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LECTURE PROCEEDINGS

TAIWAN'S NEW SOUTHBOUND POLICY

Implications for the
Philippines

13 July 2018 | 9:00 A.M. to 12:00 P.M.
Seminar Room, Hall of Wisdom
Asian Center, University of the Philippines
Diliman, Quezon City





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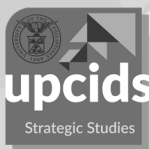
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"TAIWAN'S NEW SOUTHBOUND POLICY: IMPLICATIONS FOR THE PHILIPPINES"

is published annually by the

STRATEGIC STUDIES PROGRAM of the

UNIVERSITY OF THE PHILIPPINES

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The National Library of the Philippines CIP Data

Recommended entry:

Lecture Proceedings (2018 : Diliman, Quezon City)

Lecture proceedings : Taiwan's new southbound policy : implications for
the Philippines. -- Quezon City : Strategic Studies Program, University of the
Philippines Center for Integrative and Development Studies, [2019], c2019.
pages ; cm

ISSN 2704-4459 (print)

ISSN 2704-4467 (online)

1. Taiwan -- Foreign economic relations -- Philippines -- Congresses. 2. Philippines --
Foreign economic relations -- Taiwan -- Congresses. I. Title.

337.512490599

HF1352

P020200002

Editors: Herman Joseph S. Kraft and Aries A. Arugay

Documenter: Kathryn Narciso-Almira

Copyeditors: Ramon D. Bandong, Jr., Marvin Hamor Bernardo, and Clarisse Culla

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Proofreader: Virna Liza O. Guaño

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Introduction

The Strategic Studies Program (SSP) of the University of the Philippines Center for Integrative and Development Studies (UP CIDS) held a public lecture on the implications of Taiwan's New Southbound Policy (NSP) for the Philippines.

This event seeks to provide insights on the significance of Taiwan's New Southbound Policy for the Philippines in particular and the Indo-Pacific region in general. Experts from the United States, Taiwan, and the Philippines will discuss issues related to this national policy.

This public event is sponsored by the UP CIDS Strategic Studies Program in collaboration with the UP Department of Political Science, Asia Pacific Pathways to Progress Foundation, Inc. (APPF), and the Center for Strategic and International Studies (CSIS).

Assistant Professor Raisa E. Lumampao (Faculty, UP Department of Political Science and Research Fellow, UP CIDS SSP) welcomed the guests, visitors, and the speakers. The welcome remarks were then given by **Dr. Maria Ela L. Atienza**, Professor and Chair of the UP Department of Political Science. Dr. Atienza briefly explained the purpose of the lecture and discussed some events transpiring between Taiwan and the Philippines. Assistant Professor Lumampao then introduced the five speakers, namely:

- **Alan Hao Yang, Ph.D.**, Executive Director, Center for Southeast Asian Studies of the National Chengchi University, Taiwan;

- **Scott Kennedy, Ph.D.**, Deputy Director, Freeman Chair in China Studies of the Center for Strategic and International Studies, Washington, D.C.;
- **Bonnie S. Glaser**, Senior Adviser for Asia and Director, China Power Project of the Center for Strategic and International Studies, Washington, D.C.;
- **Ambassador Derek Mitchell**, Senior Adviser, Center for Strategic and International Studies, Washington, D.C. and Former US Ambassador to Myanmar; and
- **Herman Joseph S. Kraft**, Associate Professor, Department of Political Science, University of the Philippines Diliman and Convenor, UP CIDS Strategic Studies Program.

Alan Hao Yang, Ph.D.

Executive Director, Center for Southeast Asian Studies
National Chengchi University, Taiwan

Dr. Alan Hao Yang began his lecture by stating Taiwan's reasons on implementing the New Southbound Policy. He gave a brief background on the initiative, stating the 1990s effort to connect with Southeast Asian countries. Some of the countries that Taiwan wants to engage with are Indonesia, Philippines, Malaysia, Vietnam, Singapore, Australia, and India. He also stated the role that the international media played in this initiative.

According to Dr. Yang, the strategic discourse of the New Southbound Policy is for Taiwan to have continued international engagements and to provide an opportunity for the country to contribute in terms of social connectivity and civic engagement. As a manifestation to this, the Taiwanese government crafted the policy in March 2016, with an emphasis on people-centered development.

In mid-2016, substantial discussions on the essence of the NSP began in earnest as the government outlined the strategic policy, promotion plan, and the operationalization of the project emphasizing that the NSP is not only centered on trade but on overall connectivity. President Tsai of Taiwan mentioned that the NSP is the country's new



strategy for Asia. Dr. Yang said it was the first time Taiwan has published an Asian policy since the 1990s.

Dr. Yang also shared some features highlighting the elements of the NSP. The previous goal of the New Southbound Policy is profit-centered and focused on business. Now, the rationale of the NSP has shifted from a profit-centered policy to a people-centered policy. “Now, I think it is more important to prioritize the talent and institution for a long-term commitment,” stated Dr. Yang. Taiwan’s NSP is not a short-term policy but a long-term commitment to work with other colleagues in Asia. The NSP also aims to acknowledge social awareness and the regional identity of the community.

He added that extending a policy beyond international borders is something new for Taiwan. It is important for the country because it will also be vital in pursuing domestic reforms.

Moreover, Dr. Yang also stipulated Taiwan’s active and vibrant society for migrant workers. As an example, there are more than 250,000 Indonesian workers now in the country plus the other transnational marriages from Indonesia and Vietnam. Also, there are more than 150,000 Filipinos workers in the country at present. He stated this as a proof that Taiwan has more engagement than before.



Going South 3.0: Taiwan's New Southbound Policy

- Profit-centered → People-centered;
- Trade and Investment + Talents and Institutions;
- Bidirectional Engagement and Collaboration;
- Economic Strategy → Comprehensive Connectivity;
- Taiwan & SEA + SA → Taiwan in SEA + SA;
- Nourishing social awareness and identity of regional community between Taiwan and regional stakeholders.

TAEF 財團法人臺灣亞洲交流基金會
Taiwan-Asia Exchange Foundation

Dr. Yang also shared his midterm assessment of the policy. Discussions about trade, investments, and business are important but he said that the emphasis on people exchange is the key element of this policy. Non-government organizations (NGOs), youth, and other intellectuals are cooperating to create a policy that puts the spotlight on people's relationships.

The NSP has already achieved some accomplishments, but it is still developing and needs more time to actualize its goals. He elaborated that there is growth in trade investments over the years in places where Taiwan has invested, especially in Southeast Asia. For tourism, he noted that the creation of Muslim centers has helped in attracting foreign visitors. With regard to human resources, Taiwan has been partnering with universities and other institutions from other Southeast Asian countries, like the Philippines. He said that people are a key element of this policy. For medical and public health, Taiwan is proud of its performance on prioritizing smart medical services in the country. Regarding agriculture, Taiwan collaborates with Jakarta by providing agricultural training programs and facilities and introducing low-cost farming systems. It also plans to work with the Philippines by establishing an agricultural demonstration farm. Lastly, he shared that Taiwan has also made relations with some of the country's stakeholders which emphasizes and promotes partnership.

Dr. Yang ended by stating some updates about Taiwan's engagement in the Philippines. He said that there are four parts that can be highlighted, namely (1) social connectivity, (2) economic connectivity, (3) soft infrastructure, and (4) constitutional connectivity.

Scott Kennedy, Ph.D.

Deputy Director, Freeman Chair in China Studies
Center for Strategic and International Studies, Washington, D.C.

Dr. Scott Kennedy's lecture focused on the context of the relationship between Taiwan and Philippines, especially with the New Southbound Policy in place. He discussed four areas about the NSP, namely: (1) how the Philippines' challenges and issues regarding the NSP might be addressed; (2) what the NSP is not; (3) the development of the NSP since its implementation; and (4) what the Philippines can do to help Taiwan make the NSP more effective for both countries.

Dr. Kennedy stated that "Taiwan and the Philippines have very complimentary societies and economies." He added that there are a lot of mutual benefits that can be gained from this policy. However, he also pointed out that societies have to be involved in order to achieve the objectives of the policy.

He identified four areas where the NSP helps the Philippines: economic and development growth, public health care system, the environment, and international relations.

Firstly, in terms of economic and growth development, Taiwan has been successful and its performance has been visible in global competitiveness charts. Secondly, Taiwan shows pride in its comprehensive medical health care. Thirdly, Taiwan has been working on issues relating to the environment, specifically industrial and agricultural pollution. Finally, US-China relations show uncertainties and cause anxiety about bilateral agreements and negotiations. Accordingly, as Dr. Kennedy said, the NSP can help in creating solutions to these challenges.

Dr. Kennedy also discussed what the NSP is not. He emphasized that the new policy is not a reflection of a Taiwan-China competition. He showed the difference between the two countries' level of trade. According to him, it is natural because of the nature and resources the two countries have. Also, the NSP should not be compared with China's Belt and Road Initiative. Dr. Kennedy said that the NSP is all about the social orientation of Taiwan in the region, while the Belt and Road is all about Chinese foreign investment and infrastructure outside China.

Dr. Kennedy then elaborated some of the results of the NSP. The trade between Taiwan and other large Southeast Asian countries have been "quite substantial and large," according to him. Specifically, Taiwan has been investing in the Philippines and the companies show potential because, so far, they are thriving in the Philippines.



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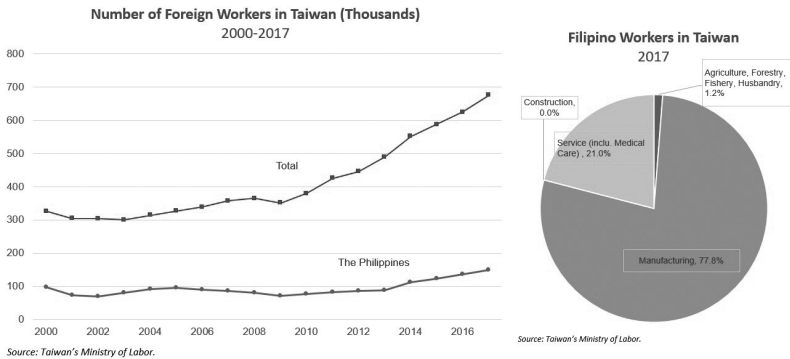


NEW KINPO GROUP

The Marawi rehabilitation is also one of the positive consequences of the policy as well as the improvement of people-to-people linkages. The number of students continues to rise with the NSP target countries accounting for almost a quarter of students in Taiwan. In terms of tourism, the number of visitors is still growing despite China's criticisms against the Taiwanese president. Lastly, the number of Filipino migrant workers in Taiwan is increasing. In Taiwan, most Filipinos work in manufacturing companies, information and communications

technology (ICT) companies, and public health care institutions, among others.

The final point that Dr. Kennedy talked about is how the NSP can be more effective. He emphasized the things that the Philippines can do to make it more attractive to investments and global relations. Specifically, he suggested that electricity reforms should be made in order to make the supply cheaper and more readily available. He also talked about land reform policies to help foreign investors have easier land acquisitions.



Negotiating with Taiwan is also part of Dr. Kennedy's suggestions. Consultations should be made in order to know where cooperation is needed. Finally, it is important that Taiwan's reputation should be strengthened in the Philippines to help develop greater ties between the two countries.

Bonnie S. Glaser

Senior Adviser for Asia and Director, China Power Project
Center for Strategic and International Studies, Washington, D.C.

Bonnie S. Glaser's lecture primarily focused on the importance of the NSP for Taiwan and for the region as well as for the United States. She provided a brief background on the US foreign international policy called the Indo-Pacific Strategy under the current administration. She then discussed the US policy in the context of Taiwan's New Southbound Policy.

First, Ms. Glaser pointed out that US has "enduring interest" in the region. This means that no matter who leads the country's administration, the US will always have this international policy to follow.

Secondly, she added that the policy was formulated among the political entities in the region. According to Ms. Glaser, "The Indo-Pacific strategy is very much an evolution," and that the Indo-Pacific strategy sets a vision for the region. Yet it is not a "club" and is not expecting other countries to join in. For her, the US assumed that each country would start to create its own rules for international arrangements.

