

Introduction

Bilateral relations create an environment conducive to free flow of goods, services, capital, tourists, education, ideas and technology. Taiwan has been called as fourth Asian Tiger due to its economic growth since 1960 shares a very warm bilateral relationship with India. India opened its economy to world in 1991. India-Taipei Association (ITA) Office was established in Taipei in 1995 to promote non-governmental interactions between India and Taiwan, and to facilitate business, tourism, cultural and people-to-people exchanges. The focus of Taipei Economic and Cultural Centre (TECC) in New Delhi established in 1995 is on trade, investment, and cultural exchanges. India ranks 17th as trade partner of Taiwan however Taiwan ranks 33rd as trade partner of India. Major Indian exports to Taiwan include waste oil and Naptha, cereals, cotton, organic chemicals, copper, Aluminium and food residues. Major Taiwanese exports to India include integrated circuits, machinery and other electronic products. Taiwan's export to India reached US\$ 2.72 billion during 2009 while Taiwan imported US\$ 2.248 billion of goods from India during same period. India is also keen to attract Taiwanese investment particularly in hi-tech and labour intensive industries. More than 80 Taiwanese companies and entities have presence in India. Taiwan has invested US\$ 41.07 million in India which is 0.03% of total Foreign Direct Investment (FDI) inflows in India. This paper is an attempt to study the case of bilateral relations and their impact on exchange of goods and economic issues since 1992 and especially after 1995. Section II will discuss a few fundamental issues in international relations in present Asian Scenario, Section III will explore the path of Taiwan's growth story, Section IV will review literature on Indian scenario since 1991 when India opened its economy, Section V will

present facts with data analysis in the context of bilateral relations and Section VI concludes with exploration of potential areas between the two countries.

Fundamental Issues in Asian Bilateral Relation

People

People tend to prioritize economic needs over national boundaries. The best example is India and Pakistan. There is evidence that during three wars, traders exchanged the goods through United Arab Emirates (UAE) or other countries. Even in 1999 during Kargil war, trade did not stop. Whenever inflation went out of control India first approached Pakistan for supply and vice versa. For example, political conflict between North and South Korea could not stop people marrying. Therefore, bilateral relations are developed by people not by Governments. Bilateralism comprises the political and cultural relations between two sovereign states.

Culture

Both India and Taiwan share a culture which is a subset of common cultures of all Asian countries. A primary influence within the Eastern culture is Confucianism (Nguyen, Bryant, Rose, Tseng, & Kapasuwani, 2009). The Confucian values, followed later by similar values in Taoism and Buddhism such influences have strong emphasis on the importance of society, group, and hierarchical relationships. These values have influenced Eastern societies for thousands years. The primary contrast between Eastern and Western cultures are Eastern culture focus on group, hierarchy, harmony, low individualism and high uncertainty avoidance; and Western culture emphasis on individual, low power distance, and openness to change. Indian culture influenced by multi religious concepts and Vedanta's philosophy has inbuilt harmony of hierarchy.