

# **The New Southbound Policy and the opportunities for the Vietnamese enterprises**

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## **I. Introduction**

Since being aware of the importance of the ASEAN and South Asian communities, setting up a "New South Policy" taking Southeast Asia as the focus of the Taipei government to step by step integrate into Asia, to redefine Taiwan's position and role in the development of Asia, in which Vietnam is considered as an important bridge to help ROC-Taiwan moves closer to ASEAN. From the early years of the twenty-first century up to now, the relationship between Taiwan and Vietnam has developed rapidly based on the awareness and assessment of each country's foreign policy in association with the regional and international situation. Especially in the context of today's globalization and modernization along with China's economic rise, the East Sea issue, US-China competition in the Asia-Pacific region, already created opportunities and challenges for cooperation between ROC-Taiwan and Vietnam. Efforts to strengthen the cooperative relations with Vietnam partly help Taiwan's economy gradually reduce its reliance on mainland China, besides tightening relations with Asian countries. Vietnam may be the right choice for the Taiwan's policy towards the South and integration into Asia. The outstanding achievements in the relationship between ROC-Taiwan and Vietnam will be the driving force for the future prospects between the two sides, therefore, to investigate Vietnam's position in Taiwan's New South policy and opportunities as well as strategies for the Vietnamese businesses is the significant research at this current time.

### **Objectives of the research**

The current research aims to achieve the systematic report of the relationship between ROC-Taiwan and Vietnam, especially focusing on Asian Integration Policy and the New Southbound Policy of ROC-Taiwan to discover the opportunities and strategies for the Vietnamese businesses, contribute to the development of Vietnam and the relationship between the two sides.

### **Research methodology**

To achieve the research objectives, this research will be undertaken via interviews and acquire primary source document materials. A range of methods include library research and field research will be used to gather data, either primary or secondary source. Library research uses relevant data from written sources such as books, journals, unpublished papers, newspapers, magazines, official documents, government reports, research reports, and proceedings of board meetings. Its outcomes will be combined with the field of research through consultation, discussion, and interviews with the government officers, researchers, and academician as well as CEOs of some big companies. The result of the discussion will be synthesized and confronted with written sources in order to find synergy and contradiction of ideas. It needs to be conducted to provide further explanation or interpretation of the data gathered from the library research. It will be then systematized based on inductive logic. After collecting data, the researcher will comprehensively analyze all data with a focus on comparison between ROC-Taiwan and Vietnam. This comparative analysis will not only examine similarities and differences, but also formulate the strategies for the Vietnamese businesses based on the strengthening areas of each country.

## **II. Main content**

The following content will mention the two main points: (1) The current New Southbound Policy; and (2) The opportunities and strategies of Vietnamese Enterprises.

### **2.1. The current New Southbound Policy**

The New Southbound Policy is the initiative of the Government of Taiwan under President Tsai Ing Wen to enhance the cooperation and exchanges between Taiwan and 18 countries which includes: Southeast Asia, South Asia and Australia, Newzealand.

#### ***Introduction of the New Southbound Policy***

President Tsai Ing Wen is pushing to strengthen Taiwan's role in the broader Indo-Pacific region. Building on her campaign promises, Tsai's inaugural speech on May 2016, reaffirmed that her government should establish the New Southbound Policy (NSP) to strengthen Taiwan's ties with countries across region. This flagship program is target at the 10 countries of ASEAN, six States in South Asia (India, Pakistan, Bangladesh, Nepal, Srilanka and Bhutan), Australia and New

Zealand. This ambitious strategy seeks to leverage Taiwan's cultural, educational, technological, agricultural, and economic assets while maintaining stable cross strait relation.

The plan highest upon forging a "sense of economy community" and forming a "consensus for cooperation" with the 18 nations identified by Taipei as potential partners. The NSP follows from similarly named policies initiated under President Lee Teng Hui and Chen Sui Bian which was slated to diversify Taiwan's Southbound investment away from mainland China and to Southeast Asia.

Skeptics of the NSP's prospect for the success misunderstand how the NSP differ in character from the "Go South Policy" of Lee and Chen. It is to appreciate that Tsai's approach is both more strategic and more comprehensive than those of her predecessor. While reinvigorating and diversifying ROC-Taiwan's economy remain fundamental to the NSP, it also embodies a concentered effort to more effectively integrate ROC-Taiwan into the region by cultivating interpersonal connections across the region.

