between both sides has grown considerably. Further, the Act East Policy of India and the New Southbound Policy of Taiwan open vista of opportunities for both the sides.

This paper examines the evolution of Taiwan's New Southbound Policy and its potential to open up new possibilities in its ties with Southeast Asia, South Asia and especially India.

Background

Along with Hong Kong, Singapore and South Korea, Taiwan is among the 'four Asian Tigers'. It is an export-oriented economy with specialisation in the production of electronic and machinery. Taiwan's top ten exports include electrical machinery, minerals including oil, machinery including computers, optical technical, medical apparatus, organic chemicals, iron, steel, vehicles, plastics, plastic articles, chemical goods and copper.⁴ Presently, it is one of the world's largest suppliers of computer chips, LCD panels, DRAM computer memory, networking equipment and consumer electronics. According to the World Bank, Taiwan is ranked 15 among 190 economies in the ease of doing business; in 2016, it stood at 11th rank.⁵

Despite a thriving economy, the diplomatic space of Taiwan is shrinking. Taiwan has diplomatic relations now only with 17 countries, namely: Kiribati, Republic of the

1 Full text of President Tsai's inaugural address accessed at <http://focustaiwan.tw/news/aip/201605200008.aspx>

2 Taiwan Social Innovation Warm Power Flagship Event: The First Anniversary of the Social Innovation Lab accessed at <https://www.moeasmea.gov.tw/ct.asp?xItem=15647&ctNode=258&mp=2>

3 Stacy Hsu, Taiwan's 'warm power' will beat China, Wu says accessed at <http://www.taipeitimes.com/News/taiwan/archives/2019/03/13/2003711395>

4 Daniel Workman, Taiwan's Top 10 Imports March 1, 2018 <http://www.worldstopexports.com/taiwans-top-10-imports>

5 Trading Economics access at <https://tradingeconomics.com/taiwan/ease-of-doing-business> accessed on 5 July 2018.

Marshall Islands, Nauru, Republic of Palau, Solomon Islands, Tuvalu, Eswatini (Africa), the Vatican, Belize, Guatemala, the Republic of Haiti, Honduras, the Republic of Nicaragua, Paraguay, The Federation of Saint Christopher and Nevis, and, St. Lucia, Saint Vincent and the Grenadines.⁶ Taiwan has faced a problem of international legitimacy that is worsening steadily. Taiwan has lost 15 diplomatic allies in the past decade because of proactive Chinese diplomatic and financial inducements. Six of its allies, El Salvador (2018), Burkina Faso (2018), Dominican Republic (2018), Panama (2017), Gambia (2016) and Sao Tome and Principe (2016) severed their ties after Tsai Ing-wen became the President.

In 1971, Taiwan had to succumb its United Nation seat to the People's Republic of China (PRC). The situation further worsened in 1979 when the United States (US) revoked its diplomatic relations with Taiwan in order to establish diplomatic relations with Beijing. The American Institute in Taiwan (AIT) is in charge for conducting the US policy toward Taiwan. However, even this has not helped Taiwan to gain prominence at the international level. The situation did not significant change even with the rise of the Democratic Progressive Party (DPP) leaders like Lee Teng-hui and Chen Shu-bian. In 1999, Lee Teng-hui wrote an article titled 'Understanding Taiwan: bridging the Perception Gap' in the *Foreign Affairs* Journal. In the article, he highlighted the positive role Taiwan can play in the evolving geopolitics of the region. As President launched the 'Go South Policy' in 1993, which is the precursor of the New Southbound Policy of the present DPP president. Since then creating international space for itself appears to be the basis of all the successive government in Taiwan.

In the course of her presidential debate of 2016, as the DPP candidate, Tsai Ing-wen argued, "When the maintenance of our diplomatic relations is contingent upon another nation we ask ourselves, in these past seven to eight years what has this government been doing?" She strongly advocated a new foreign policy direction that would essentially look beyond China. She argued, "if Taiwan's economy does well, if our democracy is developed, then our diplomatic space will be unlimited." The nature of cross-Straits relations directly shapes Taiwan's engagement with the international community.⁷ It became the central issue in 2016 elections and concerns about the economy, trade partnership and Taiwanese identity were some of the issues in the elections.⁸ In the context of a highly assertive and muscular posture of the Xi Jinping, the Taiwanese voters were already skeptical of the Kuomintang (KMT) policy of a closer relationship with China.⁹ Against this background, Tsai Ing-wen of the DPP won the 14th presidential election in Taiwan and became the first female President of Taiwan. She won 56 per cent of the total votes, as compared to Eric Chu of the KMT who got 31 per cent of the votes.

The overarching aim of the DPP foreign policy is to diversify its foreign policy and

6 Diplomatic Allies accessed at <https://www.mofa.gov.tw/en/AlliesIndex.aspx?n=DF6F8F246049F8D6&sms=A76B7230ADF29736>.

7 Mariah Thornton, The New Southbound Policy: Tsai's Soft Power Alternative, 13 November 2017 accessed at <https://taiwaninsight.org/2017/11/13/the-new-southbound-policy-tsais-soft-power-alternative/>

8 Huileng Tan, Aside from China, trade, identity, pork are big issues in Taiwan election <https://www.cnbc.com/2016/01/15/aside-from-china-trade-identity-pork-are-big-issues-in-taiwan-election.html>

9 Austin Ramzy, Tsai Ing-wen Elected President of Taiwan, First Woman to Hold Office, January 16, 2016 accessed at <https://www.nytimes.com/2016/01/17/world/asia/taiwan-elections.html>

deepen Taiwan's relation with the US and Japan. According to the China Policy White Paper, Taiwan's Democratic Progressive Party released a white paper in November 1999, which advocates four pillars for the security of Taiwan: clear national status, normalization of cross-strait relations, strong national defence force and stable economic development. It emphasised a comprehensive diversified strategy for Taiwan that would enable it to play important role in International affairs.¹⁰ Furthermore, it wants to diversify its trade with the South, Southeast and East Asia. Earlier, Taiwan had shown interest in joining the Trans-Pacific Partnership (TPP), the Asian Infrastructure Investment Bank (AIIB) and Regional Comprehensive Economic Partnership (RCEP). This indicates that Taiwan wants to play a larger role in the regional, political and economic architecture.¹¹ Soon after becoming the President of Taiwan, Tsai Ing-wen launched the New Southbound Policy on 16 August 2016, the foreign policy agenda of the DPP became the driving force of the New Southbound Policy.

