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Taiwan in Asia-Africa Growth Corridor (AAGC): Why and How?

By Jagannath Panda

The official acknowledgement of the concept of “Indo-Pacific” is gaining momentum across the world, including in Taiwan. With a more concentrated foreign policy outreach, Taiwan’s Department of East Asian and Pacific Affairs of the Ministry of Foreign Affairs launched an Indo-Pacific Affairs Section to expand its overseas activities on May 11, 2018. The intent behind this initiative is to explore a new medium of decisive engagement with the key countries across the region.

Officially, this initiative is primarily aimed at expanding Taiwan’s cooperation with key countries in the Indo-Pacific, in areas such as culture, education, tourism, business and agriculture, so as to enhance Taiwan’s “New Southbound Policy” (NSP). But given Taiwan’s constrained international space and China’s growing assertiveness, how far can Taiwan actualize its Indo-Pacific engagement?

This article argues that Taiwan needs to have a more intense collaborative effort with the regional value chain networks, be it through infrastructural investment or by furthering cooperation with corridors and connectivity projects in the region. One medium to enhance this cooperation is by factoring on how to cooperate with India-Japan envisioned Asia-Africa Growth Corridor (AAGC), which focuses on a “people-centric” approach by linking Asia and Africa. In addition, Taiwan must envision a way to establish a soft-strategic network more intently with the “Quad” countries

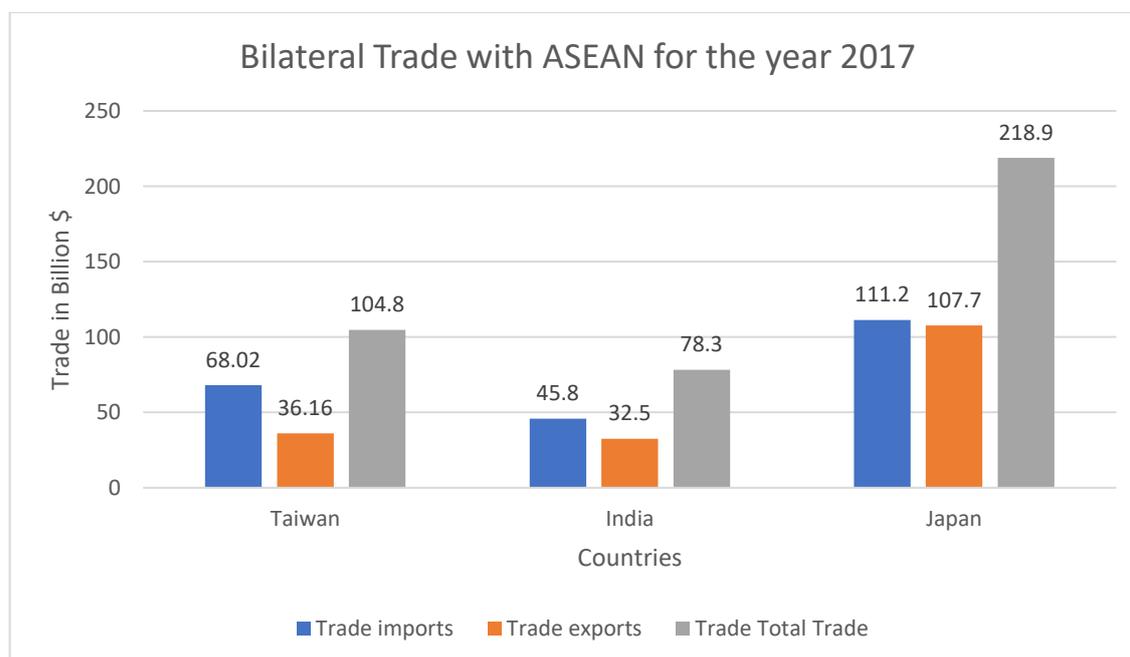
- Australia, India, Japan and the United States - without annoying or confronting mainland China.

The Indo-Pacific Complementarities

The launch of the Indo-Pacific Affairs Council is a welcome initiative. It complements President Tsai Ing-wen's foreign policy of deepening "relationships with friendly democracies" in the region. It also complements Japan's "Free and Open" Indo-Pacific (FOIP) strategy, India's "Act East" policy, the United States' "Indo-Pacific" strategy and Australia's open maritime foreign policy framework.

Japanese Prime Minister Shinzo Abe's FOIP strategy factors ASEAN as a prime focus of economic and strategic cooperation. Japan's trade contacts with ASEAN is much higher than that of India and Taiwan (See Chart 1).

