

**TAIWAN'S FOREIGN POLICY STRATEGY THROUGH THE NEW
SOUTHBOUND POLICY IN STRENGTHENING LABOUR RELATIONS
WITH INDONESIA**

JOURNAL ARTICLE

Submitted to the Faculty of Social and Political Sciences, Department of
International Relations Sunan Ampel State Islamic University as a Requirement
for graduation to obtain a Bachelor of Social Sciences (S.Sos) in the Field of
International Relations



**UIN SUNAN AMPEL
S U R A B A Y A**

By:

Muhammad Raditya Iskandarsyah

NIM 10040222103

**DEPARTMENT OF INTERNATIONAL RELATIONS
THE FACULTY OF SOCIAL AND POLITICAL SCIENCES
SUNAN AMPEL STATE ISLAMIC UNIVERSITY**

JULY 2026

STATEMENT OF ORIGINALITY

Bismillahirrahmanirahim

The undersigned, I :

Name : Muhammad Raditya Iskandarsyah
Student Number : 10040222103
Department : International Relations
Article Title : Taiwan's Foreign Policy Strategy Through the New
Southbound Policy in Strengthening Labor Relations with
Indonesia

Truly declare, that:

1. This undergraduate article has not been previously submitted to any educational institution for the award of any other academic degree;
2. This undergraduate article is entirely my own original work and does not contain any plagiarized material;
3. Should this undergraduate article be proven to be the result of plagiarism in the future, I am prepared to bear all applicable legal and academic consequences.

Surabaya, June 19, 2026

Signed By,



Muhammad Raditya Iskandarsyah
10040222103

APPROVAL OF SUPERVISING LECTURER

After supervising the undergraduate article written by:

Name : Muhammad Raditya Iskandarsyah

NIM :10040222103

Study Program : International Relations

Entitled **Taiwan's Foreign Policy Strategy Through the New Southbound Policy in Strengthening Labor Relations with Indonesia**, I believe that this undergraduate article can be examined as one of the requirements for the person concerned to obtain a Bachelor of Social Sciences (S.Sos.) degree in the field of International Relations.

Surabaya, June 19th, 2026

Supervising Lecturer,



Moh. Fathoni Hakim, M.Si.
NIP. 198401052011011008

APPROVAL OF EXAMINING COMMITTEE

Undergraduate Research by Muhammad Raditya Iskandarsyah entitled: **Taiwan's Foreign Policy Strategy through the New Southbound Policy in Strengthening Labour Relations with Indonesia** has been finished and passed in front of the Examining Committee.

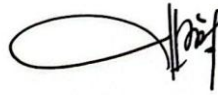
EXAMINING COMMITTEE

Examiner I



Moh. Fathoni Hakim, M.Si.
NIP. 198401052011011008

Examiner II



M. Qobidl 'Ainul Arif, S.I.P., MA.
NIP. 198408232015031002

Examiner III



Rizki Rahmadini Norika, S.Hub.Int., M.A.
NIP. 199003252018012001

Examiner IV



Nur Luthfi Hidayatullah, S.I.P., M.Hub.Int.
NIP. 199104092020121012

Surabaya, 19 June 2026

Approval,
Sunan Ampel State Islamic University
Faculty of Social and Political Sciences
Dean,



Prof. Dr. H. Abd. Chalik, M.Ag.
NIP. 197306272000031002



UIN SUNAN AMPEL
SURABAYA

**KEMENTERIAN AGAMA
UNIVERSITAS ISLAM NEGERI SUNAN AMPEL SURABAYA
PERPUSTAKAAN**

Jl. Jend. A. Yani 117 Surabaya 60237 Telp. 031-8431972 Fax.031-8413300
E-Mail: perpus@uinsby.ac.id

**LEMBAR PERNYATAAN PERSETUJUAN PUBLIKASI
KARYA ILMIAH UNTUK KEPENTINGAN AKADEMIS**

Sebagai sivitas akademika UIN Sunan Ampel Surabaya, yang bertanda tangan di bawah ini, saya:

Nama : Muhammad Raditya Iskandarsyah
NIM : 100402220103
Fakultas/Jurusan : FISIP/ Hubungan Internasional
E-mail address : muhammadradityaiskandarsyah@gmail.com

Demi pengembangan ilmu pengetahuan, menyetujui untuk memberikan kepada Perpustakaan UIN Sunan Ampel Surabaya, Hak Bebas Royalti Non-Eksklusif atas karya ilmiah :

☐ Skripsi ☐ Tesis ☐ Desertasi ☒ Lain-lain (Journal Article)

yang berjudul :

Taiwan's Foreign Policy Strategy Through the New Southbound Policy

in Strengthening Labor Relations with Indonesia

beserta perangkat yang diperlukan (bila ada). Dengan Hak Bebas Royalti Non-Eksklusif ini Perpustakaan UIN Sunan Ampel Surabaya berhak menyimpan, mengalih-media/format-kan, mengelolanya dalam bentuk pangkalan data (database), mendistribusikannya, dan menampilkan/mempublikasikannya di Internet atau media lain secara **fulltext** untuk kepentingan akademis tanpa perlu meminta ijin dari saya selama tetap mencantumkan nama saya sebagai penulis/pencipta dan atau penerbit yang bersangkutan.

Saya bersedia untuk menanggung secara pribadi, tanpa melibatkan pihak Perpustakaan UIN Sunan Ampel Surabaya, segala bentuk tuntutan hukum yang timbul atas pelanggaran Hak Cipta dalam karya ilmiah saya ini.

Demikian pernyataan ini yang saya buat dengan sebenarnya.

Surabaya, 20 Juli 2026

Penulis


Muhammad Raditya Iskandarsyah



JOURNAL OF GOVERNANCE AND SOCIAL POLICY
DEPARTMENT OF GOVERNMENT STUDIES, UNIVERSITAS SYIAH KUALA
Jalan Tgk. Tanoh Abee, Kopelma Darussalam, Kota Banda Aceh 23111, Provinsi Aceh, Indonesia
Website: <http://jurnal.usk.ac.id/GASPOL/index> | Email: journal_gaspol@usk.ac.id

LETTER OF ACCEPTANCE

Number: 9/GASPOL/V/2026

Dear Author,

Muhammad Raditya Iskandarsyah

We are pleased to inform you that your paper entitled **"Taiwan's Foreign Policy Strategy Through the New Southbound Policy in Strengthening Labor Relations with Indonesia"** with Paper ID 1491 has been **accepted** for publication in the "Journal of Governance and Social Policy" managed by the Department of Government Studies, Faculty of Social and Political Science, Universitas Syiah Kuala.