Evolution of the New Southbound Policy

The First Phase

In October 1993, Taiwan's Ministry of Economic Affairs formulated the 'Guidelines on Strengthening Economic Work on Southeast Asian Region' as the principal policy framework for 'Go South Policy'. In December 1993, the government submitted a Policy Statement on Go-South Investment to the legislature. Finally, in 1994, the Go South Policy, was implemented for three years (1994-96) with the aim to diversify Taiwan's trade into the Association of Southeast Asian Nation (ASEAN).¹² The aim of the policy was to decrease Taiwan's economic dependence on China by encouraging the investments in the region. The plan rested on the strategy to boost investments in Southeast Asia, while simultaneously increasing the flow of foreign aid to targeted countries.¹³ Soon, Taiwan's foreign direct investment (FDI) into the ASEAN region started increasing. It improved from USD1.17 billion in 1993 to USD 4.98 billion in 1994. On the other hand, the investment in China fell from USD 3.17 billion in 1993 to USD 962 million in 1994.¹⁴ In 1996, Taiwan's Ministry of Economic Affairs started going slow with the overseas investments and concentrated more on raising domestic investments. This led to the slowing down of the policy.¹⁵ Under the same guidelines, in May 1997, Lee Teng-hui initiated a modified version of his Go South Policy. The timing of relaunching the policy coincided with the Asian Financial Crisis.¹⁶

10 China Policy White Paper, Taiwan Democratic Progressive Party, accessed at <http://www.taiwandc.org/dpp-pol1.htm>

11 Teshu Singh, A 'New Era' of Democracy in Taiwan: Implications for Regional Security & Economy, accessed at http://www.ipcs.org/comm_select.php?articleNo=4963

12 Bruce Einhorn, "Taiwanese Go South", Bloomberg, November 6, 1995 accessed at <https://www.bloomberg.com/news/articles/1995-11-05/taiwanese-go-south-intl-edition>

13 *ibid*

14 Mark Landler, Taiwan Lifts Restrictions on Investment in China, New York Times, 8 November 2001, accessed at <https://www.nytimes.com/2001/11/08/world/taiwan-lifts-restrictions-on-investment-in-china.html>

15 Ngeow Chow Bing, "Taiwan's Go South Policy: Déjà vu All over again", in Contemporary Southeast Asia, Vol.39, No1 (2017), pp. 96-126.

16 Comparative Analysis of Taiwan Experience accessed at https://www.researchgate.net/publication/242286572_The_Asian_Financial_Crisis_A_Comparative_Analysis_of_Taiwan_Experience_1

Lee Teng-Hui viewed the crisis as an opportunity for Taiwan and encouraged the businesspersons to invest in the ASEAN countries. The revival of interest in the policy was partly driven by the desire to strengthen Taiwan-ASEAN relations by leveraging Taiwan's exchange reserves to assist these countries.¹⁷ The initiative however, failed because the Taiwanese enterprises were unenthusiastic about reaching out to the ASEAN countries. In 1998, there were anti-Chinese riots in Indonesia and by 2000 Taiwanese investment in the Philippines, Indonesia, Singapore and Vietnam had stagnated. On the other hand, Taiwanese investments in China had increased. As a result, the second phase ended up without much progress.¹⁸

Second Phase

Soon after becoming, the member of World Trade Organisation (WTO) in January 2002, Chen Shui-bian (DPP candidate) launched his own Go South Policy in the same year. The basic principles of the policy remained the same. Simultaneously, in 2001, the Chen administration adopted a 'proactive liberalization with effective management' policy. The intention of the policy was to promote economic exchanges across the Strait. Taiwan lifted the longtime restriction on direct investments in China.¹⁹ The new policy relaxed restrictions set by Lee Teng-hui on the high-technology industry and removed the USD 50 million-mainland investment ceiling. Taiwanese banks were encouraged to open offices in China and enable capital from there to flow into the real estate market. Cumulatively, these initiatives encouraged the Taiwanese businesspersons to invest in China and in turn clashed with the intention behind Chen's Go South Policy. In July 2002, Chen Shu-bian urged people not to hold any illusion about China and that Taiwan's Go South Policy will be further emphasised.²⁰ Despite all efforts, the second phase Go South Policy was not very successful.

Third Phase: The New Southbound Policy

On 16 August 2016, the third phase of the Go South Policy was launched by Tsai Ing-wen. The policy aims to strengthen the comprehensive trade and economic ties between Taiwan and the members of the ASEAN, South Asia, New Zealand and Australia. The key goal of the policy is to forge a 'sense of economic community', and develop linkage with ASEAN, South Asia as well as New Zealand and Australia. The aim is to develop economic, trade relations, science and technology, culture, resource sharing, talent and markets, and create a new cooperation mode that seeks mutual benefits and win-win situation.²¹

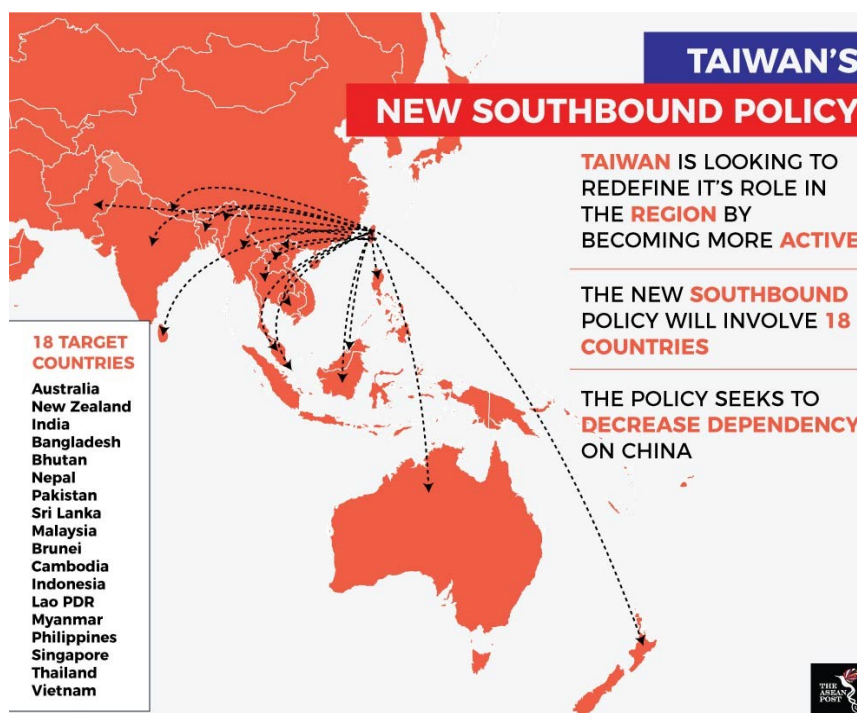
17 Taiwan launches a lifeboat, *The Economist*, 22 Jan 1998 accessed at <https://www.economist.com/asia/1998/01/22/taiwan-launches-a-lifeboat>

18 Bonnie S. Glaser, Scott Kennedy, Mathew P. Funairole and Derek Mitchell, 'The New Southbound Policy: Deepening Taiwan's Regional Integration', accessed at <https://www.csis.org/analysis/new-southbound-policy>

19 Mark Landler, Taiwan Lifts Restrictions on Investment in China, 8 November 2001, *New York Times*, accessed at <https://www.nytimes.com/2001/11/08/world/taiwan-lifts-restrictions-on-investment-in-china.html>

20 'Go south' strategy threatened, *Taipei times*, 29 September 2004 accessed at <http://www.taipeitimes.com/News/taiwan/archives/2004/09/29/2003204811>

21 New Southbound Policy accessed at <https://www.newsouthboundpolicy.tw/English/PageDetail.aspx?id=92bf03e0-6176-4374-85e7-06520ed3e9f2&pageType=SouthPolicy>



Source: <https://theaseanpost.com/article/taiwans-pivot-southeast-asia>

Taiwan is promoting a combination of national will, policy incentives, and business opportunities to spur and expand two-way exchanges in the areas of economic and trade relations, investment, tourism, culture, and talent. It also seeks to cultivate more people with skills.²³

In the third phase, Taiwan has specifically outlined the guidelines for the New Southbound Policy. The guidelines encompass the key goals of the New Southbound Policy, implementation principles for the Policy and the framework for implementation of the Policy.²³

Allocation for the New Southbound Policy

	2018 NSP Budget	NSP as % of 2018 Budget	2017 NSP Budget	NSP as % of 2017 Budget	Change
Total Budget	7,255	–	4,452	–	63%
Ministry of Foreign Affairs	323	1.2%	260	1.1%	24%
Ministry of Education	1,696	0.7%	1,000	0.4%	70%
Ministry of Economic Affairs	2,891	5.3%	1,745	3.3%	66%
Tourism Bureau	320	6.6%	218	4.1%	47%

Source: Bonnie S. Glaser, Scott Kennedy, Mathew P. Funairole and Derek Mitchell, 'The New Southbound Policy: Deepening Taiwan's Regional Integration', accessed at <https://www.csis.org/analysis/new-southbound-policy>, p 5.

