



Taiwan's 'people-centered' New Southbound Policy and its impact on US–Taiwan relations

Ping-Kuei Chen

To cite this article: Ping-Kuei Chen (2019): Taiwan's 'people-centered' New Southbound Policy and its impact on US–Taiwan relations, *The Pacific Review*, DOI: [10.1080/09512748.2019.1594349](https://doi.org/10.1080/09512748.2019.1594349)

To link to this article: <https://doi.org/10.1080/09512748.2019.1594349>



Published online: 02 Apr 2019.



Submit your article to this journal [↗](#)



Article views: 15



View Crossmark data [↗](#)



Taiwan's 'people-centered' New Southbound Policy and its impact on US–Taiwan relations

Ping-Kuei Chen

Department of Diplomacy, National Chengchi University, Taipei, Taiwan

ABSTRACT

Taiwan's relations with South and Southeast Asia have become the focus of scholarly discussion since it proposed the New Southbound Policy (NSP) in 2016. Few touch on the NSP's effect on Taiwan's relations with countries outside the NSP targets. This paper argues that the NSP has a positive effect on US–Taiwan relations. The people-centered approach of the NSP helps the Taiwanese government create a credible commitment to a moderate foreign policy. It signals Taiwan's resolve to uphold the US interests in Taiwan Strait. Taiwan's policy direction has received the US's approval, resulting in cordial US–Taiwan relations. The public supports from the US have strengthened Taiwan's confidence under tense cross-Strait relations. Recently, the US's Indo-Pacific strategy provides Taiwan an opportunity to establish a closer tie with the US. But the prospect of bilateral cooperation in the Indo-Pacific region depends on a clear proposal.

KEYWORDS New Southbound Policy; US–Taiwan relations; credible signal; Free and Open Indo-Pacific strategy

Introduction

Taiwan's foreign policy has experienced a significant change since the inauguration of the Democratic Progressive Party (DPP) President Tsai Ing-wen. The DPP government proposed the New Southbound Policy (NSP), which aims to divert Taiwan's economy and resources from mainland China to South Asia and Southeast Asia. The NSP has since become the priority of Taiwan's foreign policy.

In the past, the foreign policy put forward by the Taiwanese government has a significant impact on US–Taiwan relations. The US plays the role of dual deterrence in Taiwan Strait. It deters China's armed invasion against Taiwan; it also restrains Taiwan from provoking China's armed response. Taiwan's foreign policy had invited reactions from both Beijing and Washington. It significantly affected the US's attitude toward Taiwan.

CONTACT Ping-Kuei Chen  pkchen@mail2.nccu.tw  Department of Diplomacy, National Chengchi University, No. 64, Sec. 2, Zhinan Rd. 9th Floor, General Building (North), Taipei 11605, Taiwan

© 2019 Informa UK Limited, trading as Taylor & Francis Group

Since the early 1990s, Taiwan has adopted a series of policies to seek 'international space'. President Lee Teng-hui's 'Pragmatic Diplomacy' set off decades of Taiwan lobby and international participation bids. His visit to Cornell University in 1996 represented a diplomatic success. But it raised suspicion and discontent from the Clinton administration. President Chen Shui-bian bid for the UN and WHO membership. His pro-independence policies caused serious turmoil between Taipei and Washington. President Ma Ying-jeou's 'diplomatic truce' brought stable cross-Strait relations and decreased diplomatic competition. His overwhelming attention on China, however, increased Washington's concern about Taiwan's bandwagoning toward China.

These examples suggest that the foreign policy carried out by Taiwan is indeed a major factor in US–Taiwan relations. Ever since the Taiwanese government proposed the NSP, there is much discussion about the detail of it and Taiwan's relations with NSP targets (Chen 2017a; Hsu, 2017; Glaser, Kennedy, & Mitchell, 2018; Kuo & Chin, 2018; Wu & Li, 2017). Few studies discuss how the NSP plays a role in recent US–Taiwan relations. This paper addresses this question and offers an explanation of why the Taiwanese government maintains a people-centered approach in the NSP. The paper is organized into three parts. The first part discusses the core concepts and implementation of the NSP. This part focuses on how the people-centered approach has been fulfilled in practice, creating a low-profile and moderate foreign policy. This part also provides a brief review of the shortcoming and common criticism against the NSP.

After a clarification of the NSP, the paper moves on to discuss its impact on US–Taiwan relations. The main argument is that the NSP can signal Taiwan's commitment to a self-restraint policy that the US prefers. The DPP government has alternative policy choices, but it has consciously bolstered this policy despite criticism.

The third part briefly discusses the current US–Taiwan relations and offers some perspective for future cooperation. Taiwan's self-restraint on the international stage is well-received by the US. As a result, the US has strengthened its support to Taiwan when Beijing increases coercive threat. The paper then provides an assessment of US–Taiwan cooperation under President Trump's Free and Open Indo-Pacific Strategy (FOIPS). Finally, the paper concludes that the NSP is expected to endure. Its direction and emphasis will depend on the development of Taiwan's internal politics, particularly the political struggle within the DPP.

An overview of NSP since 2016

The NSP and its challenges

The year 2016 marked a political turnover in Taiwan. The incumbent DPP defeated the Kuomintang (KMT) in presidential and parliamentary elections.

This was the first time the DPP obtained control over both the executive and legislative branches. Taiwan's foreign policy subsequently experienced a significant change under the new government. During Ma In-jeou's administration, Taiwan's foreign policy rested on the reconciliation of cross-Strait relations. Taiwan maintained relations with its diplomatic allies under the 'diplomatic truce'. Taiwan avoided competition with China while keeping good relations with its traditional allies such as the US and Japan. Since the DPP took office, China suspended cross-Strait official exchanges and forced the DPP to abandon its pro-independence position. China demanded Tsai to accept the '1992 Consensus' as a prerequisite of any dialogs (Bush, 2016; Hernández, 2016). Although Tsai mentioned the cross-Strait reconciliation in her inauguration address, China maintained that Tsai failed to embrace the 'One China principle' and claimed that Tsai's speech was an 'incomplete test paper'. Beijing later took a step further to force Taiwan to recognize 'One China'. The DPP government rejected Beijing's position and refused any dialog with preconditions (Hsu, 2018b; The Economist, 2017; Wong, Wu, & Wang, 2016).

The cross-Strait relations quickly deteriorated. China resumed thorny diplomatic attacks and blamed Tsai for heightened tension. Five countries subsequently broke their diplomatic relations with Taiwan over the course of two years. China blocked Taiwan's participation in the World Health Assembly, which Taiwan had regularly attended for eight years. The rhetoric of China's Taiwan Affairs Office (TAO) became increasingly coercive. For instance, the TAO publicly dismissed Taiwan's 'de-China, pro-independence' actions. The use of 'anti-Taiwan independence' increasingly became part of China's common rhetoric. On the economic aspect, China abolished several favor-granting measures during the Ma era, such as stopping Chinese tourists visiting Taiwan, suspending milkfish contracts, and slowing down the import of Taiwanese fruit. Instead, China proposed the '31 measures'. It aimed to entice business and young workforce who would like to relocate to the mainland. The DPP government considered this proposal an unfriendly move that drains the talent and human resources in Taiwan (Hsiao, 2018).

Despite the tense cross-Strait relations, the Taiwanese government introduced the NSP immediately after Tsai took office. This policy was a strategic plan that Tsai had developed since the presidential election. The main objective of the NSP was diversification. In her Wall Street Journal op-ed published in 2015, Tsai advocated economic diversification as her future foreign policy objective (Tsai, 2015). The proposal in her op-ed aimed at exploring new business opportunities in Southeast Asia, easing Taiwan's economic dependence on China. During the election, Tsai recognized that Taiwan's economy needed to hedge the political risk from China. China

might strengthen its economic coercion against Taiwan if the DPP returned to the government. Even if China would not target Taiwanese business in the mainland, economic dependence made business in Taiwan vulnerable to Chinese economic pressure. The unfriendly moves China adopted after the presidential election proved the need to diversify. Although the government claimed that the NSP did not exclude the Chinese market when it proposed the policy (Cheng 2016), it was clear that the NSP intends to shift Taiwan's attention from China to the NSP targets.

Tsai's proposal met with a structural opportunity. The previous 'Go South' policy during the Lee and Chen administrations had not been successful due to a lucrative investment opportunity in mainland China (Hsu, 2017). In recent years, the rising wage and stringent environmental and consumer regulations had forced the Taiwanese manufacture industry to seek new investment destination. Many businesses had started to relocate to Southeast Asia before the NSP was announced. In addition, Ma's cross-strait policy had raised a concern about Taiwan's economic dependence on China among the Taiwanese people. The Sunflower Movement in 2014 addressed this concern and earned wide support (Ho, 2017; Chen & Yen, 2016; Rowen, 2015). This concern also led to the victory of the DPP in the parliamentary and presidential election.

Taiwan was not the only country seeking new ground in the South. Japan had adjusted its economic dependence on China since the anti-Japan protest in 2012 (Nakata, 2012; Reuters, 2014). Abe strengthened Japan's relations with regional powers via the Quadrilateral Security Dialog (Sharma, 2010; Kuo, 2018c). India and South Korea also pursued their own Asia policy. Modi added Northeast Asia to the 'Look East Policy' and proposed the 'Act East Policy'. It aimed at building comprehensive relations with all East Asia regions (Lee, 2015; Das & Thomas, 2016). South Korean president Moon proposed 'New Southern Policy' in late 2017, which reoriented its economic attention to India and ASEAN states (Kwak, 2018; Reuters, 2017; Watson, 2018). These developments showed that the structural context was in favor of a southbound policy. The markets in South and Southeast Asia had become an integral part of the global economy. The NSP enjoyed advantages that were absent in the previous 'Go South' policy.

