

Taiwan's Southbound Drive towards Southeast Asia: Expanding Economic and People-to-People Ties from Ma Ying-jeou to Tsai Ing-wen

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This article examines Taiwan's foreign policy towards Southeast Asia during Ma Ying-jeou's two-term (2008–2016) and Tsai Ing-wen's first-term (2016–2020) presidencies. It discusses the context of East Asian regionalisation and regionalism, and Ma's and Tsai's primary objectives for their strategies in relation to the ASEAN region. With a focus on their trade, investment, tourism and higher education policies towards the region, this article evaluates how successful their policies have been in achieving the goals in the relevant areas.

IN RECENT YEARS, the New Southbound Policy (NSP) promoted by President Tsai Ing-wen of the Republic of China (Taiwan or the ROC) has made headlines and generally raised awareness of Taiwan–Southeast Asia relations on the island.

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One of the major aims of this foreign policy initiative is to expand Taiwan's economic presence in Southeast Asian markets and achieve a higher degree of interconnectivity with the member states of the Association of Southeast Asian Nations (ASEAN), especially as the People's Republic of China (China or the PRC) has emerged as an increasingly dominant power in the regional economic hierarchy.

However, the Taiwanese government's interest in Southeast Asia is far from new. Some aspects of Tsai's southbound focus on Southeast Asia are a continuation and expansion of policies already implemented by previous administrations. In 1994, the Lee Teng-hui administration introduced the "Go South" policy to enhance trade and investment ties with ASEAN countries to reduce dependence on China's economy. In 2002, President Chen Shui-bian revived the "Go South" rhetoric, emphasising the need to diversify Taiwan's economy away from China. The "Go South" policy details were outlined in the Guidelines for Strengthening Economic and Trade Ties with Southeast Asia (or "Guidelines for Southeast Asia" in short) and implemented in five different phases under Lee's and Chen's leadership.

After Ma Ying-jeou became president in 2008, he continued to renew the Guidelines for Southeast Asia and implemented two more phases, albeit without using the term "Go South". This was to avoid any implication that the island's investment and trade should avoid "going west" to China. The previous southbound initiatives led by Lee and Chen focused on encouraging Taiwanese manufacturing companies to establish factories in Southeast Asia to take advantage of low-cost labour. By contrast, Ma's approach placed greater emphasis on capitalising on the growing consumer markets in ASEAN and strengthening educational ties with the region. Despite their differing focuses, the policy guidelines stressed the importance of promoting economic engagement with Southeast Asia to diversify Taiwan's international trade and avoid exclusion from regional economic integration. These strategic objectives have remained unchanged during Tsai's presidency.

That said, the Tsai administration has devoted greater attention to people-to-people connectivity. The Guidelines for the NSP, launched by Tsai in August 2016, takes a particular interest in promoting mutual understanding between Taiwan and ASEAN countries through cultural activities such as tourism, youth exchange programmes and cooperation in areas including medical treatment, education, technology and agriculture. The rationale for Tsai's efforts arguably lies in the fact that cultural and societal relations with Southeast Asia have been comparatively underexplored, relative to the important position ASEAN holds as Taiwan's second-largest trading partner. Furthermore, Taiwan's long-standing

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focus on cross-strait relations and strategic ties with the United States and Japan has, to some extent, obscured the richness of Taiwan–Southeast Asia linkages among the public. Taiwan’s recent desire to build stronger relationships with the people of Southeast Asia can therefore be seen as a strategic shift in focus that will supplement its traditional diplomatic efforts driven by trade, investment and major power dynamics.

Following this introductory section, this article first discusses the backdrop of East Asian regionalisation and regionalism, and Ma’s and Tsai’s primary objectives for their strategies towards Southeast Asia between 2008 and 2020. It then examines their trade, investment, tourism and higher education policies towards Southeast Asia. The concluding section evaluates how successful their policies have been in achieving the goals.

Taiwan’s Role in East Asian Regionalisation and Regionalism

Understanding the context of East Asian regionalisation and regionalism helps to unpack the Taiwanese government’s Southeast Asia policy. During the 1980s and early 1990s, the burgeoning cross-national economic webs in East Asia were primarily woven by the process of market-driven regionalisation, rather than regionalism led by national governments in the region. The lower transportation costs associated with geographic proximity, coupled with the complementary nature of capital-rich and technology-abundant Northeast Asia (excluding China) and labour-rich but capital-poor Southeast Asia (excluding Singapore), boosted investment, trade and production networks between these two subregions. Against this regional backdrop, Taiwanese firms, along with corporations from Japan, South Korea, Hong Kong and Singapore, increased their transborder investment to Southeast Asia and China, especially after the significant appreciation of the New Taiwan dollar in relation to the US dollar in the mid-1980s.¹ As a result, Taiwan’s economic footprint in and relations with Southeast Asia significantly expanded through regionalisation in the 1980s and 1990s.

However, since the outbreak of 1997 Asian financial crisis, the bottom-up process of regionalisation in East Asia has gradually been supplemented by a top-down state-led agenda of regionalism, manifested in different forms of regional cooperation and institutionalisation. The emergence of the ASEAN Plus Three (APT) mechanism and the proliferation of free trade agreements (FTAs) were the two major manifestations of East Asian regionalism. The former was established in 1997 and aimed to improve regional financial governance with projects such as the Chiang Mai Initiative and the Asian Bond Market Initiative among the 10 ASEAN countries, alongside China, Japan and South Korea. The latter became more salient in the 2000s and 2010s, galvanised by the impasse of the Doha Round of the World Trade Organisation (WTO). On the bilateral front, in 2000, there

¹ Evelyn Goh, *The Struggle for Order: Hegemony, Hierarchy, and Transition in Post-Cold War East Asia*, Oxford, Oxford University Press, 2015, pp. 123–124.

were only nine Asia- and Oceania-related bilateral FTAs notified to the WTO, with only one of them related to East Asian and Southeast Asian countries. In 2017, however, this figure expanded to 97, among which 61 involved the East Asian and Southeast Asian countries. On the multilateral side, in 2000, there were only five Asia-related plurilateral FTAs notified to the WTO. By 2017, this figure had risen to 37.²

Due primarily to its contested statehood in the international arena, Taiwan has been unable to join the major processes of East Asian regionalism triggered by the Asian financial crisis. Taipei's international status has long been challenged by Beijing's sovereignty claims over the island. By 1991, all 10 ASEAN countries had established diplomatic relations with the PRC. At the time of writing this article, only 13 countries have formal diplomatic ties with the ROC, while others suspend judgements on Taiwan's final status. China's significant growing economic influence in Southeast Asia since the mid-1990s has also undermined Taiwan's relative economic power in the region. Taiwan's constricted international space, coupled with China's emerging role in the regional economy, has a considerable bearing on Taiwan's foreign policy towards the ASEAN region. Gaining access to the negotiation process of multilateral FTAs, such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP), and signing of bilateral FTAs with ASEAN countries have all been extremely difficult for Taiwan, due largely to China's opposition to deals inked between the ROC and any of the PRC's diplomatic allies that could suggest a state-to-state engagement. In a similar vein, Taiwan's disputed statehood has obstructed the island from forming ties with regional organisations such as ASEAN or joining regional engagements like the APT and the East Asia Summit, thus limiting Taiwan's ability to facilitate more commercial ties with Southeast Asia through multilateral settings. By blocking Taiwan's regional participation, China is arguably attempting to compel the island to integrate its economy more closely with the Mainland and less with the rest of the world.

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² Asian Development Bank's Asia Regional Integration Centre, "Table 4. Bilateral by Geographic Area, WTO Notification and Status, 2000 and 2017", 18 March 2022, <<https://aric.adb.org/fta-trends-by-geographic-area-wtobilateral>>; Asian Development Bank's Asia Regional Integration Centre, "Table 5. Plurilateral by WTO Notification and Status, 2000 and 2017", 18 March 2022, <<https://aric.adb.org/fta-trends-by-geographic-area-wto-plurilateral>> (accessed 15 January 2023).

