

Time for India to Rethink its Taiwan Policy

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Abstract

Taiwan's successful response to the COVID-19 and China's insensitivities towards India's territorial integrity is shaping the domestic debate about Taiwan and China in India. There have been calls to reevaluate India's China policy, be more transparent with the developments at the border, and advance ties with Taiwan. India does not have diplomatic ties with Taiwan and relations are managed through 'unofficial' channels. Over the years, the China factor has loomed large on the prospects of setting the right context for India-Taiwan relations. While the ongoing standoff has provided a window of opportunity for India to look towards Taiwan, there is a need for both sides to have a long-term and consistent framework to engage each other. Taiwan, under the administration of President Tsai Ing-wen, has emphasised the importance of strengthening ties with India and the recent enthusiasm about Taiwan among Indians has provided an impetus to Taiwan's efforts to reach out to India. It is in this context, the paper attempts to explore options for further engagement between Taiwan and India.

Keywords

India, Taiwan, China, One-China policy, New Southbound policy

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Post-Galwan valley clashes, there have been greater calls for India to engage Taiwan proactively, and the domestic discourse is increasingly shifting in Taiwan's favour. There is a growing realisation that maintaining stable ties with Taiwan has long been suffered due to Indian leadership's paranoia of jeopardising relations with China. That makes India-Taiwan relations one of the most understudied and undervalued set of relations in the twenty-first century.

The prolonged boundary dispute with China kept India preoccupied and provided India with less opportunities to strengthen ties with Taiwan. Therefore, in the early 1950s, Indian leadership aspired to have cordial ties with the People's Republic of China (PRC); whereas since the late 1950s, successive leadership of India have been focusing on managing tensions with China.

Despite the escalation in tensions and the suspension of India-China relations from 1962-1976, there was barely any contact between India and Taiwan.

India became the first non-communist country to establish diplomatic ties with the PRC on April 1, 1950 and one of the first countries to acknowledge the One-China Policy. India gave up its extraterritorial rights on Tibet with the

signing of 'Agreement on trade and intercourse between Tibet Region of China and India' in 1954. India also adopted the non-alignment policy that led to further distance between India and the countries willing to form an anti-communist alliance including the Republic of China (Taiwan). Despite the escalation in tensions and the suspension of India-China relations from 1962-1976, there was barely any contact between India and Taiwan. Therefore, the relations between the two countries remained dormant during much of the Cold War period. It was only during the tenure of Late Lee Teng hui, former President of Taiwan that the relations began to take shape. In 1994, the Go South Policy was initiated by President Lee and was carried forward by President Chen Shui-bian. Go South Policy was primarily introduced to lessen the dependence on China and encourage Taiwanese companies to invest in the Southeast Asian economies. In 1992, India's Look East Policy was also launched. Though both India and Taiwan's respective policies were focused more on engaging the Association of Southeast Asian Nations (ASEAN) region, non-official ties between the two countries were taken off with the establishment of the representative offices in Delhi and Taipei in 1995.

Though the two countries have undergone phases of both engagement and neglect, the pattern has been that India and Taiwan have remained oblivion to the potential of engaging each other for a long time. There has been

mutual neglect and lack of ambition, but since the coming of Democratic People's Party (DPP) and President Tsai Ing-wen to power, for the first time, Taiwan is looking towards the South Asian region with India at the core of its New Southbound policy. Under President Tsai administration, the focus is on expanding cooperation in a wide range of areas with countries that were traditionally not on Taiwan's foreign policy radar. This paper attempts to highlight the significance of India for the New Southbound Policy and prospects for future cooperation between India and Taiwan.

If Taiwan wants to expand its reach to the South Asian region, it has to have a firm policy towards India first.

India and the New Southbound Policy

In 2016, one of the first policy moves by the Tsai Ing-wen administration was to launch Taiwan's flagship foreign policy – the New Southbound Policy. Amid China's poaching of Taiwan's diplomatic allies, the latter was determined to increase its international outreach. This decision was indicative of Taiwan's aspirations to expand its foreign policy horizon. It was the first time that India became a part of Taiwan's international outreach officially. Along with India, five other South Asian countries (Bangladesh, Bhutan, Nepal, Pakistan, Sri Lanka), 10 ASEAN member states, Australia and New Zealand are

the focus countries of the New Southbound Policy. Importantly, if Taiwan wants to expand its reach to the South Asian region, it has to have a firm policy towards India first. Even individually, being the largest country in the region, India is an important country for the success of the New Southbound Policy.