As for the policy, Ms. Glaser believes in the following principles: the respect for sovereignty; the freedom to decide on the use of international land, air, and water; and the advancement of "free, fair and reciprocal trade."

Ms. Glaser made some examples of countries announcing their own international policies such as Japan, Indonesia, Australia, and New Zealand. She also differentiated the Quad (i.e., the Quadrilateral Security Dialogue) and the Indo-Pacific Strategy and explained that the two should not be conflated.

On the other hand, she claimed that the Indo-Pacific Strategy is not anti-China. The US is not trying to create a policy which would compete against China's. Ms. Glaser added that the US could work with China as long as its behavior will not cause tension or dispute with any other countries.

She believes that Taiwan's New Southbound Policy is born out of the country's goals and challenges. She added that the strategy aims to reduce Taiwan's economic dependence on China since overreliance on another country's economy is not in Taiwan's interest.

Lastly, she identified some of the issues that Taiwan could assist the Philippines. These include improving governance, fighting corruption, protecting intellectual property, improving healthcare, increasing agricultural output, helping countries to move up to high value-added industries, promoting women's entrepreneurship, strengthening the commerce, waste management, and building smart cities.

Ambassador Derek Mitchell

Former US Ambassador to Myanmar and Senior Adviser
Center for Strategic and International Studies, Washington, D.C.

Ambassador Derek Mitchell elaborated on giving priority to the international developments happening in the region. He shared that upon studying the NSP, he realized that this is a policy that conforms to US interests and hence will be useful if the Americans will be part of this conversation.

He pointed out that the region aims for a “rules-based order” to build an international linkage that honors the transparency and peace and stability in the region. Ambassador Mitchell stated that the “US tries to affirm the rules and norms of transparency and accountability.”

Ambassador Mitchell briefly narrated how Taiwan has done remarkably well over the years, but has become isolated because of China's politics and pressure. Therefore, the NSP is not a response to China, but is Taiwan's way of showing its presence in the region. According to him, Taiwan implements the NSP “not in a political way, but in a very practical way.”

On the other hand, he also discussed that the US and Taiwan have long been attempting to forge a relationship between them. Specifically, both countries have been working together on the Global Cooperation

and Training Framework (GCTF), an initiative to harbor regional benefits.

Lastly, Ambassador Mitchell remarked that the Philippines should value and promote Taiwan's actions and initiatives and added that the NSP will contribute to the achievement of the goals of all Southeast Asian countries.

Herman Joseph S. Kraft

Associate Professor, UP Department of Political Science and
Convenor, UP CIDS Strategic Studies Program

Associate Professor Herman Joseph S. Kraft's lecture presented a midterm assessment of the NSP and what the policy means for the Philippines' own development.

Assoc. Prof. Kraft started by providing a brief background on the policy. The NSP is created for making opportunities and establishing links, dialogues, and collaboration with the region. The policy targets eighteen countries and Taiwan's primary objective is to strengthen its engagement with these countries in the region.

Assoc. Prof. Kraft said that Taiwan is an economic success as far as industrialization projects are concerned which makes the NSP a vital policy worth studying by other countries. One of the reasons why countries should participate in this policy is the resources that Taiwan can offer to the region. He clarified that these resources are not limited to natural resources as Taiwan is a small island country. Additionally, Assoc. Prof. Kraft pointed out that the policy is not a response to China, although he raised the possibility of China responding to this initiative.

Assoc. Prof. Kraft enumerated some of the achievements Taiwan has made since the NSP's implementation. Some of these include the increasing presence in foreign investments, innovation and approaches to the expansion of product market, and the ease of accessing loans to state-owned bank branches overseas, among others.

Assoc. Prof. Kraft has observed that "Taiwan is becoming much more active in terms of bidding contracts in the target countries." He

Observable outcomes

- In 2017, two-way trade between the Philippines and Taiwan has increased by \$1.1 billion from \$10.87 billion in 2016 to \$11.97 billion.
- In 2017, visitor arrivals from the Philippines reached 291,000, an increase of 118,525 from 2016 (172,457). Meanwhile, visitor arrivals from Taiwan to the Philippines reached 236,000, an increase of 39,383 as compared with 196,617 in 2016.
- Signing of BIA in December 2017
- 150,000 Filipino workers in Taiwan

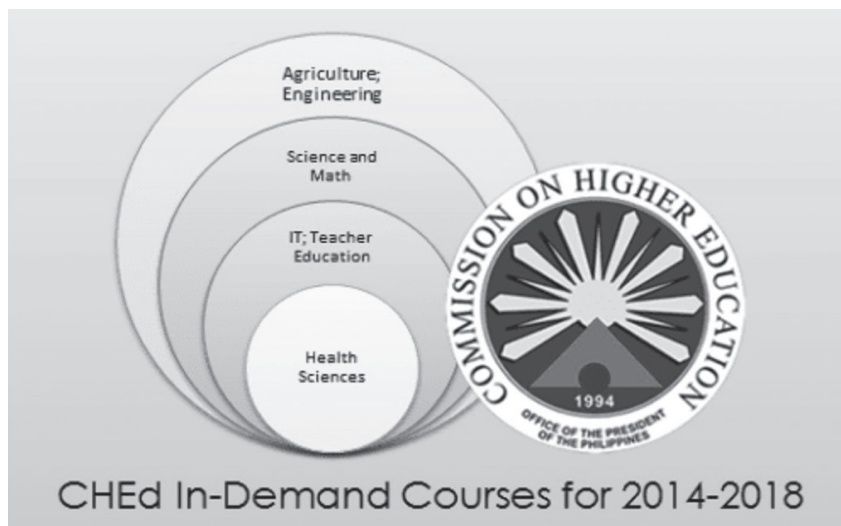
cited the example of the Marawi rehabilitation in which Taiwan was able to be part of a big project.

As part of the people-to-people campaign, Assoc. Prof. Kraft mentioned the bilateral agreements concerning the agricultural sector. Assoc. Prof. Kraft also added that since Taiwan is an aging population, its demand for an active workforce is a good opportunity on showing ways in which it promotes its people-to-people initiative.

Assoc. Prof. Kraft also emphasized the fact that Taiwan has one of the best healthcare programs in the world and how the Philippines could benefit from that. He raised the idea of collaborating with Taiwan to address this need of the Philippines. He added that ASEAN countries could be interested in regulatory harmonization for technology, medical equipment, and pharmaceuticals.

Assoc. Prof. Kraft stated that Taiwan's priorities for the Philippines are as follows: trade investment, agriculture, small medium industries and enterprises, information technology, education, cultural and people-to-people exchange.

He also elaborated on the migrant workers in Taiwan. At present, 150,000 Filipino workers are in Taiwan. Assoc. Prof. Kraft has observed that the Taiwanese government treats them relatively well.



Assoc. Prof. Kraft also stated that there are plenty of education scholarships in Taiwan that Filipinos can take advantage of which could eventually promote people-to-people engagements. The benefits include scholarships for undergraduate and graduate degree programs, as well as enrichment scholarships for language training. Assoc. Prof. Kraft also made a point about the Commission on Higher Education's priority areas which Taiwan excels at, which include the sciences, maritime studies, engineering and technology, agriculture, teaching education, math, information technology (IT), and architecture.

Lastly, he emphasized the importance of Memorandum of Agreement and Memorandum of Understanding as one of Taiwan's key performance indicators although he expressed the need to follow up on these agreements. Prof. Kraft also stated that research collaborations also show good promise for Southeast Asian countries.



FULL TRANSCRIPTS



Opening Remarks

Maria Ela L. Atienza, Ph.D.

Professor and Chair, UP Department of Political Science

The Strategic Studies Program (SSP) of CIDS aims to promote interest and discourse on significant changes in Philippine foreign policy and develop capacity building for strategic studies in the country. The program views the Philippine's latest engagement with the great powers in multi-lateral cooperation with other states in the Asia-Pacific region as an important catalyst to further collaborative and multidisciplinary resource between the intellectual communities within East Asia and this is where the current public lecture topic Taiwan's New Southbound Policy implications for the Philippines is situated. This event aims to provide insights to the Taiwan's New Southbound Policy for the Philippines and the Asia-Pacific region in general. We are glad that we have experts from the United States, Taiwan, and the Philippines who will be discussing issues related to this national policy of Taiwan.

The Strategic Studies Program of CIDS invite the speakers and the scholars from the Center for Strategic and International Studies, which is based in the Washington D.C., and the Center for Southeast Asian Studies of the National Chengchi University in Taiwan. And, we are also glad that members of the academe, government offices, the Armed Forces, foreign delegates, which we have invited signified their support and we are also expecting a number of people to join us within the whole program.

Perhaps part of that growing engagement of the University of the Philippines with Taiwan and its institutions would be the different

programs and memorandums of agreement that different UP units have entered into with a number of universities and institutions in Taiwan. I think here at the Asian Center, they have already hosted a number of activities and conferences particularly in the cooperation of TECO. In the case of the UP Department of Political Science, our institution, we had a number of memoranda of agreement with the several universities, in particular the National Sun Yat-sen University and the Wenzao Ursuline University of Languages.

For the past few years, we have been co-sponsoring exchanges of researchers and faculties as well as the sponsorship of annual conferences. This is part of growing engagement of Taiwan in the Philippines but, at the same time, it's also part of the University of the Philippines's mandate to continue linking up with various institutions and agencies within Taiwan. So, let me just briefly acknowledge the other co-sponsors or co-organizers of the conference aside from the Strategic Studies Program of CIDS as well as the Department of Political Science in UP. We are grateful for the collaboration with the Asia Pacific Pathway to Progress Foundation and of course the Center for Strategic and International Studies. We hope that you will stay with us until the end of the program so that we not only listen to the very important lectures but we continue engaging with everyone focusing on the implications for the Philippines of Taiwan's New Southbound Policy. Thank you very much.

Moderator: Our speakers for today will show us the trajectory of the ongoing implications of Taiwan's New Southbound Policy and provide an assessment into what has been achieved so far since its implementation in 2016. Given the proximity of Taiwan to the Philippines, we will also hear what the New Southbound Policy's implications are for the Philippines.



Lecture

Alan Hao Yang, Ph.D.

Executive Director, Center for Southeast Asian Studies
National Chengchi University, Taiwan

In 2016 is an important strategic move for the Taiwanese government to unveil the idea of a new southbound policy comparing this to the previous effort has been done since the 1990s. In the 1990s under the presidency/leadership, there were some efforts to emphasize Taiwan's bilateral relations with some key Southeast Asian countries. There are a lot of different engagement from various sector mostly come from the business network. In 2016 I think there have been something different in essence. It's not only covering from some specific Southeast Asian countries but covering the region as well to relocate Taiwan and also Taiwan's presence in the region terms of connectivity, in terms of contribution, in terms of seeking new solid partnership with eighteen countries.

I would argue that there are eight countries regarded as priority country in the region. I think Indonesia, Philippines, Malaysia, Vietnam, and, also, Singapore, Australia, plus India have become the key countries that the Taiwanese society as well as the government would like to engage and would like to reinvigorate more for solid partnership working with some friends. Since 2016, there are newspapers and also international media covering what kind of the policy elements of the strategic new southbound efforts are to be realized in the forthcoming future. Media coverage from Manila Bulletin, Jakarta Post, and south local media in Indonesia and Malaysia.

The strategic discourse of the New Southbound Policy is very simple: try to engage the region and to connect Asia. It will be the way not to marginalize Taiwan, as Taiwan has been excluded from the regional network for decades and it is good timing for Taiwan to contribute in terms of social connectivity and in terms of civic social engagement and also to fulfill the local needs of the national and regional development agenda of the individual country. So, in the very beginning in 2016 of March, when the DPP government tried to strategize this policy, they put emphasize in external economic strategy with a specific focus on the people-centered agenda. In 2016, around May and September, we can find that there are a lot of domestic policy debate and discussion over what is the real essence of New Southbound Policy. The government promoted and outlined the strategic outline and promotion plan as well as the work project of the New Southbound Policy. It is the implementation of the overall greater connectivity, rather, than only focus on trade and investment issue.

