# Doing Business in Taiwan: 2008 Country Commercial Guide for U.S. Companies

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# Chapter 1: Doing Business In Taiwan



## Market Overview

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Taiwan, a small mountainous island with a population of 23 million and few natural resources, has become a high-tech powerhouse that boasts the world's nineteenth-largest economy. It is a major trading partner of the United States, and ranks among our top 10 export markets for both agricultural and non-agricultural products. Per capita GDP and household disposable income rank among the highest in Asia, making Taiwan an attractive consumer goods market despite its relatively small population. Please see Chapter 4 for a discussion of best prospects for U.S. exporters.

Only 50 years ago, Taiwan's economy was dominated by agricultural production, but today it is one of the world's leading manufacturing centers for advanced information technology. Taiwan is at the heart of the global semiconductor foundry industry and sets the world standard for both contract design services and production processes. According to the Institute for Information Industry, in 2007, Taiwan was the world's No. 1 producer in 11 ICT products (such as motherboards, laptop computers, LCD monitors, Color Display Tube monitors, wireless LAN cards, and VoIP routers) and No. 2 in another five (such as wireless LAN access points, servers, and desktop computers). The high-tech sector relies heavily on technology licenses and imports of specialty components from the United States.

As Taiwan loses competitiveness in older-generation technologies (which typically migrate to mainland China, Vietnam, and other lower-cost manufacturing environments), industrialists and the authorities have set their sites on biotechnology, optoelectronics and nanotechnology as the next priority industries. The service sector has also been identified as an area where Taiwan must attain world-class quality and competitiveness.

## Market Challenges

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Taiwan is a sophisticated market. Plugged into consumer trends in Japan and Korea, awash in products from mainland China and other lower-cost producers in Asia, and well aware of market developments in America and around the globe, Taiwan is generally a target market for high-quality, differentiated products rather than commodity items.

At the same time, it is generally a very price-sensitive market, and imported products must conform to certain standards and labeling regulations required of all products in this market. Generally, a local agent will assist with this. Details of Taiwan's standards regime are provided in Chapters 3 and 6 of this report.

A special concern of American firms over the past few decades has been the protection of intellectual property rights (IPR). With accession to the World Trade Organization in 2002, the passage of IPR legislation, and improved enforcement on the streets and sentencing in the courts, there is general agreement that IPR protection has improved noticeably in the past few years. Nevertheless, the American Institute in Taiwan and the U.S. Government remain watchful to ensure that American firms enjoy all due protection for their intellectual property in Taiwan. Chapters 3 and 6 provide more information on this topic.

## Market Opportunities

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Chapter 4 of this Guide lists the leading sectors of opportunity (both agricultural and non-agricultural) for U.S. exporters. The fact that Taiwan ranks among America's top 10 export markets despite its small size indicates a general openness to U.S. products and services. The island's accession to the World Trade Organization in 2002 led to further dismantling of non-tariff barriers and a general lowering of the remaining tariffs.

These actions further enhance U.S. opportunities in this market, which break down generally into high-value-added components and other inputs for the high-tech manufacturing sector (e.g., electronic production and testing equipment, petrochemical products); food and other agricultural products; and "American lifestyle" goods and services sought by Taiwan's affluent population, running the gamut from luxury consumer goods to healthcare products.

## Market Entry Strategy

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Most new-to-market exporters entering Taiwan begin by finding a local partner to serve as agent, distributor, and/or representative. The Commercial Section of the American Institute in Taiwan can offer assistance in locating pre-qualified partners, agents, and distributors, and can also answer many of your questions regarding doing business in Taiwan. Further information on considerations involved in choosing and working with local partners is given in Chapter 3.

Taiwan's banking and international remittance systems are well developed, and there are no foreign exchange regulations that would significantly hamper a U.S. exporter from getting paid. Irrevocable letters of credit are widely used and "L/Cs" from leading Taiwan financial institutions can generally be confirmed by U.S. banks. More information is provided in Chapter 7.

One characteristic of Taiwan's economy is the relative importance of small and medium sized enterprises (SMEs). While Taiwan does have large state-owned enterprises (now moving towards privatization) in some sectors, and has produced some very large private companies such as the Formosa Group and Taiwan Semiconductor Manufacturing Company, the vast majority of firms on the island employ fewer than 200. SMEs are quite active in trading as well as manufacturing, and offer a large pool of prospective agents, distributors, and representatives that can ably represent U.S. companies in Taiwan.

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# Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

http://www.state.gov/r/pa/ei/bgn/35855.htm

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# Chapter 3: Selling U.S. Products and Services



## Using an Agent or Distributor

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Most foreign firms gain their initial foothold in the Taiwan market by using a local agent. Many Taiwan firms prefer the partnering aspect of an agent relationship. Although some companies are willing to act only as distributors, there is concern that foreign firms that are merely seeking distributors may not be serious about the market and will not support their distributors. Some U.S. exporters that sell equipment or machinery may find it necessary to locate a partner willing and able to do some assembly or manufacturing in Taiwan. Although not necessarily formal joint ventures, these efforts require a higher degree of commitment to the market than simply selling through an agent. If the size of the market warrants, companies may wish to consider setting up a branch office or subsidiary in Taiwan. Taiwan officially welcomes foreign investment and establishing an office in Taiwan is relatively easy, even if the procedures are sometimes bureaucratic.

AIT's Commercial Section, on behalf of the U.S. Department of Commerce, provides a number of services to help U.S. firms, large and small, export their goods and services to Taiwan. Through our office in Taipei (covering northern and central Taiwan) and a branch in Kaohsiung (covering southern Taiwan), we offer a variety of resources and services (including market research, agent distributor searches, advocacy, trade missions and trade shows) to assist U.S. companies entering the Taiwan market. Please contact us at Tel: 886-2-2720-1550, Fax: 886-2-2757-7162, Email taipei.office.box@mail.doc.gov. Information is also available at: www.buyusa.gov/taiwan/en.

The first step in using these services is contacting an Export Assistance Center in the United States. A comprehensive list of U.S. Export Assistance Centers (USEAC) can be found at www.buyusa.gov. These offices can help U.S. exporters determine which service is most suited to their export needs.

## Establishing an Office

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Establishing a subsidiary, branch, or representative office in Taiwan is generally not particularly burdensome. However, there are a number of different corporate structures and issues to consider, and an array of forms and procedures to complete. In addition, a Chinese name is required. Consultations with reputable local attorneys or accountants are strongly recommended in order to identify the key issues relevant to each business and to complete all the necessary steps for establishing the entity.

The Ministry of Economic Affairs (MOEA) website has information on investing and setting up a company in Taiwan. Please visit www.moea.gov.tw and www.moeaic.gov.tw.

The U.S. Commercial Service in Taiwan maintains an online listing of local professional service providers, including local attorneys, accountants, consultants, and other professionals. The listing can be found at http://www.buyusa.gov/taiwan/en/businessserviceproviders.htm.

## Franchising

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In recent years franchise operations in Taiwan have continued to expand. Fast food restaurants, casual restaurants, convenience stores, health & drug stores, spa services, organic products stores, language cram schools, hair salons, real estate brokerage services, apparel stores, shoe stores and sporting goods franchises have all sprung up in Taiwan. A variety of franchise arrangements exist in Taiwan, ranging from shared joint venture partnerships to a model in which stores are managed and operated by a master franchisee or a regionally based conglomerate. Currently, there is no specific body of law that regulates franchising in Taiwan. Franchise agreements are generally subject to the Civil Code with some regulated by the Fair Trade Law. The laws, regulations and practices concerning the intellectual property aspects of international franchising are the same as those of domestic franchising regardless of whether the transaction involves a foreign entity or is a purely domestic arrangement.

In order to succeed in the Taiwan market, foreign franchises should provide considerable support to their local partners that must include: management know-how, system integration, personnel and customer service training, and consistency in product quality. Successful franchisers in Taiwan usually use a reliable professional service provider, such as an attorney or accountant for advice on the structure and implementation of a franchising agreement.

## Direct Marketing

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Online shopping and TV shopping has become very popular in Taiwan in recent years, and these channels reached sales revenue of US$5.7 billion and US$1.1 billion respectively in 2007. These sales channels have attracted consumers by providing competitive prices, safe transactions, and convenience.

Multi-level marketing has become a popular second job in Taiwan, which is ranked the ninth in the world in terms of multi-level marketing sales volume. Recent figures indicate that there are approximately 4.5 million people working for multi-level sales businesses in Taiwan, which specialize primarily in health care, skin care products, and household items.

## Joint Ventures/Licensing

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Foreign investors who wish to establish new enterprises in Taiwan through joint venture activities or by furnishing technical know-how, trademarks, patent rights, or other management services to a locally incorporated business enterprise must file an application for approval by the Investment Commission (IC) of the Ministry of Economic Affairs (MOEA). The IC generally issues a decision within approximately two months of receiving the completed application. Capital should not be remitted for joint-venture investment until approval is obtained. Information regarding regulations for approval and consideration of foreign investment or technical cooperation is available at the IC's website: www.moeaic.gov.tw.

## Selling to the Government

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Taiwan promulgated the Government Procurement Law (GPL) in 1999 by adopting principles of the World Trade Organization (WTO) Agreement on Government Procurement (GPA). However, Taiwan's GPA accession is still pending since its WTO accession in 2002 due to political reasons. As a result, Taiwan is facing criticism by foreign governments for not fulfilling the WTO commitments to which it agreed.

In August 2001, Taiwan and the United States signed a Memorandum of Understanding (MOU) on Government Procurement. The MOU calls for Taiwan to implement certain procedural commitments immediately, while others will be implemented upon accession to the GPA. U.S. participation in Taiwan's government procurement projects is discouraged by clauses in some contracts that exclude foreign tenders as well as Taiwan's refusal to implement liability caps and exclusions for consequential damages. The Public Construction Commission under the Executive Yuan often requests U.S. firms to provide U.S. relevant practices and international cases for reference. The United States continues to encourage the Taiwan government to abide by the provisions of the GPA in spite of difficulties in accession. For more information on the U.S.-Taiwan Memorandum of Understanding on Government Procurement, please visit www.pcc.gov.tw.

## Distribution and Sales Channels

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The most common distribution route in Taiwan moves products from suppliers to distributors, from distributors to retailers, and then from retailers to consumers. Some suppliers shorten distribution channels by distributing products directly through retailers. Multi-level marketing is accepted in Taiwan, and some direct-selling organizations are well established here. Foreign firms, especially small- and medium-sized companies, generally rely on agents to sell their merchandise to distributors. For certain products such as apparel, however, the distribution channels tend to be more complex.

There are four major ports in Taiwan, which are Kaohsiung, Keelung, Taichung, and Hualien. They are the island's major distribution centers.

## Selling Factors/Techniques

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The most important consideration for the majority of Taiwan buyers is price, which is also the most common complaint against U.S. goods.  American businesses are frequently frustrated by the fact that most Taiwan firms do not factor in life-cycle costs when negotiating a purchase.  Although attitudes are changing, most Taiwan firms will only pay a higher price for a product if they see a near-term payoff.  The second and third most important considerations for Taiwan buyers are quality and after-sale services.

Labeling and instructions or sales literature in Chinese language are required when selling products in the Taiwan market.  Detailed information about labeling is available in the Standards section of Chapter 7 of this report.

## Electronic Commerce Return to top

Taiwan's Internet infrastructure is very well developed and fully capable of supporting the development of electronic commerce, although relevant policies are still evolving. According to the Institute for Information Industry, over 90 percent of Taiwan's companies have corporate networks and a network infrastructure.  Some 72.1 percent of households in Taiwan have Internet connectivity, while broadband penetration reached 96.3 percent in 2007.

In November 2001, the Electronic Signature Law was promulgated, which adopts the principles of the U.N. Commission on International Trade Law's Model Law on Electronic Commerce and recognizes the legal validity of electronic contracts, records, and signatures.  To cope with identity theft, which is becoming rampant, the Executive Yuan proposed a draft revision of the Personal Data Protection Law in 2005, but it is still pending approval by the Legislative Yuan.

The Taiwan authorities have passed several laws and regulations governing electronic commerce since 2003.  In May 2005, the Ministry of Finance announced guidelines to impose a business tax on Internet vendors who sell products for profit and have monthly sales over NT$60,000 (approximately US$1,820).  In addition to a business tax, the authorities discussed a proposal to assess import duties for software sold and downloaded over the Internet.  If implemented, such a policy would appear to run counter to the Doha Declaration that WTO members would maintain their current practice of not imposing customs duties on electronic transmissions.  Taiwan has declined to join the United States at APEC in advocating for a permanent moratorium on taxation of Internet transactions.

## Trade Promotion and Advertising Return to top

Taiwan businesspeople are active participants in the global marketplace.  They read trade journals from the U.S., Europe, and Japan, participate in major international trade events, and are well aware of current trends in their industries.  There are local trade shows for most major industries and the Taiwan External Trade Development Council (TAITRA) is either the organizer or co-organizer of many of these shows (usually in conjunction with the relevant industry associations).  A local partner can give the best advice on where and how to advertise, but participation in the major trade shows and advertisements in the relevant Taiwan trade journals and industry newspapers are also important.

Information on trade shows in Taiwan can be obtained from TAITRA's website at www.taiwantrade.com.tw. TAITRA also offers several lists, including a frequently updated calendar for international conferences and trade exhibitions held at the Taipei World Trade Center. TAITRA-sponsored trade shows can be found at www.taipeitradeshows.com.tw. Most trade exhibitions in Taiwan are export-oriented. Some have a significant number of non-Taiwan companies exhibiting.

U.S. companies that do not have representatives or agents in Taiwan should target professional journals and magazines. The following are some of Taiwan's major industry/commercial newspapers and business publications with their respective websites:

Commercial Times
Website: http://news.chinatimes.com

Economic Daily News
Website:
http://udn.com/hotnews/econ0.html

Business Weekly
Website: www.businessweekly.com.tw

Commonwealth
Website: www.cw.com.tw

Management
Website: www.harment.com

Directory of Taiwan
Website: www.taiwannews.com.tw

Taiwan's advertising sector is comparable to that of other developed economies and covers a wide range of media. There are some restrictions to advertising, especially for 9alcohol and tobacco commercials on television. Major international advertising firms doing business in Taiwan include:

Leo Burnett
E-mail: office@leoburnett.com.tw

Dentsu
Email: robinlee@dentsu.com.tw

Ogilvy & Mather
Email: joseph.pai@ogilvy.com

McCann Erickson
E-mail: gary.chi@ap.mccann.com

The Commercial Service in Taiwan also offers the Featured U.S. Exporters (FUSE), Business Service Provider (BSP), and Single Company Promotion (SCP) services to help U.S. companies promote their products and services in Taiwan. For further details, please see the CS Taiwan website: www.buyusa.gov/taiwan/en.

## Pricing

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Brand is an important determinant of pricing strategy, especially in the consumer goods sector. Generally speaking, price margins at the distributor level for international brands are lower than for local or regional brands. Distributor price margins range on average between 15 percent and 40 percent, depending on whether the distributor controls the marketing. Price breaks and discounts for large-volume purchases are commonly offered.

A five percent value-added tax (VAT) of the sales amount is imposed on all products and services sold in Taiwan. Products -- including rubber tires, cement, machine-made cool drinks, oil and gas, certain electric appliances, flat glass, and motor vehicles -- are subject to commodity taxes that range from eight percent to 60 percent ad valorem. In addition to customs duties, all imports are assessed a Commercial Harbor Service Charge, which is based on cargo weight and net ship tonnage.

## Sales Service / Customer Support

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Taiwan's buyers, especially commercial and industrial product users, consider many factors when making purchase decisions. These factors include technical support, after-sales service, product performance, durability, software availability, and overall commitment. U.S. firms should, however, be aware of the fact that price is often paramount.

## Protecting Your Intellectual Property

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### Introduction

Several general principles are important for effective management of intellectual property rights in Taiwan. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in Taiwan than in the U.S. Third, rights must be registered and enforced *in* Taiwan under local laws. Companies may wish to seek advice from local attorneys or IP consultants. The U.S. Commercial Service can provide a list of local lawyers upon request.

It is vital that companies understand that intellectual property is primarily a private right and that the U.S. Government generally cannot enforce rights for private individuals in Taiwan. It is the responsibility of the rights holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. Government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Taiwan require constant attention. Work with legal counsel familiar with Taiwan laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, both Taiwan or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce

- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)
- Information Service Industry Association (CISA)
- International Research-Based Pharmaceutical Manufacturers Association (IRPMA)

**IPR Resources**

A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at **www.StopFakes.gov**.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For US small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association that provides one hour of free IPR legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit: **http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html**
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: **www.StopFakes.gov**. This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and allows you to register for Webinars on protecting IPR.

IPR Climate in Taiwan

Taiwan has continued efforts to improve its IPR legal regime and enforcement. The Intellectual Property Office (TIPO) under the Ministry of Economic Affairs as well as other relevant agencies have adopted programs to crack down on Internet and physical piracy. In January 2007, the Legislative Yuan passed the Intellectual Property Litigation Law, which stipulates that civil, criminal, and administrative litigation involving intellectual property rights will be tried in a special IPR court. In March 2007, the LY completed the legislation of the IP Court Organization Law for the establishment of a specialized IP court, which is scheduled to start reviewing cases in July 2008.

For more information, please refer to Chapter 6 of this report and the IPR toolkit on the AIT website at http://www.ait.org.tw/en/economics/IPR_Toolkit/.

## Due Diligence

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Prior to entering into a relationship with an unknown Taiwan company, a U.S. firm would be wise to confirm the reputation of the company. Local attorneys and accountants can be excellent sources of information, as can trade associations.

The Commercial Service offers an International Company Profile (ICP) service to help U.S. firms with due diligence in Taiwan. For further details, please visit www.buyusa.gov/taiwan/en. Taiwan's privacy laws often make it difficult to collect background information on individuals.

## Local Professional Services

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Taiwan has a comprehensive, modern legal system, as well as a respectable number of well-regarded local and international law firms and legal consultants. Many Taiwan attorneys active in international business have studied law in the United States, speak English, and understand the concerns of U.S. businesses. Consultations with a competent local attorney prior to engaging in business in the Taiwan market are highly recommended.

Likewise, the major U.S. and global accounting firms and insurance companies have active offices in Taiwan. Any U.S. firms interested in entering the Taiwan market should make a point of meeting with these professional advisors. Not only can they provide advice on their specific areas of expertise, but also on a range of business and cultural matters. Up-to-date lists of professional firms may be obtained from the American Chamber of Commerce in Taiwan by e-mail (amcham@amcham.com.tw) or from their website (www.amcham.com.tw). The U.S. Commercial Service in Taiwan maintains an online listing of local professional service providers, including local attorneys, accountants, consultants, and other professionals. The listing can be found at http://www.buyusa.gov/taiwan/en/businessserviceproviders.htm.

## Web Resources

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- Ministry of Economic Affairs (MOEA): www.moea.gov.tw
- Board of Foreign Trade, MOEA: www.trade.gov.tw
- Investment Commission, MOEA: www.moeaic.gov.tw
- The Fair Trade Commission, Executive Yuan: www.ftc.gov.tw
- Taiwan Intellectual Property Office, MOEA: www.tipo.gov.tw

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# Chapter 4: Leading Sectors for U.S. Export and Investment

### Commercial Sectors



### Agricultural Sectors

## Electronics Industry Production/Test Equipment (EIP)

### Overview

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| | 2005 | 2006 | 2007 (estimated) |
|---|---|---|---|
| Total Market Size | $10,813 | $11,798 | $13,010 |
| Total Local Production | 500 | 528 | 700 |
| Total Exports | 247 | 341 | 480 |
| Total Imports | 10,560 | 11,611 | 12,790 |
| Imports from the U.S. | 3,015 | 4,329 | 4,670 |

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT$32.15 for 2005, NT$32.5 for 2006, and NT$32.84 for 2007. The statistics are unofficial estimates.

Taiwan's electronics industry continues to advance towards newer and more sophisticated technologies, such as 12-inch wafer fabrication, 7.5 or higher generation flat panel displays (FPDs), large-sized LCD TVs, and wireless communications. Capital spending for semiconductor and FPD production capacity are expected to be particularly significant for the next few years. Market expansion will thus be primarily fueled by an anticipated increase in demand for imported advanced EIP equipment by the two major user groups -- semiconductor and FPD manufacturers. These two user groups, which each account for about 40-45 percent of Taiwan's total EIP market, have plans to invest approximately US$30-40 billion in more than 10 ongoing and proposed capacity expansion projects over the 2007-2008 period. The trend towards more advanced finished electronic and component production will also require increasingly high-end systems. Given these trends, demand for imported EIP equipment, which accounts for more than 80 percent Taiwan's total market, will be promising over the next two to three years. As a major source of specialized EIP equipment, U.S. firms will find excellent sales opportunities given their products' superior performance, high reliability, and durability.

### Best Prospects/Services

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- Chemical vapor deposition apparatus and parts for semiconductor production
- Machine tools for dry-etching on semiconductors
- Grinding, polishing and lapping machines and parts for processing of semiconductor wafers
- Apparatus for wet etching, developing, stripping or cleaning semiconductor wafers and flat panel displays
- Physical deposition apparatus and parts for semiconductor production
- Rapid heating apparatus and parts for semiconductor wafer production
- Ion implanters and parts for doping semiconductor materials
- Instruments, apparatus, parts and accessories for measuring or checking semiconductor wafers or devices
- Optical instruments, appliances, parts, and accessories for inspecting photomasks or semiconductor devices

## Opportunities Return to top

To expand production capacity, local semiconductor firms plan to spend more than US$10-15 billion in six ongoing and proposed investment projects by constructing new 12-inch wafer plants and upgrading existing facilities in 2007-2008 to increase their market competitiveness worldwide. Meanwhile, investment by FPD makers is expected to exceed US$20 billion, of which US$15 billion will be allocated to build seven new panel plants, according to the Industrial Development Bureau (IDB). The recent rapid expansion in the semiconductor and FPD sectors has induced respective up- and down-stream firms to increase investment in expanding output. For instance, glass substrate makers are also investing over US$3.1 billion while color filter firms have plans to invest about US$3.0 billion in new facilities. In addition, communications and consumer electronic manufacturers are adding new product lines to produce more high value-added items, such as mobile phones and LCD TVs, to gain profits from expanding worldwide demand.

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Industry Technology Research Institute (ITRI): www.itri.org.tw

Industrial Development Bureau, MOEA: www.moeaidb.gov.tw

Taiwan Semiconductor Industry Association: www.tsia.org.tw

Taiwan Electrical and Electronics Manufacturers' Association: http://teema.org.tw

Information on major electronics industry trade shows in Taiwan is available at the website www.taipeitradeshows.com.tw. Firms interested in Taiwan's trade shows should contact the Taiwan External Trade Development Council at taitra@taitra.org.tw for detailed information.