One important aspect of the New Southbound Policy is the nature of the policy. It is important that Taiwan's bilateral relations should no more be viewed only through the China lens. This is one of the major features of the New Southbound Policy. The focus is not only on reducing the dependence on China but at the same time, it is also about reaching out to countries for the mutual benefit. In this context, President Tsai remarked, "the government [Taiwan] will continue augment its [New Southbound Policy] implementation to allow Taiwan to play an integral role in economic development throughout Asia."¹ President Tsai Ing-wen interacted with Asian media in May 2017 and emphasised the scope of the policy and Taiwan's long-term vision guiding its foreign policy. She stated, "the New Southbound Policy is not about making a political statement in the region. It is about fostering a mutually beneficial relationship with the international community. It is not about competing with China, but about emphasising Taiwan's own advantages and promoting mutually beneficial development as a member of the regional community."²

India-Taiwan Two-Way Trade (US\$ Billion)

| Year | Exports | Imports | Total Trade | Imbalance |
|---------|---------|---------|-------------|-----------|
| 2015-16 | 1.4 | 3.3 | 4.7 | (-) 1.9 |
| 2016-17 | 2.2 | 3.1 | 5.3 | (-) 0.9 |
| 2017-18 | 2.1 | 3.9 | 6 | (-) 1.8 |
| 2018-19 | 2.6 | 4.6 | 7.2 | (-) 2 |
| 2019-20 | 1.7 | 4 | 5.7 | (-) 2.3 |

Source: Ministry of Commerce, Republic of India

Economic cooperation is one of the most important features of the New Southbound Policy. Though in the past few years, the two-way trade has remained under the bracket of US\$ 5-7 billion, the figure has increased manifold since the 2000s. With US\$ 7.2 billion trade in 2018, India became Taiwan's 16th largest trading partner. India is Taiwan's 14th largest export market, and 18th largest source for import.³ India primarily exports Naphtha, metal and metal products, organic chemicals, and agricultural products; whereas imports from Taiwan include PVC, machinery, organic chemicals, electrical machinery, ICT products and solar cells.⁴ However, the two-way trade still remains low and it only accounts for 1.13 percent of Taiwan's total global trade.⁵ As far as the investments are concerned, by 2018, with a cumulative investment of US\$ 1.5 billion, as many as 108 Taiwanese companies were operating in India. Much of Taiwanese

investment in India is in the fields of information and communication technology, medical devices, automobile components, machinery, steel, electronics, construction, engineering, financial services, etc.⁶

This is the apt time to engage Taiwan and elevate economic ties as Taiwan is one of the few economies that continued to grow in the time of the pandemic.

Amid tensions between India and China, there have been unconfirmed news of growing support for India-Taiwan talks on the Free Trade Agreement (FTA), and in October 2020, Indian government's decision to give approval to Taiwanese firms such as Foxconn Technology Group, Wistron Corp. and Pegatron Corp. for investment worth more than US\$ 143 billion for smartphone production over the next five years added further fuel to the reports.⁷ This is the apt time to engage Taiwan and elevate economic ties as Taiwan is one of the few economies that continued to grow in the time of the pandemic. According to Taiwan's statistics bureau, "Taiwan's gross domestic product expanded 3.3 percent in the third quarter from a year ago, its fastest increase since June 2018."⁸ Taiwan is a major hub in regional supply mechanism. In terms of technology, India can benefit immensely from the technological advances Taiwan has made.

For example, IT sector, cell phone technology, etc are the areas on which India generally relies on China, but it can easily switch over to Taiwan.

The unprecedented support and enthusiasm about Taiwan among Indians has opened up new vistas of cooperation but the question remains how to sustain the momentum and how to increase the government-to-government interaction.

