



Doing Business in Taiwan: A Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Taiwan

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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. The Ministry of Economic Affairs calculates that Taiwan firms make over 70% of the world's wireless communication products. The island is a leading producer of thin film transistor liquid crystal display (TFT-LCD) flat panel displays. 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). In the past, Taiwan gained an unenviable reputation

for violation of patents, copyrights, trademarks, and trade dress. With accession to the World Trade Organization, the passage of new IPR legislation (most recently, a new copyright law), 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, AIT 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, working in conjunction with the U.S. Department of Commerce, can offer assistance in locating pre-qualified partners and/or performing due diligence on prospective partners through a number of services detailed in Chapter 10 of this Guide. 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-to-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 Taiwan, 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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Using an Agent or Distributor

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Most foreign firms gain their initial foothold in this market by using a Taiwan 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, counseling and trade promotion) 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. The information is also available at the website: <http://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 <http://www.buyusa.gov/home/us.html>. 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 see the following two websites:

<http://www.moea.gov.tw/>

<http://www.moeaic.gov.tw>

The U.S. Commercial Service in Taiwan maintains an on-line listing of local professional service providers on its website at www.buyusa.gov/taiwan/en. The listing includes local attorneys, accountants, consultants, and other professionals and can be found at the website: <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 foreign persons or is purely a 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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On-line and TV shopping has become very popular in Taiwan in recent years, and the market has expanded rapidly. The market size of on-line shopping has increased from US\$272 million in 2001, to US\$2,833 million in 2006. The TV shopping market is expected to reach approximately US\$200 million in 2006. On-line shopping and TV

shopping have attracted consumers by providing diversified products, competitive prices, a safe transaction process and convenience.

Multi-level sales has become a popular second job to supplement household incomes. Multi-level sales businesses in Taiwan specialize primarily in health care products, cosmetics, skin care products and household cleaning items. Foreign brands are selling well in the categories of health care products, cosmetics, skin care products and water filters. Direct marketing techniques continue to expand in the Taiwan market and the outlook for the next two years remains positive.

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: <http://www.moeaic.gov.tw>

Selling to the Government

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Selling to the Taiwan authorities offers U.S. firms both excellent opportunities and major challenges. Large and complex public tenders are generally issued and conducted on behalf of the procuring entity by the Central Trust of China (CTC), a quasi-state organization that plays a key role in the administration of public procurement. In such cases, government agencies or state-owned enterprises that need to purchase equipment or services inform CTC of their requirements. CTC then announces and administers the tender procedures, with technical evaluations performed by the purchasing entity or its surrogates (such as outside consulting firms). CTC tenders may be local (limited to firms with a Taiwan office) or international (open to firms outside of Taiwan). U.S. firms won a number of CTC-administered tenders over the years, but there have been a number of complaints over the basic procurement law (the Government Procurement Law), the administration of tenders by CTC, and the dispute resolution process. Non-transparency and onerous terms and conditions top the list of concerns.

While the CTC handles a large portion of the Taiwan authorities' purchases of advanced equipment, most procurement is administered by the purchasing entities themselves. Nearly all of these tenders are open only to firms with a local presence, and it can be difficult for outsiders to obtain advance information on such tenders. CTC itself estimates that it handles less than 10% of the authorities' total procurement. Important sectors of the economy are still in the hands of state-owned entities, although newly introduced competition is eroding what were until recently monopoly positions.

Taiwan is not a signatory to the WTO Agreement on Government Procurement (GPA). Rather, Taiwan implemented its own Government Procurement Law (GPL), effective May 27, 1999. 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 often requests U.S. firms 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.

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 use shorter distribution channels, distributing products directly through retailers only. 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 ports and harbors in Taiwan: Kaohsiung, Taichung, Suao, and Keelung. They are located in southern, central, eastern, and northern Taiwan, respectively, and 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. The most common complaint against U.S. goods is that their price is too high. Americans often find Taiwan businesspeople short-term oriented, and 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. After price, the next most important considerations are quality and after-sales service.