Your paper will be published in Volume 7, Issue 1, which is scheduled for release in June 2026 as part of our regular issue.

We extend our gratitude for your valuable contribution to presenting this research. Your work has undergone evaluation and has been selected to proceed to the next stage, which involves the process of copyediting and publication.

Our editorial team will be in touch with you shortly to commence the copyediting process. We look forward to your cooperation in this process to ensure that your work is conveyed effectively and in accordance with our journal standards.

Once again, congratulations on your achievement, and thank you for your dedication to contributing to this field of knowledge.

Banda Aceh
May 22, 2026

Best regards,




Wais Alqarni, S.IP., M.A
Editor-in-Chief

Taiwan's Foreign Policy Strategy Through the New Southbound Policy in Strengthening Labor Relations with Indonesia

Muhammad Raditya Iskandarsyah¹, Moh. Fathoni Hakim¹

¹ UIN Sunan Ampel Surabaya, Indonesia

Corresponding author: (muhammadradityaiskandarsyah@gmail.com)

Abstract (Indonesian)

Masa isolasi diplomatik akibat kebijakan Satu Tiongkok dan krisis demografis, Taiwan menghadapi beban ganda yang mengancam ketahanan nasionalnya. Meskipun kerja sama ketenagakerjaan Taiwan berkembang pesat, literatur yang ada masih didominasi analisis makroekonomi, menyisakan celah terkait perannya sebagai instrumen geopolitik. Studi ini bertujuan menganalisis implementasi kebijakan luar negeri Taiwan melalui pendekatan fungsional dalam kerja sama tenaga kerja dengan Indonesia. Menggunakan metode kualitatif deskriptif dan kerangka Strategi Kebijakan Luar Negeri Christopher Hill, penelitian ini mengkaji konversi sumber daya menjadi kemampuan operasional. Temuan menunjukkan bahwa melalui New Southbound Policy (NSP), Taiwan secara strategis mengubah kebutuhan tenaga kerja menjadi instrumen diplomatik fungsional guna memperluas ruang gerak internasionalnya. Lembaga semi-resmi seperti TETO dan IETO efektif berfungsi sebagai infrastruktur paradiplomatik untuk mengelola interdependensi asimetris dan membangun legitimasi. Kesimpulannya, mobilitas tenaga kerja telah ditransformasi menjadi instrumen geopolitik non-tradisional, yang memungkinkan Taiwan mempertahankan relevansinya di Asia Tenggara tanpa mengandalkan jalur diplomatik formal.

Kata Kunci: Strategi Kebijakan Luar Negeri; New Southbound Policy; Pekerja Migran Indonesia; Diplomasi Fungsional.

Abstract (English)

Amidst diplomatic isolation resulting from the One China policy and a demographic crisis, Taiwan faces a dual burden that threatens its national resilience. Although Taiwan's labor cooperation has developed rapidly, existing literature remains dominated by macroeconomic analyses, leaving a gap regarding its role as a geopolitical instrument. This study aims to analyze the implementation of Taiwan's foreign policy through a functional approach to labor cooperation with Indonesia. Employing a descriptive qualitative method and Christopher Hill's Foreign Policy Strategy framework, this research examines the conversion of resources into operational capabilities. The findings indicate that through the New Southbound Policy (NSP), Taiwan strategically transforms its labor needs into a functional diplomatic instrument to expand its international presence. Semi-official institutions such as TETO and IETO function effectively as paradiplomatic infrastructures to manage asymmetric interdependence and build legitimacy. In conclusion, labor mobility has been transformed into a non-traditional geopolitical instrument, enabling Taiwan to maintain its relevance in Southeast Asia without relying on formal diplomatic channels.

Keywords: Foreign Policy Strategy; New Southbound Policy; Indonesian Migrant Workers; Functional Diplomacy.

INTRODUCTION

The rivalry between major powers in the Indo-Pacific places Taiwan in a crucial economic position, yet one that is diplomatically isolated due to the 'One China' policy. The limited nature of its formal relations with ASEAN countries, including Indonesia, has compelled Taiwan to develop strategies centred on functional diplomacy and technical cooperation. This challenge is exacerbated by a domestic demographic crisis, with a fertility rate of just 0.87, which threatens both economic stability and national defence. The drastic decline in the working-age population is creating pressure on the labour market, making migrant labour a vital solution for the country's survival (Shan, 2025). This dual pressure creates a sense of urgency for Taiwan to formulate a more adaptive foreign policy by strengthening regional connectivity.

This situation creates a contradictory practical problem: on the one hand, Taiwan's economic and defence sustainability depends entirely on the supply of migrant labour; on the other hand, diplomatic isolation resulting from the 'One China' policy prevents Taiwan from establishing formal government-to-government (G-to-G) cooperation. This inability to engage in traditional diplomacy threatens the stability of Taiwan's access to human capital, necessitating an alternative foreign policy strategy capable of safeguarding national interests without resorting to formal channels.

According to data from the National Development Council, Taiwan's Total Fertility Rate (TFR) stands at just 0.87, and the UN projects that the proportion of Taiwan's population aged 65 and over will reach 35% by 2050 (Council, 2024). Taiwan is responding to an acute demographic crisis that threatens economic stability and national defence by implementing the New Southbound Policy (NSP) as a means of diversifying its international relations. Launched in 2016, this policy strategically shifts market dependence away from China towards strengthening people-to-people connections in Southeast Asia in order to address structural pressures on the domestic labour market (Kabinawa, 2023). Within this functional framework, Indonesia occupies a strategic position, accounting for approximately 34–35% of the total 666,000 migrant workers, the management of whom is overseen by the semi-official representative bodies TETO and IETO as a vital solution for Taiwan's economic sustainability (Lestari, 2024).

