

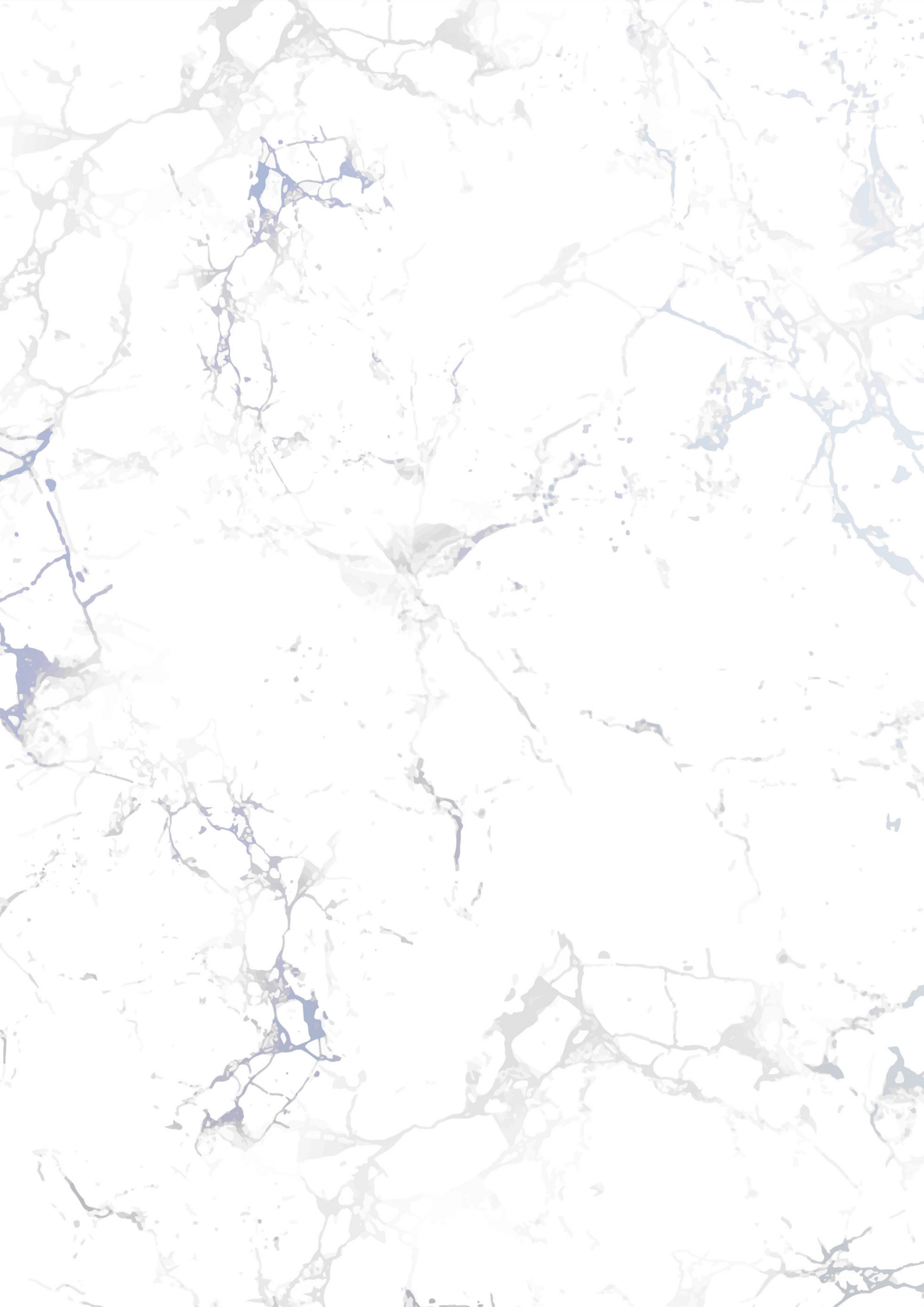


DEMOCRATIZATION  
MUST GO ON!

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DATA-BASED RESEARCH  
**PROSPECTS OF  
INDONESIA-TAIWAN  
COOPERATION UNDER THE  
NEW SOUTHBOUND POLICY  
IN A POST-COVID-19 WORLD**

THE HABIBIE CENTER  
[www.habibiecenter.or.id](http://www.habibiecenter.or.id)



**Data-based Research**  
**Prospects of Indonesia-Taiwan  
Cooperation under the  
New Southbound Policy  
in a Post-COVID-19 World**

The Habibie Center

Jakarta, Indonesia  
December 2021





## About The Habibie Center

The Habibie Center was founded by Bacharuddin Jusuf Habibie and family in 1999 as an independent, nongovernmental, nonprofit organisation. The vision of The Habibie Center is to create a structurally democratic society founded on the morality and integrity of cultural and religious values.

The missions of The Habibie Center are first, to establish a structurally and culturally democratic society that recognizes, respects, and promotes human rights by undertaking study and advocacy of issues related to democratization and human rights, and second, to increase the effectiveness of the management of human resources and the spread of technology.

### Research Team


Marina Ika Sari

Mohammad Syaban

Luthfy Ramiz

Taufan Samudra

 [facebook.com/habibiecenter](https://facebook.com/habibiecenter)

 [@habibiecenter](https://www.instagram.com/habibiecenter)

 [@habibiecenter](https://www.twitter.com/habibiecenter)

 [The Habibie Center](https://www.youtube.com/TheHabibieCenter)

 [The Habibie Center](https://www.linkedin.com/company/TheHabibieCenter)

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# **INTRODUCTION**

Indonesia and Taiwan are two entities that do not have official diplomatic relations as Indonesia adheres to the One China Policy principle but nurtures its relations with Taiwan in economic and socio-cultural sectors.<sup>1</sup> The semi-official relations between Indonesia and Taiwan began in the 1970s through the establishment of a *de-facto* representative office, namely the Taiwan Chinese Chamber of Commerce in Jakarta, in April 1971. Indonesia reciprocally established the Indonesian Chamber of Commerce in Taipei in June 1971.<sup>2</sup> Subsequently, the most crucial event in Indonesia's relations with Taiwan occurred in 1989 when Taipei was allowed to rename its Chamber of Commerce in Jakarta from the Chinese Chamber of Commerce into Taipei Economic and Trade Office (TETO), which gave politically meaningful status to Taiwan.<sup>3</sup> Five years later, Indonesia upgraded its office into the Indonesia Economic and Trade Office in Taipei (IETO). The upgrade of those offices has made enormous progress to Indonesia and Taiwan relations in economic and socio-cultural aspects.<sup>4</sup>

Robust economic ties between Indonesia and Taiwan are reflected in both entities' investment and trade activities.<sup>5</sup> Bilateral trade between both parties in 2020 reached USD 6.7 billion that placed Indonesia as Taiwan's 14<sup>th</sup> largest trading partner last year. Additionally, Indonesia is also the 13<sup>th</sup> largest source of import for Taiwan and the 17<sup>th</sup> largest export market.<sup>6</sup> Whilst socio-cultural ties are reflected from the existence of Indonesian migrant workers, business people, and students in Taiwan, it builds people-to-people interaction between Indonesian and Taiwanese.<sup>7</sup>

As part of the milestones of the cooperation, President Tsai Ing-wen announced a new policy named New Southbound Policy (NSP) that signified Taiwan's economic and trade strategy in 2016, where the policy allowed the cooperation between Indonesia and Taiwan to flourish within.<sup>8</sup> The NSP aims, amongst others, to redefine Taiwan's important role in Asia's development and identify new directions and driving forces in a new stage

1 Kabinawa, L. (2013). Economic and Socio-Cultural Relations between Indonesia and Taiwan: An Indonesian Perspective, 1990-2012. *JAS (Journal of ASEAN Studies)*, 1(2), 140. doi: 10.21512/jas.v1i2.65

2 Elias, R. (2019). The (In)visibility of Taiwan – Indonesia Relations: Indonesian Students on the Sideline. *JAS (Journal of ASEAN Studies)*, 6(2), 193. doi: 10.21512/jas.v6i2.5354

3 Kabinawa, *Loc. Cit.*

4 Elias, *Loc. Cit.*

5 Kabinawa, *Loc. Cit.*

6 Taiwan-Indonesia Relations. (2021). Retrieved 18 August 2021, from [https://www.roc-taiwan.org/id-sub\\_en/post/174.html](https://www.roc-taiwan.org/id-sub_en/post/174.html)

7 Kabinawa, *Loc. Cit.*

8 Rakhmat, M., Permadi, D., & Valentine, R. (2021). Uncovering the Unofficial Taiwan-Indonesia Relations - The News Lens International Edition. Retrieved 18 August 2021, from <https://international.thenewslens.com/article/127441>

of economic development.<sup>9</sup> The policy shifted Taiwan's priority from improving cross-strait relations to forging a sense of economic community by expanding bilateral cooperation with 18 target countries and forming a new model for economic development.<sup>10</sup> The NSP encompasses ASEAN Member States, Australia, New Zealand, and South Asian countries.

President Tsai Ing-wen's re-election in 2020 marked a continuation of the NSP, which covers four main tasks, promoting economic collaboration, conducting talent exchanges, sharing resources, and forging regional relations.<sup>11</sup> Given its status as a key player in ASEAN, Indonesia is identified as a priority for the new initiative and a potential partner for Taiwan in exercising its foreign policy and influence.<sup>12</sup> Under the NSP, Taiwan and Indonesia have been strengthening their cooperation in various sectors, including agriculture, trade, investment, education, as well as health sectors.

However, amidst the flourishing cooperation between Indonesia and Taiwan, the COVID-19 pandemic has shaken the regional political chessboard. When national governments shifted their priorities from bilateral and multilateral cooperation to national recovery from the COVID-19 pandemic, especially on the health of the common and fulfillment of domestic necessities, the world had seen disruptions on mobilization and global

supply chain. The shift to such priorities had consequently shown particular impacts on the global and regional economic growth during the early days of the pandemic outbreak.

COVID-19 pandemic has told us that being prepared for pandemics is an important aspect to mitigate the outbreak. Some entities, for instance, Taiwan, as learning from the experience of handling the previous SARS outbreak, managed the COVID-19 outbreak by placing the proper number of resources to leverage their efforts. Meanwhile, some other countries encountered challenges for not having adequate resources. In order to assist those in need of sufficient resources, global entities have collaborated and distributed the health kits and vaccines.

Taiwan was recognized as an example of superior pandemic management and assistance. Taiwan responded to the outbreak in a timely manner and managed to control the pandemic with tremendous success. During the early months of the pandemic, the Taiwanese government rapidly coordinated enterprises to establish 60 face mask production lines, which successfully produced 13 million masks daily, which is sufficient not only for Taiwan but also other states heavily hit worldwide. With the immense work carried out by the government of Taiwan's pandemic preparedness and early containment policies, the reported cases of COVID-19 in hospitals were quickly brought under control, supplies of personal protective equipment for healthcare workers were sufficient, while minimal economic disruption was ensured.<sup>13</sup>

9 New Southbound Policy. (2021). Retrieved 18 August 2021, from <https://newsouthboundpolicy.trade.gov.tw/English/PageDetail?pageID=50&nodeID=94>

10 Hsieh, P. (2019). Rethinking non-recognition: Taiwan's new pivot to ASEAN and the one-China policy. *Cambridge Review of International Affairs*, 33(2), 204-228. doi: 10.1080/09557571.2019.1657796

11 *Ibid.*,

12 *Ibid.*,

13 Wu, W., Liou, J., Hsu, C., Lin, Y., & Wu, M. (2020). Pandemic preparedness in Taiwan. *Nature Biotechnology*, 38(8), 932-933. doi: 10.1038/s41587-020-0630-0

In contrast, as one of the worst-hit countries, Indonesia had undergone a number of continuously transforming COVID-19 policies. In fact, at the beginning of the outbreak, the Indonesian government perceived the threat in a much looser manner, which led to a series of weak restrictions. The Indonesian government's initial responses and poor pandemic management consequently led to a steep curve of reported patients. Thus, in efforts to avoid public disorder during the early period of the outbreak, the Indonesian government opted to surround the public with a calmer narrative despite the immense threat. Not until the Delta variant – the more transmissible strain – spread in a rapid phase, the government began to implement stricter sets of policies and regulations for the public, with aims to, among others, lower the curve that had been endlessly fluctuating. While the ongoing policies seem to lower the curve progressively, there are still prospects for enhancement.

In efforts to support Indonesia, Taiwan has assisted the COVID-19 mitigation through distributions of health kits and medical masks since the outbreak. Apart from the huge number of medical masks donated by Taiwan at the beginning of the pandemic,<sup>14</sup> Taiwan had donated a total of 200 oxygen concentrators in July 2021, which clearly reaffirmed its commitment to maintaining the robust partnership with Indonesia.<sup>15</sup>

Based on the particular circumstances, this paper aims to highlight potential cooperation between Indonesia and Taiwan. Further, this paper also seeks to explore the prospects of Indonesia-Taiwan cooperation under the NSP in the post-COVID-19 world.