Despite the challenges, the Taiwanese government has attempted to forge stronger economic linkages with Southeast Asia to avoid being marginalised in the regional economy, as evidenced in the aforementioned southbound initiatives across different administrations. Ma's and Tsai's Southeast Asia policies have aimed to achieve three primary objectives: (i) to expand economic relations with ASEAN countries; (ii) to participate in the regional economic integration process; and (iii) to reduce the degree of economic dependence on China.

Taiwan–Southeast Asia Trade and Investment Relations

Ma Ying-jeou's foreign policy towards ASEAN was ambitious. During his first week in office, Ma proposed establishing an "ASEAN Plus Four" forum. He pointed out that Taiwan was left out of the regional economic integration, as ASEAN had already signed FTAs and started negotiating details with China, Japan and South Korea in the 2000s. Given Taiwan's trade-dependent economy and significant investment presence in ASEAN, Ma said it was Taiwan's goal to be included in the economic integration of Southeast Asia and Northeast Asia, adding that "if we can have ASEAN Plus Three, why not ASEAN Plus Four?".³ His administration also aimed to form a dialogue partnership with ASEAN.

With these goals in mind, Ma launched several initiatives relevant to ASEAN. Apart from continuing the aforementioned Guidelines for Southeast Asia to promote trade and investment ties with ASEAN countries, in 2008, Ma instructed the Ministry of Foreign Affairs to establish an ASEAN task force under the National Security Council, which reported directly to the president. In 2009, the foreign ministry set up an ASEAN-focused think tank, the Taiwan ASEAN Studies Centre, under the Chung-Hua Institution for Economic Research. In 2012, in addition to its existing Southeast Asian Affairs Section, the Ministry of Foreign Affairs' Department of East Asian and Pacific Affairs created the ASEAN Affairs Section, which was dedicated to dealing solely with multilateral affairs in ASEAN.

Despite these initiatives, Taiwan's inclusion in the regional architecture still depended largely on cross-strait relations and decisions made in China. As the late Singapore Prime Minister Lee Kuan Yew pointed out, Taiwan was unlikely to be included in the ASEAN dialogues because the issues they discuss include security and political affairs, which Beijing would not want Taiwan to get involved in.⁴ On the bilateral side, the China factor also hindered Taiwan's efforts to negotiate trade deals with ASEAN countries. China would not allow its formal

³ Executive Yuan Republic of China (ROC, Taiwan), "President Ma Ying-Jeou's Speeches and Remarks in 2008", Taipei, Executive Yuan, 2009, p. 196.

⁴ Jay Chen, Charles Kang, and Y F Low, "Taiwan FTA Hinges on Cross-Strait Ties: Singapore Minister Mentor", Central News Agency, 8 May 2008.

diplomatic allies to sign FTAs with Taiwan before concluding its agreement with the island.

To overcome this significant political hurdle, Ma worked towards negotiating a trade agreement with China early in his tenure. In June 2010, the Taipei-based Strait Exchange Foundation and the Beijing-based Association for Relations Across the Taiwan Strait signed the Economic Cooperation Framework Agreement (ECFA). The signing of ECFA instantly led to the resumption of talks on an FTA-like agreement between Taiwan and Singapore in August 2010. After three years of negotiations, both sides signed the Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership (ASTEP) in November 2013. It is worth noting that Taiwan and New Zealand also began FTA-like negotiations in May 2012 and signed the Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Cooperation (ANZTEC) in July 2013.

According to Ma's accounts, there were two main reasons why his administration put significant efforts into negotiating trade deals with Singapore and New Zealand. First, ANZTEC and ASTEP were the first two quasi-FTA agreements, or economic cooperation agreements (ECAs), that Taiwan achieved with non-diplomatic partners, setting a benchmark for other countries in the region and signalling that signing a trade deal with Taiwan is not impossible. Second, as both Singapore and New Zealand are members of the TPP and RCEP, Ma hoped that the negotiation experience with these countries would prepare Taiwan to negotiate more trade deals with other regional partners and eventually join these agreements—a building-block approach for the island to participate in the regional economic integration.⁵

Since assuming office in May 2016, Tsai has aimed to expand the scope and diversity of Taiwan's external economic portfolio by enhancing trade, investment and people-to-people ties with all ASEAN countries, six South Asian countries, Australia and New Zealand. According to the Guidelines for the NSP, in the short-to-medium term, Taiwan intends to expand two-way exchanges with the NSP target countries in the areas of trade, investment, tourism, culture and talent. In the longer term, Tsai hopes that Taiwan and the NSP countries can build mutual trust and "a sense of economic community".⁶

This policy document also mentions that Taiwan should foster four key types of links—soft power links, supply chain links, regional market links and

⁵ Office of the President ROC (Taiwan), "President Ma Attends Opening Ceremonies of Seminar on Strategies for Joining TPP and RCEP (Transcript of Ma's Opening Remarks)", 17 February 2014, pp. 7–8.

⁶ Office of the President ROC (Taiwan), "President Tsai Convenes Meeting on International Economic and Trade Strategy, Adopts Guidelines for 'New Southbound Policy'", 16 August 2016, <<https://english.president.gov.tw/NEWS/4955>> (accessed 18 January 2023).

people-to-people links—with NSP target countries. In the following month, the Executive Yuan announced the NSP Promotion Plan, outlining four main tasks: (i) promote economic collaboration by integrating supply chains, connecting domestic demand markets and cooperating on infrastructure projects; (ii) foster talent exchange by promoting educational ties, cultivating industry professionals and offering more opportunities to immigrants to become a bridge between different cultures; (iii) share resources in healthcare, culture, tourism, technology and agriculture; and (iv) forge regional links by pursuing regional integration, negotiation and dialogue, strategic alliance, and enhancing overseas Taiwanese networks.⁷

Another key task on Tsai's NSP agenda has been to renew bilateral investment protection and tax treaties with ASEAN countries.

As laid out in these documents, the Tsai administration has pledged to negotiate FTAs or ECAs and to join regional trade blocs such as the TPP and RCEP. Tsai also recognised the importance of the emergence of the ASEAN Economic Community (AEC), established at the end of 2015 with the goal of promoting free movement of goods, services, investment and skilled labour across the member countries. Given that the AEC aims to transform the region into a single market and expand FTA networks with other major economies, Taiwanese investors based in ASEAN are likely to access greater business opportunities.

Another key task on Tsai's NSP agenda has been to renew bilateral investment protection and tax treaties with ASEAN countries. Taiwan signed most of its investment protection and promotion agreements and double taxation avoidance agreements with ASEAN countries in the 1990s. These agreements are outdated and may not effectively protect Taiwanese investors' interests in the region. For example, in future bilateral investment agreements, Taiwan may seek to include investor–state dispute settlement mechanisms, which allow foreign investors to access an independent arbitration tribunal if they deem a host government's actions to violate the rights granted to investors. In fact, investor–state dispute settlement mechanism provisions are already included in ASTEP and ANZTEC, which can serve as references for Taiwan's future ECA or bilateral investment agreement negotiations with ASEAN countries.

Despite these objectives, the impasse in cross-strait ties following Tsai's inauguration has arguably constrained Taiwan's leeway to seek more FTA-like agreements with ASEAN countries. That said, the Tsai administration signed a new bilateral investment agreement with the Philippines in December 2017.

⁷ Executive Yuan ROC (Taiwan), "New Southbound Policy Promotion Plan", 5 September 2016, <<https://www.ey.gov.tw/Page/5A8A0CB5B41DA11E/86f143fa-8441-4914-8349-c474afe0d44e>> (accessed 20 February 2023).

This development, which China sees as official in character, unsurprisingly drew opposition from Beijing. Two years later, Vietnam followed suit and signed a new bilateral investment agreement with Taiwan in December 2019. These two agreements are deemed significant achievements for Tsai's NSP.

Although Tsai has employed a whole-of-government approach to strengthen economic ties with ASEAN countries, she has made the Office of Trade Negotiations (OTN) the command centre for the NSP. In September 2016, Tsai not only confirmed the plan to upgrade OTN into a cabinet-level agency under the Executive Yuan but also tasked the agency with crafting strategies for the NSP. In August 2017, OTN finalised the plan of Five Flagship Programmes and Three Prospective Areas under the NSP.⁸ Among these, three flagship programmes (Industrial Innovation and Cooperation, Regional Agricultural Development, and Medical and Public Health Cooperation and the Development of Industrial Chains) and two prospective areas (Cross-border E-Commerce and Infrastructure) are highly related to trade and investment components.