Tsai quickly started to formulate the NSP after she took office. A month after Tsai's inauguration, a NSP Office was established under the presidential office. In August 2016, the Office announced a Guideline for NSP. The NSP Promotion Plan followed a month later. A detailed Work Plan was announced in December and the enforcement stage started in 2017.

In her first national day speech, Tsai declared that the NSP would 'redefine Taiwan's role in the Asia-Pacific region, and identify a new driving

force for growth'. The NSP targets include 18 countries in Southeast Asia, South Asia, Australia, and New Zealand. The government identified the Philippines, Thailand, Vietnam, Indonesia, Myanmar, and India as the main targets. These countries were selected due to their existing ties with Taiwan over trade, investment, and migrant workers except for the last two. Taiwan would like to explore economic opportunities in the biggest market in South Asia and the newly democratized Myanmar.

The NSP differs largely from the Go South Policy by the scope of issues. As much as the government strives to divert the private sectors' attention from China to Southeast Asian countries, trade and investment are not the only objectives. Instead, the government formulates policy mandates to deepen cultural, education, technology, labor, and tourist exchanges with the NSP countries. The goal of the NSP rests on diversification of the economy and building linkages. The government emphasized that these linkages are two-way (*shuang xiang*) rather than bilateral (*shuang bian*). The bilateral policies in the past only focused on Taiwan's presence in Southeast Asia. The NSP expands this mode of interaction and pushes for South and Southeast Asia's presence in Taiwan. This includes foreign business investing in Taiwan, foreign tourists visiting Taiwan, and introducing regional culture to the Taiwanese society.

The NSP is, as Tsai said in an interview with Southeast Asia journalist, 'not about geopolitics'. The NSP does not compete with China over diplomatic recognition or economic statecraft. Southeast Asia has been a major focus for Beijing since the announcement of the Belt-Road Initiative (BRI). The BRI established multiple economic corridors by launching a series of large infrastructure projects in Pakistan, Sri Lanka, Burma, Laos, Cambodia, and Thailand. It expanded China's economic partnership by bringing Chinese business, capital, technology, and service to the region. Although the BRI target states largely overlapped with the NSP, Tsai reiterated in public that the NSP would not compete with BRI. The goals and scopes were different between the two. The proposals under the NSP were inherently different from the BRI. Although NSP promised to engage in infrastructure projects. Taiwan did not aim at large infrastructure projects such as railroads or hydropower stations, nor has the Taiwan government provided loans to support these projects (Chao, 2016; Liu, 2016). In terms of types of project, Taiwan's areas of expertise include medical service, smart city building, renewable energy, digital content, and the cultural and creative industry. Very few of these projects overlapped with the BRI. The length of time and funding size of Taiwan's projects were not comparable with the BRI's. Taiwan thus has neither intention nor the capacity to compete with China.

Most of the NSP countries are willing to build unofficial cooperation with Taiwan. India, for example, has shown great interests in expanding relations

with Taiwan. It significantly expanded political exchanges by hosting a Taiwanese parliamentary delegation in 2017 (The New Indian Express, 2017). On the other hand, Taiwan and the Philippines reached substantial progress in a relatively short period of time. Two governments signed seven cooperation documents, including a Bilateral Investment Agreement (BIA) (Tiezzi, 2017). But China's coercion remained an important obstacle to the NSP. Some countries worry that supporting the NSP might entrap them into a brawl with China. For example, Thai officials were unwilling to present with the Taiwanese officials in public events (Yin, 2017). Although China does not intervene in trade relations between Taiwan and other countries, it strives to obstruct official exchanges, especially bilateral agreements between governments. China's reaction to the Taiwan-Philippines progress serves the best example. After the BIA with the Philippines was announced, China immediately issued a strong protest. Similar renegotiations with Vietnam and Indonesia had no progress in public since then.¹ In a regular press conference, the speaker of the Chinese Foreign Ministry said,

China sees no objection to a country that has diplomatic ties with China conducting normal economic, trade and people-to-people exchanges with Taiwan, but does firmly oppose it conducting with Taiwan any form of official engagement or signing any agreement or cooperation document with sovereign implication.²

China used its diplomatic relations to block official exchanges between the NSP countries and Taiwan. In the Sino-Vietnamese joint communique published in January 2017, Vietnam pledged to abide by 'One China', to oppose Taiwan independence movement, and not to develop official ties with Taiwan. China made similar joint declarations with the Philippines, Indonesia, Cambodia, Laos, and Nepal within two years.³ Diplomatic blockade made Taiwan difficult to further develop bilateral agreements with the NSP countries, even though these agreements dealt with economic affairs. The most recent progress is the BIA with India in late 2018 (Hsu, 2018c). The success of this BIA amidst the tense Sino-Indian relations suggests that Taiwan would face difficulties in Southeast Asia unless the NSP countries are willing to bear the cost of China's anger.

Local business environment sometimes makes it difficult for Taiwanese investors as well. The state-owned CPC Corporation followed the NSP and planned to move its petrochemical factory to Indonesia. The project was later abandoned due to a lack of economic incentive. Taiwanese business sometimes encountered local government's intervention and they were unable to access local markets. For instance, the CPC made progress accessing market in Vietnam, but it was frustrated in India when the Indian government unilaterally changed the terms of cooperation in CPC's new

investment (Kuo, 2018a, 2018b). Also, Cathay Financial Holding Co. failed to expand its operation in Malaysia after its government rejected Cathay's acquisition of a local bank. Not long ago, the CTBC bank had a similar frustration with the Malaysian government (Hsu, 2018a). These difficulties were due to problems in the host countries instead of China's political pressure. The lack of robust regulation, bad governance, lack of rule of law, breach of trust, and the protectionist policy of local government all contributed to a significant barrier to economic cooperation.

A people-centered foreign policy

Facing the Chinese pressure and a challenging investment environment, the NSP largely aims at non-official, second track, and citizen diplomacy. The NSP Promotion Plan listed four key linkages: soft power, supply chain, regional markets, and people-to-people. The policy was, by and large, emphasized on expanding economic opportunities in the NSP countries. Ever since the Work Plan was announced, the main objective gradually shifted toward the last linkage: people-to-people contact. Tsai also shows this change when she addressed on Taiwan-ASEAN dialog in 2016. The objectives she gave were primarily about enhancing people-to-people contacts instead of facilitating economic cooperation in her speech at Taiwan-ASEAN dialog. As Yang (2017) points out, the Taiwanese government begins to put more emphasis on a people-centered foreign policy. The NSP has been growingly focused on non-political and non-economic issues by the end of 2016.

The 'people-centered' approach avoids sensitive issues that might trigger China's retaliation. This does not suggest that the government abandons economic cooperation. Ministry of Economic Affairs and the External Trade Development Council (TAITRA) work tirelessly to establish economic ties, but a breakthrough in economic affairs is usually constrained by the lack of formal relations and China's interruption. The people-centered initiative therefore becomes more salient. Chen and Chattaraj's (2017) analysis of the NSP in South Asia shows this tendency. Educational and tourism exchanges with South Asian countries have shown more progress than economic cooperation. Tsai's remark in the 2018 Yushan Forum also showed an emphasis on people-to-people contacts. She talked about the NSP's achievement in education and tourism before she addressed the 'sustainable prosperity' in the region.

The 'people-centered' NSP recognizes that Taiwan has a cultural connection to the region. The NSP intends to (re)establish the tie between peoples in Taiwan and Southeast Asia. It aims to raise the attention to the historical connections between Taiwan and the region (Chong, 2018). The policy not

only introduces Taiwan to Southeast Asia. It also brings Southeast Asian culture to the daily life of Taiwanese. The scope of the NSP is not limited to works carried out by Taiwan's representative offices in foreign countries. It essentially involves efforts improving Taiwanese people's awareness and understanding of the region. In order to fulfill this goal, the government started cultural and educational exchange programs. The Ministry of Education increased the number of students from and to the NSP countries. Universities were encouraged to offer courses related to Southeast Asia and South Asia, especially language training. The Foreign Ministry added Vietnamese and Indonesian languages to the Foreign Service exam. These policies increased the exposure to Southeast Asian culture in Taiwan.

In addition to educational exchanges, the government also targets the epistemic community. Policy research institutes were encouraged to build relations with their counterparts in NSP countries. The Council for Security Cooperation in the Asia Pacific (CSCAP) and the Center for Southeast Asia Studies (CSEAS) at National Chengchi University both have built extensive ties with institutions in Vietnam and Singapore. The government further founded the Taiwan-Asia Exchange Foundation (TAEF), which host the annual Yushan Forum. The TAEF builds platforms to forge think tank cooperation and civil society partnership. For instance, the TAEF establishes the Asia Engagement Consortium, a resource sharing coalition between major think tanks and NGOs. The Consortium promotes think tank diplomacy, bringing Taiwan's viewpoints into the policy dialog among ASEAN countries (Abb & Yang, 2018).