Last year, the National Day's Speech, President Tsai mentioned that the New Southbound Policy would be Taiwan's regional strategy for Asia. I will say that this is the first time that our President publicized that we have an Asian policy and we tackled what has been mentioned in promoting since late 1990s as the people-centered in the integration process in the Southeast Asia. A few feature that I can highlight and share here: in the 1990s, the first goal of the southbound policy emphasized on the business need which to some extent is more profit-centered, and more profit-oriented consideration to counter the westward engagement of China, but after twenty years, I think the idea of being a part of the region seems to be the gleaming hope rationale of the New Southbound Policy. The government is also working with the society to prioritize people-centered idea, people-centered agenda, which I will share with you through some discussions on how the government—how Taiwan promote in detail.

We use to value the trade and investment in working with southern counterparts. Now, I think it is more important to prioritize the talent and institution for a long-term commitment. So, I would rather not mention the southbound policy as the short-term policy, but as a long-

term commitment and engagement, working with our friends and colleagues in the region. Of course, it is not only the economic strategy but also more solid, comprehensive, connectivity to try to relocate Taiwan in Southeast Asia and also in the region, acknowledging the social awareness and the regional identity of the community which we live in. It is something new for us, for Taiwan, to share with our counterpart that the New Southbound Policy is not only the external strategy but also relate it to our domestic reform. We have become more vibrant migrant society in Taiwan that include and also to attract—for example, more than 250,000 Indonesian migrant workers and also more than 100,000 transnational marriages in Taiwan from Indonesia and even from Vietnam. We have more than 150,000 migrant workers from the Philippines as our solid economic counterpart to the national growth as well as to our families. So, these are things changing comparative with the 1990s engagement. By working with our friends to enhance their market connectivity and we would like to nourish the solid and deep social connectivity and secure the bilateral as well as the regional institution of connectivity with our friends and also our counterparts.

I would like to share some ideas of the ongoing project and programs, as well as the main dimension of the NSP, of course, it's important part to cover infrastructure, to cover finance, to cover economic engagement, but more importantly, I would argue that the people exchange, which means the young talent enculturation in commerce, in partnership of our partners in the region and resource sharing and the regional connectivity are the key issue, and also the key element of this specific policy. It has been inviting some input, not only from the think tank government but mostly the comes from the single society, from the NGO, MPO, and also from the intellectuals, to reshape the idea of the policy not only limited in economic and trade issue but also focus more to people-to-people contact and people-to-people relation. Currently, the government, investigate, actually promote five flagship project covering from the innovative industry, human resources, medical and public health, regional and agricultural, and more related activity to activate more engagement from the intellectual of the region and also working with the young leaders from the next generation.

These five flagship programs are more functional in essence and also working with the national development agenda in the regional country. I think it is not only limited in the government, there are more resource and also momentum shared by the civil society engagement between Taiwanese society and regional society. The way Taiwan would like to promote through these five flagship program is based upon the issue and rationale targeting the country's basic needs and the idea is to seek for best practice between Taiwan and also our counterpart in promoting and securing common interest. So, I would try to quickly provide a midterm review assessment of the New Southbound Policy. I think through the past two years, not only the government but also our society has devoted in promoting the New Southbound Policy. Although there are some achievements, I would say it is quite encouraging and progressing, we need some more time to realize the objective and also the rationale of the specific policy.

If you look at the innovate industry as the key flagship program, you can find out that there are some increasing number in trade. There are more momentum for economic engagement form state enterprise and also other SME engagement in the region and there are increasing number of bidirectional investment, either outbound to Southeast Asia and also some projects as being introduced to Taiwan. So, this is something new that comparing with the 1990s, there was one-way engagement and, in the present, we would like to encourage in a more bilateral and bidirectional way. For example, the Muslim center, one of the key initiative is to establish a Muslim center as a way to do the domestic reform for the tourism in Taiwan and there are more than 700 enterprise facilitated by the Muslim center to be recognized the connectivity. So, if you visit Taipei, you can find increasing number of restaurant, hotel, they have the hospitality to welcome a friend from Southeast Asian countries.

For the human resources, I'd like to share that talent and institution are the key, or goal for this policy, for this flagship to engage. We set up in partnership with our local counterpart, for example, university, business association in Southeast Asia to promote joint study and joint research and cultivation programs with young scholars and young talent. They are the future of the region and our young fellows

in Taiwan are eager to work with our friends in different countries. Take my center, the Center for Southeast Asian Studies is honored to serve as the secretary of Southeast Asian Studies in Asia and also that institution member here in the Philippines is Asian Center of UP. We feel very honor to work with 13 Asian Study centers in 10 countries, including China. Next year in 2019, we are also pleased and honored to organize the regional-wide study conference in Asia. We call it the SEA conference of Asia in 2019 in Taipei. So, through this kind of network, we would like to consolidate the previous relation and also explore the new partnership with our friends here.

For the medical and public health, Taiwan feels very honored to present and to share its experiences in terms of the medical, industrial, and marketing platform in Taiwan IHA and also to set up a transnational network to tackle with the transnational disease and in terms of non-traditional security collaboration. It's also interesting for us to prioritize the smart medical service and regional hospital in different country. So, these are some key feature for the New Southbound Policy in terms of medical and public health elements.

For regional agriculture, I would say this is something important for Taiwan and for our friends. For example, we just work with Indonesia to set up an integrative agricultural demonstration zone in Karawang just nearby Jakarta by providing the agricultural training program, facility, and to introduce the high value of crops and low-cost farming systems through technology information sharing with southern counterpart. And it is also our objective to work with the Philippines and setup some demonstration farms in different areas. If successfully set, these will be a very important experiences in shared ways with different provincial area in the Philippines, outside Manila. This is something that is different from previous engagements that were only focused in the capital city. We try to reach out and work with some other locality.

The final one, this is related to the Taiwan-Asia Exchange Foundation. This is a new foundation, actually articulated last year by our president that we, the Taiwanese society, would like to engage in systematically working with various stakeholders, for example, think tanks, universities to forge an alliance and network, and also with young leaders program in Asia and also working with NGO, civil society on

different—for example the right and the Sustainable Development Goals (SDGs)—and we have the Taiwan Aid as the NGO alliance working with different NGO and MTO locality and by working with partnership with Taiwan East Asia Foundation we'll devote ourselves to promote that. And also, another two projects are cultural exchange and also the regional resiliency in terms of HRDR capacity building program provided by this specific foundation.

I like to share some updates of Taiwan's engagement in the Philippines in terms of connectivity perspective. There are four parts that can be highlighted, the first one is social connectivity; the second one comes the economic connectivity; and the third one is soft infrastructure, comparing with other major policy engagements, we emphasized more on people-to-people and soft infrastructure element; and the fourth one would be the constitutional connectivity.

This is to some extent to the highlight, Taiwan would like to facilitate the success of national development priority projects of the Philippines, of individual countries in Southeast Asia counterpart and to jointly nourish, especially, young talent through institutional arrangement in localities and in the region. I would say this is based from bilateral and neutral interests.

There are increasing number of Southeast Asian friends in Taiwan, including migrant worker, including our economic partner and spouse, and more importantly, the second generation of transnational marriage. In Taiwan, currently there are 20,000 young kids coming from the second generation of the transnational marriage between the Philippines and the Taiwan. In the secondary school and also primary school, the number is increasing. Apparently, through the past years we appreciate the contribution of our Filipino friends to stay in Taiwan and strong economic counterpart to our national gross. This administration tries its best to improve the welfare of the labor right and the monthly salary require as the minimum of the Taiwanese national standard. So, this is something that we try to prioritize not only for the government but also for our society.

We are, to some extent, contextualize ourselves in the region. Since 2016, we started the facilitation of the VISA free project as well as the

e-visa project. There are more than 200,000 of the visitors coming from the Philippines and also, I think that marks with 60% increase of the number and also I'm very pleased to share with you that I learned from our Telco office, there will be an extension of free visa on August first of this year to July 2019. I think this is very good to practice, to solid partnership began from the tourism exchange and cooperation. Of course, there is increasing number of transnational NGO working on labor rights, working on sustainability issues in the Philippines and also in Taiwan.

For the economic connectivity, for the trade, Taiwan is ranked as number 8th trade partner working with Philippines. For last year, they 10.2% increase of the bilateral trade and we set up a Taiwan investment window, in Telco to promote and to be a platform to share information and for the business connectivity. We are also honored and pleased to update our BIA with the Philippines last year and we do hope that we'll have a follow up collaboration and also engagement with various stakeholders through the BIA arrangement. And most importantly, I think Taiwan has been engaged and tried to contribute to the Marawi rehabilitation issue. They provide more than 400,000 housing units in Marawi, and there will be a housewarming ceremony coming very soon.

Since I have only few minutes left, I would like to highlighted the importance of southbound policy through this soft infrastructure connectivity. For example, Taiwan's education center, scholarship cover for our young kids, for our young talent in the Philippines. So, some project on education, technology, and even the Huayu Mandarin enrichment project. In the Philippines, we would like to promote a specific link to connect city, university enterprise, and society. This is important not only for Taiwanese but also to seek more stakeholder to be involved in the project.

Finally, as I mentioned, the promotion of the demonstration farms in the Philippines is very important for our upcoming collaboration project between the Philippines and Taiwan. So I will stop here and make a very quick conclusion. Taiwan's New Southbound Policy—I think, I heard from some of my friends mentioned that this is something different from previous way but we need to prioritize and highlight what is the difference, what is the need in this specific policy. To realize

people-centered practice is not only for the rhetoric, for the slogan, it's from the material that I shared through the five flagship program. And we would like to engage with our friends, our partner, and also our new colleague in the region. As mentioned by President Tsai, the New Southbound Policy of Taiwan is to make partnership and make friends, rather than try to publicize or politicalize Taiwan's relationship with our counterparts. Thank you.



Lecture

Scott Kennedy, Ph.D.

Deputy Director, Freeman Chair in China Studies
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Good morning. It's an honor to be here. I want to thank Bonnie of CSIS for including me in the project. I want to thank the University of the Philippines for hosting this today. I was a professor for 15 years before I joined CSIS three and a half years ago and so it's a pleasure to be back on a university campus. But I am going to do two things that are different than what I did as a professor. The first thing that I used to do was I could talk for 50 minutes straight without stopping. I'm not going to do that today, so rest easy. The second thing is as a professor, I did scholarly research that presented things in a social science way—hypothesis, literature review, data, data analysis, conclusions. This is not academic research and I'm not gonna give an academic talk.

This is about an ongoing policy initiative that we're trying to analyze and figure out how can be made stronger. Alan did a terrific job describing the New Southbound Policy's origins and its developments today. My task is to put the policy in the context of Taiwan–Philippines bilateral relations and then Bonnie and Derek are gonna extend the context even further to the region, to the globe, and to the United States. I think in my talk today, I will mention four areas.

The first is looking at how the type of challenges and issues that the Philippines has to the New Southbound Policy might be able to address. Second thing is to say what the New Southbound Policy is not. The third is briefer than Alan did and just to highlight a few of the developments of the New Southbound Policy mostly so far. And finally,

a wrap up with the things that the Philippines can do to help Taiwan make the New Southbound Policy more effective for both of countries.

And I think my underlying message for my comments is that there is only one thing you want to remember with what I want to say today is that Taiwan and the Philippines have very complementary societies and economies, and that there is a lot of natural mutual benefits that can be gained from these policies. But it takes policy makers, and not profits, others in the society to be genuinely involved to fill the possibilities of this policy initiative. That's the one thing I want you to remember from my talk today, even if you don't remember any of the details that I'm gonna mention going forward now.

So, the first issue is where can the New Southbound Policy help the Philippines. I think there are four areas. The first is with economic growth and development. Obviously, Taiwan is a great economic success story. It's one of the very few economies in the world that has been able to not only grow moderately but grow beyond and the escape middle income trap which is not only a buzzword but it is definitely a challenge for countries around the world particularly in East and Southeast Asia.