Chart-1



Source: International Trade statistics

Greater economic cooperation, enhancing physical and digital connectivity, securing a stronger strategic cooperation are the prime aspects of India's Indo-Pacific outlook in which ASEAN factors prominently. Again,

President Donald Trump’s thrust on Indo-Pacific is very much ASEAN-centric even though US foreign policy has taken a back seat when it comes to multilateral trade negotiations. Australia’s current foreign policy equally concentrates on its relationship with ASEAN. Given these foreign policies focus on the Quad countries and NSP’s focus on the ASEAN, this is an opportune period for Taiwan to envision greater economic and strategic compatibility in Indo-Pacific.

India is a key economic partner for Taiwan in the Indo-Pacific. Taiwan-India scientific and economic cooperation has been stable even though there is scope to further these contacts.

A highlight of the NSP is to “engage in a wide range of negotiations and dialogue” with the 18 countries that cover ASEAN and the South Asian region. Based on the principle of “multi-faceted cooperation”, NSP targets the 10 ASEAN member countries and the South Asian countries such as Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka along with Australia and New Zealand. NSP’s

main target is not to seek or advance Taiwan’s “geopolitical stature or influence” but rather to enhance a more purposeful cooperation through economic and trade cooperation while focusing on people-to-people exchanges, resource sharing and promoting institutional linkages. In order to actualize this ambition, Taiwan must advance a more purposeful engagement with India and Japan in the AAGC framework, while factoring itself as a key component.

NSP and Taiwan-Japan-India “Soft Tripartite”

NSP is a makeover of Taiwan’s “Go South policy”, which focused on free trade, open investment and infrastructure development. NSP emphasizes a “people-centered” approach, focusing on integrating Taiwan’s economy with the regional economies. It also targets enhancing resource-sharing platforms for a more enterprising engagement with the

ASEAN and India. This drive is certainly an encouraging aspect of DPP' s foreign policy - working without pursuing a provocative “pro-independence” policy, which was pursued by the erstwhile DPP-led governments. Moreover, the AAGC could help Taiwan have a more economy-oriented engagement in the Indo-Pacific. In the face of the current geopolitical scenario, Taiwan needs to establish a much more deliberate strategic convergence with other major countries, their initiatives and their institutional mechanisms in Indo-Pacific.

What should not be overlooked is that Taiwan' s distinction as an island in Indo-Pacific is unique. Being positioned at the confluence of South China Sea and East Asia, Taiwan makes an important maritime island across international shipping lanes. Thus, it would be beneficial for it to actualize this geographic advantage with greater cooperation with likeminded countries such as Japan and India.

For Taiwan, having a greater convergence with the FOIP construct will exemplify its distinction as a relevant actor in the Indo-Pacific. In fact, a stronger soft-strategic understanding involving Japan, India, and Taiwan is advantageous to all the countries involved. For long, Taiwan-Japan foreign policy coordination has been evolving to facilitate better understanding. Japan needs Taiwan as much as Taiwan needs Japan. In the 16 Pacific islands, Taiwan has diplomatic contacts with six whereas China has eight diplomatic contacts. New Caledonia and French Polynesia are French territories and have no diplomatic ties with either China or Taiwan.

Xi Jinping' s intensive policy towards the Pacific islands is changing the diplomatic tug-of-war between China and Taiwan more in Beijing' s favor. Panama, Dominican Republic and Sao Tome and Principe have recently cut off diplomatic contacts with Taiwan, and have established formal diplomatic contacts with China. Tokyo wants to offer indirect support to Taiwan even though Japan does not have formal diplomatic ties with Taiwan. Besides, Taiwan is key to Japan' s maritime safeguard, acting as a bulwark against possible Chinese maritime misadventure in future. Concerned about the

rising Chinese outreach in the Pacific, Taiwan continues to float its own outreach through the support of likeminded partners such as Japan, the US and Australia - the three key countries in the FOIP construct.

India is a key economic partner for Taiwan in the Indo-Pacific. Taiwan-India scientific and economic cooperation has been stable even though there is scope to further these contacts. The rise of the FOIP construct must encourage the two countries to have a deeper regional understanding. They need to have a greater purpose of cooperation. Given India's central positioning in the Indian Ocean and its rising commercial ambitions in the South China Sea zone, India's maritime planning must board Taiwan as a stronger maritime link. India, however, is not a party to the South China Sea dispute.

