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## Introduction

By: Thomas Shattuck

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On March 12, 2024, Perry World House, the University of Pennsylvania's center for global affairs, convened a private workshop titled *Taiwan's Geopolitics after 2024: Election Implications for the Indo-Pacific and Beyond*. The workshop's goal was to discuss how countries throughout the Indo-Pacific region and around the world would approach the incoming Lai Ching-te (賴清德) Administration and how Taipei's new leader would carry out his foreign policy agenda. This workshop was made possible in part by Carnegie Corporation of New York, and the Shapiro Global Workshop on Geopolitics Fund.

Conversations such as those held at the March workshop usually focus on the US perspective on Taiwan and cross-Strait relations. While the American viewpoint is critical for the future of peace and security in the Taiwan Strait, it often drowns out and dominates perspectives from countries and societies that also have a stake in Taiwan's future. In order to provide a forum for these other perspectives, the workshop deemphasized the participation of Americans in favor of other voices from around the world. Perry World House hosted speakers from 14 countries—primarily from the Indo-Pacific region, but also Europe, Africa, and Latin America. Having such a diversity of speakers allowed for a truly global conversation on Taiwan's future.

This special issue of the *Global Taiwan Brief* features views and analysis from the workshop participants. The articles represent some of the conversations that occurred in March 2024 at Perry World House, with perspectives from the Philippines, India, Somaliland, Japan, and Vietnam. Perry World House wishes to thank the Global Taiwan Institute for hosting this special issue of the *Global Taiwan Brief*.

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## Taiwan's Geopolitics after the 2024 Election: Implications for the Philippines

By: Julio S. Amador III

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### **Taiwan in Philippine Foreign Policy**

Lai Ching-te (賴清德) of the Democratic Progressive Party (DPP, 民進黨), the very same party of outgoing President Tsai Ing-wen (蔡英文), emerged victorious from a three-way January electoral contest with Hou You-yi (侯友宜) of the Kuomintang (KMT, 國民黨) and Ko Wen-je (柯文哲) of the Taiwan People's Party (TPP, 台灣民眾黨). Not long after President Ferdinand Marcos, Jr., extended his [congratulations](#) to Lai and the DPP, Beijing launched rhetorical provocations against the Philippine government. This prompted Manila to [reiterate](#) its commitment to the status quo in the Taiwan Strait.

The Philippines has a special economic relationship with Taiwan, but not on the same level as Taiwan's [relations with the United States](#). The Philippines, at the minimum, acknowledges the People's Republic of China (PRC), rather than the Republic of China (ROC, Taiwan), as the sole political government of China, and has consistently affirmed the "One China Policy" and related communiqués. The Philippines and Taiwan maintain unofficial economic and cultural ties, formally embodied in two important institutions: the [Manila Economic and Cultural Office](#) (MECO, based in Taipei) and the [Taipei Economic and Cultural Office](#) (Makati). The Philippines simply employs a [limited engagement strategy](#) with Taiwan, and the PRC is a major factor in this approach. Broadly speaking, the [bilateral relationship](#) is shaped by the Philippines' diplomatic relations with mainland China. For much of the Rodrigo Duterte Administration, the Philippines largely maintained cordial ties with Beijing.

Manila was receptive to Taiwan's New Southbound Policy (NSP, 新南向政策) under the Tsai Administration and saw it as an important strategic facilitator for trade, technology, agriculture, medicine, education, and tourism. However, the gains resulting from the Philippines-Taiwan economic and cultural relationships are not widely discussed, as they are considered secondary to the Philippines' economic and cultural trade with mainland China and its special administrative regions (SARs) of Hong Kong and Macau.

Much of the Philippines' security and political interactions with Chinese counterparts have consisted of extensive maritime

disputes in the West Philippine Sea. Manila has been at the receiving end of the PRC's aggressive actions and has experienced the aftermath of challenging the latter's "red lines." Previous Philippine administrations have viewed Taiwan as one such "red line," which Manila has yet to cross. For this reason, Manila's economic engagements with Taiwan have historically been limited, as the Philippines is also aware of Beijing's sensitivities on the issue. When President Marcos, Jr., unexpectedly sent his congratulatory remarks to President-elect Lai, he was seen as challenging Beijing's "red line." In turn, this decision could hint that the Philippines now sees Taiwan with strategic value.

### **Taiwan's Strategic Value to the Philippines**

The Philippines sees the value of Taiwan in three areas: geopolitical stability, economic security, and socio-cultural value.

#### *A Geopolitical Flashpoint of Interest*

Taiwan is a geopolitical flashpoint with immense economic value. For the Philippines, Taiwan sits at the heart of the region, a geopolitical link between Northeast and Southeast Asia. The two countries are part of the "first island chain," directly facing mainland China. Some 70 percent of [global trade](#) is conducted by sea, of which 60 percent passes through Asia. The South China Sea, which sits just past the Taiwan Strait, accommodates annual trade worth more than USD \$3 trillion. Beyond the Strait, [economic activity](#) passing through Taiwan branches out to equally important waterways such as the Strait of Malacca. The Philippines will be interested in keeping these waterways open and navigable, particularly as economic activities are concerned.

A potential cross-Strait crisis is well within the Philippines' radar. This is why former President Duterte made a [pronouncement of neutrality](#), stating that Manila would avoid involvement should a conflict erupt between China and Taiwan. However, Manila cannot openly renege on its security commitments to the United States should the latter need the former's assistance in coming to Taiwan's aid. Manila's involvement would probably be guaranteed should conflict spillover to its borders, especially because Taiwan and the Philippines are very close to one another. [1] The Marcos Administration's efforts at [strategic balancing](#) has seen the renewal and advancement of Philippines-US security relations, with Manila viewing the United States as a strategic buffer against China's provocative actions over Taiwan.

Additionally, whenever the DPP—or indeed any other political party aside from Kuomintang—takes hold of leadership, Taiwan's global presence tends to diminish in the face of [Chinese](#)

[pressure](#). Taipei must not downplay China's assaults on its international visibility. Instead, Taipei should double down on its soft power and public diplomacy efforts and cater to the needs of countries from the Global South, including the Philippines. By championing an alternative model for governance and resilience from coercion, Taiwan could sustain international support.

### *An Economic Importance*

The economic sway of Beijing is a paramount consideration in Manila's engagement with Taiwan. Recognizing this, the Tsai Administration sought to expand its economic connections with the Philippines through the NSP. The NSP sought to [expand areas of cooperation](#), including trade and investment, agriculture and aquaculture, fisheries, small- and medium-sized enterprises (SMEs), information and communication technology (ICT), climate change, education, and culture. Perhaps more importantly, it focused on lessening Taiwan's [economic reliance on mainland China](#).

From the outset, the NSP targeted the Philippines as a key partner, a decision which was [welcomed by Manila](#). Much of the effort needed to bolster the NSP hinged on public diplomacy and [grassroots campaigns](#) to make both economies appealing to foreign investors from both sides. The NSP built on existing milestones in Philippines-Taiwan relations, including the expansion of two-way trade and the increase of two-way arrivals of foreign nationals under the [Duterte](#) and Marcos Jr. Administrations.