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14 Aspinwall, N. (2021). Taiwan Will Donate 10 Million Masks in Bid to Aid Global Coronavirus Response. Retrieved 18 August 2021, from <https://thediomat.com/2020/04/taiwan-will-donate-10-million-masks-in-bid-to-aid-global-coronavirus-response/>

15 Taiwan Today. (2021). 200 Oxygen Concentrators Donated by Taiwan to Indonesia. Retrieved 18 August 2021, from <https://taiwantoday.tw/news.php?unit=2,6,10,15,18&post=204258>

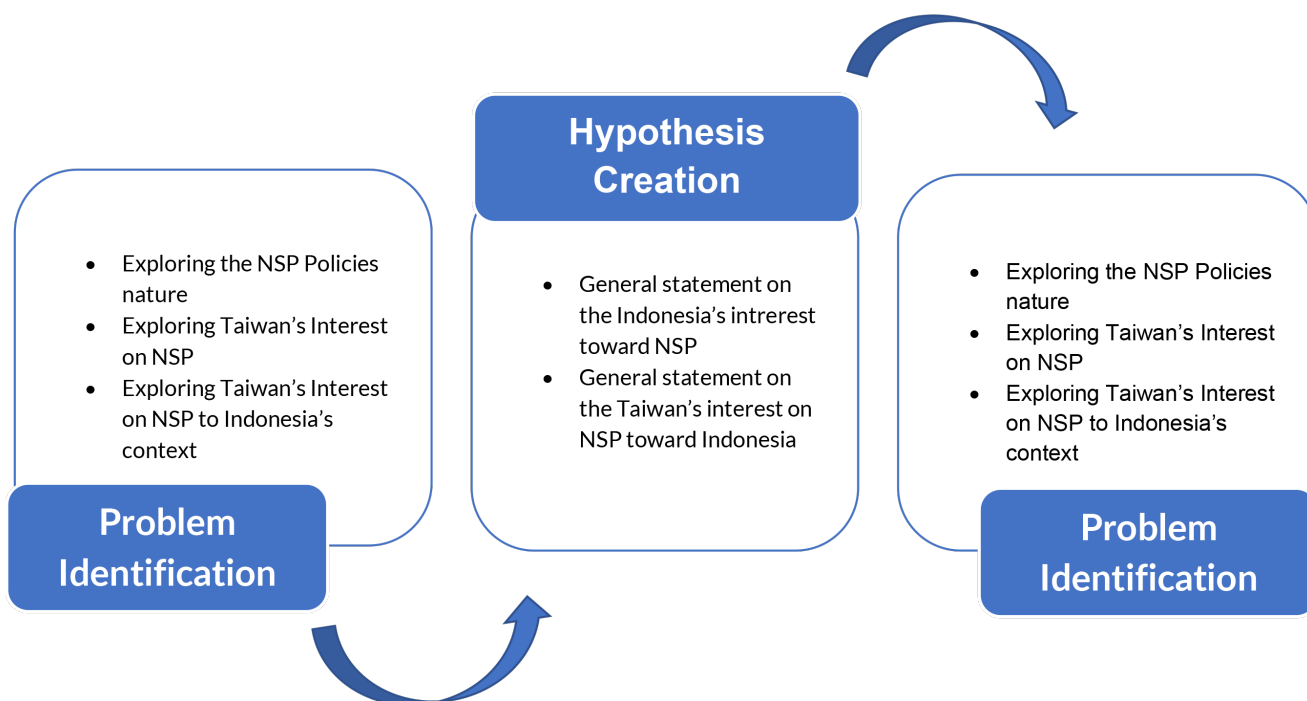
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# **RESEARCH AND DESIGN FRAMEWORK**

This research is conducted in a qualitative approach. It employs an exploratory research design with a data-based approach, where primary and secondary data collection techniques are also involved. The exploratory research design is an approach used to investigate an undefined problem with the main goal of understanding the existing situation.<sup>16</sup> This approach, supported by evidence from a respectable number of studies, shows that there are three crucial processes to find the research findings and methodological steps:<sup>17</sup>

- 1. Identifying the problems:** gathering and exploring various research output such as journals, news clips. In this process, this research also included policy documents from Taiwan and Indonesia in the form of national programs and country's regulations to further identify facts. This step is also possible to find the gap between policy and current implementation.
- 2. Creating the hypothesis:** after finishing the research and fact findings, the research team would create the hypothesis for further research testing and data collection process. The hypothesis basically will be based on the justification and judgment from the research team based on research questions.
- 3. Data collection:** employing specific data collection approaches by employing a systematic literature review on the subject matters and in-depth interviews with relevant stakeholders.

**Figure 1**  
Explanatory Research Framework

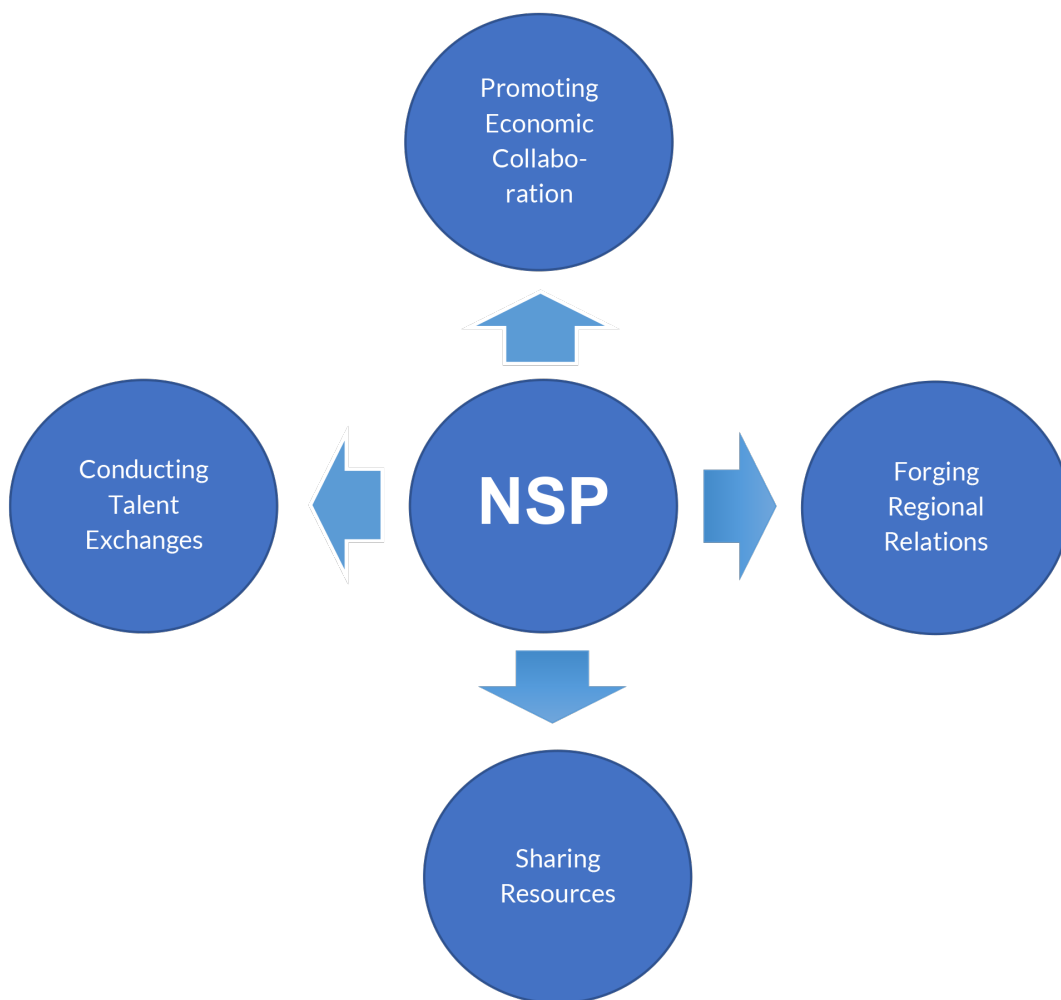


16 Hedström, P. (2004). Generative models and explanatory research: on the sociology of Aage B. Sørensen. *Research in Social Stratification and Mobility*, 21, 13-25.

17 Given, L. M. (Ed.). (2008). *The Sage encyclopaedia of qualitative research methods*. Sage publications.

This research will comprehensively explore the potential cooperation between Indonesia and Taiwan under the NSP framework, which consists of four different pillars. Several potential cooperation will be explored referring to the sectors stipulated in each pillar.

**Figure 2**  
Taiwan's NSP Pillars



### Data Collection Techniques

This data collection process employed two mechanisms, which are primary and secondary data. The primary data is gained by conducting in-depth interviews with informants with various backgrounds, such as governments, academicians, civil society organizations, and business representatives. The methodology used is the semi-structured interview model, in which the researcher team starts to send the preliminary questions to the informant candidates. The secondary data gained by conducting a literature review with essential resources are academic journals, news on media, government regulation from Indonesia and Taiwan, and a series of webinars that discussed relevant topics.



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**ANALYSIS:**

**Prospects of Indonesia-Taiwan  
Cooperation under the New  
Southbound Policy in a  
Post-COVID-19 World**

# Promoting Economic Collaboration:

**Economic recovery Post-COVID-19 through these sectors:**

## **1. Economy sector: trade and investment**

As a result of the COVID-19 pandemic, Indonesia's economic conditions have been severely impacted. The macroeconomic analysis said that after the harsh year of 2020, Indonesia pulled out of recession in Q2 2021 with a jump in the economic growth of 7.07%.<sup>18</sup> Although the positive economic growth seems to reflect the hope that Indonesia would be able to manage the recession, certain challenges are still faced by the Government of Indonesia to accelerate and achieve the economic growth vision. There are three main documents that stipulated the growth vision which is Masterplan for Acceleration and Expansion of Indonesia's Economic Development 2011-2025 (MP3EI), the National Long-Term Development Plan 2005-2025 (RPJPN), and the National Economic Recovery program (PEN). PEN is utilized as a recovery plan to respond to the pandemic and mitigate the economic loss. While the other two documents are used as the foundation to accelerate the realization of developed and self-reliant, just and democratic, and peaceful and united.<sup>19</sup>

18 LEP FEB Universitas Indonesia. Indonesia Economic Outlook 2022: The Slow Rush of Recovery. (2021). Retrieved 28 November 2021 from <https://www.feb.ui.ac.id/blog/2021/02/13/indonesia-economic-outlook-2021-post-pandemic-recovery-a-resurgence-of-indonesia-economy/>

19 Bappenas. Master Plan Percepatan dan Perluasan Pembangunan Ekonomi Indonesia (MP3EI) 2011-2025. (2011). Retrieved 27 November 2021 from <https://www.bappenas.go.id/id/berita-dan-siaran-pers/kegiatan-utama/master-plan-percepatan-dan-perluasan-pembangunan-ekonomi-indonesia-mp3ei-2011-2025/>

The key strategies of these documents are to expand international economic collaboration in terms of investments, trade, or official development assistance. In the aspect of cooperation mechanism, the strategies highlight the public-private partnership and SME developments.

The New Southbound Policy (NSP) initiated by President Tsai Ing-wen in 2016 aims to 'bid farewell to Taiwan's past overreliance on a single market as well as to hold a more advantageous position in the international society.<sup>20</sup> Promoting economic collaboration is one of the integration strategies offered by the Taiwanese government both in bilateral and multilateral settings. The strategic plan specifies that Taipei will create partnerships by integrating into NSP countries' supply chains, export advanced medical products and services to promote Taiwan's brand image, and collaborate on critical infrastructure in NSP countries to promote economic collaboration.<sup>21</sup>

To strengthen industrial cooperation, Taiwan has appointed Taiwan External Trade Development Council (TAITRA) as its business representative in Indonesia. TAITRA works as the bridge between Taiwanese and Indonesian business communities. In seeking business in Jakarta, TAITRA bases its work upon NSP values, accordingly, the government of Taiwan put many resources and budget to succeed in the program and focus market segmentation strategy. However, it seems this program

20 Brookings Institute. Taiwan's engagement with Southeast Asia is making progress under the New Southbound Policy. (2018). Retrieved 1 December 2021 from <https://www.brookings.edu/opinions/taiwans-engagement-with-southeast-asia-is-making-progress-under-the-new-southbound-policy/>

21 *Ibid.*,

itself remains unknown to Taiwanese business people.<sup>22</sup> Therefore, the business collaboration under the NSP is still not widely recognized by Taiwanese businessmen. Nevertheless, the collaboration would potentially manage to fulfil Indonesian domestic demands as COVID-19 pandemic recovery.

In contrast, the government of Indonesia is fully aware of the development of NSP, for example, the Ministry of Investment/National Investment Coordination Board (BKPM) sees the NSP as a potential strategic collaboration to push deeper economic cooperation among the two parties. Since its launch, BKPM has paid more attention to increasing the investment of the Taiwanese business entities in Indonesia.<sup>23</sup> Based on the data from BKPM, Taiwan is positioned number nine to invest in Indonesia and reached USD 454.3 million as of 2020.<sup>24</sup>

The existing trade cooperation between Taiwan and Indonesia includes collaboration in manufacturing, textile, and semiconductor sectors,<sup>25</sup> while business collaboration is still developed and potentially expanded. This is in line with the focus of NSP on forging the five major innovative industries, such as

biomedicine, intelligent machinery, green energy, and national defense.<sup>26</sup> However, given Indonesia's inadequate infrastructure for investment from Taiwan in specific sectors, such as biomedicine, intelligent machinery, and green energy. Whereas the current industrial complex in Indonesia can only cater to the manufacturing and electronic industries.<sup>27</sup> Based on the RPJPN 2005-2025 and PEN, the manufacturing industry is still becoming the focus for the Government of Indonesia for economic growth acceleration and as part of economic recovery strategy from the pandemic.

Regarding the SMEs developments, as the market-based society, the government of Indonesia is also acknowledging the role of these business models as they proved to contribute during the recovery process from the pandemic. Although 82.9% of SMEs were affected by the COVID-19 pandemic, as the restriction of mass movements gradually loosens, this home-level business has contributed significantly to the economic recovery process.<sup>28</sup> In light of this development, the government of Indonesia has decided to put SMEs as part of the National Economic Recovery program (PEN)<sup>29</sup> and disbursed

22 In-depth Interview with Senior Official, Taiwan External Trade Development Council (TAITRA) Jakarta on 3 November 2021.