Studies on the New Southbound Policy (NSP) in the context of Taiwan-Indonesia relations have so far developed through four main perspectives: a managerial-administrative

approach focusing on migration governance; a critical transnational perspective regarding the protection of human rights; the role of public diplomacy as an instrument of soft power; and macro-geopolitical strategic calculations in response to external pressures. Collectively, these four discourses seek to explain how Taiwan maintains its relevance in the region through functional channels amidst the limitations of formal recognition of sovereignty. Academic discussions on labour mobility within the framework of the New Southbound Policy (NSP) begin with a mapping of institutional functions and socio-administrative dynamics. Khoiriyah and Hakim, alongside Ramadhan and Amaliyah, provide a foundation regarding the strategic role of TETO and the self-placement scheme (SP2T) as a response to Taiwan's demographic crisis, which acts as the primary pull factor. This focus on protection is expanded by Andiani and Juned, who examine the handling of undocumented migrant workers through the 2018 MoU, as well as Komarudin et al., who use international migration theory to highlight the gap in the fulfilment of domestic workers' rights.

However, this administrative narrative faces challenges from the critical perspectives of Kabinawa and Gusman, who reveal the asymmetry of transnational relationships and the marginalisation of workers during the COVID-19 pandemic. On the other hand, Maksum et al. and Isnarti attempt to bridge this dichotomy by positioning migrant workers as sociocultural connectors and targets of a digital diplomacy agenda that strengthens the legitimacy of informal relations between Indonesia and Taiwan (Andiani & Juned, 2024; Gusman, 2020; Isnarti, 2023; Kabinawa, 2023; Khoiriyah & Hakim, 2025; Komarudin et al., 2023; Maksum et al., 2020; Ramadhan & Amaliyah, 2023).

More broadly, the literature also explores the NSP as an instrument of geopolitics and macroeconomic resilience (Fadila et al., 2024). Jamil and Fadillah et al. emphasise that the effectiveness of the NSP is heavily influenced by the 'China factor' and Indonesia's national interest calculations in balancing regional power. The strengthening of Taiwan's bargaining position is subsequently discussed by Nguyen through a soft power perspective and by Hsiao and Yang, who conceptualise the NSP as a cross-sectoral partnership (P-P-P-P) to expand international visibility through "warm power". Adhipramana adds a dimension of second-track diplomacy through think tank networks, whilst Royatmi links the success of the NSP to economic recovery through export diversification during times of crisis. Although these 14 studies have comprehensively examined social, economic and protection aspects, there is a commonality in that the labour sector is still viewed as a policy consequence or sociological

phenomenon (Adhipramana, 2025; Fadillah et al., 2024; Hsin-H. M. Hsiao & Yang, 2025; Jamil, 2023; L. T. Nguyen, 2023; Royatmi, 2022).

Although labour cooperation between Taiwan and Indonesia is developing rapidly, existing literature remains largely dominated by discussions on macroeconomic relations, trade, and educational cooperation, while studies at the micro level primarily focus on human rights protection and migrant worker placement mechanisms. Consequently, there is still a significant research gap regarding the role of labour cooperation as a strategic geopolitical instrument and a form of functional diplomacy used by Taiwan to expand its international engagement amidst ongoing diplomatic isolation. This study aims to analyse the implementation of Taiwan's foreign policy through a functional approach in labour cooperation with Indonesia by utilising Christopher Hill's Foreign Policy Strategy framework. Beyond merely applying Hill's framework, this study seeks to contribute to broader debates on functional diplomacy, paradiplomacy, and non-traditional geopolitical instruments by positioning migrant worker mobility as a form of "functional legitimacy" through which Taiwan strengthens its international presence despite limited formal diplomatic recognition. Focusing on the strengthening of bilateral relations between Indonesia and Taiwan, this study ultimately examines how the Taiwan government implements the New Southbound Policy in labour cooperation with Indonesia?

METHODS

This study employs a descriptive qualitative method to analyse the strategic rationale behind the implementation of the New Southbound Policy (NSP) as an instrument of Taiwan's foreign policy. Data collection was conducted through a documentary study using purposive sampling to ensure the relevance, credibility, and analytical depth of the selected data. The selection of documents was based on three main criteria: relevance to Taiwan's New Southbound Policy (NSP) and labour cooperation with Indonesia, institutional credibility, and publication recency. Primary sources consisted of official NSP policy documents, the Memorandum of Understanding (MoU) on labour cooperation, and institutional reports issued by the Taiwan Economic and Trade Office (TETO), the Indonesian Economic and Trade Office in Taipei (IETO), and Taiwan's Ministry of Labour (MOL). Secondary sources included peer-reviewed academic literature, policy papers, and reports from reputable think tanks relevant to labour migration, paradiplomacy, and Taiwan's foreign policy strategy. Official documents,

academic studies, and think tank reports were comparatively evaluated to identify convergences, discrepancies, and policy patterns related to Taiwan's labour diplomacy strategy.

In analysing the data, this study adopts the interactive analysis model developed by Miles, Huberman and Saldana (2014) which operates cyclically through three stages: data reduction, data display, and conclusion drawing and verification. During the data reduction stage, the collected materials were coded and categorised thematically based on Christopher Hill's Foreign Policy Strategy framework, namely resources, capabilities, and swaying decisions. This thematic categorisation was employed to systematically connect empirical findings with the study's theoretical framework. To ensure validity and credibility, the study applies source triangulation by comparing information derived from official documents, academic literature, think tank reports, and institutional publications. This triangulation process was conducted to verify consistency across sources and minimise interpretive bias, thereby ensuring that the findings fulfil the criteria of credibility, reliability, and confirmability (Miles et al., 2014).

As the primary analytical tool in the data reduction and interpretation stages, this study employs Christopher Hill's Framework for Foreign Policy Strategy (2016). Using Hill's conversion model, which maps how resources are transformed into capabilities and influence decision-making, the researchers analyse how Taiwan utilises labour mobility and economic interdependence as instruments of unconventional foreign policy. This theoretical framework provides a strong foundation for demonstrating that the role of semi-official institutions such as TETO and IETO is not merely that of administrative entities, but rather that of strategic paradiplomatic infrastructure. Tactically, Hill's theory incisively outlines how Taiwan consciously utilises its labour relations with Indonesia to bridge the gap between its aspirations for sovereignty and the reality of diplomatic isolation, whilst simultaneously expanding its manoeuvrability in Southeast Asia without needing to rely on formal diplomatic channels.