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

Electronic Commerce

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Taiwan's Internet infrastructure is very well developed and fully capable of supporting the development of electronic commerce, but the island's approach to electronic commerce and related issues is still evolving. According to the Institute for Information Industry, over 90% of Taiwan's companies have corporate networks and a network infrastructure, while 5.3 million, or 72.1% of households in Taiwan link their computer to networks – mainly by broadband digital subscriber line (DSL). A law protecting personal on-line data was approved in 2001. A positive development is the Electronic Signature Law, passed by the Legislative Yuan in late October 2001. This law adopts the principles of the United Nations Commission on International Trade Law's Model Law on

Electronic Commerce and recognizes the legal validity of electronic contracts, records, and signatures.

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

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Taiwan businesspeople are active participants in the global marketplace. They read trade journals from the United States, 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 the 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 Taiwan trade journals and industry newspapers are also important.

Information on trade shows in Taiwan can be obtained from TAITRA's website: <http://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 <http://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 e-mails and websites:

Commercial Times (Daily Newspaper)

E-mail:

s119@comm2.chinatimes.com.tw

Website:

<http://www.news.chinatimes.com/>

Economic Daily News (Daily Newspaper)

E-mail: kofeng.tseng@udngroup.com

Website: <http://www.udnnews.com.tw/>

Business Weekly (Weekly Magazine)

E-mail: jying.hsueh@bwnet.com.tw

Website:

<http://www.ebusinessweekly.com.tw/>

Commonwealth (Monthly Magazine)

E-mail: joycel@cw.com.tw

Website: <http://www.cw.com.tw/>

Breakthrough (Monthly Magazine)

E-mail: cyndiliang@mail.chinamgt.com

Website: <http://www.harment.com/>

Directory of Taiwan (Annual Edition)

E-mail: chiucs@etaiwannews.com

Website: <http://www.etaiwannews.com/>

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

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

Bates Taiwan Co., Ltd.
E-mail: janicel@mail.bates.com.tw

DDB Worldwide Inc.
E-mail: jerome.fung@ddb.com.tw

Dentsu, Young & Rubicam Co., Ltd.
E-mail: Steve_Kuo@tw.yr.com

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 an average between 15% and 40%, depending on whether the distributor controls the marketing. Price breaks and discounts for quantity 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 8% to 60% 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 deciding where they should purchase their products. These factors include customer 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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While Taiwan companies are known for their ability to quickly incorporate ideas found in competing products, Taiwan's copyright, patent, trademark, trade secret and integrated circuit layout protection laws generally meet most international standards. Market monitoring systems (for both the export and domestic markets) are in place to help deter the sale of pirated and counterfeit goods, although concerned U.S. industries report that enforcement against the illegal manufacture and sale of such items is inadequate to

satisfactorily protect their IPR. Patent, copyright and trademark holders should investigate the need or desirability of filing for those rights in Taiwan.

While Taiwan is not a member of the Bern or Paris Conventions, it generally adheres to the principles embodied in those agreements. In connection with its accession to the WTO, Taiwan has made progress in revising its Copyright Law, Patent Law, and Trademark Law to conform to the TRIPS agreement and with other international treaties administered by the World Intellectual Property Organization (WIPO).

Taiwan has made the efforts to take measures to improve enforcement of IPR, including intensifying raids against manufacturers and retailers. In order to improve Taiwan's ability to protect IPR, the Executive Yuan formulated a three-year (2003-2005) IPR Action Plan. One important measure within this "three-year IPR Action Plan" framework was to establish in January 2003 an Integrated Enforcement Task Force (IETF) consisting of 220 IP police officers. The task force conducts raids on retail optical media sales points and has led to a significant decrease in the number of vendors of counterfeit CDs and DVDs. Other enforcement measures include increasing informant rewards to up to approximately \$310,000 per counterfeiting seizure; strengthening border control inspection for optical media exports; increasing day and night inspections on optical media production facilities, night markets, and retail shops; as well as opening three warehouses for storing counterfeiting seizures. The current "IPR Action Plan 2006-2008" focuses on combating Internet infringements and campus piracy.