The last three years of the Tsai Administration have seen not only the post-pandemic stabilization of trade relations but also its expansion above pre-pandemic levels. [Two-way trade](#) between Taipei and Manila peaked at more than USD \$215 million in 2022. Trade relations have seen an upward trajectory for the last eight years *sans* the pandemic detour. The movement of people, on the other hand, has been facilitated by existing immigration policies between the two countries, embodying a level of trust on human capital. Taipei has a [14-day visa exemption](#) policy to Filipino nationals entering Taiwan, whereas Manila employs a [30-day exemption](#)—neither of which is enough for the conduct of business. Taiwan nationals comprised about 1.3 percent of the total [foreigners in the Philippines](#) in 2020 (1,021 of 78,396), and Taiwan ranks eighth in the Philippines' list of top sources of foreign nationals. [2] Taiwan, on the other hand, hosts a healthy diaspora of Filipinos. The Philippines has consistently ranked third in terms of foreign nationals living in Taiwan in the last four years, with over [150,000 Filipinos living in Taiwan](#).

The special relationship between the Philippines and Taiwan

cannot be underestimated. Broader gains in the construction, health, science, and financial sectors have been achieved in recent years following the [implementation of the NSP](#), and more can be achieved ahead. However, there is much to be done along two important fronts: 1) making Philippines-Taiwan relations resilient from external pressure; and 2) improving Taiwanese public diplomacy on the ground.

For instance, following mounting pressure from China, both Taipei and Manila have worked to sustain NSP in the Philippines. While Filipino experts have identified the NSP as a productive model for economic cooperation, the initiative is not intended to "[di-sinicize](#)" the Philippines in any sense of the word or remove mainland China in the equation altogether. However, there is a growing movement to make Manila-Taipei cooperation resilient to Chinese pressure. Economic coercion, especially of the sort employed by the PRC, is a legitimate concern across the Global South.

One critical liability facing the Philippines is largely a human element: overseas Filipino workers (OFWs). OFWs are a major driver of Philippine economic growth, and Taiwan hosts a sizable Filipino diaspora. [OFW remittances from Taiwan](#) reached record levels in 2022, and the [value](#) that OFWs from Taiwan bring to the table cannot be denied. The high number of Filipinos residing in Taiwan makes them quite susceptible to [foreign interference from Beijing](#), a major concern for the Philippine government. Despite assurances from [MECO](#), Manila could nevertheless succumb to threats from China against its own population. The Philippines pursues a [foreign policy](#) that primarily is focused on protecting OFWs, and protecting these overseas workers would be the government's chief and primary concern in any crisis.

### *A Socio-Cultural Imperative*

Taiwan and the Philippines are alike in ways that China and the Philippines are unlike. Both societies place a premium on values unique to democracies—such as personal freedoms and human rights, a free market, and pluralistic governance. Much needs to be done to build upon these shared ideals.

One such instance is on the exchange of talents and laborers. Taiwan has accommodated a large number of OFWs already. Due to the strong Taiwanese demand for manual labor in the manufacturing and healthcare sectors, Filipino expertise and talents have flocked to Taiwan for economic opportunities. OFWs now comprise a majority of the workforce in several major [Taiwanese electronics firms](#). The two sides should work to capitalize on this unique relationship and make it resilient to exogenous factors, such as those emanating from the PRC.

One other instance is on Chinese disinformation and misinformation. The Philippines has much to learn from the Taiwanese [blueprint](#) for combating such threats and fortifying online spaces from misinformation and disinformation originating in mainland China. Taiwan has long been ground-zero for [propaganda from China](#). The Philippines is only recently [coming to terms](#) with the reality of Chinese propaganda, which has [flourished](#) since the expansion of Philippines-China ties during the Duterte Administration.

### ***Taiwan as an Indicator of Philippine Foreign Policy Thrust***

Although a formal policy outline has yet to be issued by the Philippine government, there is now an emerging consensus on the value of Taiwan to the Philippine security strategy. Taiwan is now an important indicator of the Philippines' foreign policy approach to China and the greater East Asia region. The specific synergies of the Taiwan question with the Philippines' Japan and South Korea policies remains to be determined. However, the Philippine government is now paying more attention to developments in the Taiwan Strait. With the Marcos Jr. Administration, a [China policy](#) will likely always be two-pronged: with one prong oriented to Beijing, and another toward Taipei.

Signaling from Taipei will likewise be crucial if it wants the Philippines to play a bigger role in improving the salience and relevance of the informal ties. The development of an ad hoc Taiwan policy is well within the Philippines' national interests. The unique overlaps of Taiwan's efforts to safeguard its sovereignty with the Philippines' interest in regional stability merits increased attention from the entire region. Because the Philippines stands to gain from a bolstered relationship with Taiwan, testing China's "red line" could buttress Manila's position as a middle power in the region. Through Taiwan, the Philippines can weather the highs and lows of China's diplomatic offensive.

However, efforts to improve Taiwan-Philippines relations must be grounded in pragmatism and reality. Improving economic cooperation will have a lasting impact on Manila's China policy, and the deepening engagement with Taipei will likewise be tempered by how Beijing pushes back. The role of US allies will serve an important role if Taipei wishes the Philippines to take on more burden than it already has. For instance, the establishment of a Taiwan Semiconductor Manufacturing Company (TSMC, 台灣積體電路製造股份有限公司) branch in the Philippines could yield benefits for both countries, and TSMC presence in the Philippines could help to insulate Manila from Chinese economic pressure. However, such steps could incur Beijing's wrath, and would likely require US support in order to

shield against Chinese responses.

More importantly, the orientation and [disposition of Taiwan](#) toward the Philippines will be of critical importance to policymakers from Manila. At the heart of the Taiwan question is Taipei's political survival—and Manila knows this. However, the Philippines approach to Taiwan will always be shaped by its approach to the PRC, as well as a desire to avoid further upsetting the delicate [balance in the Taiwan Strait](#).

Shifts in Taiwanese interests represent clear lines for Taiwan's future, China's legitimacy, the United States' regional strategy, and the Philippines' strategic horizons. With the DPP remaining in power, Taiwan is likely to continue its efforts to enhance its ties with the Philippines. The continuity in DPP leadership represents an opportunity to [expand economic and cultural relations](#), and to bolster political and diplomatic engagements on issues of mutual importance to Taipei and Manila. Both the Philippines and Taiwan will need to reflect on the extent to which the two can individually [push the envelope](#) with China—or rather, maintain a workable status quo that does not provoke Beijing. President-elect Lai Ching-te and President Ferdinand Marcos, Jr., seem determined to approach bilateral relations between their countries with renewed interest. Making that rekindled interest resilient from Chinese pressure will be key.

**The main point:** The Philippines and Taiwan have greatly expanded their informal relations over the past several years, capitalizing on shared values and growing economic complementarity. However, mounting Chinese pressure on both nations will complicate these ties, necessitating increased coordination between Manila and Taipei.

[1] The approximate distance from the northernmost tip of the Batanes group of islands to the southernmost tip of Taiwan is more than 140 km (75 nautical miles).

[2] In the Philippines' most recent statistics (most recent is 2020), Mainland China ranks the 1<sup>st</sup> for the number of foreigners in the Philippines.