23 In-depth Interview with Senior Official, Indonesia Investment Coordination Board (BKPM) on 3 September 2021.

24 Indonesia Investment Coordinating Board. Domestic and Foreign Direct Investment Realization Quarter IV and January – December 2020. (2021). Retrieved 24 December 2021 from [https://www.bkpm.go.id/images/uploads/file\\_siaran\\_pers/Paparan\\_Realisasi\\_Investasi\\_Triwulan\\_IV\\_2020\\_Bahasa\\_Inggris.pdf](https://www.bkpm.go.id/images/uploads/file_siaran_pers/Paparan_Realisasi_Investasi_Triwulan_IV_2020_Bahasa_Inggris.pdf)

25 Indonesia Investment Coordinating Board. Investor hotel asal Taiwan siap investasi di Indonesia. (2016). Retrieved 25 November 2021 from <https://www.bkpm.go.id/en/news-event/detail/12/investor-hotel-asal-taiwan-siap-investasi-di-indonesia>

26 Ministry of Foreign Affairs of Republic of China (Taiwan). NSP Policy Frameworks. (2021). Retrieved 28 November 2021, from [https://nspp.mofa.gov.tw/nspp/list\\_tt.php?unit=376&unitname=Policy-Framework](https://nspp.mofa.gov.tw/nspp/list_tt.php?unit=376&unitname=Policy-Framework)

27 In-depth Interview with Senior Official, Indonesia Investment Coordination Board (BKPM) on 3 September 2021.

28 Ginting, K. R., & Pancawati, G. Post-Pandemic National Economic Recovery. In *2nd International Conference on Administration Science 2020 (ICAS 2020)*, (2021): 25-29, <https://www.atlantis-press.com/proceedings/icas-20/125958405>

29 National Economic Recovery Program (PEN) is one of a series of activities to reduce the impact of Covid-19 on the economy. In addition to handling the health crisis, the Government of Indonesia also runs the PEN program as a response to the decline in community ac-

People's Business Credit (KUR) to 5 million beneficiaries, with a total of IDR 34,15 Trillion (USD237 Million) funds allocated.<sup>30</sup> The SMEs empowerment strategy that the Government of Indonesia has implemented is aligned with Taiwan's NSP. However, studies conducted by Yang A. H revealed that the existence of Taiwanese business in Indonesia is still heavy at the SME level.<sup>31</sup> This situation has negatively affected local SMEs in Indonesia as the Taiwan SMEs' presence limits the domestic SMEs' activities in Indonesia, instead of supporting each other's. Therefore, this research suggested that NSP should bridge the competitiveness of SMEs in Indonesia that are currently experiencing major competition with the expansion of Taiwan SMEs in the country. In response to that, TAITRA acknowledged the strength of Indonesian SMEs to drive the country's economic growth. Therefore, TAITRA Jakarta has shifted the strategy to pursue collaboration with SMEs in Indonesia and Taiwan by encouraging market exchange.<sup>32</sup>

## 2. Infrastructure development

Infrastructure development acceleration is the primary vision of President Joko Widodo's administration, with the main objective to

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tivities that have an impact on the economy, especially the informal sector or MSMEs

30 Government Regulation No. 23/2020 on the Implementation of the National Economic Recovery Program in Order to Support State Financial Policy for Handling the Corona Virus Disease 2019 (COVID-19) Pandemic and/or Facing Threats That Endanger the National Economy and/or Financial System Stability and Rescue the National Economy.

31 Yang, A. H., & Hsiao, H. H. M. (2016). Tai-shang (Taiwan business) in Southeast Asia: Profile and issues. In *Chinese Global Production Networks in ASEAN* (pp. 213-229). Springer, Cham.

32 In-depth Interview with Senior Official, Taiwan External Trade Development Council (TAITRA) Jakarta on 3 November 2021.

accelerate economic growth. This vision is in line with the key economic collaboration pillar under NSP. In the aspect of infrastructure development, NSP highlighted the importance of creating a collaborative platform for exporting infrastructure construction services and turnkey projects.<sup>33</sup> Hence, the idea of the infrastructure development components under the NSP has addressed the interest of the government of Indonesia as a potential collaboration.

According to McKinsey, one of the most crucial measures Indonesia needs to return to pre-pandemic productivity expansion is to focus on infrastructure development.<sup>34</sup> Indonesia should not neglect the importance of sustaining and enhancing its infrastructure development efforts. Additionally, McKinsey added that infrastructural development in Indonesia will need to rise at roughly 9% per year between 2020 and 2030, totaling USD330 billion, in order to meet the country's needs. While much of the demand is centered in Jakarta and Java, the government has announced lots of new provincial projects across 15 sectors, from highways and dams to housing and seawalls, in addition to 14 government initiatives. These initiatives reflect a total investment of around USD200 billion.<sup>35</sup>

The Government of Indonesia relies heavily on state-owned enterprises (SOEs) and private investment to achieve these aims. Due to budget constraints, the government plans to

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33 Ministry of Foreign Affairs of Republic of China (Taiwan), *Loc. Cit.*

34 Agarwal, R., et. al. Ten ideas to unlock Indonesia's growth after COVID-19. (2021). Retrieved 1 December 2021 from <https://www.mckinsey.com/featured-insights/asia-pacific/ten-ideas-to-unlock-indonesias-growth-after-covid-19>.

35 *Ibid.*,

finance about 12% of the total amount needed for National Strategic Projects. At the same time, SOEs account for around 30% of the total, while private enterprises account for 58 percent. Between 2012 and 2017, SOEs' aggregate debt increased by 250%, and assets related to infrastructure increased by 262%.<sup>36</sup>

Therefore, the potential infrastructure collaboration between Taiwan and Indonesia for infrastructure development is expected to be developed under private-public partnership (PPP). This collaboration embodies one or more private parties comprising a consortium, commonly consisting of construction companies, operating companies, and financiers that undertake to finance and develop a project or asset to be utilized by the respective government institutions on behalf of the public and to be paid for overtime.

Furthermore, according to the Presidential Regulation No. 38 of 2015 on Cooperation between the Government and Enterprises in Infrastructure Procurement, the Government of Indonesia prioritizes 18 infrastructure projects as the primary sector to be accelerated. Those projects are expected to receive foreign investment. The types of infrastructures include facilities for the city, education, sports and arts, public infrastructure, tourism, correctional, public housing infrastructure, and energy conservation.<sup>37</sup>

Reflecting on the NSP priorities and building a closer relationship with Indonesia, Taiwan suggested referring to the Presidential Regulation No. 38 of 2015 to help Indonesia in

reducing the infrastructure gaps and finance it under PPP schemes as the economic ties to have a closer relationship with Taiwan. A special desk supports the Ministry of Investment to cater the infrastructure development cooperation with foreign countries.<sup>38</sup> This strategy is answering the NSP strategy at the same time filling the gap in Indonesia.

### **3. Collaborative Industrial Projects between the US, Indonesia, and Taiwan under NSP Frameworks**

The NSP, under the value of promoting economic collaboration, encourages the establishment of strategic alliances on infrastructure projects. To be specific, this initiative aims to create a collaborative platform for exporting infrastructure construction services and turnkey projects in the form of energy, petrochemical, and environmental infrastructure. As Indonesia and the US had been long trade and development partners for Indonesia and Taiwan, at the same time one of Taiwan's closest ally, this paper identifies prospective trilateral cooperation among these three parties due to the shared common interests in the aspect of accelerating infrastructure development in Indonesia by focusing on the physical infrastructure development, as the Presidential Regulation No. 38 of 2015 on the Government and Enterprises in Infrastructure Procurement stipulates.

Indonesia has achieved long-standing economic cooperation with the US since the initial phase of its independence. This cooperation has upgraded to the level of

<sup>36</sup> *Ibid.*,

<sup>37</sup> Presidential Regulation No. 38 of 2015 on Cooperation Between the Government and Enterprises in Infrastructure Procurement

<sup>38</sup> In-depth Interview with Senior Official, Taiwan External Trade Development Council (TAITRA) Jakarta on 3 November 2021.

strategic partnership in 1996 as both countries ratified the Trade and Investment Framework Agreement (TIFA) on July 16, 1996. This Agreement is the primary mechanism for discussing trade and investment issues between the US and Indonesia.<sup>39</sup> TIFA is a trade pact that established a framework for expanding trade and resolving outstanding disputes between both nations.

Under the US-Indonesia Comprehensive Partnership, US and Indonesia have made significant trade and investment cooperation progress during the past year. In 2010, two-way goods trade reached USD23.4 billion, and in the first half of 2011, US goods exports to Indonesia increased by 17% year over year, while imports from Indonesia increased by 22%. Indonesia remains a major recipient of trade preferences granted by the US under the Generalized System of Preferences, with USD1.9 billion worth of goods entering the US market duty-free in 2010. The investment connection is also improving: in 2009, US foreign direct investment (FDI) in Indonesia was USD16 billion, and Indonesian FDI in the US totaled USD256 million, up 175 percent from 2008.<sup>40</sup>

Moreover, US foreign direct investment (FDI) in Indonesia (stock) was USD18.7 billion in 2020, a 3.2% decrease from 2019.<sup>41</sup>

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39 American Chamber of Indonesia. Indonesia's Journey: Investment Report 2014-2019. (2018). Retrieved on 2 December 2021 from [https://www.amcham.or.id/viewer/web/viewer.html?file=https://www.amcham.or.id/file\\_upload/Indonesias-Journey-26Sep2018151620.pdf](https://www.amcham.or.id/viewer/web/viewer.html?file=https://www.amcham.or.id/file_upload/Indonesias-Journey-26Sep2018151620.pdf).

40 The U.S Embassy in Indonesia. Fact Sheet: the U.S.-Indonesia Trade and Investment Relationship. (2020). Retrieved on 2 December 2021 from <https://id.usembassy.gov/our-relationship/policy-history/embassy-fact-sheets/fact-sheet-u-s-indonesia-trade-and-investment-relationship/>.

41 The United States Trade Representative. Eco-

US direct investment in Indonesia is led by mining, manufacturing, and non-bank holding companies.<sup>42</sup> Therefore, the extensive adverse experience of business cooperation between Indonesia and the US has always been Indonesia's focused demands and the critical elements from the natural resource potential in Indonesia, such as the mining industry and manufacturing sector. During Foreign Minister Blinken's visit to Indonesia in December 2021, he expressed the intention of the White House to contribute towards closing the infrastructure gap in Indonesia. To implement the strategy and govern the investment in Indonesia, the US government gave the mandate to the US International Development Finance Corporation to catalyze the private sector investment in Indonesia, including in the sectors of infrastructure, digital, and energy sectors. Currently, the countries have signed a bilateral infrastructure finance agreement attracting private sector capital. It is expected to close the total USD 1.5 trillion infrastructure gap in Indonesia.

McKinsey suggested that it is essential to accelerate physical infrastructure development to foster the post-COVID-19 pandemic recovery in Indonesia.<sup>43</sup> However, according to Springer, the government of Indonesia is currently facing a financial deficit to continue the infrastructure development. The country needs to reallocate the fiscal

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economic and Trade Statistics: Indonesia. (2021). Retrieved on 2 December 2021 from <https://ustr.gov/countries-regions/southeast-asia-pacific/indonesia>

42 The United States Trade Representative. 2021 National Trade Estimate Report on Foreign Trade Barriers. (2021). Retrieved on 2 December 2021 from <https://ustr.gov/sites/default/files/files/reports/2021/2021NTE.pdf>

43 McKinsey. Ten ideas to unlock Indonesia's growth after COVID-19. (2021). Retrieved 1 December 2021 from <https://www.mckinsey.com/featured-insights/asia-pacific/ten-ideas-to-unlock-indonesias-growth-after-covid-19>.

package up to USD 26 billion to respond to COVID-19 at the same time the foreign aid starts to dry up.<sup>44</sup> Therefore, due to the limitation of the development budget in Indonesia, trilateral cooperation is encouraged in order to succeed the cooperation at the same time achieving the objective of NSP from Taiwan side. In the aspect of thematic areas, the Presidential Regulation No. 38/2015 mandated to focus on 19 kinds of infrastructure that will help elevate the quality of human life in Indonesia, which are three of them are similar to NSP and match with the current focus of the US and Indonesia cooperation in the aspect of electricity, energy conservation, renewable energy, and oil and gas.

As the government of Indonesia's preference to develop public-private partnerships, Indonesia, the US, and Taiwan could collaborate through developing consortiums that focused on infrastructure development. The three parties could start by creating project partnerships to work for 19 critical infrastructures<sup>45</sup> and empower the SMEs as part of the PEN program. Additionally, by seeing the nature of economic cooperation between Indonesia and the US that focuses on the extractive industry, it is time for Indonesia to step up by focusing on the non-commodity industry sector with the additional facilitation from Taiwan under the NSP umbrella.

## Conducting Talent Exchanges

### 1. Education sector

According to data from the Ministry of Education of the Republic of China (Taiwan), the number of Indonesian students studying in Taiwan is the third-largest compared to other ASEAN countries, with 13,804 students in 2020.<sup>46</sup> The first and second largest were Vietnam and Malaysia, with 17,534 and 13,964 students, respectively.<sup>47</sup> Observing the trend over the past five years since the NSP was launched, the number of Indonesian students studying in Taiwan has doubled, from only around 5000 students in 2016 to more than 13,000 students in 2020.<sup>48</sup> Of these 13,804 students, they consist of degree students and non-degree students such as exchange students, short-term study and individual selection, Chinese students, and *Haiqing* class.<sup>49</sup> Bachelor students dominate the student demographic in Taiwan, followed by postgraduate and doctoral students. Among the majors chosen by Indonesian students in Taiwan include engineering and industrial engineering, business and management, information and communication technology, catering and livelihood

44 Springer. How COVID-19 Will Dampen Indonesia's Infrastructure. (2020). Retrieved on 22 December 2021 from <https://www.thejakartapost.com/academia/2020/05/02/how-covid-19-will-dampen-indonesias-infrastructure-developments.html>

45 As stipulated under the Presidential Regulation No. 38 of 2015 on the Government and Enterprises in Infrastructure Procurement

46 Ministry of Education of the Republic of China (Taiwan). (2021). Retrieved 17 November 2021, from [https://www.edunstp.moe.gov.tw/overview\\_students1002.html](https://www.edunstp.moe.gov.tw/overview_students1002.html).