U.S. firms wishing to learn more about the electronics industry production/test equipment market are also encouraged to contact CS Taiwan Senior Commercial Specialist Shirley Wang at Shirley.Wang@mail.doc.gov or visit www.buyusa.gov/taiwan/en/.

# Electronic Components (ELC)

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| | 2005 | 2006 | 2007 (estimated) |
|---|---|---|---|
| Total Market Size | $56,140 | $66,414 | $67,812 |
| Total Local Production | 70,600 | 89,851 | 94,600 |
| Total Exports | 52,931 | 67,388 | 71,000 |
| Total Imports | 38,471 | 43,951 | 44,212 |
| Imports from the U.S. | 3,786 | 3,991 | 4,300 |

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT$32.15 for 2005, NT$32.5 for 2006, and NT$32.84 for 2007. The statistics are unofficial estimates.

Taiwan electronics firms, especially information technology product manufacturers, rely on imports of leading edge components (e.g., integrated circuits) to maintain the competitiveness of their assembly operations. Taiwan's push to maintain international competitiveness will continue to drive demand for imports from U.S. companies because of their superior technology. U.S.-made semiconductors, integrated circuits in particular, are very competitive. U.S. firms face their stiffest competition from Japanese companies, which have led the passive component and display markets for years. Taiwan-produced components are mainly suitable for consumer electronic product applications.

## Best Prospects/Services Return to top

- Monolithic digital & hybrid Integrated Circuits (ICs)
- Silicon wafers with dimensions between 8 and12 inches
- Monolithic digital IC chips and wafers
- Transistors and light emitting diodes
- Chips and wafers for light emitting diodes and transistors
- Integrated circuits for central processing units
- Plugs and sockets for co-axial cables and printed circuits
- Dynamic random access memory integrated circuits

## Opportunities Return to top

Taiwan is increasingly focusing on production of high value-added electronics, such as notebook computers and handsets, and shifting the manufacture of many low-priced items overseas. This trend has led to continued demand for the import of cutting edge components, providing American firms with great sales opportunities. The U.S. has led the high-end sector and enjoyed billions of dollars of sales to the information and communications industries. U.S. firms are expected to continue as major suppliers of advanced and specialized items due to the excellent performance and reliability of U.S. products.

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Industry Technology Research Institute (ITRI): www.itri.org.tw

Industrial Development Bureau, MOEA: www.moeaidb.gov.tw

Taiwan Electrical and Electronics Manufacturers' Association: http://teema.org.tw

Information on major electronics industry trade shows in Taiwan is available at the website www.taipeitradeshows.com.tw. Firms interested in Taiwan trade shows should contact the Taiwan External Trade Development Council at taitra@taitra.org.tw for detailed information.

U.S. firms wishing to learn more about the electronics components market are also encouraged to contact CS Taiwan Senior Commercial Specialist Shirley Wang at Shirley.Wang@mail.doc.gov or visit www.buyusa.gov/taiwan/en/.

## Industrial Chemicals (ICH)

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| | 2005 | 2006 | 2007 (Estimated) |
|---|---|---|---|
| Total Market Size | $20,117 | $33,689 | $37,639 |
| Total Local Production | 16,114 | 25,589 | 30,429 |
| Total Exports | 5,930 | 8,534 | 1,375 |
| Total Imports | 9,933 | 16,634 | 18,585 |
| Imports from the U.S. | 2,129 | 2,260 | 2,778 |

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT$32.15 for 2005, NT$32.5 for 2006, and NT$32.84 for 2007. The statistics are unofficial estimates.

The Chemical industry plays a very important role in Taiwan's manufacturing sector, accounting for 25% of the total value of Taiwan's industrial production. Large volumes of up- and mid-stream industrial chemicals are required to produce down-stream products such as fertilizers, medicines, cleaning products, paint, dye, cosmetics, etc. Industrial chemicals are sub-categorized into (1) organic chemicals; (2) inorganic chemicals, organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes; and (3) miscellaneous chemical products. The four countries of Japan, Germany, the U.S., and South Korea dominate Taiwan's import market of industrial chemicals, with 66.8% of the total import market. Japan leads the import market, with 35.0% market share, followed by the U.S.'s 13.6%, South Korea's 12.6% and Germany's 5.60%. Taiwan's demand for imported industrial chemicals will continue to grow due to the strong demand for down-stream chemical products in Mainland China and South East Asia.

### Best Prospects/Services

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- Cyclic hydrocarbons
- Heterocyclic compounds with nitrogen hetero-atom(s) only
- Halides and halide oxides of non-metals
- Unsaturated acyclic monocarboxylic acids, cyclic monocarboxylic acids, their anhydrides, halides, peroxides and peroxyacids; their halogenated, sulphonated, nitrated or nitrosated derivatives
- Acyclic hydrocarbons
- Carbonates; peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium carbonate
- Hydrogen, rare gases and other non-metals
- Hydrides, nitrides, azides, silicides and borides
- Epoxides, epoxyalcohols, epoxyphenols and epoxy ethers, with a three-member ring, and their halogenated, sulphonated, nitrated or nitro sated derivatives
- Other inorganic acids and other inorganic oxygen compounds of non-metals

### Opportunities

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The TCPC (Taiwan Chinese Petroleum Corp.) is planning to develop a chemical production complex in central Taiwan to further increase Taiwan's manufacturing capacity for mid- and down-stream chemicals. Taiwan's demand for imported industrial chemicals is expected to increase for the foreseeable future.

## Resources
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Ministry of Economic Affairs (MOEA): www.moea.gov.tw

Bureau of Foreign Trade (BOFT), MOEA: http://eweb.trade.gov.tw/

Chinese Petroleum Corporation, Taiwan (CPC, Taiwan): www.cpc.com.tw

Formosa Plastics Group: www.fpg.com.tw

U.S. firms wishing to learn more about the industrial chemicals market are also encouraged to contact CS Taiwan Commercial Specialist Allen Chien at Allen.Chien@mail.doc.gov or visit www.buyusa.gov/taiwan/en/.

# Computer Services & Software (CSV/CSF)

## Overview
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| | 2005 | 2006 | 2007 (Estimated) |
|---|---|---|---|
| Total Market Size | $4,698 | $4,792 | $4,850 |
| Total Local Production | 3,655 | 4,010 | 4,100 |
| Total Exports | 783 | 841 | 900 |
| Total Imports | 1,826 | 1,623 | 1,650 |
| Imports from the U.S. | 1,395 | 1,258 | 1,300 |

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT$32.15 for 2005, NT$32.5 for 2006, and NT$32.84 for 2007. The statistics are unofficial estimates.

Taiwan's market relies heavily on imported software. U.S. computer service providers and software vendors have a strong reputation for providing integrated solution capabilities and high-performance products with advanced features. However, due to cost considerations, more and more U.S. computer service providers are partnering with local IT service providers to better manage time to market and customization issues. Success in Taiwan depends largely upon product localization into traditional Chinese, business practice customization, and flexible pricing policies. U.S. market domination is expected to continue in the foreseeable future, despite increased competition from local and third-country suppliers.

## Best Prospects/Services
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- Business application software
- Information security solutions
- Storage solutions (hardware embedded software)
- Information system integration and consolidation solutions
- On-line learning/entertainment products and services
- Business intelligence-related applications

## Opportunities

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A new Taiwan e-Government Project will focus on the promotion and development of new service industries and Internet applications.  However, political uncertainty and the flight of manufacturing industries have dampened investment in the software and information services industries.  The demand for legacy information technology systems integration and enterprise-wide work flow systems is increasing.  There is also increasing demand for software that supports the manufacturing sector, improves government workflow, and facilitates information system/platform consolidation.  The mergers of financial holding companies require considerable integration of existing information systems, and this has stimulated the demand for software and information services.  Rising awareness and concern for information security issues are driving the growth of the information security solutions and integration market.

The launch of Microsoft's Vista operating system will stimulate a wave of PC replacement that will also require additional investment in business productivity software such as Word and Excel.  U.S. software manufacturers have the capability and experience for large-scale and mission-critical software solutions that are used in the high-tech manufacturing, banking, and financial sectors.  These applications also include data storage requirements and custom-designed business intelligence features.

The demand for business applications for small-to-medium enterprises is also increasing.  The rising popularity of on-line services such as games, shopping, music, and video content has stimulated strong market demand for networking services.  U.S. content providers and platform developers have opportunities to work with domestic service providers.  As firms integrate Taiwan into their China operations, the demand for robust communication links between China and Taiwan is bolstering the expansion of high speed networking hardware, software, and services.

## Resources

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Institute for Information Industry (III): www.iii.org.tw

Industry Technology Research Institute (ITRI): www.itri.org.tw

Firms interested in the relevant trade shows should contact Taiwan External Trade Development Council at taitra@taitra.org.tw for detailed information.

U.S. firms wishing to learn more about the Computer Services & Software market are also encouraged to contact CS Taiwan Commercial Specialists Allen Chien at Allen.Chien@mail.doc.gov and Frances Li at Frances.Li@mail.doc.gov, or visit www.buyusa.gov/taiwan/en/.

# Laboratory Scientific Equipment (LAB)

## Overview

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| | 2005 | 2006 | 2007 (Estimated) |
|---|---|---|---|
| Total Market Size | $1,939 | $2,103 | $1,945 |
| Total Local Production | 783 | 815 | 855 |
| Total Exports | 623 | 794 | 884 |
| Total Imports | 1,779 | 2,082 | 1,974 |
| Imports from the U.S. | 557 | 661 | 558 |

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT$32.15 for 2005, NT$32.5 for 2006, and NT$32.84 for 2007. The statistics are unofficial estimates.

Taiwan's demand for laboratory scientific instruments has been increasing due to the continuing growth of the chemical, petrochemical, optoelectronic, semiconductor, environmental, electronics, nanotechnology, biotechnology, and plastics, and other high-tech industries in which research and development plays an important role to business success. There is little competition from local manufacturers of laboratory scientific instruments, most of which are small and whose growth potential is limited by their research and development budgets. With a number of on-going and proposed high-tech investment projects and the increasing production of semiconductors, optoelectronic and electronic products, as well as wireless communication equipment and components, Taiwan's demand for quality laboratory scientific and analytical instruments will continue to be strong.

**Best Prospects/Services** Return to top

- Ion implanters for doping semiconductor materials
- Compound optical microscopes and parts
- Surveying instruments and appliances and parts
- Instruments for physical or chemical analysis
- Instruments using optical radiation (UV, IR)
- Gas or smoke analysis apparatus and parts
- Chromatograph and electrophoresis instruments and parts
- Spectrophotometers and parts
- Microtones and parts
- Hematology analyzers
- Dust analysis apparatus for gases
- Instruments and apparatus for measuring and checking semiconductor wafers
- Parts of instruments and appliances for measuring and checking semiconductor wafers
- Logic analyzers and automatic integrated circuits testers
- Instruments and apparatus specially designed for telecommunications
- Signal generators

**Opportunities** Return to top

Taiwan has concentrated on developing its high-tech industries, and is now a world leader in the production of electronics, information technology, computer, and semiconductor products. Taiwan is now developing the biotechnology and nanotechnology sectors, in hopes of achieving the same kind of success it achieved in the information sectors. Given Taiwan's focus on developing a wide-range of high-tech industries that require heavy R&D, U.S. suppliers of laboratory scientific instruments will find good sales opportunities in the Taiwan market.

## Resources

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Board of Foreign Trade, MOEA: www.trade.gov.tw

Biomedical Engineering Center (ITRI): www.bmec.itri.org.tw

Taiwan Bio Industry Organization: www.bioclub.com.tw

U.S. firms wishing to learn more about the laboratory scientific instruments market are also encouraged to contact CS Taiwan Commercial Specialist Cindy Chang at Cindy.Chang@mail.doc.gov or visit www.buyusa.gov/taiwan/en.

## Educational Services (EDU)

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| | 2005 | 2006 | 2007 (Estimated) |
|---|---|---|---|
| Total Number of Taiwan Students Going Overseas | 32,913 | 37,171 | 35,100 |
| Total Number of Taiwan Students Going to the U.S. | 15,525 | 16,451 | 16,000 |

Note: The statistics are unofficial estimates.

According to statistics published by the Institute of International Education (IIE), in academic year 2006/07, there were 29,094 students from Taiwan studying in the United States, a 4.4 percent increase from 2005/06. Taiwan has become the fifth leading place of origin for students in the U.S. The market upturn is reflected in the total number of Taiwan students going abroad which reached an all time high of 37,171 in 2006. Of this total, 16,451 students chose to go to the U.S., representing a significant six percent increase from 2005. With the weakening of the U.S. dollar, it is expected that short-term ESL programs in the U.S. will be especially popular as this market segment is very price sensitive.

International education remains a high priority for many students and parents in Taiwan. English proficiency or an overseas degree is considered a very important asset in the increasingly competitive local job market, thus the international student recruitment market will continue to be robust. The U.S. continues to lead this market, capturing 50 percent of the market. Strong competitors in the Taiwan study-abroad market include the U.K., Australia, Canada, and China. U.S. schools also face fierce competition from local universities, which offer much lower tuition. Given the highly competitive nature of the market, U.S. schools should try to be flexible with their programs and admission requirements. Additionally, more attention and budget should be invested in marketing in the local language.

The main promotional channels for the study abroad market include media advertisements, recruiting agents, education fairs, and student advising centers.

Partnering with local schools in joint degree programs or short-term programs has become increasingly popular.

The U.S. is the most popular country where Taiwan students pursue advanced studies abroad. Of the Taiwan student population in the U.S., 58 percent study at the graduate level, 29 percent at the undergraduate level, and 13 percent in other areas. The most popular fields of study are MBA or business-related degrees, engineering degrees, TESOL degrees, short and long-term ESL programs, and language or IT-related training programs with certificates for professionals.

**Best Products/Services** Return to top

- Short and long-term ESL programs
- MBA or business-related degree programs
- Engineering degree programs
- TESOL or education degree programs
- Language and IT Training programs with certificates for professionals

**Opportunities** Return to top

Participation at major education fairs is a good way of marketing directly to prospective students and parents. Some of the major fairs featuring U.S. education include:

- OH America Education Fair (Spring/Fall), co-sponsored by CS Taiwan
- American International Education Foundation Fair (AIEF)Linden TourMBA TourThe Association of Boarding Schools Fair (TABS)

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Taiwan Ministry of Education: www.edu.tw

Oh! America Education Consulting Center: http://ohamerica.net/aee/
American International Education Foundation (AIEF): www.aief-usa.org
Linden Educational Services (Linden Tour): www.lindentours.com
MBA Tour: www.thembatour.com

The Association of Boarding Schools Fair (TABS): www.schools.com
U.S. firms wishing to learn more about the education market are also encouraged to contact CS Taiwan Commercial Specialist Grace Tao at Grace.Tao@mail.doc.gov or visit www.buyusa.gov/taiwan/en.

## Financial Services (FNS)

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| | 2005 | 2006 | 2007 (Estimated) |
|---|---|---|---|
| Total Bank Deposits | $554,333 | $580,151 | $580,818 |
| Total Bank Loans | 494,696 | 504,787 | 512,454 |
| Taiwan Stock Exchange Market Capitalization | 473,727 | 587,151 | 734,060 |
| Taiwan Stock Exchange Trading Value | 577,969 | 733,181 | 1,032,363 |
| Insurance Premium Income | 47,727 | 50,212 | 58,836 |

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT$32.15 for 2005, NT$32.5 for 2006, and NT$32.84 for 2007. The statistics are unofficial estimates.

Taiwan's financial services industry is relatively large and enjoys strong demand for sophisticated products. Aside from strong economic fundamentals and high sovereign credit ratings, Taiwan's financial service enterprises are highly competitive with flexible operational structures. Furthermore, Taiwan enjoys a high level of foreign reserves, low external debt, and abundant capital resources.

According to the rules for National Treatment, foreign invested banks in Taiwan can compete on an equal footing with domestic banks. They are granted licenses and can operate fully functional branches in Taiwan. In addition, a foreign financial institution may invest up to a 100 percent stake in a domestic bank. Moreover, experienced and reputable foreign banks and financial holding companies are allowed to hold shares of up to 100 percent. Foreign financial groups may merge with Taiwan's local financial institutions under the Merger Law for Financial Institutions.

Investment in financial services in Taiwan is expected to remain strong in 2008. The Ministry of Economic Affairs Department of Investment Services (DOIS) has played a pivotal role in the development of Taiwan's financial services industry by emphasizing the principles of liberalization, innovation and efficiency. The Regional Financial Services Center Promotion Plan aims to build a financial and banking environment and legal framework that is in line with international norms and effectively supports Taiwan's industrial development needs. According to DOIS, the financial services industry is expected to continue merging with and forming strategic alliances with foreign companies.

**Best Products/Services** Return to top

US financial institutions will find best prospects in these areas:

- Wealth management
- Pension fund market

**Opportunities** Return to top

In 2007, most banks in Taiwan generated remarkably good profits from wealth management. Some are expected to keep seeing double-digit growth in the sector. Recently, foreign banks in Taiwan have also put increasing emphasis on wealth management. Citibank, the HSBC Banking Corp., Standard Chartered Bank, and UBS AG all enjoyed double-digit growth in profits gained from wealth management in 2007.

Another opportunity comes from the newly established pension fund market. Taiwan's new labor retirement pension system started in July 2005, which enables financial institutions to manage pension funds of an estimated US$10 billion every year.

## Resources

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Board of Foreign Trade, MOEA: www.trade.gov.tw

Financial Supervisory Commission, Executive Yuan: www.fscey.gov.tw

U.S. firms wishing to learn more about the financial services market are also encouraged to contact CS Taiwan Commercial Specialist Cindy Chang at Cindy.Chang@mail.doc.gov or visit www.buyusa.gov/taiwan/en.

# Electrical Power Equipment (ELP)

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| | 2005 | 2006 | 2007 (estimated) |
|---|---|---|---|
| Total Market Size | $4,318 | $4,874 | $4,861 |
| Total Local Production | 4,973 | 4,327 | 4,445 |
| Total Exports | 3,940 | 3,161 | 3,282 |
| Total Imports | 3,285 | 3,708 | 3,698 |
| Imports from the U.S. | 436 | 428 | 425 |

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT$32.15 for 2005, NT$32.5 for 2006, and NT$32.84 for 2007. The statistics are unofficial estimates.

The Taiwan Power Company (Taipower) continues to upgrade its existing facilities, build new fossil-fuel thermal power plants, and is continuing construction of the Fourth Nuclear Power Plant. Taipower plans to expand the total installed capacity from 33,290 MW currently to 54,761 MW in 2015. In 2007, market demand was mainly driven by Taipower's Sixth Transmission Project and Fifth Distribution Project that were initiated in 2001. Clean coal technology and renewable energy will be the focus for the newly installed power capacity.

## Best Prospects/Services

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- Clean coal technology such as Integrated Gasification Combined Cycle (IGCC)
- Emission control products such as CO2 sequestration technology
- Renewable energy and energy efficiency products
- Digital electric meters
- Steam turbines, hydraulic turbines, and gas turbines for power plants
- Electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits (for example: switches, relays, fuses, surge suppressors, plugs, sockets, lamp-holders, junction boxes), for a voltage not exceeding 1,000 volts
- Electrical transformers, static converters (for example, rectifiers) and inductors

- Electric (including electrically heated gas), laser or other light or photon beam, ultrasonic, electron beam, magnetic pulse or plasma arc soldering, brazing or welding machines and apparatus, whether or not capable of cutting; electric machines and apparatus for hot spraying of metals
- Electric motors and generators (excluding generating sets)

### Opportunities Return to top

The Government Procurement Law (GPL) took effect in May 1999, and requires all agencies to publicize their procurement projects worth over NT$1 million (US$30,303) on the Public Construction Commission's website (www.pcc.gov.tw) to provide easy access to interested bidders. The GPL governs all government procurement for engineering projects, goods, and services -- a massive market, estimated at US$30 billion annually.

Taiwan Power Company's current major projects include:

- Changgong (2x800MW) Coal-Fired Power Projects
- Linkou (Rebuild) Coal-Fired Power Projects (2x800MW)
- Shenao (Rebuild) Coal-Fired Power Projects (2x800MW)
- Wind Power Project Stage 2

### Resources Return to top

Ministry of Economic Affairs (MOEA): www.moea.gov.tw

Bureau of Foreign Trade (BOFT), MOEA: http://eweb.trade.gov.tw/

Taiwan Power Company (Taipower): www.taipower.com.tw

U.S. firms wishing to learn more about the electrical power equipment market are encouraged to contact CS Taiwan Commercial Specialist Allen Chien at Allen.Chien@mail.doc.gov or visit www.buyusa.gov/taiwan/en.

## Medical Devices & Supplies (MED)

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| | 2005 | 2006 | 2007 (Estimated) |
|---|---|---|---|
| Total Market Size | $1,695 | $1,826 | $1,954 |
| Total Local Production | 1,347 | 1,496 | 1,652 |
| Total Exports | 765 | 826 | 899 |
| Total Imports | 1,114 | 1,155 | 1,200 |
| Imports from the U.S. | 373 | 389 | 408 |

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT$32.15 for 2005, NT$32.5 for 2006, and NT$32.84 for 2007. Source: Medical Devices Industry Yearbook 2007, Industrial Technology Research Institute.

The United States remains the largest medical device supplier to Taiwan and accounts for approximately one-third of Taiwan imports, whereas Japan and Germany represent 15 percent and 10.5 percent respectively.

Taiwan still relies heavily on the United States for technologically sophisticated equipment, although its dependence on imports has gradually decreased due to growth in local production. However, there are factors impeding growth of the U.S. market share, including relatively high prices of U.S. products and strong promotional efforts by other foreign competitors.

Cost considerations have become increasingly crucial for hospital procurement, because Taiwan's National Healthcare Insurance, launched in 1995 as a compulsory social insurance program, requires full enrollment by the entire population. The system has come under tremendous financial strain in recent years. Consequently, hospitals and clinics generally employ a stringent procurement policy, which impacts the growth of the market.

## Best Products/Services Return to top

- Cardiovascular equipment
- Endoscopy
- Computerized tomography
- Ultrasonic scanning apparatus
- Magnetic Resonance Imaging apparatus
- Radiation isotope diagnostic/therapeutic apparatus
- Hemodialysis apparatus
- Chromatographs and electrophoresis instruments
- Shock wave lithotripsy apparatus with X-ray orientor
- X-ray apparatus for dental uses
- Catheters and cannulae
- Enclosseous implants
- Artificial joints
- Hip prosthesis, plates, mails, bone screws, and bone cement
- Prepared diagnostic/laboratory reagents

## Opportunities Return to top

Taiwan is a rapidly aging society with the growing elderly demographic reaching 10.2 percent of the total population in 2007. The demand for quality elderly care and treatment will continue to grow accordingly.

