



INDIA- TAIWAN RELATIONSHIP- A STUDY

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Abstract

India-Taiwan bilateral relationship is one of the burning issues in the present day Asian and world politics. The relationship between India and Taiwan was established in 1995, when the two sides established government representative offices in each other's capitals. India set up the India- Taipei Association (ITA) in Taiwan, while Taiwan established the Taipei Economic and Cultural Centre in New Delhi (TECC) in India. Since then India- Taiwan relations have improved gradually. Further, the Act East Policy of India and the New Southbound Policy of Taiwan open vista of opportunities for both the sides (Empowering Growth with Taiwan Plus - Invest India). Since China or the PRC is an aggressor country adjacent to India and Taiwan is a rival to the PRC therefore India Taiwan relationship gets tremendous attraction while studying regional as well as world politics. It is in this backdrop the study throws light on genesis of India-Taiwan bilateral relationship. The work wants to examine the modern bilateral relation between India and Taiwan.

Keywords:- India-Taiwan, Bilateral relation, PRC, New Delhi, Act East Policy

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Introduction

The relationship between India and Taiwan was established in 1995, when the two sides established government representative offices in each other's capitals. India set up the India-Taipei Association (ITA) in Taiwan, while Taiwan established the Taipei Economic and Cultural Centre in New Delhi (TECC) in India. Since then India- Taiwan relations have improved gradually. Further, the Act East Policy of India and the New Southbound Policy of Taiwan open vista of opportunities for both the sides (Empowering Growth with Taiwan Plus - Invest India). It is in this backdrop the study throws light on genesis of India-Taiwan bilateral relationship. The work wants to examine the modern bilateral relation between India and Taiwan.

Objectives

The study is based on two objectives;

1. To explore the genesis of India-Taiwan bilateral relationship.
2. To examine the modern bilateral relation between India and Taiwan.

Methodology

The present study is a secondary one and for collecting data researcher will rely on secondary sources. Secondary sources include books, journals, articles, thesis, and internet sources and so on. To fulfil the objectives researcher will follow historical analysis and descriptive method of analysis.

Evolution of India- Taiwan Relations

Initially India and the Republic of China (Taiwan) shared good relations. But the relation changed when the communist revolutionaries in China successfully forced the KMT (Kuomintang) to withdraw to Taiwan in 1949. At that time the official contacts between India and Taiwan were completely suspended (The Case for a Pragmatic India-Taiwan Partnership). Two major factors were responsible for this-

- (a) India was the first non- communist country to switch diplomatic recognition from Taiwan to the PRC.
- (b) Taiwan supported India's Independence but Indian leader Nehru did not reciprocate the good will. Instead India established diplomatic relation with PRC and broke off relations with Taiwan.

Later, official contacts between India and Taiwan were resumed in 1995 when the two sides established government representative offices in each other's capitals. India set up the ITA in Taiwan, while Taiwan established the TECC in

India. Since then, India- Taiwan relations have improved gradually (Not at the Cost of China: India and the United Nations Security Council, 1950).

India- Taiwan Relations

The official institutionalised relations between India and Taiwan was established in 1995 when the two sides established government representative offices in each other's capitals. India established ITA in Taiwan and Taiwan established TECC in India. Since then India Taiwan relations have improved in every field such as in economy, trade, political field, strategic cooperation and educational and academic exchanges (Taiwan India Relations, 2011). There has been a direct flight between India – Taiwan since April 2002. There is a close economic relation between the two. In 2003, Taiwan's Ministry of Economic Affairs announced the Scheme for Strengthening Economic and Trade Relations with India to explore the possibilities of expansion in the Indo- Taiwanese Trade. Compared to economic exchanges, India- Taiwan political exchanges look more uncertain. This is because India officially follows the so- called 'One China Policy' as a result it has been very cautious of developing relations with Taiwan. Considering the uncertain political situation between the two countries, the most promising part of the bilateral relationship is collaboration in the areas of education and academic research (Singh). China is the common enemy of both India and Taiwan. India is using 'Taiwan card' and Taiwan is using 'India card' to counter China jointly. Both the countries follow the ideology that 'the enemy's enemy is my friend', a Kautilyan extrapolation that would favour a closer relation between India and Taiwan (Roy).