Taiwan's trade and investment flows with Southeast Asia

As shown in Table 1, Ma's first term did not get off to a good start in trade. In the wake of the 2007–2008 global financial crisis, Taiwan's goods trade with the world and ASEAN plummeted by 23.8% and 22.0%, respectively, in 2009. Nevertheless, Taiwan's exports to and imports from ASEAN bounced back following a slump after the global financial crisis. Between 2010 and 2014, goods trade between Taiwan and ASEAN increased robustly from US\$70.8 billion to US\$93.6 billion. In 2015, Taiwan's goods trade with the region experienced another dip, caused primarily by the sharp decline in commodity prices, China's diminished growth and weak import demand in emerging Asian economies. In 2016, the year that Ma transferred power to Tsai, Taiwan's goods trade with ASEAN was US\$78.4 billion, accounting for 15.4% of the island's total goods trade with the world. ASEAN accounted for about 18.4% of the island's goods exports and 11.9% of its goods imports. During Ma's presidency, as indicated in Tables 2, 3 and 4, ASEAN not only continued to be Taiwan's second-largest goods trading partner (after mainland China) and goods export market (after mainland China), it also replaced the United States as the third-largest goods import supplier of Taiwan (after mainland China and Japan).

During Tsai's first term in office, as demonstrated in Table 1, Taiwan's goods trade with ASEAN again increased to over US\$90 billion, reaching US\$92.7 billion in 2018. Despite its southbound drive, the Tsai administration has had to

⁸ Office of Trade Negotiations ROC (Taiwan), "The New Southbound Policy's Flagship Programmes and Prospective Areas (Slides)", 31 August 2017, <<https://www.ey.gov.tw/File/29F1F81789F21464>>; Office of Trade Negotiations Republic of China (Taiwan), "The New Southbound Policy's Flagship Programmes and Prospective Areas (Information)", 31 August 2017, <<https://www.ey.gov.tw/File/235B55A43091C8DC>> (accessed 25 February 2023).

face the challenges of the US–China trade war since 2018, which significantly disrupted the regional supply chain in East Asia and limited global growth prospects. Amid rising trade tensions and uncertainty, Taiwan’s goods trade with ASEAN fell to US\$88.9 billion and US\$88.1 billion in 2019 and 2020, respectively. In 2020, as shown in Tables 2, 3 and 4, ASEAN remained Taiwan’s second-largest goods trading partner (after mainland China), second-largest goods export market (after mainland China), and third-largest goods import supplier (after mainland China and Japan). In terms of the share of Taiwan’s goods trade portfolio, ASEAN accounted for about 14.1% of the island’s total goods trade, 15.4% of its goods exports and 12.6% of its goods imports.

TABLE 1 TAIWAN’S GOODS TRADE WITH THE WORLD AND ASEAN (2000–2020), US\$ MILLION

Year	Exports				Imports				Total Trade			
	World (US\$ m)	ASEAN			World (US\$ m)	ASEAN			World (US\$ m)	ASEAN		
		Value (US\$ m)	Growth Rate (%)	Share (%)		Value (US\$ m)	Growth Rate (%)	Share (%)		Value (US\$ m)	Growth Rate (%)	Share (%)
2000	148,316	18,476	29.27	12.46	140,005	20,231	39.74	14.45	288,321	38,707	34.54	13.42
2001	126,314	15,358	-16.87	12.16	107,966	16,082	-20.51	14.90	234,279	31,440	-18.77	13.42
2002	135,313	16,451	7.12	12.16	113,238	16,674	3.68	14.72	248,550	33,125	5.36	13.33
2003	150,595	18,131	10.21	12.04	128,007	17,541	5.20	13.70	278,602	35,672	7.69	12.80
2004	182,364	24,026	35.51	13.17	168,751	20,376	16.16	12.07	351,114	44,401	24.47	12.65
2005	198,424	27,363	13.89	13.79	182,610	21,170	3.90	11.59	381,035	48,534	9.31	12.74
2006	224,013	31,193	14.00	13.92	202,695	23,403	10.55	11.55	426,708	54,595	12.49	12.79
2007	246,673	36,301	16.38	14.72	219,248	23,789	1.65	10.85	465,922	60,090	10.06	12.90
2008	255,625	38,927	7.23	15.23	240,444	25,678	7.94	10.68	496,069	64,604	7.51	13.02
2009	203,671	30,586	-21.43	15.02	174,367	19,835	-22.76	11.38	378,038	50,421	-21.96	13.34
2010	274,596	41,961	37.19	15.28	251,233	28,884	45.62	11.50	525,829	70,845	40.51	13.47
2011	308,253	51,541	22.83	16.72	281,434	32,796	13.54	11.65	589,687	84,337	19.04	14.30
2012	301,177	56,547	9.71	18.78	270,469	31,531	-3.86	11.66	571,646	88,078	4.44	15.41
2013	305,437	58,768	3.93	19.24	269,893	32,605	3.41	12.08	575,330	91,374	3.74	15.88
2014	313,692	59,529	1.30	18.98	274,022	34,114	4.63	12.45	587,714	93,644	2.48	15.93
2015	280,384	50,929	-14.45	18.16	228,616	28,323	-16.98	12.39	508,999	79,252	-15.37	15.57
2016	279,191	51,252	0.63	18.36	229,227	27,182	-4.03	11.86	508,418	78,434	-1.03	15.43
2017	315,506	58,523	14.19	18.55	257,230	31,003	14.06	12.05	572,736	89,526	14.14	15.63
2018	334,026	58,130	-0.67	17.40	284,819	34,552	11.45	12.13	618,846	92,681	3.53	14.98
2019	329,166	53,937	-7.21	16.39	285,679	34,968	1.21	12.24	614,844	88,905	-4.08	14.46
2020	345,136	53,218	-1.33	15.42	286,175	35,904	2.68	12.55	631,311	89,122	0.24	14.12

Source: Ministry of Economic Affairs ROC (Taiwan), “Bureau of Foreign Trade Statistics Database”,
<<https://cuswebo.trade.gov.tw/>> (accessed 11 January 2023).

**TABLE 2 TAIWAN'S MAJOR GOODS TRADING PARTNERS (2000–2020),
US\$ MILLION**

	2000		2004		2008		2012		2016		2020	
Mainland China	10,440.5	3.6%	53,140.6	15.1%	98,273.5	19.8%	121,621.2	21.3%	117,727.3	23.2%	166,036.9	26.3%
ASEAN	38,706.6	13.4%	44,401.4	12.6%	64,604.4	13.0%	88,077.9	15.4%	78,433.6	15.4%	89,121.5	14.1%
United States	59,939.6	20.8%	50,530.7	14.4%	57,117.0	11.5%	56,579.5	9.9%	60,486.2	11.9%	83,066.0	13.2%
Japan	55,156.0	19.1%	57,523.4	16.4%	64,062.9	12.9%	66,561.5	11.6%	60,094.4	11.8%	69,302.0	11.0%
EU-28	38,762.6	13.4%	39,653.1	11.3%	47,751.4	9.6%	48,724.6	8.5%	48,725.6	9.6%	57,141.4	9.1%
Hong Kong	33,521.0	11.6%	35,204.6	10.0%	34,182.3	6.9%	40,590.7	7.1%	39,585.5	7.8%	50,156.8	7.9%
South Korea	12,895.6	4.5%	17,291.6	4.9%	21,874.0	4.4%	26,915.4	4.7%	27,182.0	5.3%	35,752.0	5.7%
Rest of the World	38,899.2	13.5%	53,368.9	15.2%	108,203.8	21.8%	122,575.1	21.4%	76,183.3	15.0%	80,734.8	12.8%
Total	288,321.2	100.0%	351,114.3	100.0%	496,069.2	100.0%	571,646.0	100.0%	508,417.8	100.0%	631,311.4	100.0%

Source: Ministry of Economic Affairs ROC (Taiwan), "Bureau of Foreign Trade Statistics Database", <<https://cuswebo.trade.gov.tw/>> (accessed 11 January 2023).