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## **Prospects for Taiwan-Japan Relations after the 2024 Election**

By: Madoka Fukuda

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Historically, Japan has responded somewhat passively to interactions between the United States, China, and Taiwan in the Taiwan Strait. [1] Therefore, examining US-China-Taiwan relations within the context of the larger international environment in the Indo-Pacific is crucial when considering the future of Japan-Taiwan relations. In addition to this, it is also essential to consider the bilateral relationship formed by the various common interests between Japan and Taiwan, as well as the influence of their respective domestic politics on the bilateral relationship. In other words, three factors—the international environment, bilateral interests, and the internal politics of both sides—interact to define the state of Taiwan-Japan relations at any given time. [2]

In recent years, the ongoing competition between the United States and the People's Republic of China (PRC) and concerns about further tensions in the Taiwan Strait have created a situation in which both sides have sought assurances from the other that tensions would not escalate. Generally, the United States is demanding that China exercise restraint in its military actions in the Taiwan Strait—while China, in return, is demanding that the United States make it clear that it does not support “Taiwan independence.” The new Taiwanese government's expectations of Japan will likely grow in this volatile environment. However, as cross-Strait relations become even increasingly strained, it will be difficult for the Japanese government to improve its cooperative relationship with Taiwan. As a result, it is unlikely that Japan and Taiwan will be able to meet each other's expectations.

### ***Expanding Japan-Taiwan Ties***

Regarding the bilateral relationship, Japan and Taiwan face many common challenges, especially with US-China competition continuing to mount. The biggest challenge is how to respond to China's politico-military configuration that seeks to change the status quo in the region. China's recent operations around Taiwan—most recently [around Kinmen](#)—have much in common with its approach to the Senkaku Islands. It is imperative that both Japan and Taiwan consider how to deal effectively with these operations, individually or jointly. Japan and Taiwan should have [channels and mechanisms](#) for the proper exchange of information and experience gained from each other.

There are also many similarities in the policies required of Japan and Taiwan by the United States in the context of US-China competition, particularly as it pertains to economic security. Economic relations between Japan and Taiwan have developed steadily since Tokyo severed diplomatic ties in 1972. Cooperation in the semiconductor industry is centered on Taiwan Semi-

conductor Manufacturing Company (TSMC, 台灣積體電路製造股份有限公司)—which recently [opened a new plant in Kumamoto Prefecture](#) in Japan—as well as the expansion of new sales channels to Japan, such as increased exports of Taiwanese pineapples to Japan following [restrictions on pineapple imports made by China](#). Both are examples of cooperation that [strengthen economic security](#) in a way that suits the economic interests of both Japan and Taiwan.

In addition to China's politico-military activities, Japan and Taiwan must respond to new gray-zone threats such as cyberattacks and cognitive warfare. There is room to share each other's experiences and cooperate in response to common social challenges, including declining birthrates and aging populations, rural development, and natural disasters. Regarding these economic and social exchanges, several [working agreements](#) have already been concluded between the Japan-Taiwan Exchange Association and the Taiwan-Japan Relations Association (the working contact organizations representing Japan and Taiwan, respectively).

Despite this alignment, recent parliamentary exchanges and other dialogues have resulted in limited breakthroughs. One major issue is how—and to what extent—Japan can support Taiwan's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Another is Taiwan's consistent [request to have an upgraded security dialogue](#). In addition, [Taipei has pushed Tokyo](#) to raise the level of bureaucrats and ministers who can visit each other. However, the Japanese government has not been able to meet these demands immediately—largely due to [pressure from China](#), which has worked tirelessly to stymie Japan-Taiwan ties. While building on efforts on other economic and social issues, it is also essential to continue discussions on these more controversial issues.

### ***Implications of the 2024 Taiwanese Elections***

Looking at the internal political factors on both sides is also essential. In Taiwan, the focus is currently on what kind of security policy team President-elect Lai Ching-te (賴清德) will organize when he comes to power. At this point, there is considerable uncertainty regarding the selection of team members. Still, some believe that Lai should utilize President Tsai Ing-wens's (蔡英文) current team as much as possible, given the stability of US-Taiwan relations during her administration. However, Lai is likely reluctant to take over his predecessor's team, despite their shared political allegiances, so it remains to be seen what kind of officials the new team will include and who will be in charge of relations with Japan.

Another potentially destabilizing factor on the Taiwanese side is the shifting balance of power between political parties in the Legislative Yuan. As a result of the 2024 election, Lai's Democratic Progressive Party (DPP, 民進黨) will become the minority party, while the Kuomintang (KMT, 國民黨) will take the lead in the legislature. In the past, the KMT frequently used [Japan-related issues](#) to attack the ruling DPP: prominent examples have included the issue of food imports from Fukushima and surrounding areas, territorial disputes around the Senkaku Islands, and historical topics linked to colonialism and World War II. While the KMT has since become less critical of Japan, it remains to be seen how the party's legislative caucus will seek to handle relations with Tokyo.

In the Taiwanese policy community, the recent political upheaval in Japan would be perceived as a more significant variable than the new government in Taiwan. To a large extent, relations between Japan and Taiwan depend on legislative exchanges and political connections. Initially, former Prime Minister [Shinzo Abe](#) was considered a significant influence on the Liberal Democratic Party's (LDP) policy toward Taiwan. Therefore, it was unclear who would promote Taiwan-Japan relations after Abe's death. In the wake of the COVID-19 pandemic, several influential members of Abe's faction—for example, Koichi Hagiuda and Hironari Seko—[visited Taiwan](#). However, since the end of last year, many leading Abe faction members have been under pressure over issues relating to political fund irregularities, taking their attention away from Taiwan. As a result, there are fears that no leading lawmakers will promote Japan-Taiwan relations. In addition, Prime Minister [Fumio Kishida's](#) approval rating has declined, and some are even questioning his ability to stay in the position.

Finally, while much attention in the foreign policy community has focused on whether or not a [Japanese version](#) of the *Taiwan Relations Act* will be enacted, there has been limited discussion of such legislation in Japan. Unlike the United States, Japan has not been in a position to be directly involved in Taiwan's defense—even before 1972, Japan was only indirectly involved in the security of the Taiwan Strait through the *Japan-US Security Treaty*. In terms of the political system, unlike the US presidential system, Japan has a parliamentary cabinet system—so the Diet will likely have a far more significant role in shaping Taiwan policy than does the Congress in the United States. Even without legislation corresponding to the *Taiwan Relations Act*, Japan will still be able to develop cooperative relations with Taiwan: Japan shares the values of freedom and democracy, and will continue to have an interest in peace and stability across the Taiwan Strait in the framework of the Japan-US security treaty.

**The main point:** Though Chinese pressure and internal political dynamics have long hindered the development of Japan-Taiwan relations, the two nations have nevertheless been able to build a promising foundation. If the two sides are able to maintain mutual interest and overcome hurdles, they can further expand their partnership.

[1] Several leading Japanese scholars pointed out this trend. For example, Yasuhiro Matsuda, “New Developments in the Japan-China-Taiwan Relations in the Post-Cold-War Period: Japan as a Reactive Balancer (Chinese version),” *Contemporary Japan and East-Asian Studies*, Vol. 6, No. 1 (<http://jeast.ioc.u-tokyo.ac.jp/numbers/20220401-01.html>).

[2] For the author's basic views on Taiwan-Japan relations, see Madoka Fukuda, “Recent Developments in Japan-Taiwan Relations,” Yuki Tatsumi and Pamela Kennedy eds., *Japan-Taiwan Relations: Opportunities and Challenges* (Stimson Center, 2021), pp. 12-21.