Moreover, the NSP is being implemented at a time of grow and rising wages in Mainland China, while investment opportunities in Southeast Asia are booming. Taiwan is simply following the trend set by many companies, including Mainland China's companies, which are relocating to other regional countries with lower operating costs.

Since ROC-Taiwan lacks formal diplomatic ties with countries targeted by NSP, Taipei must creatively foster bilateral collaboration. The Tsai administration has relied on local government and civil society organization to collaborate with the central government's effort to implement the NSP. Focusing on civic and people-to-people ties rather than government-to-government relations allows Taiwan to avoid the minefield posed by its ambiguous sovereignty. Tsai also taken considerable pains to assure Beijing that the NSP is not intended to supplant or inhibit cross strait economies ties, but rather is designed to diversify ROC-Taiwan's cultural and economic linkages around the region.

It is premature to evaluate whether the NSP will ultimately achieve the ambiguous goals. Over the next few years, if Taipei successfully manages cross-strait relations, garners international support for the NSP, and bolsters its interpersonal ties across the region, it will lay the groundwork for the successful implementation. The Tsai administration is clear eyed about challenges and recognizes that some elements of the NSP are unlikely to yield immediate results. Nevertheless, even limited success over the next several years will help to reduce Taiwan's

regional isolation by persuading a growing number of neighboring countries of the value of expanding ties with the island nation.

**i. Policy development and implementation**

Shortly after her inauguration on May 20, 2016, President Tsai created the New Southbound Policy Office. Initially headed by Director James Huang, the office consulted with representatives from the business sector, academia, and civil society in a collaborative effort to help develop policy guidelines. The office was also charged with handling public relations. Following the adoption of the New Southbound Guidelines on August 16, 2016, the NSP shifted into its implementation phase under the Office of Trade Negotiation (OTN), led by Minister without portfolio John Deng.

**ii. The evolution of NSP**

The New Southbound Policy guidelines were formally approved and adopted as part of ROC-Taiwan's push to strengthen its regional integration on August 16, 2016. The guidelines center on the principles of forging a sense of economic community, comprehensive development, and pursuit of mutual benefit between Taiwan and ASEAN, South Asian, and Oceanic countries.

Shortly after the adoption of these guidelines, the executive Yuan, along with the National Development Council, proposed a New Promotion Plan on September 5, 2016. The Promotion Plan calls for the development of stronger bilateral relations through four main tasks: (1) promoting economic collaboration; (2) conducting talent exchange; (3) sharing resources; (4) forging relational links.

***New Southbound Policy = strong economic cooperation + regional links + talent training + resource sharing***

On December 14 of 2016, the executive Yuan finalized New Southbound Policy Work Plan, which operationalized the Promotion Plan providing specific direction and objectives for relevant agencies and Ministries. The Work Plan include **18 detail goals, 15 concrete projects, and 48 initiatives** of the NSP. The first measure of the plan went into effect on January 1, 2017.

President Tsai announced the launch of five flagship projects aimed at promoting the NSP on April 20, 2017. The OTN elaborated and finalized the plan on August 14, 2017. The flagship projects represent a shift within the NSP toward focusing on (1) collaboration in innovative industries; (2) corporation in medicine by forming industrial supply chain; (3) youth exchange platform; (4) regional agricultural development; and (5) cultivation of talent. The OTN

also outlined e-commerce, infrastructure, and tourism as three potential-laden fields of cooperation between Taiwan and the NSP targeted countries.

**iii. Current NSP (new Southbound Policy) overview**

Tsai’s New Southbound Policy is both more strategic and far-reaching than the similarly minded efforts of Lee and Chen. Lee and Chen primarily sought to increase Taiwan’s regional economic integration and reduce its dependence on the Chinese economy. By contrast, Tsai is actively promoting a multifaceted strategy that leverages Taiwan’s cultural, educational, technological, agricultural, and economic assets while maintaining stable cross-strait relations. At the heart of the NSP is a desire to weave Taiwan into a “people-centered” community of nations that spans the Indo-Pacific region.

Operationally, Tsai has employed a whole-of-government approach that involves multiple ministries and agencies across different sectors. The policy is directed under its own New Southbound Policy Office and is logistically coordinated by the OTN in the Executive Yuan.