RESULTS AND DISCUSSION

Resources: Indonesia's Demographic Crisis and Human Capital

Within Christopher Hill's framework, resources refer not only to material assets, but also to structural conditions that can be strategically converted into foreign policy instruments. In Taiwan's case, the demographic crisis and dependence on foreign labour constitute strategic pressures that shape the country's external policy orientation. Demographically, data from the National Development Council shows that Taiwan's total fertility rate (TFR) has fallen to 0.87, well below the replacement rate of 2.1, indicating that the population is no longer capable of naturally sustaining itself in the long term (Council, 2024). This decline is not a temporary phenomenon, but a structural trend that has been ongoing for several decades and is projected to continue, potentially leading to a drastic reduction in the population to below 15 million in the coming decades (Chia-ho, 2026). At the same time, Taiwan is also moving towards becoming a super-aged society, where the proportion of the elderly population is increasing significantly and creating an ever-heavier dependency burden on the working-age population.

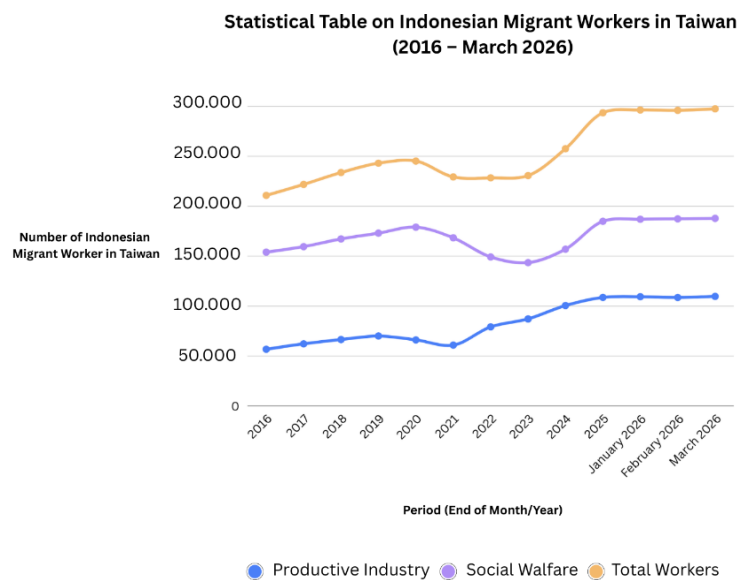
Upon closer analysis, this crisis is not merely a matter of demographic statistics, but touches on more fundamental dimensions, namely the sustainability of the economic system and even the resilience of the nation. The decline in the productive workforce directly disrupts vital sectors such as manufacturing, elderly care and agriculture, which have long been the backbone of Taiwan's economy. Furthermore, in the context of a nation facing external geopolitical pressures, the shrinking working-age population also has implications for national mobilisation capacity, including in the realm of non-traditional defence (Likadja, 2023). In Hill's perspective, these structural pressures constitute strategic resources that shape policy behaviour, as states are compelled to convert domestic vulnerabilities into external policy opportunities.

However, Taiwan's efforts to address this crisis do not take place in a vacuum. Geopolitically, Taiwan faces serious constraints due to pressure from China through the application of the One China Policy, which effectively limits Taiwan's ability to establish formal diplomatic relations with many countries, including those in the Southeast Asian region. This situation creates a significant gap between Taiwan's strategic need to maintain its economic viability and the international political reality that restricts its formal diplomatic instruments. Within Christopher Hill's framework, this situation reflects a mismatch between

national objectives and available capabilities, which subsequently compels the state to seek alternative strategies based on non-conventional instruments.

In this context, migrant labour has become a key element in filling the labour gap caused by Taiwan's demographic crisis, with the country systematically relying on it as a practical solution to its widening domestic labour deficit (R. Hsiao, 2023). Among the sending countries, Indonesia occupies a strategic position as the largest supplier, with data from March 2026 showing 329,586 Indonesian migrant workers out of a total of 873,347, or around 37.5% (Figure 1) (Agency, 2026). However, this dominance is not driven solely by the demographic crisis in Taiwan, but also stems from Indonesia's domestic structural conditions. The imbalance between the rate of population growth and the availability of jobs has led to high levels of open unemployment within the country. Economically, this situation has prompted people to seek employment opportunities abroad, making the Indonesian workforce a resource that is structurally ready to meet Taiwan's demand for labour (DwiYanti & Anisykurlillah, 2025). This dominance not only reflects Taiwan's structural dependence on the supply of Indonesian labour, but also forms a pattern of interdependence that is consistently evident in the data year on year.

Table 1. Indonesia Migrant Workers in Taiwan



Sources; Workforce Development Agency, TMOL.

To gain a more comprehensive understanding of Taiwan's reliance on Indonesian labour, Figure 1, which examines trends in migrant workers between 2016 and March 2026, reveals a structural and multi-layered pattern. During the initial phase of the New Southbound Policy's implementation (2016–2019), the number of workers increased steadily, reflecting

Taiwan's systematic efforts to secure a labour supply in response to the domestic demographic crisis (Kabinawa, 2023). This trend then contracted between 2020 and 2022 due to the disruption caused by the COVID-19 pandemic, which restricted the mobility of migrant workers and disrupted the cross-border labour market (Gusman, 2020). However, the post-pandemic phase (2023–2026) actually shows a significant surge that exceeds pre-crisis levels, particularly in the social welfare sector, which is directly linked to the growing need for care for the elderly in Taiwan's ageing society (Lestari, 2024). This pattern confirms that Taiwan is not only restoring but also intensifying its reliance on Indonesian labour, thereby reinforcing the argument that Indonesian migrant workers have become a strategic resource in underpinning Taiwan's long-term economic and social stability;

The data trends illustrated in the graph indicate that Indonesia's role can no longer be understood merely as a supplier of labour within a purely economic framework. Indonesian migrant workers support strategic sectors such as elderly care and manufacturing/productive industries, helping to maintain socio-economic stability amidst an ageing population (Akhyar & Chawari, 2025). These Indonesian migrant workers serve as essential socio-economic infrastructure for Taiwan's sustainability, rather than merely being a factor of production (Nuryananda et al., 2022). This relationship creates significant asymmetric interdependence, whereby Taiwan's economy is tied to access to external human resources from Indonesia. In foreign policy analysis, the demographic crisis is translated into an adaptive strategy: Taiwan responds through a Memorandum of Understanding (MoU) with Indonesia on recruitment and protection, thereby expanding its international scope of action. Policies such as guidelines to prevent forced labour and the opening up of new sectors reinforce this dependence as a resource for external policy (Lai & Cahyadi, 2026).