The NSP endeavors to reform the human resource of Taiwan society, allowing more connection with Southeast Asia. The government particularly emphasizes the role of 'new residents' and their children. These are immigrants settling in Taiwan through cross-border marriage. A majority of these immigrants come from Southeast Asia. Cross-border marriage has already taken 19% of the marriage cases in Taiwan. About 9% of the newborn in Taiwan has at least one immigrant parent. The government saw the offspring of the new residents as an advantage to connect Southeast Asia. The Ministry of Education proposed a *New Southbound Talent Development Program*. The MOE opens language courses on the elementary level, encourages the children of new residents to visit their parents' home countries, and develops their skills to work in Southeast Asia after they graduate. These projects are a long-term effort that develops the young generation's talent. The government expects these young people will better bridge Taiwan and the NSP countries.

The NSP adopts a bottom-up process to change how Taiwanese see Southeast Asians. Its initiatives transform Taiwan's self-perception (in terms of foreign relations) from being part of East Asia to being part of Southeast

Asia. Such an identity transformation largely aims at the people of Taiwan than the people in NSP countries (Yang, 2018). The government encourages its people to learn and embrace the culture, custom, and daily life of Southeast Asia. With more Taiwanese people identify themselves as part of Southeast Asia, they are more likely to reach out to the region and create binds with the NSP countries through work, travel, or study. As the connections between peoples increase, the Taiwanese government expects that citizens and the governments in Southeast Asia are inclined to accept Taiwan as a member of the region. Then the government can take a step forward to establish closer ties on the semi-official or official level.

The constraints and prospect of the NSP

While the NSP aims to strengthen the relations with target countries, the broad scope and its people-centered emphasis create some constraints. First, in order to attract target countries to participate, the NSP is essentially non-political. Its contribution rests on low politics where the governments of the NSP targets have fewer interests or have limited capacity to intervene. The linkages are forged on the private domain or on the level of provincial governments. This connection may indeed build a partnership with citizens in the NSP countries, but their impact on formal relations is expected to be limited.

Second, the goals outlined in the Work Plan are comprehensive and vague. It makes an evaluation of the policy difficult. A corresponding problem with the lack of specific goals is the lack of good metrics to evaluate the policy. The success of the NSP is hard to measure. The impact of people-to-people contacts is subtle and requires a long time to take effect. Economic ties and bridging civil societies always seem useful to ordinary citizens, but their effect on foreign relations between states is obscure. It is also hard to anticipate how solid such linkage is and how long it will hold. The Taiwanese government may claim success as long as some exchange programs are still working despite the quality of their linkages are very weak. It is also hard to prove that these linkages have a meaningful impact on bilateral relations. As a result, critics maintain that the NSP cannot bring substantive diplomatic interests or economic breakthrough (Huang, 2018).

This paper maintains that it is premature to determine the success or the failure of the NSP. The policy will take a long time to have an effect, particularly on the level of civil society. The Taiwanese government can hardly present substantive progress during Tsai's first term. Even if the government can present evidence of increased relations, the evaluation depends heavily on the reviewer's expectation. A people-centered policy is hard to evaluate objectively because its benefit is often unclear and not quantifiable. For

those who have high hope that NSP will facilitate Taiwan's participation in regional affairs or quickly expand bilateral economic exchanges, the NSP will most likely be a disappointment. For those who eye on civil society development and public diplomacy, the NSP may have a prominent achievement.

In sum, The NSP represents an ambitious vision. The main objective is the diversification of Taiwan's economic relations and building cultural linkage with the NSP countries. It is a systematic effort to draw the Taiwanese people away from mainland China and merge themselves into South and Southeast Asia. The government put heavy emphasis on two-way connections between citizens. The people-centered nature of the NSP makes it a soft policy by design. The initiatives are essentially non-political and de-politicized so they would not trigger China's responses. But they will build linkages between peoples. The government counts on these linkages to consolidate friendship in target countries. The NSP put little emphasis on official relations with the targets. As China's thorny diplomatic blockade has caused significant damage to Taiwan's foreign relations, the NSP does not mend or compensate for the loss.

A credible signal of self-restraint

Signaling foreign policy intent

One may argue that the effect of the NSP is primarily on Taiwan's relations with the target countries. And it shall have limited or no impact on relations with third countries. However, Taiwan's foreign policy plays an important role in US–Taiwan relations. The US cautiously pay attention to Taiwan's foreign policy for fear of entrapment into a conflict provoked by Taiwan. As Taiwan's main foreign policy initiative, the NSP has a significant implication on US–Taiwan relations. The design and implementation of this policy can signal the Tsai government's policy direction. And the US can observe whether Taiwan's foreign policy behavior is coherent with its interest in Taiwan Strait. Taiwan's policy choice thus affects the US's willingness to provide extended deterrence. If the US approves the direction of Taiwan's foreign policy, it will be willing to voice for Taiwan. On the contrary, the US will show more reservation if Taiwan seeks *de jure* status or recognition in both domestic politics and international organizations.

Due to the lack of formal diplomatic relations, Taipei and Washington rely on symbolic gestures to signal their foreign policy interest. These gestures include public statements, domestic legislation and executive order, arms sales, military training programs, and official visits and exchanges. Taiwan uses costly signals, such as approving arms sales budgets, to inform

its loyalty to the US. Foreign policy analysts depend heavily on these gestures to evaluate bilateral relations.

Taiwan's de facto autonomy has been an interest for the US since the two countries broke formal relations in 1979. Throughout various administrations, the main goal of the US has been keeping the stability in Taiwan Strait by preventing any party from changing the status quo. The US provides indispensable extended deterrence to Taiwan's security. Today the US remains the only country who publicly supports the defense of Taiwan. The US commitment is not without conditions. Although the US's Taiwan policy has been marked by 'strategic ambiguity' (Benson & Niou, 2001; Kastner, 2006; Rigger, 2011), it has been clear that the US will not defend Taiwan if Taiwan provokes a conflict. Such provocative behavior includes the declaration of de jure independence and seeking membership in international organizations that require statehood status. The American Institute in Taiwan's (AIT) recent statement against the referendum on independence reconfirmed this position (Hsu, 2019).

The demand for independence has emerged in Taiwan during the Japanese colonization. After Taiwan's democratization, its leaders constantly bore the political pressure from the pro-independence groups. As a pro-independence party, the pro-independence groups (or the dark-green groups) constituted the base support of the DPP. Consequently, Tsai needs to address their demands in her domestic as well as foreign policy. At the same time, Tsai knows clearly that the US dismisses pro-independence policies. The pro-independence tendency of the DPP voters makes it important for Tsai to signal its intent to 'maintain the status quo'. Tsai had made several reassurances to the US government before she was elected. During her visit to the US in 2015, Tsai emphasized her desire to maintain the status quo in Taiwan Strait. Although the content of her conversations with the US government was not open to the public, it was generally agreed that Tsai's message was well-received (Liu, 2015).

After the DPP won the presidential election, Tsai needed to fulfill her promise. As Fearon (1997) points out, foreign policy interests are credible when involving costly signals: an action that incurs consequence on the decision maker if he or she does not carry out the promise. States need to create credible signals to endorse its commitment. Otherwise, guarantees are no more than a cheap talk and a leader can always back down from promised actions. The credible signal can be communicated by tying hands or sinking costs (Slantchev, 2005; Yarhi-Milo, Kertzer, & Renshon, 2018). The former involves subjecting a policy to audience cost, making the leader culpable for failing to keep his or her policy (Schultz, 2001; Weiss, 2013). The latter is the resource mobilized to demonstrate a government's resolve to carry out the policy.

In the context of cross-Strait relations, Tsai needs to provide guarantees for a foreign policy that does not pursue Taiwan's *de jure* independence. Bilateral interactions such as official visits are not enough to communicate Taiwan's resolve. Any promise Taiwan makes via diplomatic channel can be cheap talk. Both the US and Taiwan knows that Tsai can change her foreign policy anytime if she desires. The Taiwanese government needs a concrete policy initiative that stays away from the demand of pro-independence groups, and it shall remain committed to that policy. If the US recognizes Taiwan's foreign policy intent, the US will be more willing to support Taiwan's defense and maintain a solid bilateral partnership.

In terms of domestic politics, Tsai's government has carefully kept distance with efforts that might cause the US's dismay. For instance, the pro-independence groups launched a campaign for the 2020 Summer Olympics name-changing referendum. A DPP politician brought this proposal to the DPP's Central Committee for review. She later withdrew her proposal, knowing the party would not support it. The pro-independence groups continued to push for the referendum, but the government made it clear that it would not endorse the referendum (Chen & Chin, 2018; Yan 2018b). Without the government support, this referendum eventually failed to pass in the 2018 election.

As the NSP becomes Taiwan's main foreign policy initiative, it plays an important role in sending a signal of self-restraint. Although this policy was not designed for US-Taiwan relations, its emphasis on low politics and people-to-people contacts makes it a non-provocative initiative. The goals and the approach of the NSP significantly differ from the policy adopted by previous DPP President Chen Shui-bian. Although Chen also had the Go South policy, he had put more effort into status-seeking policies such as UN membership bids, which had raised serious concern from the Bush administration. The US thus has reason to doubt whether Tsai will put the NSP as a priority. To reassure the US, Tsai needs to commit to a foreign policy path different from Chen's. Her foreign policy intent will be credible if it incurs certain costs to her government. In this way, Tsai can communicate her resolve to maintain the status quo.