**iv. General goals and benchmarks**

Tsai outlined goals associated with the NSP during an international economic and trade strategy meeting on August 16, 2016. The short-term goals of the NSP can be sorted into the four main objectives. In general terms, the NSP seeks to:

1. Expand “two way” exchange in the areas of trade, investment, tourism, culture, and talent.
2. Encourage Taiwan’s industry to adopt a “New Southbound” approach to their business development.
3. Cultivate the human resource needed to help support the NSP.
4. Expand multilateral as well as bilateral dialogue for the purposes of economic and cooperation and future conflict resolution.

*Table 2.1. Ministry of Foreign Affairs NSP Goals, 2018*

<i>Key indicator</i>	<i>Evaluation criteria</i>	<i>Goal</i>
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<b>Promote NSP to deepen ties with target countries</b>	Number of treaties, protocols, and memorandums signed with NSP target countries. Number of bilateral meetings and cooperation projects. Number of visits by former heads of state, current heads of government, members of congress, and senior government officials.	Promote NSP to deepen ties with target countries
<b>Simplify visa process for personnel from NSP target countries</b>	Number of visits by former heads of state, current heads of government, members of congress, and senior government officials	Offer 15 programs/services

*Source: "2018 Budget Report," Ministry of Finance*

The goals of the NSP can be broadly defined as intended to:

1. Strengthen Taiwan's economic and interpersonal linkages with countries around the region. According to Presidential Office spokesman Alex Huang, this push includes "promoting sharing of resources, talent, and markets".
2. Comprehensive dialogue mechanisms between ROC-Taiwan and the NSP target countries, which would serve as a channel to facilitate trust and resolve differences.

Although each government agency involved in the NSP has set specific goals, the benchmark set forth by the Ministry of Foreign Affairs in their 2018 budget prove useful when evaluating the overall success of Tsai's initiative. This progress is divided between measurable increases in government level interaction and improved facilitation of its services.

**v. Components of New Southbound Policy (NSP)**

This part will mention the main components of the New Southbound Policy, which include:

- Economic components
- People-to-people exchanges
- Taiwan and tourism
- Agriculture and the NSP

- The NSP and Taiwan's medical industry
- Growing opportunities for the ministry of economic affair

### **Economic component of NSP**

The economic components of the NSP have been advanced by Tsai as a means of promoting Taiwan's domestic industrial upgrading, improving its global economic competitiveness, and alleviating the island's heavy reliance on the Mainland as a destination for the exports and investment - a situation that makes Taiwan particularly vulnerable to trends in Mainland China's economy and the vagaries of cross-strait relations.

Although the economic strategy of the NSP began as a vague program supported only by general concepts, it has since evolved into a detailed roadmap with specific policies related to expanding trade and investment ties with the 18 NSP target countries. Moreover, the NSP could potentially be part of a larger set of policies that strengthen Taiwan's domestic economy and international engagement. That is said, further refinement of the policy and careful attention to implementation will be central to achieving these goals.

### **People to people exchange**

Unlike previous policies designed to better integrate ROC-Taiwan into the region, Tsai has placed considerable emphasis on creating a "people-centered New Southbound spirit" as a means to promote the NSP. This person-to-person component of the NSP aims to strengthen bilateral ties by engaging with the general population of NSP target countries, as well as with government officials and business executives. These connections are intended to realize the twin goals of strengthening Taiwan's integration with the region and facilitating its economic diversification.

Importantly, this focus on fostering interpersonal linkages seeks to address two fundamental problems that have undermined previous Southbound efforts: a lack of support for the policy from ROC-Taiwan's businesses and competition from Mainland China. People-to-people exchanges may help Taiwan's businesses develop a deeper understanding of specific industries and economic areas in target countries, and to better identify niche areas for expanded cooperation. Interpersonal exchanges are an important vehicle for Taiwan to leverage its soft power advantage vis-à-vis the Mainland in terms of having a free and open society. This unique

aspect of Taiwan's society has not been lost on regional leaders. In October 2016, former Thai foreign minister Kasit Pirmya noted that "Taiwan should promote its model of political transformation in a democratic setting and share its experiences and best practices.