47 Ministry of Education of the Republic of China (Taiwan). (2021). Retrieved 17 November 2021, from [https://www.edunstp.moe.gov.tw/overview\\_students.html](https://www.edunstp.moe.gov.tw/overview_students.html).

48 Ministry of Education of the Republic of China (Taiwan). *Loc. Cit.*

49 *Ibid.*,

services, and art.<sup>50</sup>

**Table: Indonesian Students in Taiwan (2016-2020)**

Years	2016	2017	2018	2019	2020
Number of degree students	3,131	4,063	7,347	8,534	8,763
Number of non-degree students	1,943	2,390	4,465	5,373	5,041
Total	5,074	6,453	11,812	13,907	13,804

Source: Ministry of Education of the Republic of China (Taiwan), 2021

On the other hand, the number of Taiwanese students pursuing a university degree in Southeast Asia was far lower than the enrolment of Southeast Asian students in Taiwan. Taiwan's Ministry of Education recorded less than 1,000 Taiwanese students departing for Southeast Asia to study in 2020.<sup>51</sup> In Indonesia, the number of Taiwanese students was only 48 in 2020.<sup>52</sup> Hence, to deepen education cooperation between Indonesia and Taiwan, it is essential to hold an education fair as a routine annual agenda to promote and exchange information of universities. For Taiwan, promoting social science majors could be the main focus, given that Indonesian students are less interested in these majors. Recruiting students from social sciences might help Taiwan to cultivate talent in the field of politics, sociology, international relations, and foreign policy. Taiwan needs more scholars in this field in Indonesia. As for Indonesia, introducing and promoting the best universities in Indonesia to Taiwanese students could be done more vigorously to provide information on the quality of universities in Indonesia and high competitiveness with other foreign universities.

During the COVID-19 pandemic, as higher education fairs were usually held face-to-face, it should adapt to the current situation by shifting into online educational fairs. For instance, in 2020, through the Taiwan Education Center in Indonesia, Taiwan held the first online Taiwan Higher Education Fair (THEF) in Indonesia by presenting 27 reputable universities in Taiwan.<sup>53</sup> This year, the THEF was also conducted and was attended by 63 Taiwanese universities.<sup>54</sup> It broke the record for the highest number of universities compared to the previous THEF. The event

50 *Ibid.*,

51 Kabinawa, R. Assessing Taiwan's 'people-centred' New Southbound Policy in Southeast Asia. (2021). Retrieved 23 December 2021, from <https://www.9dashline.com/article/assessing-taiwans-people-centred-new-southbound-policy-in-southeast-asia>.

52 Ministry of Education Republic of China (Taiwan). (2021). Retrieved 23 December 2021, from <https://ws.moe.edu.tw/Download.ashx?icon=..pdf&n=D5D3A0DD2B8CD709&u=C099358C81D4876CC7586B178A6BD6D5062C39FB76BDE7EC3B5412F77EDD121F4572874DC01073EE9EA458A973B287AF96CA8F4552C93105BDB44101-34009649F45B62DD5939D0EE2FE2D553FB47487C>.

53 Ministry of Education of the Republic of China (Taiwan). Taiwan Education Centers Hold First Online Taiwan Higher Education Fair in Indonesia. (2021). Retrieved 17 November 2021, from <https://english.moe.gov.tw/cp-117-24170-1d794-1.html>.

54 Universitas Muhammadiyah Yogyakarta. THEF 2021, Taiwan-Indonesia Focus on Education Collaboration. (2021). Retrieved 3 December 2021, from <https://www.umy.ac.id/thef-2021-taiwan-indonesia-fokuskan-kolaborasi-pendidikan>.

aims to promote education quality in Taiwan with low tuition fees and a Muslim-friendly environment for prospective students from Indonesia.<sup>55</sup> Organizing this online education exhibition is an innovative breakthrough and is the best strategy so that this annual activity can still be carried out and ensure collaboration in education continues to grow. Indonesia can emulate this model by holding an online higher education exhibition to reach prospective Taiwanese students more broadly.

Additionally, Indonesia and Taiwan could enhance collaboration in the education sector by strengthening cooperation among universities and senior high schools through a Memorandum of Understanding (MoU). Through the MoU, exchange and training programs for students, lecturers, and/or school principals could be conducted to share knowledge and best practices from both sides.<sup>56</sup> For instance, Taiwan has already signed an MoU with one of the private universities in Indonesia, Binus University, and its implementation includes student exchange programs. Taking the exchange program in Indonesia would allow Taiwanese students to learn the local language, interact with the local people, immerse themselves in different cultures, and vice versa. Under the NSP, expanding scholarships and language training programs could draw more Taiwanese students to study in Indonesia with a focus on people in education ties. Other collaborations that could be explored among Indonesian and Taiwanese universities are dual degree

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55 Universitas Muhammadiyah Yogyakarta. The First Online Taiwan Education Exhibition in Indonesia. (2021). Retrieved 28 November 2021, from <https://www.umy.ac.id/pameran-pendidikan-taiwan-online-pertama-di-indonesia>.

56 In-depth Interview with Senior Official, Ikatan Citra Alumni Taiwan Indonesia (ICATI) on 26 August 2021.

programs and joint research cooperation.

Furthermore, one of the primary obstacles for prospective Indonesian students who want to study in Taiwan is the use of the Chinese language. Therefore, a potential collaboration is establishing a language center to provide intensive language training in the preparation phase of prospective students to university. This language center aims to provide language training at a lower cost, so that prospective students would have thorough preparation to reduce the barrier while living in Taiwan.<sup>57</sup> In addition, Taiwan Government Scholarship could also learn from the case of the US and Australia in providing sufficient pre-departure training for students. The training is not only focusing on language, but also culture, politics, healthcare system, etc.

Aside from improving the initial preparation of prospective students, the phase following the graduation of Indonesian students from Taiwan must also be considered a potential future collaboration between Indonesia and Taiwan. According to a Senior Official at the Indonesian Investment Coordination Board (BKPM), it is necessary to form a universal forum for Taiwan graduates to filter and create a database according to their respective fields of expertise. The purpose is that Indonesia and Taiwan could harness the alumni to develop cooperation between the two parties by their respective expertise areas. There are two Indonesian student alumni associations in Taiwan, namely the Indonesian Taiwan Alumni Association or *Perhimpunan Alumni Taiwan Indonesia* (PATI) and the Association of Taiwan Alumni in Indonesia or *Ikatan Citra Alumni Taiwan Indonesia* (ICATI), each of which also has several regional branches. With a

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57 *Ibid.*,

unified forum, for instance, in the economy sector, Indonesia and Taiwan could utilize graduates to become experts for future Taiwan's investments because of their local language and cultural knowledge. So, each graduate with a different background could also contribute to Taiwan's investment in Indonesia.<sup>58</sup>

Alumni networks could be leveraged to strengthen track-two diplomacy in providing policy recommendations for further the Indonesia-Taiwan partnership. The alumni organization plays a dual role in promoting Indonesian culture to the Taiwanese people while endorsing the Taiwanese culture to interested students back home. As one of the pillars in NSP, the talent exchange program between Indonesia and Taiwan has been going well through deepening bilateral exchange and the cultivation of young scholars, students, and industry professionals.

## 2. Labor sector

Taiwan began to import migrant workers from Southeast Asia in 1989.<sup>59</sup> Taiwan's Ministry of Labor reported a total of 709,123 Southeast Asian migrant workers as of December 2020. Among the ASEAN Member States, Indonesian migrant workers are the largest group, with 263,358 people covering around 37% of total migrant workers in Taiwan. Taiwan is the second-largest destination for Indonesian migrant workers working abroad.<sup>60</sup> Apart from Indonesia, migrant workers in Taiwan come from other ASEAN countries such as Vietnam with 236,835, the Philippines with 150,786, and Thailand with 58,135 people.<sup>61</sup>

Migrant workers in Taiwan work in two primary sectors, social welfare (institutional nursing, family nursing, home-maids) and productive industry (industrial, manufacture, agriculture, mining, fishing sectors).<sup>62</sup> Indonesian migrant workers predominantly work in the social welfare sector with 73% of the total, especially domestic workers, caregivers, and nurses, while the percentage of productive industry workers is only 23%. The following table shows the number of Indonesian migrant workers in Taiwan as of December 2020.

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58 In-depth Interview with Senior Official, Indonesia Investment Coordination Board (BKPM) on 3 September 2021.

59 Jian-Bang Deng, Hermin Indah Wahyuni, and Vissia Ita Yulianto. Labor Migration from Southeast Asia to Taiwan: Issues, Public Responses and Future Development. *ASEAN Education and Development Studies*, (2020): 1-13, <https://www.emerald.com/insight/content/doi/10.1108/AEDS-02-2019-0043/full/html>.

60 Taipei Economic and Trade Office. Renewal of the Memorandum of Understanding (MoU) between Taiwan and Indonesia regarding "Recruitment, Placement and Protection of Indonesian Migrant Workers". (2021). Retrieved 18 November 2021, from [https://www.roc-taiwan.org/id\\_en/post/2241.html](https://www.roc-taiwan.org/id_en/post/2241.html).

61 Ministry of Labor of the Republic of China (Taiwan). Foreign Workers in Productive Industries and Social Welfare by Nationality. (2021). Retrieved 18 November 2021, from <https://statdb.mol.gov.tw/html/mon/c12030.htm>.

62 Ministry of Labor of the Republic of China (Taiwan). Foreign Workers in Productive Industries and Social Welfare by Various Type and Sex. (2021). Retrieved 18 November 2021, from <https://statdb.mol.gov.tw/html/year/year09/d12050.htm>.

**Table: The Number of Indonesian Migrant Workers in Taiwan as of December 2020**

Sector	Number of Indonesian migrant workers
Social welfare	192,217
Productive industry	71,141

Source: Ministry of Labor of the Republic of China (Taiwan), 2020

The abovementioned data illustrates that most Indonesian migrant workers in Taiwan are low-skilled workers. To address the above issue, Indonesia and Taiwan could enhance their cooperation through capacity building of prospective workers through the *Badan Perlindungan Pekerja Migran Indonesia (BP2MI)* and the Ministry of Labor of the Republic of China (Taiwan), to improve Indonesian migrant workers' quality and competitiveness in the international labor market. For instance, Indonesia and Taiwan could collaborate to provide professional training and certification such as vocational training, language, communication, and hospitality skills. This is also in line with the results of in-depth interviews with officials from BKPM and the National Research and Innovation Agency (BRIN) that the Government of Indonesia should improve the quality of Indonesian migrant workers to work as high, instead of low-skilled workers.

Indonesia and Taiwan could also synergize and collaborate with local NGOs and migrant worker communities to protect migrant workers' human rights by educating migrant workers about laws and regulations on migrant workers in Taiwan, campaigning, and promoting migrant workers' rights. For instance, *Keluarga Besar Buruh Migran Indonesia (Kabar Bumi)* or Families of Indonesian Migrant Workers – an association for migrant returnees and their families – aims to promote migrant workers' rights and protection as well as empower migrant workers through entrepreneurship and counseling.<sup>63</sup> It is suggested that the opportunities offered by these NGOs are potential for cooperation that Indonesia and Taiwan may initiate, mainly to understand better what migrant workers need and their concerns at the grassroots level.

Furthermore, the labor sector is also directly affected by movement restrictions amidst the COVID-19 pandemic. In Taiwan, local cases tend to be in low number, however, from 16 October 2020 to 17 December 2020, 226 imported cases of migrant worker cluster infections have been reported, of which 127 or 50% were Indonesian migrant workers. It turned out that 76 out of 127 Indonesian migrant workers brought a negative PCR test result, but after being examined in Taiwan, they were confirmed positive.<sup>64</sup> To mitigate surging cases, in December 2020, Taiwan banned the entry of Indonesian migrant workers.

63 Kabinawa, R. We want to be treated with Dignity: My Experiences as a Migrant Worker and an Activist. (2021). Retrieved 23 December 2021, from <https://filia.org.uk/latest-news/2021/6/02/we-want-to-be-treated-with-dignity-my-experiences-as-a-migrant-worker-and-an-activist?fbclid=IwAR2oXsDVMTT7OMUkZcMWetvZ57eC50OMzwYnKNrQebplijHybcvoo9jsnRU>

64 Antara News. Taiwan Reaction and Temporary Suspension of Migrant Worker Placements. (2021). Retrieved 18 November 2021, from <https://www.antaranews.com/berita/1906996/reaksi-taiwan-dan-penghentian-sementara-penempatan-pekerja-migran>

The Taiwan Centers for Disease Control (CDC) stated that migrant worker cluster infections are now under control and have almost cleared since the end of July 2021. Cognizant of the reasonably successful handling of COVID-19 in Indonesia and the labor shortage industrial sector in Taiwan, Taiwan lifted entry restrictions for Indonesian migrant workers on 11 November 2021. A number of 1,700 workers – 850 care facility and manufacturing factory workers and 850 domestic workers – are allowed to enter Taiwan from 11 to 23 November 2021.<sup>65</sup> On 23 November 2021, 173 Indonesian migrant workers have left for Taiwan.<sup>66</sup> Taiwan's Ministry of Foreign Affairs said that Indonesian migrant workers are set to be the first to be granted entry to Taiwan after they barred the entry of all migrant workers.<sup>67</sup>

Cooperation in the labor sector needs to consider several aspects during and post-pandemic period, which includes tightening health checks on prospective Indonesian migrant workers who will be placed in Taiwan, such as PCR test facilities, follow-up tracking, provision of proper and clean quarantine rooms, as well as health protection and guarantees for the migrant workers. Indonesia and Taiwan could cover these measures' costs. This effort is expected to reduce the spread of COVID-19 in Taiwan and ensure Taiwan employers' and migrant workers' safety and

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65 Focus Taiwan. Taiwan fails to confirm Thursday arrival of Indonesian workers - Focus Taiwan. (2021). Retrieved 18 November 2021, from <https://focustaiwan.tw/society/202111100026>

66 Antara News. The Minister of Manpower releases Indonesian migrant workers to Taiwan. (2021). Retrieved 23 November 2021, from <https://www.antaranews.com/berita/2541997/menaker-lepas-pemberangkatan-pekerja-migran-indonesia-ke-taiwan>

67 Focus Taiwan. *Loc. Cit.*

security. Despite the lifting of the ban, the entry of migrant workers will be suspended again from 14 December 2021 to 14 February 2022 when a massive influx of Taiwanese nationals return home for the Lunar New Year holiday.<sup>68</sup>

The labor sector also implements the NSP pillar in terms of industry talent, such as streamlining procedures for Indonesian migrant workers coming to Taiwan, matching the migrant workers to employers, assisting domestic businesses to find talent, and protecting social welfare benefits for the migrant workers. Indonesia and Taiwan could share and complement human resources between both parties as part of the talent exchange program through those efforts.