If you look at the Philippines and other countries in the region, you can see that, in terms of their standing, in terms of their global competitiveness, their innovativeness, governance, other things which are critical to getting to the new policy makes right to escape the middle-income trap. Some countries have done a very good job on this; Singapore, South Korea, Taiwan, and others are still working on it. China's changed quite a bit in terms of its innovation, it ranked 17th in 126 countries. Philippines' standing in terms of global competitiveness and innovation is actually risen gradually over the last few years but it's still not where the Philippines would want it to be. We know that the current government is instituted a series of new policies to promote infrastructure and economic development but there are ways to go.

If you look at issues of public health and Taiwan's health care system how comprehensive it is. I have to say, being an American, I am envious of the people who live in Taiwan, for the health care system that they get to achieve and that's even on the CSIS I actually appreciate our health care package. But it is ridiculously expensive as Bonnie and Derek will

confirm. Also, Taiwan has tremendous experience and institutions in dealing with healthcare and public health emergencies.

Thirdly, the environment. Everyone knows industrial pollution and agricultural pollution are big challenges in the world, including in the Philippines, as well as maritime pollution issues; plastics are some of the biggest issues. These are all the things that Taiwan has been working on.

Finally, if you look at US-China relations, which is something that I spend most of my days worrying about, and having the Trump tweets chased me around the world, there is a lot of uncertainty in American foreign policy in the region. Just days in to office, one of the very first things the President did was to announce that the US is going to withdraw from the Trans-Pacific Partnership. And just in the past week, the President has further escalated the trade war with China announcing at least 200 billion dollars of products from China that the US would have implemented additional tariffs on and it's really not clear where it's going to. The US has also expressed anxieties about bilateral trade organizations and bilateral relations in general and that creates a challenge for everybody in the region, including for the Philippines, looking for leadership, looking for stability, certainty as you make investment plans and decisions.

And so, I identified four challenges, (1) economic growth, (2) public health, (3) the environment, (4) the uncertainty created by the US-China rivalry, the New Southbound Policy could be helpful in ameliorating the challenges and promoting solutions to each of these four problems.

I will say what the New Southbound Policy is not. The New Southbound Policy is not a reflection of competition between China and Taiwan. This chart which shows the export from China and Taiwan to New Southbound Policy target countries, those 18 that are part of this, shows a drastic difference in scale, in their absolute level of trade between Taiwan and China and the New Southbound Policy countries. If you look at the investment, you will also see a drastic difference in scale. There should be a drastic difference in scale because the Chinese economy is a huge and Taiwan is an island economy—very different

resource endowments, specializations, comparative advantage, different types of needs, and therefore totally different types of engagement with countries in Southeast Asia, including the Philippines. And so, we should look to see the relationships—these are not interchangeable or replaceable relationship whatsoever.

In addition, I think sometimes people like to place the New Southbound Policy in comparison to China's Belt and Road Initiative. China has done a wonderful job of advertising the Belt and Road initiative despite changing its name several times, changing the definitions several times. Every member of Congress in the United States knows about the Belt and Road as well as Made in China 2025. The New Southbound Policy is very different and it is a challenge to the New Southbound Policy. It really has to do with the broad economic and social orientation of Taiwan generally whereas the Belt and Road Initiative is about Chinese foreign investment and infrastructure outside China not just in Asia connecting Asia to Europe but actually if you look at the projects that the Chinese included in Belt and Road Initiative included actually Chinese infrastructure anywhere outside the boundaries of China—so very different. So, I am just encouraging not to think about the New Southbound Policy is relative to either China or the Belt and Road. But think about it, the context of others, what used to be called the four dragons or the five dragons and we do not use that anymore but there are a lot of names about it—Japan, South Korea, Hong Kong, Taiwan, Singapore. Think about these smaller economies adjusting their regional economic policies in the context of a changing global economic and global social context. That's the way we should think about the New Southbound Policy not relative to China or cross-strait relations.

Let me say a little bit about the results so far. Alan did a remarkable job and I'm not going to be able to give the level of details but I will just highlight a couple of points.

The first is just the rise in trades between Taiwan and the New Southbound Policy countries. I put Taiwan next to China here just for a level of comparison, just to show you that, despite China's 1.4 billion population, trade between Taiwan and Southeast Asia and India,

Australia, New Zealand is actually quite substantial and large and growing. Since this policy was announced, I think that is the first half of 2018, numbers have come out and has shown, and despite the fact that global trade has falling in the first half of 2018 as a result of our president.

If you look at trade with the Philippines, you'll see again similar story in terms of level of the direction of exports from Taiwan. If you look at outbound investment, you'll see again each year is a little bit different but largely what we're seeing is a slight transition in Taiwan's investments in the Philippines and in the New Southbound Policy countries. Here specifically in the Philippines, and there's obviously potential to go because you got some companies from Taiwan—and some of you might identify Taiwanese companies and there are some of the [pointing to the Powerpoint slide], one you might be able to identify but there's actually many more here, collaborating with the Japanese—all the manufacturers and others in supply chains that are formed. There are also obvious priority needs that Taiwanese agencies and organizations, companies, and non-profits are already involved in. Alan mentioned the Marawi rehabilitation effort, the city foundation, but there are many others as well.

If you look at more specifically the people-to-people linkages, you'll see those are also growing. The number of students from the New Southbound Policy countries going to Taiwan has continued to rise. This table doesn't go back far enough but it was a small number in late 1980s and early 1990s. I have seen it and it's growing much more since. And you'll see that the New Southbound Policy countries account for almost a quarter of all students studying in Taiwan.

In terms of tourism, Taiwan continues to grow even as tourists groups from China are fallen off because of Chinese opposition or criticisms of President Tsai. And the visa-less policy has helped and, if it's going to continue, then we should see these numbers continue to grow.

If you look at foreign workers in Taiwan, huge numbers are growing and those from the Philippines represent a very significant share in by their own right almost by themselves and almost about three quarters

of those workers from the Philippines are manufacturing in high value-added companies, knowledge intensive positions in ICT companies in Taiwan but in other sectors as well in health care and elsewhere.

My last of the four points that I want to mention, what can be done to make this policy more effective? Obviously, there are things that the Taiwanese can do better but what suggestions we have here and this one is I humbly put forward a couple of ideas. There are few things which I think we need to be done generally which are Taiwan's specific which could improve the bilateral relationship.

The first is making the Philippines an even more inviting place for companies to do business and for people to come live and work. One example is the electricity reform, to ensure that electricity is widely available, reliable, and affordable. If you look at the industry where Taiwan is a dominator in the world, the semi-conductor industry. The semi-conductor factories, plants, called "fabs," are the most energy intensive of any type of factory in the world may have to have stable, reliable, and affordable energy and electricity. That's a challenge in the many parts of the Philippines. Addressing that would make the Philippines even more attractive.

Land usage for factories. Foreign investors or foreigners have challenges acquiring and using land in the Philippines. Making it easier for them would also be helpful in improving the environment. The Philippines is competing with many other countries to attract foreign investments and I think this will be two places I would suggest with help in extending the Philippines linkages to global economy world supply chain. In terms of specific steps, the two sides have updated recently their bilateral agreement that needs to be implemented fully. Implementing that would help investments in both directions.

Secondly, extending consultations with Taiwanese industry, with universities, with non-profit organizations to let them know where cooperation is most needed: where can most benefit the Philippines, and where can most benefit Taiwan. These are not naturally noble things. This is not a policy that is applied to 18 countries. It cannot be a one-size-fits-all policy. It has to be adopted with a specific condition of each of these countries. Even though Taiwan's representatives in the

Philippines are very smart, able group, and Taiwanese companies and universities are attentive to Philippine society, you know best what would be most helpful.

Finally, what ways could Taiwan strengthen its reputation in the Philippines broadly so that, if you did a survey of the Philippine population and ask them about their impressions of Taiwan, what things would need to be done to make those attitudes go up. There are relatively positive, there are good reasons for them to be positive, but what can make those impressions stronger, more positive, and more enduring. Obviously, there is an element to the New Southbound Policy and Taiwan's effort in general to improve its reputation and, as Alan said, to develop greater friendly ties with others in the region. They could use help and advice in how to make that a reality.

So those are the four points, I think I achieved my goal of talking less than 50 minutes and hopefully, left a clear impression that Taiwan and the Philippines have a lot of complementarities—socially, economically, that they can continue to expand. Thank you very much.



Lecture

Bonnie S. Glaser

Senior Adviser for Asia and Director, China Power Project
Center for Strategic and International Studies, Washington, D.C.

Thank you so much University of the Philippines for partnering with us today as well as the Asia Pacific Pathway to Progress Foundation. I think probably the first question that many of you have on your mind is that why there are three Americans in Manila talking about Taiwan's New Southbound Policy, so I think we have to answer that question. So I'm going to try to do that and I think my colleague, Derek Mitchell, will contribute to answering that question as well.

The last couple of years at CSIS, as part of my research, I have been doing work on the New Southbound Policy and partnering with Scott and Derek. And we have done interviews in Taiwan and published a report which some of you may have picked up on your way in. It evaluates the early achievements of the policy and make some recommendations about how to make it even more successful going forward and phase two of our project is to travel around to some of the Taiwan's New Southbound Policy target countries and talk about the policy. So, we were in Jakarta before we came here, and some of us are going to New Delhi afterwards because Indonesia, the Philippines, and India are three of the very important countries for Taiwan.

But the issue here that I think we want to talk about is that the success of the New Southbound Policy is important not just for the Philippines, not just for the immediate region here and all of these 18 target countries of the New Southbound Policy but it's also important

for the United States. And I would say even for the global society and the global economy.

First, I wanted to talk a little about the US strategy for the region and then I'll go try to fit the New Southbound Policy into that. So, the US strategy for the region, I'm not going to use PowerPoint slides, I'll just try to keep you awake without the slides.

The US strategy towards the region under President Trump is what you call the Indo-Pacific Strategy. We have a new name but the strategy really deals on what has been accomplished previously under the Obama administration strategy towards the region. It was later started out being called the "pivot" and was later on renamed the "rebalance." If you look at what the Trump administration has trying to do, it's really building on what has been accomplished previously. And there is a couple of reasons for the fact that it's not fundamentally different.

First, the United States really has enduring interest in the region, so regardless of what party is in power, the policy and interest do not really change fundamentally. There can be change in some of the policies and I'll talk about those. But the real bedrock principles and interest that we have really don't change very much in my view.

Secondly, policy towards this region is really and has been traditionally by partisan in the United States so whether have Republicans or Democrats in power, you can see a lot of collaboration between and those from both parties to advance what we see as shared interest. The Indo-Pacific Strategy is very much an evolution. I think that when President Trump first came to power, he himself, I think, was a little surprised that he was elected and there wasn't much thought that was put into what the foreign policy was going to be. So, it's taken quite a bit of time I think to formulate and begin to implement. We started hearing about the Indo-Pacific Strategy when President Trump was in the region for APEC last year when he was in Da Nang. That was sort of mark the official launching of the Indo-Pacific Strategy and then the following month, the National Security Strategy was released. There are two whole pages on the Indo-Pacific and why it is important for the United States and we recently had a report and speech by Secretary of Defense Mattis who is at the Shangri-La Dialogue and he talked quite

a bit about the importance of this region to the United States and the Indo-Pacific Strategy. I think we're really in the phase now of beginning to implement the strategy and I think you'll hear more from the US officials going forward.

What US Indo-Pacific Strategy does is it really sets a US vision for the region. It's not intended to be a club that other countries join. It is intended to be a strategy that advances American interest and I think the expectation of the United States is that every country in the region is going to have its own strategy, its own set of policies that will advance their interests. But there's a hope that some of these interests will overlap and that there will therefore be opportunities for collaboration where there are shared interests. So, if we look at the US vision for a safe and secure, peaceful, and prosperous region, I think you can see that there are some principles that really stand behind this vision. Now, I'm not going to articulate what some of those principles are and, if you have followed the US policy under the Obama administration, this will sound very familiar to you.

First is respect for sovereignty and independence of every nation regardless of size—whether you're a small country or big country. Sovereignty is important to everybody.

Secondly, freedom for all nations to transit international waters and air space, so freedom of navigation – obviously important for all the countries in the region including the Philippines. Peaceful resolution of disputes without pressure or coercion. I think this is a long-standing principle in US strategy towards the region. Adherence to international rules and norms, obviously, also very important.