Capacity; Optimisation of TETO-IETO and the New Southbound Policy Foreign Policy Framework

In Christopher Hill's framework, capabilities refer to the ability of a state to operationalise available resources despite structural constraints. In Taiwan's case, the primary challenge lies not in the absence of resources, but in restrictions on the use of formal diplomatic instruments. Pressure from China through the One China Policy effectively limits recognition of Taiwan's sovereignty within the international system, meaning that government-to-government (G-to-G) relations with many countries, including Indonesia, cannot be conducted

in the conventional manner (Mahardika & Darmawan, 2020). Within Christopher Hill's framework, this situation reflects limitations in the capabilities dimension, namely the state's inability to directly utilise its resources through formal diplomatic channels. Thus, the main challenge for Taiwan is not merely 'what it possesses', but 'how to use it' under conditions of structural constraints (Hill, 2016).

In response to these limitations, Taiwan developed the New Southbound Policy (NSP), launched in 2016 as a strategic framework to diversify its external relations, particularly towards Southeast Asia and South Asia. The NSP is not only intended to reduce economic dependence on China, but also to build multidimensional connectivity based on people-to-people links, trade, education and labour. This NSP policy is designed as a long-term strategy to expand Taiwan's international space through functional cooperation that does not require formal diplomatic recognition (K. Nguyen, 2025). In this context, the NSP represents a reconfiguration of Taiwan's foreign policy capabilities, whereby the state transforms labour cooperation, economic interdependence, and people-to-people connectivity into operational diplomatic instruments outside formal state-to-state relations.

However, the success of the NSP is determined not only by the macro-policy framework, but also by how these policies are implemented through specific institutions at the grassroots level (Akhyar et al., 2025). This is where the role of the Taipei Economic and Trade Office (TETO) and the Indonesian Trade and Economic Office (IETO) become crucial. Neither of these institutions is formally an embassy, but in practice they perform functions very similar to those of diplomatic missions. Studies on the role of TETO indicate that this institution functions not only as an economic facilitator but also as a key actor in the management of labour migration, including in the placement, protection and dispute resolution processes for Indonesian migrant workers in Taiwan (Khoiriyah & Hakim, 2025). This indicates that TETO has evolved beyond a purely administrative institution and functions as an operational capability through which Taiwan implements its foreign policy objectives under conditions of diplomatic isolation.

Empirically, this quasi-diplomatic function is reflected in the implementation of the Memorandum of Understanding (MoU) between TETO and IETO in the field of labour. Although not within the framework of formal diplomatic relations, the MoU regulates aspects commonly found in bilateral agreements between states, including the placement, protection and resolution of labour disputes (TETO & IETO, 2018). In substance, Article 2 provides for cooperation in the recruitment, placement and protection of workers, whilst Articles 3 and 4

guarantee legal protection and contractual compliance. Furthermore, Articles 7 and 8 govern the exchange of information and the establishment of a Joint Working Group, and Article 10 sets out the mechanism for the resolution of labour disputes. This institutional framework subsequently served as the operational basis enabling labour cooperation to be implemented in practice through coordination between TETO and IETO.

The implementation of this framework is evident in practice, where coordination between TETO and IETO has enabled the resolution of various cases involving migrant workers without resorting to formal state-to-state diplomatic channels. In addition, Maulana and Roisah (2016) shows that the case resolution rate reached 88.4% (957 out of 1,082 cases), demonstrating the effectiveness of this mechanism in practice. These findings confirm that TETO and IETO have functioned as operational instruments of paradiplomacy, or 'shadow embassies', in filling the void in formal diplomatic relations between Taiwan and Indonesia.

From a theoretical perspective, this phenomenon can be understood as a form of paradiplomacy, in which non-state or quasi-state actors perform foreign policy functions in an adaptive manner (Pajtinka, 2017). Given the absence of formal diplomatic ties due to geopolitical dynamics in the Indo-Pacific region, Indonesia and Taiwan are required to make the most of these paradiplomatic practices. Such functional interactions are realised not only centrally through the representation of TETO and IETO, but also set a precedent for direct interaction between local governments in Indonesia that send migrant workers and agencies in Taiwan to safeguard cross-border labour interests (Novialdi & Rassanjani, 2022). Hill (2016) emphasises that, in the face of structural constraints, a state can develop alternative strategies by relying on non-conventional instruments to bridge the gap between objectives and capacity.

In the context of Taiwan, the author argues that TETO and IETO act as conversion mechanisms that transform resources namely labour needs and the potential for cooperation with Indonesia into capabilities that can be effectively operationalised on the ground. The presence of TETO and IETO demonstrates that current diplomatic practice is no longer dominated by the state in the rigid, classical sense. Diplomacy has transformed into a more fluid and functional form, where an actor's legitimacy depends not only on formal recognition of sovereignty, but also on the effectiveness of results on the ground (Muhammad Fahrezal Maulana, Kholis Roisah, 2016). In this regard, the success of TETO and IETO in managing labour relations in a stable and sustainable manner serves as proof that Taiwan is capable of building effective foreign policy capabilities. Therefore, the empirical findings demonstrate

how Taiwan converts labour-related resources into practical foreign policy capabilities through adaptive paradiplomatic institutions.

Swaying Decisions through Labour Migration: Turning Dependency into a Tool for Influence

In Christopher Hill's framework, "swaying decisions" refers to a state's ability to influence the preferences and policy behaviour of other actors. In this context, labour migration between Taiwan and Indonesia has evolved from a purely economic mechanism into a strategic foreign policy instrument. Within Christopher Hill's framework, labour mobility falls under the 'swaying decisions' strategy, which involves influencing the policy preferences of other actors through consciously created structured dependencies. Empirically, the Taiwan-Indonesia labour relationship creates significant interdependence. Taiwan relies on migrant workers to address labour shortages caused by demographic crises in vital sectors such as manufacturing, construction, and elderly care. Data from Taiwan's Ministry of Labour (MOL) up to May 2025 recorded 837,846 migrant workers, rising to 873,347 by March 2026, with Indonesia being the largest contributor (329,586 or approximately ~37.5%, primarily in caregiving) (Agency, 2026).