Despite immense potential in the relations, the two sides have remained cautious and the real potential is yet to be realised. The China factor looms large. India has been hesitant in expanding political ties due to risk of antagonising China. There still remains mutual negligence but under the administration of President Tsai Ing-wen, steps have been taken to alter this. One example is President Tsai's outreach to the Indians through her tweets on her 2012 India visit and fondness for the Indian cuisine. Her tweets directed at the Indian audience went viral and connected her well with the Indians leading to immense popularity of President Tsai among Indian netizens. This unprecedented support and enthusiasm about Taiwan among Indians has opened up new vistas of cooperation but the question remains how to sustain the momentum and how to

increase the government-to-government interaction.

According to Dr Lai I-Chung, President, the Prospect Foundation, cooperation with India can substantially advance Taiwan's national interests. He illustrates five recommendations for bolstering ties. First, India and Taiwan cannot let China define their bilateral ties. Second, India and Taiwan have complementary advantage in areas such as technology, agriculture, etc. Third, Taiwan and India are two democracies with shared values. The two countries should cooperate in the Indo-Pacific region. Fourth, the two countries are natural partners in technology and hardware. Fifth, citizens of the countries drive the relations. People-to-people ties need to be strengthened.⁹

Potential Areas of Cooperation

There is a growing realisation in India and Taiwan that there is a need to de-hyphenate their respective ties with China from India-Taiwan relations. It is essential for both sides to understand the importance of engaging each other and take concrete steps.

People-to-People: One of the central focus of the New Southbound policy is on strengthening people-to-people ties that is also at the core of India-Taiwan relations. In the absence of diplomatic ties, exchanges between people between the two countries play an extremely important role in cultivating ties. This was demonstrated amply with the recent awareness

about Taiwan in India. To further boost ties, a greater case for people-to-people ties needs to be built. Greater tourists' visits can be encouraged and strengthened. For a small country like Singapore, in 2018, 1.4 million Indian tourists visited Singapore, whereas the number of Indian tourists visiting Taiwan remains around 40,000. The kind of environment Taiwan offers is somewhat similar to Singapore. So, it has the potential to attract several Indian tourists. The fundamental problem is the lack of awareness about Taiwan's potential as a major tourist destination. Taiwan is trying to work on this. One example is that it has launched halal and vegetarian tourism to attract tourists from South and Southeast Asia. Taiwan tourism bureau that has an office in Mumbai also came up with a strategy to 2020 which entailed increase tourism to India from Taiwan. Taiwan should also consider introducing easy tourist visas to Indians, somewhat similar to Thailand and Malaysia. With more awareness about Taiwan and its successful COVID-19 response, most Indians are more likely to choose Taiwan as their next holiday destination once the pandemic is eased.

With China banning several foreign correspondents, foreign journalists are choosing to come to Taiwan and other Asian countries.

Second, academic exchanges need to be more frequent. There needs to be annual dialogues between think-tanks and universities from both sides. A number of language, masters and doctoral scholarships are provided by Taiwan's Ministry of Education. More awareness about Taiwan as a destination for Indian students and professionals to learn the language should be generated. As Taiwan is taking steps to engage India and promote people-to-people linkages, it should seriously consider opening India studies centres across Taiwan especially Taipei. Taiwanese universities such as National Tsing Hua University (Hsinchu) and National Chung Hsing University (Taichung) have robust centres for Indian Studies. It is imperative to have more such centres and departments in Taiwan.

Media interaction is important as well. With China banning several foreign correspondents, foreign journalists are choosing to come to Taiwan and other Asian countries. It is also viable for Indian media outlets to send Indian correspondents to Taiwan. This may lead to greater understanding about China as well as awareness about Taiwan among Indians; thereby, leading to greater people-to-people ties.

Health Sector: Taiwan's impeccable COVID-19 response and its subsequent health diplomacy has demonstrated that Taiwan is willing to engage countries in the health sector. Health cooperation is one of the vital components of the New Southbound policy and

the COVID-19 is an opportunity for India and Taiwan to cooperate. India was included in the list of the countries Taiwan helped in the time of the pandemic. It donated one million masks to the Indian Red Cross Society in May 2020 and masks worth Rs 45 lakh (US\$ 61,000) to the Mizoram government in June 2020. Engaging Taiwan and learn from Taiwan's best practices in the health sector is immensely important when countries are still struggling to contain the threat from the pandemic. At the bilateral level, India should seek an agreement in the health sector with Taiwan. At the wider global level, as Taiwan is excluded from World Health Assembly (WHA) meeting again, like-minded countries need to push for closer cooperation with Taiwan and should include Taiwan in their high-level discussion. It is a win-win situation for all.