### **Tourism**

Tourism exhibits ROC-Taiwan's cultural heritage and offers significant economic benefits for businesses operating in travel destinations. In 2016, Taiwan's tourism industry contributed \$NT432.2 billion in revenue to Taiwan's economy (2.6 percent of GDP) and directly created 296,100 jobs (2.6 percent of total employment). Leveraging this potential is crucial to the success of the NSP. In a Facebook post from April 2017, Tsai noted that tourism is the most important industries and highlighted ROC-Taiwan's efforts to diversify tourist experiences and improve ROC-Taiwan's tourist services.

A large portion of Taiwan's overseas tourists come from Mainland China. In an effort to improve cross-strait relations, President Ma Ying-Jeou decided to ease restrictions on visits by Mainland Chinese tour groups. Visitors from the Mainland grew from 289,000 in 2008 to over 4 million by 2015, accounting for over 40 percent of ROC-Taiwan's inbound tourists that year.

This influx of Mainland visitors has paid significant economic dividends for Taiwan. On average, the daily total expenditure of tourists from Mainland China was second only to those from Japan, at \$241.42 and \$198.43, respectively, in 2016. Expenditures are in large part driven by consumer goods (\$96.30), as Mainlanders spend far less on accommodations (\$45.50) and meals (\$25.22) than tourists from elsewhere. Although these economic contributions are significant, the benefits for Taiwan are not always direct. The overwhelming majority of tourists from the Mainland (around 90 percent in 2012) travel on carefully planned itineraries managed by PRC state-owned travel agencies. These itineraries often make use of discounted hotels and tend to limit interactions between Mainlanders and people of ROC-Taiwan. Additionally, much of the spending by PRC tourists is concentrated in Mainland companies operating in Taiwan, meaning that local businesses do not reach as many benefits from tourists traveling across the Strait as from those from elsewhere. As a result, the economic revenue generated by tourists from Mainland China often produces uneven benefits for Taiwan's population due to a lack of local spending contrasted with high retail spending.

Since Tsai's inauguration, relations between Beijing and Taipei have cooled. In an effort to compel Tsai Ing-wen to accept that Taiwan and the Mainland are part of the same country and to provide more explicit assurances that she will not pursue independence, the PRC has put considerable pressure on Taiwan. Not only did Beijing suspend official cross-strait communication with Taipei in June 2016, it also reportedly restricted the flow of tourists. In 2016, the number of tourists from Mainland China dropped by more than a half million, to 3.5 million visitors.

Taiwan's leaders are eager to hedge against further revenue losses from a decline in tourism from the Mainland by attracting tourists from other parts of the world. To facilitate this effort, Taiwan's Tourist Bureau has identified seven strategies for implementing the NSP's tourism initiative:

1. Simplifying the visa process;
2. Harnessing the skills of the immigrants in Taiwan and individuals from Taiwan living over-seas;
3. Integrating local governments into tourism promotion;
4. Employing more targeted marketing in NSP target countries;
5. Establishing more foreign offices;
6. Invigorating the cruise-ship tourism market.

Besides those actions, Taiwan try to develop the events to promote Taiwan as the destination for tourism.

### **Education exchange**

The Tsai administration has prioritized fostering intellectual exchanges between ROC-Taiwan and other regional actors to further promote regional integration. In October 2016, the Ministry of Education published the **New Southbound Talent Development Plan**, which outlines the government's strategy to foster bilateral talent exchanges. At the heart of the plan is a push to put "people first" and to promote "bilateral exchanges" and "resource sharing". The approach has three tracks: attracting inbound students from NSP target countries, sponsoring ROC-Taiwan's students to pursue academic and professional opportunities in those countries, and improving access to high-quality education for the children of Southeast Asian immigrants who have relocated to ROC-Taiwan.

The focus on recruiting foreign students builds on the efforts of previous administrations. President Ma sought to turn ROC-Taiwan into a “higher-education hub.” From 2011 to 2016, the number of foreign students studying in ROC-Taiwan more than doubled, rising from 57,920 to 116,416. By the end of 2016, the number of foreign students studying in ROC-Taiwan constituted 8.9 percent of all university students, an increase of 4.6 percent since 2011. Over this same period, the number of international students from NSP target countries raise from 18,426 to 31,540. This growth, however, was out paced by the number of Mainland students, which jumped from 12,155 in 2011 to 41,975 in 2016.

