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“People Dimension in the New Southbound Policy: A Case From Indonesia”

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The CCKF-ERCCT wishes to express its gratitude to the Ministry of Foreign Affairs (Taiwan, R.O.C.) for generously supporting the Europe-Taiwan Young Scholars Workshop.
 Soon after her inauguration, Tsai Ing-wen announced on Taiwan New Southbound Policy that aims to promote regional exchanges and collaboration between Taiwan and 18 countries in Asia and the Pacific. Debates on the New Southbound Policy are mainly focus on political economic approach that lies between two camps. The Realist argued that the policy is Taiwan’s instruments to gain political influence meanwhile the Liberalist view it as a pure strategy to enhance Taiwan’s economic performance and refrain from dependence towards China. This paper, however, capture the policy from different approach. It is not longer discussing political economic aspects but rather people dimension within the policy. Since Indonesia being a targeted country under the New Southbound Policy and nurture stable people-to-people connections with Taiwan, how these people dimension between Indonesia and Taiwan could gain benefit from the New Southbound Policy? This paper seeks to examine programs or area of cooperation under the New Southbound Policy that could be utilized from both sides for the benefits of human dimension. It is argued that people’s dimension could benefit from education ties, industry talent, new immigrant, tourism, and overseas Taiwanese networks.

Keywords: New Southbound Policy, Indonesia, Taiwan, People Dimension

1. Introduction

Discussing on Indonesia and Taiwan, both entities have been conducted their semi-official relations since 1967. It began with first trade exchanges after Indonesia frozen its diplomatic relations with Beijing. Even though Indonesia experienced difficult relations with Beijing, this country never convert diplomatic relations to Taiwan. Thus relations with Taiwan remain under non-diplomatic status. With this non-governmental nature of relations, however, Indonesia is able to build and nurture fruitful relations with Taiwan, mainly on the sector of investments, education, man-power, and tourism. People’s connections on these sectors help both Taiwan and Indonesia to nursing their ties. Students, tourists, business people and migrant workers are the most influential actors for both entities.

These people are not only important in building “bridges” under non-diplomatic relations but also leading in terms their number. In 2016, there are around 5,074 students studied in Taiwan (Taipei Economic and Trade Office (TETO) Jakarta, 2016). With this number Indonesian students in Taiwan are the third largest of student population in Taiwan. On regard with tourism, the number of Taiwanese’ tourists visit decrease around 0.5% from 2015 to 2016. It shrinks from 176,478 to 175,738 tourist’s visit (Taipei Economic and Trade Office (TETO) Jakarta, 2016). On the contrary, Indonesian tourist’s visit to Taiwan almost hit the target of
200,000 visits. In addition, migrant workers from Indonesia remain the biggest population in Taiwan.

Considering bigger number of people’s interactions with Indonesia; Taiwan seems eager to boost relations on that area. Catching the momentum of political transition, the government over Formusa Islands promotes a new policy to drive the leverage of people-to-people contacts. Taiwan New Southbound Policy (NSP) was initiated by newly-elected president as basis to increase mutual understanding with targeting countries focusing on people’s centered policy (Ambassador John Chen, 2016). It was launched by Tsai Ing-wen; soon after her inauguration as the first female president in Taiwan. It covers four main areas; economic and trade cooperation, talent exchanges, resource sharing and regional connectivity Republic (Ministry of Foreign Affairs Republic of China (Taiwan), 2017). This policy aims to promote regional exchanges and collaboration between Taiwan and 18 countries in Asia and the Pacific. Through this policy, Taiwan also aims to diversify its investment from Mainland China to countries in the South and the Pacific including Indonesia.

Indonesia is one of targeted countries under the New Southbound Policy. This not for the first time Indonesia pointed as country’s destination. Taiwan has been launching this kind of policy since Lee’s presidency and Indonesia always involve inside. Indonesia welcomes to every offers coming from Taiwan’s southbound policy. Considering intense ties among people between the two countries, how these people dimensions between Indonesia and Taiwan could benefits from the New Southbound Policy? This paper seeks to examine programs or area of cooperation under the New Southbound Policy that could be utilized from both sides for the benefits of human dimension.