**TABLE 3 TAIWAN'S MAJOR GOODS EXPORT PARTNERS (2000–2020),
US\$ MILLION**

	2000		2004		2008		2012		2016		2020	
Mainland China	4,217.4	2.8%	36,349.0	19.9%	66,883.0	26.2%	80,713.8	26.8%	73,733.6	26.4%	102,447.0	29.7%
ASEAN	18,475.9	12.5%	24,025.7	13.2%	38,926.6	15.2%	56,546.7	18.8%	51,251.5	18.4%	53,217.6	15.4%
United States	34,814.3	23.5%	28,750.6	15.8%	30,790.7	12.0%	32,975.9	10.9%	33,397.0	12.0%	50,550.4	14.6%
Hong Kong	31,335.6	21.1%	32,895.5	18.0%	32,689.6	12.8%	37,931.9	12.6%	38,254.9	13.7%	48,936.0	14.2%
EU-28	22,827.5	15.4%	22,773.6	12.5%	28,116.4	11.0%	26,233.4	8.7%	24,486.8	8.8%	26,237.6	7.6%
Japan	16,599.1	11.2%	13,807.6	7.6%	17,555.7	6.9%	18,988.4	6.3%	19,471.4	7.0%	23,398.7	6.8%
South Korea	3,907.6	2.6%	5,629.7	3.1%	8,705.7	3.4%	11,842.3	3.9%	12,531.4	4.5%	15,140.8	4.4%
Rest of the World	16,138.9	10.9%	18,131.9	9.9%	31,957.2	12.5%	35,944.4	11.9%	26,064.5	9.3%	25,208.2	7.3%
Total	148,316.3	100.0%	182,363.7	100.0%	255,624.8	100.0%	301,176.8	100.0%	279,191.0	100.0%	345,136.3	100.0%

Source: Ministry of Economic Affairs ROC (Taiwan), "Bureau of Foreign Trade Statistics Database", <<https://cuswebo.trade.gov.tw/>> (accessed 11 January 2023).

**TABLE 4 TAIWAN'S MAJOR GOODS IMPORT PARTNERS (2000–2020),
US\$ MILLION**

	2000		2004		2008		2012		2016		2020	
Mainland China	6,223.1	4.4%	16,791.5	10.0%	31,390.5	13.1%	40,907.4	15.1%	43,993.7	19.2%	63,589.9	22.2%
Japan	38,557.0	27.5%	43,715.7	25.9%	46,507.2	19.3%	47,573.1	17.6%	40,623.0	17.7%	45,903.3	16.0%
ASEAN	20,230.8	14.5%	20,375.8	12.1%	25,677.9	10.7%	31,531.2	11.7%	27,182.1	11.9%	35,903.9	12.5%
United States	25,125.3	17.9%	21,780.1	12.9%	26,326.3	10.9%	23,603.6	8.7%	27,089.1	11.8%	32,515.5	11.4%
EU-28	15,935.1	11.4%	16,879.5	10.0%	19,635.0	8.2%	22,491.2	8.3%	24,238.8	10.6%	30,903.8	10.8%
South Korea	8,987.9	6.4%	11,662.0	6.9%	13,168.2	5.5%	15,073.1	5.6%	14,650.6	6.4%	20,611.1	7.2%
Hong Kong	2,185.3	1.6%	2,309.1	1.4%	1,492.7	0.6%	2,658.8	1.0%	1,330.6	0.6%	1,220.8	0.4%
Rest of the World	22,760.3	16.3%	35,237.0	20.9%	76,246.7	31.7%	86,630.8	32.0%	50,118.8	21.9%	55,526.5	19.4%
Total	140,004.9	100.0%	168,750.6	100.0%	240,444.4	100.0%	270,469.2	100.0%	229,226.8	100.0%	286,175.1	100.0%

Source: Ministry of Economic Affairs ROC (Taiwan), "Bureau of Foreign Trade Statistics Database", <<https://cuswebo.trade.gov.tw/>> (accessed 11 January 2023).

As shown in Tables 5 and 6, ASEAN countries continued to attract a large portion of Taiwan's foreign direct investment (FDI) under Ma's presidency, with the exception of a dip in 2009. In 2012, around the midpoint of Ma's two-term presidency, Taiwan's approved outward FDI flows in ASEAN reached a record high of US\$5.7 billion due to its US\$4.5 billion worth of outward FDI flows in Singapore. This also raised ASEAN's share of Taiwan's total approved outward FDI flows to 27.4% in 2012, only behind mainland China (61.2%). In 2016, Taiwan's approved FDI flows to ASEAN amounted to US\$2.3 billion, accounting for 10.7% of the island's total approved outward FDI flows of the year, behind mainland China (44.4%), Japan (20.7%) and British Overseas Territories in the Caribbean (12.5%).

Despite the new southbound initiative, Tsai's first term did not witness significant growth in Taiwan's approved FDI flows to ASEAN. However, the region's share of the island's total approved outward FDI flows increased to 15.0% in 2020, representing a 4.3% rise from 2016. By contrast, mainland China's share of the island's total approved outward FDI flows declined to 33.3% in 2020, marking an 11.1% decrease from 2016. This trend can be partially attributed to the escalating tensions between the United States and China in recent years. A report by the Centre for Strategic and International Studies reveals that over half of the surveyed Taiwanese companies had either relocated (25.7%) or considered moving (33.2%) out of China to mitigate risks associated with a potential US–China conflict and explore new opportunities in a changing global landscape. Among those relocating, a significant majority (63.1%) chose Southeast Asia as

TABLE 5 TAIWAN'S APPROVED OUTWARD FDI FLOWS IN ASEAN (2000–2020), US\$ MILLION

	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam	Total
2000	0.0	3.1	33.7	0.0	19.4	0.4	13.0	219.5	49.8	54.0	393.0
2001	0.0	1.0	6.1	0.0	45.5	0.0	46.2	378.3	16.3	30.9	524.4
2002	4.0	0.0	9.2	0.0	32.0	3.5	82.8	25.8	6.0	55.2	218.5
2003	3.2	5.8	12.8	0.0	50.2	0.0	2.4	26.4	49.0	157.4	307.2
2004	2.7	0.0	2.4	0.0	35.5	5.6	2.4	822.2	8.7	95.1	974.6
2005	10.0	0.0	9.1	0.0	28.2	0.0	14.9	97.7	20.3	93.9	274.2
2006	10.5	1.9	8.8	0.0	31.2	0.0	13.5	806.3	81.7	123.7	1,077.6
2007	13.5	15.1	0.7	0.0	65.0	0.4	13.3	1,194.1	712.1	109.3	2,123.4
2008	8.7	10.6	2.9	2.0	27.8	0.9	2.6	697.6	9.3	639.3	1,401.8
2009	6.9	0.0	1.5	0.0	83.5	0.0	21.8	36.7	15.0	242.8	408.3
2010	11.1	0.0	0.4	0.0	370.4	0.0	0.5	32.7	8.7	670.1	1,093.9
2011	1.6	0.3	1.1	0.0	130.2	0.0	69.2	448.6	11.7	457.7	1,120.4
2012	0.4	2.5	17.2	0.0	187.9	1.6	10.7	4,498.7	61.2	944.0	5,724.2
2013	4.0	94.1	28.5	0.0	103.4	10.9	58.9	158.3	78.3	1,736.5	2,273.0
2014	0.1	91.2	116.7	0.0	31.8	2.0	40.9	136.8	82.8	646.5	1,148.8
2015	4.9	20.5	404.8	31.2	103.6	6.7	644.3	230.0	774.9	1,227.5	3,448.6
2016	0.5	9.7	45.6	0.6	80.0	83.7	61.8	1,553.9	54.7	451.9	2,342.3
2017	7.0	171.0	122.3	17.9	312.7	9.8	225.7	915.6	558.3	683.1	3,023.4
2018	1.0	180.5	134.6	12.4	54.1	56.2	149.7	166.0	146.4	901.4	1,802.3
2019	10.0	91.8	148.8	23.7	102.0	42.9	106.7	635.7	327.7	914.9	2,404.2
2020	0.0	224.9	512.4	22.0	40.8	199.2	92.1	638.1	166.0	767.4	2,662.9

Source: Ministry of Economic Affairs ROC (Taiwan), “Taiwan’s Investment in the 18 NSP Target Countries Statistics (by Year)”, 23 June 2021, <<https://data.gov.tw/dataset/98779>>; Ministry of Economic Affairs ROC (Taiwan), “The Investment Commission’s Monthly Report (September 2021)”, 20 October 2021, <https://www.moeaic.gov.tw/news.view?do=data&id=1573&lang=ch&type=business_ann> (accessed 23 January 2023).

their destination.⁹ While the survey did not delve into the specific reasons behind this shift to the ASEAN region, plausible factors include geographic proximity to China and Taiwan, the NSP, and the region’s overall suitability for labour-intensive production.¹⁰

⁹ Scott Kennedy, “It’s Moving Time: Taiwanese Business Responds to Growing US–China Tensions”, Centre for Strategic and International Studies, October 2022, pp. 11–12.