## Sharing Resources

**Cooperation through resource sharing in various sectors, such as:**

### **1. Health sector**

The NSP provides Taiwan broader opportunities to share its economic footprint through bilateral and multilateral cooperation in various sectors, including healthcare, technology, agriculture, culture, and tourism. With the spread of the COVID-19 pandemic, the impact of resource-sharing measures taken by Taiwan could be visible in the healthcare sector.

Currently, Indonesia is experiencing growth in universal healthcare access through the national health insurance program under Social Security Administration Agency or

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68 *Ibid.*,

Badan Penyelenggara Jaminan Sosial Kesehatan (BPJS). The growth has simultaneously increased the demand for healthcare technology advancement and highly skilled healthcare professionals and medical devices. In discussing the recent development of the latter, Indonesia relies significantly on imported medical devices.<sup>69</sup> Total imports of medical devices have grown these past four years, from USD1.48 million in 2018 to USD2.29 million in 2021.<sup>70</sup> As for Taiwan, it was ranked among the top ten largest medical devices exporters to Indonesia in 2018, with the main exports including adhesive and non-adhesive bandages, imaging and scintigraphy apparatuses, and dental x-ray device.

However, as cited by the Indonesian Association of Medical Device Manufacturers, the government of Indonesia has shifted its focus from importing medical devices to developing national medical device industries to anticipate the oversupply of imported products in the local market.<sup>71</sup> Among the policies taken by the government of Indonesia since the beginning of the national economic period is to freeze government purchases of 79 categories of imported medical devices and focus on increasing the medical device export and expanding into new products.<sup>72</sup> To fit the latest development of Indonesian policy on medical devices, Taiwan could potentially collaborate with Indonesia to provide capacity-building programs for Indonesian medical device producers.

69 International Trade Administration. Indonesia - Healthcare (Medical Devices & Equipment). (2021). Retrieved 27 November 2021, from <https://www.trade.gov/country-commercial-guides/indonesia-healthcare-medical-devices-equipment>

70 *Ibid.*,

71 Presentation of Indonesian Association of Medical Device Manufacturers.

72 *Ibid.*,

Another potential aspect of cooperation between Taiwan and Indonesia in the healthcare sector is the advancement of healthcare technology. Cooperation could include developing big data systems for healthcare service, technology utilization of disease prevention, and telemedicine. Big data is an essential element to support the growing national health insurance system in Indonesia, especially in accommodating the increase in data coverage from 1,29 billion in 2014 to about 37,5 billion data in 2019.<sup>73</sup> Cooperation in developing a big data system to enhance health insurance services could access to the national health insurance system during the COVID-19 pandemic in Indonesia. With 99.9% of enrollment rate of Taiwanese citizens into the national health insurance scheme,<sup>74</sup> Taiwan possesses comprehensive data coverage in their health insurance system. Therefore, it is crucial to utilize the opportunity for Taiwan to transfer the experience on the development and innovation of data governance aspects within the national health insurance system to Indonesia.

Furthermore, both Taiwan and Indonesia could likely cooperate to utilize technology in disease prevention measures, such as dengue fever. Dengue fever is faced by both entities. The outbreak of dengue fever occurred every year in Taiwan, with its epicenter mainly in

73 Yumna, A., Saputri, N., & Anbarani, M. (2020). Forum Komunikasi SJSN: Mendalami Peran Big Data Dalam Optimalisasi Kualitas Program Jaminan Kesehatan Nasional (JKN) (Exploring the Role of Big Data in Optimizing the Quality of the National Health Insurance Program) [Ebook] (3rd ed.). Smeru Institute. Retrieved 30 November 2021, from [https://smeru.or.id/sites/default/files/publication/ib03\\_jkn-id.pdf](https://smeru.or.id/sites/default/files/publication/ib03_jkn-id.pdf)

74 Hsieh, C.Y., Su C.C., Shao, S.C., Sung S.F., Lin S.J., Yang, Y.H.K., & Lai, E.C.C. (2021). Retrieved 01 December 2021. Taiwan's National Health Insurance Research Database: past and future. *Clinical Epidemiology*, 2019:11, 349-358.

the Southern part of the island. In Indonesia, it is an endemic disease spread in about 472 regencies and municipalities, although the number of cases had decreased from about 140,000 in 2019 to 95,893 in November 2020.<sup>75</sup> Taiwan and Indonesia could cooperate to enhance the prevention effort, such as developing drones to conduct insecticide spray to eliminate the breeding sources and lowering mosquito density in Indonesia. Both entities have explored this initiative since 2018.<sup>76</sup>

Taiwan and Indonesia could also cooperate to develop telemedicine in Indonesia. In a rapidly digitalized society, telemedicine counts as an important tool for fostering access to healthcare services. In Taiwan, the development of telemedicine started in the 1990s and was rooted in the need for healthcare assistance for rapidly growing older people.<sup>77</sup> In Indonesia, meanwhile, telemedicine has just started to develop in the past few years and was rooted in the necessity of healthcare access amidst deficiency of healthcare and medical personnel and connectivity issues. However, the development of telemedicine in Indonesia still encounters numerous barriers, including unequal infrastructure development, mainly in rural areas, and potential capitalization of telemedicine in Indonesia. Telemedicine

75 Ministry of Health of the Republic of Indonesia. Updates on Dengue Fever Case in Indonesia. (2020). Retrieved 29 November 2021, from <https://sehatnegeriku.kemkes.go.id/baca/umum/20201203/2335899/data-kasus-terbaru-dbd-indonesia/>

76 Winata, D. (2018). RI dan Taiwan Gali Kerja Sama Bidang Medis. *MediaIndonesia.com*. Retrieved 29 November 2021, from <https://mediaindonesia.com/humaniora/159811/ri-dan-taiwan-gali-kerja-sama-bidang-medis>

77 Lin, T., Chang, H., & Huang, C. (2011). Retrieved 29 November 2021. An Analysis of Telemedicine in Taiwan: A Business Model Perspective. *International Journal of Gerontology*, 5(4), 189-192. <https://doi.org/10.1016/j.ijge.2011.09.039>

applications - developed mainly by startup companies - are subscribed by more than 30 million subscribers around the archipelago<sup>78</sup> and are projected to be the upcoming unicorns.<sup>79</sup> Center for Digital Society, in their works, was concerned that telemedicine would be capitalized hence defeating the essence of universal healthcare.<sup>80</sup> Considering these issues, Taiwan could use its expertise in developing telemedicine infrastructure to assist Indonesia in solving telemedicine infrastructure issues. In parallel, Taiwan could serve as an example for the government of Indonesia to build a firm and fair system to avoid the potential capitalization of the telemedicine system.

Moreover, 2018 has witnessed an important milestone in healthcare cooperation between Taiwan and Indonesia, if not Southeast Asia, and was attributable to the launch of the “One Country, One Center” initiative [hereafter: 1C1C]. The 1C1C initiative aims to provide a skill enhancement platform for healthcare professionals and bridge the healthcare industries between Taiwan and NSP countries. In Indonesia, the 1C1C initiative has made significant achievements, including (1) the signing of collaboration between National Taiwan University Hospital with five private hospitals in Indonesia;<sup>81</sup>

78 Medina, A. (2020). Indonesia’s Healthcare Industry: Growing Opportunities for Foreign Investors. *ASEAN Business News*. Retrieved 27 November 2021, from <https://www.aseanbriefing.com/news/indonesias-healthcare-industry-growing-opportunities-foreign-investors/>

79 Center for Digital Society (CfDs). Telemedicine in Indonesia: A Path towards Universalizing Healthcare?: (2021). Retrieved 01 December 2021, from [https://cfds.fisipol.ugm.ac.id/2021/01/13/telemedicine-in-indonesia-a-path-towards-universalizing-healthcare/#\\_edn8](https://cfds.fisipol.ugm.ac.id/2021/01/13/telemedicine-in-indonesia-a-path-towards-universalizing-healthcare/#_edn8)

80 *Ibid.*,

81 Ministry of Health and Welfare Republic of China (Taiwan). Services & Cooperation-National Taiwan

(2) healthcare professional training, which involved 73 participants from Indonesia; and (3) the convention of New Southbound Dengue Prevention and Control Collaboration Program, in collaboration with Taiwan Center for Disease Control.<sup>82</sup>

As we see the opening of the door towards a more expanded collaboration between Taiwan and Indonesia in the health sector through the 1C1C initiative, there are opportunities to be explored in designing post-COVID-19 Pandemic cooperation in the healthcare sector. For instance, in accommodating the policy shift by the Government of Indonesia in healthcare and medical devices and accelerating technology utilization in healthcare service. The cooperation between both entities could focus on strengthening healthcare industries in Indonesia to develop the capacity for local device production, the initiation of technology-based disease prevention measures, and healthcare services, such as big data of national health insurance system and telemedicine in Indonesia.

## 2. Technology sector

Although the opportunity to share technology advancement between Taiwan and Indonesia presents in the healthcare sector, a broader scope of technological sharing between both entities could cover the Indonesian strategic plan towards achieving the industrial

revolution 4.0. As cited from Taiwan's Ministry of Foreign Affairs, it is expected that the technological cooperation under the NSP framework could lead to a network of international technology exchange,<sup>83</sup> which might potentially accelerate industrial revolution 4.0 in Indonesia. Concerning this, in 2018, the Ministry of Industry of the Republic of Indonesia released the roadmap for industrial revolution 4.0, namely "Making Indonesia 4.0",<sup>84</sup> where two of the most critical priorities of Indonesia include innovation ecosystem development and human resources quality development.

Within the roadmap, the innovation ecosystem's growth by developing a blueprint for a national innovation center and preparing pilot innovation centers, including the technopark. It aims to accelerate cross-sectoral collaboration, especially with national enterprises, private sectors, and universities.<sup>85</sup> The priority is supported by the national medium-term development plan 2020-2024. It is stipulated that Indonesia would strengthen the presence of technopark to increase the capability to create innovations and national innovation products.<sup>86</sup>

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University Hospital (NTUH) for Indonesia. (2019). Retrieved 27 November 2021, from <https://nsp.mohw.org.tw/cp-1071-4962-4311a-2.html>

82 Taiwan Centers for Disease Control. Taiwan CDC hosts Technical Training Workshop on Dengue Control with Indonesia to implement New Southbound Dengue Prevention and Control Collaboration Program. (2019). Retrieved 27 November 2021, from <https://www.cdc.gov.tw/En/Bulletin/Detail/3Mgy4NLiGuBjIOkxOIfqcQ?typeid=158>

83 Promotion plan announced for New Southbound Policy - New Southbound Policy Portal. New Southbound Policy. (2016). Retrieved 20 November 2021, from [https://nspp.mofa.gov.tw/nsppe/content\\_tt.php?post=102367](https://nspp.mofa.gov.tw/nsppe/content_tt.php?post=102367)

84 Ministry of Industry of the Republic of Indonesia. Making Indonesia 4.0. (2019). Retrieved 20 November 2021, from <https://www.kemenerin.go.id/download/18384>

85 *Ibid.*,

86 Peraturan Presiden Republik Indonesia Nomor 18 Tahun 2020 tentang Rencana Pembangunan Jangka Menengah Nasional tahun 2020-2024. (Presidential Regulation Number 18/2020 concerning Medium-term Development Plan 2020-2024) Bappenas.go.id. (2020). Retrieved 21 November 2021, from [https://www.bappenas.go.id/files/rpjmn/Narasi%20RPJMN%20IV%202020-2024\\_Revisi%2028%20Juni%202019.pdf](https://www.bappenas.go.id/files/rpjmn/Narasi%20RPJMN%20IV%202020-2024_Revisi%2028%20Juni%202019.pdf)

The vision to strengthen the presence of technoparks is compatible with the focus of Taiwan in accelerating resource sharing in the technology sector within the NSP. Therefore, Taiwan and Indonesia could foster the implementation of technopark development by strengthening the role and network of Taiwan's technopark in Indonesia. The current challenge, however, is that the existing technoparks in Indonesia have not been able to facilitate any foreign collaboration. This challenge is attributable to the presence of barriers in the bureaucratic process in Indonesia, which also correlates to funding and political backgrounds to some degree.<sup>87</sup>

In resolving this barrier, the former Deputy Director for Information Technology, Energy and Materials at BPPT sees that establishing a specific body to regulate science and technology cooperation between Taiwan and Indonesia needs to be formed. Yet, the funding and bureaucratic process are foreseeable barriers to establishing a specific body to regulate science and technology cooperation between Taiwan and Indonesia.<sup>88</sup> Therefore, insisted further that a regulatory transformation in Indonesia is a key aspect to institutionalize the science and technology cooperation.

Another essential tool to develop the innovation ecosystem is stimulating research and development activities. These would further entail an option for the government of Indonesia to (1) invest more in the research activities in the technology sector and (2) accelerate cross-sectoral collaboration,

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87 In-depth interview with the former Deputy Director for Information Technology, Energy and Materials – BPPT on 6 September 2021.

88 *Ibid.*,

especially with national enterprises, private sectors, and universities. Recently, an industrial cooperation platform between Indonesia and Taiwan, Indonesia-Taiwan Industrial Collaboration Forum, has facilitated several collaborations, including think-tank cooperation in the technology sector.<sup>89</sup> While think-tank collaboration might be prospective in the future, Taiwan and Indonesia could strengthen cross-sectoral collaboration with private sectors and universities.