22 *ibid*

23 *ibid*

In October 2017, at the Yushan Summit, Tsai Ing-wen pointed out that for the successful implementation of the New Southbound Policy, Taiwan needed the support of neighbouring countries and the international community. She argued that Taiwan should invite people with knowledge and experience from the Asia Pacific region to provide expertise to the projects of the New Southbound Policy. She proposed that the US and Japan should support the policy and create a win-win cooperation through mutual assistance in trade, infrastructure, investment and education.²⁴

The New Elements in the Policy

The third phase of the Go South policy does not essentially aim to abandon the Chinese market. On 7 May 2017, speaking to journalists from media outlets across Asia, including India's *The Hindu*, Indonesia's *Kompas*, Malaysia's *The Sun*, the Philippine Daily *Inquirer*, Singapore's *The Straits Times* and Thailand's *The Nation*, Tsai Ing-wen said that the policy is about economics and trade and that it aims to improve the lives of the people in the region, "It is not about competing with China, but about emphasising Taiwan's own advantages and promoting mutually beneficial development as a member of the regional community."²⁵ James Huang, Director of the New Southbound Policy said, "The New Southbound Policy does not run counter to improving trade relations with China and the two can even be complementary." It is also possible that Taiwan and China could cooperate in ASEAN countries. China is already engaged in many infrastructure projects in the ASEAN region and Taiwan has a strong small and medium-sized enterprise (SME), quality agriculture and the service industry. Thus both China and Taiwan can together work to boost the development of the ASEAN region.

In the third phase, Taiwan has expanded the geographical scope of the policy. Six more countries have been included under scope of the policy: Nepal, Bhutan, Bangladesh, Sri Lanka, Pakistan and India. This is largely due to the changing economic scene in nature of ASEAN and South Asian countries, especially India. These countries are likely to become potential markets in contrast to their previous role as simply a region with cheap labour force.²⁶

Unlike Taiwan's previous Go South Policy that focused on the idea of 'cost down', the New Southbound Policy is based on a 'two-way' idea. James Huang reiterated, "It's not only we are going there. We will also encourage them to come here." It is also giving emphasis on the idea of 'value up'. The Taiwanese companies in manufacturing, services, agriculture and e-commerce entering Southeast Asian countries have their goal to upgrade their industrial value chains.²⁷ Under the policy, Taiwan is giving special importance to the SME. The government is providing special credit overseas credit guarantees for the Small & Medium Enterprises (SME) seeking to invest in Southeast Asia.²⁸ The third phase of the

24 President Tsai meets Yushan Forum keynote speakers and foreign participants, accessed at <https://english.president.gov.tw/News/5241>.

25 Tsai briefs Asia media on 'new southbound policy', Taipei Times, 7 May 2017 accessed at <http://www.taipeitimes.com/News/taiwan/archives/2017/05/07/2003670116>

26 Conor Stuart, Opportunities and Challenges: Taiwan's New Southbound Policy accessed at http://en.naipo.com/Portals/0/web_en/Knowledge_Center/Feature/IPNE_161028_0703.htm

27 Tsai Yi-chu, Huang Chiao-wen and Elaine Hou, New southbound policy not at odds with China ties: official, 12 July 2016, *Focus Taiwan* accessed at <http://focustaiwan.tw/news/aeco/201607120006.aspx>

28 The New Southbound Policy to put Taiwan in 'advantageous position': Tsai, the China Post, 10 October 2017 accessed at <https://chinapost.nownews.com/20171010-157657>

New Southbound Policy is an extension of Taiwan's internal demand and is related to grassroots requiring both the local and central government in joining hands together in order to promote the policy. The policy encourages businessmen from ASEAN and South Asia to invest in Taiwan.²⁹

Chinese Reaction to the Policy

In 2003, China had condemned Chen Shu-bian's Go South Policy as "no different from digging a grave for oneself". In 2016, China had categorically criticised the policy as "it runs counter to economic principles". Retorting to the Chinese criticism, James Huang said that China itself was embarking on a similar strategy of trying to gain markets through infrastructure aid, "They say it contradicts economic principles. What about their 'one belt one Road' project? Beijing is using political language; we are talking in economic language, pure and simple." He added further, "if we make policies based on what China will oppose, we will be sitting in our offices doing nothing."³⁰

An Overview of Taiwan's Relations with the New Southbound Policy Countries Southeast Asia

Taiwan has unofficial relations with all the countries of Southeast Asia and using its economic relations to strengthen its relations with the region. Since 1988, it started its overseas trade renaming offices, as from Chinese Chamber of Commerce to Taipei Economic and Trade Office (TETO). Indonesia was the first country to rename the Taiwanese office to TETO on 10 October 1989. Following Indonesia, other ASEAN countries started adopting a common name 'Taipei Economic and Cultural Office'. Similarly, names of ASEAN countries representative office in Taiwan were changed to the 'Indonesian Economic and Trade Office', 'the Malaysian Friendship and Trade Centre', 'the Manila Economic and Cultural Office' and 'Thailand Trade and Economic Office' and 'Vietnam Economic and Cultural Office'. Taiwan and Singapore have special relations. Under the Starlight project, in 1975 Lee Kuan Yew and Chiang Ching-kuo signed a deal that allows Singapore armed forces to be trained in Taiwan.³¹

Another factor that shaped Taiwan's policy towards ASEAN was the increased outflow of Taiwanese investment to mainland China. Beginning in the early 1990s, Taiwan's absolute investments in both China and Southeast Asia increased but Taiwanese investment in China outpaced investment in Southeast Asia. Lee Teng-hui was not in favour of greater economic exchanges between China and Taiwan and in 1996 his government introduced the 'No Haste, Be Patient' policy, which aimed at capping the size of Taiwanese investment in China.

Major investment projects under the Go South Policy included the Subic Bay Industrial Park in the Philippines (in 1994) and the Medan Industrial park in Indonesia.