¹⁰ See Jing Bo-jiun, “‘Go South’ Going South? Assessing Taiwan’s ‘New Southbound’ Policy and the China Factor in Southeast Asia”, in *Chinese (Taiwan) Yearbook of International Law and Affairs Volume 34 (2016)*, ed. Ma Ying-jeou, Leiden and Boston, Brill Nijhoff, 2017, pp. 191–198.

TABLE 6 TAIWAN'S APPROVED OUTWARD FDI FLOWS BY MAJOR PARTNER (2000–2020), US\$ MILLION

	2000		2004		2008		2012		2016		2020	
Mainland China	2,607.1	33.9%	6,940.7	67%	10,691.4	70.5%	12,792.1	61.2%	9,670.7	44.4%	5,906.5	33.3%
United States	861.6	11.2%	557.0	5%	399.6	2.6%	144.1	0.7%	319.8	1.5%	4,194.4	23.7%
ASEAN	393.0	5.1%	974.6	9%	1,401.8	9.2%	5,724.2	27.4%	2,342.3	10.7%	2,662.9	15.0%
EU-28	61.3	0.8%	59.6	1%	137.7	0.9%	71.5	0.3%	1,127.2	5.2%	1,512.2	8.5%
British Overseas Territories in the Caribbean	2,248.1	29.3%	1,155.2	11%	1,686.5	11.1%	175.8	0.8%	2,718.7	12.5%	1,095.3	6.2%
Hong Kong	47.5	0.6%	139.7	1%	337.4	2.2%	291.6	1.4%	407.7	1.9%	911.6	5.1%
Japan	312.2	4.1%	149.3	1%	52.1	0.3%	1,089.3	5.2%	4,504.2	20.7%	388.4	2.2%
South Korea	93.1	1.2%	6.4	0%	235.3	1.6%	21.1	0.1%	214.3	1.0%	41.1	0.2%
Rest of the World	1,060.3	13.8%	340.2	3%	216.2	1.4%	581.0	2.8%	488.8	2.2%	999.2	5.6%
Total	7,684.2	100.0%	10,322.7	100%	15,157.9	100.0%	20,890.7	100.0%	21,793.8	100.0%	17,711.6	100.0%

Source: Ministry of Economic Affairs ROC (Taiwan), "Taiwan's Investment in the 18 NSP Target Countries Statistics (by Year)", 23 June 2021, <<https://data.gov.tw/dataset/98779>>; Ministry of Economic Affairs ROC (Taiwan), "The Investment Commission's Monthly Report (September 2021)", 20 October 2021, <https://www.moeaic.gov.tw/news.view?do=data&id=1573&lang=ch&type=business_ann> (accessed 23 January 2023).

Taiwan–Southeast Asia Tourism Relations

Ma Ying-jeou's important remarks on international tourism suggest that he believes cross-strait peace could not only expand Taiwan's international space in high politics, but also strengthen Taiwan's tourism linkages with the world. In his 2015 National Day speech, for example, Ma stressed that his pursuit of cross-strait peace had garnered widespread support on the global stage, thereby expanding Taiwan's international space, including outbound and inbound tourism. On the outbound side, Ma underlined that the number of countries and territories that granted ROC nationals visa waiver, landing visa or other visa privileges had increased from 54 to 153 during his tenure. In fact, during Ma's presidency, Taiwan obtained the Malaysian and Indonesian visa waiver status already authorised by Singapore, and secured electronic visa service deals with the Philippines and Myanmar in favour of Taiwanese short-term travellers. On the inbound side, Ma highlighted that Taiwan had become a more popular destination for overseas tourists as visitor arrivals in Taiwan reached 9.91 million in 2014, 2.6 times more than in 2008 when he took office. He noted: "Seven years ago, our cross-strait ties and international relations were caught in a vicious cycle, but we've turned it into a virtuous cycle! So today, the majority of people in Taiwan want to maintain the status quo. What status quo?"

The status quo that sustains the virtuous cycle!”¹¹

Although Ma placed huge emphasis on enhancing cross-strait tourism ties, this does not mean that his administration ignored other important tourism markets such as ASEAN. According to the Project Vanguard for Excellence in Tourism introduced by the Taiwan Tourism Bureau in April 2009, the Ma administration contended that Taiwan enjoys geographical advantages as the island “is situated at the hub of Asia”. This geographical factor, coupled with the increase of cross-strait flights, would make Taiwan an “East Asia Tourism Gateway” and a “major international travel destination”, not least because more flying options would be available for travellers in Northeast and Southeast Asia.¹² This argument aligned with Ma’s “virtuous cycle” of cross-strait rapprochement and greater international space for Taiwan.

To attract more ASEAN tourists, the Ma administration had relaxed visa rules for ASEAN travellers. Tourists and businesspeople from Malaysia and Singapore, the top two sources of ASEAN visitor arrivals in Taiwan, have enjoyed visa-free entry to the island since the early 2000s. For travellers from Indonesia, the Philippines, Thailand and Vietnam, the Ma administration promoted a conditional visa-free travel authorisation certificate programme for these countries from March 2009. Then, in November 2015, a one-stop simplified visa application platform was made available for qualifying tourists from these four ASEAN countries.

Tsai Ing-wen’s key speeches related to tourism show her perception that most ASEAN countries are vibrant, with a high level of globalisation, and that Taiwan should take the initiative to incentivise Southeast Asian tourists to visit the island. Tsai does not view cross-strait reconciliation as a prerequisite for building more economic linkages with Southeast Asia, including tourism and travel ties. As a result, in her 2016 National Day speech, Tsai pledged to foster stronger and mutually beneficial partnerships with ASEAN and other NSP target countries in such areas as trade, science and technology, education, culture and tourism. She added that “through mechanisms for wide-ranging negotiation and dialogue, we will build consensus for cooperation and reduce barriers”.¹³

As mentioned earlier, Tsai’s NSP underlines the importance of fostering people-to-people connectivity and tourism is an essential pillar of this objective. Therefore, this sector is one of the prospective areas in the OTN’s Five Flagship Programmes and Three Prospective Areas. According to the Workplan for NSP Prospective Area

¹¹ Office of the President ROC (Taiwan), “President Ma Ying-Jeou’s National Day Address 2015”, 10 October 2015, <<https://english.president.gov.tw/NEWS/4747>> (accessed 10 December 2022).

¹² Ministry of Transportation and Communications ROC (Taiwan), “Project Vanguard for Excellence in Tourism (Slides)”, 9 April 2009, <<https://www.slideshare.net/sbrnyak/project-vanguard-for-excellence-in-tourism>> (accessed 15 March 2023).