Creating an enabling innovation ecosystem in Indonesia is interconnected to human resources development. The Government of Indonesia needs to put forward the measure in developing human resources to push the industrial revolution 4.0. This is rooted in the fact that the technology sector's development of human resources quality is necessary to stimulate industrial revolution 4.0. Moreover, this is especially relevant during the COVID-19 pandemic, where digitalization progressed more swiftly than ever. Human resources need to meet specific technical requirements in order to foster high-tech investment and eventually foster industrial revolution 4.0 in Indonesia. The challenge is that Indonesia currently lacks high-tech investment inflow that would subsequently widen the gap in a technology exchange with domestic human resources.<sup>90</sup>

To cope with this matter, the government of Indonesia has designed plans to maximize the utilization of plenty of human resources

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89 Wicaksana, A. KDEI Taipei - Kantor Dagang dan Ekonomi Indonesia. (2019). Retrieved 26 November 2021, from <https://www.kdei-taipei.org/news/2019-taiwan-indonesia-industrial-collaboration-forum-1818.html>

90 In-depth Interview with Senior Official, Indonesia Investment Coordination Board (BKPM) on 3 September 2021.

in Indonesia by reaching more high-tech investment, improving the quality of vocational schools, and bolstering global workforce mobility programs. At this point, Taiwan's experience in developing human resources in the information and technology direction could be beneficial to achieve the plan. Taiwan's human resources development plan has been directed to the electronics and ICT sector ever since the 1970s.<sup>91</sup>

However, the implementation of technology transfer activities has increased since the early 2010s. Early in 2012, BPPT proposed a short-term training exchange facilitated by Taiwan. The program has eventually developed into a degree-exchange program. Apart from the training program, Taiwan enables around two to five researchers from BPPT annually to earn a technical degree in Taiwan.<sup>92</sup> The initiative has been an ongoing collaboration between BPPT (now National Research and Innovation Agency) and Taiwan. Another implementation of technology cooperation includes purchasing a license from Taiwan to create biohydrogen using palm oil liquid waste. The purchase allows BPPT to acquire the right to replicate the reactor in Indonesia, which was further developed by BPPT and Indonesian academicians in Taiwan. This kind of technology transfer is still running up until today.<sup>93</sup>

### 3. Agricultural sector

Given the wide-ranging agricultural programs added by the gifted climate, it is unquestionable that Indonesia successfully managed to export

a total of 2 million tons of rice in 1977<sup>94</sup> and 1980,<sup>95</sup> respectively. Six years later, Indonesia was given an award considering its robust agricultural development by the Food Agriculture Organization (FAO).<sup>96</sup>

Indonesia's agricultural achievements would have been impossible to accomplish if not for the continuous support of its neighboring parties, including Taiwan. Since 1976, Indonesia and Taiwan have conducted an agricultural technical cooperation agreement signed by both parties, which successfully yielded Taiwan's Technical Missions (TTM) in Central and East Java, provided by Taiwan's International Cooperation and Development Fund (ICDF).<sup>97</sup> Although Indonesia's agricultural business experienced several fluctuating conditions years after, bilateral relations between Indonesia and Taiwan grew even stronger. In 1995, both parties signed a Memorandum of Understanding (MoU) in agriculture, and a year later, Taiwan established another TTM in West Java. The partnership has resulted in creating several programs, one of which was the "One Village One Product" (OVOP), jointly with establishing two additional work stations for TTM in Bali in 2010.<sup>98</sup>

94 Ahsan, I. Swasembada Beras ala Soeharto: Rapuh dan Cuma Fatamorgana. (2018). Retrieved 18 November 2021, from <https://tirto.id/swasembada-beras-ala-soeharto-rapuh-dan-cuma-fatamorgana-c2eV>

95 Astuti, S. Analisis Impor Beras Di Indonesia Periode 1980-2010. (2011). Retrieved 18 November 2021, from <http://repository.ipb.ac.id/handle/123456789/53607>

96 "From Rice Importer to Self Sufficiency" awarded by the FAO.

97 Taipei Economic and Trade Office in Surabaya. Taiwan-Indonesia Relations. (2016). Retrieved 18 November 2021, from [https://www.roc-taiwan.org/idsub\\_en/post/174.html](https://www.roc-taiwan.org/idsub_en/post/174.html)

98 *Ibid.*,

91 *Ibid.*,

92 *Ibid.*,

93 *Ibid.*,

Aside from the abovementioned cooperation, a number of locationally specified projects had been carried out with Taiwan assistance, among others; (1) “Strengthening the Agribusiness Incubator with Development of Human Resources” in Bandung; (3) “Bogor Agricultural Business Management”; (4) “Boyolali Production and Marketing Project”; (5) “Yogyakarta Project”; and (6) “Project Surabaya and East Java Region”.<sup>99</sup> This year, marking its 45<sup>th</sup> anniversary, Indonesia-Taiwan agricultural cooperation has achieved an even stronger bond with its TTM spread across Java, Sumatra, Bali, and Sulawesi and the deployment of dozens of agriculture specialists with strong expertise in the field of agronomy, horticulture, and agriculture marketing.<sup>100</sup>

Taiwan’s high prioritization of maintaining strong agricultural cooperation is also clearly demonstrated through its foreign policy. Apart from other fundamental sectors, such as; education, labor, and health, Taiwan also incorporates its longstanding cooperation with Indonesia as NSP’s top priorities. Stipulated under “the Sharing Resources” pillar, the agricultural sector is hoped to become more robust through establishing a “Taiwan international agricultural development company” to promote Taiwan’s brand to overseas markets while also providing agricultural technical assistance, expanding the use of biomaterials and agricultural machinery, and most importantly, improving

99 Gunawan, S. 45 Tahun Jalin Kerjasama, Misi Pertanian Taiwan Sudah Menyebar di Indonesia. (2021). Retrieved 19 November 2021, from <https://dunia.rmol.id/read/2021/08/10/500008/45-tahun-jalin-kerjasama-misi-pertanian-taiwan-sudah-menyebar-di-indonesia>

100 Taipei Economic and Trade Office in Surabaya, *Loc. Cit.*

the business capabilities of partners.<sup>101</sup> Taiwan’s strong commitment to agricultural collaboration was also addressed by Taiwan’s current leader, President Tsai Ing-wen, in her remarks for the Food and Fertilizer Technology Center (FFTC) for the Asian and Pacific Region 50<sup>th</sup> Anniversary in October 2021.<sup>102</sup>

The significant agricultural developments that Taiwan has experienced are genuinely remarkable, which is demonstrated through their preparedness towards Smart Agriculture 4.0. On the other hand, Indonesia is very far from achieving what Taiwan has achieved. In fact, despite its superior achievement back in the 1970s-1980s, Indonesia’s agricultural sector has faced a number of significant challenges, one of which is Indonesia’s aging farmers. Numbers have begun to show what the future of rice paddy labor in 21<sup>st</sup> century Indonesia looks like, with easy access to technology and the attractiveness of working in more metropolitan regions acting as a catalyst against the flow of younger generations into the agricultural sector. Between 1993 and 2013, Indonesia observed a sharp drop in working farmers under 35. Whereas in 1993, 25.8% of all farmers were 35 or younger, by 2003, that number had dropped to 20%, before plummeting to 12.9% in the 2013 Agricultural Census. Younger generations are increasingly turning away from agriculture in favor of more “modern” jobs.<sup>103</sup> Grounded by the aging

101 NewSouthbound Policy. (2016). Retrieved 19 November 2021, from <https://newsouthboundpolicy.trade.gov.tw/English/PageDetail?pageID=48&nodeID=94>

102 Taiwan Today. Tsai Vows to Deepen Global Collaboration in Building Sustainable, Resilient Agricultural Sector. (2021). Retrieved 19 November 2021, from <https://taiwantoday.tw/news.php?unit=2,6,10,15,18&post=208797>

103 McGovern, G. Indonesia’s Aging Farmers. (2018). Retrieved 26 November 2021, from <https://thediplomat.com/2018/07/indonesias-aging-farmers/>

farmers and the steep decline of interest from Indonesian youth to become farmers, it is particularly challenging for farmers to adapt to the digitalization, modernized tools, and farming methods.

Indonesian paddy farmers are gradually retiring from the fields and despite the fact that agriculture employs approximately half of Indonesia's working population. Several surveys suggest that between 60% and 80% of rice farmers are over the age of 45. From 2003 to 2013, Indonesia's Central Bureau of Statistics (BPS) observed a significant increase in the proportion of elderly individuals working in the fields, which will undoubtedly increase in the coming years.<sup>104</sup> Constant output is required to support a growing population whose staple meal is white rice, but farmers warn human infrastructure will continue to deteriorate as education takes precedence and is considered a way out of working the paddies. Should this trend continue, by the year 2063, Indonesia would not have any farmers left to achieve a self-sufficient agricultural nation.<sup>105</sup>

Furthermore, while the world has been experiencing unprecedented challenges posed by the COVID-19 outbreak, apart from health and pandemic preparedness, raising concerns has also focused on food security. According to the Committee on World Food Security (CFS), food security exists when all people have physical, social, and economic access to enough, safe, and nutritious food that fits their dietary needs and food preferences for an active and healthy life at all times. Food

security is built on four pillars: availability, access, utilization, and stability.<sup>106</sup> Although not as severe, it was noticeable that Indonesian and other ASEAN governments were once on high alert as a result of the sudden increase of food demands due to restricted exports from several partners, which concurrently led to a short-term price increase in importing countries.<sup>107</sup> As addressed by the Senior Researcher of the Indonesian Center for Agricultural Socio-Economic Policy Studies (ICASEPS), the Ministry of Agriculture of Indonesia has already conducted several programs to achieve adequate food security. One of which is the food estate located in Central Kalimantan, which focuses on horticulture, including chili, water spinach, orange, and durian. Other programs include food diversification. However, such noble programs tend to be put on halt or even abandoned, as, in practice, the Indonesian government has never really implemented a multi-year program.<sup>108</sup> Whereas, it is impossible to see the developments or key takeaways from a one-off program, especially in the agricultural sector, where its growing phase would take more than a year.

Besides the aging Indonesian farmers and food security concerns, Indonesia is also challenged with the gradually decreasing agricultural

104 *Ibid.*,

105 Jarot Bayu, D. Indonesia dalam Ancaman Krisis Regenerasi Petani. (2021). Retrieved 28 November 2021, from <https://katadata.co.id/ariayudhistira/analisisdata/6064027728ff4/indonesia-dalam-ancaman-krisis-regenerasi-petani>

106 Committee on World Food Security. Global Strategic Framework for Food Security and Nutrition. (2021). Retrieved 23 November 2021, from [https://www.fao.org/fileadmin/templates/cfs/Docs1314/GSF/GSF\\_Version\\_3\\_EN.pdf](https://www.fao.org/fileadmin/templates/cfs/Docs1314/GSF/GSF_Version_3_EN.pdf)

107 The ASEAN Secretariat. COVID-19 Pandemic Implications on Agriculture and Food Consumption, Production and Trade in ASEAN Member States. (2021). Retrieved 19 November 2021, from <https://asean.org/storage/COVID-19-Pandemic-Implications-on-Agriculture-and-Food-Consumption-Final.pdf>

108 In-depth Interview with Senior Researcher, Indonesia Center for Agriculture Socio-Economic and Policy Studies (ICASEPS) on 23 November 2021.

land, as the rapid growth of land conversions is taking place. One of the major elements contributing to Indonesia's urban challenges is a failure to anticipate rapid population increase. Due to economic pressure on land, land conversion in Indonesian cities is mainly uncontrolled; however, uncontrolled land conversion in urban growth will diminish the city's ecological function and generate new difficulties for the physical, social, and economic environment. While it creates a certain degree of dilemma, the mitigation plan carried out by the Indonesian government still has much space for improvement, as an agricultural crop that was supposedly located in Java Island is allocated elsewhere – in other islands, such as Kalimantan and/or Sumatera – yet the expectations for the agricultural crop to grow are identical. Whereas Indonesia's food production depends highly on Java Island, which holds the most fertile soils in the country but due to the ever-increasing land conversion, it is beginning to have limited area.

Towards this end, Indonesia and Taiwan could potentially explore cooperation to overcome the above challenges. Several best practices and strategies from Taiwan could be implemented in Indonesia, such as actively promoting agricultural jobs to Indonesian youths. Continuous and rigorous training and education provided by Taiwan's Council of Agriculture (COA) for the Taiwanese youths, guarantee a hereditary farming culture, and ultimately ensure food security for Taiwan, could be implemented through Agricultural Extension Center/*Badan Penyuluhan Pertanian* (BPP). Furthermore, given Taiwan's advancement in agricultural technology, potential cooperation could be established to optimize technology utilization in the long run to improve food system resilience. This could

include investments in real-time monitoring to quickly address bottlenecks, storage technologies, and land constraints, such as glasshouse methods or precision farming in the food supply chain. Due to digital technology, farmers could benefit from increased access to information and markets, especially if rural and small-scale food producers are better linked with online food distribution networks. Alternative marketplaces may assist food producers in weathering interruptions in both farm inputs and consumer demand. Several Indonesian start-up companies could also connect rural farmers with urban customers; the government's responsibility is to examine restrictions that may limit competition, innovation, and upscaling of these start-up businesses, while also ensuring that farmers profit.

#### 4. Cultural sector

One of the important roots of cultural relations between Taiwan and Indonesia is the Chinese migration to maritime Southeast Asia, including Indonesia. The history lane of the earliest Chinese migration to Indonesia can be traced back to the 13<sup>th</sup> century, when a small number of Chinese migrants,<sup>109</sup> mostly male migrants, entered the archipelago, intermarried the locals, and settled mainly in East Java, West Sumatra, and West Kalimantan.<sup>110</sup> Although, it was not until the late 19<sup>th</sup> and 20<sup>th</sup> centuries that Indonesia saw

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109 To clarify, the term "Chinese migrants" used does not necessarily define the origin of the migrants based on current political entities, but rather refers to all Chinese migrant came from the areas and cultural spheres in the Mainland China and the Island of Taiwan, regardless of the entities that reigned up until the 20th century.