Finally, is free, fair, and reciprocal trade. And here, some of the buzzwords are a little different that the Obama administration that has emphasis on the fair, reciprocity but still an emphasis is on the free trade. The modality of pursuing US economic interests to some extent has changed, so obviously the Trump administration is talking more about bilateral agreements, concerned about bilateral trade deficits or surpluses that other countries have. Scott mentioned there has been withdrawal from the Trans-Pacific Partnership so the ways in which our interests are being pursued to some extent have not changed.

But once again, I want to say that the US is not only asking other countries to sign up for our Indo-Pacific Strategy, the US is not assigning roles to countries either, so we're not really asking specific countries to play roles for our strategy we just want to work with countries and their strategies that they are using to advance their own interests because we think many of these principles are shared by many countries in the region. Of course, they're not exactly the same. Lots of countries have already articulated what their strategies are. Some of them have attached names to them; others haven't. Japan started out with talking about Free and Open Indo-Pacific even before the United States did. So that's been very important for Prime Minister Abe which actually can be traced back when he was first Prime Minister of Japan in 2007. South Korea has New Southern Policy. India has its, used to be, Look East Policy now it's Act East, that's their policy toward the region. Indonesia articulated under Jokowi the Global Maritime Fulcrum. Australia released last year an important white paper on its foreign policy. They talked about the Indo-Pacific also and New Zealand, in fact, just released a paper that's called the New Strategic Defense Policy Statement—very unusual document for New Zealand. They're still talking about the Asia Pacific but a lot of the principles that I talked about are reflected in this paper that New Zealand has just issued.

Some of the ways just to give examples about how the US is already working with other countries, where we have shared opportunities to collaborate. So, with Japan, the US has forged energy partnerships and is developing a joint financing mechanisms for infrastructure in this region. This is obviously not going to be anything like the Belt and Road Initiative and it shouldn't be really compared to it. It's really if we put it together public private partnerships trying to get capital that is actually abundant in the international system to be redirected from developed countries to developing countries that has mechanism was created last year. The US hopes to work with many other countries in this particular region to strengthen ASEAN. Secretary of Defense Mattis in a Shangri-La Dialogue talked about ASEAN centrality being critical of the central component of the US approach to the Indo-Pacific. We want to bolster APEC and continue to enhance maritime capacity building.

Again, all of these existed under the Obama administration. Another point that I'd like to make, is that although there's a lot of talk about the Quad which is composed of Australia, the United States, Japan, and India. The Quad should not be conflated with the Indo-Pacific Strategy. It's really quite different. I think the Quad countries, again, have some overlapping interests but they don't completely converge. I think those countries will be having dialogues and try to figure out whether there's opportunity to work together has been two meetings over the last year. The Quad obviously excludes the rest of the region and the United States is not just focusing on the Quad as its approach on the Indo-Pacific Strategy. If there was anything that was really new about the Obama administration rebalance to this region, it was the emphasis on Southeast Asia. And in Southeast Asia remains very important to the United States. So now the Indo-Pacific is bringing in India but that doesn't mean Southeast Asia in my view is any less important.

Another point that I want to make is that the Indo-Pacific Strategy, for my point of view, is not anti-China. And once again to cite Secretary of Defense Mattis when he was in Singapore, he said that cooperation with China is welcome wherever possible and to be fair and honest, yes, the United States has concerns about China and Chinese vision for the region in some ways differ from that of the United States and another countries but that doesn't mean that this is an effort to put together a coalition of countries to constrain China. I think, ultimately, all countries share the principles that I talked about earlier, and hope that China will share those principles too. If we can influence Chinese behavior to respect the sovereignty of every country regardless of size and freedom of navigation, that's in everybody's interests.

So then, what I really need to talk about again is to return to what I started with is why does the New Southbound Policy matter. Once again, the US is not looking for Taiwan to join our Indo-Pacific Strategy just as we don't want any country to join. The New Southbound Policy is Taiwan's strategy, that's the way I see it. It's strategic, it's looking out at Taiwan's needs trying to advance Taiwan's interests. And it is born of some challenges that Taiwan faces—growing isolation, and not just in the region because Taiwan really hasn't been part of the regional economic integration process but it's also global with Taiwan losing

many of its diplomatic allies now down to 18 because China has wooed a number of them away. That, I think, is one of the reasons, one of the drivers of this southbound policy.

Another driver is that Taiwan wants to reduce economic dependence on China and even apart from the unique nature of cross-strait relations, I think over reliance on any one market or anyone economy is really not in any country's interests. We could cite, for example, the South Korean case where South Korea exports about 40% of its goods to China and when South Korea made the decision to deploy the THAAD, the terminal high altitude missile defense system and, yes, China was not happy about that decision and took some economic coercion measures which have not been fully lifted even to this day against South Korea. I think that made South Koreans worried about being overly reliant on the Chinese market.

So, for Taiwan, it's even more, I think, risky to be excessively dependent and so I think Tsai Ing-wen is trying to diversify Taiwan's economic partners even as she recognizes that Taiwan is going to continue to have very close economic relations with mainland China. And that's inevitable for a whole lot of reasons: common culture and the amount of Taiwanese investments in China, the geographical proximity, complementarity, supply chains, which are very difficult actually to change fundamentally in a short period of time.

So, I think this success of Taiwan's strategy is important. It's not just important for the US, it's important for the region and the way I often try to frame this is that what happens if Taiwan fails. Taiwan's a very vibrant democracy. Scott talk about this very successful economic miracle that has been achieved in Taiwan. It's the only Chinese democracy in the world. It does demonstrate to the rest of the world that there can be a very successful democracy. So, I think Taiwan ultimately loses its connectivity with the region and the rest of the world, that does not serve the interests of the region and it doesn't serve the interest of the United States.

Taiwan does not seek to, I think, provoke China in this policy. And I want to emphasize what Alan Yang said earlier that I don't think this New Southbound Policy really has political goals in the sense of trying

to harm target countries' relations with China because that would be foolish and counterproductive. Rather, Taiwan just wants to develop its own networks with these countries. And Tsai Ing-wen has been pursuing what she calls a status quo policy preserving the status quo between Taiwan and mainland China and that policy serves the interest of the United States. We have a one China policy that is we recognize one China in the international system, one China that is the representative of China in the international system, but we also have very important relationship with Taiwan. We have very strong history and strong security relationship as well as economic relationship with Taiwan and so we think it's in the interests of countries in this region to forge their own relations with Taiwan to advance their own interests. Essentially, the Trump administration views Taiwan as one of its partners in this region working to strengthen the rules-based fabric of the region and we think that that is in the interest of all the countries here.

Scott talked a lot about areas that Taiwan has expertise that can benefit lots of countries in this region and it also has the will, so if countries have expertise and will to promote a free and open and secure and prosperous Indo-Pacific then we think that those countries should not be excluded.

Some of the expertise that Taiwan brings to the Philippines and to other countries is improving governance, fighting corruption, protecting intellectual property, improving healthcare, increasing agricultural output, helping countries to move up to higher value added industries, promoting women entrepreneurship, strengthening e-commerce, and waste management, building smart cities. It's a very long list. All of these things I think are very beneficial to the Philippines.

Like-minded countries can contribute, I think, to the preservation and strengthening of the rules-based system here and, all countries have a shared responsibility. So, Taiwan is no exception and should not be excluded. So, I'm gonna turn the floor next to my friend and colleague Derek Mitchell to talk more about how there is an intersection between the New Southbound Policy and US and Philippines and other countries in this region. Thank you.



Lecture

Ambassador Derek Mitchell

Former US Ambassador to Myanmar and Senior Adviser
Center for Strategic and International Studies, Washington, D.C.

Thank you, Bonnie. Thank you all. Thank you for hosting, University of the Philippines and to my colleagues on the continued partnership. I'm the last of the US speakers so we'll move on to Philippine perspective in Manila. That is actually what I want to listen to.

Basically, there is very little that I can add to what Bonnie said. I think she outlined in great detail the interest that the United States has. One of interests of ours is just to be here. One interest of mine is just to be here and the reason why we should talk about United States and the Philippines is we are allies. At least last I checked, you never know what our President knows when he wakes up, if we are allies anymore. But we try to keep things quiet in Asia so that we can come here and still be allies. I'm not here very much. I think my colleagues, it's their first time here.

And being folks who focus on the region, it's important that we think about the region. We should be thinking about the bilateral relationship, we have enough to be concerned about just in the US and the Philippines and what is happening to other countries and ensure our partnership is strong and that you are secured. You have what you need.

But we also should be thinking about broader issues. And you should understand how the United States is thinking about broader

issues and which is why you know, at CSIS, when we saw the New Southbound Policy and did a study of it, we realized this is something that actually conforms with American interests, it would be useful for Americans to be part of the conversation with others in the region. It's not just about Taiwan's relationship but actually it is useful for the United States to engage in that conversation. And that gets to the reason many of which Bonnie mentioned our regional interests. Our interest in a rules-based order, our interest in transparency, in accountability and security, peace and stability of the region. In Taiwan, in fact, is a remarkable success story. You look at what they have and what they have achieved is not as a model as a remarkable and useful but also what they have to offer, what they're willing to offer has been listed—whether it's in health, women's empowerment, agriculture—they're interested to share the value of what they have achieved and what they have developed themselves. And as we look at the region, we are trying to affirm our rule-based order, we are trying to affirm peace and stability. We are trying to affirm certain rules and norms of transparency and accountability. So that when businesses come in to places that they are conforming to corporate responsibility. That there are certain norms that are acceptable, there are certain norms that are not.

And the more people, the more entities they conform to that, the better the region can be shaped in a way that works to the benefit of ourselves and our partners. So, Taiwan represents that. They are 23 million people that have done remarkably well and yet because of politics, because of China's concerns about Taiwan, the pressure they put on other countries, Taiwan is isolated. They are often ignored.

We recognize, of course, that that pressure has an impact in every smaller nation in Southeast Asia. That that pressure from China is difficult to withstand. But to recognize that this is not supposed to be, this is not anti-anything attitude, this is a very practical, proactive affirmative vision for development of peace and stability in the region and therefore should be seen in that way—as very practical, not political. Even if other countries decide to make it political, it's a very practical thing and we have an interest in ensuring that every country see this and in fact that Taiwan implements this in a very practical and not political way.

The way Taiwan implements this could be very important. If they politicize it too much, we know they could create problems for you all and probably counter that strategy of wanting to be accepted as a member of the region that is providing public goods. Strengthening ASEAN nations which strengthens the region is very very important component to this. Also, you should know that the United States has been working with Taiwan along these lines. We had Obama administration started something called Global Cooperation and Training Framework (GCTF). So, the previous administration, the Obama administration, had implemented GCTF meaning to partner on very much on this themes and trying to work to promote some of this mutual benefits. I think that need to be brought to the region, I think we're trying to find ways that the United States and Taiwan can help do that to the betterment and the development of the region which is fundamentally an American interest.

So, I don't mean to be talking for 20 minutes. I think you've heard basically what Bonnie said really does as much of what I would to say of American interest. The final thing that I would say is that the issue, another issue, we are here because Americans don't know much about this. I'm not sure if the American government knows much about what Taiwan is doing. We're going to talk to the US Embassy this afternoon about this. Again, we should be thinking how do we promote and add value to what Taiwan is trying to do again in an affirmative way because it is consistent of what we think an American interest to promote peace, stability, development, norms, rules and the benefit of a common development of ASEAN countries and countries in South Asia as well. So, getting away from seeing everything through the prism of the great power to the north, simply seeing the value and affirmative contribution of a small island nation that has been quite a success story is really what we're interested to introduce to audiences in the region. What we are introducing here today and, hopefully with Herman's commentaries and questions, we going to get further into this. Thank you very much.



Lecture

Herman Joseph S. Kraft

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Before I proceed with my talk, I'm going to take off my hat as a panelist and wear my hat as a co-convenor for this talk. I think it was Alan who said that he was thankful for the arrangements I made for this talk. I didn't do anything and so for that, I'm wearing my hat as a co-convenor to thank the people behind the scenes who really the ones responsible for putting these things together. Marvin Bernardo was the one who met you at the registration table. He was the one who put things together. Nikka Garriga is actually at the back and Ramon Bandong as well. I will tell you this, without them, this would not have actually happen so thank you very much to the staff of the Strategic Studies Program because they were the ones really responsible for putting things together. Thank you.