India – Taiwan relations have different dimensions, which are discussed below;

Economic Relations

Taiwan and India have converging economic interests as both want to reduce dependence on China. Economic cooperation led to the establishment of the Taiwan External Trade Development Council and a Bilateral Investment Agreement. Bilateral trade has grown rising from dollar 1.9 billion in 2001 to dollar 6.1 billion in 2013. India's exports to Taiwan increased from dollar 0.55 billion in 2001 to dollar 2.75 billion in 2013. In the same period, India's imports from Taiwan increased from dollar 0.64 billion to dollar 3.4 billion. As an endeavour to push further the economic relations between both sides, on 24 October 2018, the Union cabinet of India

approved the signing of the Bilateral Investment Agreement between ITA and TECC. It is a landmark development. There are around 140 Taiwanese companies that have invested in India (Empowering Growth with Taiwan Plus). Taiwan is interested in manufacturing solar panels in India. This will help India to reduce its dependence on imports of solar panels from China. The tea industry and the Bamboo industry are also areas of collaboration for both countries. Economic coordination between two countries offer consular and passport services and promote trade and business links, scientific exchanges and people to people interaction (India's remarkable shift: Reducing solar imports from China to pave way to energy independence). In terms of increasing commercial and industrial engagements, TECC and ITA formalised a 2017 memorandum of understanding (MoU) on the 'Promotion of Industry Collaboration'. The Taipei World Trade Centre inaugurated its New Delhi office in conjunction with the debut of the Taiwan Expo (a business exposition) In South Asia over the summer of 2018 for which New Delhi served as the inaugural venue (MOU Signing on Promotion of Industry Collaboration between Taiwan and India).

Political Relations

Compared to the economic exchanges, India – Taiwan political exchanges look more uncertain. That is because New Delhi officially follows the so – called 'One China Policy' and as a result has been very cautious of developing political relations with Taiwan. However there is an improvement in the political relations between the two countries. The establishment of Taiwan- India Cooperation Council (TICC) in 2006 was perhaps the most important political gesture made during this period. India's decision in 2003 to send a serving Indian Foreign Service (IFS) officer to head the India Taipei Association (ITA) was indeed a notable development (India's 'One-China' Policy and Taiwan Dilemmas). However, India has shown an increasing confidence in its dealing with Taiwan after 2008. India's reluctance to reaffirm the One- China Policy and S. M Krishna's reported statement are instructive in this regard. Also significant are the announcement of a joint study on India Taiwan Free Trade Agreement (FTA) in 2011 by the Indian Foreign Secretary Nirupama and Taiwan's President Ma Yina – Jeou (Bagchi). Further the political relations with Taiwan improved under the present Modi government. Modi invited Taiwan's Representative in India to attend his Swearing in Ceremony in May 2014. Moreover the setting up

of an India-Taiwan Parliamentary Friendship Forum in 2016 was a significant development. Also notable is the increased momentum in India – Taiwan people to people relations, as seen in the sudden increase in the number of MoUs and agreements signed under Modi and Tsai. But China shows its discomfort towards India – Taiwan ties (Singh*). Modi and Tsai's leadership presents a potentially conducive political context for relations. Under Modi and Tsai the political relationship further improved.

India – Taiwan collaboration in Education and Academic area

Considering the uncertain political situation between India and Taiwan, the most promising part of the bilateral relationship is collaboration in the areas of education and academic research. Since 2004, the Taiwan government has provided the Taiwan Scholarship Programme to encourage outstanding Indian students to undertake degree programmes in Taiwan. By 2012, more than 200 Indian students had benefited from the scheme. India's Association of Indian Universities (AIU) and the Federation for International Cooperation in Higher Education (FICHET) in Taiwan entered into an agreement to recognise each other's academic degrees and certificates in higher education in 2010. Indians are interested in learning Chinese language because of business and security needs but the Indian side is very cautious about introducing teachers from China due to uneasy China – India relations. Since Taiwan is keen to send its Mandarin Chinese teachers overseas, India – Taiwan could enhance their cooperation in this area. Taiwan set up 'Taiwan Education Centres' in collaboration with Indian universities to teach Mandarin Chinese. Students who are trained by this centre can become the backbone of the Taiwanese companies in India. So it is a mutually beneficial project. Academic collaboration and educational exchanges will be one of the important pillars in the bilateral relationship between Taiwan and India (Taiwan keen to collaborate with Indian universities & amp).