To further boost the number of students from NSP target countries studying in Taiwan, the Ministry of Education has outlined a set of ambitious goals in the 2016 New Southbound Talent Development Plan. In 2015, 110,182 foreign students studied at tertiary institutions in Taiwan, with 28,492 students (26 percent) coming from NSP target countries. The ministry hopes to increase the total number of students from NSP target countries by 30,000 by 2019. Taiwan initially allocated NT\$1 billion (US\$33.4 million) toward this effort in 2017, which includes funding for scholarships, recruitment programs, and subsidies for universities. To further encourage younger populations in Taiwan to gain an appreciation of NSP target countries, the ministry also aims to subsidize individuals from Taiwan seeking to study or work in ASEAN and South Asia countries.

#### **Agriculture and the NSP**

The agricultural component of the NSP largely operates under the view of the Executive Yuan’s Council on Agriculture (COA). According to Grace Lih-Fang Lin, director of the COA’s Department of International Affairs, the NSP will have different focal points of collaboration for each partner country based on local conditions and market needs, such as working with Malaysian industries on green house farming or cooperating with Indonesian businesses on irrigation.

To promote the NSP, the COA aims to increase business opportunities with NSP target countries via investment and machinery exports. It advocates for a “whole factory export model,” whereby ROC-Taiwan can promote its technologies, techniques, and agricultural products to partner countries. Taiwan hopes to foster mutually beneficial bilateral relationships in which Taiwan businesses provide new agricultural opportunities in exchange for assistance in adapting to local business and environmental conditions.

### **The NSP and Taiwan's Medical Industry**

ROC-Taiwan boasts a highly developed public health care system and one of the world's most technologically advanced medical equipment industries. In 2016, ROC-Taiwan's average life expectancy (80 years) and infant mortality rate (4.4 out of 1,000) matched or exceeded those found in the most developed countries around the globe. It comes as little surprise that Taipei has identified the nation's medical sector as a flagship program that can be utilized to boost ties across the region. In this regard, ROC-Taiwan can offer its medical know-how, advanced equipment, and wealth of public health experiences to improve health care outcomes in NSP target countries.

There is considerable growth potential for the health care services in NSP target countries. When discussing overseas market opportunities, Claire Jan, a project manager in TAITRA's marketing development department, noted that the health care expenditure per capita among ASEAN members to adjust \$207 in 2014, as compared to the \$5,075 spent in Japan. Importantly, TAITRA has a history of organizing trade missions across the region that predate the establishment of the NSP but nonetheless speak to the potential that the medical industries hold for bolstering ties with NSP target countries. In July of 2016, a medical trade team organized by TAITRA met with 248 local businesses in Myanmar, Thailand, and Singapore and inked deals worth US\$8.39 billion.

Much of the flagship program has been focused on developing medical supply chains with NSP target countries and **offering foreign health care professional training Taiwan**. The Taiwan Food and Drug Administration (TFDA), for instance, has taken several steps toward fostering ties with counterpart agencies in target countries. The agency has concentrated its efforts on building international recognition for Taiwan's medical products through cross-border regulation harmonization, medical procedure exchanges, and laboratory verification collaborations. Measures of this nature can help reduce duplicated efforts interesting Taiwan products in foreign markets, which further reduces the barriers of entry into NSP target countries for Taiwan medical suppliers.

Taiwan's medical and public health cooperation with NSP target countries has already achieved some noticeable results, particularly in familiarizing health care agencies and professionals around the region with Taiwan's medical products and procedures. According to the Ministry of Health and Welfare (MOHW), medical devices produced in

ROC-Taiwan that have already obtained the necessary registration licenses from TFDA can apply for a simplified review process in Indonesia and Vietnam. As part of the NSP, medical reports issued by three laboratories in Taiwan are now also accepted by the Indonesian government.

This coordination extends to professional exchanges and developments. Part of the initiative also aims to train 1,000 doctors from NSP target countries in ROC-Taiwan over the next four years. According to a report published by MOHW, there were already 214 foreign physicians from 12 countries who had received training in ROC-Taiwan. When speaking at a public event on May 8, 2017, an MOHW official noted that “a group of Vietnamese physicians have already received training on kidney transplants in Taiwan, and they will become pioneers in that area and pass on their expertise to new physician”.