This dependency is structural in nature because the elderly care sector which is becoming increasingly crucial in a super-aged society relies on foreign workers for labour-intensive jobs that pay relatively low wages. On the other hand, Indonesia reaps economic benefits through remittances from Taiwan, which amount to Rp 40 trillion per year and make a significant contribution to foreign exchange reserves and the stability of the balance of payments. However, for Indonesia, remittances from Taiwanese migrant workers serve as a primary source of foreign exchange, alleviating domestic unemployment pressure by absorbing the labour surplus. This relationship creates an asymmetrical yet mutually beneficial interdependence, encouraging both parties to maintain cooperation through MoUs and TETO-IETO coordination.

From Christopher Hill's perspective, the Taiwan-Indonesia labour interdependence enables Taiwan to implement a strategy of 'swaying decisions' through two main mechanisms: Firstly, the use of economic incentives (the 'carrot'), whereby the continuity of remittance flows and employment opportunities for Indonesian citizens serve as factors encouraging the Indonesian government to maintain functional relations with Taiwan, despite being formally bound by the One China policy. The second is the building of soft power through the social

interactions of Indonesian migrant workers with Taiwanese society, creating transnational social ties that reinforce positive perceptions of Taiwan at the grassroots level.

This phenomenon demonstrates that international legitimacy is not always built through formal state-to-state recognition, but can also emerge from repeated and sustained social interactions. Studies on Taiwan's public diplomacy emphasise that people-to-people relations are one of the main pillars in strengthening Taiwan's position in Southeast Asia, particularly through the community-oriented NSP policy (Isnarti, 2023). In other words, migrant workers serve not only as a labour force, but also as social agents who exert normative and cultural influence, thereby indirectly strengthening Taiwan's position in bilateral relations.

However, it is important to note that this interdependence is asymmetrical and characterised by unequal bargaining power between the receiving state and migrant workers. Komarudin et al., (2023) demonstrate that Indonesian migrant workers in Taiwan continue to face structural vulnerabilities, including job placements that do not correspond to contractual agreements, excessive wage deductions, high accommodation costs, limited social protection, and inadequate access to health and employment insurance. From a governance and migration studies perspective, these conditions reflect the unequal distribution of power within transnational labour governance, where migrant workers often occupy the weakest position within cross-border labour arrangements. The limitations of protection mechanisms become more apparent under paradiplomatic arrangements. Although institutions such as the Indonesian Economic and Trade Office (IETO) play an important role in facilitating labour protection and dispute resolution, their authority remains institutionally constrained because they are non-diplomatic entities that do not possess the legal immunities and enforcement capacities enjoyed by formal embassies (Ndarujati, 2021). Consequently, the protection of migrant workers frequently depends on administrative negotiation and informal coordination rather than binding diplomatic mechanisms. This situation creates structural limitations in ensuring comprehensive labour protection, particularly when workers face exploitation or legal disputes.

Moreover, although Taiwan derives significant strategic and economic benefits from labour mobility, migrant workers themselves continue to bear disproportionate social and legal risks in maintaining the stability of Taiwan–Indonesia relations under the framework of the One China Policy. In this regard, labour cooperation should not only be understood as a successful geopolitical instrument of functional diplomacy, but also as a governance challenge

involving labour vulnerability, unequal power relations, and the incomplete institutional protection of migrant workers within transnational migration regimes.

Nevertheless, it is precisely within this tension that the strategic value of labour mobility becomes increasingly clear. Taiwan cannot easily replace Indonesian labour without causing serious disruption to its vital sectors, whilst Indonesia retains an interest in maintaining access to that labour market. This situation creates an evolving space for negotiation, in which both parties are implicitly driven to maintain the stability of their relationship (Fadillah et al., 2024). In the context of foreign policy, this indicates that migrant workers have become a non-traditional geopolitical instrument, enabling Taiwan to expand its influence without having to rely on formal diplomatic channels.

Strategic Implications: Taiwan's Foreign Policy and the Strengthening of Labour Relations

Whilst the previous three sections have demonstrated how resources and capabilities are converted into instruments, this section highlights their strategic implications within the framework of foreign policy. Drawing on Christopher Hill's framework, an effective foreign policy strategy is one that is capable of bridging the gap between structural constraints and national objectives. In the case of Taiwan, the findings of this study indicate that the use of labour cooperation within the framework of the New Southbound Policy (NSP) has served as an adaptive mechanism to address constraints arising from geopolitical pressure from China. Strategically, this policy enables Taiwan to continue performing essential functions as an international actor without having to rely on formal diplomatic recognition. The NSP, as explained by the Taiwanese government, is designed to expand international engagement through economic, social and people-centred connectivity (a people-centred policy), which implicitly shifts the basis of legitimacy from recognition-based diplomacy towards function-based diplomacy (Yang, 2017). In this context, Taiwan's success is not measured by the number of countries that formally recognise it, but rather by its ability to build stable, mutually beneficial and sustainable relationships in practice.

The findings of this study show that Indonesian migrant workers have become a key component of this strategy. By utilising labour mobility as a foreign policy instrument, Taiwan has succeeded in creating a form of international legitimacy that is informal yet functional. The relationships forged through labour mechanisms not only yield economic benefits but also expand Taiwan's room for manoeuvre within a highly constrained international system. This

aligns with the argument that a state can gain influence not only through military power or formal recognition, but also through control over cross-border economic and social networks (hsin-H. M. Hsiao & Yang, 2025).

Furthermore, this strategy has direct implications for the dynamics of labour relations between Taiwan and Indonesia. As migrant workers serve as a strategic instrument, the sustainability of Taiwan's foreign policy is heavily dependent on the stability and success of these relations. In this context, Taiwan has a strong incentive to maintain the quality of labour relations, including through enhanced worker protection, the streamlining of administrative procedures, and strengthened coordination with Indonesian institutions such as BP2MI (Ramadhan & Amaliyah, 2023). In other words, Taiwan's geopolitical interests directly drive improvements in labour governance.