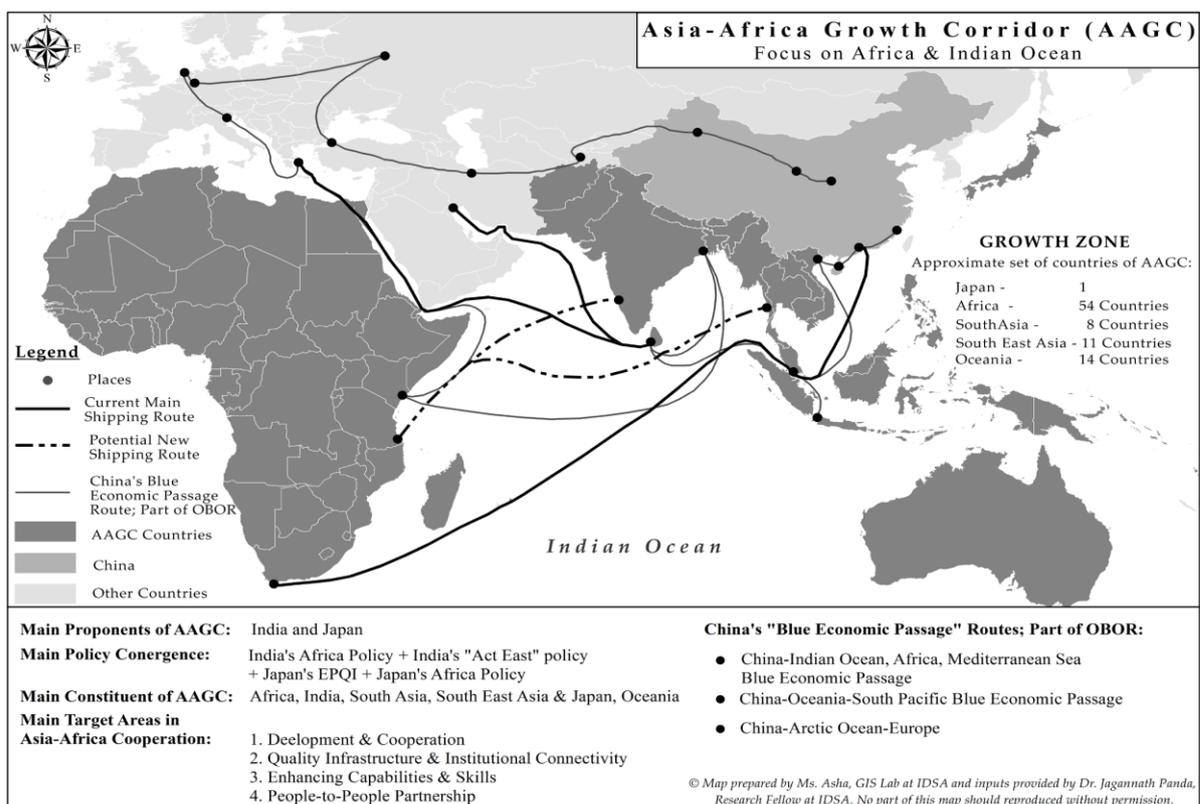
What puts India and Taiwan on a common platform is China's rise as a stronger and assertive power in the region. Though the two sides may find it difficult to pursue an anti-China foreign policy, a cooperative context of understanding in the maritime domain on China's rise in the Indian Ocean Region (IOR) can be a bonding factor. For Taiwan, aligning with the Japanese and Indian FOIP framework will protect its economic and foreign policy interests. A soft FOIP tripartite construct will in fact strengthen it. At a time when the regional order is in flux, Taiwan's NSP finds complementarities with the foreign policies of many countries in Indo-Pacific, especially with that of Japan and India. This calls for a soft-tripartite involving Taiwan, Japan and India.

Capitalizing on the Essence of AAGC

AAGC is currently only a proposed growth model (see Map 1). But this should not discourage Taiwan from exploring and establishing new mediums of specific institutional or methodological cooperation with this proposed model. AAGC factors the ASEAN as a key value-chain zone in an inter-continental cooperative framework. That should find strategic consonance with Taiwan's NSP. In fact, the AAGC Vision Document, released in May

2017, proposes four key areas of intercontinental cooperation: (a) development; (b) quality infrastructure and institutional connectivity; (c) enhancing capacities and skills; and (d) people-to-people partnership. AAGC is based on a broad intercontinental framework to establish growth and developmental cooperation between Asia and Africa; “people-centric” heterogeneity and homogeneity are the distinct features of AAGC which Taiwan must capitalize on.