29 Conor Stuart, Opportunities and Challenges: Taiwan's New Southbound Policy accessed at http://en.naipo.com/Portals/0/web_en/Knowledge_Center/Feature/IPNE_161028_0703.htm

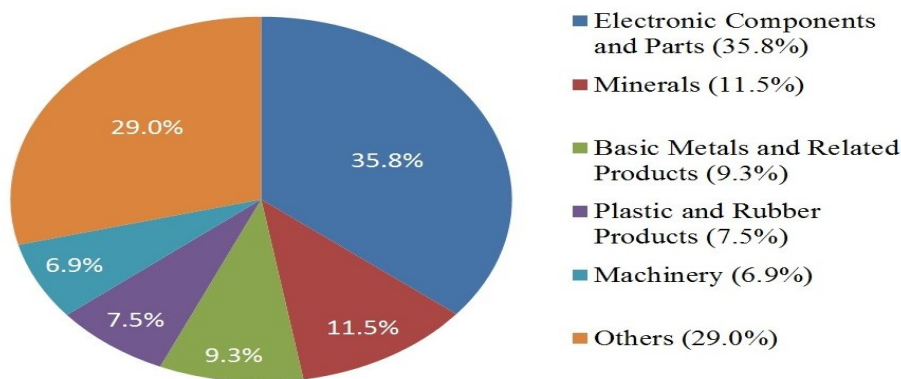
30 Li Xueying, Taiwan's Southbound policy is 'purely economics', 9 June 2016, accessed at <https://www.straitstimes.com/asia/east-asia/taiwans-southbound-policy-is-purely-economics>

31 Jewel Stolarchuk, PM Lee's banter with troops suggests that Singapore's military exercise with Taiwan may not be scrapped anytime soon, *The Independent*, accessed at <http://theindependent.sg/pm-lees-banter-with-troops-suggests-that-singapores-military-exercise-with-taiwan-may-not-be-scrapped-anytime-soon/>

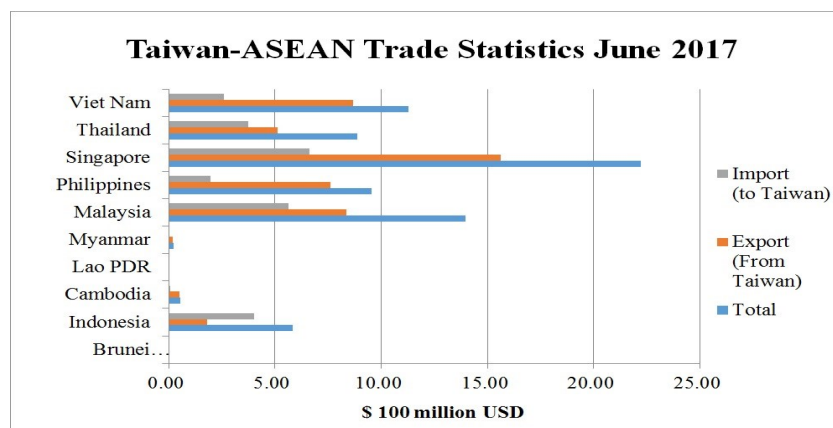
Taiwan also shared its developmental experiences -the Taiwan Model. By end of 1996, Taiwanese investment in Southeast Asia amounted to USD 12.74 billion that was greater than Taiwanese investment in China (USD 9.83 billion).

In October 2017, Tsai Ing-wen assured to establish a USD 3.5 billion fund to develop infrastructure in the region. The Investments are predominantly aimed at the manufacturing industry and the banking and insurance sector. Notably, all of these facilitate the process through which Taiwanese companies do business in the region. In 2016, the two countries in which Taiwan has made maximum investments are Vietnam (USD 3.8 billion) and Singapore (USD 5.6 billion).³²

The total exports from Taiwan to ASEAN were USD 4.785 billion, while the total imports from ASEAN to Taiwan were USD 2.469 billion. The export and import of the ASEAN country are presented in the below.³³



Source: New Southbound Policy boosts Taiwan exports to ASEAN nations by 17%, 5 June 2018, accessed at <https://www.taiwannews.com.tw/en/news/3180079>



Source: Bureau of Foreign Trade, Ministry of Economic Affairs, <http://cus93.trade.gov.tw/>

32 Liao Yu-yang and Kuan-lin Liu, Taiwanese investment in Southeast Asia up in 2016, 15 December 2018 accessed at <http://focustaiwan.tw/news/aeco/201712150025.aspx>

33 Taiwan-ASEAN Study center accessed at http://www.aseancenter.org.tw/en/TStatisticsDetail.aspx?id_statistics=95

To promote tourism in the ASEAN region, Taiwan has relaxed visa restrictions for visitors from Cambodia, Indonesia, Lao PDR, Myanmar and Vietnam. Taiwan is trying visa waiver for Thailand, Brunei and the Philippines. Some of them have granted visa-free travel to Taiwan. Overall, there was a 30 per cent increase in visitors from Southeast Asia to Taiwan in 2017. In June 2017, the total trade between Taiwan and ASEAN countries was USD 7.254 billion.

Taiwan's relations with Australia and New Zealand are also important under the Policy. Taiwan's unofficial relations with Australian and New Zealand include trade, investment, education, tourism and people-to-people contact. The Australian Office in Taiwan does not have diplomatic status nor does the Taipei Economic and Cultural Office (TECO) in Australia have the official status. The Australia and New Zealand Business Association (ANZBA) was formed in 1991 to represent Australians and New Zealanders doing business in Taiwan and to supplement other organisations promoting trade, investment, and general relations among the three nations. It has a network with the Chamber of Commerce in respective cities.³⁴ The Australian representative in Taiwan has expressed that it is an opportune time for both the countries, "Australia is looking north to the Indo-Pacific right at the same time that Taiwan is looking south through its New Southbound Policy. There is a policy symmetry that's going to work for us."³⁵ New Zealand and Taiwan have vibrant economic and cultural relations. New Zealand has an agreement on Economic Cooperation with the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, which was signed in 2013(ANZTEC). Taiwan is the eighth export market and 16th largest source of imports. New Zealand's dairy meat, fruit, seafood and forest product are very popular in Taiwan.

South Asia

In the third phase of the New Southbound Policy Taiwan's has specifically expanded its relationship with six South Asian countries: Nepal, Bhutan, Pakistan, Bangladesh, Sri Lanka and India. In 2004, the Taiwan government established the Taipei Economic and Cultural Office (TECO) in Dhaka but it failed to function and closed in 2009. Besides, in 2008, Taiwanese companies began to relocate its shoe, furniture and tent-manufacturing units to Bangladesh from China and Vietnam as the US and European Union imposed anti-dumping duties in these two countries.³⁶ In 2015, Taiwan held its first Textile expo in Bangladesh.³⁷ Taiwan has extended its e-Visa scheme, to include businesspeople from the six South Asian nations, Bangladesh, Bhutan, India, Nepal, Pakistan, and Sri Lanka. At the same time, businesspersons from India, Sri Lanka, Bangladesh, Nepal, Bhutan and Pakistan can apply for e-visa for Taiwan, if they obtain recommendations from branch offices of Taiwan External Trade Development Council (TAITRA) in these countries.