¹³ Office of the President ROC (Taiwan), “President Tsai’s 2016 National Day Address”, 10 October 2016, <<https://english.president.gov.tw/News/4997>> (accessed 10 December 2022).

of Tourism, the Tsai administration aims to: (i) establish new tourism offices and develop new tourism markets in emerging economies; (ii) promote in-depth tourism in local and indigenous areas; (iii) subsidise Taiwan-friendly Southeast Asian companies with an ethnic Taiwanese or Chinese background to organise tours to Taiwan; (iv) enhance alliances with NSP countries and improve travel information application; (v) encourage industry–academia collaboration; and (vi) push for visa-free entry programmes to reduce travel barriers.¹⁴

Building on the foundation laid by the Ma administration, the Tsai government has taken proactive steps to further relax visa rules for ASEAN travellers. A few months after Tsai assumed the presidency, her administration announced a plan to grant citizens of Thailand and Brunei visa-free privileges starting in August 2016, on a one-year trial basis. Then, in November 2017, Taiwan granted similar trial visa-free entry for Filipino travellers. Despite the absence of reciprocal actions by these three countries, Taiwan went on to implement this policy. As for the aforementioned special visa-free travel authorisation certificate privileges initiated by the Ma government, the Tsai administration extended them to Cambodia, Laos and Myanmar in September 2016.

Southeast Asian tourist numbers in Taiwan

As Tables 7 and 8 show, Ma's tourism policy had arguably helped bring more visitors from ASEAN countries to Taiwan. During the Ma administration, the number of Malaysian visitors in Taiwan experienced a significant increase, rising from 155,783 in 2008 to 431,481 in 2015. Furthermore, the number of Singaporean and Vietnamese visitors also saw considerable growth during the same period, increasing from 205,449 to 393,037 and from 76,786 to 146,380, respectively. Similarly, Taiwan witnessed a significant rise in visitors from other ASEAN countries, such as Indonesia, the Philippines and Myanmar. Taken as a whole, the total number of ASEAN visitors nearly doubled from 725,594 in 2008 to 1,425,393 in 2015, accounting for 13.7% of Taiwan's total inbound visitor arrivals that year. In 2015, ASEAN was the third-largest source market of visitors in Taiwan, after mainland China (40.1%) and Japan (15.6%), and before Hong Kong (13.3%) and South Korea (6.3%).

Tsai's measures also effectively boosted the number of visitor arrivals from the region. The number of visitors from ASEAN grew from 1,653,676 in 2016 to 2,593,273 in 2019, accounting for 21.9% of Taiwan's total inbound visitor arrivals that year. In 2019, ASEAN became the second-largest source market for visitor arrivals in Taiwan, after mainland China (22.9%), and before Japan (18.3%), Hong Kong (13.5%) and South Korea (10.5%). In 2020, the COVID-19 pandemic had a significant impact on international visitation to and from Taiwan as well as international travel globally. As a result of travel restrictions related to the pandemic, the number of visitors from ASEAN countries dropped to 435,374.

¹⁴ Ministry of Transportation and Communications ROC (Taiwan), "Workplan for NSP Prospective Area of Tourism", 2017, <<https://www.ey.gov.tw/File/8AA7112A5A9AA703>> (accessed 16 January 2023).

TABLE 7 SOUTHEAST ASIAN VISITOR ARRIVALS IN TAIWAN BY COUNTRY OF RESIDENCE (2008–2020)

	Malaysia	Philippines	Singapore	Thailand	Vietnam	Indonesia	Myanmar	Cambodia	Brunei	Laos	ASEAN Total	World Total	ASEAN Share
2008	155,783	87,936	205,449	84,586	76,786	110,420	2,392	1,048	1,140	54	725,594	3,845,187	18.9%
2009	166,987	77,206	194,523	78,405	60,476	106,612	2,927	799	904	85	688,924	4,395,004	15.7%
2010	285,734	87,944	241,334	92,949	72,352	123,834	3,911	1,099	1,871	77	911,105	5,567,277	16.4%
2011	307,898	101,539	299,599	102,902	95,837	156,281	4,770	1,331	1,597	128	1,071,882	6,087,484	17.6%
2012	341,032	105,130	327,253	97,712	89,354	163,598	5,065	1,287	1,931	99	1,132,461	7,311,470	15.5%
2013	394,326	99,698	364,733	104,138	118,467	171,299	5,576	1,240	1,843	224	1,261,544	8,016,280	15.7%
2014	439,240	136,978	376,235	104,812	137,177	182,704	6,375	1,660	2,834	176	1,388,191	9,910,204	14.0%
2015	431,481	139,217	393,037	124,409	146,380	177,743	7,908	1,887	3,032	299	1,425,393	10,439,785	13.7%
2016	474,420	172,475	407,267	195,640	196,636	188,720	9,904	3,649	4,609	356	1,653,676	10,690,279	15.5%
2017	528,019	290,784	425,577	292,534	383,329	189,631	13,839	10,165	2,320	804	2,137,002	10,739,601	19.9%
2018	526,129	419,105	427,222	320,008	490,774	210,985	18,388	14,267	2,495	603	2,429,976	11,066,707	22.0%
2019	537,692	509,519	460,635	413,926	405,396	229,960	17,591	14,140	3,557	857	2,593,273	11,864,105	21.9%
2020	72,705	77,065	49,946	63,553	110,882	55,717	4,100	1,023	229	154	435,374	1,377,861	31.6%

TABLE 8 TOP 10 SOURCES OF VISITOR ARRIVALS IN TAIWAN BY COUNTRY/REGION OF RESIDENCE (2008–2020), UNIT: THOUSAND VISITOR ARRIVALS

	Mainland China	ASEAN	Japan	Hong Kong	South Korea	United States	Europe	Macao	Canada	Australia	Other	Total
2008	329	726	1,087	585	252	387	201	34	60	58	126	3,845
2009	972	689	1,001	677	168	369	197	42	60	57	163	4,395
2010	1,631	911	1,080	745	217	396	203	49	65	62	208	5,567
2011	1,784	1,072	1,295	764	243	413	212	54	68	60	123	6,087
2012	2,586	1,132	1,432	950	259	411	218	67	71	64	121	7,311
2013	2,875	1,262	1,422	1,105	351	414	223	78	73	66	148	8,016
2014	3,987	1,388	1,635	1,276	528	459	265	100	89	79	106	9,910
2015	4,184	1,425	1,627	1,390	659	479	274	124	91	76	110	10,440
2016	3,512	1,654	1,896	1,475	884	524	300	140	106	82	118	10,690
2017	2,733	2,137	1,899	1,541	1,055	561	330	151	118	91	124	10,740
2018	2,696	2,430	1,969	1,507	1,019	580	350	86	128	103	199	11,067
2019	2,714	2,593	2,168	1,598	1,243	605	387	160	137	112	148	11,864
2020	111	435	270	162	179	83	60	15	19	19	25	1,378

Source: Tourism Bureau ROC (Taiwan), "Tourism Statistics Database of the Taiwan Tourism Bureau", <<https://stat.taiwan.net.tw/inboundSearch>> (accessed 5 February 2022).

Taiwan–Southeast Asia Higher Education Relations

Ma Ying-jeou's accounts of higher education linkages with the world affirm his belief that Taiwan's tertiary education should compete for talented students on the global stage, especially those from the PRC and ASEAN. Regarding China, Ma once explained that the purpose for allowing mainland Chinese students to enrol at Taiwanese universities was threefold: to attract the best students from mainland China to improve their Taiwanese colleagues' competitiveness; to promote contacts and friendship between students on both sides of the Taiwan Strait; and to help Taiwanese universities fill places to solve the problem of not having enough students. On the ASEAN front, Ma applied a similar logic, but he focused more on the soft power implications of the stronger education linkages for Taiwan–ASEAN relations. He argued that many ASEAN students who study in Taiwan, especially those with an ethnic Chinese background, later become “diehard fans” of Taiwan after they return to their countries.¹⁵ Overall, Ma wanted to attract more ASEAN citizens to study, travel and invest in Taiwan so that they could become more familiar with Taiwan's culture and contribute to Taiwan's economy.