So, remove one hat, take on another. Going back to my role as the one who is going to talk about the New Southbound Policy in the Philippines. As a matter of fact, there's very little that I could actually add to what Alan and Scott said regarding the Taiwan and the Philippines, in terms of the kinds of programs that are actually being planned and the course of how those programs have actually been preceded over the last two years. NSP was actually initiated in 2016, so we're really talking about just a little less of two years at this point in time in terms of effects. As Ambassador Mitchell has actually pointed out, this is a long-term thing, it's a strategic plan and so we're just looking at or seeing the beginnings of it and taking a look at where it's actually going to go,

right? So what are the things that we actually need to understand, that need to be emphasized. Like I said, nothing in the slides that I'm going to talk about is really going to say anything all that different from what has been said before.

Eighteen countries are part of this entire plan. The idea is to strengthen Taiwan's engagement with these eighteen countries. The objectives are very clear. It's to build broader links and dialogues with these target countries, establish closer collaborative ties, and foster joint developments and co-prosperity in the region.

The funny thing about this, of course, is that this is something that we hear all the time with a lot of collaborative engagements, multilateral engagements, even bilateral collaboration with China, talks about co-prosperity and all of these things, right? But I think one of the things that need to be emphasized here is the fact that Taiwan is actually one of the success stories as far as the industrialization projects of the 1990s are concerned. And beyond the economic aspects of Taiwan's success is, of course, what followed is actually the most important one and that is the transition from what was essentially an authoritarian government to what is actually a democratic system. So it's this combination of economic success and democratic transition that becomes an important factor in the way that we actually should look at what the New Southbound Policy is all about.

The strategies have been pointed out by Alan earlier on. At the center of it, of course, is economic collaboration, right? To a large extent, this is where the connections with previous strategies are actually concerned. I'd like to "Go South" of the 1990s and the Southbound Policy of the early 2000s for instance are all about the idea of strengthening economic collaboration, intensifying investments on the part of Taiwan in the region. But at that point in time, the target region was largely Southeast Asia. The New Southbound Policy expands the scope of what it is that Taiwan wants to actually achieve in terms of strengthening and expanding its collaboration, right? Resource sharing is also a part of this.

And in this context, it goes both ways—to a large extent, I think, part of what was actually discussed earlier on is especially on what

was Alan was actually talking about is the amount of resources that Taiwan actually has to share with target countries. And we're not talking about natural resources here; it's a small island country and I think what is really important here is what exactly that Taiwan actually has and, to a large extent, that's where things like technology comes in and the kinds of jobs that are available. These are the things that I think, should be taken into consideration when we're talking about as a country that is going to be or is targeted for a participation in the New Southbound Policy. What is it that we actually should expect? Regional connectivity—now, this is not anything new. We all know that as part of the Association of the South East Asian Nations, we've been talking about the idea of connectivity, right? And I think what's interesting here is of course the temptation of taking a look at Taiwan and seeing it connecting to ASEAN projects, so to speak. We might be talking about Taiwan as a member of ASEAN soon. But the point is you're talking about a country that has a lot of resources that it has to share and can share with the region. And the question is, what's taking place as far as that sharing process is concerned.

The surprise there is, I think, what was intimated by Ambassador Mitchell, as well as something that was discussed in a forum yesterday, is the idea that not a lot of people are actually familiar with the New Southbound Policy, right? In the Philippines, I was talking to somebody yesterday who has a relatively important position in the Philippine government and the point that was being made is when you talk about NSP in the Philippines, it's the National Security Policy, right? This has nothing to do with the National Security Policy. This is a completely different kind of program and the question, of course, is how many of us are actually familiar with it, right? And the surprise there is not a lot are actually knowledgeable about what was going on in the NSP, right? And yet the extent to which it's actually going to, the extent and the scope of the program is something that we should all be actually interested in. And as pointed out, a key feature, one thing that differentiates the NSP from the previous Go South and the Southbound Policy is, of course, the people-to-people exchange or the emphasis on it, right? I think somebody was actually saying yesterday, "Well there were people-to-people exchanges as far as part of the previous Go South policy" but I think it's more of the emphasis given to it now that differentiates the

New Southbound Policy. And I'll be talking about that a little bit later on.

There are certain premises that we have to and this goes back to some of the points that have been made by the other panelists, right? What was emphasized in the previous talks were, number one, that this is not about China. This is something that is actually separates from China and we shouldn't be comparing with the Belt and Road, for instance. But nonetheless, there is a strategic context to the New Southbound Policy, something that actually involves what Ambassador Mitchell was saying earlier on, that the geopolitical situations has changed in such a way especially on Taiwan, that it needs to actually open up space within which in way it can actually manoeuvre in the international system.

The second thing that has to be taken into consideration, of course, is the extent to which those changes in the geopolitical situation, of course, also "colors" the way or shapes the way that the targeted countries might be able to respond to the New Southbound Policy. In other words, is there any way at all that the NSP can actually proceed without having any serious opposition or some sort of a response on the part of the China. Getting in the way of the way that the targeted countries can actually deal with Taiwan.

In other words, the unfortunate thing here is that we need to understand the NSP but, at the same time, need to understand how the NSP can actually, how we can engage within the context of the New Southbound Policy in a way that we can get around the idea or the possibility of China responding to these attempts of strengthening and intensifying relations with Taiwan. And so, one of the other things, as far as the response is concerned, is the inevitable comparison with the Belt and Road. In other words, you can't avoid it. They come at the same time and while of course, from the perspective of any country who is interested in economic development, there's nothing wrong with the idea of engaging Taiwan and China at the same time being part of the Belt and Road as well as the New Southbound Policy, right? The problem there is, of course, the extent to which China is going to respond to that kind of engagement. And that's where the comparison and the inevitable choice making might actually come in.

Let's go now to some points about the NSP: what it has achieved in little less than two years that it's actually been put in place. Trade with target countries has grown by 10 to 11%, I think that these were shown in the slides of both Alan and Scott as well. Thirty-one projects in the ASEAN states have actually been initiated and more are actually coming. And then an expansion of industrial collaboration is something that has become a part of what the NSP is all about. Innovations and approaches to the expansion of product market, ease of accessing loans to state-owned bank branches overseas, and I think this includes the idea of opening more Taiwan banks in the target countries, institutional systems, export teams that have been instrumental in increasing value of contracts won in targeted countries.

In other words, Taiwan is becoming much more active in terms of bidding for contracts in the target countries. And I think that is one of the things you actually saw in the slide shown by Alan regarding the rehabilitation of Marawi, for instance. That Taiwan is actually able to get part of that big project.

And bilateral agreements on agricultural cooperation, right? If you look at this list so far, it emphasizes economic cooperation, right? And we're talking about emphasizing people-to-people, so what exactly about people-to-people do we see going on? Well, as was pointed out, training of children of immigrants in Taiwan. The number of foreign workers in Taiwan is actually growing, right? One of the things that might be of interest for anybody who's thinking strategically, in terms of relations with Taiwan, is that Taiwan has an aging population and the workforce is actually shrinking. And inevitably, it brings in the idea of the need for more migrant workers to actually come in. Right now, the migrant workforce in Taiwan is actually dominated by the Indonesians and the Vietnamese. We always think that Filipinos dominate this field but not exactly when it comes to Taiwan. Filipinos are actually third and I think this is something that should be of interest to us, and as Scott's slides actually showed that the area where Filipinos are actually most active in as far as or as part of the migrant workforce in Taiwan are in the manufacturing sector and in the high-tech sector. In other words, Filipinos working in Taiwan are not what stereotypically think of Filipinos as migrant workers. Training industrial talent, meaning to

say, again, in here, it is actually a mutually beneficial one. We are not just talking about training people who will be coming to Taiwan but also training Taiwanese who might actually be going overseas, right?

Recruitment of personnel for Taiwanese companies and cultural exchange and this has actually been actually going on and I think one of the things that was mentioned was the increasing number of Taiwanese tourists actually coming to the Philippines as an example of that.

But I highlighted one point and that has to do with medical cooperation because, and I think, a number of times you've heard this morning, the point that Taiwan has one of the best health care programs in the world. And I think a core part of that is the use of technology, right? Friends of mine have actually been gushing over the diagnostics technology that they have there. That's something that we can definitely use here in the Philippines, for instance. But the point here is that the Philippines is supposed to be a country which has good doctors, we train good doctors, we have good medical schools, we have good nurses. What we don't have is good medical technology that could actually improve the medical services that we have. And so, this is actually an excellent way by which we can talk about collaboration between the Philippines and Taiwan.

Regulatory harmonization on lab technology, medical equipment, and pharmaceuticals is an area where, I think, the Philippines and the rest of the Southeast Asia would actually be interested in. Given, of course, the range of areas that ASEAN when we are talking about in terms of harmonization.

Bilateral exchanges and training in the field of education, scholarships. Regional cooperation on scientific research, international university cooperation and marketing, bilateral investment protection agreements, stronger bilateral exchanges are all part of the NSP and the way that it actually tries to promote people-to-people exchanges. This just shows how close Taiwan is to the Philippines. In other words, it's actually amazing that we don't pay closer attention to Taiwan here in the Philippines. Going to Taipei just takes two hours, going to Kaohsiung actually takes one hour, 30 minutes more or less. In other words, the geographic proximity makes it unusual that we don't know

enough about Taiwan, that we don't hear enough about Taiwan here in the Philippines. So, it's something that we probably need to correct the situation on.

As far as Taiwan is concerned, the priorities for the Philippines are in these areas: trade and investment, agriculture, fisheries and aquaculture technology, small and medium industries and enterprises, information technology, green technology, education in general, cultural and people-to-people interactions and exchanges. That's a whole slew of things. Those are things where I think the Philippines is being prioritized as far as things Taiwan can actually offer. And so the question is where exactly have the Philippines and Taiwan engaged in as far as these areas are actually concerned. And that's where we start seeing some discrepancies right?

From an economic standpoint, and this is usually one of the points that is always raised is that two-way trade between the Philippines and Taiwan has actually increased ever since the NSP was introduced, an increase from 1.1 billion from 2016–2017. Visitor arrivals from the Philippines tourists going to Taiwan have actually increased as well and I think a major factor there and it has been emphasized quite a bit is the visa-free arrangement that we have with Taiwan and it's a good thing that it has been extended until next year which probably means that more Filipinos will be visiting Taiwan within the coming months.

But there is also the converse development of Taiwanese actually coming to the Philippines, right? There is an increase in the number of tourists' arrivals from Taiwan to the Philippines—whether these are tourists or people who are exploring or looking for opportunities etc. Nonetheless, there are more people coming in. The signing of the investment business agreement last year is a major development as far as the economic ties are concern.

But, at the same time, precisely that development is something that illustrates the growing concern as far as China is concerned. In other words, the investment agreement was signed with quite a bit of protest on the part of China. And one might actually say that well the protests were tame in comparison with other things that China have actually been doing. Nonetheless, it illustrates the elephant in the room so to

speak. That when we talk about engaging with Taiwan, working within the context of the New Southbound Policy, expanding that engagement, the question will always be, “Okay, how do we deal with China’s inevitable response to or actions on this part?”

There are 150,000 Filipino workers in Taiwan. For those of you who actually worked or have been doing work on migrant workers from the Philippines, 150,000 is not a lot if we talk about percentages on the Filipinos overseas, right? But it’s growing and one of the things about working in Taiwan is the fact that—and I think Alan was emphasizing this—is that they are treated very much the same as the local workers. There’s no difference in the kinds of benefits that migrant workers in Taiwan actually have in comparison with locals. Just on that basis, Taiwan’s actually not a bad place to actually think about if you go overseas for work. That plus the fact that what kind of workers go there or who are the workers that they are trying to get to come to Taiwan. We are really talking about skilled workers which not necessarily good for the Philippines. We want to keep our skilled workers here but if the problem is that we can’t keep them because of the low wages, then Taiwan is not a bad place for them to go to. And again, that increases the kind of engagement we have with them.