Non- and minimally-invasive procedures, such as cosmetic surgery, vision correction, and dental implants, have been gaining popularity. Since many of these procedures are not covered by the National Health Insurance and have to be paid by patients themselves, they have become a lucrative source of business for surgeons. Many surgeons, therefore, have been choosing to leave traditional medicine to enter this field. This trend will continue to drive the demand for relevant equipment and supplies.

## Resources

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Department of Health (DOH): www.doh.gov.tw

American Chamber of Commerce in Taipei: www.amcham.com.tw

U.S. firms wishing to learn more about the medical devices market are also encouraged to contact CS Taiwan Commercial Specialist Janice Tsai at Janice.Tsai@mail.doc.gov or visit www.buyusa.gov/taiwan/en.

# Telecommunications Equipment (TEL)

## Overview

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| | 2005 | 2006 | 2007 (estimated) |
|---|---|---|---|
| Total Market Size | $4,574 | $4,445 | $4,465 |
| Total Local Production | 10,062 | 10,009 | 10,125 |
| Total Exports | 9,448 | 9,308 | 9,415 |
| Total Imports | 3,960 | 3,744 | 3,755 |
| Imports from the U.S. | 277 | 262 | 281 |

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT$32.15 for 2005, NT$32.5 for 2006, and NT$32.84 for 2007. The statistics are unofficial estimates.

In order to increase market competitiveness, local fixed-network carriers, mobile operators (2G/3G), and broadcasters (terrestrial TV, radio, and CATV networks) are making efforts to upgrade their network infrastructure. Taiwan's demand for telecom equipment is expected to remain constant through 2008. The majority of Taiwan-produced telecom equipment is for export, mainly cellular handsets, WLAN, GPS, xDSL CPE, SOHO routers, Ethernet LAN switches, cable CPE, and Bluetooth devices. However, many advanced products must be imported. European firms have led the market for mobile network infrastructure equipment and handsets and Korean firms are very aggressive in the handset market.

## Best Products/Services

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- Next generation network related technologies
- Fixed mobile convergence
- VoIP
- WiMax
- Mobile TV
- Wireless sensor networks
- Low-end handsets with a color display and built-in digital camera
- Audio production equipment
- Digital editing systems
- Broadcasting transmission equipment
- Test equipment

## Opportunities

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The Mobile Taiwan Project (part of the E-Taiwan Project) has a budget of NT$37 billion (US$120 million) and will be undertaken from 2006 to 2008. The project aims to enhance the island's wireline and wireless broadband infrastructure by resolving the last mile problem, implementing fiber to the home in both fixed-line and cable television networks, as well as enhancing wireless infrastructure and applications. In mid-2007, the Taiwan telecom regulatory body awarded six licenses to provide WiMAX services which are expected to result in investments of NTD 48 billion (USD 148 million) in network construction. In addition, Taiwan authorities have allocated NTD 9.6 billion (USD 29 million) to integrate related resources and help the private sector develop the WiMAX industry, which will stimulate another injection of private investment projected at NTD 3.1 billion (USD 9.3 million). These projects are expected to boost the demand for broadband wireless solutions and equipment.

## Resources

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Industry Technology Research Institute (ITRI): www.itri.org.tw

E-Taiwan Project Office: www.etaiwan.nat.gov.tw

National Communications Commission: www.ncc.tw

Information on major telecom and network industry trade shows in Taiwan are available on the website www.taipeitradeshows.com.tw. Firms interested in the relevant trade shows should contact the Taiwan External Trade Development Council at taitra@taitra.org.tw for detailed information.

U.S. firms wishing to learn more about the telecommunications equipment market are also encouraged to contact CS Taiwan Commercial Specialist Frances Li at Frances.Li@mail.doc.gov or visit www.buyusa.gov/taiwan/en/.

# Household Consumer Goods (HCG)

## Overview

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| | 2005 | 2006 | 2007 (estimated) |
|---|---|---|---|
| Total Market Size | $3,665 | $3,724 | $3,850 |
| Total Local Production | 5,305 | 5,352 | 5,520 |
| Total Exports | 3,183 | 3,201 | 3,290 |
| Total Imports | 1,543 | 1,573 | 1,620 |
| Imports from the U.S. | 226 | 238 | 250 |

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT$32.15 for 2005, NT$32.5 for 2006, and NT$32.84 for 2007. The statistics are unofficial estimates.

Over the past three years, the size of Taiwan's market for household consumer goods has remained fairly steady. About 40 percent of total demand for household consumer goods was supplied by imports ($1.6 billion) with 60 percent supplied by local production

(US$2.2 billion). Total domestic production amounted to US$5.5 billion, US$3.2 billion of which was exported. In 2007, the value of imports from the United States was US$238 million, accounting for about six percent of the total market, with annual growth over the next few years projected at about five percent.

The Taiwan market for household consumer goods in is divided into mainly price-oriented or quality-oriented segments. Local production mainly supplies the market for low- to medium-end household consumer products, while imports, which are considered to be of superior quality, supply the high end of the market. The major countries of origin of high-end imported household consumer goods in the Taiwan market are the United States, Japan, Korea, and European countries, such as France, Italy, Germany, United Kingdom, Sweden, Switzerland, and Belgium.

**Best Products/Services** Return to top

- Cleaning preparations and polishes
- Household furnishings
- Household high-end electric appliances
- Water filters and air purifiers

**Opportunities** Return to top

Local consumers believe that U.S. products offer good design and high quality. Since the market for low- to medium-end household consumer goods has been dominated by Asian and local suppliers, U.S. suppliers should focus more on targeting the high end of the market. With the continuous appreciation of the Euro in recent years, more and more importers and retailers of high-end household consumer goods in Taiwan have transferred their purchases from European suppliers to U.S. suppliers, who are now more price-competitive. Some of the product categories within the household consumer goods sector that offer the best opportunities for U.S. export to Taiwan are cleaning preparations, polishes, household textile products, electrical household appliances, air/water filters, and purifiers.

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Board of Foreign Trade, MOEA: www.trade.gov.tw

Directorate-General of Customs, MOF: www.customs.gov.tw

U.S. firms wishing to learn more about the household consumer goods market are also encouraged to contact CS Taiwan Commercial Specialist at Menny.Chen@mail.doc.gov or visit www.buyusa.gov/taiwan/en.

## Pollution Control Equipment (POL)

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| | 2005 | 2006 | 2007 (Estimated) |
|---|---|---|---|
| Total Market Size | $476 | $405 | $477 |
| Total Local Production | 234 | 239 | 250 |
| Total Exports | 166 | 191 | 203 |
| Total Imports | 408 | 357 | 430 |
| Imports from the U.S. | 70 | 92 | 84 |

Notes: Figures are in millions of USD. The exchange rate (1USD=NTD) is NT$32.15 for 2005, NT$32.5 for 2006, and NT$32.84 for 2007. The statistics are unofficial estimates.

The Taiwan authorities have identified the pollution control industry as an emerging industry, and are very supportive of developing Taiwan into a major environmental equipment and services exporter in the Asia Pacific Region. In recent years, local pollution control equipment manufacturers have upgraded their technologies and have grown strong in competing with imports. Major foreign suppliers include Japan, Germany, the United States, and South Korea, comprising 73.1 percent of the import market. In 2006, Japan led the import market, accounting for 33.6 percent of total imports, followed by the United States with 25.7 percent and Germany with 13.8 percent.

Even though local manufacturers supply the major portion of the environmental market with low-cost and medium-to-high technology products, the market still relies on foreign suppliers of advanced environmental technologies. As Taiwan becomes a major manufacturing base for electronics products, advanced pollution control equipment and technologies for the high-tech manufacturing sector continue to be in demand. In addition, the six-year national plan to increase household connection rates to public sewage systems will increase the demand for advanced wastewater treatment technologies.

## Best Prospects/Services Return to top

- Ultra pure water equipment
- Process water recycling/reuse equipment
- Precious heavy metal extraction and separation technology
- Advanced wastewater treatment technologies

## Opportunities Return to top

As Taiwan becomes the major manufacturing base for electronics products, advanced pollution control equipment and technologies for the high-tech manufacturing sector continue to be in demand.

Taiwan’s six-year national plan to increase household connection rates to public sewage systems will increase the demand for advanced waste water treatment technologies.

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Environmental Protection Administration (EPA), Executive Yuan: www.epa.gov.tw

Taiwan Environmental Industry Information Net: www.environet.org.tw

U.S. firms wishing to learn more about the pollution control equipment market are also encouraged to contact CS Taiwan Commercial Specialist Allen Chien at Allen.Chien@mail.doc.gov or visit www.buyusa.gov/taiwan/en.

## Agricultural Sectors

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## Rice

### Overview

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| | 2005 | 2006 | 2007 (Estimated) |
|---|---|---|---|
| Total Market Size | 1,072 | 1,191 | 1,141 |
| Total Local Production | 1,033 | 1,110 | 1,014 |
| Total Exports | 26 | 20 | 20 |
| Total Imports | 65 | 101 | 147 |
| Imports from the U.S. | 21 | 51 | 75 |

Notes: Figures are in thousand metric tons. The statistics are unofficial estimates.

### Best Products/Services

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Taiwan ended its long-standing ban on imported rice with its accession to the WTO on January 1, 2002. Currently, rice imports are under the Tariff Rate Quota (TRQ) regime. The total annual TRQ quota amounts to 144,720 tons on a brown rice basis (equivalent to 125,906 tons of milled rice). Under the agreement, 65 percent of the rice entered through the public sector while 35 percent is allocated to the private trade. In 2007, Taiwan commenced the Country Specific Quota (CSQ) import regime for public sector import quotas. The U.S. CSQ is 64,634 tons.

For private sector imports, any grain dealer registered with the Taiwan Council of Agriculture can buy quota rights through an auction process. The maximum ceiling price is NT$23.26/kg and in-quota imports enter duty free. The out-of-quota rate is NT$45/kg for rice and NT$49/kg for processed products containing more than 30 percent rice. These duties are effectively more than 350 percent. As a result, with exception for rice that is imported for processing and re-export, no rice entered Taiwan outside TRQ quota tariff rates.

Taiwan imports its public sector rice through selective tendering (normal tenders) and SBS (Simultaneous-Buy-Sell) tendering. Any local enterprise registered as an importer/exporter at the Bureau of Foreign Trade and registered at the Council of Agriculture as a food grain dealer is eligible to participate. Generally a major local rice mill will work together with a foreign rice exporter. Interested parties submit bids to the Central Bank of China, which administers the tender.

Only rice originating from WTO members can enter through this process and the commodity must also meet Taiwan's phyto-sanitary conditions.

## Opportunities

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The Simultaneous-Buy-Sell (SBS) tender system was first introduced in 2006. U.S. rice entering Taiwan through the SBS tenders under the CSQ import regime will be introduced into the market while still in good quality condition compared to rice imported under normal tenders which sit in public warehouses for months before being released to the market, often with decayed quality which hurts the image of U.S. rice. High quality U.S. rice is finding its niche in Taiwan's rice market, despite continued high trade restrictions. As Taiwan is both a price and quality market, both U.S. branded and specialty rice have potential market niches thru public sector SBS tenders. In 2007, U.S. rice accounted for 51 percent of the import market, and was valued at approximately US$14.7 million.

Starting in 2006, all rice tenders for public sector imports were allowed to bid on a sub-lot basis of 2,000 tons for traditional tenders and 20 tons for Simultaneous-Buy-Sell (SBS) tenders. This change makes it more competitive for smaller scale U.S. rice millers/suppliers to join in Taiwan rice tenders. Currently, only four or five U.S. rice exporters are active in the Taiwan market.

## Resources

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For further information, please see these Foreign Agricultural Service (FAS) reports:

Prices for private sector import quota rights (TW7020 & TW7049):
http://www.fas.usda.gov/gainfiles/200801/146293421.pdf

Public Rice Tender Results of 2006 Quota (TW7002):
http://www.fas.usda.gov/gainfiles/200701/146279932.pdf

Taiwan Grain and Feed Annual (TW7018):
http://www.fas.usda.gov/gainfiles/200704/146280978.pdf

For general information on U.S. agricultural exports:

Foreign Agricultural Service: www.fas.usda.gov
U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov, or AIT Office of Agricultural Affairs at AgTaipei@fas.usda.gov.

## Beef

| | 2005 | 2006 | 2007 (Estimated) |
|---|---|---|---|
| Total Market Size | 73,708 | 79,963 | 76,150 |
| Total Local Production | 6,048 | 5,626 | 5,500 |
| Total Exports | 0 | 0 | 0 |
| Total Imports | 67,660 | 74,337 | 70,650 |
| Imports from the U.S. | 7,041 | 19,296 | 18,500 |

Notes: Figures are in metric tons (carcass weight equivalent). The statistics are unofficial estimates.

## Best Prospects/Services

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U.S. beef exported to Taiwan reached a record high in 2006 after the Taiwan market reopened to certain boneless cuts. The 2007 total beef import was expected to decrease slightly from the 2006 level due to high beef stocks, trade disruptions caused by shipment rejections over bone fragment detections, and the relatively weak economy. Nevertheless, total U.S. beef exports to Taiwan in 2007 might still exceed pre-BSE levels. A strong beef trade is expected with better prospects of economic performance in 2008.

U.S. chilled beef exports to Taiwan are staying strong. According to the Global Trade Atlas, U.S. chilled beef exports to Taiwan through October 2007 exceeded 4,378 metric tons, 48 percent higher than in the same period of 2006, and representing 64 percent market share.

## Opportunities

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The U.S. beef industry is able to supply large volumes of single "Asian cuts" at prices competitive with New Zealand and Australia. These cuts include boneless rib, chuck, and thin meats for ethnic cuisines such as Japanese and Korean, and middle meat items for Western restaurants. The quality of U.S. chilled beef is considered much higher than beef from other countries; hence, it is preferred by consumers and dominates sales and retail space. U.S. chilled beef held 64 percent Taiwan market share in the first 10 months of 2007, an amount valued at US$36 million dollars. However, New Zealand and Australia continue to dominate the lower quality, frozen beef exports to Taiwan, which are used mostly for food processing and beef noodle soup.

## Resources

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For further information, please see these Foreign Agricultural Service (FAS) reports:

> Record Beef Imports (TW7005)
> http://www.fas.usda.gov/gainfiles/200702/146280128.pdf

For general information on U.S. agricultural exports:

> Foreign Agricultural Service: www.fas.usda.gov
> U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

## Pork

| | 2005 | 2006 | 2007 (Estimated) |
|---|---|---|---|
| Total Market Size | 956 | 967 | 906 |
| Total Local Production | 911 | 930 | 873 |
| Total Exports | 0 | 0 | 0 |
| Total Imports | 45 | 37 | 33 |
| Imports from the U.S. | 22 | 21 | 15 |

Notes: Figures are in metric tons (carcass weight equivalent). The statistics are unofficial estimates.

## Best Prospects/Services

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Taiwan has eliminated its tariff rate quotas on certain pork items including pork bellies and pork variety meats. Under Taiwan's WTO commitments, Special Safeguards (SSG) came into play in 2005. However, they were not triggered in 2007. The growth trend of U.S. pork imports had been held back starting in the summer of 2007 by the close scrutiny of a feed additive, Paylean, which has been commonly used in the production of U.S. pork for many years. Although Taiwan decreased the testing frequency of this compound at the turn of 2008, importers are still hesitant to bring in U.S. pork until the uncertainty associated with the testing can be removed.

## Opportunities

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Although Taiwan's pork market is dominated by local production, certain variety meats are in high demand and are undersupplied. By exporting these undersupplied pork muscle meat and variety meat products to Taiwan, U.S. exporters are able to gain better profits.

U.S. valued-added products such as natural pork and processed pork products are highly recognized and accepted in retail and foodservice operations. A couple of U.S. pork and processed meat products have recently entered the Taiwan market and found strong demand in niche food sectors.

## Resources

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For further information, please see these Foreign Agricultural Service (FAS) reports:

Hog Producers Squeal Under Cost-Price Squeeze (TW7015)
http://www.fas.usda.gov/gainfiles/200703/146280614.pdf

For general information on U.S. agricultural exports:

Foreign Agricultural Service: www.fas.usda.gov
U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

# Poultry (Ready to cook)

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| | 2005 | 2006 | 2007 (Estimated) |
|---|---|---|---|
| Total Market Size | 736 | 766 | 755 |
| Total Local Production | 654 | 669 | 706 |
| Total Exports | 6 | 8 | 9 |
| Total Imports | 88 | 105 | 58 |
| Imports from the U.S. | 84 | 103 | 52 |

Notes: Figures are in thousand metric tons. The statistics are unofficial estimates.

## Best Products/Services

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High U.S. poultry prices have softened the demand for U.S. poultry imports in 2007. U.S. poultry product prices rose 18 percent on average in 2007. U.S. chicken exports to Taiwan fell by 55 percent in the first 10 months of 2007 over last year's levels. Imports are expected to return to 2006 levels in 2008.

As poultry import volumes were high from 2003-2005, the 2008 SSG trigger volume for chicken wings and legs is set to increase from the 2007 level of 55,367mt to 84,911mt. The trigger volume for other chicken cuts will also rise from 3,633mt to 4,594mt. Poultry imports from five states are currently banned entry because of avian influenza concerns. Nevertheless, exports are not much influenced by the ban, as the banned states are not the primary poultry-producing areas.

## Opportunities

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U.S. dark meat products still are very competitive with local production. Healthy U.S. export growth is expected to continue for several years as the market adjusts to increasing competition. Significant growth opportunities exist, in particular, for those commercial producers who are able to address importer concerns regarding cut and packaging specifications. Processed food and food service channels are very comfortable using imported poultry, while retailers are less aggressive due to consumer concerns regarding frozen chicken meat taste and performance.

At the present time, the United States is the only significant poultry exporting country with sanitary clearance to import into Taiwan. Competitors (e.g., Brazil and Thailand) are continuing lobbying efforts to open the market to their poultry. While the U.S. currently has a virtual "monopoly" on imported supply, the strong potential for real competition in the coming few years should encourage U.S. suppliers to increase their service and responsiveness to Taiwan importers in order to maintain solid relationships that will be less subject to price-based switching when other suppliers are permitted in. Other factors potentially impacting poultry demand and U.S. export opportunities include domestic concern over avian influenza and the potential success (or not) of marketing imported poultry products through fresh/retail channels.

## Resources

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For further information, please see these Foreign Agricultural Service (FAS) reports:

> Taiwan Annual Report 2007 (TW7001):
> http://www.fas.usda.gov/gainfiles/200612/146269873.pdf
>
> Avian Influenza – An Initial Market Impact Assessment (TW4008):
> http://www.fas.usda.gov/gainfiles/200402/146105548.pdf

For general information on U.S. agricultural exports:

> Foreign Agricultural Service: www.fas.usda.gov

U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

## Fresh Fruit

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| | 2005 | 2006 | 2007 (Estimated) |
|---|---|---|---|
| Total Market Size | $2,259 | $2,392 | $1,952 |
| Total Local Production | 1,936 | 2,080 | 1,660 |
| Total Exports | 28 | 34 | 41 |
| Total Imports | 351 | 346 | 333 |
| Imports from the U.S. | 155 | 144 | 141 |

Notes: Figures are in millions of USD.

### Best Products/Services

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In 2007, Taiwan imported approximately US$141 million worth of fresh fruit. The United States was the major supplier, accounting for 42 percent of Taiwan's total fresh fruit imports. The major U.S. export items to Taiwan included peaches ($40,538,000; 85 percent market share), apples ($33,689,000; 32 percent), cherries ($31,775,000; 66 percent), table grapes ($19,299,000; 62 percent), plums ($7,773,000; 75 percent), oranges ($2,758,000; 67 percent), grapefruit ($736,000; 30 percent), and pears ($691,000; 5 percent). To take advantage of this leading position, U.S. suppliers are encouraged to focus on deepening market relationships. Responding to importer priorities will also help retain long-term dominance in high-volume fresh fruit categories. Some products such as Fuji apples and cherries have especially strong markets in Taiwan.

### Opportunities

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U.S. exporters have also been very successful at introducing new fruit types and varieties to the Taiwan market. The best growth opportunities for U.S. suppliers are in "new-to-market" temperate fruits, of which cherries, strawberries, and blueberries provide positive recent examples. Peripheral varieties of established fruit categories (e.g., the "Dinosaur Egg" plum and flat peach) and fresh fruits not previously sold in quantity in Taiwan (e.g., raspberries and blackberries) also have significant growth potential, both in consumer/retail and food service channels. There are strong growth prospects for niche fruit categories (berries, flat peaches, pluots, etc.). As these products become more widely available, they will enter increasingly mainstream consumption and become more attractively priced for the mass market. There is also the potential for more "new" niche fruits to win high-value beachheads in Taiwan as well. The U.S. is the largest (and in some cases only) supplier of fruit in these categories.

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For further information, please see these Foreign Agricultural Service (FAS) reports:

Taiwan Stone Fruit Annual (TW7011)
http://www.fas.usda.gov/gainfiles/200703/146280458.pdf

Taiwan Fresh Deciduous Fruit Annual (TW7042)
http://www.fas.usda.gov/gainfiles/200712/146293169.pdf

HRI Food Service Sector (TW6008)
http://www.fas.usda.gov/gainfiles/200603/146187161.pdf

Taiwan Retail Food Sector (TW6015)
http://www.fas.usda.gov/gainfiles/200604/146187588.pdf

For general information on U.S. agricultural exports:

Foreign Agricultural Service: www.fas.usda.gov
U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

## Dried and Frozen Fruit

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| | 2005 | 2006 | 2007 (Estimated) |
|---|---|---|---|
| Total Market Size | NA | NA | NA |
| Total Local Production | NA | NA | NA |
| Total Exports | 5 | 5 | 5 |
| Total Imports | 45 | 43 | 45 |
| Imports from the U.S. | 12.2 | 12.5 | 13.8 |

Notes: Figures are in millions of USD.

### Best Products/Services

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Fruit and berry flavors lead market trends toward new and innovative tastes. Taiwan consumers generally like the taste of dried and frozen fruit and welcome new products. In addition, natural fruit ingredients offer processed food manufacturers new opportunities to tout associated nutrition and health (functional) benefits. Raisins and prunes continue to dominate the dried fruit category, although sales of these products are advancing at a much slower pace than previously because of strong competitors such as China and Argentina.

### Opportunities

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U.S. exports of snack fruits such as dried cranberries, mixed dried fruits, and ingredient-ready dried and frozen berries (e.g., blueberries, raspberries, and cranberries) continue to enjoy a steadily increasing share of the overall segment. These products promise to maintain bullish growth through the near future as new flavors work their way into the mainstream prepared food market.