The NSP does not generate a tying hand effect by incurring audience cost. If Tsai decides to abandon the NSP or simply fails to fulfill the goals, she is unlikely to suffer politically. Instead, she could consolidate her position by placating the dark-green groups with status-seeking policies. Therefore, The NSP's signal of resolve depends on the sunk costs created when the Tsai government carries out the policy. The sunk costs help the government show its dedication to a non-provocative foreign policy, and it demonstrates that the government will not suddenly change its foreign policy direction.

The following paragraphs discuss how the NSP serves as a costly signal for Taiwan. The discussion suggests that the Taiwanese government has paid certain costs during the implementation of the NSP. The Taiwanese government mobilizes resources to the NSP, and it suffers domestic political support by advocating the NSP. The fact that the government is willing to bear such costs helps deliver a credible signal. More importantly, the US can verify the NSP's implementation in public. It can be assured that Taiwan's foreign policy actions are coherent with Tsai's promises. These constitute a credible signal of self-restraint in foreign policy.

The resources devoted to the NSP

The Tsai government has mobilized resources that would otherwise have not dedicated to foreign policy. It created a new financial responsibility to the government. The resources the government appropriated corresponded to the scope of NSP projects. In 2017, Tsai's government allocated NTD 4.45 billion (USD 145 million) to the NSP. The year 2017 was the beginning of the NSP implementation. The government investment in the NSP was relatively low since many projects were under development. The 2018 budget had a sharp rise to NTD 7.14 billion (USD 233 million), a 38% increase. The Taiwanese government did not create a separate budget plan for the NSP. The spending scattered into several government agencies. [Figure 1](#) shows the approved budget related to the NSP according to government publication. Most spending was allocated to the Ministries of Economic Affairs, Foreign Affairs, Education, Technology, and Tourism Bureau. Each ministry gained a significant increase in budget in 2018 except for the Ministry of Culture.

There are two important notes about the budget. First, the efficiency of implementation remains unclear. The NSP is a new policy with new projects. Each ministry did its best to estimate the expense in the future. The fulfillment rate depends on whether the government can successfully carry out the projects. Second, the NSP is not a financial burden. The 2018 NSP budget takes less than 1% of the general budget. However, the NSP budget is large in terms of the resources devoted to foreign affairs. The total budget for the Foreign Ministry is 26 billion NTD in 2018. The NSP's total budget equals 27% of Foreign Ministry's yearly budget. If the NSP projects proposed by various ministries all contribute to foreign relations, the government has in fact committed a good deal of resources to the NSP.

The NSP budget has a symbolic meaning. It points out the government's policy direction. The sharp increase in budget from 2017 to 2018 shows an increased dedication to the policy. The government supports new transnational cooperation projects as well as securing more resources to

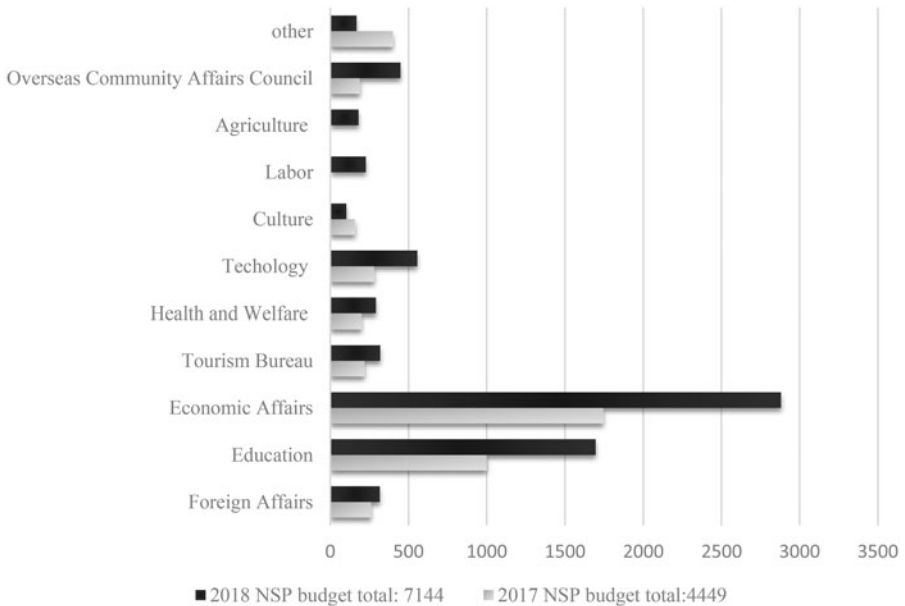


Figure 1. Budget distribution of the NSP for FY2017 and FY2018 (millions NTD). *Source:* 2017 Central Government General Budget, Directorate-General of Budget, Accounting and Statistics, Executive Yuan, ROC, Taiwan; Assessment report on 2017 Central Government General Budget, Budget Center, Legislative Yuan, ROC, Taiwan.

facilitate cross-border business opportunities. It does not, however, suggest that the government is drained out of the resources. To be sure, the government could finance other foreign policy agenda it deems important (e.g. WHA bid) by pooling resources from other categories of expense. But the NSP is the only foreign policy initiative that receives special attention from the government.

If the Tsai government was not serious about the NSP, there would be no need to allocate additional budget to the Executive Yuan. Each ministry had already had international cooperation projects with some of the NSP targets. Strengthening the existing cooperation would be another option to implement the NSP. In that sense coordination between ministries will not be necessary. However, the government appropriated budget to achieve the goals listed in the Work Plan. Senior officers worked tirelessly to coordinate and monitor cross-ministry cooperation. The National Security Council tracks implementation progress regularly. Tsai's promise was put into practice in an organized way with proper financial resources. This shows that Tsai's proposal of looking south is genuine. This credibly communicates the message that the Taiwanese government has little interest in pursuing an adventurous foreign policy like the previous DPP administration.

Domestic political costs

The other costly signal is related to Taiwan's domestic politics. Tsai's relations with dark-green groups have been tense since the presidential election. During the electoral campaign, Tsai promised to maintain the status quo. Her position disappointed some of her supporters. Some senior pro-independence activists planned to establish a Taiwan Independence Action Party, which might have divided the DPP. These activists later turned their support to New Power Party (Su & Chung, 2015). Upon DPP's victory in the presidential election, the pro-independence groups expected that Tsai would push for independence. But Tsai failed to embrace the pro-independence position. During Tsai's inauguration ceremony, some activists protested against Tsai, warning Tsai not to accept the 1992 Consensus. Two days later, more came to protest against Tsai when she paid tribute to Martyrs' Shrine (Hsu 2016).

Tsai's cross-Strait and foreign policy upset the dark-green groups. Even though she sought support from these groups to counter the KMT, she carefully maneuvered to keep distance with them. For instance, Tsai did not arrange positions for pro-independence activists in the Foreign Ministry and National Security Council. Wu Li-pei, a senior leader of the pro-independent groups, more than once criticized Tsai's cabinet appointments in public. He urged to replace the Foreign Minister David Lee because Lee 'failed to defend Taiwan's interests' and 'advocated the 1992 Consensus' (Hsiao, 2016). He also complained about Tsai's indifference to the Taiwan independence movement (Chen 2017b). The lack of Tsai's support for independence frustrated the pro-independence activists. They felt left out as they did not receive the same respect and support as during Chen Shui-bian's administration.

Tsai's foreign policy was even a bigger disappointment to the pro-independence groups. Tsai did not pursue the foreign policy they favor, which sought Taiwan's statehood in international society. On the contrary, Tsai consciously avoided seeking political status in other countries or international organizations. Taiwan's UN bids from 2016 to 2018 were kept low-profile. Taiwan only asked its allies to voice for Taiwan's meaningful participation in the UN-affiliated agencies. It did not bid for participation in the main bodies of the UN. The government did not sponsor the campaign held by the Taiwan United Nations Alliance, a civilian organization which has pushed for Taiwan's membership in UN over 13 years (Focus Taiwan, 2017b; Jacobs, 2016; Kan, 2016). The same occurred to the WHA bid. The government issued a strong protest after China abruptly scrapped Taiwan's observer status in the WHA. The pro-independence group urged the government to apply for the WHO membership, but the government was not interested. Even with strong support from the US, Japan, and EU, the

Taiwanese government was reluctant to formally propose for its participation in the WHA (Yeh, 2019). The government also refused to endorse the Olympics name-changing campaign. From the viewpoint of pro-independence activists, Tsai failed to support most of the foreign policy agenda they desired.

The NSP was no hope for pro-independence groups. Although they welcomed the government's effort to divert Taiwan's economic dependence on China, the NSP did not seek a diplomatic breakthrough in Southeast Asian countries. None of the NSP objectives would advance Taiwan's political recognition by target countries. It did not aim at participating in any regional forums attended by state representatives. The government did not push for representing the country under the name of 'Taiwan'. In many cases like the Olympic Games and APEC, the Tsai government refrained from getting into sovereignty issues. The dark-green groups were not satisfied with the lack of sovereignty claims on the international stage.

The criticism from the dark-green groups has become acute under stringent Chinese pressure. They complained that the government was too soft on China. And its foreign policy was not progressive enough. Meanwhile, the opposition party KMT blamed the diplomatic debacle on Tsai's cross-Strait policy. The KMT also argued that the NSP had limited achievements and failed to open up business opportunities (Chen, 2017c; Cheng, 2017; Zheng, 2017).