In general, Taiwan is moving towards improved IPR protection. Counterfeit goods from Taiwan origin by the U.S. Customs dropped from US\$26.5 million in FY2002 to US\$1.1 million in FY 2005. The Business Software Alliance (BSA) also estimates that the software piracy rate in Taiwan decreased steadily from 72% in 1994 to 43% in 2002, but the rate has remained basically unchanged for the past four years. Despite these gains, areas for improvement remain. Taiwan is still facing serious Internet piracy and illegal peer-to-peer downloading threats. However, the Taiwan Intellectual Property Office (TIPO) initiated an "implementation plan for strengthening preventive measures against Internet infringement" in May 2005 to deter Internet piracy. TIPO also created a joint Internet infringement inspection taskforce to conduct Internet inspections, and has made efforts to strengthen cooperation with enforcement agencies in other nations to tackle cyber crime. To strengthen the legal basis for curbing Internet infringement, draft laws are currently before the Legislative Yuan which define P2P and ISP liability, penalties, and enforcement responsibilities.

Counterfeit and parallel imported pharmaceuticals are common in the Taiwan marketplace. Although the Legislative Yuan passed amendments to the Pharmaceutical Affairs Law in March 2004 to increase penalties for pharmaceutical counterfeiting, the Department of Health (DOH) enforcement mechanism remains relatively weak. On a positive note, in late 2005 the local authorities broke two smuggling rings, in one instance confiscating a sizeable amount of counterfeit pharmaceuticals. In January 2005, Taiwan's legislature approved a bill to provide data protection for pharmaceutical products, an Agreement on Trade- Related Aspects of Intellectual Property Rights (TRIPS) commitment, and an incentive for innovative pharmaceutical manufacturers to introduce new products into the Taiwan market, but final implementing regulations are still pending. Innovative drug firms also face the problem of patent linkage. The Bureau of Pharmaceutical Affairs sometimes licenses generic version of drugs still under patent protection.

Generally, U.S. IPR holders continue to complain of slow progress in judicial cases, experiencing difficulties in handling technical cases, or poor protection on trade dress properties, such as packaging, configuration, and outward appearance features. However, The Legislative Yuan passed the first reading of a draft of the “Intellectual Property Litigation Law” on December 11, 2006. Under the draft, civil, criminal and administrative litigation involving intellectual property rights will be tried in a special court to be established for that purpose, probably in March 2007. The law would allow a judge to request a technology expert to decide technology issues. If confidential matters are involved the trial may be decreed private upon the parties’ request and the related documents kept from review or copying by third parties.

For more information, AIT has produced the following IPR toolkit for reference:
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 U.S. Commercial Service in Taiwan maintains an on-line listing of companies that provide professional service providers on its website at www.buyusa.gov/taiwan/en. These companies can be found under the heading “Business Service Providers” in subcategories such as market research, patent and trademark law services, legal services, and accounting and auditing.

The Commercial Service also offers an International Company Profile (ICP) service to help U.S. firms with due diligence in Taiwan. For further details, please see the website listed above. 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 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 also maintains an on-line listing of local professional service providers on its website at www.buyusa.gov/taiwan/en. The listing includes local attorneys, accountants,

consultants, and other professionals and can be found under the heading “Business Service Providers.”

Web Resources

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Ministry of Economic Affairs (MOEA): <http://www.moea.gov.tw>

Board of Foreign Trade, MOEA: <http://www.trade.gov.tw>

Investment Commission, MOEA: <http://www.moeaic.gov.tw>

The Fair Trade Commission, Executive Yuan: <http://www.ftc.gov.tw>

Intellectual Property Office, MOEA: <http://www.moeaipo.gov.tw>

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

Commercial Sectors

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- [Laboratory Scientific Instruments \(LAB\)](#)
- [Educational Services \(EDU\)](#)
- [Plastics Materials/Resins \(PRM\)](#)
- [Electrical Power Equipment \(ELP\)](#)
- [Medical Devices & Supplies \(MED\)](#)
- [Telecommunications Equipment \(TEL\)](#)
- [Household Consumer Goods \(HCG\)](#)
- [Pollution Control Equipment \(POL\)](#)