This paper is divided into five sections. The next section is literature review of existing research. The third section discusses about the New Southbound Policy itself from the origin in 1993 until nowadays under Tsai’s presidency. The fourth sections examine potential area of cooperation between people. It includes discussion on education ties, industry talent, new immigrants, tourism, and overseas Taiwanese Networks. The last section is conclusion.

2. Literature Review

Debates on policy orientation of Taiwan’s Southbound Policy mainly discusses on political economy aspect. The Realist argues that Taiwan’s Southbound Policy aims to strengthen Taiwan’s international status among Southeast Asian countries. It uses trade and investment as instrument to achieve political and/or economic aims. On the other hands, the Liberalist claims it as a pure strategy of enhancing economy and detaching from economic dependence to China. Economics is the main foundation that could stimulate spillover effects to other relations.

Scholar like Leong argued that Taiwan used economics as instrument to practice its pragmatic diplomacy which combining trade and investment in pursuit of gaining political and
diplomatic influence (Leong, 1995). “The Southward Policy” is one example of this practice. Wu further raised up another arguments. She used the term economic statecraft to analyze Taiwan’s participation within ASEAN’s economic arrangement. According to her, “economic statecraft includes the formation of economic communities and the promotion of foreign investment and trade in specific areas to achieve political and economic ends” (Wu, 2008). This practice of economic statecraft could be seen from the “Go South Policy” that was launched in 1993. It used economic as instrument to gain political and economic benefits. Similarly, Ku also addressed that Taiwan’s Southward policy was originally aimed to expand Taiwan economic interests, however, in practice this policy also intended to leverage Taiwan’s political participation and influence in Southeast Asia (Ku, 1995). His stand was while countries in Southeast Asia gain benefit from Southward Policy; yet hesitate to upgrade political relations due to owing deference to China (Ku, 1995). The “Southward Policy” should be seen as long-term goals not as short ones.

On the other hand, Lin has argued that Taiwan’s investment in Southeast Asia under the “Go South Policy” is to enhance its economic strength with ASEAN countries (Lin, 2010). Taiwan has made a huge investment in China, however, political un-stability and sudden changing policy may jeopardize its investment there. On the other side, ASEAN countries has been renewing its investment policies and giving incentives to attract foreign investments since the 1990s. This momentum has made Taiwan and ASEAN fits each other. With the announcement of “Go South Policy” in 1993 and the changing investment’s environment in ASEAN, made this two complement each other. Lin accepted that the “Go South Policy” can influence Taiwan’s political relations with countries in Southeast Asia, however, this condition could only be achieved if both two were enjoyed mutual economic benefits within the framework (Lin, 2010).

Drawing from above explanations, many have explained “the Southward Policy” or “Go South Policy” from political economy perspectives. Further they use Taiwan as main unit of analysis. How about the perspective from the recipient countries like Indonesia? This paper seeks to explain the New Southbound Policy from the targeted country as main unit of analysis. It also no longer captures from political economic approach but rather from people-to-people. If we look back at relations of Indonesia and Taiwan, both were able to nurture stable mutual relations due to the existence of people among them (Kabinawa, 2013). The New Southbound Policy offers a promising policy to cultivate people. Therefore this paper seeks to enrich discussion of the New Southbound Policy from human dimensions aspects. This aspect has not been covered yet from the literatures.

3. Taiwan New Southbound Policy

Taiwan New Southbound Policy introduced by the newly-elected President on May 2016. This policy has targeted 18 countries in South Asia, Southeast Asia and the Pacific to develop more comprehensive relations with Taiwan. This policy considers as renew policy
from the former Southward Policy. In 1994, under Lee Teng Hui, Taiwan officially announced Taiwan Southward Policy. This policy was introduced during President Lee visit to Southeast Asia as an effort to increase Taiwan’s political status and economic cooperation (Ku, 1995). It was aim to reduce Taiwan’s economic dependence to China and diversify its investment from the West to the South.