This slide actually shows where Taiwan is, as of May 2018, in terms of our economic relationship. What it shows is that Taiwan is still one of our top export destinations. But, of course, we are also looking at who else are we working with, there’s quite a bit that can be done in terms of exporting to Taiwan. The converse, of course, is that, again, Taiwan is one of our top import partners and, again, this is something that can probably be improved as far as the kinds of technology that’s available in Taiwan which we can actually use in the different fields that the Philippines targets for—aquaculture, agriculture, medical services, etc. These are areas where we should be interested in and where we could be working with Taiwan on things.

When we talk about people-to-people, the emphasis is usually on education. That is to say, how many Filipinos go to Taiwan to actually study and how many Taiwanese come to the Philippines in exchange programs? I think this is something that was outlined in previous presentations. The Ministry of Education in Taiwan has a number of

scholarships that have made available for people doing graduate degrees in Taiwan. That includes full degree programs, masters. and Ph.D., as well as enrichment scholarships for language training. This is all very generous if you will in terms of what is actually available or what is being made available. And I think one of the most fascinating things about this is not so much that it's there, but how many Filipinos have actually taken advantage of it. And the numbers are not that large. In fact, one of the things that's been observed is that when there's a call for applications, scholarships, fellowships, etc., one of the problems of TECO is trying to get people to actually apply or send in applications. In other words, this is a case of, if you build it, they are not necessarily going to come. The thing is, you've got all the scholarships that are available but not many Filipinos are actually going there. There are a number of hypothesis as to why this is the case, but nonetheless, this is something that we should be taking advantage of but we are not.

And yet here's the point, if you look at what the Commission on Higher Education has emphasized in terms of target areas what are going to be supported by CHED in the Philippines. These are areas, where in fact, Taiwan excels and where Taiwan would actually be able to give an excellent education to anybody. In other words, there's a logical complementarity in terms of the emphasis being given by the Commission on Higher Education in what are the priority areas and what is it that Taiwan has to offer in terms of degree programs that they excel at. So, it makes sense for us to actually deal with Taiwan, to work with Taiwanese universities on this one. The priority areas include the sciences, maritime, medical and health-related, engineering and technology, agriculture, teacher education, IT, math, architecture—these are all areas where Taiwanese universities are actually good at. And I think that is something we should be looking into the idea of trying to encourage Filipinos who want to do graduate studies to go to Taiwan. And let me tell you, they are welcoming of foreign graduate students. In fact, one of the things I've had conversations on and the usual point that has been made is that Taiwanese students want to go to China, and so they are actually looking for students in Taiwanese universities, particularly graduate students. And I think these are the things that we might be selling our shorts on if we actually don't take advantage of these things.

Education, again, increases in the number of MOAs and MOUs between universities and institutions. What's interesting about this particular point is that the language of business has entered into, when we're talking about key performance indicators. In Taiwan, one of the key performance indicators that they have is, "Okay, how many MOUs have you actually signed? How many MOE we actually have with the partnering universities?" Same thing here, right? The problem is the KPI only requires MOEs and MOUs. The question is, after signing, what happens next? And that's where things need to, I think, have some improvement on. In other words, we need more research collaboration following up on those same MOEs and MOUs. We need more exchange programs to follow up on those signed MOEs and MOUs. And this is where, I think, there's a bit of a disjunct between what has been agreed upon, targeted things that are being talked about and what is actually happening on the ground. Research collaboration—and I think it has been mentioned earlier on—that there is a lot of interest in research collaboration. The problem of course is like what they see in sports. Research interest transforms into potential. Potential, of course, is just as good as potential unless it actually becomes something that happens. So, the idea of having collaborative research programs need to be emphasized a little bit more and I think that is one of the things that need to be explored as far as Taiwan–Philippines relations are actually concerned. I think Prof. Atienza mentioned earlier, for instance, that our Department has two MOAs and MOUs with universities in Taiwan in Kaohsiung. That's not to say that we want to collect more of these MOAs and MOUs. The point is that this is something that is actually going on and I think it has to be pursued a little bit more.

The TEC, the Taiwan's Educational Centers, has been mentioned where it is based in NSYSU, right? The TEC is actually a collaboration between the Center for Southeast Asian Studies in National Sun Yat-sen University and Trinity University in Quezon City. So that's there, that has already been established. Again, the shadow of China has been overhanging that particular process because China insists that where Confucius Institutes are situated, you cannot have TECs, right? It indicates the kinds of difficulties of how, even at the level of universities, institutional arrangements, there are difficulties in how you try to manoeuvre around the issue of China. But the point is, these are going

on. We're not talking about projects that are actually, shall we say, going up in a very steep slope, it's a little by little kind of process. And I think a little bit more interest on the part of the Philippine institutions on what Taiwan has to offer might actually go a long way in terms of promoting these relationships. Let me end there so that we can have more time for Q&A.



Open Forum

QUESTION 1

Under the Indo-Pacific strategy, with the US and other members of the so called 'Quad', will they be able to provide an alternative to what the Chinese have to offer? Small developing countries like the Dominican Republic recently switched its allegiance from Taiwan to China because of the potential economic gains that it could benefit from a China relation. Does the US have a concrete plan to counterbalance China's ongoing influence or its economic policies?

Glaser: As I said in my talk, I don't think the United States is looking to replace what China is offering to the Philippines or other countries. The Chinese do foreign development assistance very differently than the United States, in fact, differently than how many countries do foreign assistance. But I think it's important for the Philippines to look at all the opportunities that are out there. I think any kind of deals made with any country or company should be fully transparent. They should have high standards and be sure that they are in this country's interest. There may be some certain opportunities with China that are in the Philippines' interest. It is very important for these to be known in public, and everything should be evaluated to ensure that it is going to achieve the results that the people want to achieve. There is a bit of a pattern if you look around the world where China will often pledge a great deal of money or projects that do not necessarily materialize. Some of these are through loans; some of these are direct investment. So I learned when we were in Jakarta that China has pledged about 65 billion dollars in investments in Indonesia and so I think it remains a question as to how much will actually be realized, and

in some countries, we have seen high interest rates or loans that have resulted in countries having to give up their sovereignty and their assets to China. We saw this recently in Sri Lanka with the Hambantota port in a 99-year lease that China took over. There is a very good investigatory article, published in *The New York Times*, about the negotiations that took place there. It was quite clear that China wanted access to the port and it doesn't want to renegotiate in terms of loans. So, the United States is not going to be able to offer that kind of financing arrangement. But my understanding with what the United States is trying to do is to divert some of the private funding that is available and private capital way from developed countries to developing countries. So one of the things that I learned when I talked to our Deputy Assistant Secretary of States Alex Wang, who has been in charge of Indo-Pacific issues at the state department, one of the points that he made is that in developed countries, for every dollar that is spent by the public sector, two dollars are institutionally put in by the private sector. But in developing countries, in every dollar that is put in by the public sector, there's thirty cents that comes from private sector funding. So, the challenge is to redirect some of this private capital that is really abundant to these developing countries, particularly, to infrastructure projects, because there is an enormous gap in the funding that is available for infrastructure. And then the other point that I mentioned was about a collaboration with Japan which does have ODA [Official Development Assistance] that it provides to this region and there was a financing agreement signed between Japan and the United States to further develop the JBIC–APEC [Japan Bank for International Cooperation–Asia-Pacific Economic Cooperation] cooperation between our countries to provide some financing for the infrastructure industry. I think if there is one really new element in the Trump administration's strategy for the Indo-Pacific is to try and address the very specific infrastructure needs in Indo-Pacific countries. Again, not to compete with OBOR [One Belt One Road] but to address what are very real needs in the Philippines and other countries.

Kennedy: I just want to elaborate a little bit on the economic side of the question about China's role in the Philippines. Let me back up bit to answer that question, to say something about the Philippines in the global economy. People know that we're all on global supply chains and countries are trying to move to the value-added parts of those supply chains. Now, historically, in many sectors in East Asia, you have what others call the "flying geese model" where there is basically an opportunity for countries that are less developed to collaborate with more developed countries, and move towards parts of the supply chain, as countries potentially get passed on to countries in the region, and it creates ladder of development for all. Economic development in the region is not just about an individual country, it is about regional collaboration and connectivity to those supply chains. Now, the most interesting things about China, at least from the perspective of Taiwan, is for red supply chains one of the most common things you can imagine in Taiwan. But what it refers to is China's efforts to be a high-tech powerhouse and dominate all parts of the supply chain from the low value-added to the high value-added, and create an import substitution strategy which doesn't create a lot of opportunities for others in the region or elsewhere. This is obviously something that the United States is worried about but actually it is more of a challenge for those with smaller economies, and those closer to China than it is closer to United States because we have many other alternatives. We have a lot of technology and knowledge capacity already. So, I think what's in the Philippines' interests in terms of a global economy and regional economy is having a diverse, vibrant international supply chain where the Philippines can participate, and that can help improve the human capital. Your technology and your capacity to take advantage of these supply chain and these markets. I will just posit to say that what Taiwan is doing, whether it's the New Southbound Policy or other elements, creates plenty of opportunities for the Philippines to increase the quality of human capital, technology acquisition, and the state of economy in a way that will raise the high value-added for your economy, and that's not an either/or but it means that putting up your economy just with the Chinese engine is not enough for becoming an advance economy further down the road. So, I will just be thinking in terms

of Filipinos own national interest and having a diverse economic relationship across the region and beyond is very very important, and the New Southbound Policy contributes to that.

QUESTION 2

How do institutions of American government see people-to-people? What's people-oriented, people-to-people centered, especially if you look at the Philippines?

Mitchell: One of the categories that Alan [Yang] talked about play into this, some things about the Obama administration government, for instance. You might have heard about Young Southeast Asian Leadership Initiative (YSEALI), the Obama administration's initiative to network the youth in the region. Not just getting to know each other, or build in capacities and networks that can be built on as a foundation for entrepreneurship, formation, for cultural exchanges. It's a young region and so the future success of the region and its connectivity, unity, can be based on investing now, on young people. Taiwan has not been part of YSEALI per se and maybe there's a problem with officially being part of YSEALI, but having some kind of youth-centered networks can be very productive, not just for education but for broader development and innovation.

I think a study just came out yesterday about how women's education can add trillions of dollars in global development. Everyone knows this is the case. Ensuring that women have networks that can serve a unique interest is people-to-people initiative that can be built on.

Taiwan has great film industry. They can help tremendously with the amount of stories that can be told in Southeast Asian. I was ambassador to Myanmar, and they have a rich culture and stories beyond measure that not have been told. I think that's true for the Philippines, and that's true everywhere else. Can Taiwan work with the United States, which also has a decent film industry, to assist and tell the stories of the region, so people here have a voice and

dignity in the individual context are affirmed, and not just a single dream in the region, but other dreams can also be realized. People can speak for themselves. So, there is an endless amount of things, music, the creativity is endless. The way to go about it is what is each country's advantage? In the Philippines, singing, music, exceptional culture, how do you fill that with others in developing with Taiwan and United States and with neighbors. Those are the kinds of things that really tie people on a very granular level.

QUESTION 3

How does Taipei or Taiwan think about diversifying its engagement with Southeast Asia? There isn't a single Southeast Asia. There must be a Philippine Strategy. There must be a Thailand Strategy. There is an ASEAN, that is true, but if anything is to work on the ground there must be country-specific, or sub-national-specific strategies.

Yang: I would argue that the policy does not only want to establish a solid relationship with the government, but there is a need to differentiate different strategies and engagements with the countries. I think that the issue-oriented engagement which I mentioned earlier in different flagship program—actually, those flagship programs apply to our initiative working with regional governments and are also not necessarily limited to the capital city. That is the reason why Taiwan would like to work with Palawan for the establishment of the Agricultural Demonstration Zone. And also, we are seeking more opportunity outside Manila to seek for bilateral interests. I will use one example, that not all Southeast Asian migrant workers are working in the factory. Actually, there is an increasing number of students from Philippines, Malaysia, and Indonesia studying in Taiwan's universities in different fields, for example, social science, engineering, mathematics, and medical service. For example, National Chengchi University is quite famous for its international affairs and areas where we are promoting Southeast Asian Studies in Southeast Asia, rather than working on Chinese or overseas Chinese Studies in Southeast Asia. We have a good number of remarkable students from the University of the Philippines (UP) who continue to study in our program. I'm also

happy to share with you that in the new foundation, Taiwan Asia Exchange Foundation, we have a Filipino colleague working with us this August. So, we try to recruit more talents and to work with Taiwanese talents and to brainstorm what will be the outcome of this policy for the long-term engagement or what will be our future. I think there are common challenges to the Philippines, Taiwan, and also our neighboring countries. We need to tackle these common challenges together. So I think this is something interesting update to share with you.