34 Australia and New Zealand Chamber of Commerce in Taipei accessed at <https://www.anzcham.org.tw/>

35 Liam Gibson, Southbound down under, *Taipei Times* accessed at <http://www.taipeitimes.com/News/feat/archives/2018/03/05/2003688691>

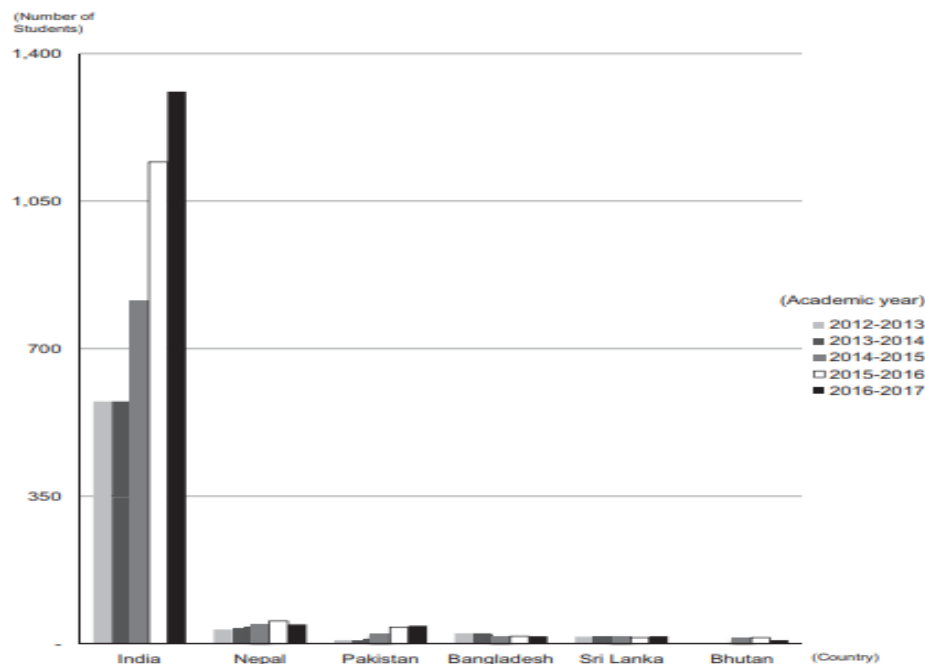
36 Jasim Uddin Khan, Taiwanese relocating factories to Bangladesh 22 July 2008 accessed at <https://www.thedailystar.net/news-detail-46813>

37 First ever Taiwan Textile begins in Dhaka, 24 November 2015 accessed at <http://rmgbd.net/2015/11/first-ever-taiwan-textile-begins-in-dhaka/>

The TAITRA recently inked two Memorandum of Understandings (MoU) to enhance its trade promotion cooperation with the chambers of commerce of Sri Lanka and Nepal. On 26 April 2018, the TAITRA signed a MoU with the Federation of Chamber of Commerce and Industry of Sri Lanka (FCCISL) and on 27 April 2018, TAITRA inked a MoU with Nepal Chamber of Commerce (NCC). The two agreements signed would further strengthen the New Southbound Policy.³⁸ On 12 November 2012, Taiwan's main trade promotion body signed a MoU to work closely with Bhutan to promote bilateral trade. This serves as the basis for trade promotion and business exchanges. According to TAITRA representative, since Bhutan has no manufacturing industry and relies on imported products, Taiwan sees a big opportunity in Bhutan. For the first time, in January 2018, the Bhutan Chamber of Commerce participated in the "Taiwan New Year Market Fair 2018."³⁹

Besides the trade and commerce between Taiwan and the target countries. There has been increase in number of student from these countries to Taiwan. Prior to the launch of the policy, the number of students from South Asian countries in Taiwan was low. In 2014-15, there were only 926 students from South Asia. In March 2017, the Ministry of Education announced the 'New Southbound Policy Target States'. Consequently, in 2016-17 the number of students from South Asian countries increased significantly.⁴⁰

Registered Students from South Asian Countries 2012-2017



Source: New Southbound Policy in India and South Asia, Prospect Journal No.18, p 40

38 TAITRA inks MoU with chambers of commerce of Sri Lanka and Nepal accessed at <https://www.taiwantrade.com/news/taitra-inks-mou-with-chambers-of-commerce-of-sri-lanka-and-nepal-1302182.html>

39 Bhutan, Taiwan signs agreement accessed at <http://www.bhutannewsservice.org/bhutantaiwan-sign-agreement-on-trade-cooperation/>

40 Mumin Chen and Saheli Chattaraj, New Southbound Policy in India and South Asia, *Prospect Journal* No.18, October 2017, p.46.

India-Taiwan Relations

The most important country of the New Southbound Policy is India. Yet the relationship so far has had a checkered history. In 1949, India recognised the People's Republic of China and ceased its relationship with Taiwan. The change in Indian stance was essentially in response to the changing geopolitical situation and not based on any ideology. According to Ambassador Vinod Khanna, (the first director general of the Indian Office in Taiwan called the India Taipei Association- ITA), *"From the outset, when we recognized PRC, we had also clarified our 'One China' policy. So there was no question of formal recognition of the Republic of China."* Even though, there were no official relations between the two sides, in the 1990s both the countries gradually started improving bilateral relations. India started the Look East Policy in the 1990's and began giving emphasis to the countries in the Asia Pacific/Indo-Pacific region. Taiwan falls in this domain of the Indian Foreign Policy.

In 1995, India set up its representative office India Taipei Association (ITA) in Taipei. A few months later, Taiwan opened the Taipei Economic and Cultural Centre (TECC) in New Delhi. Both are not embassies but they execute agreements and treaties on behalf of their respective governments. The primary reason for the opening of ITA was economic. In fact earlier, Taiwan was not so strong in terms of investments capability. Thus, with the opening of the ITA, emphasis was on trade, commerce and tourism.⁴¹ Since then bilateral relations have improved. James Huang, Chairman of the TAITRA said, "India is important to us in terms of trade and investment. We didn't pay enough attention to India in the past."

India has taken some significant decisions to foster bilateral relations. In 2010, two ministers from Taiwan, Wu Ching-chi (Minister of Education) and Liu Yi-ru (Chair of the Economic Planning and Development Council) led respective delegations to New Delhi. Shen Lyu-shun (Deputy Foreign Minister) and Hsiung Hsiang-tai (Deputy Defence Minister) also visited India in 2010 and 2011, respectively. On 7 March 2011, India's foreign secretary, Nirupama Rao, received a group of Journalists from Taipei that briefed about the economic development of Taiwan. On April 8, 2012, India allowed stopover visits of the Taiwanese President Ma Ying-jeou in Mumbai on his way to Africa (2012) and Taiwan vice-president Wu Den-yih, had a layover at a Delhi airport en-route to Rome (2014).⁴² In 2012, Tsai Ing wen has visited India as the leader of the DPP.

On 13 February 2018, a Taiwanese delegation comprising of members of the Taiwan-India Parliamentary Friendship Association interacted with Indian Parliamentarians in New Delhi. China raised serious objections and the Chinese Foreign Ministry Spokesperson said, "That Beijing had lodged a 'solemn representation' with New Delhi for the reason that we have been requiring countries that have diplomatic relations with China to fulfil their

41 The India-Taipei Association: A Mission Extraordinaire, *Indian Foreign Affairs Journal* Vol. 5, No. 2, April-June 2010, 240-251 accessed at <http://www.associationdiplomats.org/Publications/ifaj/Vol5/5.2/5.2OralHistory-VCKhanna.pdf>

42 G.V.C.-Naidu-, Mumin- Chen Ravi Prasad Narayanan Editors, 'India and China in the Emerging Dynamics of East Asia', Springer: 2015, p 53.

commitment to the One-China principle.” Further, he said, “we hope India would understand and respect China’s core concerns and uphold the One-China principle and prudently deal with Taiwan-related issues and maintain sound and steady development of India-China relations.” The spokesperson of the Ministry of External Affairs retorted there was nothing “new or unusual” about the visit and that, no political meaning should be read into it. He further described the delegation as “a group of Taiwanese academics and business persons, including a couple of legislators”, and noted that, “such informal groups have visited India in the past as well for business, religious and tourist purposes,” and that “they do so to China as well.”