Similarly with the former, the New Southbound Policy has been adapted to minimizing overreliance on any single market and lesser the Mainland’s dominance to Taiwan’s trade and investments. However, according to Taiwanese representative, the policy itself is more strategic compared to the former (Ambassador John Chen, 2016). The differences could be seen below:

**Table 1.2. Comparison between Go Southward and New Southbound**

<table>
<thead>
<tr>
<th>Go Southward Policy</th>
<th>New Southbound Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main aim to increase economic cooperation with country in Southeast Asia</td>
<td>Main aim not only economic but also extensive cultural network and interpersonal relationship throughout the region</td>
</tr>
<tr>
<td>Depend upon state-owned and KMT-owned corporations</td>
<td>Both private and public sector work simultaneously in a two-pronged approach including center and local governments</td>
</tr>
<tr>
<td>One direction from Taiwan</td>
<td>Mutual benefit from both sides, Taiwan and the country itself</td>
</tr>
<tr>
<td>Focus on government’ relations and political status for Taiwan</td>
<td>Emphasized on people’s centered</td>
</tr>
<tr>
<td>ASEAN as targeting countries</td>
<td>Not only ASEAN but also expands to Australia, Bhutan, Nepal, Pakistan, Bangladesh, India, New Zealand, and Sri Lanka</td>
</tr>
</tbody>
</table>

Source: Samuel C.Y. Ku, “the Political Economy of Taiwan’s Relations with Southeast Asia: The Southward Policy”, Contemporary Southeast Asia, Vo. 17, No. 3, December 1995, p. 296 and Interview conducted with Representative from Taipei Economic and Trade Office (TETO) Jakarta on May 17th, 2017

Based on the table above, it shows that Taiwan New Southbound Policy has more comprehensive approach rather than the former. It is not solely rely on government’s efforts but also involving people’s participation. Further it has broader network and connectivity compared with the one in 1994. There are several reasons that endorse the Taiwanese governments to launch and re-formulate this policy (Ambassador John Chen, 2016):

1. Emerging and huge market opportunities in ASEAN and South Asia
2. Taiwan quest to integrate within regional economic realm in the Asia Pacific region
3. ASEAN has now become Taiwan’s second-largest export market and investment
destination

4. Taiwan nurture its long-standing and close relations with the new southbound countries in terms of technology, tourism, education, labor, culture and other aspects

There are four main areas of cooperation within the policy: economic and trade cooperation, talent exchanges, resource sharing, and regional connectivity. On the context of economic and trade, Taiwan works more on economic collaboration with countries in the region. Taiwan will forge new partnerships by integrating with those countries’ supply chains, connecting with their domestic markets, and cooperating on infrastructure projects (Ambassador John Chen, 2016). On the area of talent exchanges, it focuses on people-to-people connections. Under this policy, Taiwan wishes to deepen bilateral exchange and cultivation of young scholars, students, and industry professionals; and share and complement human resources with partner countries (Ambassador John Chen, 2016). Taiwan also focuses on the soft power’s cultivation. The idea of resource sharing would mainly works on Taiwan’s soft power through bilateral and multilateral cooperation on the area of culture, tourism, medical care, technology, agriculture, and small and medium enterprises (Ambassador John Chen, 2016). The last area of cooperation is regional connectivity. Under the New Southbound Policy, this idea would systematize bilateral and multilateral cooperation through collective strength of private groups, overseas Taiwanese networks, and third countries. Further details of area of cooperation could be seen from the New Southbound Policy Promotion Plan:
From 16 areas of cooperation, this paper will focus on five areas; which is related to the development of people-to-people in Indonesia: education ties, industry talent, new immigrants, tourism, and overseas Taiwanese networks.