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## A Future Outlook: Prospects for Somaliland-Taiwan Relations

By: Mohamed Hagi

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Due to the rapid pace of global transformation, interstate dynamics are perpetually uncertain, influenced by [geopolitical shifts](#), economic incentives, security considerations, and diplomatic strategies. Amidst the dynamic global landscape, two democratic nations—Somaliland and Taiwan, which [share the political circumstance](#) of not being members of multilateral organizations like the United Nations—have established official relations that surprise many. Somaliland, a self-governing democratic state situated in the Horn of Africa, aspires to attain international recognition; whereas Taiwan, a dynamic democracy grappling with intricate political obstacles, endeavors to expand its own participation in the international community. As the four-year-old bilateral relationship progresses, it has become increasingly critical to analyze the potential implications for the political relations between Taiwan and Somaliland, as geopolitics often defy predictions.

However, when considering diplomacy and political objectives, the scenario varies. The crucial aspect lies in the essence of the association between Somaliland and Taiwan, as well as the per-

spectives held by both states. This article elucidates four crucial domains. First, it will explain the basis of the Somaliland-Taiwan partnership, highlighting its distinctiveness and exceptional qualities, as well as the reciprocal advantages it offers. Second, it will provide fresh insights into the contrasting responses of the United States and the People's Republic of China (PRC) to the relationship, contrasting Washington's comparatively limited assistance to China's assertive reactions. Third, it will examine the pressure exerted by Beijing on Somaliland. Fourth, it will discuss the timely and effective communication of East African countries with Somaliland regarding their opinions and impressions on the relationship. The article concludes by examining the prospects for Taiwan-Somaliland relations over the next four years.

### **Somaliland-Taiwan Relations**

In 2020, Somaliland and Taiwan, two democratic and politically stable countries positioned in very volatile geopolitical regions (the Horn of Africa and the Indo-Pacific), established a strong partnership based on [common values and interests](#). What makes the connection between Taiwan and Somaliland unique is the [similarity of their situations](#). Both countries are not affiliated with multilateral organizations like the United Nations, and they are similarly denied membership in most regional bodies. [1] Nevertheless, they still exert significant influence within and beyond their borders. However, the relationship is based on much more than just shared values and political circumstances. In fact, it is rooted in interests that each country aims to promote.

There are two factors at play in Somaliland's decision to forge ties with Taiwan. First, petroleum, natural gas, and mineral industries are the primary sectors in which Somaliland pursues investment. Taiwan's state-owned oil company, Taiwan CPC (台灣中油) has conveyed its interest in [undertaking business operations](#) in Somaliland, citing the country's considerable potential for advancement and progress in these sectors. Moreover, in light of Somaliland's economic foundation being predominantly [trade and livestock-based](#), with a notable absence of a robust manufacturing sector, the business community generally purchases commodities and finished products through imports. Subsequently, roughly 80 percent of these commodities are re-exported to Ethiopia and other countries. Due to its extant infrastructure and strategic location, Somaliland serves as a [vital entry point](#) to the global market and beyond. By enticing Taiwanese investments in the manufacturing sector, Somaliland also hopes to bolster its economic prospects, reduce its high youth unemployment rate, and strengthen its standing as a

trade location.

The second rationale behind Somaliland's decision to establish diplomatic ties with Taiwan was to [further its political objectives](#), and demonstrate its openness to forming new alliances with Western nations—specifically the United States. In 2020, the United States introduced the [TAIPEI Act](#) to enhance relations with Taiwan and [encourage nations to strengthen their ties](#) with the island. The [TAIPEI Act](#) inspired Somaliland to establish connections with Taiwan, aligning its foreign policy goals with those of the United States, the United Kingdom, and the European Union.

On the other hand, Taiwan also stands to gain from its relationship with Somaliland. With Africa emerging as a growing market, Somaliland presents an opportunity for Taiwan to expand its [diplomatic and economic presence](#) in East Africa. As the first country in the region that has allowed Taiwan to establish a representative office, Somaliland holds great strategic importance for Taiwan's engagement in the region. The East Africa region [comprises 21 countries](#), including Somaliland, and is home to nearly 500 million people. Somaliland can act as [Taiwan's gateway](#) for political engagement with nations in East Africa. However, for Taiwan to effectively leverage this opportunity, it must demonstrate the competitiveness of its economic development model as compared to China and other regional powers.



*Image: Taiwan Ambassador Allen Lou (羅震華, center left) and Somaliland Minister of Environment and Climate Change Shukri H. Ismail Mohamoud (Bandare) (center right), and other government representatives and representatives of the Cheetah Conservation Fund, sign a Taiwan International Cooperation and Development Fund (ICDF)-funded agreement to support volunteers working on wildlife conservation efforts in Somaliland (December 4, 2022). (Image: [ROC Representative Office in Somaliland](#))*

In essence, the relationship between Somaliland and Taiwan benefits both parties. While Somaliland seeks investment and economic growth, Taiwan aims to expand its influence and access to [Africa's emerging markets](#). Nevertheless, it is important to acknowledge that Taiwan holds a great deal of responsibility in the relationship. Somaliland has already shown goodwill by [turning down](#) Beijing's constant stick and carrot engagements—such as economic assistance and establishing offices in both countries' capitals—in exchange for severing ties with Taiwan. The success of this partnership depends on Taiwan's readiness to reciprocate Somaliland's initiatives and take advantage of the opportunities that arise for the benefit and prosperity of both parties.

### ***Strategic Ripples: US and Chinese Reactions to the Relationship***

The relationship between Taiwan and Somaliland has become an issue, causing contrasting reactions from the United States and China. While Washington cautiously acknowledged Taiwan's establishment of ties with Somaliland, China [responded aggressively](#) by trying to undermine the newfound partnership. Initially, the response from the US administration toward the Taiwan-Somaliland connection seemed [lukewarm](#). Although the White House National Security Council (NSC) tacitly approved the new relations between Taiwan and Somaliland, the State Department continued to follow its "One-Somalia Policy," refraining from acknowledging Somaliland while exclusively recognizing the Somali government in Mogadishu. However, within US circles—in Congress and the Pentagon, for instance—there was recognition of Somaliland's strategic significance and democratic values. The [Somaliland Partnership Act](#) was introduced by US Senators Jim Risch (R-ID), Chris Van Hollen (D-MD), and Mike Rounds (R-SD). Its purpose is to mandate that the Department of State [provide a report to Congress](#) regarding its engagement with Somaliland, and to advise the Secretary of Defense to conduct a feasibility study before establishing a permanent partnership with Somaliland. Unfortunately, this bill was not executed, and despite nearly four years of Taiwan-Somaliland friendship, the United States has not yet engaged with Somaliland. In practical political terms, this indicates that Washington is effectively undermining Taipei's crucial foreign policy approach to the African continent.

In contrast, China reacted strongly to the new relationship between Taiwan and Somaliland, viewing it as a challenge to its interests. Beijing employed tactics such as coercion and political pressure in response. Chinese businesses that had previously established a presence in Somaliland abruptly withdrew after

the diplomatic shift occurred, leaving gaps in sectors of the economy. Furthermore, China attempted to lure Somaliland with promises of infrastructure development, but made it conditional on severing ties with Taiwan. When attempts to reach a resolution failed, Beijing resorted to more aggressive methods, including interfering in Somaliland's [internal politics and provoking conflict](#).