## Resources

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For further information, please see these Foreign Agricultural Service (FAS) reports:

Taiwan Retail Food Sector (TW6015)
http://www.fas.usda.gov/gainfiles/200604/146187588.pdf

Taiwan Stone Fruit Annual (TW7011)
http://www.fas.usda.gov/gainfiles/200703/146280458.pdf

Taiwan Fresh Deciduous Fruit Annual (TW7042)
http://www.fas.usda.gov/gainfiles/200712/146293169.pdf

HRI Food Service Sector (TW6008)
http://www.fas.usda.gov/gainfiles/200603/146187161.pdf

For general information on U.S. agricultural exports:

Foreign Agricultural Service: www.fas.usda.gov
U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

## Ready-to-use-Ingredients

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Ready-to-use industrial ingredients are scattered among various HS Codes. Trade data below shows the most promising categories, including Cheese (next section), Chocolate/ Cocoa for Processing, Sauces/Condiment Preparations, and Coffee.

HS Code 1806: Chocolate/Cocoa for Processing

| | 2006 | 2007 (Estimated) | 2008 (Forecast) |
|---|---|---|---|
| Total Market Size | NA | NA | NA |
| Total Local Production | NA | NA | NA |
| Total Exports | 1.0 | 1.4 | 1.5 |
| Total Imports | 57.6 | 59.6 | 61.6 |
| Imports from the U.S. | 8.8 | 8.9 | 9.1 |

Notes: Figures are in millions of USD.

HS Code 2103: Sauces/Condiment Preparations

| | 2006 | 2007 (Estimated) | 2008 (Forecast) |
|---|---|---|---|
| Total Market Size | NA | NA | NA |
| Total Local Production | NA | NA | NA |
| Total Exports | 25.3 | 28.3 | 31.0 |

| | | | |
|---|---|---|---|
| Total Imports | 75.5 | 83.9 | 89.0 |
| Imports from the U.S. | 5.7 | 6.4 | 6.9 |

Notes: Figures are in millions of USD.

HS Code 0901: Coffee

| | 2006 | 2007 (Estimated) | 2008 (Forecast) |
|---|---|---|---|
| Total Market Size | 10,735 | 13,154 | 14,550 |
| Total Local Production | 256 | 452 | 550 |
| Total Exports | 293 | 408 | 500 |
| Total Imports | 10,772 | 13,110 | 14,500 |
| Imports from the U.S. | 535 | 652 | 700 |

Note: Figures are in metric tons.

## Best Products/Services Return to top

Taiwan's general economic malaise of recent years curtailed consumer spending which hit food processors that once enjoyed strong growth with minimal product variety. Increasingly vigorous competition for consumer attention continues to drive many food processors to innovate their mainstream and traditional food product lines. As a result, importer education along with technical/application support is advised in order to ensure a positive processor experience with a new ingredient product.

Imports of cocoa and cocoa mixes are primary used for making chocolates or ice cream. Italy, Japan, and the U.S. are the three major suppliers for this category. In 2007, the U.S. ranked as Taiwan's number two supplier cocoa mixes in terms of import value.

Another example of ready-to-use ingredients is Sauces/Condiment preparations, especially tomato ketchup/paste/sauces and mustard flour/meal used to meet the demand of the local food service sectors. Japan, the number one supplier for this category, exports four times more than the United States, which ranked number two in 2006.

Taiwan's insatiable demand for coffee continues to grow at a rapid pace. In 2005, Taiwan's consumption increased by 28 percent over 2004. Taiwan's coffee consumption rose another seven percent in 2006. Statistics show that Taiwan once again set record high coffee imports in 2007. Local coffee production is also on the rise. The total coffee production area increased significantly from 387 harvestable hectares in 2006 to 561 harvestable hectares in 2007. Most of the domestic coffee is consumed locally for tourists visiting coffee farms. Official data showed Taiwan coffee exports are also growing.

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Trends that bode well for this category include: 1) the increase in consumption of ice cream and chocolates, along with numerous Western retail chains selling high-end ice cream products including "Big Tom", "Cold Stone", "Hagen Daz", etc., 2) the increasing numbers of people dinning out on a regular basis, 3) the continued good growth in demand for coffee and the strong uptick in retail coffee outlets (for example 85°C) have spurred favorable sales of coffee. These chains have contributed to demand for western style food ingredients.

In addition, U.S. suppliers of flavors, nutritional additives, product performance enhancers, and labor saving (pre-processed) industrial ingredients can also expect to find high demand for their products in Taiwan.

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For further information, please see these Foreign Agricultural Service (FAS) reports:

Taiwan Retail Food Sector (TW6015)
http://www.fas.usda.gov/gainfiles/200604/146187588.pdf

HRI Food Service Sector (TW6008)
http://www.fas.usda.gov/gainfiles/200603/146187161.pdf

For general information on U.S. agricultural exports:

Foreign Agricultural Service: www.fas.usda.gov
U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

# Cheese

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| | 2006 | 2007 (Estimated) | 2008 (Forecast) |
|---|---|---|---|
| Total Market Size | $57 | $67 | $79 |
| Total Local Production | 0 | 0 | 0 |
| Total Exports | 0 | 0 | 0 |
| Total Imports | 57 | 67 | 79 |
| Imports from the U.S. | 6.5 | 7.8 | 8.8 |

Notes: Figures are in millions of USD.

## Best Products/Services Return to top

While processed cheeses are still most prevalent, mild-flavored fresh cheeses such as mozzarella, Gouda, and even Parmesan are now increasingly used as flavoring for many traditional and fusion dishes.

Total local consumption of cheese and products in 2007 increased more than 22 percent by value and 13 percent by volume compared to 2006. Cheese and its derivative products continue to gain increasing acceptance among Taiwan consumers through growing direct consumption and innovative applications.

U.S. cheese exports to Taiwan are expected to continue steaming along at better than 10 percent growth each year. In 2006 and 2007 (estimates), U.S. cheese captured 12 percent market share by value and 11 percent by volume.

## Opportunities

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On a per capita basis, cheese consumption in Taiwan (0.74 kg in 2006) is still very small compared to most Western countries and Japan. Cheese has the potential for significant further growth as an ingredient in "fusion" and western-style dishes. U.S. cream cheese has gained recognition by Taiwan bakers through assistance offered by the Agricultural Trade Office and the USDEC through trade and retail programs.

With a large middle class (often Western-educated), high income level, and desire to become more cosmopolitan, urban Taiwan has increasingly embraced Western cuisine and food trends. U.S. cheese products are an important component of this trend.

In the past, relatively high U.S. cheese prices made it difficult for U.S. suppliers to aggressively enter the Taiwan market. However, with the recent instability in supply from New Zealand and Australia and the rising prices from Europe (relative to U.S. dollar), U.S. cheese products are becoming more and more attractive to Taiwan importers.

## Resources

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For further information, please see these Foreign Agricultural Service (FAS) reports:

Taiwan Dairy Annual (TW7040)
http://www.fas.usda.gov/gainfiles/200711/146292935.pdf

For general information on U.S. agricultural exports:

Foreign Agricultural Service: www.fas.usda.gov
U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

Other references:

US Dairy Export Council: www.usdec.org

# Engineered Wood

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| | 2005 | 2006 | 2007 (Estimated) |
|---|---|---|---|
| Total Market Size | NA | NA | NA |
| Total Local Production* | NA | NA | NA |

| | | | |
|---|---|---|---|
| Total Exports** | 43 | 56 | 53 |
| Total Imports | 325 | 368 | 400 |
| Imports from the U.S. | 12.7 | 9.6 | 6 |

Notes: Figures are in millions of USD. *No official data for local production of engineered wood is available. **Wood products defined as engineered wood in this sector are under HS Codes 4408 and 4412.

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Demand for higher-end engineered wood products is expected to grow sharply once fire codes are updated to make use of these products feasible. After some delay, these changes are expected to take place in 2008. The current fire code permits developers to legally construct multiple home wood frame developments and should gradually remove the previous reluctance (due to lack of legal framework) of banks to finance such projects and insurance companies to cover residences approved under the new code.

**Opportunities** Return to top

While the bulk of the engineered wood market consists of low-end plywood and fiber/particle board, changes in construction regulations, government procurement priorities, and consumer attitudes promise to spur interest in high-end engineered wood products such as structural glulam and special-application laminated wood -- categories in which U.S. suppliers have particular expertise and competitive advantages.

As environmental protection issues escalate, the advantages of using wood as a building material is being emphasized by many groups. Wood frame construction will be a rapidly developing trend once the Taiwan authorities complete fire codes.

**Resources** Return to top

For further information, please see these Foreign Agricultural Service (FAS) reports:

Taiwan Solid Wood Annual (TW7034)
http://www.fas.usda.gov/gainfiles/200708/146292154.pdf

Fire Tests Close to Completion, Final Step to Complete Wood Building Code (TW5048) http://www.fas.usda.gov/gainfiles/200512/146131654.pdf

For general information on U.S. agricultural exports:

Foreign Agricultural Service: www.fas.usda.gov
U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

## Chocolate & Other Candy

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| | 2005 | 2006 | 2007 (Estimated) |
|---|---|---|---|
| Total Market Size | $262 | $241 | $215 |
| Total Local Production | 199 | 183 | 162 |
| Total Exports | 18 | 19 | 18 |
| Total Imports | 81 | 77 | 71 |
| Imports from the U.S. | 6 | 7 | 6.5 |

Notes: Figures are in millions of USD.

**Best Products/Services** Return to top

Taiwan imported nearly US$77 million of chocolate and candy products in 2006, a five percent decrease compared with the previous year. Chocolate candy products constitute approximately 61 percent of the candy import market. In 2006, Japan was the largest supplier with 21 percent market share, followed by Italy (15 percent), Malaysia (nine percent), the United States (nine percent), and Australia (six percent). Italy and other EU countries mainly supplied chocolate products. Part of the success of imported candy products from EU and the United States is that they compare favorably to domestic products in both price and quality. The United States used to hold a slightly larger market share than its competitors. However, the entry of major European chocolate product manufacturers as well as lower priced candies from other countries has shifted some market share away from U.S. suppliers. Industry sources estimate reduced local production, imports and exports in 2007 due to a relatively sluggish economy and greater emphasis on health foods.

**Opportunities** Return to top

U.S. candy products are considered competitive in terms of both quality and cost. The Taiwan candy market has become more mature and consumers are beginning to demand a wider variety of candies. With the long-term increase in the standard of living and an increasing focus on healthy eating, candies that provide a health benefit or at least do not contribute to weight gains or cavities have the best prospects. Unique flavors and creative packaging are also key to success in the Taiwan market.

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For further information, please see these Foreign Agricultural Service (FAS) reports:

Taiwan Retail Food Sector (TW6015)
http://www.fas.usda.gov/gainfiles/200604/146187588.pdf

Candy Product Brief (TW3039)
http://www.fas.usda.gov/gainfiles/200310/145986511.pdf

For general information on U.S. agricultural exports:

Foreign Agricultural Service: www.fas.usda.gov
U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

## Pet Food

### Overview

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| | 2005 | 2006 | 2007 (Estimated) |
|---|---|---|---|
| Total Market Size | $70.3 | $75 | $80 |
| Total Local Production | 13.3 | 13.0 | 13.5 |
| Total Exports | 0.2 | 0.1 | 0.3 |
| Total Imports | 57 | 62 | 66 |
| Imports from the U.S. | 23 | 26 | 27 |

Notes: Figures are in millions of USD.

### Best Products/Services

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The United States exported an estimated $26 million worth of pet food to Taiwan in 2006, a 13-percent increase from 2005. Overall, Taiwan imported an estimated US$62 million worth of pet food in 2006, which is nearly 10 percent more than in 2005.

The new requirement in 2001 for a Health Certificate for pet food imports eliminated major competitors such as Thailand, Japan, and the EU from the Taiwan market. However, countries gradually re-entered the market as their plants slowly gained approval to supply products to Taiwan. However, the detection of BSE in the U.S. in December 2003 resulted in a Taiwan ban on the entry of U.S. pet foods, except those solely derived from fish, poultry, and dairy. In 2004, Taiwan relaxed pet food import requirements by allowing pet food products that do not contain U.S. ruminant ingredients. In 2006, 18 U.S. pet food facilities regained market access after Taiwan's plant-by-plant visit and approval, coordinated by the U.S. National Pet Food Institute. Currently, out of the countries with disease concerns to Taiwan, four facilities in Canada, four in Japan, four in Australia, five in Thailand, two in Argentina, three in Brazil, and one plant each in France, the Netherlands, Japan, Philippines, and South Korea are approved to export pet food to Taiwan.

Currently, pet food products must comply with the Taiwan Feed Controls Act. This Act, proposed by the legislature and the Taiwan Pet Association, has required the authorities to hasten the establishment of pet food regulations, but little progress has been made in the past two years.

### Opportunities

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Despite the temporary disruption to U.S. pet food exports, the long-term trend remains competitive but favorable, with U.S. imports enjoying an approximately 41 percent market share. The growth in the Taiwan pet food market can be attributed mainly to a change in attitude toward animals as household pets and a subsequent shift from feeding table scraps to stray animals to serving specially manufactured pet food to well cared for pets that are increasingly pedigreed breeds. With rising incomes and rising Western influence, dogs are now a symbol of affluence. Imported pet food maintains a market share of approximately 80 percent, even though retail prices for imported pet foods are higher than locally produced products. Currently, the ratio of dried to canned pet food is 60:40; the ratio of dog to cat food sold is 70:30. Pet food is sold in specialty pet shops, supermarkets, convenience stores, animal hospitals, and by veterinarians. It is estimated that Taiwan has approximately 2,500 pet specialty stores.

## Resources

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For further information, please see these Foreign Agricultural Service (FAS) reports:

Taiwan Pet Food Report (TW6046)
http://www.fas.usda.gov/gainfiles/200611/146249608.pdf

For general information on U.S. agricultural exports:

Foreign Agricultural Service: www.fas.usda.gov
U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

# Wine & Spirits

## Overview

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| | 2005 | 2006 | 2007 (Estimated) |
|---|---|---|---|
| Total Market Size | 94,442 | 93,879 | 97,012 |
| Total Local Production | 54,081 | 55,790 | 58,430 |
| Total Exports | 3,224 | 3,589 | 3,218 |
| Total Imports | 43,585 | 41,678 | 41,800 |
| Imports from the U.S. | 2,844 | 2,333 | 1,900 |

Note: Figures are in thousand liters.

## Best Products/Services

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The Taiwan market for wine and spirits has roots that run long and deep. Like many markets in East Asia, Taiwan consumers have long been familiar with grain-based alcoholic drinks - both fermented and distilled. Although the United States (especially California) is recognized as one of the world's top wine producing areas and has been well accepted in Taiwan in the past few years, it is facing increased competition from both old and new world wines. The low pricing strategy in recent years from the hypermarkets has exacerbated the competition and lots of cheap entry level wines from Chile and France have flooded the wine markets in both the foodservice and retail sectors. In spite of the decreasing volume of U.S. wine exports to Taiwan in the past two years, the total value of imported U.S. wine is gradually increasing.

The U.K. captures the mass of the whiskey market for the possession of its distinguished name - the home of single malt whiskey. Consumers pay significantly more per unit for U.K.-origin whiskey than for similar products from Japan and the United States.

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The market for wine and spirits is significantly more mature in terms of both importer and consumer sophistication. Increasing consumer sophistication with regard to labels, production regions/countries and quality has fed back to importers who have focused increasingly on building brands and adding depth to category offerings. From a unit-price perspective, Taiwan wine importers pay US$1.4 more per liter for U.S. wine than six years ago. Industry sources estimate the volume of cheap wine will fall off in the first half of 2008 and more consumers will upgrade themselves to taste more sophisticated wine, after initial training on entry-level wines.

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For further information, please see these Foreign Agricultural Service (FAS) reports:

Wine and Spirits Market Update (TW7027)
http://www.fas.usda.gov/gainfiles/200706/146291374.pdf

For general information on U.S. agricultural exports:

Foreign Agricultural Service: www.fas.usda.gov
U.S. Food Taiwan: www.usfoodtaiwan.org

In Taiwan, please contact AIT Agricultural Trade Office at ATOTaipei@fas.usda.gov.

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# Chapter 5: Trade Regulations and Standards



## Import Tariffs

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Taiwan's tariff schedule is constructed based on the Harmonized Commodity Description and Coding System (HS) of the Customs Cooperation Council. On July 1, 2006, Taiwan promulgated a comprehensive revised tariff schedule in compliance with Taiwan's Free Trade Agreement with Guatemala. This revised tariff schedule applies to all of Taiwan's trade partners. Tariffs on parts and components for plastic and rubber processing machinery and trailers and semi-trailers dropped from 5 percent and 7.5 percent respectively to 2.5 percent. Additionally, tariffs on 12 types of fertilizers were eliminated. Taiwan's average nominal tariff rate on imported goods in 2007 was approximately 5.57 percent and is expected to fall marginally to 5.56 percent (13.65 percent for agricultural products and 4.09 percent for industrial products) in 2008.

Taiwan is working on a new version of its tariff schedule to meet the World Customs Organization's Harmonized System (HS) requirements which are expected to be implemented in 2007. U.S. industry continues to request that Taiwan lower tariffs on imports of many products, including large motorcycles, wine, canned soup, cookies (sweet biscuits), savory snack foods, vegetable juices, potatoes and potato products, table grapes, apples, fresh vegetables, and citrus products.

Upon accession to the WTO in January 2002, Taiwan implemented tariff-rate quotas (TRQs) on small passenger cars, three categories of fish and fish products, and a number of other agricultural products. On January 1, 2004, in accordance with its WTO accession commitments, Taiwan made additional tariff cuts and increased TRQ amounts on these products. Taiwan will fully eliminate TRQs on small passenger cars by 2011.

## Trade Barriers

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Although authorities have taken steps to improve the business and investment climate, U.S. firms report that impediments remain in some sectors, especially services. Rules on local licensing of professionals are cited as a barrier to foreign providers of some services. Some foreign investors complain of lengthy and non-transparent approval processes. Taiwan's science-based industrial parks and export processing zones, by contrast, offer streamlined procedures.

## Import Requirements and Documentation

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Under the terms of the Foreign Trade Act, most commodities can be imported freely. No import permit or licensing is required and importers can apply for customs clearance directly. Import permits or documents are required for commodities under the Negative List, which are subject to import restriction. Commodities under the Negative List include those under certain international treaties or trade agreements and items subject to national defense, society security, cultural protection, hygiene, and environmental and ecological concerns, as well as those subject to policy demands. Products subject to import ban can be imported only with a special import permit from the Board of Foreign Trade, while documents, such as a letter of consent from the relevant authorities, are required for those commodities that are subject to certain importation conditions.

A foreign supplier's pro forma invoice (quotation) is required for application of an import permit and the establishment of a letter of credit. Documents required for shipments to or from Taiwan include the commercial invoice, bill of lading or airway bill, and packing list. A certificate of origin is also required for designated commodities such as sedans, other small passenger cars and their chassis, tobacco and alcohol products, and some agricultural products. Shipments of agricultural products, plants, and animals to Taiwan may require certificates of inspection or quarantine issued in the country of origin and are subject to inspection and quarantine upon importation into Taiwan.

The commercial invoice must show the import license number; FOB, C&F, or CIF value; insurance; freight; and discounts or commissions, if any. The commodity description and value shown on the commercial invoice must agree with those on the import license, if any. No requirements exist as to the form of a commercial invoice or a bill of lading. In addition to the information generally included in a standard bill of lading, all marks and case numbers appearing on packages must be shown. Customs does not permit the grouping of marks or numbers on a shipment of mixed commodities.

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The U.S. Department of Commerce's Bureau of Industry and Security (BIS) is responsible for implementing and enforcing the Export Administration Regulations (EAR), which regulate the export and re-export of designated "dual-use" commercial items. Dual-use items are defined as those having both commercial and potential military applications.

A relatively small percentage of total U.S. exports and re-exports require an application to BIS for a license. License requirements are dependent upon an item's technical characteristics, the destination, the end-user, and the end-use. It is the responsibility of the U.S. exporter to determine whether a given export requires a license.

If an item requires an export license, the exporter must file an application with the BIS. If the application is approved, a license number and expiration date will be provided for use on the export documentation.

A good starting point for U.S. exporters to obtain hands-on information about licensing requirements and regulations is to attend a U.S. Department of Commerce export control seminar on complying with U.S. Export Controls. For counseling assistance, please contact one of the following Department of Commerce offices:

U.S. Department of Commerce
Washington D.C.
Tel: 202-482-4811
Fax: 202-482-3617

Newport Beach, California
Tel: 949-660-0144
Fax: 949-660-9347

San Jose, California
Tel: 408-998-7402
Fax: 408-998-7470

Further information is available from BIS at www.bis.doc.gov.

## Temporary Entry

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Taiwan is not a member of the Admission Temporaire-Temporary Admission (ATA) Carnet system. However, Taiwan has signed bilateral agreements with 27 nations, including the United States to implement provisions of the ATA Carnet. These agreements grant temporary customs exemptions for commercial samples, professional instruments and equipment, as well as exhibition goods, that are brought into Taiwan for sales promotion and exhibition purposes. They facilitate international business by avoiding extensive customs procedures, eliminating payment of import duties and value-added taxes, and replacing the purchase of temporary import bonds. Items must be shipped out of Taiwan within one year of the event's conclusion to avoid imposition of import tariffs and other taxes.

The agreement with the United States to implement the TECRO/AIT Carnets was signed in December 1999. Like the ATA Carnet, TECRO/AIT Carnets are valid for up to one year and allow U.S. exporters to avoid duties and taxes when entering Taiwan. The TECRO/AIT Carnets issued exclusively for Taiwan are very similar to the traditional ATA Carnets, but must be applied for separately (due to the U.S.'s lack of diplomatic recognition of Taiwan). For example, if traveling to both Taiwan and an ATA Carnet country, one would have to apply for a TECRO/AIT Carnet and an ATA Carnet. Questions regarding the process of the TECRO/AIT Carnets should be directed to:

U.S. Council for International Business
ATA Carnet Department
1212 Avenue of the Americas
New York, N.Y. 10036
Tel: 212-703-5078
Fax: 212-944-0012
Email: atacarnet@uscib.org
Website: www.uscib.org

In the case of imported goods on which only a rental is incurred, without a transfer of ownership, the duty shall be determined on the basis of the rental amount plus the transportation and insurance fees. Duty for goods entering Taiwan for repair or assembly will be based on the costs of repair or assembly (excluding freight and insurance).

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Taiwan labeling regulations require that the net contents of packaged goods shall be shown in metric units. Dual labeling in metric and non-metric units is permitted. Measuring instruments calibrated in non-metric units must show metric equivalents. Taiwan's Consumer Protection Law requires that all imported goods have Chinese language labels and instructions, which shall be at least as comprehensive as the language-of-origin labels and accompanying instructions.