Those five areas are main source of Taiwan’s engagements with Indonesia. Taiwan indeed has capacity in terms of people-to-people connections, advanced technology, and steady growth of economy. Giving lack of diplomatic status with Indonesia, Taiwan seeks for a softer approach yet comprehensive to gain more international influence. This country has learned that the idea to build more formal relations solely would be that difficult, thus combining both political economy and people-to-people would benefit not only Taiwan but also neighboring countries including Indonesia. Considering a close tie of people among the two, the New Southbound Policy of course will benefit both.

4. Discussion
This section discusses three main areas of cooperation that fits the interest of Indonesian people: education ties, industry talent, new immigrants, tourism and overseas Taiwanese networks.

4.1. Education Ties
Indonesian students have studied in Taiwan since late 1960s. Mostly are Indonesian ethnic Chinese pursued for bachelor degree or Chinese’ language. The number of student increases every year and reaches 5,074 students in 2016. With this number Indonesia rank the third
largest of student’s population in Taiwan, after Malaysia and Vietnam. The existence of Indonesian students in Taiwan also gains more attention under the new direction of Southbound Policy. Through them the idea of human resources investments was developed. Students who live and study abroad get to use with the culture and tradition in their host country. Indeed studying in Taiwan (for some programs) requires language proficiency in Mandarin. Further the university also provides free Mandarin courses and cultural programs for international students. Thus it literally creates a stepping-stone for branding human resources through education.

Indonesian students could utilize from the New Southbound Policy through several opportunities such as scholarship, and the existence of Taiwan center. Scholarship is not something new under the New Southbound Policy. Indonesian student has received scholarship from Taiwanese government since late 2000s. Quota and scheme of scholarship are varied. Currently there are three schemes of scholarship from governments: Ministry of Education, Ministry of Foreign Affairs under International Cooperation Development Funds (ICDF) and Ministry of Science and Technology. Taiwanese officials mentioned that under the New Southbound Policy there is an increase for quota of scholarship particularly for Indonesian students (Ambassador John Chen, 2016). These students are promising assets for mutual understanding among the two.

The New Southbound Policy also brought opportunities to expand the establishment of Taiwan center in cooperation with university in Indonesia. One center has established in Universitas Sebelas Maret (UNS) Solo aims to promote Taiwan culture and education for UNS’ epistemic community. Main activities of the center include exchange lecturers and professionals, grant and funding for scholar interested in Taiwan studies, provide information on Taiwan’s scholarship, seminar and discussion, and Taiwan language (Universitas Sebelas Maret Solo (UNS), 2017). Another center that is focusing on research and faculty exchanges also established in Bina Nusantara University Jakarta on November 2017. This Taiwan Studies Center wished to foster more academic exchanges like offering courses on Taiwan Studies and publishing academic research related to Taiwan.

There are some notes to be considered by the Taiwanese government when they start to expand this kind of center. First, the model that Taiwan would apply for this center; whether the center would be formed similarly with the famous Confucius Institute like the Beijing has. Second, if we look at the Confucius Institute, it has been set up widely in Europe, America and Asia. If the Taiwanese governments are intent to compete with its counterpart then they need to mobilize both their tangible and in-tangible resources. It is the best timing for Taiwan to institutionalize its soft power under the brand new policy; however stronger efforts would also indispensable, otherwise the center would only serve only for a momentum not implementing the policy itself.
Third, Taiwan could actually develop the center with focus area in providing Taiwan language education. Taiwan applies traditional character in their language and it deemed more difficult to learn. On the other side, there are only few Taiwanese language centers in Indonesia that taught these traditional characters. With increasing number of people coming to Taiwan, the government should also think to reduce language barriers by providing sufficient language center for them. Fourth, Taiwan has been established Taiwan Education Center (TEC) in Surabaya to coordinating matters related to study in Taiwan. In this regard, how Taiwan Center and Taiwan Education Center could work synergistically and not overlapping each other. If, again compare to Beijing, they have more centralized policy regarding cultural exchanges issues by utilizing the Confucius Institute, however, Taiwan still searching the best model to apply on; whether through TEC or Taiwan Center.