Tsai's domestic support was not solid. Her support rate plummeted since her inauguration. According to polls made by Taiwan Public Opinion Foundation, a pan-green think tank, Tsai's approval rate dropped from 69.9% at the beginning of her tenure to the lowest point of 29.8 in August 2017. To be sure, many unpopular policies such as labor regulations reform and pension reform caused much dissatisfaction among the public. But Tsai's approval rate in foreign policy also dropped significantly from 56.5% to 39%. Her disapproval rate in foreign policy, on the contrary, rose from 36.4% to the highest point of 56.5% in January.⁴

The low popularity brings backlashes upon Tsai within the DPP. The electoral defeat in 2018 local election again worsened Tsai's position as the party leader. Tsai resigned from DPP's chairperson after the election. The pro-independence DPP members quickly challenged Tsai. Four senior figures in the independence movement released an open petition for Tsai's withdrawal from the next presidential election (Lee & Chin, 2019).

The electoral defeat brought pressure on the government. Tsai consequently made an adjustment to her cross-Strait policies to earn the heart of the DPP supporters. She has become more willing to confront Beijing in her recent remarks, highlighting the 'growing threats' from China (Rivers, Jiang, & Westcott 2019). In the meantime, Tsai has maintained the low-profile

foreign policy. The government did not pick up status-seeking foreign policy that dark-green groups prefer. The goals and main tasks of the NSP remain unchanged. The government remains silent despite the pro-independence group urged to take more actions in WHA bidding (Formosa News, 2019). The contrast between Tsai's cross-strait and foreign policy shows that she is willing to bear the political costs accompanied by a moderate foreign policy. The government's commitment to the people-centered NSP continues to raise criticism from the dark-green groups, but the Tsai government is determined to maintain the NSP in its current form.

Transparency and signal of intent

The signal of a non-provocative foreign policy is more convincing when other states can observe Taiwan's foreign policy move. The transparency of the NSP has an advantage in this regard. The NSP's intention, goals, enforcement process are open to the public. Foreign countries can easily identify Taiwan's foreign policy agenda and find specific plans Taiwan tries to deliver. Tsai also explained the NSP initiatives during her public statements and interviews. Transparency allows the US government, as well as the NSP countries, to assess whether the NSP is a non-provocative policy.

The Taiwanese government could have adopted other moderate policies, such as strengthening bilateral ties with Japan or sending non-official representatives to international organizations. As long as Taiwan would not seek statehood status in its diplomatic activities, the US could have recognized Taiwan's effort to maintain the status quo. However, the NSP has an advantage that better signals Taiwan's policy direction. The NSP is a strategic choice that is coherent with Taiwan's needs as well as the popular trend in regional politics. As Taiwan's neighbors increase their presence in South and Southeast Asia and the investment environment in China deteriorates, it is reasonable for Taiwan to divert its economic and diplomatic attention to the NSP countries. The NSP is consistent with the needs of Taiwanese business and civil society. Even though the economic opportunities in this region may not be as attractive as mainland China, Taiwanese business has an interest exploring these markets because the part of the global supply chain has gradually moved to this region. As for Taiwan's civil society, the NGOs in Taiwan is well-developed and they look forward to a chance to strengthen its ties with foreign civil societies. The NSP provides funding and platform to reach out to foreign peoples. In general, the NSP has the potential to bring substantive benefit to Taiwan and it has a good chance of success. Therefore, it is more convincing to pursue the NSP than adopting other non-provocative policies.

Tsai has so far fulfilled her commitment to a people-centered foreign policy. The Taiwanese government deliberately choose to avoid the sovereignty dispute while pursuing the NSP. The NSP could have focused on status-seeking efforts such as participating in regional forums (e.g. the Shangri-La Dialog) or obtaining political recognition. But the Tsai government has consciously avoided sensitive diplomatic exchanges and focused only on issues where Taiwan can best exert its impacts. Since early 2017, the NSP implementation largely echoed the call for the 'people-centered' approach. The government has initiated projects that were not politically sensitive, covering direct investment, cultural exchanges, humanitarian assistance, and civil society development. According to the report issued by the Executive Yuan, the metrics of achievements includes economic exchange, talent exchange, resource sharing, and regional linkage. Among the 54 indicators of achievement, none of them involves intergovernmental relations.

Take the government's emphasis on educational exchange and tourism as an example. These efforts take 21 out of the 54 metrics. The Taiwanese government has paid much attention to foreign tourists because of the sharp decline in the number of mainland tourists. The government wanted to introduce tourists from the NSP countries to fill the gap. According to official statistics, the NSP tourists visiting Taiwan increased by 37.3% by the first half of 2017. The number kept growing as the government further relaxed visa regulations to the NSP countries.⁵ In terms of education, the government offers scholarships for students from the NSP countries to study in Taiwan. The government aimed for 20% annual growth of the number of students coming from the NSP countries. The progress of tourism and education has been the main achievement in the government's propaganda.

The Tsai government put a significant effort into the NSP and it has little interests pursuing status-seeking policies. Instead, it expands relations with the NSP countries over low-profile, non-political, people-to-people cooperation. This is still valid when the NSP suffers criticism from inside and outside of the DPP. Tsai has promised the US a moderate foreign policy. Her words have met with deeds. The implementation of the NSP since 2017 has been consistent with Tsai's promise. Taiwan has shown its resolve to maintain a moderate foreign policy.

The impact of the NSP on US–Taiwan relations

The NSP and the recent development of US–Taiwan relations

As a result of Taiwan's dedication to the NSP, the US understands that Taiwan's foreign policy is not provocative. It appreciates Taiwan's effort to

maintain the status quo under the pressure of the dark-green groups. Taiwan further signals the desire to be a responsible partner by accommodating the US interests under President Trump. Tsai promised to sustain an increase in Taiwan's defense budget by 2% every year. She also promised to establish an autonomous defense, starting with building its own submarines (Focus Taiwan, 2017a, 2017c; Schuster, 2018). These statements address the problems of burden-sharing, which has been the main concern of the Trump administration toward its allies. The US government recognizes that Taiwan's foreign policy is consistent with its interests in the region. Alex Wong, a deputy assistant secretary at the State Department, gave the US's impression about the NSP during a press conference:

There are a number of crisscrossing strategies throughout the region ... if you look at Taiwan's NSP, these partners in the region are all seeking to increase political, security, and economic ties, particularly with the ASEAN states. And that's in our interest.⁶

Wong's comment shows the US's appreciation of the NSP. Taiwan's foreign policy behavior makes the US comfortable to support Taiwan. As a result, US–Taiwan relation has been warm and solid since Tsai's inauguration. For instance, Tsai received a warm welcome and high-level treatment during her transit stops in the US (Horton, 2018). Congress passed the Taiwan Travel Act, relaxing restrictions for bilateral official visits. Congress members planned to invite Tsai to address the Congress (Reuters, 2019). President Trump also signed the 2019 National Defense Authorization Act, which requires the government to assess and assist Taiwan's defense capacity building.

As China increased its coercive tone, the US is convinced that China is the one provoking tension in Taiwan Strait. China's hostile diplomatic and military moves have provoked stronger responses from the US government. In August 2018, the White House made a strong statement on El Salvador's decision to break up its diplomatic relations with Taiwan. The statement was unprecedentedly harsh when the US said China's influence on El Salvadoran government 'will result in a reevaluation of our [the US] relationship with El Salvador'.⁷ These demonstrate that Taiwan's foreign policy received high appreciation among the highest level of officials in the US government.

The strong US support suggests that Tsai can confidently resist China's demand for unification. Tsai highlighted the threat from China in her 2019 New Year remark. After Xi called for unification on January 2nd, Tsai immediately rejected Xi's offer of 'one country, two systems' with a firm and unyielding tone. She also calls for international support for Taiwan's de facto independence (Horton, 2019). Recently, she reached out to Japan for a dialog over cybersecurity and regional security issues, but Japan later

rejected her proposal (Deaeth, 2019). These examples show that the Taiwanese government has become more willing to directly confront China. And it would invite other 'like-minded' countries to counter China. However, Taiwan's foreign policy remains low-profile and avoids status-seeking policies. For instance, the Taiwanese government kept a very low-profile on Japan's rejection of a security dialog (Ministry of Foreign Affairs, 2019). It clearly tried to avoid complication that might cause hassles between Japan and China. The government did not propose any new foreign policy initiative, nor did it initiate new foreign policy goals. There has been no change to the NSP, UN bidding, or the WHA bidding.

The divergence between Taiwan's recent attitude toward China and its foreign policy behavior suggests that the Tsai government is aware of the connection between its foreign policy and US-Taiwan relations. Since the US welcomes the NSP and appreciates its adherence with its Asia policy, the NSP will allow Taiwan to build a closer tie with the US in the Indo-Pacific region. The cordial relations will then affect the cross-Strait relations. As the US increases its support for Taiwan in public, its deterrent signal becomes strong and clear. The Taiwanese government can then stand firm against China's military threat.

Cooperation in NSP countries: is FOIPS a chance?