This time, Beijing seemingly aimed to destroy Somaliland. In 2023, the US military paid a visit to Berbera's port ahead of military training operations led by the United States. The site survey came as the US military prepared for Justified Accord 2023, the largest [military training exercise](#) in East Africa sponsored by US Africa Command (AFRICOM). The decision enraged China, which orchestrated a proxy war in Somaliland's eastern district with the assistance of the local residents in Las Anod. Beijing's principal goal was to thwart the US Justified Accord drill in Berbera. Eventually, China compelled Washington to [cancel the military drill](#) after supporting armed groups seeking to secede from Somaliland. In doing so, China's retaliatory steps successfully hindered US goals in the area. This included preventing the implementation of provisions outlined in the *National Defense Authorization Act 2023* (NDAA) and [obstructing US African Command's operations](#) in Somaliland.

Despite Taiwan's efforts to gain support from Washington and expose China's involvement in the Las Anod conflict, the US government chose to [acquiesce to Beijing](#). This underscores the balance of power at play in the region. The different approaches of China and the United States to their ties with Taiwan and Somaliland demonstrate how interests and geopolitical calculations impact dynamics in East Africa. As Taiwan strives to expand its footprint and Somaliland navigates its alliances, this region remains a focus of competition among major world powers.

### ***Africa's Perspective on Somaliland-Taiwan Relations***

The responses of nations to Somaliland and Taiwan ties are intricate and diverse. Many African countries, including those in the Greater Horn of Africa region, have traditionally [maintained ties](#) with China. This is mainly due to China's investments in [infrastructure](#), mining operations, and oil and gas ventures. Chinese investments in Africa's infrastructure have been significant, encompassing a range of projects such as roads, railways, ports, and airports. For instance, consider the Addis Ababa-Djibouti Railway, which was financed and built by China and serves as a transportation link for the entire region. Furthermore, China has made investments in mining activities across countries like Zambia and the Democratic Republic of Congo, where Chinese



firms are involved in copper and cobalt mining, respectively. Additionally, [Chinese companies](#) have actively participated in oil and gas exploration and production activities in Nigeria, Angola, and Sudan, thereby providing invaluable resources for these nations' economies.

China's approach to investing in Africa is often perceived as having relatively few conditions compared to other partners, which makes it an appealing choice for many African countries seeking development assistance. However, concerns have been raised regarding the debt burden that some African nations may face due to [loans](#) from China. Consequently, there is a growing interest among some nations to explore models of development assistance that can help them avoid falling into a debt trap.

Considering the significance of maintaining relations with China, most African countries in the Greater Horn of Africa region exercise caution when it comes to establishing connections with Taiwan. Typically, the foreign offices of these nations hesitate to embrace relationships that could potentially strain their existing partnerships. However, there is also a sense of curiosity among nations regarding what Taiwan can bring to the region, especially if Taiwan adopts an approach that benefits Somaliland. If Taiwan can demonstrate success in areas such as infrastructure development, economic growth, and capacity building in Somaliland, some African countries might be more inclined to [engage with Taiwan](#) or even establish relations. Although only Somaliland has allowed Taiwan to establish a diplomatic presence, other East African countries may allow Taiwan to expand its presence if its relations with Somaliland succeed in terms of technical assistance, trade, and cultural exchanges.

Take South Africa and Nigeria as examples. As the two biggest economies on the continent, they have already set up [trade offices](#) in Taiwan and have allowed Taiwan to establish an office within their respective countries. This reflects a willingness among nations to engage with Taiwan despite potential implications for their relationships with China. Ultimately, African countries are striving to strike a [balance](#) between their interests involving China and their aspirations for exploring other partnerships and development opportunities.

### **Prospects for Further Somaliland-Taiwan Relations**

The bond between Somaliland and Taiwan is rock-solid and expanding. What makes this relationship [unique](#) is its nature. It is an official relationship in numerous respects, but not diplomatic. Put another way, the bilateral partnership is deemed official due to the signatures of two foreign ministers. On the other hand, it differs from Taiwan's relationships with its more

formal diplomatic allies. In such a case, Somaliland fully understands Taiwan's economic and security situation, particularly as cross-Strait tensions simmer. Somaliland deeply respects China's status as a global superpower and its position in the United Nations Security Council. Somaliland's official relationship with Taiwan does not undermine or disregard China's legitimacy and importance.

Somaliland sees Taiwan as an entity separate from China and recognizes its positive contributions to the international community. Hence, there is no ambiguity in Somaliland's stance. Somaliland's relationship with Taiwan is based on the reality on the ground: respecting Taiwan's sovereignty and value as a partner, while acknowledging China's global influence. Taiwan reciprocates this sentiment by recognizing Somalia's independence and acknowledging Somaliland as a nation based on actual circumstances. This [mutual respect](#) forms the foundation of their relationship, without any contradictions.

**The main point:** Over the past four years, the unique partnership between Somaliland and Taiwan has flourished. However, it is imperative that Taiwan follow Somaliland's lead in investing more substantially in the relationship, especially as China continues its efforts to pull the two nations apart.

[1] Taiwan does hold membership in a limited number of international trade organizations: the World Trade Organization (as the "Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu [Chinese Taipei]"), Asia-Pacific Economic Cooperation (APEC) (as "Chinese Taipei"), and has applied for membership in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

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## **China's Influence on India-Taiwan Economic Dynamics**

By: Sana Hashmi

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Five years ago, the burgeoning economic relationship between India and Taiwan, as observed today, would have appeared implausible. It is, however, noteworthy that contrary to the popular perception, the People's Republic of China (PRC) is not the primary catalyst for the growing closeness between India and Taiwan. Both India and Taiwan are actively working to minimize

the influence of the China factor while furthering their economic partnership within the realm of their unofficial relations.

In fact, rather than serving as a restraining factor, China has inadvertently enabled the fostering of economic ties between India and Taiwan. India's recalibration of its Taiwan policy can be attributed to several factors. Chief among them is the reevaluation prompted by the 2020 [Galwan clashes](#), which compelled India to reassess its relationship with China and reject unrealistic redlines imposed by Beijing. Moreover, Taiwan has emerged as a key economic partner for India in developing its semiconductor ecosystem. India views itself as a viable destination for the "[China plus one](#)" model, positioning itself as an alternative supply chain hub and bolstering its manufacturing sector. Taiwan could play a pivotal role in helping India attain these goals.

Under the Democratic Progressive Party (DPP, 民進黨) administration in office since 2016, Taiwan's external outreach has expanded, extending beyond the constraints of the narrow China-centric narrative. The suspension of cross-Strait dialogue by China, coupled with Taiwan's desire to reduce economic overreliance on the PRC, prompted the Tsai Ing-wen (蔡英文) Administration to seek closer ties with other countries, leading to the launch of the [New Southbound Policy](#) (NSP, 新南向政策) in 2016. India has emerged as a pivotal focus for Taiwan's external engagement efforts. Over time, [India-Taiwan relations](#) have undergone a significant transformation, driven by various factors, compulsions, and motivations from both sides. Despite India's traditional hesitance to openly engage with Taiwan, there has been a noticeable shift in its approach, further catalyzed by Taiwan's proactive outreach initiatives toward India and the latter's deteriorating relations with China. [Chen Chern-chyi](#) (陳正祺), deputy minister of Taiwan's Ministry Economic Affairs (MOEA, 經濟部), said, "A decade ago, people kept saying India is a potential rising star. Now we [Taiwan] are starting to realise it."