Map-1



(Note: This is not an official Map of AAGC. This Map is prepared by the author with the cooperation of Mr. Vivek Dhankar of the IDSA GIS Lab in order to understand the scope and volume of the AAGC. Source: IDSA)

NSP not only emphasizes a “people-centric” approach of cooperation with ASEAN and India, but also thrusts on areas which are AAGC’s focus. To Taiwan, this would be an expedient opportunity. Taiwan could foresee the AAGC as a soft network to its foreign policy campaigning. The AAGC

is a people's proposition which emphasizes universalism in growth and development, factoring Africa. This serves Taiwan's political purpose.

Partnering with the AAGC will help the Taiwanese people to be better represented through a consultative framework across Indo-Pacific. The scope to cooperate better in regional mechanisms and multilateral institutions will amplify Taiwan's international image as a distinct territory, if not an independent territory. Notably, AAGC and NSP are complementary because both are long-term policy propositions, based on multi-pronged developmental plans. Unlike the NSP, the AAGC might be an international co-envisioned multilateral proposition. But there is no doubt that the policy focuses of the NSP and AAGC are almost in similar line, complementing each other. Greater convergence among resources, markets, talents, companies and organizations will only strengthen chain of growth and developmental networks in Indo-Pacific.



Taiwan-ASEAN-India Strategic Investment Partnership Forum hold by Ministry of Economic Affairs in Taipei on July 17, 2018. (Photo: Ministry of Economic Affairs)

AAGC aims to promote a consultative but meaningful participation in a value-chain growth network between Asia and Africa, in which Taiwan must aim to participate. It also establishes a commercial and strategic consonance with the NSP. Notably, NSP's core target is to promote a more intensive economic collaboration thrusting on three key aspects: supply chains, taking advantage of different domestic markets of the countries in the region, and establishing or promoting infrastructure development across Indo-Pacific.

Under the NSP, Taiwan can aim to export quality infrastructure-construction-related materials and establish strategic alliances with countries in the region. Above all, Taipei must aim to bring a structural change in its global and regional supply chain at a

AAGC and BRI have overlapping objectives: to promote trade and economic cooperation, connectivity and infrastructure promotion, among many other things.

time when the US-China trade conflict is intensifying. Though many estimates in Taiwan currently suggest that the US-China tit-for-tat tariff and trade war would hardly affect Taiwan's economy, still Taipei needs a greater contingency plan by aligning more intently with the regional value chain for its future economic growth and stability.

AAGC factors the Indian Ocean as the fulcrum of intercontinental cooperation. Taking advantage of NSP, Taiwan must aim to have more constructive cooperation with Japan and India under the AAGC framework. The fishing industry and foreign trade are critical components of Taiwan's economy. Taiwan's business community has already invested in and has been trading with the ASEAN countries for many years. Taiwan's ASEAN contact must be furthered to IOR. It must have greater contact with the sea-trade routes and ports and maritime policies in IOR. It can aim to expedite cooperation with the India-proposed S-A-G-A-R, "project Mausam", "Cotton Route" and "Spice Route". This will only strengthen

cooperation between Taiwan and India, within and outside the broader AAGC framework. Japan as a third country can contribute to this maritime chain of networks.

Taiwan also needs to note that the AAGC promotes the notion of free-trade architecture, which is to Taiwan's advantage. For long, it has been searching for free and open trade architecture in Indo-Pacific. In this regard, its alignment with AAGC more intently will help all, including Taiwan, to balance out China's Belt and Road (BRI) proposition. AAGC and BRI have overlapping objectives: to promote trade and economic cooperation, connectivity and infrastructure promotion, among many other things. AAGC and BRI are competing growth models. BRI is based on China's unilateral approach and is China's international economic engagement strategy, having priority for China's national interests. AAGC is consultative and endorses liberal values and the democratic spirit, which Taiwan must be closely associated with. The AAGC in particular aims to embrace universal values concerning human resource development while prioritizing infrastructure investment, connectivity and growth corridors. NSP must take note of this and start having closer coordination with Japan and India.

Internationally, Taiwan has lost a number of diplomatic allies in recent years. Donald Trump's "Taiwan Travel Act" is the only major successful achievement for Taiwan in recent times. The "Taiwan Travel Act" strongly encourages "visits between officials of the United States and Taiwan at all levels". New and innovative ways of collaboration must be the arc of Taiwan's foreign policy, especially of its NSP. Diplomatic constraints should not be a barrier for innovative thinking. Taiwan's objective should be not only to enhance country-specific cooperation but also to plan and aim to have an institutional cooperation with mechanisms that factor some of these countries. Greater participation in mechanisms and institutions has been one of Taiwan's main pillars of its international identity over the years. This has been possible with the stronger backing of

likeminded countries. Taiwan must continue to expand its network with this set of countries further. Both Japan and India must accord priority to this endeavor.

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