Agricultural Sectors

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- [Beef and Pork](#)
- [Poultry](#)
- [Fresh Fruit](#)
- [Dried and Frozen Fruit](#)
- [Read-to-Use Ingredients](#)
- [Cheese](#)
- [Engineered Wood](#)
- [Chocolate and Other Candy](#)
- [Pet Food](#)

Commercial Sectors

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Rank	Industry Sector	Estimated Imports from the U.S. in 2006 (US\$ Million)
01	Electronic Components	\$3,850.0
02	Electronics Industry Production/Test Equipment	2,970.0
03	Industrial Chemicals	2,171.9
04	Computer Services & Software	1,307.0
05	Laboratory Scientific Instruments	661.0
06	Educational Services	642.3
07	Plastics Materials/Resins	639.0
08	Electrical Power Equipment	427.0
09	Medical Devices & Supplies	295.0
10	Telecommunications Equipment	293.0
11	Household Consumer Goods	249.0

12	Pollution Control Equipment	62.1
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#01 – Electronic Components (ELC)

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	2004	2005	2006 (estimated)
Total Market Size	\$54,618	\$56,140	\$57,000
Total Local Production	60,500	70,600	71,000
Total Exports	42,541	52,931	54,000
Total Imports	36,659	38,471	40,000
Imports from the U.S.	4,088	3,786	3,850

Notes: Figures are in millions of USD. The exchange rates (1USD=NTD) were NT\$33.48 for 2004, NT\$32.15 for 2005, and NT\$32.50 for 2006 (estimated). The statistics are unofficial estimates.

Taiwan electronics firms, especially information technology product producers, rely on imports of leading edge components (e.g., integrated circuits) to maintain the competitiveness of their assembly operations. Taiwan's efforts 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

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- Monolithic digital & hybrid Integrated Circuits (ICs)
- Silicon wafers with dimensions between 8 and 12 inches
- Monolithic and 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

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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 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 promising sales to the information and communications industries. U.S. firms are expected to continue as a major supplier 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): <http://www.itri.org.tw>

Industrial Development Bureau, MOEA: <http://www.moeaidb.gov.tw>

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

Information on major trade shows in Taiwan that are related to the electronics industry is available at the website <http://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 ELC market are also encouraged to contact CS Taiwan Senior Commercial Specialist, Shirley Wang, at shirley.wang@mail.doc.gov or visit the website <http://www.buyusa.gov/taiwan/en>.

#02 – Electronics Industry Production/Test Equipment (EIP)

Overview

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	2004	2005	2006 (estimated)
Total Market Size	\$11,548	\$10,813	\$10,640
Total Local Production	590	500	480
Total Exports	303	247	240
Total Imports	11,261	10,560	10,400
Imports from the U.S.	4,083	3,015	2,970

Notes: Figures are in millions of USD. The exchange rates (1USD=NTD) were NT\$33.48 for 2004, NT\$32.15 for 2005, and NT\$32.50 for 2006 (estimated). 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 consumed about 40-45% of total 2005 EIP sales each, 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. Import demand for EIP equipment, accounting for more than 80% of the entire 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 Products/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

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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 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 downstream 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.

Resources

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Industry Technology Research Institute (ITRI): <http://www.itri.org.tw>

Industrial Development Bureau, MOEA: <http://www.moeaidb.gov.tw>

Taiwan Semiconductor Industry Association: <http://www.tsia.org.tw>

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

Information on major trade shows in Taiwan that are related to the electronics industry is available at the website <http://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 EIP market are also encouraged to contact CS Taiwan Senior Commercial Specialist, Shirley Wang, at shirley.wang@mail.doc.gov or visit the website <http://www.buyusa.gov/taiwan/en>.