Besides, the political development the economic relations between the two sides are also expanding steadily.

Mapping Taiwanese Trade and Investments in India

Taiwan’s trade with India has increased six-fold from USD 1.19 billion in 2001 to almost USD 6.4 billion in 2017. With the initiation of the New Southbound Policy, the trade between the two countries has further gained momentum and the targeted aim is to achieve a trade volume of USD 10 billion by 2020. Taiwan is India’s 18th importer while India is Taiwan’s 14th export destination. There are 104 Taiwanese companies in India with the total investments of USD 1.5 billion.⁴³ India-Taiwan bilateral trade in 2017 was USD 6.35 billion. There was an increase of 27.13 per cent as compared to 2016. Indian exports to Taiwan were worth USD 3.06 billion whereas Taiwanese export to India was USD 3.3 billion.⁴⁴ Indian exports to Taiwan consists of mineral, parts for communication in a wired or wireless network. Indian imports to Taiwan consists of electronic integrated circuits, solar cells, cameras, wafer, tyre cord fabric.⁴⁵

In April 2018, the TAITRA inaugurated its fourth office in India at a ceremony, ‘Samruddhi, Grand opening of TAITRA’. This is going to be the fourth such office in the country and 61st office in the New Southbound Policy. The prime focus of the office would be to explore possible areas of collaborations between various sectors including the Micro, Small and Medium Enterprises (MSMEs). Soon after the inauguration, the first Taiwan Expo 2018, titled, ‘Connect Taiwan, Connect the World’ was held in New Delhi on 17-19 May 2018. The Expo was organised by the Bureau of Foreign Trade, Taiwan External Trade Development Council, and supported by India Trade Promotion Organisation and co-organised by Federation of India Chambers of Commerce and Industry. The major attractions of the expo were home products, medical services, health and personal care, Mandarin and business service, information communication and technology (ICT) and green products, sports and outdoor equipment, food processing machinery, agriculture and food, electric vehicle auto parts and fasteners, and textiles.

43 India-Taiwan Relations accessed at https://www.roc-taiwan.org/in_en/post/39.html

44 India-Taiwan Trade accessed at <https://www.india.org.tw/pages?id=eyJpdil6IlZpNmNaUzdK111SVNyZm9KenAzd2c9PSIsInZhbnVlIjoiRlpsRGkxWEpibWNTdMFXbTZYZ1BxZz09IiwibWFjIjoiODQwOWVmN2MzMjdIMWUxMmQwMDdiNGFjNWZjMDNjODNiM2Y5Yjg1NTc3Njk2NmFhNDIwN2JmNDgzZmUxMjc1NCJ9&subid=eyJpdil6Ilm5YNTdWRVZqQ3grYStKZ2JKcUtgZmc9PSIsInZhbnVlIjoiMDEwaXIRa2JpXC8wOUtTUlwwOVZ6bnFnPT0iLCJtYWMiOiI3N2JhYzlmMjc4ZjY3MjFiN2U3ODM4ZTNkY2NiMGE0Tc0MDIiODcwMTk4ZmZkZWZWMW1NjY2YTVmNGQwZTBmIn0=>

45 ibid

The other proposed investments by Taiwan in India are in the Science Park in Tamil Nadu based on the model of Hsinchu Science Park.⁴⁶ Taiwan's state-owned, Chinese Petroleum Corporation (CPC) has proposed to invest USD 6.6 billion in petrochemical projects in Paradip in Odisha using feedstock from Indian Oil Corporation (IOC).⁴⁷ The CPC has also planned to invest around INR 41,600 crore for setting up a naphtha cracker plant in Gujarat.⁴⁸ Taiwanese synthetic rubber manufacturer China Synthetic Rubber Corporation (CSRC) is planning to invest about INR 1,000 crore to set up a manufacturing facility in Gujarat.⁴⁹

Taiwan is also interested in investment in Bamboo Industry in Assam.⁵⁰ It wants to invest in solar panels in India. At present India imports 90 per cent of the solar modules. Almost 84 per cent of the modules are imported from China. India's large Greenfield market and India-led International Solar Alliance (ISA) provides an excellent platform for Taiwan's solar industry to capture not only India but also the global solar market.⁵¹ After much delay and controversy, Foxconn will finally set up a manufacturing hub. Executives of Taiwan-based Foxconn held meetings with Maharashtra government officials on July 4, 2018, in Nagpur and subsequently went on to meet Chief Minister Devendra Fadnavis.⁵²

Besides the abovementioned initiatives, on 24 October 2018, the Union Cabinet of India has approved the signing of the bilateral Investment Agreement between ITA and TECC. The development is likely to boost investment.⁵³

The Significance of the Taiwanese Investment in India

In 2017, Taiwan's economy grew at 2.86 per cent. Taiwan was the 22nd largest economy in the world and the 18th largest exporter and importer worldwide in 2017. Under the New Southbound Policy, Taiwan's trade with its trade partners in 2017 grew 15.61 per cent to USD 110.9 billion. India-Taiwan bilateral trade, in particular, increased 27 per cent to USD 6.3 billion in 2017. India is becoming an attractive destination for Taiwanese companies. Although Taiwan entered the Indian market later than the Japanese and Koreans, it has still managed to achieve a rapid rate of growth. Taiwan has hardware expertise. It can

46 Bharani Vaitheesvaran, Tamil Nadu government may pull a Taiwan and build a science park, *the Economic Times*, accessed at <https://economictimes.indiatimes.com/news/economy/infrastructure/tamil-nadu-government-may-pull-a-taiwan-and-build-a-sciencepark/articleshow/65793257.cms?intenttarget=no&mailtofriend=yes>

47 PTI, Taiwanese company CPC Corp proposes \$6.6 billion investment in India, *the Economic Times*, accessed at <https://economictimes.indiatimes.com/industry/indl-goods/svs/petrochem/taiwanese-company-cpc-corp-proposes-6-6-billion-investment-in-india/articleshow/65218357.cms>

48 Kapil Dave, Taiwanese oil refiner to invest Rs 41,600 crore in Gujarat, *the Times of India*, accessed at <https://timesofindia.indiatimes.com/city/ahmedabad/taiwanese-oil-refiner-to-invest-rs-41600-crore-in-gujarat/articleshow/62764133.cms>

49 FE Bureau, Taiwanese synthetic rubber maker plans to set up unit in Gujarat, may invest Rs 1k cr, *Financial Express*, accessed at <https://www.financialexpress.com/industry/taiwanese-synthetic-rubber-maker-plans-to-set-up-unit-in-gujarat-may-invest-rs-1k-cr/1211336/>

50 Taiwan eyes investment in Assam bamboo, accessed at <http://greengoldbamboo.com/news-room/taiwan-eyes-investment-in-assam-bamboo/5238>