All imported cargo must bear a mark of distinctive design, a set of three or more letters, or a combination of design and letters indelibly stenciled, stamped, or burned on the packing or on the cargo itself. For cargo packed in cases, boxes, crates, casks, drums, or cylinders, each container should bear a separate number that cannot be repeated for two years. Bags or bales also must bear a nonrecurring number, date, or set of three or more letters. In addition, each package of a consignment must be numbered consecutively. Numbering is not essential for large lots of cargo except when packaged in cases, boxes, or crates, provided that each package of the consignment contains cargo of identical weight.

Food Product Labeling: As required by the March 1995 amendment to Taiwan's "Law Governing Food Sanitation," Taiwan requires Chinese language labeling for food items sold at retail (with some exemptions for selected food-service items) and requires that the labels be affixed before customs clearance. Required information includes name and address of the manufacturer or importer, expiry date, list of food additives, and weight, volume, or quantity of ingredients. If you have questions on labeling requirements for food products, please contact the AIT Agricultural Trade office at atotaipei@usda.gov.

## Prohibited and Restricted Imports

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In order to comply with its WTO commitments, Taiwan has eliminated more than 99 percent of its import controls on 10,880 official import categories. Currently, there are 80 product categories facing import restrictions. Of those categories, 24 require import permits from the Board of Foreign Trade (BOFT) and 56 are prohibited. Most of the permit-requiring categories are related to public-sanitation and national-defense concerns, such as agricultural products and ammunition. In addition, Taiwan maintains a lengthy list of products that are banned if made in China, including chocolate confectionary and meters for medical equipment. The Ministry of Economic Affairs (MOEA) in April 2006 lifted the ban on certain unfilled chocolate from China.

Presently, vessels that carry goods imported from and exported to China can only sail indirectly; that is, they must call on a third-country port en route. Taiwan is significantly liberalizing imports of products from China as both have joined the WTO. As of December 31, 2007, 8,718 categories or 80 percent of all import categories in the

Taiwan tariff schedule can be imported from China. The rest remain banned. However, Taiwan will continue to review imports from China and consider further relaxations once every six months or as requested by the business sector.

Starting May 19, 1998, Taiwan extended to all banned China imports the same rules and regulations it applies to all other imports with regard to country of origin and value-added processing. In other words, banned goods from China can be imported if it can be shown that they were primarily made elsewhere, and did not undergo substantial transformation in China. The definition of "substantial transformation" is value added exceeding 35 percent of the final export value of the goods. In addition, companies working in bonded facilities, enterprises located in export processing zones, and science-based industrial parks which produce wholly for export are permitted to import banned manufacturing components and raw materials from China.

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Taiwan revised its Customs Law in July 1986 in order to implement procedures consistent with the "Agreement on Implementation of Article VII of the GATT." This article refers to the valuation of all imports for the assessment of duties. In accordance with its WTO accession agreement, Taiwan again amended its Customs Law in May 1997 and formally implemented the amendments to bring Customs Law into conformity with the Customs Valuation Agreement on January 1, 2002.

The dutiable value of an import into Taiwan is defined as its cost, insurance, and freight (C.I.F.) value. Under the Revised Customs Law, duty-paying value (DPV) is based on the transaction value, which is the import cost.

Directorate General of Customs, MOF
No. 13 TaCheng Street, Taipei 103, Taiwan
Tel: 886-2-2550-5500
Fax: 886-2-2550-8111
Website: www.customs.gov.tw

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The Bureau of Standards, Metrology and Inspection (BSMI), under the Ministry of Economic Affairs (MOEA), has responsibility for the development, compilation, and publication of “Chinese National Standards” (CNS) as well as for conformity assessment.

BSMI also implements commodity inspection measures as stipulated in Taiwan's Commodity Inspection Law.

Taiwan promulgated the Standards Act in 1946, establishing a National Bureau of Standards under the MOEA. The Standards Act was amended in 1997 to accommodate changes in global trade and in anticipation of future WTO obligations. The "Regulations for the Establishment of Chinese National Standards" were amended in 1996 and again in 1998 to promote standards quality and to facilitate harmonization of Taiwan's standards with those broadly accepted internationally. Responsibility for standardization was taken over by the Bureau of Standards, Metrology, and Inspection (BSMI) on January 26, 1999, as a result of a reorganization aimed at integrating conformity assessment activities.

Taiwan's national standards are based primarily on international standards such as those set up by the International Standards Organization (ISO), International Electro technical Commission (IEC) and International Telecommunications Union (ITU). Taiwan acceded to the WTO on January 1, 2002. The preparation, adoption and application of national standards comply with the requirements of the Agreement on Technical Barriers to Trade (TBT) of the WTO.

National standards are classified under 26 categories. As of November 2007, the BSMI has 14,190 national standards. Of these standards, 3,522 correspond with international standards and 2,459 of them have completed the harmonization. The percent of harmonization of Taiwan's national standards with international standards increased from 46 percent in 2001 to 70 percent in 2007.

The BSMI administers the CNS Market Certification System whereby products meeting standards are allowed to carry the CNS mark. The BSMI also carries out necessary food and safety inspection measures while the Bureau of Animal and Plant Health Inspection & Quarantine (BAPHIQ) is responsible for inspection and quarantine for the purpose of safeguarding animal and plant health. Taiwan's sanitary and phytosanitary (SPS) standards are, for the most part, different from U.S. standards or those established by international regulatory bodies such as the Office of International Epizootic (OIE) or the Codex Alimentarius.

## Standards Organizations

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The Standards Division (First Division) of the Bureau of Standards, Metrology and Inspection (BSMI), is responsible for drafting standards policies and regulations. This division consists of four sections, with the First Section responsible for general standardization activities including the drafting of regulations, guidance, harmonization planning, administration of the CNS mark, compilation of the standards gazette, and promotion of national standards. The remaining three sections are each responsible for standards in specific industry sectors.

In addition, there are four standards-related institutions under BSMI involved in the development and promotion of Chinese National Standards. These are the National Standards Review Council, the Information & Communication National Standard Promotion Committee, the National Standards Technology Committees, and the Electronic Information Exchange Committee.

BSMI issues plans for standards development semi-annually. These plans are published in the National Gazette and filed with the WTO Secretariat in accordance with the TBT agreement.

BSMI has established an on-line system for the public to obtain Chinese National Standards information (www.bsmi.gov.tw or http://cnsm.bsmi.gov.tw). The website also provides access to updated standards gazettes.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at: www.nist.gov/notifyus.

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The Sixth Division of BSMI is in charge of testing and inspection methods. This division currently conducts testing in areas including electromagnetic compatibility (EMC), biochemistry, chemistry, polymers, materials, electrical engineering, and mechanical engineering.

Before 1997, Taiwan relied on batch inspection as the only conformity assessment procedure available to ensure compliance. Along with the development of a technical infrastructure leading to advances in testing capabilities, the Commodity Inspection Act was revised in 1997 and again in 2001 to create a framework for a type-testing system and Supplier's Declaration of Conformity (SDoC) as replacements for traditional batch inspection. The type-testing system was implemented in January 1999 while SDoC was introduced for certain electronics products in January 2002.

Under the new type-testing system, "Registration of Product Certification" (RPC), products are subject to the appropriate conformity assessment modules as determined by the authorities. These seven modules cover both the design and production phases of product manufacture. They consist of Internal-Control (Module I), Type-Test (Module II), Conformity-to-Type Declaration (Module III), Full Quality Assurance (Module IV), Production Quality Assurance System (Module V), Product Quality Assurance (Module VI), and Simplified Quality Assurance (Module VII). Conformity assessment for Module II, which requires safety or electromagnetic compatibility (EMC) testing or inspections, is required for all products. Modules III, IV, V, VI or VII are applied in combination with Module II as specified by MOEA.

The SDoC is the least trade restrictive conformity assessment procedure, and is currently applied only to low-risk products with stable manufacturing technology and few concerns of risk or danger. Under the SDoC scheme, manufacturers may have testing done by BSMI designated laboratories, prepare their own technical documents, and draft the declaration of conformity themselves. Products using the SDoC approach are under market surveillance by BSMI. Products permitted to use the declaration of conformity approach may be imported without customs inspection.

Currently, a total of 35 commodities are covered by the SDoC system. These products are digital cameras, digital video cameras, typewriters, cash registers, electronic calculators, card punching machines, optical disc devices, data storage units, class B main boards of computers, add-on cards with I/O devices, and vulcanized rubber tubes. A complete list of products is available on BSMI's website at www.bsmi.gov.tw.

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Products specified by the Ministry of Economic Affairs (MOEA) must comply with inspection requirements before they are shipped from the manufacturing premises or imported and placed on the market. Manufacturers or importers of these products must apply to BSMI for inspection before shipment or importation. Beginning on January 1, 2004, BSMI adopted a dual-track approach to allow manufacturers or importers to choose the "Registration of Product Certification" (RPC) scheme or a Batch-by-Batch inspection (BBI) with Type Approval.

The RPC scheme encompasses requirements for the product design stage (type testing) and manufacturing stage (quality management system). In other words, while applying for the RPC, both the product design and manufacturing process must conform to the requirements specified by BSMI. With the RPC certificate, domestic manufacturers may ship their products and importers may proceed directly with customs clearance.

Importers or firms having small numbers of products for sale in the domestic market may find the BBI with Type Approval approach easier. According to BSMI, upon approval of the sample product, the random inspection rate is about 10 percent.

Taiwan's safety regulations follow IEC and CNS standards. All safety testing for end products must be done in Taiwan by Taiwan-accredited laboratories. The UL safety certification alone is not considered sufficient to meet Taiwan requirements for end product safety certification. Home appliances, certain fire fighting products, electrical power distribution devices (including cables and switches), lighting products for in-door use and motors require safety testing or inspection.

To enhance the protection of consumers from hazards posed by telecommunications and electrical and electronics products, and to meet international requirements for electromagnetic compatibility (EMC), BSMI has promulgated "Regulations Governing Electromagnetic Compatibility of Commodities." Manufacturers or importers must obtain type approval of their products from BSMI and all products must apply for inspection based on the EMC type approval certificate. Currently, 244 products are subject to EMC inspection, of which 11 are mechanical products, 105 electrical items, and 128 electronic products.

There is currently an Electromagnetic Compatibility (EMC) Mutual Recognition Agreement (MRA) between the U.S. and Taiwan covering information technology products. In accordance with the terms of this MRA, BMSI accepts EMC testing by any laboratory located in the United States and accredited by the National Institute of Standards and Technology (NIST) under the NAVLAP program. NIST accredited labs outside the U.S. are not accepted by BSMI.

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On January 6, 2004, BSMI integrated the operations of the Chinese National Laboratory Accreditation (CNLA) and the Certification Body Accreditation (CBA) to form the Taiwan Accreditation Foundation (TAF). TAF is the island's sole national accreditation body, responsible for supervision of CNLA and CBA, both of which conduct accreditation work in accordance with international standards and the requirements of international organizations. Based on the ISO/IEC Guide 58, CNLA has set up an accreditation management system and follows ISO/IEC 17025, a new version of general requirements for laboratories. CBA has adopted ISO/IEC Guide 61 and International Accreditation Forum (IAF) guidance to conduct accreditation for management system accreditation bodies, product certification bodies, auditor certification bodies, auditor training course providers, and inspection bodies.

Accreditation for labs is conducted on a voluntary basis. At present, CNLA provides laboratory accreditation in four major categories -- calibration, testing, civil engineering, and medical – with a total of 32 fields. So far, CNLA has accredited more than 1,100 laboratories in Taiwan. There are 42 bodies accredited under CBA. Of these 42 accredited bodies, 28 are engaged in accreditation of management systems -- which include quality, environmental, occupational health and safety, information security, and food safety management systems -- and 14 handle accreditation for commodities.

Detailed information about accreditation in Taiwan is available at TAF's website at www.taftw.org.tw.

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Proposed and final technical regulations are submitted to the MOEA by the BSMI for publication. This information is then published in the National Standards Gazette. In addition to the Gazette, BSMI also publishes several pamphlets to propagate information on standards. These pamphlets include the Catalogue of National Standards Categories, List of CNS Mark Product Items and Directory of CNS Mark Companies, Compilation of Laws & Regulations of Applying for CNS Mark, Q&A on Standards and CNS Mark, and Q&A on Technical Barriers to Trade. BSMI's website (www.bsmi.gov.tw) also provides updated information from standards gazettes and on standards regulations.

U.S. entities can provide their comments about local technical regulations or other related issues by contacting the BSMI directly or through the National Enquiry Point under the WTO TBT Agreement in the U.S. The BSMI Information Center performs the functions of National Enquiry Point under the WTO TBT Agreement for other countries.

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Taiwan's Commodity Labeling Act was first promulgated in January 1982, and the most recent amendment took effect on June 25, 2004. The Act stipulates that all labeling shall be made in Chinese and may be supplemented by English or other foreign languages. When an imported commodity is introduced for sale on the domestic market, labeling and instructions or sales literature written in Chinese must be added to the commodity by the importer. The contents provided in Chinese language must not be simpler or more condensed than those from the place of origin of the commodity. The name/title and the address of the foreign manufacturer of an imported commodity to be labeled may not be written in Chinese language.

Where a commodity is introduced for sale in the Taiwan market, the following particulars shall be labeled:

1. Name of the commodity;

2. Name, telephone number and address of the producer or manufacturer, the place of origin of the commodity, and the name, telephone number, and address of the importer for imported commodity;

3. Contents or composition of the commodity;
- Major components/ingredients or materials.
- Net weight, volume or quantity, or measurements shall be labeled in statutory measuring units and other measurements may be added when it is deemed necessary.

4. Date of manufacture in the Chinese calendar or Gregorian calendar; the expiration date or the term of validity if the commodity has a limited duration of storage; and other particulars as required by the Central Government Competent authorities.

Where a commodity is under any of the following circumstances, the scope of application, the date of expiration, the methods of use and storage of the commodity, and other points requiring attention shall be indicated:

1. Hazardous or dangerous in nature;
2. Related to health and safety; and
   Having special characteristics or requiring special handling.

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Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs
No. 4 JiNan Rd., Sec. 1, Taipei 100, Taiwan
Tel: 886-2-2343-1700
Fax: 886-2-2356-0998
Website: www.bsmi.gov.tw

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Taiwan joined the WTO on January 1, 2002. Taiwan became a member of the Asia Pacific Economic Cooperation (APEC) in November 1991, and joined the Central American Bank for Economic Integration in 1992. Taiwan is also a member of the Asian Development Bank (ADB), the Pacific Economic Cooperation Council (PECC), and the Pacific Basin Economic Council (PBEC).

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Board of Foreign Trade: www.trade.gov.tw

Directorate General of Customs: www.customs.gov.tw

Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs:
www.bsmi.gov.tw

Taiwan Accreditation Foundation: www.taftw.org.tw

Directorate General of Telecommunications, Ministry of Transportation & Communications: www.dgt.gov.tw

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# Chapter 6: Investment Climate



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Taiwan officially welcomes foreign direct investment. Taiwan's science-based industrial parks, export processing zones, and free trade zones offer streamlined procedures. Taiwan has made significant improvement in protecting intellectual property.

As part of its efforts to improve the investment climate, Taiwan no longer has a list of permitted investments, but maintains a "negative" list of industries closed to foreign investment to maintain security and environmental protection. Liberalization has reduced that list to less than one percent of manufacturing categories and less than five percent of service industries. The latest significant liberalization took place in February of 2003 when alcohol production, agricultural production, fishing, and animal husbandry were opened to foreign investors. Prior approval is required, but this requirement will be dropped for projects with an investment below NT$8 million (U$246,000) if legislation pending before the legislature passes into law. To live up to its WTO accession commitments, Taiwan opened private production of cigarettes in 2004 without any foreign ownership limit. Railway transport, freight transport by small trucks, pesticide manufacture, and real estate development, brokerage, leasing, and trading are all completely open to foreign investment. After its accession to the WTO in January 2002, Taiwan started permitting imports of gasoline and liquid natural gas (LNG) by the private sector, without any foreign ownership restriction. It also permitted private wine and cigarette imports. In April 2004, Taiwan dropped mining and ordinary trucking services from the negative list but added single-axle truck leasing.

Most foreign ownership limits have been removed. The foreign ownership limit on wireless and wireline telecommunications firms is 60 percent, including a direct foreign investment limit of 49 percent. For the state-owned Chunghwa Telecom Co., which controls 97 percent of the fixed line telecom market, the limit on direct and indirect foreign investment was raised from 49 percent to 55 percent in December 2007. There is a 20 percent limit on foreign direct investment on cable television broadcast services, but foreign ownership of up to 60 percent is allowed through indirect investment via a Taiwan entity. Foreign investors now control three of the five largest cable TV networks in Taiwan. Foreign ownership limits are 49.99 percent for satellite television broadcasting services and piped distribution of natural gas and 49 percent for high-speed railways. A 50 percent foreign ownership limit remains on Taiwan-flagged merchant ships, power transmission and distribution, ground-handling firms, air-cargo terminals, air-catering companies, and air-cargo forwarders. The 50 percent foreign ownership limit for ground-handling firms, air-cargo terminals, air-catering companies, and air-cargo forwarders was removed for investors from WTO members in November 2001. In July 2007, the foreign ownership limit on airline companies was raised from 33.33 to 49 percent, with a separate limit of 25 percent for any single foreign investor.

Regulations governing foreign direct investment principally derive from the Statute for Investment by Foreign Nationals (SIFN) and the Statute for Investment by Overseas Chinese (SIOC). These two laws permit foreign investors to use either foreign currencies or NT dollars. In mid-2006, Taiwan authorities started permitting NT dollar loans obtained from local banks to serve as sources of foreign direct investment. Companies with foreign ownership below one-third are exempt from limitations on the negative list. Both the SIFN and the SIOC specify that foreign-invested enterprises must receive the same regulatory treatment accorded local firms. Foreign companies may invest in state-owned firms undergoing privatization and are eligible to participate in publicly-financed research and development programs.

The Investment Commission (IC) of the Ministry of Economic Affairs screens applications for investment, acquisitions, and mergers. According to the IC, approximately 98 percent of projects with an investment value less than NT$500 million (US$15.4 million at an exchange rate of NT$32.5 per US$) are excluded from the negative list, and approval for these projects is generally granted within two working days at the IC division chief level. For investments in the range of NT$500 million (US$15.4 million) to NT$1,500 million (US$46.2 million) that are excluded from the negative list, approval authority rests with the IC Executive Secretary and normally is granted within three working days. Approval of investments in industries above NT$1,500 million or on the negative list require two weeks because those investments must be referred to the relevant supervisory ministries and require approval of the IC Chairman or IC Executive Secretary. Investments involving complications such as mergers and acquisitions require screening at the monthly meeting of an inter-ministerial commission.

Taiwan offers incentives to encourage investment, including accelerated depreciation and tax credits for investments in emerging or strategic industries, pollution-control systems, production automation, and energy conservation. Equipment for R&D purposes can be brought into Taiwan duty-free. Other incentives include low-interest loans for developing new and/or cutting edge products, upgrading traditional industries, and importing automation or pollution-control equipment. A broad five-year tax holiday for new investments was re-instituted in January 1995. Incentives for manufacturing firms to locate factories in designated industrial parks that offer free rent the first two years, a 40 percent discount on rent the next two years, and a 20 percent discount on rent in the fifth and sixth years, has been extended to December 2008. Under another incentive program, state-owned land is available for investors rent-free for the first four years and at 50 percent off for the next six years. As part of its financial reform plan, Taiwan encourages and provides incentives for banks, insurance companies, securities firms, and financial holding companies to merge.

In 2005 and 2006, Taiwan authorities slashed some investment tax incentives as a part of a tax reform designed to reduce the fiscal deficit. A new law to levy a ten percent alternative minimum tax on business firms became effective in January 2006. Since early 2005, Taiwan authorities have cut the number of industries entitled to tax incentives by one-third and doubled the thresholds in annual R&D expenses for tax offsets from NT$15–20 million (US$462,000 to US$615,000) to NT$30–40 million (US$923,000 to US$1.23 million). The tax credit for procurement of automation equipment has been lowered from 11 to 7 percent and that for procurement of technologies reduced from 10 to 5 percent. The tax credit for projects in remote poor areas has been cut from 20 to 15 percent.

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There are relatively few restrictions on converting or transferring direct investment funds. Foreign investors with approved investments can readily obtain foreign exchange from a large number of designated banks. The remittance of capital invested in Taiwan must be reported in advance to the IC, but IC approval is not required. Declared earnings, capital gains, dividends, royalties, management fees, and other returns on investments can be repatriated at any time. For large transactions requiring the exchange of NT$ into foreign currency which could potentially disrupt Taiwan's shallow foreign exchange market, the Central Bank may require the transaction to be scheduled over several days. There is no written guideline on the size of such transactions, but amounts in excess of US$100 million may be affected. Capital movements arising from trade in merchandise and services, as well as from debt servicing, are not restricted. No prior approval is required for movement of foreign currency funds not requiring exchange between the NT dollar and the foreign currency. No prior approval is required if the cumulative amount of inward or outward remittances does not exceed the annual limit of US$5 million for an individual or US$50 million for a corporate entity.

Total outbound investment may not exceed 40 percent of the investing company's net worth or paid-in capital (whichever is less), unless the company charter waived the 40 percent limit or unless such investment is approved by shareholders. A local company is not required to obtain prior approval for overseas investments; however, such an approval exempts the company from the annual capital outflow limit of US$50 million. Investments in China are subject to additional restrictions.

Taiwan has significantly relaxed restrictions on Taiwan entities' direct investment in China down to a negative list covering about 100 manufactured products and 430 agricultural products. Taiwan has abolished a requirement for direct investment in China to go through third nations or areas, and has removed a direct investment limit of US$50 million. The ceiling on small and medium enterprises' investment in China is NT$80 million (US$2.5 million). For large enterprises, total China investment may not exceed 20 percent of the company's net worth exceeding NT$10 billion (US$615 million), 30 percent for companies with a net worth from NT$5 billion to NT$10 billion (US$308 - 615 million), and 40 percent for companies with a net worth below NT$5 billion (US$154 million). For investments below US$200,000, approval can be issued on the same day an application is submitted.  Taiwan authorities require an investor to submit a quarterly financial report if the cumulative investment in a project exceeds US$20 million. Investors are encouraged to repatriate their capital and earnings.

Taiwan authorities have actively encouraged investment in Southeast Asia and India. Investments are also encouraged in a number of countries with which Taiwan has diplomatic relations, mainly in Central America.  Incentives include loans and/or overseas investment insurance from Taiwan's Export-Import Bank.