The US has gradually formulated the FOIPS since late 2017. The FOIPS aims to strengthen economic and defense cooperation with the Indo-Pacific countries. There is a strong expectation among the Taiwan officials, the Taiwan public, as well as some academics that Taiwan could play a role in the FOIPS (Danielsson, 2017; Ma, 2018; Soong, 2018; Yan 2018a). During her meeting with former US Vice President Dan Quayle in 2016, Tsai said Taiwan 'can contribute to regional peace and stability, and it would also be helpful to the role played by the US in the region'.⁸ John Deng, the senior government official who is in charge of the NSP, made a similar comment to urge US-Taiwan cooperation under the NSP. Although the details of contribution were not specified, Taiwan was eager to show interest in aligning with the US in the NSP countries. Indeed, the NSP aims at economic development through freedom, openness, honesty, and sustainability, which is largely coherent with the FOIPS. Taiwan already started a joint investment of auto parts factory with Japan in Indonesia (Taipei Times, 2017). The Taiwanese government has expected similar cooperation with the US.

There were occasional signs that the US encouraged policy alignment between the NSP and the FOIPS. For example, when asked about Taiwan's role in FOIPS, former secretary of defense Ash said the US wanted 'an inclusive network of countries pursuing security in a way that is based upon

rules and principle, and not coercion'. He later added that 'Taiwan is a part of that network' (Chung, 2018). President Trump signed the Asia Reassurance Initiative Act, which elaborated the US's strategy in the Indo-Pacific region. The Act contained provisions to reaffirm the US's support to Taiwan (Panda, 2019). Michael Pillsbury, a consultant to the Trump administration, also encouraged Taiwan to push the free and open economy to echo the FOIPS before the White House has finalized the policy (Central News Agency, 2018).

This does not suggest a strategic partnership over security and defense between Taiwan and the US outside Taiwan Strait. The US's Asia allies, Japan and Australia in particular, will assume this role. Taiwan will not be involved in security affairs due to its sensitive political status. The cooperation between Taiwan and the US in the Indo-Pacific region will focus on the private sector, most likely the joint US–Taiwan investment projects in the region.

The prospect of economic cooperation is, however, very obscure. Secretary of State Pompeo said when he explained the FOIPS: 'the U.S. Government doesn't tell American companies what to do. But we help build environments that foster good, productive capitalism'.⁹ His statement suggests that the US will take a passive role to facilitate the private sector's operation in the Indo-Pacific region. American business will explore opportunities in the region on their own. The US embassies lack the incentive to initiate cooperation between Taiwanese business and their American counterparts. That being said, the US embassies will have no reasons to object such cooperation. If the Taiwan government can propose a workable project and acquires support from an American partner, the US government will certainly provide necessary assistance.

However, the business in Taiwan and the US have not found a clear ground where a business alliance can provide a lucrative economic incentive. The Taiwanese government can encourage its business to cooperate, but this requires a specific proposal on the part of Taiwanese business or the Taiwanese government. The US government will not be interested unless Taiwan proposes substantive plans that help American business to profit in the Indo-Pacific region. Taiwan has brilliant ideas and promising prospects, but it lacks concrete plans of what, where, and how such cooperation can proceed. In terms of providing insights, TAITRA is expected to take a more role in setting up the details for a US–Taiwan joint venture. It has profound experience in market research and trade promotion. It has the resources and capacity to formulate a concrete proposal.

On the government level, the Global Cooperation and Training Framework (GCTF) represents an opportunity for Taiwan and the US to coordinate their foreign policy. The Framework was established under a

memorandum of understanding between AIT and TECRO since 2015. The US and Taiwan regularly co-host workshops in Taiwan. The GCTF invited experts from various professional fields to share their knowledge and experience with topics ranging from public health, digital divide, humanitarian relief, e-commerce, women empowerment, and transnational crime investigation. The participants were mostly experts and government officials in third-party countries, usually from Taiwan's diplomatic allies.¹⁰ The GCTF can promote a US–Taiwan joint venture of connecting the Indo-Pacific regions. As co-host countries, the US and Taiwan both benefit from establishing contacts from regional leaders and experts. Moreover, professional workshops may uncover business opportunities for the private sector, or they may create an incentive for cross-border research cooperation and exchanges between Taiwan and NSP countries.

The GCTF workshops are technical conferences instead of intergovernmental conferences. It should not raise China's response given its non-political nature. It is a gray area where Taiwan can establish official and semi-official contacts with the NSP countries. If China tries to sabotage the workshops by deterring third party officials to attend, the US is likely to back up the participants' home countries. Such endorsement will be consistent with the FOIPS. It will demonstrate the US's resolve to carry out the policy in the region.

China still plays an important role in Taiwan's attempt to expand partnership with the US in South and Southeast Asia. China is fully aware of the NSP and its implication on US–Taiwan relations. Many Chinese scholars maintain that Taiwan's economic diversification will not succeed because of Taiwan's dependence on the Chinese market. They warn that the NSP has a hidden agenda to consolidate Taiwan's formal relations with the US, Japan, and the NSP countries (Chen, 2017a; Sheng, 2016; Shi, 2017; Wu & Li, 2017). Beijing is not convinced that the NSP serves no role in expanding Taiwan's strategic partnership with these countries. China may intervene in Taiwan's cooperation with the US or with the NSP countries if it believes such cooperation creates political advantages for Taiwan. And it will devote all its diplomatic resources to prevent formal agreements and official exchanges between Taiwan and the NSP countries. This will remain the main obstacle for Taiwan when it tries to align with the US in the NSP countries.

Conclusion

This paper argues that Taiwan's NSP has a positive effect on stabilizing US–Taiwan relations. The DPP government has steered away from seeking *de jure* independence or political recognition. The NSP's focus on low-

politics has allowed Taiwan to signal its commitment to a non-provocative foreign policy. The establishment and implementation of the NSP have delivered a credible message to the US government: Taiwan will create no surprise for the US, and its foreign policy is consistent with the US interests in Taiwan Strait.

To be sure, the primary objective of the NSP is building relations with the South and Southeast Asia countries. There is little evidence that the NSP was purposefully designed to improve US–Taiwan relations. Nevertheless, the NSP’s positive impact cannot be underrated. Taiwan’s foreign policy is highly associated with the US’s attitude toward Taiwan. The NSP plays a role in reassuring the US about Taiwan’s intention. It affects the US’s willingness to voice for Taiwan.

Taiwan’s commitment to a moderate policy is met with deeds. President Tsai has made the NSP a long-term policy initiative. Despite the rising hostility from Beijing and internal criticism, Tsai’s government has put the ‘people-centered’ NSP into practice. The US recognizes that Tsai has fulfilled her promise during the presidential election and has maintained a moderate foreign policy. As a result, the US–Taiwan relations have been cordial. The recent US public statements clearly demonstrated a strong position to challenge China’s coercion against Taiwan.

On the other hand, Tsai’s commitment to a moderate foreign policy can be weakened if her government ceases to devote a similar level of resources to the NSP or allocate more resources to status-seeking policies. Signs of policy changes include, for example, calling for attending intergovernmental forums as a state member, launching name-changing campaign in non-governmental or semi-governmental organizations and activities, and seeking formal agreements with other countries over political and defense matters. These moves can be alarming to the US.

If Taiwan were to abandon the NSP and sought more provocative foreign policy, the driving cause would very much be the change of domestic politics. Tsai is vulnerable to the disapproval from her own party since her reelection in 2020 depends on a unified DPP. The electoral defeat in 2018 has put great pressure on Tsai. She has since toughened her tone against China, a move that expects to attract pan-green voters. If Tsai cannot consolidate supports within the party, she may advocate policies that will placate the dark-green voters. To prevent a change toward an adventurous foreign policy, the US would have to recognize Tsai’s dedication to the NSP.

The FOIPS offers Taiwan an opportunity to align its foreign policy with the US’s. As far as the US is willing to stand with Taiwan, the chance of joint cooperation in a third country is by and large controlled in the hands of private sectors and the government of Taiwan. Meanwhile, the GCTF can potentially be a good platform for intergovernmental cooperation.

The NSP plays an important role in US–Taiwan relations. It helps the Taiwanese government to reassure the US. It also provides an opportunity for Taiwan to tie its foreign policy to the US's. The US–Taiwan relations will remain close and stable as Taiwan focuses on developing people-centered relations with the NSP countries. The stronger US support results in a clearer deterrent signal in Taiwan Strait. The Taiwanese government therefore becomes more capable of resisting China's assertive coercion. The Tsai government understands this linkage. It is expected that the government will maintain the 'people-centered' NSP and seizes this opportunity to strengthen its relationship with the US.