Several factors have driven Taiwan's interest in strengthening ties with India. India's rising stature, both strategically and economically, and its ability to counterbalance China have played a decisive role. Taiwan also recognizes the impact of US foreign policy choices on its external relations, particularly in the context of its heightened engagement with India. Given India's growing prominence in the Indo-Pacific region, its role as a key member of the Quadrilateral Security Dialogue (Quad), and the United States' prioritization of engagement with India, Taiwan saw the logic in bolstering its engagement with India.

The launch of the New Southbound Policy provided a structured framework for engagement and helped to reassure In-

dia that Taiwan was earnest about deepening its ties with the South Asian country. Previously, Taiwan's efforts were sporadic and inconsistent. This was complicated by India's historical hesitance to cooperate with Taiwan. Under former President Ma Ying-jeou's (馬英九) administration, Taipei's excessive focus on China caused a number of countries, including India, to [divert their attention](#) away from Taiwan. At the time, India harbored a perception that the Kuomintang (KMT, 國民黨) leaned more toward China, potentially hindering progress. The New Southbound Policy aimed to diversify Taiwan's external relations, reduce dependence on any single market (i.e., China), and encourage Taiwanese businesses to explore opportunities beyond China, particularly under a "China plus one" strategy. Strengthening ties with the New Southbound Policy countries, especially priority countries like India, was paramount. These priority countries were also viewed as alternatives to China, adding a strong economic rationale to Taiwan's external outreach.

### ***The Role of China's Coercion: Status of the Economic Ties***

Economic ties serve as the cornerstone of [India-Taiwan relations](#), with the foundation laid over two decades ago through the establishment of representative offices (*de facto* embassies) in each other's capitals. Over the decades, there have been attempts to make these efforts more institutionalized. Institutional engagement between the two countries has become relatively consistent, including regular CEO roundtable meetings and economic consultations between the economic agencies of the two countries. Delegations from various Indian states frequently visit Taiwan to attract investments.

Recently, multiple factors contributed to the readiness and convergence of approaches between India and Taiwan. Both countries experienced a simultaneous deterioration in their relations with China, sparked by Beijing's use of tactics such as economic coercion, the weaponization of supply chains, assertive "wolf warrior diplomacy," and disregard for the rule of law. This led to a realization on the part of both Taiwan and India that excessive deference to China's red lines would be counterproductive to their respective economic and strategic interests. Rather than serving as a deterrent, China's aggressive posture prompted India and Taiwan to seek cooperation, particularly in unofficial domains. This recognition prompted India and Taiwan to seek alignment, acknowledging the need to counter China's assertiveness while pursuing their own interests.

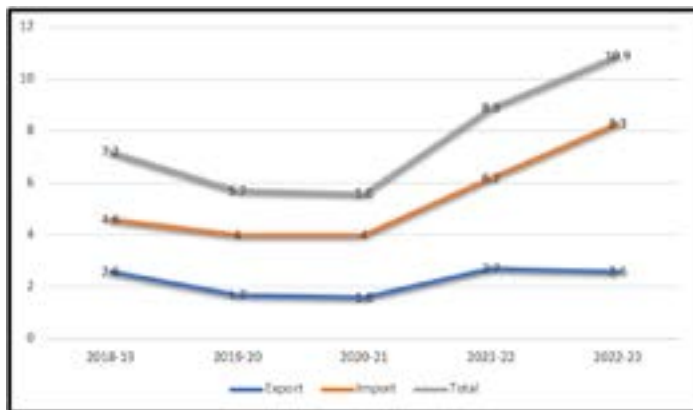
Recent developments indicate that India is overcoming its hesitancy, and is increasingly inclined to augment its economic ties with Taiwan. In November 2023, India's Minister of Exter-

Years	Export	Import	Total	Balance of Trade
2018-19	2.6	4.6	7.2	(-) 2
2019-20	1.7	4	5.7	(-) 2.3
2020-21	1.6	4	5.6	(-) 2.4
2021-22	2.7	6.2	8.9	(-) 3.5
2022-23	2.6	8.3	10.9	(-) 5.7

Chart: India-Taiwan trade, 2018-2023 (in USD \$billion) (Source: Ministry of Commerce and Industry, Government of India)

nal Affairs [S. Jaishankar](#), during a conversation with a journalist at the High Commission of India in London, stated that “We have substantial technology and economic and commercial relations with Taiwan and certainly Taiwan has a reputation when it comes to electronics and of course, more recently with semiconductors. So, there has been an upswing in the levels of cooperation.” This was potentially the first time that an Indian cabinet minister publicly spoke about Taiwan’s status and importance as an economic partner for India.

Both India and Taiwan have been actively working to enhance their commercial ties. In a significant milestone, the bilateral trade volume between the two countries surpassed USD \$10 billion for the first time in their history. [1] Taiwan’s [investments in New Southbound Policy countries](#) are on the rise, now comprising over 50 percent of Taiwan’s total outbound investment. As of February 2024, Taiwanese companies, comprising roughly 228 firms, have [invested](#) approximately USD \$4.46 billion in India, generating around 170,000 job opportunities in the country.



Graphic: India-Taiwan trade, 2018-2023 (in USD \$billion) (Source: Ministry of Commerce and Industry, Government of India)

India is keen on expanding cooperation, particularly in the semiconductor sector, and is seeking partnerships with countries like Taiwan and Japan to aid in establishing its semiconductor industry. Taiwan, a prominent semiconductor powerhouse responsi-

ble for 90 percent of advanced chip production, holds a top spot on India’s priority list. India has actively reached out to Taiwan, with Young Liu (劉揚偉), the chairman and chief executive officer of Taiwan’s Foxconn (鴻海精密工業股份有限公司), making regular visits and meeting with the Indian Prime Minister Narendra Modi. Liu was also the chief guest at the 2023 Semi-con India event, where he [emphasized](#), “Taiwan is and will be your most trusted and reliable partner. Let’s do this together.” Foxconn has been working to expand its presence in the Indian market, leading to Liu being conferred with India’s third-highest civilian award, the [Padma Bhushan](#). On February 29, 2024, India’s Tata and Taiwan’s Powerchip Semiconductor Manufacturing Corporation (PSMC, 力積電) [announced plans](#) to jointly construct India’s first 12-nanometer wafer fabrication plant in Gujarat’s Dholera, expected to generate over 20,000 local job opportunities upon completion. Furthermore, this year will witness the opening of Taiwan’s third representative office in India, located in Mumbai, complementing the substantial presence already established by the Taiwan External Trade Development Council (TAITRA, 中華民國對外貿易發展協會) in India.

### India-Taiwan Mismatch

India is interested in attracting investment from the Taiwan Semiconductor Manufacturing Company (TSMC, 台灣積體電路製造股份有限公司) to set up operations in the country, which could potentially transform the government’s stance toward Taiwan. Delhi has long sought such an investment, though TSMC has primarily focused on the United States, with no current plans for greenfield fabrication investments in India. This is broadly perceived in India as an indication of a lack of interest and commitment from Taiwan’s side. However, the collaboration extends beyond TSMC and semiconductors, with increasing cooperation evident in the electric vehicle sector as well. In this context, the entry of Taiwanese e-scooter company [Gogoro](#) (睿能創意股份有限公司) into the Indian market is worth noting.