## Expropriation and Compensation

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No foreign-invested firm has ever been nationalized or expropriated in Taiwan.  No examples of "creeping expropriation" or official actions tantamount to expropriation have been reported.  Under Taiwan law, no venture with 45 percent or more foreign investment can be nationalized for a period of 20 years after the venture is established. Expropriation can be justified only for national defense needs and "reasonable" compensation must be given.

## Dispute Settlement

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Taiwan is not a member of the International Center for the Settlement of Investment Disputes or the New York Convention of 1958 on the recognition and enforcement of foreign arbitrage awards.  Investment disputes with the Taiwan authorities are not common.  Normally, Taiwan resolves disputes according to domestic laws and regulations.

Taiwan has comprehensive commercial laws, including the Company Law, Commercial Registration Law, Business Registration Law, Commercial Accounting Law as well as laws for specific industries.  Taiwan's Bankruptcy Law guarantees that all creditors have the right to share the assets of a bankrupt debtor on a proportional basis.  Secured interests in property, both chattel and real, are recognized and enforced through a registration system.

Taiwan's court system is generally viewed as independent and free from overt interference by the other official branches.  Judges are generally over-worked.  In response to complaints about the slow pace of judicial decision-making, Taiwan authorities adopted measures in 2002 to monitor case processing time.  Simplified courts have been set up to deal with minor cases that can be resolved quickly.  The legislature enacted a bill to set up special courts for intellectual property rights (IPR) cases in March 2007, and the courts are scheduled to start reviewing cases in July 2008.  The judgments of foreign courts with jurisdictional authority are enforced in Taiwan by local courts on a reciprocal basis.

## Performance Requirements and Incentives

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All of Taiwan’s performance requirements were removed in January 2002 upon Taiwan's WTO accession.  Like domestic firms, foreign-invested companies must be located in areas zoned for appropriate industrial or commercial use.  Taiwan does not require that firms transfer technology, locate in specified areas, or hire a minimum number of local employees as a prerequisite to investment.

Manufacturing firms located in export-processing zones and science-based industrial parks are required to export all of their production to obtain tariff-free treatment of production inputs. However, these firms may sell on the domestic market upon payment of relevant import duties.

When acceding to the WTO in January 2002, Taiwan promised to accede to the Government Procurement Agreement (GPA). Taiwan also promised to phase out industrial offset requirements (IOR) for non-military public procurement upon signing the GPA. Taiwan has yet to accede to the GPA, but even without GPA membership, Taiwan started reducing the IOR coverage of non-military procurements in 2004. Currently, only railway and power generation projects are subject to IOR. For these two categories, a contract of US$10 million or more triggers an offset obligation of at least 33 percent. For military procurements, the threshold is US$5 million, and the minimum offset obligation is 40 percent. In some military cases, the offset ratio has reached 70 percent due to legislative pressure. Since the first industrial offset contract (IOC) was signed in 1988, Taiwan has signed IOCs with 51 suppliers from 12 foreign countries. Commitment value of these contracts total US$8.4 billion, and realized contracts amounted to US$5.3 billion. Forty-six percent of the total realized value was directed to transfer of technologies, 27 percent to foreign direct investment in Taiwan, 15 percent to procurement from Taiwan, 5 percent to trade promotion, 4 percent to personnel training, and 2 percent to assessment certification. Taiwan has published industrial offset rules in both Chinese and English that can be accessed online.

**Right to Private Ownership and Establishment** Return to top

Private investors have the right to establish and own business enterprises, except in a limited number of industries involving national security and environmental protection. Private entities can freely acquire and dispose of interests in business enterprises. Private firms have the same access as state-owned companies to markets, credit, licenses, and supplies. Taiwan authorities have eliminated state-owned monopolies.

**Protection of Property Rights** Return to top

Taiwan has continued efforts to improve its IPR legal regime and enforcement. The Intellectual Property Office (TIPO) under the Ministry of Economic Affairs as well as other relevant agencies have adopted programs to crack down on Internet and physical piracy. In addition, the Ministry of Education (MOE) announced a campus IPR action plan in October 2007 to strengthen management of academic computer networks and restrict illegal textbook coping by students. Taiwan has amended laws and regulations to meet international standards and requirements. Taiwan has also amended the Patent Law and Copyright Law to extend the term of protection from 18 years to 20 years for some patents and to define computer software as literary works. Taiwan has enacted the Optical Media Law to address CD/DVD piracy problems. The law has established a legal framework for regulation of CD manufacturing plants through licensing and the use of Source Identification (SID) codes in production. Convicted violators may receive prison terms of up to three years and fines of up to NT$6 million (US$184,600).

The Optical Media Law, together with effective enforcement, has led to a dramatic decrease in large-scale production of counterfeit CD products. Amendments to the

Copyright Law in 2003 and 2004 made copyright infringement a public crime, increased penalties for counterfeiters and made it illegal to tamper with technical protection measures. The Pharmaceutical Law as amended in 2004 and 2007 stiffened penalties for the production, distribution, and sale of counterfeit medicines. A 2005 amendment to the Law authorized pharmaceutical data exclusivity for five years to prevent unfair commercial data use, the same data-exclusivity period as in the United States. However, U.S. original-drug manufacturers complain that Taiwan authorities unfairly allow generic-pharmaceutical makers to apply for a license and a Bureau of National Health Insurance reimbursement price for their knock-off drugs even before the original drug's data-exclusivity period has expired. A June 2007 amendment to the Copyright Law subjects illegal file sharing, such as P2P, to a maximum jail term of two years. In March 2007, Taiwan completed legislation of the IP Court Organization Law, which calls for the establishment of a specialized IP court that is scheduled to start reviewing cases in July 2008.

In 2003, Taiwan established the Integrated Enforcement Task Force (IETF), which consists of 220 IP police officers. In 2004, the task force was transformed into a permanent IP police squadron. The IP police have frequently raided retail optical media sales points. This has led to a significant decrease in the number of counterfeit CD and DVD vendors. Other enforcement measures include increasing the reward by ten times to NT$10 million (US$300,000) to IPR informants for counterfeit goods seizures, and setting up an anti-pirating CD export task force to strengthen inspection of commodities entering or leaving Taiwan.

While Taiwan has improved IPR protection, transshipment of counterfeit products from China to the United States remains a problem. Counterfeit goods from Taiwan seized by U.S. Customs dropped from $26.5 million in 2002 to $1.1 million in 2005. The value of seized counterfeit goods was $1.8 million in 2006 and $2.8 million in the first half of FY2007. In addition, Taiwan is facing a growing Internet-based piracy threat. Rights owners continue to complain of slow progress in judicial cases, or poor protection on trade dress properties, such as unregistered marks, packing configurations, and outward appearance features. Although counterfeit and parallel imported pharmaceuticals are still found in the Taiwan marketplace, the legislature passed amendments to the Pharmaceutical Law in 2004 and 2007 to increase the penalties for dealing in counterfeit pharmaceuticals, resulting in marked increases in fines and jail terms over the past several years.

## Transparency of Regulatory System Return to top

Taiwan has a comprehensive set of laws and regulations regarding taxes, labor, health and safety.

Foreign investors note that in addition to tax incentives, Taiwan’s science-based industrial parks and export processing zones have simple and transparent bureaucratic procedures for the investment application process. Outside of these areas, the Department of Investment Services (DOIS) functions as the coordinator between investors and all agencies involved in the investment process. The Investment Commission (IC) is charged with reviewing and approving inbound and outbound investments.

Taiwan has simplified work-permit procedures for foreign white-collar employees. In March 2004, the Council of Labor Affairs (CLA) set up a single window to issue work permits for all white-collar workers. It takes 7 to 10 days for the CLA to issue work permits. The work permit may be extended indefinitely as long as the employer considers the employment necessary.

Taiwan has removed the job experience requirement for employment of foreign management professionals by global operational headquarters and R&D centers as well as businesses in designated industries. White-collar workers having a master's degree or above are not subject to any job experience requirement. Those with lower education levels are required to have job experience. Foreign white- and blue-collar workers have the right to obtain permanent residence status after they have legally stayed in Taiwan for seven consecutive years with the minimum time of residence of 180 days per year in Taiwan. The seven-year requirement is waived for high-tech personnel and those who have made "significant contributions" to Taiwan.

The entry-visa issuance procedures for foreign white-collar workers who work for foreign-invested companies are relatively simple. A foreign executive who enters Taiwan with a tourist visa is no longer required to leave the island before the tourist visa can be changed to an employment visa. A foreign executive whose employment visa expires is not required to exit before renewing the visa.

## Efficient Capital Markets and Portfolio Investment Return to top

A wide variety of credit instruments, all allocated on market terms, are available to both domestic- and foreign-invested firms. Legal accounting systems are largely transparent and consistent with international standards. The regulatory system is generally fair. Foreign portfolio investors are no longer subject to foreign ownership limits or investment fund limits.

In recent years, Taiwan authorities have taken a number of steps to encourage a more efficient flow of financial resources and credit. The limit on NT dollar deposits that a branch of a foreign bank may take has been lifted. Non-residents are permitted to open NT dollar bank accounts that are subject to capital-flow controls that limit each remittance to US$100,000. There are no restrictions on residents opening bank accounts overseas. Limits on branch banking have been lifted. A freeze on new bank branches to encourage consolidation was removed in 2007. Restrictions on capital flows relating to portfolio investment have been removed. The insurance and securities industries have been liberalized and opened to foreign investment. Access to Taiwan's securities markets by foreign institutional investors has also been broadened.

Taiwan abolished a complicated regulatory system governing foreign portfolio investment in October 2003. Since then, any foreign institutional investor is allowed to enter Taiwan's markets. Subsequent registration has replaced the need for prior approval. There is no minimum asset requirement. Investment and capital flows are not limited. On-shore foreign investors (like other residents) are still subject to capital flow limits of US$5 million for an individual foreign investor and US$50 million for an unregistered foreign company.

Taiwan has removed all legal limits on foreign ownership except for investors from China in nearly all companies listed on the Taiwan Stock Exchange (TAIEX). These exceptions include power distribution, telecommunications, mass media firms, and airline companies. There have been no reports of private or official efforts to restrict the participation of foreign-invested firms in industry standards-setting consortia or organizations.

Taiwan has a tightly regulated banking system. Since the mid-1980s, the financial sector as a whole has been steadily opening to private investment. The market share held by foreign banks had been relatively small until four foreign banks and three foreign private equity funds completed their acquisitions of Taiwan banks in 2007. The market share in terms of assets of all foreign banks in Taiwan (including the seven acquired by foreign investors in 2007) increased from 8 percent in 2006 to 15 percent in 2007, and in terms of loans, grew from below 3 percent to nearly 7 percent during the same period. The establishment of a number of new securities firms, banks, insurance companies, and holding companies has underscored this trend towards increased liberalization and competition. Over the past decade, nine state-owned banks have been privatized. The only Taiwan-based reinsurance company was privatized in 2002. State-controlled banks still dominate the banking sector, however, and hold a market share of 51 percent in terms of assets and 56 percent in terms of loans. This share has been falling in recent years as Taiwan has begun privatization efforts.

## Political Violence

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Taiwan is a relatively young multi-party democracy with democratic political institutions that are still evolving. The close margin in the 2004 presidential election resulted in an attack on election offices and several large-scale demonstrations. Nevertheless, these incidents and other protests were quickly and peacefully resolved. There have been no reports of politically motivated damage to foreign investment. Both local and foreign companies have, however, been subject to protests and demonstrations relating to labor disputes and environmental issues.

## Corruption

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Taiwan has implemented laws, regulations, and penalties to combat corruption. The Corruption Punishment Statute and the criminal code contain specific penalties for corrupt activities. In January 2004, legislation doubled the penalties for corruption by financial personnel, including maximum jail sentences of up to ten years.

We are not aware of cases where bribes have been solicited for investment approval. Both central and local governments offer investors incentives, including free rent on land for the first several years and discounts in subsequent years. Taiwan authorities encourage foreign investment and would take action against officials and individuals convicted of profiting illegally from foreign investors.

The Government Procurement Law promulgated in 1998 and amended in February 2001 was an element of promised significant improvements upon WTO accession. The Public Construction Commission (PCC) now publishes all major state procurement projects that require open bidding, in accordance with WTO transparency requirements. The PCC organizes inspection teams to monitor all public procurement projects both at the central and local levels, and publishes results of bidding and inspections. A task force has been organized to investigate complaints.

Authorities generally investigate allegations of corruption and take action to penalize corrupt officials. Since its inauguration in May 2000, the Chen Administration has strengthened anti-corruption efforts. Since then, prosecutors have indicted 10,807 persons for corruption (including prominent personalities), 632 senior officials (department director level and above), and 623 elected officials (including 21 legislators). In 2006, the Taiwan High Court upheld a district court's four-year jail sentence for a former speaker of the legislature on a charge of taking a NT$150 million (US$4.6 million) bribe. In 2007, prosecutors indicted a serving minister and a vice minister for receiving bribes, while district courts convicted another two vice ministers with jail terms of up to 16 years.

Attempting to bribe, or accepting a bribe from, Taiwan officials constitutes a criminal offense, punishable under the Corruption Punishment Statute and the Criminal Code. The Corruption Punishment Statute as amended in late 2002 treats payment of a bribe to a foreign official as a criminal act and makes such a bribe subject to criminal prosecution. The maximum penalty for corruption is life imprisonment plus a maximum fine of NT$3 million dollars (US$92,300). In addition, the offender may be barred from holding public office. The assets obtained from acts of corruption may be seized and turned over to either the injured parties or the Treasury.

## Bilateral Investment Agreements

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Taiwan has concluded bilateral investment guaranty agreements with the following 26 countries: Argentina, Belize, Burkina Faso, Costa Rica, Dominica, El Salvador, Guatemala, Honduras, India, Indonesia, Liberia, Malawi, Malaysia, Macedonia, the Marshall Islands, Nicaragua, Nigeria, Panama, Paraguay, the Philippines, Saudi Arabia, Senegal, Singapore, Swaziland, Thailand, and Vietnam. In addition, there is an agreement to protect U.S. investment in Taiwan (see next paragraph). (An agreement with Latvia signed in 1992 was revoked in August 2004.)

The terms of the 1948 Friendship, Commerce, and Navigation Treaty between the Republic of China and the United States are still in force, and under the terms of the agreement U.S. investors are generally accorded national treatment and are provided with a number of protections, including protection against expropriation. Taiwan and the United States also have an agreement, signed in 1952, pertaining to investment guarantees that serve as the basis for the U.S. Overseas Private Investment Corporation (OPIC) program in Taiwan. In September 1994, representatives of the United States and Taiwan signed a bilateral Trade and Investment Framework Agreement (TIFA) to serve as the basis for consultations on trade and investment issues. Consultations on a bilateral investment agreement between the United States and Taiwan began in 1996, and the latest round took place in Washington in 2007.

## OPIC and Other Investment Insurance Programs

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OPIC programs are available to U.S. investors, though U.S. investors have never filed an OPIC insurance claim for an investment in Taiwan. Taiwan is not a member of the Multilateral Investment Guaranty Agency.

## Labor

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Unemployment, at just under four percent, has declined since 2002, but is still above the 1.5 percent to 3.0 percent range in the 1990s. Taiwan's aging population, however, has prompted greater demand for foreign caregivers. The percentage of the population aged 65 and above has increased from below four percent in the 1970s to above 10 percent in late 2007. In response to this trend, the number of foreign caregivers has grown to 160,000 and accounts for 45 percent of blue-collar foreign workers in Taiwan. In the industrial sector, despite relaxation of employment restrictions, the number of the sector's blue-collar foreign workers declined from 228,000 to 197,770 (13 percent) since 2000.

There are no special hiring practices in Taiwan. Wages typically include a one-month bonus at the end of a year. Benefits often include meals, transportation, and dormitory housing. Dividend-sharing is common among high-tech industries. A standard labor insurance program is mandatory. The program provides paid maternity leave, a lump-sum or annuity retirement plan, and other benefits. A new retirement system implemented in July 2005 abolishes the voluntary retirement scheme under an old system that still covers 30 percent of total working population. The old system grants employees voluntary retirement at age 55 with 15 years of service. Employees hired after July 2005 must join the new system, with a retirement age of 60. The new system requires employers to contribute six percent of their monthly wage to accounts at designated banking institutions. The accounts follow employees as they move from one employer to another. A universal national health insurance system, to which employers contribute, covers all Taiwan residents.

Taiwan provides unemployment relief based on the Employment Insurance Law enacted in 2002. Alternatives for unemployment pay include vocational training allowance for jobless persons and employment subsidies to encourage employment of jobless persons. The Labor Standards Law (LSL) sets a standard eight-hour workday and a biweekly maximum of 84 hours. Legislation adopted in late 2000 set a five-day workweek for the public sector, effective January 2001. Over half of private firms have adopted the five-day workweek. The LSL restricts child labor and requires employers to provide overtime pay, severance pay, and retirement benefits. The LSL covers both manufacturing and service sectors. Violators are liable to criminal penalties (jail terms) and administrative punishments (fines).

In July 2007, Taiwan raised the minimum monthly wage by 9.1 percent to NT$17,280 (US$532) and the minimum hourly wage from NT$66 (US$2) to NT$95 (US$2.9). In 2007, monthly manufacturing sector wages including overtime, allowances, and bonuses averaged NT$43,704 (US$1,345).

Labor unions have become more active and independent since Taiwan's martial law was lifted in 1987. Privatization and the new retirement system contributed to an increase in labor disputes over the past three years. Taiwan is not a member of the International Labor Organization (ILO) but adheres to the ILO Conventions in protection of worker's rights.

## Foreign-Trade Zones/Free Ports

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The first free trade/free port zone began operation at Keelung, Taiwan's northern port, in November 2004. Another four such zones were established in 2005. These four zones are located at Taoyuan International Airport and the international harbors in Kaohsiung, Taichung, and Taipei. Taiwan authorities have relaxed restrictions on the movement of merchandise, capital, and personnel into and out of such zones. Foreign investors are accorded national treatment.

## Foreign Direct Investment Statistics Return to top

Statistics on foreign direct investment in Taiwan are available from two sources. The Investment Commission (IC) publishes monthly and yearly foreign investment approval statistics by industry and by country. The Central Bank of the ROC (Taiwan) (CBT) publishes foreign direct investment arrivals on a quarterly and yearly basis. CBT data, contained in balance-of-payments (BOP) statistics, are not further classified by industry or country.

In 2006, the strong recovery of Taiwan's export sector far offset the adverse effects of delinquent credit/cash card debt problems that dampened private consumption in the first half of the year. Growth in exports, which account for over 60 percent of Taiwan's GDP, accelerated from 8.8 percent in 2005 to 13.0 percent in 2006, driving Taiwan's 2006 real GDP growth to nearly 5.0 percent, from 4.2 percent in 2005.

Unexpectedly strong economic performance in the second half of 2007 prompted both domestic and foreign forecasters to raise Taiwan's 2007 real GDP growth estimates from 5.2 percent to 5.5 percent, with the official estimate at 5.46 percent. Year-on-year export growth increased from 7.6 percent in the fourth quarter of 2006 to 14.4 percent in October-November 2007. Meanwhile, growth in export orders rose from 9.6 percent to 17.6 percent, and growth in manufacturing production accelerated from 0.5 percent to a three-and-a-half-year high of nearly 15 percent. Most Taiwan forecasters anticipate that Taiwan's economic growth in 2008 will slow to below 4.5 percent. They believe that the U.S. sub-prime mortgage problem, as well as higher international prices for oil and grains, will dampen world economic performance and reduce demand for products from the export-oriented economy of Taiwan. In the first eleven months of 2007, approved FDI increased 20 percent year-on-year to US$14 billion. Approved FDI was concentrated in banking, trade, electronics, basic metal, and nonmetallic products. These five categories accounted for nearly 80 percent of total approved FDI.

Approved direct investment in electronics industries (including communications, semiconductors, TFT-LCDs, and other opto-electronics projects) increased from 6.4 percent of total approved FDI prior to 1995 and 19 percent in 1996-2000 to 24.5 percent in 2001-2005 and further to 47 percent in 2006. Meanwhile, the percentage share for financial services increased from 7.6 percent prior to 1995 and 22 percent in 1996-2000 to 25.6 percent in 2001-2005 and 34 percent in 2006. Nearly 80 percent of the approved inbound direct investment in Taiwan’s electronics industries came from the United States, Europe, and Japan.

The United States and Japan used to be the two main sources of Taiwan's foreign investment, but have been replaced by the tax havens in the British Territories in America (BTA), which harbor a growing number of multinational corporations (many with roots in Taiwan). According to official Taiwan statistics, approvals for U.S. investment from 1952 to 2006 totaled US$15 billion (US16.1 billion according to official U.S. figures), or 19 percent of total foreign investment. Of total U.S. investment, 32 percent was in the electronics and electrical industries, and 44 percent in the service sector. Approvals for Japanese investment amounted to US$14 billion, or 18 percent of total foreign investment. Of total Japanese investment, 31 percent was in electronics and electrical industries and 34 percent in the service sector. In 2006, new EU investment exceeded that of the United States or Japan due to a major holdings transfer by the Philips Company.

Approvals for investment from the BTA surged steadily from US$76 million in 1994 to US$1.2 billion in 1999 when the BTA surpassed the United States and Japan to become the largest source of foreign investment in Taiwan. Investment from the BTA during 1999-2005 accounted for 27 percent of total approved investments, compared to 18 percent from the United States, another 18 percent from Europe, and 15 percent from Japan. In 2006, a holdings transfer by the Philips Company drove down the BTA's share to 16.5 percent, the United States' share to 19 percent and Japan's share to 18 percent, while Europe's share reached 21.6 percent. One quarter of the investment from the BTA was directed towards financial services and another quarter to the electronic and electrical industries.

As a relatively open and liberal economy, Taiwan receives foreign investment while its businesses invest overseas, especially in China, Southeast Asia, and the Americas. According to balance-of-payments statistics compiled by the Central Bank, outbound direct investment has exceeded inbound direct investment every year since 1988. According to IC statistics, by 2006, cumulative approvals for outbound investments totaled US$103.7 billion. The main recipient of Taiwan investment has been China, which has received over half of Taiwan’s outbound investment. Approved investments in China increased by 27 percent in 2006 when 64 percent of Taiwan's new overseas investment went to China.

Taiwan businesses started to relocate their production bases to China in the late 1980s. Production lines in China gradually shifted from cheap labor-oriented industries in the late 1980s to products requiring lower-end technologies, such as PCs and motherboards, in the early 2000s. The WTO accession of China and Taiwan in 2002 prompted Taiwanese companies to accelerate relocation to China to sharpen their competitive edge in exports. Taiwan factories based in China use the lower labor and land costs to process Taiwan-made production inputs into finished goods for export mainly to such markets as the United States, Japan, and Europe, but also for final sale in China. Rising labor and land costs in China have prompted some Taiwan firms to move from China to nations in South and Southeast Asia, including Vietnam.