Notes

1. Governments remains silent about the progress, but bilateral renegotiations are underway with several countries. See Pei-fen Chang, "Wang Mei-hua: tai-yue touzi baozhang xieding chixu jieqia fanxiu zhong (Wang Me-hua said Taiwan continued to renegotiate BIT with Vietnam)," *Commercial Times*, July 26, 2017, <http://tinyurl.com/yd8kmunn>; Wen-qi Huang, "Tai-Inni toubao jinghe xieding youying jingbu jiji qiaqian (Ministry of Economic Affairs took the initiative to negotiate bilateral investment treaty and economic agreement with Indonesia)," *United Daily News*, March 29 2018. <http://tinyurl.com/ybmj7529>.
2. See the regular press conference held by Foreign Ministry of China on December 8 2017. Full text available at <https://tinyurl.com/yag2cr53>.
3. The wording of these statements varies. Upholding "One China" is the common language commonly used. See the list of joint declarations on Foreign Ministry of China, <http://mfa.gov.cn/chn/gxh/zlb/smgg/>.
4. Data is accessible at <https://tinyurl.com/y9mopmmf>.
5. *Tourism 2020*, <https://tinyurl.com/ydfuv2vh>. The government took several steps to relax the visa requirements. Latest update is available at MOFA website, <https://tinyurl.com/yd7wb5mh>.
6. See Department of State, Briefing on The Indo-Pacific Strategy, April 2 2018, <http://tinyurl.com/yc4apn7q>.
7. See Statement from the Press Secretary on El Salvador, August 23, 2018, <https://tinyurl.com/yava9cu5>.
8. "President Tsai meets delegation led by former US Vice President Dan Quayle," October 26, 2016, <http://tinyurl.com/y5enezof>.
9. Michael R. Pompeo's remarks on "America's Indo-Pacific Economic Vision," full-text available at <https://www.state.gov/secretary/remarks/2018/07/284722.htm>.
10. See AIT's event records on GCTF, <https://tinyurl.com/yb9kfceq>.

Acknowledgment

The author would like to thank Yun Sun, Yuki Tatsumi, Brian Eyler, Kwei-Bo Huang, Chia-Yi Lee, and anonymous reviewers for their assistance and comments. The author conducted several interviews in Washington DC in the summer of 2018. The author would like to thank all the interviewees for their contribution. Any errors contained in this article are the sole responsibility of the author.

Disclosure statement

No potential conflict of interest was reported by the author.

Funding

This work was supported by the Stimson Center.

References

- Abb, P., & Yang, A. H. (2018). The impact of democratization, political culture, and diplomatic isolation on think-tank development in Taiwan. *Pacific Affairs*, 91(1), 73–94. doi:10.5509/201891173
- Benson, B. V., & Niou, E. M. (2001). *Comprehending strategic ambiguity: US Security Commitment to Taiwan* (Working paper). Durham, NC: Duke University.
- Bush, R. C. (2016). *Decoding Xi Jinping's latest remarks on Taiwan*. Brookings Institution. Retrieved from Name website: <http://tinyurl.com/y346bu4n>.
- Central News Agency. (2018). *Taiwan urged to think creatively on 'Indo-Pacific' strategy* July 25, 2018. Retrieved from <http://tinyurl.com/y75sc9m8>.
- Chao, W.-C. (2016). Opportunities and challenges of Taiwan's 'New Southbound Policy' under Mainland China's 'one belt, one road' initiative. *Prospect Journal*, 16, 79–104.
- Chen, F.-Y., & Yen, W.-T. (2016). Who supports the sunflower movement? An examination of nationalist sentiments. *Journal of Asian and African Studies*, 52, 1193–1212. <https://doi.org/10.1177/0021909616645372>.
- Chen, J. (2017a). Taiwan 'xinnanxiang Zhengce' Mianlin de Fengxian Yu Tiaozhan (The risk and challenges faced by Taiwan's New Southbound Policy). *Modern Taiwan Studies*, (3), 41–47.
- Chen, M., & Chattaraj, S. (2017). New Southbound Policy in India and South Asia. *Prospect Journal*, 18, 35–62.
- Chen, X. (2017b, March 12). Wu Li-Pei Zizheng Zhuanfang (Interview on Senior Advisor Wu Li-Pei). Taiwan News Review. Retrieved from <http://tinyurl.com/yd3fgfch>.
- Chen, Y.-F., & Chin, J. (2018, August 7). Lai defends inaction on Olympics drive. *Taipei Times*. Retrieved from <http://tinyurl.com/ybfgxc4h>.
- Chen, Y.-y. (2017c, July 23). Zhu Pi Xinnanxiang, Yu Daozheng Liangan Guanxi (Hong Hsiu-Chu criticizes new southbound policy, urge redirect cross-strait relations). *China Times*. Retrieved from <https://tinyurl.com/ydz66adt>.
- Cheng, H.-L. (2016, May 28). Zhuanfang Tsai Ing-Wen: Xinnanxiang Zhengce Nengfou Luoshi (Interview on Tsai Ing-Wen: Can New Southbound Policy be fulfilled?). BBC China. Retrieved from <https://tinyurl.com/y8dgtjrj>.
- Cheng, Y.-F. (2017, May 11). Jingji Pin Nanxiang? Zhuanjia Pi: Yi Guo Dou Mei Qiancheng (Southbound Economy? Expert says no deal with any country). Taiwan Awakening News Networks. Retrieved from <http://tinyurl.com/y728svon>.
- Chong, J. I. (2018). Rediscovering an old relationship: Taiwan and Southeast Asia's long, shared history. *The National Bureau of Asian Research*. Retrieved from <http://tinyurl.com/y4r6a9oy>.

- Chung, L. (2018, July 24). Taiwan is part of Indo-Pacific strategy, Former US Defence chief says. *South China Morning Post*. Retrieved from <http://tinyurl.com/yb2qk3ky>.
- Danielsson, L. (2017). Potential US business opportunities under Taiwan's New Southbound Policy. *The Global Taiwan Brief*, 2(29). Retrieved from <https://global-taiwan.org/2017/07/26-gtb-2-29/>.
- Das, G., & Thomas, C. J. (2016). *Look east to act east policy: Implications for India's northeast*. Abingdon: Routledge.
- Deaeth, D. (2019, March 2). Tsai calls for renewed Japan-Taiwan security dialogue in Japanese media interview. *Taiwan News*. Retrieved from <http://tinyurl.com/y2pxxngf>.
- Fearon, J. (1997). Signaling foreign policy interests: Tying hands versus sinking costs. *The Journal of Conflict Resolution*, 41(1), 68–90. doi:10.1177/0022002797041001004
- Focus Taiwan. (2017a, May 25). Defense autonomy shows Taiwan's resolve to defend itself: President. *Focus Taiwan*. Retrieved from <http://tinyurl.com/y8mpc4u6>.
- Focus Taiwan. (2017b, September 11). Taiwan to call on U.N. to end discrimination against Taiwanese. *Focus Taiwan*. Retrieved from <https://tinyurl.com/yarq473u>.
- Focus Taiwan. (2017c, November 2). President Tsai promises sustained increase in defense spending. *Focus Taiwan*. Retrieved from <http://tinyurl.com/yazwdgf3>;
- Formosa News. (2019, January 23). US house passes resolution backing Taiwan's participation at WHO assembly. *Formosa News*. Retrieved from <http://tinyurl.com/y3ly2dy8>.
- Glaser, B. S., Kennedy, S., & Mitchell, D. (2018). *The New Southbound Policy: Deepening Taiwan's regional integration*. Lanham, MD: Rowman & Littlefield.
- Hernández, J. C. (2016, June 25). China suspends diplomatic contact with Taiwan. *The New York Times*, sec. Asia Pacific. Retrieved from <http://tinyurl.com/y7rd6lv2>.
- Ho, M.-S. (2017). From mobilization to improvisation: The lessons from Taiwan's 2014 sunflower movement. *Social Movement Studies*, 17(2), 189–204. <https://doi.org/10.1080/14742837.2017.1377603>.
- Horton, C. (2018, August 20). Taiwan President stops in U.S. as relations warm, Angering China. *The New York Times*, sec. World. Retrieved from <http://tinyurl.com/y7nxtu8a>.
- Horton, C. (2019, January 7). Taiwan's President, Defying Xi Jinping, calls unification offer 'impossible'. *The New York Times*, sec. World. Retrieved from <https://www.nytimes.com/2019/01/05/world/asia/taiwan-xi-jinping-tsai-ing-wen.html>.
- Hsiao, A. (2016, August 30). Wu Li-Pei queries Tsai's cabinet picks. *Taipei Times*. Retrieved from <https://tinyurl.com/y788uzoc>.
- Hsiao, S. (2018, September 7). MAC report criticizes Beijing's 31 measures. *Taipei Times*. Retrieved from <http://tinyurl.com/y9wjeemt>.
- Hsu, C. (2018a, May 11). CTBC still hoping for foothold in Malaysia. *Taipei Times*. Retrieved from <http://tinyurl.com/ybvk528u>.
- Hsu, S. (2016, May 24). Tsai tribute to Sun Yat-Sen 'Simplified'. *Taipei Times*. Retrieved from <https://tinyurl.com/ycgv7fwq>.
- Hsu, S. (2018b, April 28). MAC urges precondition-free cross-strait dialogue. *Taipei Times*. Retrieved from <http://tinyurl.com/yc3vrmln>.
- Hsu, S. (2018c, December 19). Taiwan, India sign updated bilateral investment pact. *Taipei Times*. Retrieved from <http://tinyurl.com/y3p7mqc2>.
- Hsu, S. (2019, February 14). 'No Support' for referendum, AIT says. *Taipei Times*. Retrieved from <http://tinyurl.com/yynk2dw6>.
- Hsu, T.-T. (2017). A review of Taiwan's old and new go south policy: An economic perspective. *Prospect Journal*, 18, 63–87.

