

CHAPTER I

INTRODUCTION

A. Background

Being self-proclaimed as a sovereign state, Taiwan has not made any significant progress in the international arena due to the presence of the One China Policy. One China Policy is the diplomatic acknowledgment of People's Republic of China as the only Chinese government and it does not recognize Taiwan as a sovereign state. One China Policy will automatically cut off the diplomatic relation between the People's Republic of China with the other states' that hold diplomatic relations with Taiwan (News, 2017). China labels Taiwan as a rebellious territory that promotes a separatism movement that harms the existence and unification of the People's Republic of China. According to article 1 of the Montevideo

Convention in 1933, states should have four elements: a permanent population, a defined territory, government, and the capacity to enter into relations with other states. Taiwan should be included as a sovereign state due to the fulfillment of four aspects. However, most of the state in the international arena has viewed Taiwan as a quasi-state due to lack of feature empirical statehood. The empirical statehood means that Taiwan should be entirely free from any intervention from other states in their domestic politics. Furthermore, Taiwan has not been successfully freed from the intervention of the People's Republic of China, which concludes the label of quasi-state to Taiwan (Aalberts, 2004). As a result, Taiwan has limited diplomatic relations, limited access to intergovernmental results, and limited access to international law, agreement, and court (Pertwi, Kabinawa, & Aditya, 2019).

Taiwan has difficulties in taking more politically independent policies and has obstacles in carrying out international maneuvers due to the strains from the People's Republic of China. Under the administration of Tsai-Ing Wen, in 2019, Taiwan has lost two recognitions from Kiribati and Solomon Island as they decided to establish foreign relations with the People's Republic of China. Kiribati and Solomon Islands are states with the first and second-largest populations in the South Pacific. Moreover, Taiwan only has 15 allies. It could be seen that the People's Republic of China tried to corner Tsai-Ing Wen and pro-independent movements in the 2020 upcoming presidential election by stripping the number of allies (Lyons, 2019). The reduced number of supports from allies worsens the isolation of Taiwan within the international community that hinders Taiwan's efforts to be independent. According to Resolution 2758, Mainland China represents the People's Republic

of China (PRC) which also expels Taiwan from the United Nations—followed by the loss of Taiwan membership in all intergovernmental organizations incorporated with the United Nations. Including access to the International Court of Justice (ICJ), the International Monetary Fund (IMF), the World Health Organization (WHO), and Interpol (Chen L.-c. , 1996). In 2019, World Bank asked Taiwanese to have Chinese passports if they would like to work in the World Bank. In the worst scenario, the Taiwanese would not work within an intergovernmental organization like the IMF, prohibiting non-member states (Allen & Ebrahimian, 2020).

In 2016, the administration of Tsai-Ing Wen introduced the New Southbound Policy to promote global cooperation, protect international peace, and enduring world peace. Tsai-Ing Wen aims to broaden exchanges with ten member states of ASEAN, 6 South Asian states, Australia, and New Zealand to significantly influence

Southeast Asia (Taiwan G. P., 2021). New Southbound Policy focuses on cooperation in economic and trade between ASEAN, South Asia, New Zealand, and Australia with measured short-term, medium-term, and long-term goals. The principles of Taiwan's New Southbound Policy consist of a sense of economic community, determine the future of Taiwan in the region development, pursue four key chains of soft power, supply chain, connect regional market, and public relations, nurturing capable people to support New Southbound Policy, achieve bilateral and multilateral institutionalized cooperation, plan comprehensive, coordinate, and effective risk management, international cooperation, improve the mechanism of comprehensive talks and dialogue, cross-strait goodwill interaction and cooperation, and utilize private organization (Taiwan R. o., 2016). Implementing the New Southbound Policy from Taiwan to the ASEAN Member States is

considered an effort to influence ASEAN member states' foreign policies. ASEAN is the world's third most populous economy predicted to become the fourth-largest economy consumptive region by 2030. Moreover, the World Economic Forum (WEF) notes that in the next ten years, ASEAN will see an additional 10 million consumers, rapid digital adoption, and 575 million internet users in the region by 2030. Therefore, ASEAN is a strategic market for Taiwan that could provide bilateral and multilateral cooperation (Nortajuddin, 2020).