Taiwan's annual registered direct investment across the Taiwan Strait grew from US$1.25 billion in 1999 to US$6.0 billion in 2005 and US$7.6 billion in 2006. As a result of this trend, Taiwan factories, primarily those based in China and Vietnam, produced nearly 50 percent of export orders received by Taiwan companies’ headquarters by November 2007, up from 11.5 percent in early 2000. In 2007, this ratio reached 85 percent for information technology (IT) firms. Greater China (China plus Hong Kong) replaced the United States as Taiwan's largest export market in 2001, and Greater China's share of Taiwan's exports in the first 11 months of 2007 reached 41 percent, much higher than the 13 percent for the United States and 11 percent for the European Union.

**Table 1: Foreign Investment Approvals by Year and by Area (1952-2006)**
(Unit: US$ million**)**

| Year | U.S.A. | Japan | Central America | Europe | Hong Kong | Others | Total |
|---|---|---|---|---|---|---|---|
| 1952-89 | 3,067 | 2,983 | 341 | 1,312 | 1,198 | 2,049 | 10,950 |
| 1990 | 581 | 839 | 66 | 283 | 236 | 297 | 2,302 |
| 1991 | 612 | 535 | 60 | 165 | 129 | 277 | 1,778 |
| 1992 | 220 | 421 | 37 | 165 | 213 | 405 | 1,461 |
| 1993 | 235 | 278 | 38 | 214 | 169 | 279 | 1,213 |
| 1994 | 327 | 396 | 76 | 245 | 251 | 336 | 1,631 |
| 1995 | 1,304 | 573 | 151 | 338 | 147 | 412 | 2,925 |
| 1996 | 489 | 546 | 417 | 198 | 267 | 544 | 2,461 |
| 1997 | 491 | 854 | 659 | 401 | 237 | 1,625 | 4,267 |
| 1998 | 952 | 540 | 711 | 367 | 274 | 895 | 3,739 |
| 1999 | 1,145 | 514 | 1,216 | 462 | 161 | 733 | 4,231 |
| 2000 | 1,329 | 733 | 2,300 | 1,000 | 271 | 1,775 | 7,608 |
| 2001 | 940 | 685 | 1,397 | 1,182 | 145 | 780 | 5,129 |
| 2002 | 600 | 609 | 803 | 609 | 66 | 585 | 3,272 |
| 2003 | 687 | 726 | 919 | 635 | 44 | 565 | 3,575 |
| 2004 | 362 | 827 | 896 | 964 | 195 | 709 | 3,953 |
| 2005 | 804 | 724 | 1,094 | 947 | 104 | 555 | 4,228 |
| 2006 | 883 | 1,591 | 1,768 | 7,510 | 119 | 2,080 | 13,969 |
| 52-06 | 15,028 | 14,374 | 12,967 | 16,973 | 4,223 | 15,125 | 78,691 |

Source: Investment Commission

**Table 2: Foreign Investment Approvals by Industry and Area (1952-2006)**
(Unit: US$ million**)**

| Industry | U.S.A. | Japan | Central America | Europe | Hong Kong | Others | Total |
|---|---|---|---|---|---|---|---|
| Total | 15,028 | 14,374 | 12,967 | 16,973 | 4,223 | 15,125 | 78,691 |
| Electrical Parts and Components | 1,758 | 1,526 | 1,512 | 5,871 | 53 | 919 | 11,638 |
| Trade | 1,406 | 1,501 | 1,373 | 1,373 | 421 | 1,486 | 7,561 |
| Banking | 1,102 | 221 | 1,253 | 2,195 | 367 | 2,407 | 7,544 |
| Professional, S&T Services | 716 | 1,353 | 1,226 | 651 | 386 | 1,478 | 5,810 |
| Electrical Machinery | 2,166 | 1,708 | 376 | 462 | 382 | 370 | 5,463 |
| Information & Communications | 930 | 1,167 | 1,483 | 169 | 253 | 986 | 4,988 |
| Chemicals | 1,554 | 984 | 324 | 1,154 | 288 | 412 | 4,717 |
| Financing Investment | 252 | 323 | 1,939 | 985 | 41 | 1,122 | 4,662 |
| Transportation, Storage, and Communications | 845 | 135 | 663 | 170 | 262 | 1,811 | 3,886 |
| Insurance | 1,176 | 266 | 3 | 1,336 | 232 | 143 | 3,156 |
| Basic Metal Fabricating | 395 | 798 | 222 | 129 | 119 | 907 | 2,569 |
| Machinery Equipment | 434 | 931 | 302 | 223 | 135 | 374 | 2,400 |
| Electricity, Gas, Water, and Construction | 233 | 493 | 502 | 397 | 163 | 288 | 2,076 |

| Industry | U.S.A. | Japan | Central America | Europe | Hong Kong | Others | Total |
|---|---|---|---|---|---|---|---|
| Hotels & Restaurants | 267 | 640 | 94 | 296 | 274 | 186 | 1,758 |
| Foods | 262 | 281 | 118 | 347 | 127 | 419 | 1,554 |
| Securities and Futures | 357 | 59 | 125 | 341 | 82 | 101 | 1,065 |
| Transport Equipment | 102 | 551 | 115 | 74 | 98 | 71 | 1,012 |
| Real Estate | 116 | 176 | 134 | 137 | 10 | 146 | 719 |
| Others | 958 | 1,259 | 1,205 | 667 | 528 | 1,495 | 6,112 |

Source: Investment Commission

**Table 3: Outbound Investment Approvals by Year and by Area (1952-2006)**
(Unit: US$ million**)**

| Year | China | Central America | U.S.A. | ASEAN | Others | Total |
|---|---|---|---|---|---|---|
| 1952-89 | N/A | 76 | 865 | 429 | 155 | 1,525 |
| 1990 | N/A | 170 | 429 | 567 | 386 | 1,552 |
| 1991 | 174 | 268 | 298 | 720 | 370 | 1,830 |
| 1992 | 247 | 239 | 193 | 309 | 146 | 1,134 |
| 1993 | 1,140 (2,028) | 194 | 529 | 434 | 504 | 2,801 (2,028) |
| 1994 | 962 | 569 | 144 | 398 | 506 | 2,579 |
| 1995 | 1,093 | 370 | 248 | 326 | 413 | 2,450 |
| 1996 | 1,229 | 809 | 271 | 587 | 498 | 3,394 |
| 1997 | 1,615 (2,720) | 1,051 | 547 | 641 | 655 | 4,509 (2,720) |
| 1998 | 1,519 (515) | 1,838 | 599 | 478 | 381 | 4,815 (515) |
| 1999 | 1,253 | 1,359 | 445 | 522 | 943 | 4,522 |
| 2000 | 2,607 | 2,248 | 862 | 389 | 1,578 | 7,684 |
| 2001 | 2,784 | 1,693 | 1,093 | 523 | 1,083 | 7,176 |
| 2002 | 3,859 (2,864) | 1,575 | 578 | 211 | 1,006 | 7,229 (2,864) |
| 2003 | 4,595 (3,104) | 1,997 | 467 | 298 | 1,206 | 8,563 (3,104) |
| 2004 | 6,941 | 1,155 | 557 | 966 | 704 | 10,323 |
| 2005 | 6,007 | 1,262 | 315 | 264 | 606 | 8,454 |
| 2006 | 7,633 | 1,822 | 485 | 1,065 | 943 | 11,949 |
| 1952-06 | 54,890 | 18,696 | 8,923 | 9,127 | 12,086 | 103,721 |

Source: Investment Commission
Note: Figures in parentheses refer to investments made prior to the specified year but not previously registered.

**Table 4: Outbound Investment Approvals by Industry and by Area (1952-2006)**
(Unit: US$ million)

| Industry | China | Central America | U.S.A. | ASEAN | Others | Total |
|---|---|---|---|---|---|---|
| Total | 54,890 | 18,696 | 8,923 | 9,127 | 12,086 | 103,721 |
| Banking | 29 | 9,383 | 713 | 635 | 3,098 | 13,858 |

| Industry | China | Central America | U.S.A. | ASEAN | Others | Total |
|---|---|---|---|---|---|---|
| Electronic Parts and Components | 7,934 | 383 | 1,272 | 2,465 | 1,217 | 13,271 |
| Information & Communications | 6,967 | 162 | 949 | 498 | 490 | 9,066 |
| Financing Investment | 30 | 4,306 | 207 | 60 | 1,170 | 5,773 |
| Trade | 1,676 | 1,416 | 1,029 | 423 | 1,201 | 5,745 |
| Electrical Machinery | 4,979 | 129 | 123 | 249 | 136 | 5,617 |
| Chemicals | 3,695 | 141 | 1,033 | 309 | 322 | 5,499 |
| Basic Metal Fabricating | 4,295 | 81 | 96 | 227 | 228 | 4,927 |
| Textiles | 2,359 | 29 | 489 | 1,514 | 386 | 4,777 |
| Plastics | 2,770 | 599 | 413 | 90 | 441 | 4,312 |
| Non-metallic Minerals | 2,711 | 97 | 202 | 213 | 241 | 3,465 |
| Professional & S&T Services | 978 | 807 | 887 | 74 | 306 | 3,052 |
| Machinery | 2,821 | 27 | 50 | 79 | 30 | 3,008 |
| Transport Equipment | 1,903 | 53 | 173 | 166 | 363 | 2,657 |
| Foods | 2,087 | 8 | 51 | 316 | 120 | 2,582 |
| Transportation | 454 | 173 | 117 | 269 | 1,356 | 2,369 |
| Precision Equipment | 1,770 | 20 | 102 | 57 | 50 | 1,998 |
| Paper Products | 1,141 | 7 | 16 | 156 | 46 | 1,365 |
| Wood Products | 247 | 5 | 403 | 549 | 146 | 1,350 |
| Leather Products | 918 | 107 | 0 | 60 | 5 | 1,090 |
| Real Estate | 314 | 83 | 35 | 44 | 168 | 644 |
| Securities and Futures | 2 | 340 | 3 | 82 | 171 | 598 |
| Insurance | 202 | 0 | 0 | 0 | 34 | 236 |
| Others | 4,605 | 338 | 561 | 593 | 360 | 6,457 |

Source: Investment Commission

### Table 5: Technical Cooperation Projects by Year and by Area (1952-1995)
(Unit: number of projects)

| Year | Japan | U.S.A. | Europe | Others | Total |
|---|---|---|---|---|---|
| 1952-89 | 1,996 | 728 | 412 | 103 | 3,221 |
| 1990 | 106 | 54 | 30 | 10 | 200 |
| 1991 | 80 | 65 | 33 | 8 | 186 |
| 1992 | 193 | 50 | 19 | 10 | 175 |
| 1993 | 85 | 50 | 34 | 12 | 181 |
| 1994 | 70 | 39 | 24 | 6 | 139 |
| 1995 | 50 | 29 | 10 | 5 | 94 |
| 1952-95 | 2,483 | 1,015 | 562 | 136 | 4,196 |

Source: Investment Commission
Note: Taiwan ceased to compile statistics on technical cooperation with foreign companies in 1996. Businesses have not been required to report technical cooperation projects to the IC since the Statute for Technical Cooperation was abolished.

### Table 6: Technical Cooperation Projects by Industry and by Area (1952-1995)
(Unit: number of projects)

| Year | Japan | U.S.A. | Europe | Others | Total |
|---|---|---|---|---|---|
| Total | 2,483 | 1,015 | 562 | 136 | 4,196 |
| Electronics & Electrical | 708 | 416 | 106 | 16 | 1,246 |

| Year | Japan | U.S.A. | Europe | Others | Total |
|---|---|---|---|---|---|
| Chemicals | 416 | 203 | 160 | 28 | 807 |
| Machinery | 368 | 68 | 97 | 9 | 542 |
| Basic Metal & Products | 329 | 55 | 53 | 6 | 443 |
| Other Services | 111 | 106 | 27 | 42 | 286 |
| Rubber Products | 131 | 32 | 21 | 4 | 188 |
| Non-metallic Minerals | 97 | 22 | 24 | 2 | 145 |
| Food and Beverage | 80 | 38 | 13 | 9 | 140 |
| Textiles | 47 | 21 | 8 | 2 | 78 |
| Construction | 38 | 5 | 10 | 4 | 57 |
| Garment & Footwear | 18 | 14 | 4 | 3 | 39 |
| Paper Products & Printing | 19 | 13 | 4 | 0 | 36 |
| Transport Equipment | 20 | 2 | 8 | 1 | 31 |
| Others | 101 | 20 | 27 | 10 | 149 |

Source: Investment Commission

## Table 7: Major U.S. Investors in Taiwan

| U.S. Investor/Local Investment | Major Products |
|---|---|
| Amkor Technology Ltd./Amkor Technology Taiwan | Integrated circuit packaging and testing |
| AIG/<br>Yageo Corp.<br>Far East Air Transport Corp.<br>Nan Shan Life Insurance Co. | <br>Electronic components<br>Airlines<br>Insurance |
| Pruco Insurance Group/Masterlink Securities Co. | Securities |
| Corning Inc./Corning Glass Taiwan Co., Ltd. | Substrate glass for TFT/LCD |
| GTE-Verizon<br>Taiwan Fixed Network Telecom<br>Taiwan Cellular Corp. | <br>Fixed-line and mobile phone service |
| Carlyle Group<br>Eastern Technology<br>Ta Chong Commercial Bank | <br>Cable TV<br>Banking |
| Ensite Limited (Ford Motor)/Ford Lio Ho Motor Co. | Autos |
| Texas Instruments Inc./Texas Instruments Taiwan Ltd. | Semiconductors |
| AMOCO Chemical Corp./China American Petrochemical Co. | Petrochemicals |
| E.I. Dupont De Nemours/Dupont Taiwan Ltd. | Industrial, electronic, agricultural goods |
| IBM Corp./IBM Taiwan Ltd. | Computers: sales & service |
| AETNA Life Insurance Co. Taiwan Branch | Insurance |
| View Sonic Co./Taiwan PCS Network Inc. | Mobile phone service |
| Warner Village Cinema Co./Warner Village Cinema (Taiwan) Co. | Movie Theaters |
| UPS International/UPS, Taiwan Branch | Worldwide express service |
| Intel Inc./Intex. Co. | ADSL chipset |
| Applied Materials Ltd./Applied Materials Taiwan Ltd. | Semiconductor manufacturing equipment |
| General Motors Co./Yulon GM Motor Co. | Auto assembly & sales |
| GE Consumer Finance/Cosmos Bank | Banking |
| Jabil Circuit Inc./Taiwan Green Point Enterprise Co. | Telecom components |
| Citibank/Citibank (Taiwan)<br>Bank of Overseas Chinese | Banking |
| Oaktree Capital Management Co./Fu Sheng Industrial Co. | Golf club head and compressor |

| U.S. Investor/Local Investment | Major Products |
|---|---|
| Fairchild Semiconductor Co./System General Corp. | Power management products |
| AIU Insurance Co./Central Insurance Co. | Insurance |

## Table 8: Major Japanese Investments in Taiwan

| Japanese Investors/Investment | Major Products |
|---|---|
| Toppan Printing Co./Toppan Electronics (Taiwan) Co. Toppan CFI (Taiwan) Co. | Color filter sales and production |
| Nippon Sheet Glass Co./Taiwan Auto Glass Industry Co. Nippon Sheet Glass (Taiwan) Ltd. | Auto glass and substrate glass |
| Asahi Glass Co. (AGC)/Asahi Glass (Taiwan) Co. | Substrate glass |
| NTT DoCoMo/Far Eastone Telecom. Co. | Phone service |
| Taiwan Shinkansen Corp./Taiwan High Speed Rail Corp. | High speed rail |
| Nissan Motor/Yulon Motor | Autos |
| Toyota Motor/Kuozui Motor | Autos |
| Matsushita Electronic Co./Matsushita Electronic (Taiwan) Co., Ltd. | Electrical appliances |
| Hitachi Co./Taiwan Hitachi Co., Ltd. Kaohsiung Hitachi Electronics Co., Ltd. | Electrical appliances and components |
| Yamaha Motor Co., Ltd./Yamaha Motor Taiwan Co., Ltd. | Motorcycles |
| Sankyo Co./Sankyo Co. Taipei | Pharmaceuticals |
| Idemitsu Co./Shinkong Idemitsu Corp. | Petrochemicals |
| Mitsui Co./Mitsui (Taiwan) | Trading |
| Takashimaya Co./Ta-ya Takashimaya Department Store | Department Store |
| Sumitomo Co./Sumitomo (Taiwan) | Trading |
| Toshiba Co./Toshiba Compressor (Taiwan) | Compressors |
| Sadagawa Steel Co./Sheng Yu Steel Co. | Steel |
| Shin-Etsu Handotai Co./Shin-Etsu Handotai Taiwan Co. | Semiconductor |
| Sumco Techxiv Co./Formosa Sumco Technology Co. | Silicon wafer |
| Mitsui Mining & Smelting Co./Taiwan Copper Foil Co. | Copper foil |
| Kirin Brewery Co./Taiwan Kirin Co. | Beer sales |
| Nomura Securities/Taishin Financial Holdings | Banking |
| Shinsei Bank/Jih Sun Financial Holdings | Banking |
| Nippon Life Insurance Co./Shin Kong Financial Holdings Co. | Banking |

## Table 9: Major European Investments in Taiwan

| European Investors/Investment | Major Products |
|---|---|
| Saberasu Investments Co./Cerberus Asset Management Co. | Asset management |
| Goldman Sachs/Goldman Sachs, Taipei branch | Securities underwriting |
| Deutsche Telecom/Eastern Broadband Telecom | Fixed-line service |
| Volkswagen Ag/Ching Chung Motor Co. | Autos |
| Dresdner Bank Ag/Grand Cathay Securities | Securities |
| Imperial Chemical Inc./ICI Taiwan Ltd. | Chemicals |
| N.V. Philips/Philips Electronics (Taiwan) | Electronics |
| Alcatel Co./Alcatel Taisel Co. | Switch boards |
| Horwood Investment/Chi Mei Industry Co. | Petrochemicals |
| H.S. Development & Finance/ChinaTrust Commercial Bank | Banking |
| Qimonda Inc./Inotera Co. | DRAM |
| Isenbourg-sgp, Lda/RT-Mart International Ltd. | Shopping malls |

| European Investors/Investment | Major Products |
|---|---|
| Standard Chartered Bank/Standard Chartered Bank, Taiwan | Banking |
| SKF Co./ABBA Liner Tech Co. | Ball screw, liner guideway |
| Longreach Edith Investment Co./En Tie Commercial Bank | Banking |
| CVC Capital/NienMade Enterprise Co. | Custom-made shutter/blinds |
| CMA CGM/CNC Line | Shipping service |

## Web Resources

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- Commerce Department of the Ministry of Economic Affairs (MOEA): www.moea.gov.tw
- Board of Foreign Trade, MOEA: www.trade.gov.tw
- Investment Commission, MOEA: www.moeaic.gov.tw
- Taiwan Intellectual Property Office, MOEA: www.tipo.gov.tw
- Council of Labor Affairs, Executive Yuan: www.cla.gov.tw

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# Chapter 7: Trade and Project Financing



## How Do I Get Paid Return to top

Bank-to-bank Letters of Credit (L/C) constitute Taiwan's most important import-payment vehicle. Company-to-company payments are also made via two other methods: open account (O/A) and documentary collections, such as documents against payment (D/P) and documents against acceptance (D/A). The AIT Commercial Section recommends that U.S. exporters minimize financial risk by requiring their Taiwan trading partners to finance their imports through L/Cs. A large majority of Taiwan's importers utilize L/Cs with validity of up to 180 days. On the whole, U.S. companies find Taiwan's trade finance system to be efficient and report no widespread pattern of deferred payment.

Banks authorized to handle foreign exchange may issue L/Cs. This includes all local banks (and their branch offices), nine U.S. banks and their branches, and 24 third-country banks. All banks in Taiwan that are authorized to handle foreign exchange have correspondent relations with one or more U.S. banks. This relationship includes test-key exchanges.

## How Does the Banking System Operate Return to top

As of 2007, Taiwan has a Central Bank, 39 domestic banks (with 3,295 branch offices), and 32 foreign banks (with 93 branch offices). In addition, there are 27 credit cooperatives, 260 farmers' credit unions, and 25 fishermen's credit unions. These banks, cooperatives, and credit unions have traditionally played a dominant role in finance on the island.

The Central Bank performs all of the functions normally associated with central banks in other countries. It issues currency, manages foreign-exchange reserves, handles treasury receipts and disbursements, sets interest-rate policy, oversees the operations of local financial institutions, and serves as a lender of last resort.

Taiwan's domestic banks offer a wide range of services – receiving deposits, making loans, handling trade financing and providing guarantees, and discounting bills and notes. Most are also involved in the securities business, in underwriting and trading securities and managing bond and debenture issues, as well as in providing savings-account facilities. The Mega International Commercial Bank assists with long-term financing for industries and projects, while the Export-Import Bank of the Republic of China and the Farmers Bank focus on trade financing and agricultural development, respectively.

Foreign banking institutions have played an important role on the financial scene. Foreign banks are essentially treated like domestic commercial banks; they are permitted to engage in trade financing, foreign-exchange dealings, private and corporate lending, and various kinds of trust businesses. In order to build a greater overall market presence, many foreign banking institutions are currently concentrating on the development of consumer loan and credit card services.

## Foreign-Exchange Controls Return to top

There are no foreign exchange (FX) limitations for trade, insurance, and authorized investment transactions. Similarly, there are no FX limitations on repatriating capital and profits related to direct and portfolio investment, provided that such investment has been permitted or approved by the Taiwan authorities. There are no limitations on inward and outward remittances not involving any exchange between the NT dollar and the foreign currency. All other inward or outward remittances for business firms are subject to a US$50 million annual ceiling per account if such remittances involve exchange between the NT dollar and the foreign currency. Individuals are allowed to remit a maximum of US$5 million yearly to or from overseas if such remittance involves exchange between the NT dollar and the foreign currency.