- Huang, K.-B. (2018). Taiwan's New Southbound Policy: Background, objectives, framework and limits. *Revista UNISCI/UNISCI Journal*, 46, 47–68.
- Jacobs, A. (2016, September 22). Sidelined at the U.N., a frustrated Taiwan presses on. *The New York Times*, sec. Asia Pacific. Retrieved from <https://tinyurl.com/ybp3jagn>.
- Kan, K. (2016, September 8). New push for Taiwan's representation at the United Nations. *The New York Times*, sec. Asia Pacific. Retrieved from <https://tinyurl.com/y9a83jz8>.
- Kastner, S. L. (2006). Ambiguity, economic interdependence, and the US strategic dilemma in the Taiwan strait. *Journal of Contemporary China*, 15(49), 651–669. doi: 10.1080/10670560600836705
- Kuo, C.-e. (2018a, January, 19). CPC says Vietnam plant to start operating in 2019. *Taipei Times*. Retrieved from <http://www.taipeitimes.com/News/biz/archives/2018/01/19/2003686014>.
- Kuo, C.-e. (2018b, April 17). CPC looking to move cracker abroad. *Taipei Times*. Retrieved from <http://tinyurl.com/y7to3j9x>.
- Kuo, T.-Y., & Chin, S.-Y. (2018). A study on the target countries of New Southbound Policy of Taiwan. *Journal of Development and Prospect*, 22(3), 49–73. [https://doi.org/10.6737/JDP.201812_\(22\).03](https://doi.org/10.6737/JDP.201812_(22).03).
- Kuo, Y. (2018c). Japan's roles in the Indo-Pacific Strategy. *Prospect Journal*, 19, 29–52.
- Kwak, S. (2018). Korea's New Southern Policy: Vision and challenges. Korea Institute for International Economic Policy. Retrieved from <http://tinyurl.com/yxu4b875>.
- Lee, H.-F., & Chin, J. (2019, January 5). Adviser has 'no regrets' over Tsai letter. *Taipei Times*.
- Lee, L. (2015). India as a Nation of Consequence in Asia: The potential and limitations of India's 'Act East' Policy. *The Journal of East Asian Affairs*, 29(2), 67–104.
- Liu, R. (2016). Seeing the elephant: Taiwan's challenges and opportunities in India. *Prospect Journal*, 16, 49–77.
- Liu, Y.-Q. (2015, June 17). Minzhujinbudang Zhuxi Tsai Ing-Wen Fangmei, 'Dianliang Taiwan Minzhu Huoban Zhilu' Caifang Baogao (DPP Chairperson Tsai Ing-Wen visits the US, report on 'Lights on Taiwan, a trip of democratic partnership'). *Radio Taiwan International*, 2015. Retrieved from <https://tinyurl.com/y7qn5gr3>.
- Ma, T. (2018). *Reinforcing the U.S.-Taiwan relationship*. Retrieved from <http://www.nbr.org/research/activity.aspx?id=861>.
- Ministry of Foreign Affairs. (2019). Record on regular press conference Text/html. Ministry of Foreign Affairs, Republic of China (Taiwan), March 5, 2019. Retrieved from <http://tinyurl.com/y4jkn5gq>.
- Nakata, H. (2012, December 19). Firms move some eggs out of China basket. *The Japan Times Online*. Retrieved from <https://tinyurl.com/yb2hywxc>.
- Panda, A. (2019, January 3). Trump signs Asia reassurance initiative act into law. *The Diplomat*. Retrieved from <http://tinyurl.com/y4t9vje7>.
- Reuters. (2014, September 12). Two years after protests, 'China Risk' still haunts Japan firms. *Reuters*. Retrieved from <https://tinyurl.com/y98wrlzo>.
- Reuters. (2017, November 9). South Korea's Moon Unveils New Focus on Southeast Asia. *Reuters*. Retrieved from <http://tinyurl.com/y6ol2nqb>.
- Reuters. (2019, February 7). Republican U.S. senators want Taiwan President to address Congress. *Reuters*. Retrieved from <http://tinyurl.com/y52sqhmd>.
- Rigger, S. (2011). *Why Taiwan matters: Small Island, global powerhouse*. Lanham, MD: Rowman & Littlefield.

- Rivers, M., Jiang, S., & Westcott, B. (2019, February 21). Facing an aggressive Beijing, Taiwan's President issues a warning to the world. *CNN*. Retrieved from <http://tinyurl.com/y2b3a3bp>.
- Rowen, I. (2015). Inside Taiwan's sunflower movement: Twenty-four days in a student-occupied parliament, and the future of the region. *The Journal of Asian Studies*, 74(1), 5–21. doi:10.1017/S0021911814002174
- Schultz, K. A. (2001). *Democracy and Coercive Diplomacy*. Cambridge U.K: Cambridge University Press.
- Schuster, C. (2018, October 12). Here comes Taiwan's submarines. The National Interest. Retrieved from <http://tinyurl.com/y6h73oow>.
- Sharma, A. (2010). The quadrilateral initiative: An evaluation. *South Asian Survey*, 17(2), 237–253. doi:10.1177/097152311201700204
- Sheng, J.-y. (2016). Tsai Ying-Wen de 'Xinnanxiang Zhengce 'Ji Dui Lianan Guanxi de Yingxiang (Tsai Ying-Wen's New Southbound Policy and its impact on cross-strait relations). *Cross-Taiwan Strait Studies*, (3), 46–56.
- Shi, D.-S. (2017). Taiwan 'Xinnanxiang Zhengce 'Zhong de Meiguo Yinsu (the US factor in Taiwan's New Southbound Policy). *Taiwan Studies*, (4), 81–86.
- Slantchev, B. L. (2005). Military coercion in interstate crises. *American Political Science Review*, 99 (04), 533–547. doi:10.1017/S0003055405051865
- Soong, H.-W. (2018). US strategy of 'a free and Open Indo-Pacific': A perspective of Taiwan. *Prospect Journal*, 19, 9–28.
- Su, F.-h., & Chung, J. (2015, August 11). Taiwan independence action party to focus efforts on supporting new power. Taipei Times. Retrieved from <https://tinyurl.com/y8vteb95>.
- Taipei Times. (2017, May 15). Automakers eye Indonesia market. *Taipei Times*. Retrieved from <https://tinyurl.com/y7edbdju>.
- The Economist. (2017, March 11). The great obfuscation of one-China. Retrieved from <https://tinyurl.com/y7gtzuhm>.
- The New Indian Express. (2017, February 15). India shifting acceptance of 'One China Policy' by hosting Taiwanese delegation? *The New Indian Express*. Retrieved from <http://tinyurl.com/y2agevuq>.
- Tiezzi, S. (2017, December 9). Taiwan's 'New Southbound Policy' scores win in the Philippines. *The Diplomat*. Retrieved from <http://tinyurl.com/y46p2olf>.
- Tsai, I.-W. (2015, June 1). Taiwan can build on U.S. ties. *Wall Street Journal*, sec. Opinion. Retrieved from <http://tinyurl.com/y8kh6e37>.
- Watson, I. (2018). South Korea's changing middle power identities as response to North Korea. *The Pacific Review*. doi:10.1080/09512748.2018.1518923
- Weiss, J. C. (2013). Authoritarian signaling, mass audiences, and nationalist protest in China. *International Organization*, 67(01), 1–35. doi:10.1017/S0020818312000380
- Wong, Y., Wu, H.-I., & Wang, K. (2016, August 26). Tsai's refusal to affirm the 1992 consensus spells trouble for Taiwan. *The Diplomat*. Retrieved from <https://tinyurl.com/ycyk2k8c>.
- Wu, L.-J., & Li, F. (2017). Taiwan 'Xinnanxiang Zhengce 'Ping Xi (An analysis on Taiwan's New Southbound Policy). *Taiwan Studies*, (4), 66–72.
- Yan, J.-F. (2018a). The role Taiwan may play in the context of US-China Indo-Pacific Strategy. *Prospect Journal*, 19, 95–113.
- Yan, Z.-K. (2018b, July 13). Lu Zhouri Quandaihui, Dongjingaoyun Zhengming, Lai Ching-de Zidibing Chean (DPP national representative conference this Sunday, William Lai's Protégé Withdrew Naming Changing Campaign in Tokyo Olympic). The Storm Media. Retrieved from <http://www.storm.mg/article/462728>.

- Yang, A. H. (2017). Strategic appraisal of Taiwan's New People-Centered Southbound Policy: The 4Rs approach. *Prospect Journal*, 18, 1–34.
- Yang, A. H. (2018). Unpacking Taiwan's presence in Southeast Asia: The International Socialization of the New Southbound Policy. *Issues & Studies*, 54, 1840003.
- Yarhi-Milo, K., Kertzer, J. D., & Renshon, J. (2018). Tying hands, sinking costs, and leader attributes. *Journal of Conflict Resolution*, 62(10), 2150–2179. doi:10.1177/0022002718785693
- Yeh, J. (2019, January 15). Taiwan opts against WHA participation push at WHO board meet. Focus Taiwan. Retrieved from <http://tinyurl.com/y6jnwfv3>.
- Yin, Y.-h. (2017, September 2). Yuenan Yudao 'Xiao Luan Liu'; Taiguo Yu Cuoshe; Feilubin Taidu Jiji (Some disturbance in Vietnam; some frustration in Thailand; Philippines is proactive). *The Storm Media*. <http://storm.mg/article/324612>.
- Zheng, Z.-C. (2017). Xinnanxiang Shouzhang Chengjidan Wanquan Bujige (The first evaluation of the New Southbound is a failure). NPF Backgrounder. National Policy Foundation. <https://www.npf.org.tw/3/16885>.