4.2. Industry Talent
The industry talent cooperation is a brand new cooperation under the New Southbound Policy. The program is actually aims to increase the quality of the workers in terms of their social welfare, recruitment process, and capacity building. The targets are more on professional and technical workers. Indonesian workers mainly working on the informal sector like domestic helper and care-giver. Under the New Southbound Policy, the Taiwanese government provides more opportunity to enrich technical skills for foreign workers including Indonesia. One of the implementation is opening vocational training and internship program for potential foreign workers that would like to seek job opportunities in Taiwan.

Taiwanese business owner with the support from Taiwan and Indonesian governments set up Indonesia Formosa Technology Training Center in Tangerang, Indonesia opened in November 2016. This training center target students from senior high and vocational school in Indonesia to pursue 6 months of training include technology transfer knowledge and operation of Taiwan-made machine tools (Jay Chou and S.C. Chang, 2016). Teachers are from Taiwan and conduct the class in both Bahasa and Mandarin (Jay Chou and S.C. Chang, 2016). This training aims to increase Indonesian workers’ skills thus increasing their competitiveness in job market. Upon completion of the program they might recruit to work in Taiwanese factory or Indonesian company where they meet the requirements. This training center indeed will help to upgrade Indonesian men-power capabilities; an issue that sometimes bothered relations between Indonesia and Taiwan. It wished to reduce number of workers accidents in the factory due to lack of skills and knowledge. The number of vocational training and internship program wished to be increase following implementation of the New Southbound Policy.

4.3. New Immigrants
The idea of new immigrants is applied for those foreign spouses that marry with the Taiwanese. This include foreign spouse from Indonesia. Foreign spouse has been another
problem within Taiwanese populations. Problems such divorce, abduction, and children status put burden both for the governments as well as the people. In 2014, there were one out of every 10 Taiwanese elementary and middle school children have a foreign-born mother (Kastner, 2014). These second-generation immigrants mostly did not have much information regarding their ancestral. Some of them never have family visit to their mother’s land. In this regard the Taiwanese government offers initiative under the new immigrants program to help the second-generation immigrants connect with their ancestral countries (Bureau of Foreign Trade, 2016). Even though the program has launched by the governments, however the implementation plan is still doubtful. It may need further coordination with the university because it is mentioned that the university that should offer curriculum, departments and admission priority to students speaking Southeast Asian country. It needs further elaborations to seek the benefit of this program for the new immigrants.

4.4. **Tourism**

Both Taiwan and Indonesia are having many beautiful scenic spots complement with friendly culture and heritage. This treasure attracts many tourists to come and visit the two countries. In 2016, there are around 175,738 Taiwanese tourists coming to Indonesia and around 188,720 Indonesian tourists visited Taiwan (Statistics Taiwan, 2017). These numbers of tourists become valuable assets under resource sharing cooperation program. Taiwan has set several programs that might double the number of Indonesian tourists’ visit to Taiwan. First is giving Indonesia a friendly visa status. By June 2017 Taiwan gives special permit for Indonesian to apply Visa on Arrival (VOA) for two weeks of duration in single-entry (Head of Information Division TETO, 2017). Tourists or business people are eligible to apply for this special permit with two considerations: (1) Have been visited Taiwan with good-records; (2) have ever holding Schengen or US visa with good records (Head of Information Division TETO, 2017). Taiwan is still reluctant to give full permit for VOA due to a high rate of absconding migrant workers and tourists. It becomes one challenging issues for Indonesia and Taiwan relations. Thus, special permit model is the best that Taiwan can provide to exempt visa process.