Nevertheless, significant challenges and limitations still cast a shadow over positive progress. While positive developments

and progress are evident, there remains a discrepancy between expectations and actions. India and Taiwan are not consistently aligned in their approaches. An illustrative example is the divergence in focus between India, which primarily emphasizes economic aspects, and Taiwan, which seeks to inject political momentum. One notable instance of this dissonance came in the early 2010s, when India signaled its readiness to negotiate a Free Trade Agreement (FTA) with Taiwan, which the Ma Administration perceived as provocative to China. Since then, India has maintained a somewhat cautious stance on a potential FTA. While Taiwan has been eager to initiate FTA negotiations with India for several years, India has exhibited a lack of enthusiasm toward pursuing such an agreement. India seems to view it more as a political rather than an economic pact, and concerns over trade balance, particularly in favor of Taiwan, could also be key reasons behind India's reluctance.

Additionally, the recently signed [India-Taiwan labor pact](#) sparked a [backlash](#), leading to a shift in attitudes among some Indians toward Taiwan. Moreover, the disparity in operations between the government and the private sector presents another obstacle. Despite government motivations, much of the Taiwanese business community has shown reluctance toward engaging with India. Some are reluctant due to unfamiliarity and perpetuated stereotypes. This underscores the distinction between governmental interests and operational nature within the industry.

### ***India and Taiwan under the New Administration***

The period since the DPP's first administration and the Modi Administration has witnessed both positive developments and missed opportunities in India-Taiwan relations. Overall, progress has been commendable, particularly in terms of economic engagement, reflecting a willingness from both sides to enhance cooperation. With new governments poised to assume office in both Taiwan and India later this year, continuity in India-Taiwan relations seems likely.

However, sustaining momentum will be paramount. While India may exhibit caution in taking overtly political steps, there is a clear recognition of the mutual benefits across various sectors, including commerce, technology, culture, and education. The advancement in economic ties has been crucial for maximizing the mutual complementarities and benefits for both India and Taiwan. However, the future direction will depend on the depth and extent of commercial linkages, which will also shape India's response to any potential Taiwan contingency. While economic relations are progressing favorably, they have not yet reached a

level where India would consider political measures regarding Taiwan. This dynamic will significantly influence the overall trajectory of the bilateral relationship.

Given the ongoing deterioration of cross-Strait relations, maintaining a steadfast focus on countries like India will be imperative for Taiwan. The depth of India-Taiwan relations will hinge on Taiwan's willingness to offer economic incentives, coupled with China's inflexible stance toward India. Crucially, India's outreach to Taiwan signifies more than a mere response to strained relations with China; it represents an opportunity for India to reassess its approach toward Taiwan. India's proactive engagement has already yielded dividends, emphasizing the importance of strategically separating its ties with Taiwan from those with China.

Both sides should place emphasis on advancing traditional areas of cooperation, such as continuing the New Southbound Policy and bolstering Taiwan's Indo-Pacific strategy. By prioritizing mutual interests and continuing with existing policy frameworks, India and Taiwan can maximize the utilization of available resources and further expand the scope of their economic relations.

**The main point:** In recent years, India and Taiwan have made significant strides in expanding their unofficial relationship, particularly in the economic realm. However, both sides will need to be proactive and tactful in order to further solidify their partnership going forward.

[1] Ministry of Commerce and Industry, Government of India, <https://tradestat.commerce.gov.in/>. Although there has been an increase, the trade figure between India and Taiwan remains only a fraction of their overall trade volume. Furthermore, concerning trade, it also remains comparatively low. For more information on the current status and the reasons for the underutilized trade and investment potential, please refer to Hashmi, Sana (2023), "The Role of Commercial Ties in Advancing India-Taiwan Relations", *Special Report No. 213*, Observer Research Foundation-Taiwan Asia Exchange Foundation, August, [https://www.orfonline.org/wp-content/uploads/2023/08/ORF\\_SpecialReport\\_213\\_India-Taiwan.pdf](https://www.orfonline.org/wp-content/uploads/2023/08/ORF_SpecialReport_213_India-Taiwan.pdf).

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## **The Future of Taiwan-Vietnam Economic Relations**

By: Tran Thi Mong Tuyen



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Following the election of Lai Ching-te (賴清德), there has been considerable speculation as to how Taiwan's economic relations with Vietnam will evolve. The relationship is likely to be influenced by a variety of factors: including the policies of the new leadership, existing trade agreements, and geopolitical considerations. Under President Tsai Ing-wen (蔡英文), Taiwan prioritized Vietnam in its foreign policy, particularly through the 2016 New Southbound Policy (NSP, 新南向政策). This policy aimed to strengthen ties with ASEAN nations, South Asia, New Zealand, and Australia, resulting in significant achievements for both Taiwan and Vietnam over the past seven years. As of 2023, Vietnam is Taiwan's 11<sup>th</sup>-largest trading partner globally and third within ASEAN, with Taiwan ranking as the fifth-largest foreign investor in Vietnam. According to Taiwan's [International Trade Administration](#) (ITA, 經濟部國際貿易署), bilateral trade between Taiwan and Vietnam reached an all-time high in 2022, with total export turnover reaching almost USD \$28 billion, while the trade surplus increased to USD \$17.6 billion.

### **Taiwan Turns to Vietnam**

US-China trade tensions have prompted many large Taiwanese technology firms to diversify their global presences, with many relocating to Vietnam. These companies have sought to capitalize on Vietnam's young and cheap workforce, politically stable environment, and advantageous open policy for Taiwanese firms. This has positioned Vietnam as an attractive destination for Taiwanese investment. Additionally, Vietnam is seen as one of the fastest-growing economies in ASEAN, making it a suitable choice for the transfer of manufacturing capacity from China, particularly in the electronics sector. Major consumer electronics contract manufacturers such as Foxconn (鴻海精密工業股份有限公司), Compal (仁寶電腦工業股份有限公司), Pegatron (和碩聯合科技股份有限公司), Wistron (緯創資通股份有限公司), and Qisda (佳世達科技股份有限公司) have all come to Vietnam to establish factories or expand their manufacturing capacities. Approximately 40 percent of [new investments](#) from Taiwan are directed toward Southeast Asia, with Vietnam becoming the second-largest destination for Taiwanese overseas investment, according to Taiwan Economic and Cultural Office (TECO) in Vietnam.

Moreover, the substantial presence of Taiwanese nationals in Vietnam and vice versa, including students, workers, and spouses, underscores the importance of people-to-people ties in Taiwan-Vietnam relations. For example, there are about 90,000

Taiwanese citizens in Vietnam and over 270,000 Vietnamese citizens in Taiwan, with many serving as students, domestic workers, and factory workers. Moreover, there are roughly 110,000 Vietnamese spouses of Taiwanese natives, making [people-to-people ties](#) a significant aspect of Taiwan-Vietnam relations. Notably, in 2023, Taiwan also emerged as the largest foreign [labor export](#) market for Vietnam, providing employment opportunities for Vietnamese workers and contributing to their country's development through remittances.

In addition to trade and investment, collaborative initiatives such as the "2023 Wow! Taiwan Project" have further enhanced bilateral ties by encouraging collaboration technology development, medical equipment, and healthcare. This program has attracted more than 60 Vietnamese and Taiwanese enterprises to participate in trade sessions and to sign a memorandum of understanding (MOU) on September 12, 2023. Initiatives such as this seek to build upon decades of trade connections between Vietnam and Taiwan, and are aimed at promoting investment cooperation, online commerce, technology transfer, and medical equipment processing and distribution.