ASEAN member states consist of Indonesia, Malaysia, Singapore, Thailand, Philippines, Brunei Darussalam, Vietnam, Laos, Myanmar, and Cambodia. However, this thesis will only focus on implementing the 'New Southbound Policy' in Indonesia due to the dependency of Indonesia on China that does not hinder the relation with Taiwan, and the absence of diplomatic relations does not mean significant

in international relations. Moreover, in 1998, Taiwan's investment in Indonesia reached US \$2 million due to energy exploration and development (McBeath, 1999) , while the value of Taiwan's outward investment from 2009 to 2019 in Indonesia reached US \$148.8 million (Statista, 2020). In the social aspect, the interactions between Indonesian and Taiwanese have maintained good relations, especially within the education aspect, where Indonesia has recorded the fourth-highest number of students in Taiwan after Malaysia and Japan (Rakhmat & Tingai, 2020). Furthermore, in the economic aspect, other than being known as the 14th largest trading partner of Taiwan, the 10th most significant source of import, and the 16th largest export market for Taiwan (Jakarta, 2019), Indonesia is willing to make it easier for Taiwanese investors to invest (Wartawan, 2019). Cooperation between Taiwan and Indonesia includes crucial aspects of the agricultural aspect,

which helps Indonesian to conduct comparative studies to Taiwan (Rahmat, Permadi, & Valentine, 2019) and service aspect from Indonesian migrant workers that have their wage raised after the implementation of New Southbound Policy to NTD 17.000 (Redaksi, bengkulu.sahabatrakayat.com, 2016). These facts indicate growing ties, and transnational actors become mutually dependent-vulnerable on each other's actions and sensitive to each other's needs.

The obsession of China to strip Taiwan and its allies and limit the access for intergovernmental organizations does not show any sign to stop Indonesia from advancing closer to Taiwan. China has lent US\$182,45 billion to Indonesia and could stop giving more financial support to Indonesia in exchange for terminating the relations with Taiwan. Moreover, the absence of diplomatic relations between Taiwan and Indonesia does not shrink aging ties and one-sided transnational actor behaviors. Director of

the Press Information Division, Taipei Economic and Trade Office, Kendra Yung-Shoa Chen, said that Taiwan felt closer to Indonesia than to other Asian countries in the aspect of education and employment cooperation. Moreover, Indonesian students and workers are the bridge of communication and culture (Antaranews.com, 2017). This thesis focuses on analyzing the complex interdependency between Taiwan and Indonesia to define the critical role of Taiwan in the development of Indonesia through the implementation of the New Southbound Policy. The complex interdependency between Taiwan and Indonesia needs to be examined from 2016 as Taiwan officially launched this policy until the present day. “The Complex Interdependency between Taiwan and Indonesia through the implementation of New Southbound Policy” is necessary and relevant to the study of international relations since it involves two actors that try to influence each other in the political

process or decision-making beyond their national borders. It also tries to examine the effectiveness of the quasi-state strategy in terms of diplomacy to achieve its goals.

New Southbound Policy aims to promote economic and trade collaboration, encourage resource exchanges to focus on talent cultivation, and forge regional connectivity (Sheany, 2017). The promotion of each state's society interconnectivity in education, science, and economy and through regional autonomy cooperation between both states. Promote the connectivity of each state's society in education, science, and economy can be seen in the higher education exchange program, comparative studies in the agricultural aspect, and the presence of numerous Indonesian migrant workers in Taiwan. Taiwan initiated the Industry Academy Collaboration Program in line with the New Southbound Policy for international students to help Indonesian students. Therefore, Taiwanese

universities will efficiently recruit international students and provide Taiwanese industries with skilled workers from the foreigners through internships in the scholarship program (Mursitama, Shidarta, & Ying, 2019).