#03 - Industrial Chemicals (ICH)

Overview

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	2004	2005	2006 (Estimated)
Total Market Size	\$19,196.3	\$20,116.2	\$20,378.8
Total Local Production	15,558.0	16,113.8	16,355.5
Total Exports	5,300.2	5,930.2	6,107.9
Total Imports	8,938.5	9,932.6	10,131.2
Imports from the U.S.	2,054.0	2,129.4	2,171.9

Notes: Figures are in millions of USD. The exchange rates (1USD=NTD) were NT\$33.48 for 2004, NT\$32.15 for 2005, and NT\$32.50 for 2006 (estimated). The statistics are unofficial estimates.

The Chinese Petroleum Corporation (CPC), a state-owned enterprise, has evolved into the only upstream petrochemical raw material supplier for Taiwan's industrial chemical producers. This situation continued until the establishment of the Formosa Plastics Group's (FPG) No. 6 naphtha cracker in 1998. Taiwan authorities released petrochemical industry guidelines in 1999, which called for boosting domestic ethylene production to 2.37 million metric tons by 2006. Taiwan relies heavily on imports of high-value-added products, such as polymers and specialty chemicals for the electronic and semiconductor industries. Import and export values remained steady in 2006 compared to 2005.

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 nitrosated derivatives
- Other inorganic acids and other inorganic oxygen compounds of non-metals

Opportunities

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The Government Procurement Act (GPA) 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 GPA governs all government procurement for engineering projects, goods, and services -- a massive market, estimated at US\$30 billion annually. Major project opportunities include:

- Phase IV, 6th Refinery Project of Formosa Petroleum Chemical Company
- Yunlin Petrochemical Complex Project of China Petroleum Chemical

Resources

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Ministry of Economic Affairs (MOEA): <http://www.moea.gov.tw/index.htm>

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

China Petroleum Corporation (CPC): <http://www.cpc.com.tw>

Formosa Plastics Group: <http://www.fpg.com.tw>

U.S. firms wishing to learn more about the ICH market are encouraged to contact CS Taiwan, Allen Chien, Commercial Specialist, at Allen.Chien@mail.doc.gov or visit <http://www.buyusa.gov/taiwan/en>.

#04 - Computer Services & Software (CSV/CSF)

Overview

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	2004	2005	2006(estimated)
Total Market Size	\$4,603	\$4,698	\$4,739
Total Local Production	3,186	3,655	4,010
Total Exports	554	783	841
Total Imports	1,971	1,826	1,623
Imports from the U.S.	1,599	1,395	1,307

Notes: Figures are in millions of USD. The exchange rates (1USD=NTD) were NT\$33.48 for 2004, NT\$32.15 for 2005, and NT\$32.50 for 2006 (estimated). 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 Products/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 instability 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 that are used in the high-tech manufacturing, banking, and finance sectors. These applications also include data storage requirements and custom-designed business intelligence features.

The demand for business applications for small-medium enterprises is also increasing. The increasing popularity of on-line games/shopping and on-line music and video content services has stimulated strong market demand for networking services. U.S. content providers and platform developers have business potential 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): <http://www.iii.org.tw>

Industry Technology Research Institute (ITRI): <http://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 CSV/CSF market are also encouraged to contact CS Taiwan, Jacy Huang, Commercial Specialist, at Jacy.Huang@mail.doc.gov or visit the website <http://www.buyusa.gov/taiwan/en>

#05 - Laboratory Scientific Instruments (LAB)

Overview

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	2004	2005	2006 (Estimated)
Total Market Size	\$2,315	\$1,939	\$2,103
Total Local Production	798	783	815
Total Exports	614	623	794
Total Imports	2,131	1,779	2,082

Imports from the U.S.	683	557	661
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Notes: Figures are in millions of USD. The exchange rates (1USD=NTD) were NT\$33.48 for 2004, NT\$32.15 for 2005, and NT\$32.50 for 2006 (estimated). 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 industries. Technological advances have been made with research and development assistance from the Taiwan public and private sectors. There is little competition from local manufacturers 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 increasing production of semiconductors, optoelectronic and electronic products as well as wireless communication equipment and components, the demand for quality laboratory scientific instruments will be further stimulated in the Taiwan market. Sales prospects for U.S. analytical instruments are promising in the Taiwan market.