110 Refworld. Indonesia: Information on ethnic Chinese in Indonesia. (1999). Retrieved 01 December 2021, from <https://www.refworld.org/docid/3ae6a6a334.html>

a large wave of Chinese migration.<sup>111</sup>

Chinese migration to Indonesia is an essential factor that formed historical relations between Taiwan and Indonesia. The event had left a substantial cultural impact, mainly from the people-to-people interactions that allowed cultural exchange and influence to happen in the past. Furthermore, Chinese migration to Indonesia also led to a specific group called the Chinese Indonesian.<sup>112</sup> Chinese Indonesian has eventually become one of the important actors in constructing cultural sharing between Taiwan and Indonesia and has been further strengthened by the recent Taiwanese migration.

From cultural perspective, the presence of Chinese and recent Taiwanese Indonesians had elevated the link between Taiwan and Indonesia. In the past, Chinese Indonesians have gone through the stage of strong assimilation to Indonesian society, allowing only limited space for them to keep in touch with their cultural heritage. For this reason, Chinese Indonesians are mostly seen as having a multifaceted nature of identities, enabling them to emphasize their Chinese and Taiwanese values such as democracy and bond to Indonesia as their country of residence.<sup>113</sup> This multifaceted upbringing of the Chinese Indonesians has impacted their effort to strengthen their knowledge and bond to their ancestral cultures, mainly through studying and learning the Mandarin Chinese

111 *Ibid.*,

112 Chinese Indonesians are Indonesians whose descendants arrived to Indonesia from China in the past eight centuries.

113 Thung, J. Chinese Indonesians and China-Indonesia Relations: A Juxtaposition of Identity and Politics. (2016). Indonesian Institute of Sciences. Retrieved 06 December 2021, from <http://jmi.ipisk.lipi.go.id/index.php/jmiipisk/article/download/738/509>

language in educational institutions in Taiwan and Mainland China.

Apart from historical and ancestral links, the role of private media companies and institutions has also accelerated the development of cultural relations between Taiwan and Indonesia. Indonesian private television networks, such as Indosiar Visual Mandiri (Indosiar), TransTV networks, and Rajawali Citra Televisi Indonesia (RCTI) helped introduce Taiwanese pop culture by broadcasting Taiwanese television series, such as Meteor Garden and Meteor Rain, in the early 2000s. These television series attracted a broad audience in Indonesia, many of whom were teenagers, specifically female teenagers.<sup>114</sup>

Meanwhile, ICATI is one of the prime examples of institutions that have supported the cultural exchange between Taiwan and Indonesia. Based on the in-depth interview with the Senior Official of ICATI, the organization facilitated cultural exchanges, including the cultural excursion between Taiwanese indigenous tribe of Tai Co and Batak tribe in both Taiwan and Balige, Indonesia, the promotion of *Angklung* is one of the Indonesian traditional musical instruments to Taiwanese academia and Taiwan university alumnae<sup>115</sup> and holding calligraphy classes.<sup>116</sup>

114 Paramitaningrum, P., & Herlijanto, J. Economic Diplomacy, Soft Power, and Taiwan's Relations with Indonesia. (2016). *Contemporary Chinese Political Economy and Strategic Relations: An International Journal*, 2(3), 1187-1188. Retrieved 01 December 2021, from [https://icaps.nsysu.edu.tw/var/file/131/1131/img/2375/CCPS2\(3\)-Paramitaningrum-Herlijanto.pdf](https://icaps.nsysu.edu.tw/var/file/131/1131/img/2375/CCPS2(3)-Paramitaningrum-Herlijanto.pdf)

115 In-depth Interview with Senior Official of Ikatn Citra Alumni Taiwan Indonesia (ICATI) on 26 August 2021.

116 Kabinawa, *Loc. Cit.*

In order to increase people mobilization and deepen cultural exchanges between Indonesia and Taiwan, the role of ICATI is visible in assisting potential Indonesian students in studying in Taiwan and facilitating a sister city partnership agreement between the City of Singkawang, Indonesia, and the City of Taoyuan, Taiwan.<sup>117</sup> While the former aims to gain intentions from either the parents or the Indonesian students towards studying in Taiwan, the latter intends to help accommodate mobilization of the people between Singkawang and Taoyuan and strengthen cultural exchanges. The reason for this expected mobilization between both cities is that plenty of Indonesian resides in Taoyuan, and most of them originate from Singkawang.

In context, Indonesia and Taiwan could cooperate on two out of three main aspects NSP focuses on; film industry and broadcasting. As previously addressed, Taiwan broadcasting media, such as the drama series, Meteor Garden had its trend in Indonesia in the early 2000s. Indonesia's film industry has been thriving with a number of Indonesian movies produced by local directors that have successfully managed to reach an international audience through a number of screenings in international film festivals. Moreover, for instance, Indonesian movies such as *The Raid: Redemption* (2011) managed not only to attract film experts in international film festivals but also achieve box office in global cinemas.<sup>118</sup> However, to date, cooperation established with Indonesia within the context of the film industry is limited to a few countries, for instance, France, Germany,

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117 In-depth Interview with the Senior Official of Ikatan Citra Alumni Taiwan Indonesia (ICATI) on 26 August 2021.

118 Box Office Mojo. *The Raid: Redemption* - Box Office Mojo. Retrieved 10 December 2021, from <https://www.boxofficemojo.com/title/tt1899353/>

and Italy. The approaches are mostly taken through the above countries' respective language centers in Indonesia, not through the Government of Indonesia.<sup>119</sup> Thus, Indonesian film directors have been more inclined to funding opportunities from such institutes, with a "free-movement nature of the funding utilization. Although, frequently, it is required to spend half of the funding in cities within the respective donors to ensure its own economic development. Furthermore, Indonesian film directors are often approached by the People's Republic of China (PRC) for funding opportunities as well. However, the format of its funding is by ways of investing money and for a return of profit, but not necessarily involved within the content, therefore there is a lack of cultural exchange element within its film production.<sup>120</sup>

Moreover, it is also highlighted that the film industry is not yet the primary priority of the government of Indonesia, which clearly shows in the obscurity of the rules, regulations, and constitution. One of which is the widely criticized Law Number. 33/2009 on Film, seen as an outdated and irrelevant law. One of the vital reasons is that implementing regulations regarding the various articles in addition to that has not yet prevailed. Following the issuance of the Presidential Decree and the Ministerial Regulation of the Act, the government agreed to only establish two things, the Film Censorship Institute (LSF) and the Indonesian Film Agency (BPI). As a result, over the past ten years, the law that was actually issued to protect and strengthen the Indonesian films sector, including its human resources, and to answer the challenges of

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119 In-depth Interview with Indonesian Film Director on 28 November 2021.

120 *Ibid.*,

technological development has only become 'a set of sentences' that has no binding force.<sup>121</sup>

To address the above challenges, Taiwan could potentially establish cooperation with Indonesia by engaging Indonesian film directors in funding opportunities involving a certain degree of cultural exchange. Taiwan, for example, could refer to the approaches taken by France, Germany, and Italy, to invite Indonesian film directors and provide funds, thus produce a movie with a certain degree of Taiwanese cultural values, such as; 1) bringing Taiwanese actors; 2) bringing Taiwanese cultural history; and 3) adding cinematic scenes in Taiwan, while also leave liberty for the filmmaker to create their own masterpiece. Furthermore, Taiwan could also potentially collaborate with the Indonesian Ministry of Education and Culture by having a workshop on effectively managing and regulating the film industry, as Taiwan had already managed to have detailed regulations and management of its film sector. Through this program, both Indonesian and Taiwanese movie directors could also engage in a forum and workshop to share knowledge and exchange views. By doing so, it is hopeful that the Government of Indonesia could learn the best practices from Taiwan while Indonesian and Taiwanese movie directors could also enhance their networking in the film industry.

## 5. Tourism sector

Among various ways of introducing one's culture and country, bolstering the tourism sector would serve the purpose perfectly.

121 Kumparan.com. UU Perfilman Kita Sudah Usang dan Tak Relevan. (2019). Retrieved 13 December 2021, from <https://kumparan.com/kumparan-hits/uu-perfilman-kita-sudah-usang-dan-tak-relevan-1553917885132020335/1>.

Tourism could eventually lead to a better understanding of one's culture, while simultaneously boosting the revenue of the economy, creating thousands of jobs, developing the infrastructures of a country, and planting a sense of cultural exchange between foreigners and citizens. Thus, it leads to a significant increase in jobs, especially those in the tourism industry. Though the contribution of travel and tourism to GDP (percent of GDP) in Taiwan has fluctuated significantly in recent years, it has tended to rise from 2000 to 2019, concluding at 4.4 percent in 2019.<sup>122</sup>

While the sector has been severely challenged by the COVID-19 pandemic, more relaxed border controls are expected as the situation gradually improves. In efforts to utilize the momentum of hungry travelers, Taiwan is one of the few tourists destinations ready to welcome Muslim tourists with its high achievement on Halal-certified tourism program. Although Taiwan only has around 60,000 Muslim population or 0.3% of the total population of 23.57 million people, the Taiwanese government and society understand the needs of Muslims to fulfill halal status, or what is allowed in this religion (Islam).<sup>123</sup> According to the Global Muslim Travel Index (GMTI), Taiwan ranked 3<sup>rd</sup> in the world as a Muslim-friendly tourist destination in 2019. This year, the GMTI awarded Taiwan second place, with a tied score with the United Kingdom in terms of the most attractive non-

122 Knoema. Taiwan Province of China Contribution of travel and tourism to GDP (% of GDP), 1995-2019. (2019). Retrieved 30 November 2021, from <https://knoema.com/atlas/Taiwan-Province-of-China/topics/Tourism/Travel-and-Tourism-Total-Contribution-to-GDP/Contribution-of-travel-and-tourism-to-GDP-percent-of-GDP>

123 Indonesia Window. Enjoy Halal Tourism in Taiwan after Pandemic. (2021). Retrieved 28 December 2021, from <https://indonesiawindow.com/en/enjoy-halal-tourism-in-taiwan-after-pandemic/>

OIC destination for Muslim travelers, with a score of 59, behind Singapore with a score of 67.<sup>124</sup> Several praying rooms are also available for public use in a number of public spaces and facilities such as airports, train stations, and even at tourist attractions such as Sun Moon Lake, Alishan, and the National Palace Museum.<sup>125</sup> As such facilities are crucial for Muslim travelers, Indonesian students have developed smartphone applications to retrieve information regarding the nearest praying rooms, mosques, halal restaurants, etc., to assist Muslim travelers better. The Muslim-friendly facilities do not only stop there, tour buses in Taiwan could also be arranged to accommodate Muslims who would like to travel separated from different genders who are not kin, making travel in Taiwan more comfortable and enjoyable.

Additionally, Taiwan has also been working to bolster its educational tourism and has continuously attracted foreign students, particularly from the ASEAN Member States. Higher education and tourism have emerged as significant engines in regional development in recent decades. Tourism has substantial economic and social consequences at the regional and local levels, especially in places where tourism activities occur, where it is one of the most important sources of job creation.<sup>126</sup> Similarly, experts have recognized the importance of higher education institutions in regional growth and rehabilitation

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124 Hsiao-han, Y., & Lim, E. Taiwan ranked second best non-OIC destination for Muslim travelers - Focus Taiwan. (2021). Retrieved 28 December 2021, from <https://focustaiwan.tw/society/202107160019>

125 Indonesia Window, *Loc. Cit.*

126 Telfer, D. J. Tourism and regional development issues. In R. Sharpley & D. Telfer (Eds.). (2002). *Tourism and development: Concepts and issues*: 112-148. Clevedon: Channel View Publications.

efforts.<sup>127</sup> As addressed above within the education sector (sub-chapter 3.2.1), with 13,804 students in 2020, Indonesia ranked third among ASEAN member countries in the education sector, with the most significant number of students studying in Taiwan.<sup>128</sup> Thus, since the implementation of the NSP, it is proven that the number of international students in Taiwan has significantly increased, doubling its number in 2016, from 5000 students to more than 13,000 students in 2020.

Apart from the above achievements, Taiwan's advanced health technologies and reputable healthcare system have attracted many foreign travelers for medical and aesthetic purposes. After decades of economic expansion, Taiwan began a health reform in the 1980s, evaluating global healthcare systems and eventually creating the National Health Insurance Model by 1995. This government agency provides universal coverage to all citizens and legal residents through a government-owned insurer that gets premium split payments from employees and their employers and flat rates and sometimes total government subsidies for the poor. As a result, Taiwanese citizens no longer have to worry about going bankrupt due to high medical costs. Taiwan's framework also provides a privatized healthcare system to cater to foreign entities and native Taiwanese who require additional or supplementary services. According to the latest survey conducted by Medical Tourism Index, Taiwan ranked 16 among 46 destinations for medical

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127 Drucker, J. & Goldstein, H. Human capital and population growth in nonmetropolitan U.S. counties: The importance of college student migration. (2011). *Economic Development Quarterly*, 25: 353-365.

128 Ministry of Education of the Republic of China (Taiwan). (2021). Retrieved 17 November 2021, from [https://www.edunbsp.moe.gov.tw/overview\\_students1002.html](https://www.edunbsp.moe.gov.tw/overview_students1002.html)

purposes and ranked 14 for its quality of facilities and services.<sup>129</sup>

In order to realize a bolstered tourism sector between Taiwan and Indonesia, cooperation could potentially be explored starting from a G2G approach through Indonesia's Ministry of Tourism. Furthermore, Taiwan could also promote this development by exploring cooperation with the rising online travel agency services that are currently blooming in Indonesia. Indonesia's OTA ecosystem has increased by 20% per year since 2015, according to Google-Temasek research.<sup>130</sup> More than 50 online travel agencies (OTAs) in Indonesia currently provide services to both domestic and foreign tourists. Indonesia's travel sector has risen exponentially during the last eight years (2010-2018). According to a poll conducted by DailySocial and JakPat, 71.4 percent of Indonesians utilize OTAs to plan their vacations.<sup>131</sup> With President Joko Widodo's aspirations to make tourism the country's primary source of foreign revenue, it is anticipated to increase even more once the pandemic improves.