For the country-specific strategy, the Office of Trade Negotiations act as a hub and also the facilitator of New Southbound Policy in the Executive Yuan level and, every month, the Executive has a special task force for the New Southbound Policy. Most of them are the attendees are deputy minister level or senior officials who share ideas when they approach their counterpart from different countries and gather in two different ways: the first way to discuss any close country concern, for example, trade investment talent training for those issues that tackle the flagship program.

The second one is to try and highlight the specific interests raised in different countries. For example, in the Philippines, we know that the current administration is working out the “Build, Build, Build” project. We all know that compared with China—China usually bring most of their labour out to Southeast Asian countries and after that construction project has been done, they will stay there causing social problems or issue. We encourage the Taiwanese government, Taiwanese enterprise, small medium enterprise to hire local people. There is one call center based in Manila. This call center hired 23,000 of the local people. This is something that this government, this administration tries to encourage and improve the corporate social responsibility of Taiwan’s business people. This is good in a region.

I think targeting different countries, national projects for example in Thailand 4.0, industry in Indonesia 4.0, and also for current national development project in Philippines like Marawi. These critical issues are highlighted as the national strategy of the individual countries that Taipei or Taiwan tackles. I do agree

that Taipei is not Taiwan. Taipei cannot represent the interests of Taiwan.

Also, with the New Southbound Policy, the government is only its facilitator to recruit and invite more capacity from different sectors in Taiwanese society. I'll just share that if you look at the annual budget of the New Southbound Policy scattering different sectors, some critics would argue that this is just a small amount of it, but this is the seed money sponsored by the government. They have more increasing number of budget from media, from banks, from non-government organizations (NGO), to engage and echo this policy. This is a good and also correct direction of Taiwan to be contextualized and localized in Southeast Asia.

Mitchell: We're just connecting what you have said to the previous question about an alternative to what China, with what everyone else's. You can look at it in terms of quantity, but it's a matter of quality. Not just *what* is being done, but *how* it is being done as an alternative. The corporate social responsibility (CSR) component, the transparency component, building capacity, labor, all these types. As you think about it, what we're particularly interested in, as Americans, is those norms that are being promoted. The rules in an international system in the 21st century are under some challenges, and this will be an identical challenge of ideas. What is the right way? How do individual countries want things to be done on their soil? What would they choose? How will they choose for their own interest? We assume that the more we could create momentum, forge more transparency, more capacity building, more thinking of investing rather than extracting. So, as countries think about what they have to offer in terms of quantity, that's important, but also look at the quality of not just the actual structure of whatever you have built, but also the values and norms behind it. So that's a very great advantage for us and why we look at partnerships with Japan, or also with the Indo-Pacific generally. It could be with China too. We have concerns about what China is doing, but if they shift and decide to do things in a more transparent way, that seems to be truly advance the formula. We are not about preventing anyone from investing or contributing, because theirs is an enormous need

that cannot be met by one or two countries or institutions. But it is the how, that I think is important for the sovereignty to think of wellbeing, the future independence of the countries, and peace and stability of the region, which is the foundation of American interest to continue to engage.

Kennedy: I just want to contribute to the discussion just for a second, because you just scratch an academic itch that I have. When you talk about migrant workers, I don't know about you, but that term, I find really not a good reflection of the type of international talent and labor exchanges occurring in the region or elsewhere. When I think about migrant labor in the context of being China's specialty, I think it's somebody moving from their farm to a factory. Or I think of some agricultural or blue-collared workers going across international boundaries. But a lot of the transnational work we are seeing is university-educated, holding masters and doctorate degrees, and are professionals. They don't fit into that. I don't know if you need to commodify a terminology as reflected in the government policy that collect statistics, but I think the people who collaborate with the Taiwanese, whether they are entrepreneurs or otherwise, have a level of interaction that is increasingly natural. We're not talking about migrant capital; we're talking about migrant workers. So, we have to talk about workers and talent exchange in a way that makes it seem less commodified and look more at the quality of the people involved. I think Taiwan's natural for that because of focus on human capital, from birth to working to retirement.

QUESTION 4

What could be the reason why Philippines is at the top of the most hated countries by Taiwanese people? How true is it? Another question, is the dispute between the Philippines and Taiwan blossoming? It seems Taiwan still lacks political clout here in the Philippines. How can Taiwan address this kind of situation?

Yang: I noticed that interesting survey. I would like to share with you several comments. The first one is I believe they have been

continuing work with a lot of discussions and operation on this survey before. And also, comparing the data from last year to this year, the popularity of the Philippines with Taiwanese people is increasing—6.6 % which means that this policy, to some extent, works to change some public attitude towards the Philippines. But, I will say that if you look at the survey, we all know that working as a social scientist, the direction of the question we address will definitely be the key issue to the respondents. What is the kind of country list that they provide? I think that is some kind of selective, so I will not say that it is some kind of selection bias. But they do have a limited choice compared to Southeast Asian countries, and also not including other countries in the world. I think this is about the technique issue I like to mention.

The other remark that I would like to raise is the public attitude towards the Philippines. To some extent, related to some incident that happened in 2015 which through the media report damaged the bilateral relationship with Taiwan and also the Philippines. Not only in the government-to-government relation but also in the general public's attitude.

I think this is some kind of legacy and also damage to bilateral relationship in general between the Taiwan and the Philippines. But I will say that there are a lot of NGOs working very hard in Taiwanese society to promote and raise awareness for our counterparts in the region and the Philippines is one of them—a very important counterpart. There is one NGO called 140 and this is a migrant policy-oriented NGO. They provide language training for managerial knowledge training for our transnational human capital in Taiwan. After taking that course, most of them are from Indonesia and the Philippines. They can come back to their hometown to start a business, small medium enterprise or start-up, and they also come back to, for example, Taiwanese businesses to work as managerial staff in these industries. The civil society becomes much more friendly and much more inclusive to our regional counterparts in the region.

For the second part of the question, I think the issue that some cybercriminal has turning back to Beijing, China instead of

Taiwan, that caused serious concerns, especially to Taiwan's civil society. We do think that Philippines is one of our very close friends in the region, but due to some pressure from China, those criminals cannot stand trial in Taiwan, to the court. I think this is something that will be very difficult for Taiwanese government and also caused some concern domestically and nationally. We do hope that seek for more collaboration and partnership in tackling this transnational issue, especially transnational crime. And it will be of mutual beneficial to both Philippines and Taiwan.

QUESTION 5

The ASEAN Economic Community (AEC) is backed by Asian Development Bank (ADB) and One Belt One Road (OBOR) is backed by the Asia Infrastructure Investment Bank (AIIB), is there a financing institution backing the NSP?

Yang: Last year in October, President Tsai mentioned that Taiwan will be honored to provide 3.5 billion Taiwanese dollars as an ODA engagement working with our counterparts in the regions. This specific fund would to facilitate infrastructure in ASEAN and also work with regional counterparts. I think this is point number one. Point number two, I would say that, for example, the major power in the region concentrates on physical infrastructure like road, power plants, and bridges. What Taiwan would like to offer, of course, is the physical infrastructure, but more than that, we can work out to share in the soft infrastructure issue. For example, the public health system and also some institutions that can facilitate the good governance and locality. In these urgent issues, Taiwan can work with the Philippines.

In terms of ASEAN, to be honest, Taiwan would not assume formal membership to ASEAN. Definitely, it will be extremely difficult if you look at ASEAN Charter membership part. A way that would be very practical to strategize Taiwan's engagement through the ASEAN issue. For example, this year, when Singapore assumed the chairship of ASEAN, I think the Singaporean strategic engagement is to promote the ASEAN Smart Cities Network. In this proposal,

there is some kind of pairing up program. One out of twenty-six selected cities in the ASEAN would have the partnership with external counterparts. Through this kind of smart city project, I think the main cities in Taiwan: Taichung, Taipei, Kaohsiung, especially small metropolitans, this kind of managerial system issue can be shared through the smart city networks in ASEAN. This is a practical way that we would like to strategize Taiwan's presence in the region, and also work with partnership not only in the metropolitan cities but also in other cities in creating smart cities, smart living technology.

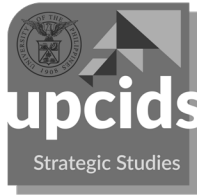
Kennedy: I'm not a Southeast Asian expert so I don't want to talk in details about the AEC or other things. But those mentioned broadly say where we are in terms of the rules of the games for the global economy and development. I think everybody knows the World Trade Organization (WTO) launched the Doha Development Round in 2001 and, in the summer of 2008, a decade ago, came to a standstill when United States, India, China, and others could not reach a final deal. As a result of that, it pushed everyone to seek regional arrangements more hence Transpacific Partnership (TPP) or other smaller bilateral and trilateral deals. Those are all well and good as long as they're consistent with WTO norms, open to other participation, and non-exclusionary. The ultimate goal is to figure out how we can all end up with roads getting us back to Geneva to get full multilateral arrangements. We got a variety of challenges and trade difficulties and things like that, but nevertheless, that should be our ultimate goal, not the fragmenting into different regions, where different rules inhibit collaboration.

QUESTION 6

How favorable is the political environment in Taiwan to deepening relations with the Philippines on people-to-people and economy-to-economy basis, particularly and including crime involving economic elements?

Yang: Currently, Taipei's bar associations are working with regional counterparts and would like to invite more law and legal experts to

visit Taipei on the basis of exchange of expertise. As we mentioned before, the deportation of Taiwanese cybercriminals back to Taipei or to China will be one of the issues or areas of concern. The political environment in Taiwan to address the importance of the Philippines. I will say that it's gaining importance and as mentioned earlier, Philippines is listed in eight of the priority countries that the New Southbound Policy would like emphasized. So, we value our relationship, working with our Philippine counterpart. For the arrangement, Taiwan would like to see more institutional arrangements working with our colleague in the region. If we look at the element of the New Southbound Policy in terms of regional connectivity, I think that economic cooperation, which is one of the alternatives of the free trade agreement (FTA) in terms of a different kind of [name], and also the avoidance of the double taxation agreement are preferred by Taiwanese government and Taiwanese stakeholders. I will say that not only limited in this trade and investment issue, something you mentioned for more functional like the legal assistant or a scientific agricultural agreement is also preferred by Taiwanese side. If we look at the progress or achievement of what the government has been doing, what has the society been engaging is to nourish the environment and facilitate the signing or confirmation of this institutional arrangement. It is true that through this institutional arrangement, we can secure the benefit of the Filipino counterpart and also Taiwanese stakeholders to work together in the region.



The UP CIDS Strategic Studies Program

The **Strategic Studies Program (SSP)** of the University of the Philippines Center for Integrative and Development Studies (UP CIDS) aims to promote interest and discourse on significant changes in Philippine foreign policy and develop capacity-building for strategic studies in the country. The program views the Philippines' latest engagement with the great powers and multilateral cooperation with other states in the Asia-Pacific region as a catalyst to further collaborative and multidisciplinary research between the intellectual communities within East Asia.

Strategic studies is an interdisciplinary academic field centered on the study of peace and conflict, often devoting special attention to the relationship between international politics, geo-strategy, diplomacy, international economics, and military power. While traditionally centered on the use of military power for defense and security purposes, strategic studies have now evolved to embrace human and multidimensional aspects of security.

The Program will continue to bring issues of strategic importance to a Philippine public that tends to be very inward looking in its appreciation of its immediate environment. There will be a clear focus on reinforcing and strengthening a core group of experts and academic research interested in strategic concerns within the University and the consolidation of networks that link this core group with institutions in government and the private sector that might be interested in developments around the region and internationally that affect the policy options of the Philippines.