In April 2011, the Ma administration officially launched the Study-in-Taiwan Enhancement Programme (2011–2014), with the goal of promoting Taiwan's higher education sector on the global stage. This programme laid out two strategic pillars to attract international students to study in Taiwan: (i) developing a friendly study environment for foreign students; and (ii) improving marketing of the plan to highlight the benefits of studying in Taiwan. The initiative also mentioned Southeast Asia many times, indicating the region's importance for Taiwan's higher education. For example, on the first page of the policy document, the objective of doubling the number of Southeast Asian students in Taiwan was highlighted.¹⁶ Along with this strategy, the Ma administration offered several scholarships tailored to students and professionals from the region, such as the Vietnamese Elites Study in Taiwan 500 Scholarship and the Elite 600 Scholarship for Thai scholars. Moreover, the Ma administration successfully signed educational cooperation agreements with two ASEAN countries—first with Thailand in September 2013 and then with Vietnam in March 2015.

Tsai Ing-wen's important remarks relating to foreign policy reflect her belief that Taiwan's higher education is a valuable regional asset which Taiwan should utilise to attract more ASEAN students to study at the island's tertiary education institutions. In her 2016 National Day speech, Tsai maintained that “Taiwan has substantial

¹⁵ Executive Yuan ROC (Taiwan), *President Ma Ying-Jeou's Speeches and Remarks in 2008*, pp. 89–90.

¹⁶ Ministry of Education ROC (Taiwan), “Study-in-Taiwan Enhancement Program”, April 2011, pp. 18–22, <<https://www.ndc.gov.tw/cp.aspx?n=3F2D8EF2E5AEC431&s=3C0B36B61E45C975>> (accessed 12 February 2023).

experience and advantages in talent cultivation, agricultural development, science and technology innovation, medical care, SMEs and other fields, and we will take full advantage of these to contribute actively to regional development”.¹⁷ Following this line of thought, Tsai has made developing and sharing talent and resources priority policy areas in her southbound drive. At an interview with journalists from ASEAN and India in May 2017, Tsai said that Taiwan can help in developing and sharing human resources, such as skilled labourers, engineers, and research and development personnel, as they are essential to many rapidly developing NSP countries.¹⁸

Tsai’s perception that Taiwan is a competitive talent incubator for the region has resulted in her policies encouraging more Southeast Asian students to consider Taiwan as their higher education destination. In her remarks at the 2017 Yushan Forum held by the Taiwan–Asia Exchange Foundation, Tsai emphasised that her administration had already provided numerous scholarships and educational opportunities to bring students from NSP countries to Taiwan. She also mentioned that her government was expanding work–study course offerings, with goals of enrolling 5,000 students each year and turning Taiwan into “an Asian hub for industry talent development”.¹⁹

Similar to the tourism sector, cooperation in higher education is also a vital pillar for fostering people-to-people connectivity under the NSP. Therefore, a few months after the launch of the Guidelines for the NSP in August 2016, the Tsai administration introduced the New Southbound Talent Development Programme (2017–2020) in December 2016. Education cooperation is also one of the OTN’s flagship programmes under the name of the NSP Programme for Industrial Talent Development. These two plans aim to promote people-centred education initiatives, and facilitate bilateral exchanges and resource-sharing.

Southeast Asian student numbers in Taiwan

As demonstrated in Tables 9 and 10, during the Ma administration, Malaysia emerged as the Southeast Asian country that sent the highest number of students to Taiwan, followed by Indonesia and Vietnam. The number of Malaysian students in Taiwanese universities and colleges more than doubled from 6,150 in 2009/10 to 14,942 in 2015/16 (143% growth). Over the same period, the number of Indonesian and Vietnamese students also grew markedly from 2,341 to 4,454 (90% growth) and from 2,789 to 4,086 (47% growth), respectively. Taken as a whole, the number of ASEAN students in Taiwanese universities and colleges nearly doubled from 14,122

¹⁷ Office of the President ROC (Taiwan), “President Tsai’s 2016 National Day Address”.

¹⁸ Office of the President ROC (Taiwan), “President Tsai’s Opening Statement in Interview with Journalists from India, Indonesia, Malaysia, the Philippines, Singapore, and Thailand”, 5 May 2017, <<https://english.president.gov.tw/NEWS/5132>> (accessed 15 February 2023).

¹⁹ Office of the President ROC (Taiwan), “President Tsai’s Remarks at Yushan Forum: Asian Dialogue for Innovation and Progress”, 11 October 2017, <<https://english.president.gov.tw/News/5232>> (accessed 25 February 2023).

in 2009/10 to 26,917 in 2015/16 (91% growth), accounting for 24.2% of Taiwan's total foreign students in higher education that academic year. In 2015/16, ASEAN was the second-largest place of origin for international students in Taiwan, after mainland China (37.7%) and before Hong Kong (7.4%), Japan (5.8%) and Europe (5.5%).

TABLE 9 NO. OF ASEAN STUDENTS IN TAIWANESE UNIVERSITIES AND COLLEGES BY SOURCE COUNTRY (2009/10-2020/21)

	Vietnam	Malaysia	Indonesia	Thailand	Philippines	Myanmar	Singapore	Cambodia	Brunei	Laos	ASEAN Total	World Total	ASEAN Share
2009/10	2,789	6,150	2,341	1,174	385	1,023	240	14	6	-	14,122	39,533	35.7%
2010/11	3,452	7,022	2,359	1,217	383	730	295	6	9	3	15,476	45,413	34.1%
2011/12	3,912	8,235	2,575	1,304	473	565	354	9	17	2	17,446	57,920	30.1%
2012/13	3,918	9,490	2,903	1,446	495	456	421	6	20	3	19,158	66,961	28.6%
2013/14	3,633	11,365	3,186	1,546	526	440	606	4	25	4	21,335	79,730	26.8%
2014/15	3,715	13,286	3,559	1,535	566	488	678	4	23	5	23,859	93,645	25.5%
2015/16	4,086	14,942	4,454	1,591	570	577	656	4	33	4	26,917	111,340	24.2%
2016/17	4,988	16,164	5,154	1,771	697	713	797	11	34	9	30,338	116,875	26.0%
2017/18	8,032	17,419	7,248	2,836	1,176	826	608	125	39	41	38,350	121,461	31.6%
2018/19	13,324	16,640	11,840	3,563	1,703	1,305	677	291	78	32	49,453	129,207	38.3%
2019/20	17,421	15,741	13,907	4,001	2,311	1,253	654	355	101	45	55,789	130,417	42.8%
2020/21	17,534	13,964	13,804	2,803	2,241	959	575	109	44	32	52,065	98,247	53.0%

Source: Ministry of Education ROC (Taiwan), "Statistics on Foreign Students in Taiwanese Universities and Colleges (Database)", <<https://stats.moe.gov.tw/statedu/chart.aspx?pvalue=36>> (accessed 10 March 2022).

The statistics include both degree-seeking and non-degree-seeking students.

During Tsai's first term in office, the number of Southeast Asian students studying at Taiwanese tertiary education institutions continued to grow. All ASEAN countries except Malaysia and Singapore saw a dramatic increase in the number of students studying in Taiwan. The number of Vietnamese students, for instance, grew more than threefold from 4,988 in 2016/17 to 17,421 in 2019/20 (249% growth), overtaking Malaysia to become the largest source of Southeast Asian students on the island. In the same period, the number of Indonesian and Thai students rose significantly from 5,154 to 13,907 (170% growth) and from 1,771 to 4,001 (126% growth), respectively. Filipino and Myanmar enrolments also jumped from 697 to 2,311 (232% growth) and from 713 to 1,253 (76% growth), respectively. Taken as a whole, the number of ASEAN students in Taiwanese universities and colleges rose from 30,338 in 2016/17 to 55,789 in 2019/20 (84% growth), accounting for 42.8% of Taiwan's total foreign students in higher education that academic year. In 2017/18, ASEAN surpassed

TABLE 10 TOP 10 PLACES OF ORIGIN FOR INTERNATIONAL STUDENTS IN TAIWANESE UNIVERSITIES AND COLLEGES BY SOURCE COUNTRY/REGION (2009/10-2020/21)