The second program is halal and Moslem friendly tourism. It is important for Taiwan to address the issue of halal and Moslem tourism to attract Moslem tourists from Indonesia. Taiwan has made several efforts to fulfill these needs. First, increase the number of halal restaurants in Taiwan. Until March 2017, Taiwan has granted halal certification to over 100 restaurants including hotels (Wang Shu-fen and Lilian Wu, 2017). They plan to double the number in the near future. Second, Taiwan is providing more information on website and brochure related to Moslem friendly tourism. Third, Taiwan also established prayer rooms or Surau in Taoyuan International Airport, Taipei Main Station, Taichung High Speed Rail Station and 13 National Scenic Area (Head of Information Division TETO, 2017). Besides, the government also urge hotel to provide information on praying times and directions in the room.
Fourth, Taiwan is also training more Moslem friendly tour guide to complement Tourist’ demands. Those are opportunities offered by Taiwan to boost tourism activities under the New Southbound Policy. On the other side, Taiwan has earned VOA status from the Indonesian government for duration of 7 and 30 days in Indonesia. Further, since no food and/or cultural restrictions for Taiwanese, travelling to Indonesia become so much easier for them. Taiwanese tourists mainly visit Indonesia for wedding-ceremony, honeymoon or just for leisure. Major tourist destination is Bali around 70% of tourists travel to this island.

Under the New Southbound Policy, tourism sector is one of the most promising cooperation besides education and investments. Since the two countries have exempted visa requirements which means reducing barriers among the two. Taiwan has worked on halal certification and Moslem friendly tourists to ease the obstacles and give Moslem tourists a full enjoyable environment while visiting Taiwan. This could be a source of Taiwan’s soft power as well in the future. Through this new policy, Taiwan aims to double the number of tourist’s visit and in return increasing foreign exchange. For Indonesia, the number of Taiwanese’ tourists visit decrease around 0.5% from 2015 to 2016. It gives room for improvement for the government to hold more on tourism industry event in Taiwan.

4.5. Overseas Taiwanese Networks

The idea of this program is to create database and exchange platform for overseas Taiwanese networks that include foreign graduates of Taiwan universities, Taiwanese business operating abroad and overseas ethnic Chinese (Bureau of Foreign Trade, 2016). These kinds of network have been established in Indonesia. People’s exchanges has been massive among the two thus networks or communities or associations have been established since long time ago. Therefore it is not new program actually but included as part of enhancing people’s connection.

Regarding foreign graduates of Taiwan universities there has been established one alumni association under Ikatan Citra Alumni Taiwan se-Indonesia (ICATI) or Alumni Association of Indonesia-Taiwan Association. This has been established since 39 years ago, which were dominated by the Chinese overseas graduates from Taiwan universities (Ikatan Citra Alumni Taiwan seIndonesia, 2009). This association conducts several activities such providing information regarding study in Taiwan, bridging Taiwanese businessmen with their counterparts, and conducting cultural exchanges through exhibitions and capacity building.

The second associations related to the Taiwanese business operating in Indonesia. Business’ people both from Taiwan and Indonesia organized themselves into several clubs and associations¹. These communities serve as bridge to reduce language barriers that become one challenging issues for Taiwanese investments in Indonesia. Further, Taiwanese companies

¹ Taiwan Business Club has been established in Jakarta, Bandung, Surabaya, Semarang, Cirebon, Batam, Medan dan Bali while Ikatan Citra Alumni Taiwan Indonesia (ICATI) is actually an alumni association, however majority of the members are Indonesian ethnic Chinese that are running business with Taiwanese
tend to recruit Indonesian ethnic Chinese for managerial and supervisor level (Jie, 2002). To some extends this business culture are fulfilled by the existence of Indonesian ethnic Chinese living in Indonesia. Thus the existence of these people might attract for more investments in the future.

5. Conclusion

Taiwan New Southbound Policy is the renew policy of the former “Southward Policy” that was launched in 1993. The new policy under Tsai tenure is expanding its targeting countries, policy orientation, and areas of cooperation. Indonesia is one of targeting countries under the New Southbound Policy and nurture stable people-to-people relations with Taiwan. Based on discussion and findings, people dimension could gain benefit from the new policy through five areas of cooperation. This cooperation includes education ties, industry talent, new immigrants, tourism and overseas Taiwanese Networks. Among those five cooperation four of them are continuing activities from the former policy. On the other side, the new immigrant is a new program that still needs room for improvement especially on the implementation level. This paper has confirmed that the New Southbound Policy has been shifting their policy orientation from political economic to include people-to-people’s connections.
Bibliography