Best Prospects/Services

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- 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
- Microtomes 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
- Checkers, logic analyzers, and automatic integrated circuits testers
- Instruments & apparatus specially designed for telecommunications
- Signal generators

Opportunities

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Over the past two decades, Taiwan has concentrated on developing its high-tech industries, and is now a world leader in the production of electronic, information technology, computer and semiconductor products. Taiwan is now developing biotechnology and nanotechnology, in hopes of achieving similar success in these industries. U.S. suppliers of laboratory scientific instruments will find good sales opportunities for these high-tech industries.

Resources

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Board of Foreign Trade, MOEA: <http://www.trade.gov.tw>

Biomedical Engineering Center (ITRI): <http://www.bmec.itri.org.tw/>

Taiwan Bio Industry Organization: <http://www.bioclub.com.tw/>

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

#06 - Educational Services (EDU)

Overview

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	2004	2005	2006 (Estimated)
Total Number of Taiwan Students Going Overseas	30,728	32,913	35,216
Total Number of Taiwan Students Going to the U.S.	14,054	15,525	16,375

Note: The statistics are unofficial estimates.

In 2005, the total number of Taiwan students studying abroad reached a 10-year high of 32,913. Of this total, 15,525 students chose to go to the United States, which represented a significant 10% increase from 2004. The numbers in 2006 are expected to be even more impressive. According to unofficial estimates by the AIT consular section, the number of student visas issued by the end of 2006 will be close to 17,000, which is the highest number of applicants in a decade. Another important indicator of increased interest in U.S. education in Taiwan is the number of scholarly exchange (J1) visas issued, which was 2,820 in 2006, a 21% increase over 2005.

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 United States continues to lead this market, with a 50% share. Strong competitors in the market include the United Kingdom, Australia and Canada. Given the highly competitive nature of the market, U.S. schools should allow more flexibility in their programs and admission requirements. Additionally, more attention and budget should be invested in marketing in the local language.

The main promotional channels include media advertisements, popular Internet portals, recruiting agents, education fairs and student advising centers. Partnering with local schools in specific areas is also an effective way of entering the market. According to the Ministry of Education, there are currently 2,230 cases of cooperation between local and foreign schools, mostly in the form of agreements for academic cooperation and sister school alliances.

The United States is the most popular country for Taiwan students to pursue advanced studies abroad. Of the Taiwan student population in the United States, 58% study at the graduate level, 29% at the undergraduate level, and 14% 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 Prospects/Services

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

Opportunities

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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 (listed alphabetically):

- American International Education Fair (AIEF)
- Linden Tour
- MBA Tour
- Oh! America Education Fair
- The Association of Boarding Schools Fair (TABS)

Resources

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Taiwan Ministry of Education Website: www.edu.tw

American International Education Fair (AIEF) Website: <http://www.aief.org>

Linden Educational Services (Linden Tour) Website: <http://www.lindentours.com>

MBA Tour Website: <http://www.thembatour.com>

Oh! America Education Consulting Center Website: <http://ohamerica.net/aee/>

The Association of Boarding Schools Fair (TABS) Website: www.schools.com

U.S. firms wishing to learn more about the EDU market are also encouraged to contact CS Taiwan Commercial Assistant Grace Tao at Grace.Tao@mail.doc.gov or visit the website <http://www.buyusa.gov/taiwan/en>

#07 – Plastics Materials/Resins (PRM)

Overview

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	2004	2005	2006 (Estimated)
Total Market Size	\$5,956	\$5,644	\$6,398
Total Local Production	9,987	10,201	11,487
Total Exports	7,590	8,456	9,303
Total Imports	3,559	3,899	4,214
Imports from the U.S.	615	633	639

Notes: Figures are in millions of USD. The exchange rates (1USD=NTD) were NT\$33.48 for 2004, NT\$32.15 for 2005, and NT\$32.50 for 2006 (estimated). The statistics are unofficial estimates.