51 PTI, Taiwan takes India to WTO's safeguard committee on solar duty accessed at <https://energy.economictimes.indiatimes.com/news/renewable/taiwan-takes-india-to-wtos-safeguard-committee-on-solar-duty/65927526>

52 Krishna Kumar, Maharashtra, Foxconn may sign deal for plant, finally, *the Economic Times*, accessed at <https://economictimes.indiatimes.com/tech/hardware/maharashtra-foxconn-may-sign-deal-for-plant-finally/articleshow/65001457.cms>

53 Cabinet approves signing of Bilateral Investment Agreement between India Taipei Association in Taipei and the Taipei Economic and Cultural Center in India accessed at <http://pib.nic.in/newsite/PrintRelease.aspx?relid=184328>

complement Indian software expertise. An Indian Council for Research on International Economic Relations (ICRIER)-Chung-Hua Institute of Economic Research (CIER) study shows that both sides can collaborate on cloud computing, digital technology-enabled design and green environment to secure new global business and cater to development.⁵⁴

Taiwan has an advanced food processing industry despite a low agriculture base and limited natural resources. Conversely, India has a broad base and abundant resources but a labour intensive food-processing sector coupled with old technology. India could import these technologies and customize it further.⁵⁵ Over a period, Taiwan has developed good solutions for smart cities. India has started the smart cities projects as well and, 'Taiwan is the best partner for India in the smart city business. Two Smart Asia Expo has already taken place in India where the Taiwanese companies have displayed their expertise.⁵⁶ Taiwanese companies have set up global production networks and India wants to be a part of the global production network and high-value manufacturing as well. The Government of India has launched Skill India, Made in India, Digital India and Smart Cities Project. Taiwan has shown willingness to share its expertise in all these areas. It will further, create complementarities between the two sides.

It is in interest of Taiwan to have more collaborations with India. There is a big market for Taiwan in India. India can help Taiwan in reducing its dependence on China, which is the stated goal of the New Southbound Policy, thus creating a win-win situation. Amid the US-China trade war, Taiwanese companies are weighing their options to move away their operations from China. India can be a plausible destination for many more the Taiwanese companies. Taiwanese firms are confronting higher production and management costs in China, with more regulations amid the clamping down on air pollution.⁵⁷

India-Taiwan Relations and People-to-People Interactions

Students

In 2011, the Taiwan Education Center (TEC) inaugurated its first centre at O. P. Jindal Global University.⁵⁸ It was a cooperative venture between National Tsing Hua University (NTHU) and O.P. Jindal Global University of India (JGBS). Now there are TECs at Amity University, Jamia Millia Islamia, Indian Institute of Technology Madras, SRM University Kattankulathur Campus and Indian Institute of Technology (IIT) Bombay. The TEC in Indian Universities provides Chinese courses for senior officials in the Indian Army, tourism promoters and Indian employees working in Taiwanese enterprises in India. Currently, there are seven TECs set up in various universities in India with 13 teachers from

54 Bonnie S. Glaser, Matthew P. Funaiolo, Perspectives on Taiwan: Insights from the 2017 Taiwan-U.S. Policy Program, Rowman & Littlefield, March 2018.

55 Ibid

56 Karnataka CM to inaugurate 2nd edition of Smart Asia India-Expo organized by Taiwan in Bangalore accessed at <https://knnindia.co.in/news/newsdetails/state/karnataka-cm-to-inaugurate-2nd-edition-of-smart-asia-india-expo-organized-by-taiwan-in-bangalore>

57 A Srinivas, With costs rising in China, Taiwanese firms eye India, the Hindu accessed at <https://www.thehindubusinessline.com/news/with-costs-rising-in-china-taiwanese-firms-eye-india/article23751865.ece>

58 India's Taiwan Education Center to focus on language, the Taipei Times accessed at <http://www.taipaitimes.com/News/taiwan/archives/2011/08/03/2003509826>, Opening of Taiwan Education Centre (TEC) at IIT Bombay, <http://www.iitb.ac.in/en/breaking-news/opening-taiwan-education-centre-tec-iit-bombay>, Inauguration of the Taiwan Education Center at SRM University on 30th September 2016 accessed at https://www.roc-taiwan.org/inmaa_en/post/1112.html

Taiwan teaching Mandarin Chinese. Over 6200 Indian students have taken Chinese courses in India. The TECs in India also provide Chinese courses for senior Indian officials, tourism promoters and employees working for Taiwan enterprises in India.⁵⁹

Over the past decade, many Indian students have availed Taiwanese scholarships. At present, there are 100,000 foreign students studying in Taiwan, of whom 1,532 students are from India. Foreign students are encouraged to study in Taiwan, and Indian students are being actively pursued. In 2010, Foundation for International Cooperation in Higher Education of Taiwan signed an MOU with Association of Indian Universities, by which academic degrees and certificates recognized by one sides will also be recognised by the other. This would facilitate greater research collaboration and exchanges by teachers and school administrators.⁶⁰

Tourism

Over 35,000 Indians visited Taiwan in 2017, out of which 4500 were for leisure travel and the others for business. Taiwan Tourist Bureau (TTB) is also working towards marketing Taiwan's Tourism in India. They are also organizing road shows in Delhi, Kolkata, Hyderabad, Pune and Kochi.⁶¹ In 2016, Taiwan tourism also held an educational workshop for the travel fraternity and the media. The workshop started with a Business-to-Business session between the Indian travel agents and the stakeholders from the Taiwanese Travel industry including its national carrier China Airlines, the Princess Cruise, destination management companies like Good Time Vacations, and hotels like Grand Hyatt Taipei.⁶²

Three Indian Journalist, from the Hindu, the Telegraph and Dainik Jagran were invited by the Foundation for International Exchange and Cultural Development from 6-9 November 2017. The purpose of the visit was to cooperate with the New Southbound Policy and Trade Association in order to promote trade cooperation in India, to expand business opportunities and promote Taiwanese culture, art and history with the people of the Indian subcontinent.⁶³

Culture

Cultural exchanges between Taiwan and India have been on the increase in recent years. The Youth Ambassadors delegation sponsored by the Ministry of Foreign Affairs visited India to promote cultural and people-to-people exchanges in 2014, 2015 and 2017, respectively. Da-Guan Dance Theater of the National Taiwan University of Arts, TAI Body Theater and Little Giant Chinese Chamber Orchestra also visited India in 2017.⁶⁴ Besides, the Bollywood movies - Three Idiots, Secret Superstar, Dangal, Bahubali - are major hits in

59 ibid

60 India-Taiwan Relations accessed at https://www.roc-taiwan.org/in_en/post/39.html

61 Murari Mohan Jha, Taiwan Focuses On Enhancing Visibility In India, accessed at <https://www.traveltrendstoday.in/news/international/item/6092-taiwan-focuses-on-enhancing-visibility-in-india>

62 Taiwan Tourism Bureau carries out aggressive marketing strategies with B2B workshop and participation in BLTM accessed at <http://www.tnhglobal.com/taiwan-tourism-bureau-carries-out-aggressive-marketing-strategies-with-b2b-workshop-and-participation-in-bltn/>

63 Juvina Lai, Indian media visits Taiwan, the Taipei Times, accessed at <https://www.taiwannews.com.tw/en/news/3306595>

64 India-Taiwan Relations accessed at https://www.roc-taiwan.org/in_en/post/39.html

Taiwan. In September 2018, Taiwan hosted its first film festival in India. Taiwan has screened its movies in India (Lie of Pie), but this is for the first time they named it as a film festival. The film festival was followed by a visit by 25 Youth Ambassadors under Taiwan's International Youth Ambassador Exchange Program.⁶⁵

Assessment

Within the framework of the policy, Taiwan is looking forward to collaborating with the countries in the region. Overall, it is in the interest of Taiwan that it maintains its economic ties and connectivity with the region and the world through this policy. On 11 May 2018, Taiwan's Ministry of Foreign Affairs launched the Indo-Pacific Affairs Section as a component of its New Southbound Policy. The section aims to help Taiwan form meaningful relationships with countries in the Indo-Pacific.