#### **Growing opportunities for the Ministry of Economic Affairs**

The Ministry of Economic Affairs is positioned to utilize ROC-Taiwan’s economic assets toward strengthening the NSP. For instance, the flagship program for Industrial Innovations and Cooperation centers around promoting the Five-Plus-Two Innovative Industries Initiative. The directive was put forth by the Tsai administration to restructure Taiwan’s economy and upgrade Taiwan’s existing value chain. The initiative includes five pillar industries: **the Internet of Things, biomedical, green energy, smart machinery, and defense-with the addition of new agriculture and the circular economy as the plus two.** The most visible element of the program is the establishment of an industrial park in Taoyuan, dubbed “the Asian Silicon Valley.” Taipei hopes to develop the Asian Silicon Valley into a hub of innovation for domestic enterprises, as well as a testing ground for projects and technologies that are tailored to the needs of NSP target countries. The Tsai administration is also looking to identify new business opportunities in NSP target countries for SMEs and provide the necessary tools for these SMEs to succeed.

With one of the highest e-commerce penetration rates in the world, the Ministry of Economic Affairs is also looking to use the NSP to expand the reach of ROC-Taiwan’s e-commerce industry. Under the Cross-Border e-Commerce Work Plan, ROC-Taiwan seeks to further partnerships between Taiwan’s businesses and local providers in NSP target countries by **(1) developing markets, (2) cultivating talent, and (3) upgrading the e-commerce landscape to ease market access.** To support this push, Taipei plans to roll out

an e-commerce portal called “Taiwan trade,” which is designed to link Taiwan businesses with their peers in NSP target countries. Along with establishing business linkages, Taipei has launched several programs, including internships and e-commerce forums, to cultivate talent. It has also developed an e-commerce platform that provides regulatory information and legal assistance to Taiwan businesses looking to explore overseas markets.

## **2.2. Strategies for the Vietnamese enterprises through the New Southbound Policy**

Based on the Marketer and Manager’s point of view, the author proposes the strategy for Vietnamese enterprises as the following:

*The first step* is to review all the Taiwanese investment projects have run in Vietnam to evaluate the quality, effectiveness and exploring the problems of each one and propose the solving methodologies, if there is.

*The second step*, Vietnam and Taiwan should focus on their best **Brand Management Program**. Through this program, we can know the best qualified and famous product/manufacture/service/person in the both countries to cultivate or exchange based on the principle: the worst of Vietnam’s or Taiwan’s areas need the supporting from the best of Taiwan’s or Vietnam’s areas to delete the gaps in order to reach the best standard.

*The third step* is to negotiate the methodology to cooperate between the two sides, but avoid buying or selling enterprises.

*The fourth step* is to build the time schedule and budget for the above steps.

*The fifth step* is focusing on the most important of Vietnam at present: transport infrastructure development to support economic growth. It hopes to learn from Taiwan’s experience in building freeways, railway and metro systems and practicing high-tech farming.

*The sixth step* is promoting and enhancing the relationship between the two countries through the exchange of education, culture and so on.

*Finally* to differentiate between the Taiwanese and Chinese enterprises/products in Vietnam to avoid the mistakes and mis-understanding through the marketing programs.

### **2.3. Solutions for the success of Taiwan’s New South Policy toward Vietnam**

Concerning to the New Southbound Policy’s components mentioned in the previous parts, the author found the opportunities or programs for the Vietnamese side as the following:

#### **2.3.1. The first component: Economic**

ROC-Taiwan already invested in Vietnam about 25 years, so in the coming time, Vietnam seeks supporting in agriculture (such as seed technology), environmental protection, and high value-added manufacturing.

#### **2.3.2. The second component: People to people exchange**

People-to-people exchanges may help ROC-Taiwan’s businesses develop a deeper understanding of specific industries and economic areas in target countries, and to better identify niche areas for the expanded cooperation.

For this component, the solution for Vietnam is to cultivate the famous experts of Taiwan to transfer/discuss their experiences to the Vietnamese experts in their specialized majors.

#### **2.3.3. The third component: tourism**

For this component, Vietnam and Taiwan already started up but still lack the good advertising program between the two sides in the public and local medias. So in the coming time, it is better to develop the special advertising tourist program for the both sides ROC-Taiwan and Vietnam.

And to promote tourism between ROC-Taiwan and Vietnam, it is important to focus on simplifying the visa process, otherwise the tourists hesitate to travel.