Local demand for high value-added plastic materials and resins used in high-growth industries, such as electronics, communications, automobiles, textiles, packaging, medical supplies and sporting equipment has grown significantly. To compete aggressively in regional markets, and especially China, Taiwan must markedly increase its production capacity. Taiwan's upstream raw materials suppliers must move swiftly to complete planned expansion projects in order to satisfy downstream demand. Since Taiwan relies heavily on imports of high-quality plastic materials and resins from the United States and Japan to meet customer needs, American suppliers will find good business opportunities in Taiwan's chemical industry marketplace. Quality, price and technical service are major factors in selling engineering plastics, via agents, to manufacturers in Taiwan.

Best Prospects/Services

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Importation of plastic materials and resins is estimated to reach US\$4.2 billion in 2006. Distributors expect a five to eight percent increase in imports in 2006 as demand for plastic materials and resins grow from downstream manufacturers. Imports of high-end plastic materials and resins, particularly composite and engineering plastic materials, are on the rise, providing U.S. suppliers with excellent sales opportunities. In Taiwan, plastic materials and resins from the United States have a good reputation for performance and technical support. Best prospects are the products listed under the following Harmonized Tariff (HS) codes and their respective total import values in 2005 are listed below:

- 3907 (US\$988 million)
- 3920 (US\$797 million)
- 3921 (US\$699 million)

Opportunities

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Taiwan's demand for imported plastic materials and resins will continue to enjoy moderate growth. The applications for the most widely used plastics are in such areas as electronic parts, computers, electrical appliances, textiles, and building products. In 2005, the United States enjoyed 16.2% (US\$633 million) of the total import market and was the third largest supplier of plastics, next to Japan (37%) and Germany (21%). U.S. suppliers of plastic material and resins will continue to maintain a substantial market share for the next two to three years. Although U.S. plastic materials and resins are well accepted and highly regarded in Taiwan, there is strong competition from third-country and domestic suppliers.

Resources

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Board of Foreign Trade, MOEA: <http://www.trade.gov.tw/>

Taiwan Plastics Industry Association: <http://www.ttpia.com.tw/>

The biennial Taipei International Plastics & Rubber Industry Show will be held from September 18-22, 2008. Firms interested in this show should contact Taiwan External Trade Development Council (TAITRA) at taitra@taitra.org.tw or visit the website: <http://www.taipeitradeshows.com.tw/plas/>

U.S. firms wishing to learn more about the plastics materials and resins market are also encouraged to contact CS Taiwan, Cindy Chang, Commercial Specialist, at cindy.chang@mail.doc.gov or visit the website <http://www.buyusa.gov/taiwan/en>.

#08 – Electrical Power Equipment (ELP)

Overview

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	2004	2005	2006 (estimated)
Total Market Size	\$4,112.0	\$4,317.6	\$4,353.5
Total Local Production	4,736.1	4,972.9	5,022.6
Total Exports	3,752.4	3,940.0	3,983.3
Total Imports	3,128.3	3,284.7	3,314.2
Imports from the U.S.	432.2	435.8	427.0

Notes: Figures are in millions of USD. The exchange rates (1USD=NTD) were NT\$33.48 for 2004, NT\$32.15 for 2005, and NT\$32.50 for 2006 (estimated). The statistics are unofficial estimates.

Taiwan Power Company (Taipower) continues to upgrade its existing facilities, build new fossil thermal-fuel power plants, and is proceeding with the construction of the Fourth Nuclear Power Plant. According to Taipower's planning, the total installed capacity in Taiwan will expand from the current 33,290 MW to 54,761MW in 2015. In 2006, market demand was mainly driven by Taipower's Sixth Transmission Project, and Fifth Distribution Project that was initiated in 2001 and scheduled to be completed at the end of 2006. Clean coal technology and renewable energy will be the focus for the newly installed power capacity.