Given these achievements, it is promising that President-elect Lai of the Democratic Progressive Party (DPP, 民進黨) seems likely to continue to foster economic relations with Vietnam. During his campaign for the presidency, he promised that he would move more businesses from China and foster relations with ASEAN countries. Given the significant strides made under President Tsai, Vietnam is poised to remain a key partner for Taiwan in its evolving economic strategy.

### **Technological Collaboration**

Taiwan has long recognized the pivotal role of the semiconductor industry in its economy, being the largest global producer of advanced chips in this sector. As it seeks to forge partnerships with other nations, maintaining its leadership position in semiconductor manufacturing will be paramount. However, Taiwan faces challenges related to insufficient electricity and water supply, critical for chip production. Partnering with countries that can address these shortages would greatly benefit Taiwan. Vietnam, with its strategic geographical advantage and burgeoning maritime economy, presents significant potential for development, particularly as a provider of renewable energy sources such as wind, solar, and hydroelectric power. Forecasts by [Wood Mackenzie](#) indicate Vietnam's ascent as a major player in the global wind power market, with substantial new capacity expected by 2030. [Tech Wire Asia](#), a technology news platform, similarly predicted that Vietnam will become a "Green Energy

Powerhouse” in Asia.

Taiwan’s own green industry has experienced notable growth, with its exports contributing significantly to the global market. Leveraging its expertise, Taiwan can assist Vietnam in developing its green industry sector. Moreover, Taiwanese companies established in Vietnam stand to gain from this collaboration, addressing Taiwan’s challenges of electricity and water shortages while benefiting from Vietnam’s lower labor costs. This synergy offers the potential for increased profitability compared to domestic manufacturing. By partnering with Vietnam in the realm of renewable energy and green industry development, Taiwan can address its domestic semiconductor production challenges while fostering mutually beneficial economic growth and cooperation.

In the realm of chip production, the government has placed significant emphasis on domestic considerations when engaging in partnerships. However, this has not impeded Taiwan’s collaboration with other nations, provided that it continues to prioritize the advancement of research and technology within its borders. In fact, Taiwanese companies have already established numerous chip manufacturing facilities overseas, including a 5-nanometer plant in the [United States](#) and a 12-nanometer facility in [Japan](#).

Vietnam faces similar issues, but lacks an advanced semiconductor industry or the skilled workforce necessary to sustain one. To assist Vietnam in building its semiconductor industry, Taiwan has initiated programs leveraging its expertise. For instance, the Ministry of Education (MOE, 教育部) launched the [International Industrial Talents Education Special Program \(IN-TENSE Program\)](#) to attract talent from countries like Vietnam. This program aims to integrate resources from government, industry, and universities to recruit international students. Initially targeting students from Vietnam, Indonesia, and the Philippines, this program provides opportunities for employment in Taiwan, as well as training for participants returning to their home countries. Students opting to stay in Taiwan may work for Taiwanese companies, some of which have operations in Vietnam. Alternatively, they may contribute to Vietnam’s development by working in their homeland. This collaborative approach not only addresses Taiwan’s skilled labor shortage, but also supports Vietnam’s semiconductor industry aspirations and fosters bilateral ties.

### ***Geopolitical Considerations***

In terms of geopolitics, Taiwan’s strategy of diversifying its manufacturing is intended to serve as a crucial safeguard to ensure

the stability of the supply chain, especially in the event of a potential Chinese attack on Taiwan. This diversification has been exemplified by Taiwan’s establishment of chip manufacturing facilities in various countries, which reduces reliance on a single geographic location. The Russia-Ukraine war has highlighted the economic repercussions of imposing sanctions on a major player like Russia. Even the United States and Japan have faced domestic economic impacts as a result of sanctions on Russia. If a similar scenario were to occur with China, the United States and Japan would likely endure substantial losses due to their dependency on Taiwan’s chip supply and strong economic ties with China. Therefore, it is likely that these nations would prioritize resolving their own economic issues before extending assistance to Taiwan.

The Russia-Ukraine conflict has underscored the importance of maintaining economic security through cooperation and mutual dependence to mitigate the high costs associated with conflict. Taiwan’s diversification strategy aligns with its interests and contributes to stabilizing the supply chain for its strategic partners, such as the United States and Japan. Additionally, this approach could potentially garner support from Taiwan’s partners in the event of a conflict in the Taiwan Strait. These partnerships may result in joint appeals for peaceful conflict resolution, signaling to China the significance of diplomatic avenues. This strategy could help reduce tensions and bolster stability in the area by highlighting the shared goal of preventing conflict and preserving peace.

Despite the significant economic cooperation between Taiwan and Vietnam, China’s influence remains a major factor in their relationship. Vietnam adheres to its own “One-China Policy” and maintains only unofficial diplomatic ties with Taiwan. While both Taiwan and China are involved in the South China Sea dispute with Vietnam, Hanoi has increasingly viewed China as the more significant concern. Vietnam continues to value its relationship with Taiwan, particularly given Taiwan’s increasing role as a destination for Vietnamese immigrants and its impact on regional security dynamics. Furthermore, Vietnam is working to reduce its economic reliance on China, making diversification with other economic partners crucial for its stability and growth.

Following the election, attention has understandably turned to President-elect Lai who has voiced support for strengthening ties with other nations, including Vietnam, in order to decrease reliance on China. The statistics from 2022 illustrate significant growth in Taiwan’s exports to ASEAN countries. Total exports reached USD \$96.9 billion, marking a notable increase of 17.3 percent compared to 2021. Furthermore, the [share of Taiwan-](#)

[ese exports](#) flowing to ASEAN countries rose from 17.7 percent in 2020 to 20.2 percent in 2022. In contrast, Taiwan's export share to China [declined](#) from 43.9 percent in 2020 to 38.8 percent in 2022. This shift, with Taiwan increasingly focusing on ASEAN countries while reducing its reliance on exports to China, could indeed provoke concerns for China, especially with the DPP retaining power in Taiwan. China may interpret this development as a challenge to its regional influence. Consequently, China might escalate efforts to maintain its economic leverage over Taiwan and discourage other nations from enhancing economic relations with Taiwan.

It is plausible that China may also increase its pressure on ASEAN to prevent its member states from expanding their economic cooperation with Taiwan, especially considering recent events. For instance, China warned the Philippines to “not play with fire” over Taiwan after President Ferdinand Marcos, Jr., congratulated Lai on his electoral victory. Additionally, during President Tsai's tenure, China successfully [reduced](#) the number of countries recognizing Taiwan as an independent nation from 22 to 13. These actions suggest that China is vigilant about preventing Taiwan from gaining international recognition and support. As a result, China may intensify efforts to dissuade ASEAN countries from engaging in economic cooperation with Taiwan, potentially through diplomatic pressure or economic incentives. Indeed, ASEAN, including Vietnam, is committed to maintaining its independent and autonomous stance while adhering to its “One-China Policy.” Nevertheless, ASEAN nations recognize the economic opportunities presented by cooperation with Taiwan and will likely continue to engage with Taiwan across various sectors such as trade, culture, education, and healthcare. However, ASEAN countries will proceed cautiously to avoid provoking China. They will aim to maximize economic ties with both China and Taiwan while navigating diplomatic sensitivities. This balanced approach allows ASEAN to pursue economic development.

**The main point:** Amid Taiwan's efforts to diversify its trade partners, Vietnam has emerged as a leading target for collaboration. Despite Chinese pressure, Taiwan and Vietnam have built a strong, increasingly dynamic economic partnership, which is likely to continue to grow in the coming years.