## U.S. Banks and Local Correspondent Banks Return to top

### U.S. Commercial Banks Operating in Taiwan

American Express Bank Ltd.
Senior Country Executive: Phee Boon Kang
12F, No. 363 FuXing N. Rd., Taipei, Taiwan
Tel: 886-2-2514-9911
Fax: 886-2-2714-5675
www.americanexpress.com/taiwan

Citibank N.A.
Country Officer: Morris Li
8F, No. 169 RenAi Rd., Sec. 4, Taipei, Taiwan
Tel: 886-2-2777-7000
Fax: 886-2-2546-5029
www.citibank.com.tw

JPMorgan Chase Bank, N.A.
Senior Country Officer: Carl K. Chien
8F, No. 108 XinYi Rd., Sec. 5, Taipei, Taiwan
Tel: 886-2-2725-9800
Fax: 886-2-2725-2988
www.jpmorgan.chase.com

State Street Bank & Trust Company
VP & General Manager: Jane Huang
19F, No. 207 DunHua S. Rd., Sec. 2, Taipei, Taiwan
Tel: 886-2-2735-1200
Fax: 886-2-2735-1012
www.statestreet.com

Union Bank of California, N.A.
General Manager: Joan Hung
12F, No. 99 FuXing N. Rd., Taipei, Taiwan
Tel: 886-2-2718-8220
Fax: 886-2-2719-1097
www.uboc.com

Wachovia Bank, N.A.
VP & General Manager: Gabriel E. Olano
17F, No. 44 ZhongShan N. Rd., Sec. 2, Taipei, Taiwan
Tel: 886-2-8175-8688
Fax: 886-2-2567-8516
www.wachovia.com

Wells Fargo Bank Minnesota, N.A.

General Manager: Michael Gallagher
Rm. D, 12F, No. 109 MinSheng E. Rd., Sec. 3, Taipei, Taiwan
Tel: 886-2-2717-1577
Fax: 886-2-2719-0550
www.wellsfargo.com

Bank of America, N.A.
Managing Director: Eric Ngiam
2F, No. 205 DunHua N. Rd., Taipei, Taiwan
Tel: 886-2-2715-4111
Fax: 886-2-2717-9898
www.bankofamerica.com

The Bank of New York
General Manager: James Liu
4F, No. 245 DunHua S. Rd., Sec. 1, Taipei, Taiwan
Tel: 886-2-2771-6612
Fax: 886-2-2771-2640
www.bankofny.com

**Major Local Correspondent Banks**

Bank of Taiwan
Chang Hwa Commercial Bank
The First Commercial Bank
Hua Nan Commercial Bank, Ltd.
Mega International Commercial Bank Co., Ltd.
Taipei Fubon Bank

## Project Financing

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Taiwan does not rely on money from multilateral institutions to facilitate investment projects. In the public sector, the Taiwan authorities rely heavily on bond issuance to cover the huge outlays connected with construction of major public works. Beginning in 1997, some major public projects were opened to private investment on a build-operate-transfer (BOT) basis. Private investment projects can easily be financed through banks on the island. Moreover, many Taiwan investors, especially large-sized companies, employ financial instruments (including corporate bonds) to raise funds in capital markets, both at home and abroad.

## Web Resources

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Export-Import Bank of the United States: www.exim.gov

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: www.opic.gov

Trade and Development Agency: www.tda.gov

SBA's Office of International Trade: www.sba.gov/oit

USDA Commodity Credit Corporation: www.fsa.usda.gov/ccc

U.S. Agency for International Development: www.usaid.gov

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# Chapter 8: Business Travel



## Business Customs

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**BUSINESS CARDS** --- Formal business introductions in Taiwan are not complete without an exchange of business cards. It is advisable for foreign visitors to have their cards printed in both English and Chinese (using traditional Chinese characters, not simplified). There are numerous printers in Taiwan specializing in printing these indispensable business aids. They offer accurate, low-cost service, with card orders normally being filled within days. Since cards are required on nearly every business occasion, it is a good idea to carry a number of them at all times.

**DRESS AND BUSINESS ETIQUETE** --- Taiwan weather is humid throughout the year. Light clothing is recommended during May-October while a light jacket and sweater may be needed in the winter season. Outside of the office, dress can be relatively informal on most occasions. For the summer season, businessmen usually wear short-sleeved shirts and ties. However, a suit and tie are advisable for more formal situations.

**TIPPING** --- In most instances, tipping is not necessary. A 10-percent service charge is usually added to restaurant and hotel bills, eliminating the need for gratuities in such situations. It is, however, relatively common to leave the change when a bill is paid. Porters at hotels and airports customarily receive tips for their services. Approximately NT$50 - NT$100 per item of luggage is acceptable. It is not necessary to tip in taxis unless assistance with luggage is rendered, but most drivers do appreciate being allowed to keep small change.

**CURRENCY** --- The New Taiwan Dollar (NT$) is the official currency. It is circulated in one-, five-, ten-, twenty- and fifty-dollar coins, and one hundred, two-hundred, five-hundred, one-thousand, and two-thousand dollar notes.

Each foreign visitor can bring up to NT$60,000 and US$10,000 into or out of Taiwan, and is required to declare amounts in excess of the above to the customs when entering or departing the island. Foreign currency can be exchanged at the airport as well as authorized banks and hotels. As of November 2007, there were a total of 1,204 authorized foreign exchange bank branches around the island. Foreign exchange receipts must be presented while exchanging unused NT dollars before departure.

Internationally recognized credit cards are accepted in many hotels, restaurants, and shops. There are more than 25,200 automatic-teller machines around the island and can be found at banks, convenience stores, department stores, and so on. Many of them participate in international ATM networks.

## Travel Advisory

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Taiwan has a low level of violent crime, and most streets in Taipei and other cities are generally safe at any hour. While violent crime is rare, visitors should be on high alert for pickpockets and guard their belongings cautiously. Taxi drivers, restaurateurs, store clerks and other service people are normally quite honest and often solicitous of the needs of non-Chinese speaking foreign guests. The people of Taiwan are generally friendly toward foreigners and often will go out of their way to assist visitors. For the latest information about Taiwan travel advisories, visit the State Department Consular Information Sheet for Taiwan at: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1036.html

**EMERGENCY TELEPHONE NUMBERS**

Fire / Medical: 119
Police: 110
English-Speaking Police: (02) 2555-4275, 2556-6007 (24 hours)
English Directory Assistance: 106

## Visa Requirements

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Taiwan law provides several different visa options for foreign visitors, the choice of which depends on the length and purpose of the visit.

- **VISA FREE** --- U.S. citizens and citizens of 17 other nations may visit Taiwan for up to 30 days without a pre-arranged visa, provided they have a passport valid for at least six months after the proposed date of departure and an onward/return plane ticket with reservations off the island. No extensions of stay are permitted under this program.

- **LANDING VISA** --- A traveler may apply for a Landing Visa upon arrival and may be admitted for up to 30 days or up to the day the passport expires. No extension of stay is allowed.

- **VISITOR VISA** --- A Visitor Visa is appropriate for tourism, business, or study and may be obtained at a Taiwan representative office abroad. It is usually valid for five years, allows multiple entries for stays of up to sixty days. A holder of sixty-day visas that do not bear the stamp “No Extension Will be Granted” may apply for a maximum of two additional 60-day extensions at the local city/county police headquarters. A flow chart about Visitor Visa application is available at MOFA Bureau of Consular Affairs website at www.boca.gov.tw.

- **RESIDENT VISA** --- Resident Visas are normally issued if the applicant has a valid work permit or is married to a Taiwan national. When applying for Resident Visas, applicants must submit supporting documents or official letters of approval from a competent authority in Taiwan, together with completed application forms. Normally, foreign nationals submit applications through their domestic Taiwan agents, representatives, or affiliates of their firms. A Resident Visa does NOT automatically convey permission to work in Taiwan. To be eligible to work in Taiwan, a foreigner must possess both a work permit and a Resident Visa.

For additional details about Taiwan visas, including current fees, please visit www.boca.gov.tw or www.ait.org.tw.

U.S. Companies that require travel of foreign businesspersons to the United States should allow sufficient time for visa issuance if required. Visa applicants should go to the following links.

- State Department Visa Website: http://travel.state.gov/visa/
- United States Visas: www.unitedstatesvisas.gov
- The Consular Section of the American Institute in Taiwan: www.ait.org.tw

## Telecommunications

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Taiwan's telecommunications systems are both efficient and convenient. International calls can be made from private cell phones, public International Direct Dialing (IDD) phones, or hotel IDD phones. Cellular phones are very popular, with many operators offering preferential rates or packages. The Global System for Mobile Communications (GSM) has been the standard for cellular phone service. Facsimiles are widely used everywhere in Taiwan. The main office of the Chunghwa Telecom Co., LTD. (CHT) provides 24-hour facsimile service. Most major hotels and business service centers offer facsimile and electronic mail services. Many convenience stores, such as 7-Eleven, also provide facsimile services. Many networking companies also provide broadband Internet services to meet growing domestic demand.

## Transportation

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**AIR TRAVEL** --- Taiwan has two international airports: Taoyuan Airport in the north (about 40km from Taipei City) and Hsiaokang Airport in the south (in Kaohsiung City). Taoyuan Airport is the primary gateway to the island. The Kaohsiung airport offers regular flights to major destinations in the region. There are also several domestic airports and domestic airlines that provide fast and convenient connecting flights between Taiwan's larger cities as well as outlying islands.

**AIRPORT PICKUP** --- It generally takes about one hour to travel from the Taoyuan airport to Taipei City. Airport buses to Taipei depart from the airport every 20 minutes and tickets cost about NT$145 (approximately US$4.50) per person. Four bus companies currently provide the service to and from Taipei. Buses from the airport to Hsinchu, Taichung, Changhua, Tainan, and Kaohsiung are also available.

Taxis are available at the airport. A 50 percent surcharge is added to the meter fare (highway tolls not included). The total cost of a taxi ride from the airport to Taipei is about NT$1,000-1,500 (US$32-$48), depending on the destination. Many large hotels offer car or shuttle services from the airport to Taipei. It is, however, necessary to arrange such services when making hotel reservations.

The Hsiaokang Airport is close to City of Kaohsiung and it usually takes about 20 minutes to reach downtown. Metered taxis charge a NT$50 surcharge. Several bus services are available at low cost as well.

**TAXIS** --- Taxis are widely available in Taipei and other major cities. For most cities, a meter is used to calculate the fare. The basic charge is NT$70 (US$2) for the first 1.5 kilometers, with an additional NT$5 for every additional 300 meters. In addition, there is an NT$5 charge for every two minutes for waiting, and a 20 percent nighttime surcharge is added to fares between 11:00 pm and 6:00 am. Taxi services can also be booked over the telephone. A surcharge of NT$10 is applicable on such calls. These services are generally considered safer and more reliable than individual taxis.

Taxis have a surcharge of NT$10 for luggage service. There is a surcharge of 20 percent in effect for two days before the eve of the Chinese New Year until the end of the holiday period. While some taxi drivers speak a little English, visitors are strongly advised to present taxi drivers the address of their desired destination written in Chinese.

**RAIL** --- Taipei has seven Mass Rapid Transit (MRT) lines in operation with a combined track length of 74.4 kilometers. The MRT lines form a transportation network connecting downtown Taipei with the suburban areas of Muzha, Danshui, Xindian, Tucheng, and Nangang. Kaohsiung's MRT is currently under construction and is expected to be in full operation in 2008 with two lines going north-south and east-west respectively.

The Taiwan Railway Administration operates an extensive rail network that is more than 1,000 kilometers in length. Tickets can be conveniently purchased through ticketing kiosks or ordered over the phone or on the Internet.

The Taiwan High Speed Rail (THSR) began operations on January 5, 2007. It uses Japan's Shinkansen technology and runs approximately 355.5 kilometers from north to south. The THSR takes only 96 minutes to travel from Taipei to Kaohsiung, as opposed to 4.5 hours by conventional rail. The one-way fare for Taipei-Kaohsiung is around NT$1,490 (US$45). As of September 2007, THSR carries about 1.5 million passengers every month.

**BUSES** --- Bus services in major cities are extensive and inexpensive, but can be incomprehensible to foreign visitors. Long-distance bus networks around the island also make it possible for people to travel virtually anywhere on the island quickly, comfortably, and at reasonable cost.

**CAR RENTAL** --- Limousines with drivers may be booked through hotels or car rental companies for about NT$9,000 (US$280) per eight-hour day. Self-drive rental cars are also available at rates that start at around NT$2,000 (US$63) a day. An international driver's license is required, as well as a credit card for a deposit.

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|---|---|

Mandarin is the official language on the island. The Taiwanese dialect is also commonly spoken, especially in the southern and rural areas. English is by far the most popular foreign language, and large numbers of people speak it fluently. In particular, those working in hotels, business, or public organizations are likely to have a good command of the language. Moreover, many elder people, especially those educated before the Second World War, can also speak Japanese.

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|---|---|

As is true of many other tropical and sub-tropical areas, tap water in Taiwan should be boiled before drinking, although water quality is certainly improving in the major cities. Hotels and restaurants do provide drinking water, and bottled mineral water is widely available. Visitors should also take special care to wash all fruits and vegetables before eating and to avoid eating in any of the island's countless street stalls, for at least the first few weeks.

There are several international-standard private and public hospitals and clinics. Taiwan also offers high-quality dental care, with most clinics being privately operated. The majority of doctors and dentists in Taiwan speak English well. Qualified foreign nationals with Alien Resident Certificates (ARCs) and their family members can apply for coverage under the National Health Insurance Program (NHIP).

Many Western brand-name pharmaceuticals are sold in Taiwan, often without prescription. In addition, a wide range of foreign and domestic over-the-counter non-prescription drugs are available. Visitors should, however, bring a sufficient supply of any specific medications that they might require. Emergency medical treatment can be obtained by dialing 119.

| Local Time, Business Hours, and Holidays | Return to top |
|---|---|

**LOCAL TIME** --- Taiwan is eight hours ahead of the Greenwich Mean Time and 12 or 13 hours ahead of the U.S. Eastern Standard Time depending on the time of year, because Taiwan does not practice daylight savings time.

**BUSINESS HOURS** --- In general, business hours are 9:00 am to 5:30 pm for office workers and 8:00 am to 5:00 pm for factory workers, with a one-hour lunch break. Banks are open from 9:00 am to 3:30 pm without a lunch break. Most shops and retail stores are open daily from 10:00 am to 10:00 pm. Restaurants generally run from 11:00 am to 10:00 pm.

**HOLIDAYS** --- There are three national holidays and four festivals celebrated in Taiwan during which corporate and government offices are closed. Dates for the four festivals – Chinese Lunar New Year, Tomb-Sweeping Festival, Dragon Boat Festival, and Mid-Autumn Festival – are based on the lunar calendar and may vary each year.

| Holidays | Dates in 2008 |
|---|---|
| Founding Day/New Year's Day | January 1 |
| Chinese Lunar New Year | February 6-11 |

| Holidays | Dates in 2008 |
|---|---|
| Peace Memorial Day | February 28 |
| Tomb-Sweeping Day | April 4 |
| Labor Day | May 1 |
| Dragon Boat Festival | June 8 |
| Mid-Autumn (Moon) Festival | September 14 |
| Double Tenth/National Day | October 10 |

## Temporary Entry of Materials and Personal Belongings Return to top

Personal belongings and household articles (excluding controlled or restricted articles) carried by inbound passengers may be granted duty exemption as follows:

- Each person, 20 or over in age, may bring in alcoholic beverages (1,000 cc or less without limitation on how many bottles), plus 200 cigarettes, or 25 cigars or one pound of tobacco.
- Articles that are already owned and used by the passenger abroad, as long as their customs value does not exceed NT$10,000 (about US$312.5) for each piece.
- Other articles for personal use (not including the articles mentioned above) if their total customs value does not exceed NT$20,000 (about US$625) for each passenger.

Samples carried by inbound passengers may be granted duty exemption if the total customs value does not exceed NT$12,000 (about US$375). Duty and in some cases the commodity tax and/or value added tax will be imposed on articles imported in excess of the exemption limit.

Taiwan uses electric current of 110 volts at 60 cycles, the same as in the United States. Appliances from Europe, Australia or South-East Asia will need an adaptor or transformer. Many buildings have outlets with 220 volts especially for the use of air conditioners.

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The Taiwan Tourism Bureau has a wealth of information about traveling in Taiwan on its website at: http://taiwan.net.tw

For the latest information about Taiwan travel advisories, visit the State Department Consular Information Sheet for Taiwan at:
http://travel.state.gov/travel/cis_pa_tw/cis/cis_1036.html

Business travelers to Taiwan seeking appointments with the American Institute in Taiwan should contact the Commercial Section in advance. The Commercial Section can be reached by telephone at 886-2-2720-1550, fax at 886-2-2757-7162, or by e-mail at Taipei.Office.Box@mail.doc.gov.

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# Chapter 9: Contacts, Market Research, and Trade Events



## Contacts

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American Institute in Taiwan (AIT)

Commercial Section
Chief: Gregory Wong
Suite 3207, 333 Keelung Rd., Sec. 1, Taipei, Taiwan
Tel: 886-2-2720-1550 ext. 382
Fax: 886-2-2757-7162
Website: www.buyusa.gov/taiwan

Agriculture Trade Office
Director: Keith Schneller
Suite 704, 7F., 136 Jen Ai Rd., Sec. 3, Taipei, Taiwan
Tel: 886-2-2705-6536 ext. 287
Fax: 886-2-2706-4885
Website: http://ait.org.tw

Agriculture Section
Chief: Mark Dries
7, Lane 134, Hsin Yi Rd., Sec. 3, Taipei, Taiwan
Tel: 886-2-2162-2000 ext. 2317
Fax: 886-2-2162-2238
Website: http://ait.org.tw

Economic Section
Chief: Hanscom M. Smith
7, Lane 134, Hsin Yi Rd., Sec. 3, Taipei, Taiwan
Tel: 886-2-2162-2000 ext. 2374
Fax: 886-2-2162-2240
Website: http://ait.org.tw

Washington, D.C.-Based Country Contacts

AIT/Washington

Trade and Commercial Programs
Director: Rick Ruzicka
Suite 1700, 1700 N. Moore Street
Arlington, VA 22209
Tel: 703-525-8474
Fax: 703-841-1385

U.S. Department of Commerce
US & Foreign Commercial Service, East/Asia Pacific
Regional Director: William Zarit
Room 3122, 14th and Constitution Ave. NW, Washington, D.C. 20230
Tel: 202-482-0423
Fax: 202-501-6165
Website: www.doc.gov

U.S. Department of Commerce
Trade Information Center
Room 7424, 14th and Constitution Ave. NW, Washington, D.C. 20230
Tel: 1-800-USA-TRADE
Fax: 202-482-4473
Website: www.ita.doc.gov

U.S. Department of Agriculture
Foreign Agricultural Service (FAS)
Trade Assistance and Promotion Office
South Building, 1400 Independence Ave. SW, Washington, D.C. 20250
Tel: 202-720-7420
Website: www.fas.usda.gov

AmCham and/or Bilateral Business Councils

US-Taiwan Business Council

President: Rupert J. Hammond-Chambers
Suite 1703, 1700 North Moore Street
Arlington, Virginia 22209
Tel: 703-465-2930
Fax: 703-465-2937
Website: www.us-taiwan.org

American Chamber of Commerce in Taipei
Executive Director: Richard Vuylsteke
Suite 706, No. 129, Minsheng E. Road, Sec 3, Taipei 10596, Taiwan
Tel: 886-2-2718-8226
Fax: 886-2-2718-8182
Website: www.amcham.com.tw

Taiwan External Trade Development Council (TAITRA)
President and CEO: Yuen-Chuan Chao
5-7F, 333 Keelung Rd., Sec. 1, Taipei, Taiwan
Tel: 886-2-2725-5200
Fax: 886-2-1-2757-6245
Website: www.taitra.org.tw

Trade or Industry Associations

Chinese National Association of Industry & Commerce
Chairman: Theodore M.H. Huang
13F, No. 390 FuXing S. Rd., Sec. 1, Taipei, Taiwan
Tel: 886-2-2707-0111
Fax: 886-2-2707-0977
Website: www.cnaic.org

Chinese National Federation of Industries
Chairman: Preston W. Chen
12F, No. 390 FuXing S. Rd., Sec. 1, Taipei, Taiwan
Tel: 886-2-2703-3500
Fax: 886-2-2705-8317
Website: www.industry.net.tw

Taiwan Government Agencies

Ministry of Economic Affairs (MOEA)
Minister: Steve Ruey-Long Chen
No. 15 FuZhou St., Taipei, Taiwan
Tel: 886-2-2321-2200
Fax: 886-2-2391-9398
Website: www.moea.gov.tw

Ministry of Finance (MOF)
Minister: Chih Chin Ho
No. 2 AiGuo W. Rd., Taipei, Taiwan
Tel: 886-2-2322-8000
Fax: 886-2-2356-8774
Website: www.mof.gov.tw

Board of Foreign Trade (BOFT), MOEA
Director General: Chih-Peng Huang
No. 1 HuKou St., Taipei, Taiwan
Tel: 886-2-2321-9947
Fax: 886-2-2351-3603
Website: www.trade.gov.tw

Financial Supervisory Commission (FSC)
Chairman: Sheng-cheng Hu
18F, No. 7 SianMin Blvd., Sec. 2, Banciao City, Taipei County, Taiwan
Tel: 886-2-8968-0899
Fax: 886-2-8968-1215
Website: www.fscey.gov.tw

Ministry of Transportation and Communications (MOTC)
Minister: Duei Tsai
No. 2 ChangSha St., Sec. 1, Taipei, Taiwan
Tel: 886-2-2349-2900
Fax: 886-2-2349-2491
Website: www.motc.gov.tw

Council of Agriculture (COA)
Minister: Su Jia-Chyuan
No. 37 NanHai Rd., Taipei, Taiwan
Tel: 886-2-2381-2991
Fax: 886-2-2361-4397
Website: www.coa.gov.tw

Department of Health (DOH)
Minister: Sheng-Mou Hou
No. 100 AiGuo E. Rd., Taipei, Taiwan
Tel: 886-2-2321-0151
Fax: 886-2-2321-2907
Website: www.doh.gov.tw

Environmental Protection Administration (EPA)
Minister: Winston Dang
No. 83 ZhongHua Rd., Sec. 1, Taipei, Taiwan
Tel: 886-2-2311-7722
Fax: 886-2-2311-6071
Website: www.epa.gov.tw

Bureau of Standards, Metrology and Inspection (BSMI), MOEA
Director General: Chen Jay-San
No. 4 Jinan Rd., Sec. 1, Taipei 100, Taiwan
Tel: 886-2-2343-1700
Fax: 886-2-2356-0998
Website: www.bsmi.gov.tw

Other U.S. Government Contacts

U.S. Department of State
Bureau of Economic and Business Affairs
Office of Commercial and Business Affairs
2201 C Street NW
Washington, D.C. 20520
Tel: 202-647-1625
Fax: 202-647-3953
Website: www.state.gov

Overseas Private Investment Corporation
1100 New York Avenue, NW
Washington, D.C. 20527
Tel: 202-336-8400
Fax: 202-336-7949
Website: www.opic.gov

## Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: www.export.gov/marketresearch and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

## Trade Events

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Please click on the link below for information on upcoming trade events.

www.export.gov/tradeevents

www.buyusa.gov/taiwan

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# Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

http://www.buyusa.gov/taiwan/en/findbuyers.html

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