#### **2.3.4. The fourth component: Education exchange**

Based on the guideline of the New Southbound Policy and the “Platform”, it is significance if we cover each point of the platform as mention in the following table:

**Table 2.1: The solution of Vietnam in educational exchange**

<b>Platform</b>	<b>Vietnam’s solution</b>
The Taiwan Ministry of Education will establish a “Talent Development Strategy” working group.	Vietnam will join as the good partner.
Additional education exchange mechanisms, known as “Taiwan Connection” platforms. The platforms to utilize Taiwan’s existing public and private institutions in target countries – such as the Ministry of Education’s overseas offices, alumni	Vietnam will join as the good partner and need to sign the exchange program for the professors and students in higher educational area.

associations of Taiwan’s universities, and Taiwan’s business networks to foster stronger bilateral relationships between the education sectors of each country.	Create the link of International Education Qualification between Taiwan and Vietnam in the suitable areas.
Four special exhibitions will be sent from popular Taiwan museums for display.	Vietnam wellcome all the exhibitions from Taiwan.
The Ministry of Education of Taiwan will subsidize 10 of Taiwan’s universities to help them to establish education centers in Northeast and Southeast Asia.	Establish the education center in Hanoi based on the subsidize of Taiwan.
<b>Improving domestic employment for foreign graduates</b>	The graduated students can choose to stay in Taiwan or comeback to Vietnam to work.

### ***2.3.5. The fifth component: Agriculture and NSP***

ROC-Taiwan had an established record of providing training and short-term work permits the farmers from Vietnam, Thailand, and the Philippines prior to Tsai’s administration.

Taiwan and Indonesia also signed an Agricultural Cooperation Agreement in Taipei on May 12<sup>th</sup> at involves developing a “regular dialogue” to facilitate “exchanges of agricultural technologies, market access, and industry information.” Similar MOUs have been signed with Vietnam.

So for the New Southbound Policy, Vietnam should focus on implementation of all the signed content of MOU with Taiwan and especially pay attention on Seed Technology and High Tech Farms which will be supported by Taiwan.

### ***2.3.6. The sixth component: medical industry***

Taiwan has already obtained the necessary registration licenses from TFDA (Taiwan Food and Drug Administration) can apply for a simplified review process in Indonesia and Vietnam.

A group of Vietnamese physicians have already received training on kidney transplants in Taiwan, and they will become pioneers in that area and pass on their expertise to new physician.

But many kinds of medicines, specially hospitals, famous Taiwanese doctors have not known much in Vietnam and it will be better to run the advertising or consulting

program/office in Vietnam for the better understanding and transferring the good experiences for the Vietnamese side.

### ***2.3.7. The seventh component: growing opportunities for the ministry of economic affair***

Taiwan seeks to further partnerships between Taiwan's businesses and Vietnamese local providers in NSP target countries by (1) developing markets, (2) cultivating talent, and (3) upgrading the e-commerce landscape to ease market access. In this case, Vietnam local authority will open minded to cooperate with Taiwanese partner to find the opportunities and avoid risky.

### **Conclusion**

The New Southbound policy promises to create the new opportunities for functional cooperation, changes in cooperative investment as well as diversify bilateral relationship between Vietnam and Taiwan. At the same time, this policy will also contribute to change the Vietnamese society's viewpoint on Taiwan, overcoming the adverse effects of cooperation between the two sides over time, decreasing the limitations in the co-operations between Vietnam and other countries. As a result, it will provide a firmer basis for the development of relations between Vietnam and Taiwan. But in the short-term, Taiwan ought to more clearly interpret the content of the New Southbound Policy particularly regarding the purposes, principles and facilitation ways so the countries surrounded this policy to gain more understandings, whilst avoid their misperceptions, and decrease the pressure of some dominant countries to this policy. And then, Taiwan should determine clearly the roles of various actors in executing the New Southbound policy such as government agencies, social groups, enterprises. Though the government is still the main driving force of this policy, enterprises are also one of the most important stakeholders. In Vietnam, most Taiwan enterprises have the direct connection with the government as well as people, and their investment actives would be directly reflected by the feedback of local governments and people. Their understanding and willingness with the New Southbound policy would have partly impact on whether this policy is successful or not. With the development of Vietnam - Taiwan cooperation by the stimulus of the New Southbound Policy, Vietnam is likely to cultivate the experience of strengthening investment environment,

such as publishing further comprehensive laws or regulations of environmental protection in effective ways, facilitating more substantive paths to protect foreign investor's interests in Vietnam as well as the educational cooperation.

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