People to people interaction

Due to India – Taiwan relations, people to people interaction between the two countries took place in the following areas –

1 Education: - Now there is Taiwan Education Centre (TEC) at Amity University, Jamia Millia Islamia, Indian Institute of Technology Madras, Bombay. The TEC in Indian Universities provides Chinese courses for senior officials in the Indian Army, tourism promoter and Indian

employees working in Taiwanese enterprises in India. In 2010, Foundation for International Cooperation in Higher Education of Taiwan signed an MoU with Association of Indian universities, this would facilitate greater research collaboration and exchanges by teachers and school administration (Taiwan India Relations).

2. Tourism: - Over 35,000 Indians visited Taiwan in 2017, out of which 4500 were for leisure travel and the others for business. Taiwan Tourist Bureau (TTB) is working towards marketing Taiwan's Tourism in India (Jha).

Three Indian journalists, from the Hindu, the Telegraph and Dainik Jagran were invited by the Foundation for International Exchange and Cultural Development of Taiwan in 2017. The purpose was to promote trade cooperation in India and promote Taiwanese culture with the people of the Indian subcontinent (Jha).

3. Culture: - Cultural exchanges between Taiwan and India have been on the increase in recent years. The Youth Ambassadors delegation sponsored by the Ministry of Foreign Affairs visited India to promote cultural and people to people exchanges in 2014, 15, 16 and 17. Besides, the Bollywood movies – Three Idiots, Dangal, Bahubali are major hits in Taiwan. Due to close relations, cultural exchanges took place which led to people to people interaction (Taiwanese youth ambassadors promote cultural exchanges with India).

Landmark Agreements signed between India and Taiwan

Beginning in the 1990s, India started to cultivate extensive ties with Taiwan in trade and investment, education, culture, tourism along with in other spheres. Some landmark agreements signed between the two countries are as follows –

1. Bilateral Investment and Promotion Agreement (BIPA):- This was signed on 25th February 2005. It provides assurances to investors that their foreign investments will be guaranteed fair and equitable treatment and constant legal security (Fair and Equitable Treatment Standard in International Investment Law).

2. Taiwan India Cooperation Council: - This was established in February 2006 to promote and facilitate Taiwanese investment into India (Fair and Equitable Treatment Standard in International Investment Law).

3. Double Taxation Avoidance Agreement (DTAA):- It came into force on 12 August, 2011. It establishes taxing rights over permanent establishments in each country, while reduced withholding taxes on dividends (Taipei Specified Associations Agreement).

4. Custom Cooperation Agreement: - This agreement came into effect on 1 August, 2015.

5. ATA Carnet: - On March 20, 2013, this agreement was signed. It is an attempt to facilitate duty free temporary admission of goods and exhibits between India and Taiwan (Taiwan, India Agree Temporary Import Duty Waiver).

6. Taiwan – India Agricultural Cooperation: - This agreement was signed in September 2016.

Synergy between Indian Act East Policy and Taiwanese 'New Southbound Policy

In 2014 under Modi government, India moved from the Look East Policy to an Act East policy placing greater emphasis on regional cooperation. India embarked on a Look East Policy in the 1990s, subsequently named Act East Policy, and made investments in the countries of the region. Taiwan falls in the larger ambit of Indian foreign policy in this region. On the other hand, Taiwan is trying to give greater emphasis on its engagements with India under its New Southbound Policy (NSP). At present under the NSP, India has become important for Taiwan (India's Act East Policy).

In 16 August 2016, Tsai Ing-Wen launched the New Southbound Policy (NSP). It aims to strengthen the comprehensive trade and economic ties between Taiwan and the members of the Association of South East Asian Nations (ASEAN), South Asia, New Zealand and Australia.