This phenomenon highlights an intriguing causal relationship: when labour is positioned as a strategic asset in foreign policy, the protection of such labour is no longer merely a moral or legal obligation, but becomes part of the national interest. Studies on Indonesian migrant workers in Taiwan also indicate that there has been an increase in the Taiwanese government's efforts to improve access to information, complaint services, and dispute resolution mechanisms in recent years, particularly following the implementation of the NSP (Lestari, 2024). Although not yet entirely ideal, this trend indicates a shift from an exploitative approach towards a more institutional and responsive one.

Nevertheless, it is important to maintain a critical perspective on these claims of success. Taiwan's success in utilising labour as an instrument of diplomacy does not automatically eliminate the structural inequalities within these relationships. A number of studies continue to highlight issues such as unequal labour relations, limited social mobility for migrant workers, and vulnerability to human rights violations (Komarudin et al., 2023). Therefore, this strategy is best understood as one that is effective but not yet fully inclusive, in which the country's geopolitical gains do not always align with the individual well-being of workers.

In this context, Indonesia's position is highly strategic. Taiwan's reliance on Indonesian labour creates an opportunity for Indonesia to strengthen its bargaining position in bilateral negotiations. The Indonesian government, through institutions such as BP2MI, has scope to promote higher standards of protection, improve the quality of workforce training, and enhance overall working conditions. In other words, the interdependence that has been

established not only benefits Taiwan, but also opens up opportunities for Indonesia to optimise the benefits of this cooperation.

CONCLUSION

This study addresses a structural issue whereby Taiwan relies heavily on Indonesian migrant workers to address its domestic demographic crisis, yet is hindered by diplomatic isolation resulting from the One China policy, which bars formal government-to-government (G-to-G) cooperation. In response to the research problem and objectives, the key findings of this study reveal that, through the New Southbound Policy (NSP), Taiwan has adaptively optimised the role of semi-official institutions (TETO and IETO) as a successful para-diplomatic infrastructure that converts labour needs into functional diplomatic instruments. The strategic implications of these findings suggest that labour mobility has evolved into a non-traditional geopolitical instrument that creates asymmetric interdependence, thereby not only expanding Taiwan's international scope of action but also driving improvements in worker protection governance as part of the preservation of its strategic interests.

Nevertheless, as a form of critical evaluation, this study highlights the limitations of the implementation of these policies on the ground; whilst Taiwan's functional diplomacy has been successful at the macro-political level, it has not yet fully eliminated structural inequalities, meaning that migrant workers often still bear a disproportionate burden of social risk. Given this asymmetrical reality, future research must focus on tactical analyses of how sending countries such as Indonesia can strengthen their institutional bargaining position, to ensure that the geopolitical benefits of this cooperation translate into tangible improvements in worker protection. Ultimately, these adaptive manoeuvres provide clear evidence that, in the contemporary international system, an entity's resilience is no longer determined solely by formal recognition of sovereignty, but by its strategic acumen in modifying functional relationships to break down the walls of geopolitical isolation.

REFERENCES

- Adhipramana, D. R. (2025). Taiwan ' s New Southbound Policy Plus and the Think Tank Corridor : A Transnational Advocacy Network Approach. *The New Southbound Policy: Leveraging Indonesia-Taiwan Ties*, 20–27.
- Agency, T. W. D. (2026). *Foreign Workers in Taiwan by Industry and Nationality*.
- Akhyar, M. N., & Chawari, N. H. (2025). *Negeri dalam Negeri: Otonomi Khusus dan Tantangan Integrasi Nasional*. CV Jejak (Jejak Publisher).
- Akhyar, M. N., Redjo, S. I., & Kartini, D. S. (2025). The Effectiveness of Digital Population Identity on the Public in the City of Bandung in 2023-2024. *Journal of Governance and Social Policy*, 6(1), 195–209. <https://doi.org/10.24815/gaspol.v6i1.45276>
- Andiani, D., & Juned, M. (2024). Cooperation Between Indonesia And Taiwan In Supporting The Protection Of Runaway Indonesian Migrant Workers In Taiwan. *JTEP*, 4(2), 232–243.
- Chia-ho, K. (2026, April). NDC report to forecast rapid population drop , sources say. *Taipei Times*.
- Council, N. D. (2024). *The National Development Council released the “ Population Estimate of the Republic of China (2024 to 2070). ”*
- Dwiyaniti, O., & Anisykurlillah, R. (2025). Collaborative Governance in Addressing Open Unemployment Rates at the DKI Jakarta Provincial Manpower , Transmigration and Energy Office. *Journal of Governance and Social Policy*, 6(2), 478–498. <https://doi.org/10.24815/gaspol.v6i2.26>
- Fadila, A., Aulia, A., Putri, N. A., Altaqwadinnur, I., Muhajir, N., & Al-Mulki. (2024). Analysis of Joe Biden's Leadership Style in the Implementation of US Political Policy. *Journal of Government and Political Sciences*, 1(1), 1–14. <https://doi.org/10.64323/jgps.v1i1.35>
- Fadillah, N. D., Subagyo, A., & Djemat, Y. O. (2024). Kepentingan Indonesia Dalam Menjalin Kerjasama Ekonomi Bidang Ketenagakerjaan Dengan Taiwan 2015-2019. *Global Insight Journal : Jurnal Mahasiswa Hubungan Internasional*, 1(1). <https://doi.org/10.36859/gij.v1i1.2492>
- Gusman, Y. (2020). The experience of indonesian migrant workers in taiwan during covid-19 pandemic: a 'right - based' analysis. *Al Daulah Jurnal Hukum Pidana Dan Ketatanegaraan*, 9(2). <https://doi.org/https://doi.org/10.24252/ad.v10i1.21080>
- Hill, C. (2016). Second Edition: Foreign Policy in the Twenty-First Century. In *Geopolitical Turmoil in the Balkans and Eastern Mediterranean*. https://doi.org/10.1007/9783031343186_7
- Hsiao, hsin-H. M., & Yang, A. H. (2025). Taiwan's New Southbound Policy. In *ROUTLEDGE HANDBOOK OF CONTEMPORARY TAIWAN* (2nd ed.). Routledge. <https://doi.org/10.4324/9781003389910>
- Hsiao, R. (2023). Personnel Changes at the PRC ' s Organs for Taiwan Intelligence Analysis. *Global Taiwan Brief*, 8(16), 10.