Moreover, Taiwan also helped Indonesia develop its agriculture economy by cooperating in the production, which aims to help Indonesian farmers learn through demonstration and training programs (R.O.C., 2018). Even more, only migrant workers from Indonesia got higher and better payment NTD 17.000 in comparison with other states that send their migrant workers to Taiwan (Redaksi, bengkulu.sahabatrakyat.com, 2016). The presence of numerous Indonesian migrant workers in Taiwan is a strategic way to strengthen Taiwan's relationship with Indonesia (Maksum, Tsay, & Muhammad, 2020). In the case of regional autonomy, cooperation between transnational actors from Taiwan and provinces in Indonesia can be seen in a particular province,

namely West Java and Central Java. West Java focuses its energy cooperation with CPC Corporation Taiwan, explicitly developing an Integrated Petrochemical Industrial Complex (Kompas.com, money.kompas.com, 2020). Moreover, Central Java's cooperation with the Taiwan External Trade Development Council (TAIRTA) to develop Kendal Industrial Park also helped both Taiwan and Indonesia national economies (Indonesia, cnnindonesia.com, 2019).

B. Research Question

The research question of this thesis is as follows:

- How does 'New Southbound Policy' create complex interdependency between Taiwan and Indonesia?

C. Theoretical Framework

Theory can be thought of as a way of looking at phenomena based on scientific

findings. The theory is used as a general explanation to know and predict why and when a particular event happens. The theory of international relations consists of various concepts that organize and identify phenomena in international politics (Mas'ud, 1990). Complex interdependency is the theory used to explain the complex interdependency between Taiwan and Indonesia.

1. Theory of Complex Interdependency

Robert O. Keohane and Joseph S. Nye introduced the model of complex interdependency to highlight the emergence of transnational actors that used to understand the willingness of states to enter cooperative alliances with another under conditions of anarchy and dependence (Rana, 2015). The approach of neoliberalism emphasizes the presence of other actors other than states, transnational actors. Transnational actors are those to be considered

political, social, cultural, or economic agents that have relations across border. Those actors are included within education within the education aspect where Indonesia has recorded as the fourth-highest number of students in Taiwan after Malaysia and Japan (Rakhmat & Tingai, 2020), agricultural which helps Indonesian to conduct comparative studies to Taiwan (Rahmat, Permadi, & Valentine, 2019), the improvement of welfare for Indonesian migrant after the implementation of New Southbound Policy (Redaksi, bengkulu.sahabatrakyat.com, 2016), and even economy through export-import activity (Jakarta, 2019). Neoliberalism states that the absence of a formal international organization can create collaboration where principles, norms, and actors' expectations converge on a particular issue area. Complex interdependence stresses the synergy between all the actors, including states and non-state actors.

The theory of complex interdependency is a theory that stresses the complex ways in which, as a result of growing ties, the transnational actors become mutually dependent, vulnerable to each other's actions, and sensitive to each other's needs. There are three keys of complex interdependence consist of multiple channels, the absence of hierarchy among issues, and the minor role of military force. Multiple channels mean that societies in every layer, whether the interstate, trans governmental, or transitional organizations, create a sense of mutual needs among actors across their national borders. Moreover, the interaction between governments is indeed a source of connecting societies. Still, informal ties among non-governmental and transnational organizations are gaining more and more roles in influencing foreign policies. The absence of hierarchy among issues means that in the world of complex interdependency, there is no hierarchy in the international arena that is followed by a

blurring parameter between domestic and foreign policy. Furthermore, the minor role of military force indicates that states tend to reconsider their decision in exercising the military force, which might entirely terminate the relations between states. Therefore, the peaceful approach with less coercion and the discussion in economic and ecological welfare instead of military power is preferable to secure future relations (Aalberts, 2004). Taiwan's military is small in numbers, and its focus is more on the prevention of China's aggression, even with the support of the United States of America. Taiwan has not exercised its military power over ASEAN and even Indonesia (Patrick Porter, 2021). This theory will act as the theoretical framework to explain the role of Taiwan's New Southbound Policy in creating the complex interdependency with Indonesia. However, the minor role of military force will not be examined due to the absence of conflict which involved both states' military power.