	ASEAN	Mainland China	Japan	Hong Kong	Europe	South Korea	United States	Macao	India	Mongolia	Other	Total
2009/10	14,122	2,888	2,691	2,012	3,497	2,257	3,175	3,951	440	376	4,124	39,533
2010/11	15,476	5,316	3,111	2,499	3,753	2,315	3,214	4,211	479	442	4,597	45,413
2011/12	17,446	12,155	4,194	2,568	4,513	2,627	3,725	4,358	545	575	5,214	57,920
2012/13	19,158	17,454	4,904	3,189	4,783	2,768	3,594	4,514	588	722	5,287	66,961
2013/14	21,335	25,120	5,798	4,558	5,273	2,975	3,335	4,515	645	803	5,373	79,730
2014/15	23,859	33,288	5,816	6,286	5,635	3,587	3,328	4,723	857	805	5,461	93,645
2015/16	26,917	41,951	6,455	8,233	6,154	4,062	4,003	5,152	1,163	810	6,440	111,340
2016/17	30,338	41,981	7,542	8,660	6,291	4,575	3,701	5,286	1,293	833	6,375	116,875
2017/18	38,350	35,304	8,413	8,628	6,727	4,565	3,868	5,137	2,072	1,402	6,995	121,461
2018/19	49,453	29,960	9,735	8,432	7,107	4,301	3,812	4,718	2,628	1,658	7,403	129,207
2019/20	55,789	25,106	10,968	7,482	7,183	4,070	3,928	3,894	2,783	1,648	7,566	130,417
2020/21	52,065	6,033	7,458	8,724	5,631	2,776	2,426	3,179	2,239	1,011	6,705	98,247

Source: Ministry of Education ROC (Taiwan), “Statistics on Foreign Students in Taiwanese Universities and Colleges (Database)”, <<https://stats.moe.gov.tw/statedu/chart.aspx?pvalue=36>> (accessed 10 March 2022).
The statistics include both degree-seeking and non-degree-seeking students.

mainland China to become Taiwan’s largest source of international students. In 2019/20, ASEAN remained the dominant source of international students for the country’s universities and colleges, before mainland China (19.3%), Japan (8.4%), Hong Kong (5.7%) and Europe (5.5%).

In 2020/21, the number of foreign students studying in Taiwan fell sharply, reflecting the effects of the COVID-19 pandemic. Due largely to border closings, flight cancellations and other challenges related to the pandemic, the number of ASEAN students on the island dropped to 52,065 in that academic year, a drop of 6.7% from the previous year.

Conclusion: Progress towards the Southbound Objectives

The above analysis points to progress towards the southbound objectives of the Taiwanese government laid out earlier in this article. Regarding the first objective, which is to expand economic relations with ASEAN countries, Taiwan had arguably forged stronger trade and investment, tourism and higher education linkages with Southeast Asia from 2008 and 2020. Despite challenges such as the global financial crisis and the US–China trade war, Taiwan has witnessed a rising trend in the volume of total goods trade and FDI flow with ASEAN countries. Before the COVID-19

pandemic, both the Ma and Tsai administrations had also significantly boosted the numbers of inbound tourists and students from Southeast Asia. While it is difficult to isolate the impact of each policy on the relationships of trade and investment, tourism and higher education between Taiwan and ASEAN countries, the increases were likely stemmed in part from such proactive measures as promoting Southeast Asia Guidelines and the Guidelines for the NSP, relaxing visa requirements for ASEAN citizens, as well as increasing scholarship and fellowship resources aimed at ASEAN students.

As for the second goal, which is to participate in the regional economic integration process, although Taiwan has continued to be excluded from the processes of East Asian regionalism, the Ma and Tsai administrations have made relevant strides in Southeast Asia. Notable achievements included signing an FTA-like agreement with Singapore, renewing bilateral investment agreements with the Philippines and Vietnam, acquiring visa privileges from several ASEAN countries and inking educational cooperation agreements with Thailand and Vietnam. These accomplishments may have aided Taiwan in overcoming barriers to being marginalised in regionalism mechanisms for trade and investment, tourism and higher education cooperation. They also exemplify the overall improvement in Taiwan–ASEAN economic relations from the beginning of Ma’s presidency to the end of Tsai’s first term in office.

In terms of the third objective, which is to reduce Taiwan’s economic dependence on China, there are varying results between the Ma and Tsai administrations. To decrease Taiwan’s economic reliance on China, a crucial measure is to monitor the island’s goods exports to mainland China and Hong Kong. Prior to Ma’s presidency in 2007, 40.7% of Taiwan’s goods exports were directed to mainland China (25.3%) and Hong Kong (15.4%).²⁰ This percentage decreased to 39.4% in 2012 but slightly increased to 40.1% in 2016, as shown in Table 3. On the other hand, as indicated in Table 1, Taiwan’s goods exports to Southeast Asia accounted for 14.7% of its total goods exports in 2007, which increased to 18.8% in 2012 before experiencing a slight decline to 18.4% in 2016. Therefore, during Ma’s tenure as president, Taiwan did not become more reliant on Chinese markets for its export products, but instead focused more on exporting to ASEAN countries. Despite the NSP initiative during Tsai’s first-term presidency, as demonstrated in Table 3, the proportion of Taiwan’s goods exports to mainland China and Hong Kong increased to 43.9% in 2020, while the percentage of goods exports to ASEAN decreased to 15.4% in the same year. This data suggests that the Tsai administration failed to reduce Taiwan’s dependence on Chinese markets for its export products.

In the tourism sector, according to Tables 7 and 8, after Ma opened Taiwan’s doors to Chinese tourists in 2008, China became the largest source of visitor arrivals in Taiwan, representing 29.3% of the total in 2010 and 40.1% in 2015. Conversely, ASEAN’s share of visitor arrivals in Taiwan was 16.4% in 2010 and 13.7% in 2015.

²⁰ Ministry of Economic Affairs ROC (Taiwan), “Bureau of Foreign Trade Statistics Database”.

During Ma's presidency, Taiwan became more reliant on Chinese tourists for its travel industry. However, it is worth noting that the number of ASEAN visitors increased by 56.4% between 2010 and 2015, although not as rapidly as Chinese visitor arrivals, which grew by 156.5%. During Tsai's first term in office, her administration worked to improve tourism ties with ASEAN to decrease Taiwan's dependence on Chinese visitors. In 2019, ASEAN accounted for 21.9% of all visitor arrivals in Taiwan, while China accounted for 22.9%. Therefore, Tsai was able to lower Taiwan's reliance on Chinese visitors for its inbound tourism sector.

In the realm of education, as indicated in Tables 9 and 10, after Ma permitted mainland Chinese students to study in Taiwan's universities in the 2011/12 academic year, mainland China emerged as the second-largest source of international students in Taiwan, comprising 21% of the total foreign students in higher education during that academic year. Despite the increase, ASEAN remained the largest source of foreign students, accounting for 31% of the total. However, by the end of Ma's administration, mainland China had become Taiwan's primary source of international students, with 37.7% of the total, compared to ASEAN's 24.2%. Although the number of mainland Chinese students grew much rapidly, the number of ASEAN students also increased by 54.3% from 2011/12 to 2015/16. During Tsai's presidency, her administration focused on strengthening education ties with ASEAN to reduce Taiwan's dependence on mainland Chinese students. As a result, in 2019/20, ASEAN accounted for 42.8% of all foreign students in Taiwan, while mainland China's share dropped to 19.3%. This suggests that Tsai was able to decrease Taiwan's dependence on Chinese students for its higher education sector.

In sum, from 2008 to 2020, Taiwan's southbound initiatives proved successful in expanding economic ties with ASEAN countries, particularly in trade and investment, tourism and higher education. Although the strategy did not meet the objectives of participating in regional architectures such as APT or mega trade deals like CPTPP, Taiwan still signed several relevant agreements with ASEAN countries. Under Ma's presidency, Taiwan managed to reduce its dependence on the Chinese market for its export products. However, the Ma administration's opening and welcoming policies towards mainland Chinese tourists and students led to the Taiwanese tourism and higher education sectors relatively more reliant on China. On the other hand, Tsai's NSP, surprisingly, did not reduce Taiwan's reliance on China for its export portfolio. Nevertheless, during her first term, Tsai successfully decreased the island's dependence on Chinese tourists and students for its tourism and higher education sectors. Although the southbound drive overall yielded positive results for Taiwan, it is still in the island's best interest to continue diversifying its economic ties beyond China to reduce future risks and enhance its economic resilience. ■