Furthermore, culture and tourism have a mutually beneficial relationship that can boost a place's, region's, or country's attractiveness and competitiveness. In the global economy, culture is becoming an increasingly significant component of the tourism sector. In this case, Taiwan could also refer to South Korea that utilizes its

129 Medical Tourism Association. Taiwan. (2021). Retrieved 28 November 2021, from <https://www.medicaltourism.com/destinations/taiwan>

130 Kaushik, A. How OTAs in Indonesia Use Hyper Personalization to Reduce Churn [Industry Study]. (2021). Retrieved 28 November 2021, from <https://www.moengage.com/blog/industry-study-how-otas-in-indonesia-are-using-personalization-to-reduce-churn/>

131 *Ibid.*.

soft power through its strong cultural sector (e.g., music, language, movies, broadcasts, and culinary) to further attract foreign visitors. The country's tourism economy was booming, benefitting hugely from Hallyu.<sup>132</sup> Prior to the outbreak of COVID-19, the number of visitors visiting South Korea had reached its new peak. Since the year 2000, visitor arrivals in South Korea have increased, with inbound visitors to South Korea reaching a total of 2.52 million in 2020. However, due to the COVID-19 outbreak in 2020, the number of visitors to South Korea decreased by more than 85%, reaching its lowest level since 2000.<sup>133</sup> Taiwan could strengthen its cultural sector, as the sub-chapter 3.3.4 suggests, in the hope for an increase in interest and desire for potential tourists to visit Taiwan.

Among others, Taiwanese cuisine always has a special spot in Indonesian citizens' hearts, particularly the younger generation. As bubble tea (Chatime and Xi Boba) and fried chicken cutlet (Shihlin) shops can easily be found on practically every street and shopping mall in Indonesia, Taiwan could utilize this momentum to approach the Ministry of Tourism and Creative Economy of the Republic of Indonesia to hold a culinary event to promote traditional food and iconic dishes. Such events could be held annually, involving local TV stations to widen recognition of Taiwan's cuisines. Lastly, as the tourism sector has been severely impacted due to the pandemic, Taiwan and Indonesia could form a designated working-level collaboration to discuss and exchange

132 The term "Korean Wave" refers to the popularity of South Korean cultural items outside of the country's borders.

133 Statista. South Korea: inbound visitor arrivals 2020. (2021). Retrieved 16 December 2021, from <https://www.statista.com/statistics/709116/south-korea-inbound-visitors/>

views on strategies to bounce back and re-activate the tourism sector.

## Forge Regional Links

For Taiwan to forge the regional link, especially in Indonesia, the key possible integration and alliance strategy is engaging in infrastructure development's economic and trade relations. The established links should be under public-private partnership to succeed the infrastructure target and expected trickle effects from the development. As Indonesia has limited capacity to generate country-level trade agreements, this might limit the bilateral activities between the two parties. Although, it is not impossible to establish a trade agreement. Therefore, maximizing the role of the private sector will elevate the presence of Taiwan entities in Indonesia.

Overseas Taiwanese networks are expanded through the education sector to forge regional links. As explained above, Indonesian graduates from Taiwan universities exposed to Taiwanese culture will return to Indonesia and automatically become "agents" who contribute to sharing information and promoting Taiwan to the Indonesian society. For instance, through alumni associations, such as PATI and ICATI, the Indonesian graduates could share their experiences when they were studying in Taiwan with the prospective Indonesian students who want to study in Taiwan. Likewise, Taiwanese students who study or take the Indonesian language class in Indonesia could show Taiwanese culture and character directly by mingling and interacting with local people in daily life.



# CONCLUSION AND RECOMMENDATION

Taiwan bases its priority sectors on four pillars of NSP; 1) economic collaboration; 2) conducting talent exchanges; 3) sharing resources; and 4) forging regional links. From the Indonesian perspective, the cooperation between Indonesia and Taiwan under the NSP framework can be considered relevant to Indonesia's national interests listed in the Indonesian constitution, namely; 1) advancing public welfare and 2) educating the nation's life. On this note, the following part will address both conclusions and recommendations for future cooperation on each respective sector;

### **1. Economic sector:**

The demand to accelerate infrastructure development and strengthening SMEs are two crucial aspects of what Indonesia needs to restore the economy to its pre-pandemic state. Taiwan can contribute by investing in Indonesia in physical infrastructure, including strengthening transportation facilities and building the manufacturing industry. Specifically for infrastructure financing, Taiwan can cooperate with the US to establish public-private partnership schemes. In addition, Taiwanese SMEs expanding their business in Indonesia are advised to collaborate and support each other instead of overlapping the markets. The similar potential and strength between Indonesian and Taiwanese SMEs are the driving force to improve economic growth.

Lastly, since Indonesia's disbursement of ODA started to dry up, perhaps Taiwan will include this as their NSP strategy to Indonesia.

### **2. Education sector:**

Indonesia has benefited from cooperation with Taiwan in the field of education. This is reflected in the number of Indonesian students studying in Taiwan has doubled for the last five years. On the other hand, the number of Taiwanese students in Indonesia was far lower, with less than 50 students in 2020. Therefore, Indonesia and Taiwan could deepen education cooperation by holding online education fairs, conducting exchanges and training programs, strengthening collaboration among universities to draw more international students to pursue education in Indonesia and Taiwan.

### **3. Labor sector:**

In the labor sector, Indonesian citizens could seek their livelihood in Taiwan as migrant workers to improve their quality of life. From the Taiwan perspective, through the services of Indonesian migrant workers in various sectors, it could run the wheels of the Taiwan economy. In adapting to the pandemic condition, Indonesia and Taiwan could collaborate on tightening health checks on prospective Indonesian migrant workers who will be placed in Taiwan, providing professional

training and certification, and synergizing with NGOs and migrant worker communities to protect migrant workers' human rights.

#### **4. Healthcare sector:**

Taiwan's contribution to Indonesia's healthcare development is evident in the fact that Taiwan was among the top ten largest medical devices exporters to Indonesia and the implementation of the 1C1C initiative. The latter allows Indonesia to enhance the skill of healthcare professionals and bridge domestic healthcare industries with Taiwan's advanced healthcare industries. In order to make the cooperation even more robust, especially during and post-COVID-19 pandemic, Taiwan could assist Indonesia to develop healthcare technology infrastructure, for instance, big data systems and telemedicine, and build the capacity of the domestic medical device producers to allow self-sufficient healthcare adequacy.

#### **5. Technology sector:**

Since the early 2010s, Indonesia and Taiwan have initiated technology training and licensing activities. These initiatives allow Indonesian researchers to earn a technical degree in Taiwan and for Taiwan to expand its technological advancement to Indonesia. In order to assist Indonesia in achieving industrial revolution 4.0. plan, Taiwan could strengthen the collaboration with Indonesia by conducting capacity-building programs to increase Indonesia's human resources skills and research activities. Furthermore, Taiwan could also assist Indonesia in developing its technoparks, as compatible with Indonesia's national medium-term development plan 2020-2024.

#### **6. Agricultural sector:**

Although agriculture cooperation is the most extensive partnership established between Indonesia and Taiwan, there is still much room for improvement, as mentioned in the analysis. Agricultural technology advancement should be the main priority for Indonesia to help tackle most agricultural challenges, such as the gradually decreasing agricultural land due to the rapid growth of land conversions. By developing agricultural technologies, such as precision farming and/or glasshouse methods, limited agricultural land would not be a problem for Indonesian farmers to thrive and produce diverse crops. The technology advancement should be accompanied by rigorous training for youth farmers by the relevant bodies to tackle the aging farmer population. Lastly, cooperation established between Taiwan and Indonesia could also involve a series of exchange programs for farmers and/or decision-makers to share knowledge and exchange of views to have a more sustainable impact on the community.

#### **7. Cultural sector:**

Taiwan could potentially establish cooperation with Indonesia by engaging Indonesian film directors in funding opportunities involving a certain degree of cultural exchange. For instance, producing a movie with a certain degree of Taiwanese cultural values, such as; 1) bringing Taiwanese actors; 2) bringing Taiwanese cultural history; and 3) adding cinematic scenes in Taiwan, while also leaving liberty for the filmmaker to create their masterpiece. Taiwan could also potentially collaborate with the Indonesian Ministry of Education and Culture by having a workshop on effectively managing and regulating the film

industry. Indonesian and Taiwanese movie directors could also engage in a forum and workshop to share knowledge and exchange views through this program, in the hope of a learning experience towards the best practices from Taiwan. While at the same time, Indonesian and Taiwanese movie directors could also enhance their networking in the film industry.

#### **8. Tourism sector:**

With the loosened travel restrictions as the COVID-19 situation improves, Taiwan and Indonesia could reactivate their tourism sector, for example, by starting from a G2G approach through Indonesia's Ministry of Tourism to promote halal-tourism to Indonesian travelers. Furthermore, Taiwan could also promote this development by exploring cooperation with the rising OTA services that are currently rising exponentially in Indonesia. Taiwan could also utilize its cultural elements such as music, language, movies, broadcasts, and culinary as soft power to attract further foreign visitors to experience those cultural values in a person. Lastly, as the tourism sector has been severely impacted due to the pandemic, Taiwan and Indonesia could form up a designated working-level collaboration to discuss and exchange views on strategies to bounce back and reactivate the tourism sector.

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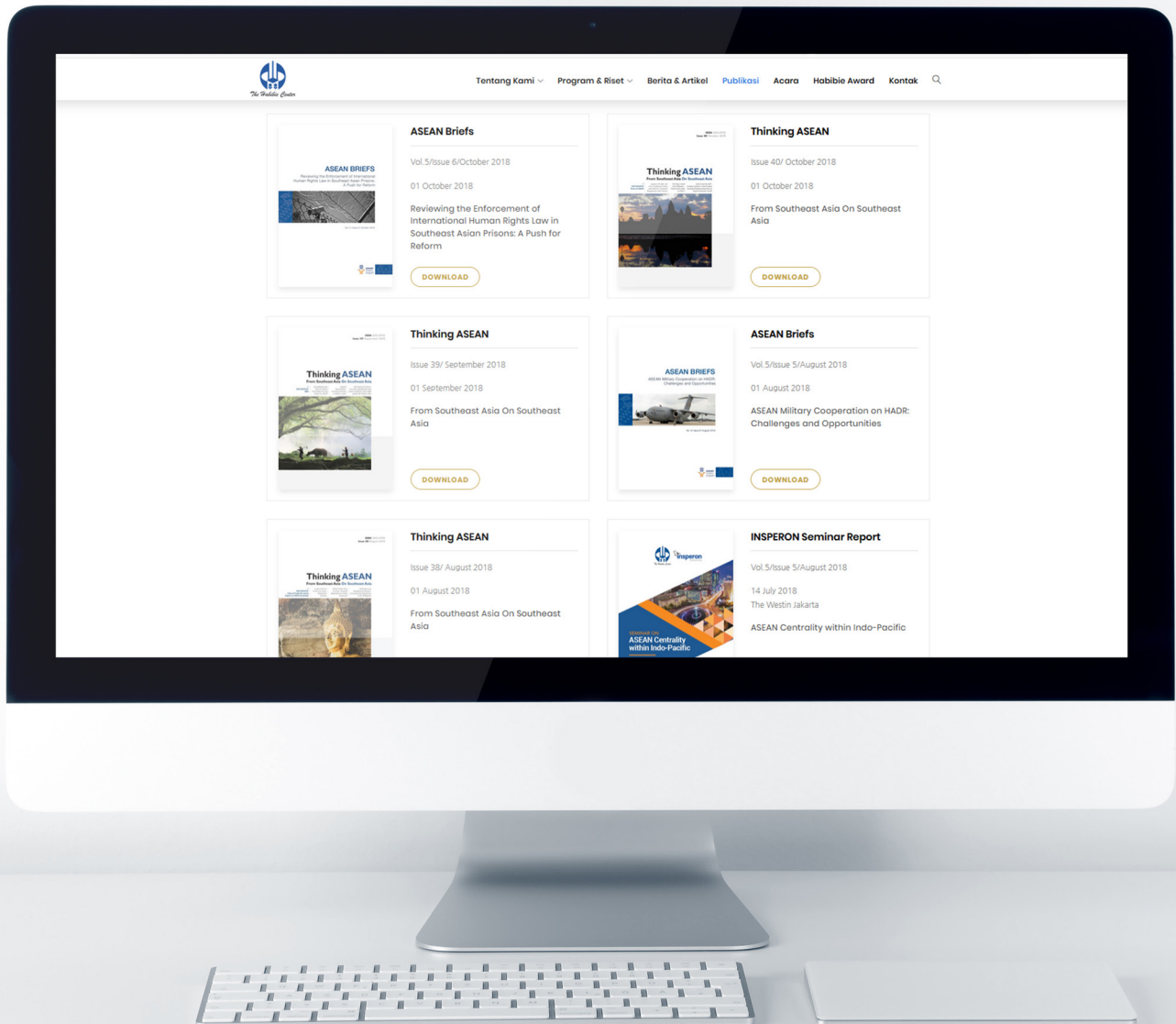
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## **THE HABIBIE CENTER**

Jl. Kemang Selatan no. 98 Jakarta 12560 - Indonesia

Phone: (62-21) 7817211 | Fax: (62-21) 7817212

E-mail: [thc@habibiecenter.or.id](mailto:thc@habibiecenter.or.id)

Website: [www.habibiecenter.or.id](http://www.habibiecenter.or.id)