According to the theory of complex interdependency and its three keys of characteristic, Taiwan and Indonesia have shown two phenomena of multiple channels and the absence of hierarchy. Indonesia and Taiwan do not have formal diplomatic relations. However, the agreement and the connectedness of each states' society and transnational actors still exist, especially within the higher education, agricultural, and migrant workers. The absence of hierarchy among issues between Indonesia and Taiwan occurs in trade and investment where the parameter between domestic and foreign policy blurs. The role of the transnational actor is crucial in the absence of hierarchy within the theory of complex interdependency. According to Law Number 32 in the Year 2004 and Law Number 23 in the Year 2014 about the authority of Foreign Relations and Cooperation, the freedom to conduct foreign relations and cooperation is given to the Autonomous Region concerned under the

mechanism of consultation and coordination with the Ministry of Foreign Affairs (Indriati, 2010) (Kompas.com, Kompas.com, 2019). New Southbound Policy that acts as a tool to strengthen the relations between Taiwan and Indonesia in trade, education, and human resources is also implemented within the regional level.

D. Hypothesis

Based on the theory of complex interdependency, implementing the 'New Southbound Policy' in Indonesia indicates growing ties, mutually dependent transnational actors, vulnerability to each other's actions, and sensitivity to each other's needs. 'New Southbound Policy' itself contains points to define the importance of Taiwan in the development of Indonesia through intensification cooperation in multiple channels and the absence of hierarchy by:

1. Promote and improve the connectivity of each state's society in education, science, and economy through the Industry Academy Collaboration Program, comparative agriculture studies, and the improvement of welfare for Indonesian migrant workers.
2. Promote a sense of community and regional market through regional autonomy cooperation by Indonesia with Taiwan as a foreign investor in Integrated Petrochemical Industrial Complex and Kendal Industrial Park.

E. Research Methodology

This thesis used qualitative methods with a descriptive analysis approach. The qualitative method is a research method carried out in certain conditions focusing on understanding a phenomenon to examine what happens, why it

happens, and how it happens. Furthermore, the descriptive analysis approach can be explained as an analytical procedure that is investigated by displaying images, subjects, or research objects such as individuals, institutions, groups, and dominant society based on written facts, descriptions, etc. This thesis uses secondary data by conducting literature studies to collect written data from journals, books, news, reports, and other sources to support this research (Khoiri, 2005).

F. Scope of Research

The scope of this thesis is limited only to Tsai-Ing Wen administration, which started from 2016-present in her second period in the office. The scope of this thesis is started from the early introduction of 'New Southbound Policy' by the first period of the Tsai-Ing Wen administration. This thesis will explain the challenges that obstruct Taiwanese diplomacies, such as the One

China Policy and Resolution 2758. This thesis will explain the principles of the New Southbound Policy as the foreign policy of Taiwan as a quasi-state. Furthermore, this thesis also will explain how the ‘New Southbound Policy’ can create complex interdependency by defining the critical role of Taiwan in the development of Indonesia at the level of regional autonomy and society.

G. Organizing Writing

This thesis has five chapters that will be organized such as following:

Chapter I: This chapter contains Background, Research Question, Theoretical Framework, Hypothesis, Research Methodology, and Scope of Research as the introduction for the next chapter.

Chapter II: This chapter explains the background of why the New Southbound Policy was initiated

and assesses the obstacles of Taiwan in conducting its foreign policy, such as the One China Policy and United Nations Resolution 2758.

Chapter III: This chapter explains the principles of New Southbound Policy as the foreign policy of Taiwan as quasi-state.

Chapter IV: This chapter assesses Taiwan's 'New Southbound Policy' by comparing it with the 'Go South Policy' in creating complex interdependency in Indonesia.

Chapter V: This chapter concludes all the materials that have already been explained in the previous chapters.