The Act East policy of India and the New Southbound Policy of Taiwan has opened vista of opportunities for both sides. There is a vast intersection between India's Act East policy and Taiwan's New Southbound policy. These two policies aim to promote people to people contact, trade, investment, science and technology, education and culture (India's Act East Policy).

Under the Look East policy, India started to pay more heed to its eastern neighbourhood. In 2014 India further moved from Look East to an Act East Policy placing greater emphasis on regional cooperation. Under the Act East Policy India initiated several initiatives to attract FDI into India through the programme like 'Make in India' which primarily urged foreign enterprises to set up manufacturing units in India (India's new Asia-Pacific strategy: Modi acts East).

New Southbound Policy also offers a unique opportunity for Taiwan to shift some of its manufacturing base to India. This, collaboration between the two policies is very much beneficial for both and the two countries through these policies can jointly defeat their enemy China.

Under this policy the establishment of the India-Taiwan Parliamentary Friendship Forum in 2016 was a milestone in the relationship as it provides a formal platform for friendship. A broader business and cultural partnership between India and Taiwan through these two policies can play significant role to counter China's increased influence in South Asia (Chattaraj).

Importance of Taiwanese Investment in India

Taiwan is one of the 'Asian Tigers' and a developed country with an economic growth of 2.37%. India on the other hand desires to be a part of the global production network. So India has launched various schemes such as Skill India, Make in India, Digital India etc. Taiwanese companies can become partners in these projects; this will help Taiwan in reducing its dependence on China, which is the goal of the NSP. In comparison to investment in South Asia, the investments in India will give them long term benefits because of the large size of Indian market (Asian Tigers' Choices: An Overview).

How to upgrade India – Taiwan Relations

It is important for India to adopt a pragmatic approach while dealing with Taiwan. Such a policy entails balancing the reality of adhering to the country's basic One China Policy and the desired to cultivate a more normal relationship with Taiwan. The two sides should focus on consistently advancing multifaceted initiatives aimed at enhancing business ties and people to people exchanges through soft balancing strategies. Taiwan focused desks in major cities across India (How to Upgrade India-Taiwan Relations).

Policy recommendations

It is time for India and Taiwan to shed some of the self- imposed caution that has characterised their bilateral interactions to date and to act more decisively. The following are the policy recommendations which should be followed by both the countries;

- (a) New Delhi should seek to formally mention Taiwan as a development partner in India's growth story. The Act East Policy largely has remained a mere articulation of interests. As the policy takes more definite shape, there should be an effort to acknowledge the role Taiwan can play (The Case for a Pragmatic India-Taiwan Partnership).
- (b) India should designate Taiwan a consultative partner in strategies such as Make in India, Skill India and Digital India. Co-developing industrial collaboration to create job

opportunities could be a new direction for the future of India – Taiwan ties.

- (c) New Delhi should actively engage with Taiwanese non- governmental organisations over the coming years. Indian caution about abiding by the One China Policy could be mitigated, if a non-governmental coordination could be put in place, alongside the normal channels of communication through the ITA and the TECC. (The Case for a Pragmatic India-Taiwan Partnership)
- (d) The scope of conversations between Indian and Taiwanese people must be enlarged.
- (e) Both India and Taiwan should establish a mechanism to facilitate reciprocal high level visits so as to institutionalise economic cooperation through a formal special economic partnership. The focal points of such a venture could be electronics, automobiles, food processing etc (The Case for a Pragmatic India-Taiwan Partnership).
- (f) Taiwan should quantify targeted outcomes for trade and investment with India, with an eye toward forging a 'sense of economic community'.

Conclusion

It can be concluded by saying that initially India and Taiwan shared good relations. But later the relationship was broken due to India's recognition of One China Policy. Later in 1995 the relation between the countries was resumed when they established government representative offices in each other's capitals. India set up the India – Taipei Association (ITA) in Taiwan while Taiwan established the Taipei Economic and Cultural Centre (TECC) in India. Since then relations have improved gradually. Further the Act East Policy of India and the New Southbound Policy of Taiwan open vista of opportunities for both the sides.

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