Cyber Security: As far as government-to-government interactions are concerned, what is disappointing is that there is hardly any senior official dialogue between India and Taiwan. There is so much potential particularly in the cyber domain. India has robust cyber cooperation with countries across the world, and Taiwan is one country that faces several cyber-attacks in a day, much more than the average cyber-attacks any country faces on an average. According to Executive Yuan's Department of Cyber Security, Taiwan faces 30 million cyberattacks per month on an average, with more than half of the attacks

suspected to have come from China.¹⁰ As India is strengthening its capacity to deal with the cyber-threats, learning from Taiwan's experience will prove beneficial.

It is important for India to realise is that there is merit in engaging Taiwan.

Road Ahead

New Southbound Policy holds immense relevance for Taiwan. It aims to strengthen cooperation, and strengthen ties with the Indo-Pacific countries. What is important for India to realise is that there is merit in engaging Taiwan. As India is attempting to de-couple from the Chinese economy, it is time to explore how India and Taiwan can benefit from each other. It is not that potential benefit is a one-way traffic. Taiwan too can also benefit from this partnership as India is a huge market with the second highest population.

This unprecedented support for Taiwan among Indians and China's continued aggression is changing the domestic discourse about Taiwan in India. Both countries need to work on sustaining the momentum. The engagement should be multidimensional and include expanding cooperation to strengthen on people-to-people, business-to-business, and government-to-government ties. For forging closer cooperation and building a resilient

future, both sides need to be more persistent towards each other.

Notes:

¹ Quoted in “Moving the Vision Forward: Taiwan’s New Southbound Policy”, Office of Trade Negotiations Executive Yuan and Bureau of Foreign Trade, Ministry of Economic Affairs, p. 3

² “President Tsai's Opening Statement in Interview with Journalists from India, Indonesia, Malaysia, the Philippines, Singapore, and Thailand”, Office of the President of the Republic of China (Taiwan), May 5, 2017, <https://english.president.gov.tw/News/5132>.

³ “Taiwan-India Relations”, Taipei Economic and Cultural Center in India, Republic of china (Taiwan), August 24, 2020, https://www.roc-taiwan.org/in_en/post/39.html. Accessed on October 2, 2020.

⁴ For details see the website of India-Taipei Association (India’s representative office in Taiwan and the quasi-Indian embassy in Taiwan).

⁵ Tsun Tzu Hu, “Economic and Trade Relations”, in Research Report on Taiwan-India Relations Taiwan Asia Exchange Foundation Research Series 2020, p. 11

⁶ “Taiwan-India Relations”, Taipei Economic and Cultural Center in India, Republic of china (Taiwan), August 24, 2020, https://www.roc-taiwan.org/in_en/post/39.html. Accessed on October 2, 2020.

⁷ Archana Chaudhary and Chris Horton, “India Considers Taiwan Trade Talks as Both Spar with China”, Bloomberg, October 20, 2020, <https://www.bloomberg.com/news/articles/2020-10-20/india-considers-trade-talks-with-taiwan-as-both-spar-with-china>. Accessed on October 20, 2020.

⁸ Cited in Miaojung Lin, Chris Horton, and Raymond Wu, “Taiwanese Growth Rebounds on Export Boom and Domestic Stimulus”, Bloomberg, October 30, 2020, <https://www.bloomberg.com/news/articles/2020-10-29/taiwan-gdp-poised-for-rebound-buoyed-by-covid-response-huawei>. Accessed on October 30, 2020.

⁹ Dr Lai I-chung, Chair’s remarks at the ICS Seminar India-Taiwan Ties Time for India to Rethink its Taiwan Policy, August 26, 2020.

¹⁰ “Experts Warn Over Information Warfare from China”, Taipei Times, July 14, 2020, <https://www.taipeitimes.com/News/taiwan/archives/2020/07/14/2003739897>. Accessed on October 4, 2020.

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