- Isnarti, R. (2023). Taiwan ' s Digital Public Diplomacy Towards Indonesia in Supporting its New Southbound Policy. *Politica*, 14(2), 153–167. <https://doi.org/10.22212/jp.v14i2.3858>
- Jamil, N. S. (2023). Taiwan ' S New Southbound Policy In Southeast Asia And The ' China Factor ' : Deepening Regional Integration Amid New Reality. In *Southward-Bound: Examining the Regional Policies of Taiwan and South Korea by Routledge: Vol. LIV* (Issue II, pp. 264–285). <https://doi.org/10.4324/9781032692449-4>
- Kabinawa, L. N. R. W. (2023). Unpacking Taiwan's 'People-Centred' New Southbound Policy in Indonesia: A Transnational Perspective. *International Journal of China Studies*, 14(2), 75–102.
- Khoiriyah, N., & Hakim, F. (2025). TETO Surabaya's Role in Promoting Indonesian Labor Migration. *Jurnal Hubungan Internasional*, 18(1), 279–302. <https://doi.org/10.20473/jhi.v18i1.68995>
- Komarudin, U., Pramuji, P., Handoko, W., & Irawati, I. (2023). Indonesian Domestic Workers in Taiwan : An International Migration and Workers Rights Perspective. *Tex Publica*, 10(1), 141–164. <https://doi.org/https://doi.org/10.58829/lp.10.1.2023.141-164>
- Lai, S., & Cahyadi, J. (2026, February). Taiwan rilis panduan pencegahan kerja paksa, tekankan perlindungan pekerja migran - Fokus Taiwan. *Focus Taiwan*.
- Lestari, F. W. (2024). Indonesian Migrant Workers in Taiwan during the Pandemic: Government Policies on Immigration and COVID-19, Language Barriers and Access to Information. In *Азійське свєтє | Asian Issues* (10th ed., Vol. 10, Issue 1, p. 91).
- Likadja, J. A. C. (2023). *Revitalisasi Sistem Pertahanan dan Keamanan nasional Sebagai Pilar Kedaulatan Negara*. Fakultas Hukum UNDANA.
- Mahardika, M. T., & Darmawan, A. (2020). Implikasi Kebijakan One China Policy dalam Kegagalan Kerjasama Sister City antara Bogor dan Tainan di Taiwan. *Jiip: Jurnal Ilmiah Ilmu Pemerintahan*, 5(2), 217–237. <https://doi.org/10.14710/jiip.v5i2.7909>
- Maksum, A., Tsay, C., & Muhammad, A. (2020). *Indonesian Migrant Workers in Taiwan : The State Dilemma and People ' s Realities*. 24(1), 80–96. <https://doi.org/10.22146/jsp>.
- Miles, M. B., Huberman, A. M., & Saldana, J. (2014). *Qualitative Data Analysis: A Methods Sourcebook* (3rd ed.). Sage Publisher.
- Muhammad Fahrezal Maulana, Kholis Roisah, P. S. (2016). Implikasi One China Policy Terhadap Hubungan Luar Negeri Indonesia Dan Taiwan Dalam Perspektif Hukum Internasional. *Diponegoro Law Journal*, 5(3), 3. <https://doi.org/https://doi.org/10.14710/dlj.2016.12583>
- Ndarujati, D. (2021). Peran kementerian Ketenagakerjaan Republik Indonesia dalam Mengatasi Masalah Pekerja Migran Indonesia di Taiwan. *Jurnal Sosial Sains*, 1 No. 1(1), 17–30.
- Nguyen, K. (2025). Analyzing Taiwan ' s New Southbound Policy and Its Path Towards Economic Sovereignty. *Global Taiwan Brief*, 10(12), 7.
- Nguyen, L. T. (2023). Soft Power as a Perspective for Taiwan ' s New Southbound Policy. *Journal for Research in Arts and Humanities*, 5, 165–170.

<https://doi.org/https://doi.org/10.55544/ijrah.3.5.14>

- Novialdi, R., & Rassanjani, S. (2022). Mengkaji Peluang dan Tantangan Praktik Paradiplomasi Pemerintah Daerah di Indonesia di Kawasan Indo-Pasifik. *Journal of Governance and Social Policy*, 3(2), 108–124. <https://doi.org/10.24815/gaspol.v3i2.29450>
- Nuryananda, P. F., Rikza, A., Utami, W. A., & Anggresta, P. (2022). Melampaui Pahlawan Devisa: Peran Aktor Negara dan Non-Negara Menyasar Permasalahan Finansial PMI Perempuan di Taiwan. *Jurnal Hubungan Internasional*, 15(2), 355–380. <https://doi.org/10.20473/jhi.v15i2.36080>
- Pajtinka, E. (2017). Between diplomacy and paradiplomacy: Taiwan's foreign relations in current practice. *Journal of Nationalism Memory and Language Politics*, 11(1), 39–57. <https://doi.org/10.1515/jnmlp-2017-0003>
- Ramadhan, M. Z., & Amaliyah, R. (2023). Strategi Indonesia Dalam Manajemen Perlindungan Pekerja Migran Indonesia di Taiwan Pasca New Southbound Policy. *SIYAR Journal*, 3(1), 74–90. <https://doi.org/https://doi.org/10.15642/siyar.2023.3.1.74-90>
- Royatmi, A. N. E. (2022). Efforts Of Taiwan's New Southbound Policy In Supporting The Economy Through Taiwan's Export Cooperation With Asean During The Covid-19 Pandemic. *Mediasi Journal of International Relations*, 5(2), 1–14. <https://doi.org/https://doi.org/10.21111/mediasi.v5i2.10020>
- Shan, S. (2025, December). *Taiwan almost super-aged, data show*. Taipei Times.
- TETO, & IETO. (2018). *Memorandum of Understanding between The Taipei Economic and Trade Office, Jakarta, Indonesia and The Indonesian Economic and Trade Office to Taipei on The Recruitment, Placement and Protection of Indonesian Migrant Workers*.
- Yang, A. H. (2017). Strategic Appraisal of Taiwan's New People-Centered Southbound Policy : The 4Rs Approach. *Prospect Journal*, 18, 1–34.

UIN SUNAN AMPEL
S U R A B A Y A