Taiwan's New Southbound Policy has potential convergences with the United States' Free and Open Indo Pacific (FOIP) strategy. Similarly, other countries in the region have policies like 'free and open' Sea of Japan, 'Maritime Fulcrum' of Indonesia and 'Act East Policy' of India. The basic principle of all these policies remains the same - maintaining a rule-based international order. Although initiated as an economic policy, the underpinning of the policy appears to be diplomatic.

The New Southbound Policy is in early phase and it has not been able to counter-balance the Chinese influence. China is still Taiwan's largest trade partner. Despite the deteriorating cross-Straits relations, according to Taiwan's Mainland Affairs Council (MAC) through the first 11 months of 2017, cross-Straits trade was valued at USD 125.6 billion. Taiwan's exports to the mainland during that period went up. Although there was a slight drop in overall trade values from 2015 to 2016 when Tsai assumed office, the figures have climbed back. Tsai Ing-wen does not enjoy the same trust and cooperation with China as her predecessor. She has refused to accept the '1992 Consensus'. The absence of confidence and trust from China has affected Tsai Ing-wen's strategy to develop its international space; China has been pressurizing countries to cut diplomatic ties with Taiwan and using tactics such as forcing certain embassies and airlines to change Taiwan's name.

Taiwan may have to pursue the New Southbound Policy more robustly in order to carve out its niche area for itself. They have started projecting the New Southbound Policy as their 'warm power'. The foreign minister of Taiwan has said, "Whether it is government's New Southbound Policy or its development assistance to nations across the Indo-Pacific region, the essence is to apply Taiwan's expertise in transportation, logistics and construction to the region's development."⁶⁶ Subsequently at the Yushan Forum, Tsai Ing-wen has highlighted that Taiwan can help Asia and, Asia can help Taiwan.⁶⁷

65 Sachin Parashar, Under China shadow, India and Taiwan work to improve culture, trade Ties, the Times of India, accessed at <https://timesofindia.indiatimes.com/india/under-china-shadow-india-and-taiwan-work-to-improve-culture-trade-ties/articleshow/65746023.cms>

66 Stacy Hsu, Taiwan's 'warm power' will beat China, Wu says, *Taipei Times*, accessed at <http://www.taipeitimes.com/News/taiwan/archives/2019/03/13/2003711395>

67 President Tsai attends opening of Yushan Forum accessed at <https://english.president.gov.tw/News/5552>

In summary, through the New Southbound Policy Taiwan is trying to maintain its importance in the present geopolitical order. India-Taiwan relations has already improved. The evolution of the MOUs and the series of agreement signed indicate that the relationship is set to grow in the coming years.

India-Taiwan - the Way Forward

India and Taiwan can cooperation on the Sustainable Development Goal (SDG) of the United Nations (UN). India along with other countries signed the declaration on the 2030 Agenda for Sustainable Development, comprising of seventeen SDGs at the Sustainable Development Summit of the UN in September 2015. Although not a member of the UN, in 2017 Taiwan came out with the first Voluntary National Review (VNR) at a forum in New York to explaining the efforts Taiwan has made towards achieving SDG despite not being member of the UN.⁶⁸ The stated 17 goals of the policy can be the potential areas for the cooperation with India.

According to the report published by the ICRIER, there are three plausible ways of collaboration. First, Indian and Taiwanese companies can work as joint venture collaborates to understand each other's markets. Second, the industry associations and professional bodies of the two countries should interact and start sharing information. Third, India's Ministry of Commerce should start interacting with TECC and ITA. The two countries can set up a Joint Working Group for a possible comprehensive agreement.⁶⁹

The Government of India is giving special emphasis to SMEs. The incentives include giving loans up to rupees one crore cleared in 59 minutes, relaxed labour laws and easier compliance with environment laws.⁷⁰ Under the New Southbound Policy, the Taiwanese government is also giving impetus to SME. Thus, there is complementary between the two sides in this sector.

India can support Taiwan's position in the World Health Organisation (WHO). In 2017, the US House of Representatives introduced a bipartisan bill, proposing to restore Taiwan's status as an 'observer' at the WHO and at the annual meeting of the World Health Assembly (WHA). The bill is aimed at improving the US efforts to ensure Taiwan's participation in the WHO and WHA.

India and Taiwan also participated in the 2018 'Quad-Plus dialogue' held in Tokyo. Quad-Plus dialogue is 1.5 initiative of four think tanks of India, Japan, Australia and the US. Besides the four democracies, in 2018, Taiwan's Institute for National Policy Research (INPR) joined the discussion as the Dialogue's Plus-partner.⁷¹ The one major obstacle that hampers close ties between India and Taiwan is India's acceptance of the 'One China'

68 Timothy Huang, Elaine Hou, Wu Hsin-yun, and Kuan-lin Liu, Taiwan issues first review of progress on sustainable development accessed at <http://focustaiwan.tw/news/aip/201709160012.aspx>

69 Parthapratiim Pal, Arpita Mukherjee, Kristy Tsun-Tzu His, 'Enhancing Trade Investment and Cooperation between India and Taiwan' accessed at http://icrier.org/pdf/enhancing_trade_investment_cooperation.pdf

70 ET Bureau, PM Narendra Modi promises MSMEs Rs 1 crore loan in 59 minutes, the Economic Times, accessed at <https://economictimes.indiatimes.com/small-biz/policy-trends/loan-in-59-minutes-for-msmes-pm-modi-launches-portal-to-ease-credit-for-small-businesses/articleshow/66477003.cms>

71 Jeff M. Smith, The Return of the Asia-Pacific Quad accessed at <https://www.heritage.org/global-politics/commentary/the-return-the-asia-pacific-quad>

policy. India and Taiwan are strategically, separated by the same neighbour. However, despite the absence of diplomatic relations, bilateral visits from the both sides continue.

India-Taiwan relations are no more under the radar and have the potential to grow further. On 24 October 2018, the Union Cabinet of India approved the signing of Bilateral Investment Agreement between ITA and TECC. Additionally, the ‘Taiwan Plus’, set up by Invest India, the National Investment Promotion and Facilitation Agency and Taiwan External Trade Development Council (TAITRA), under the aegis of the Governments of India and Taiwan aim to promote, facilitate and retain Taiwanese investments in India. Economic engagement and people-to-people contact remain the basis of the relations. The New Southbound Policy is a pragmatic policy that will help Taiwan not to be isolated and maintain its relevance.

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