Best Products/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

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The Government Procurement Act (GPA) 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

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Ministry of Economic Affairs (MOEA): <http://www.moea.gov.tw/index.htm>

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

Taiwan Power Company (Taipower or TPC):
http://www.taipower.com.tw/english/e_home.htm

U.S. firms wishing to learn more about the ELP market are encouraged to contact CS Taiwan, Allen Chien, Commercial Specialist, at Allen.Chien@mail.doc.gov or visit <http://www.buyusa.gov/taiwan/en>.

#09 – Medical Devices & Supplies (MED)

Overview

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	2004	2005	2006 (estimated)
Total Market Size	\$1,467	\$1,523	\$1,596
Total Local Production	1,246	1,416	1,512
Total Exports	616	789	856
Total Imports	837	896	940
Imports from the U.S.	263	278	295

Notes: Figures are in millions of USD. The exchange rates (1USD=NTD) were NT\$33.48 for 2004, NT\$32.15 for 2005, and NT\$32.50 for 2006 (estimated). The statistics are unofficial estimates.

Taiwan's medical device market is growing rapidly as the island's increasingly affluent population has more to spend on healthcare. Foreign firms supply most of the local demand for advanced equipment. Over 30% of imported medical devices are made in the United States. U.S. products are recognized by local end-users as technically superior, of high quality and durable. The major factors impeding the growth of U.S. market share are the higher prices of American equipment, and relatively stronger promotional efforts by other foreign competitors. The national healthcare insurance program covers 98% of the eligible population, and provides reimbursement for a wide range of therapies. Cost considerations have forced hospitals to discharge patients before their treatment programs are completed. The system is under critical financial strain and the implementation of the so-called "Global Budget Program" is ushering in more stringent reimbursement pricing that may slow the growth of the market, especially for new devices. Taiwan is a producer and exporter of disposable items and is also a contract manufacturer for foreign brand components. Due to the expectation that all

medical equipment will be backed by an extended maintenance contract, there is virtually no market for refurbished items.

Best Products/Services

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- Cardiovascular Equipment
- Electroencephalographs
- Computerized Tomography
- Ultrasonic Scanning Apparatus
- Magnetic Resonance Imaging Apparatus
- Ultra-violet or infra-red Ray Apparatus
- Syringes, with or without Needles
- Tubular Metal Needles and Needles for Sutures
- Other Catheters, Cannulae and the like
- Artificial Kidney (Dialysis) Apparatus
- Artificial Respiration Apparatus
- Other Therapeutic Respiration Apparatus
- Artificial Joints
- Hip Prosthesis, Plates, Nails, Bone Screws, Bone Cement
- Other Apparatus based on the use of X-rays, for medical surgical or veterinary uses
- Cobalt 60 Teletherapy Apparatus

Opportunities

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The major customers for U.S. medical equipment will continue to be public hospitals and large private clinics. Since business practices and sales channels in Taiwan are different from those in the United States, professional competence and local market knowledge are the most important factors when seeking representation in Taiwan. As a whole, Taiwan's market is both promising and competitive. Despite the challenge posed by national health insurance reimbursement system reform, opportunities for U.S. suppliers of advanced medical devices are good and will likely remain strong for the foreseeable future.

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Department of Health (DOH): <http://www.doh.gov.tw/cht/default.aspx>

U.S. firms wishing to learn more about the medical equipment market are also encouraged to contact CS Taiwan, Angeli Chou, Commercial Specialist, at angeli.chou@mail.doc.gov or visit the website <http://www.buyusa.gov/taiwan/en>.

#10 - Telecommunications Equipment (TEL)

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	2004	2005	2006 (estimated)
Total Market Size	\$3,419.3	\$4,573.6	\$4,632.0

Total Local Production	8,325.3	10,061.8	10,309.0
Total Exports	7,958.7	9,447.9	9,639.0
Total Imports	3,052.6	3,959.7	3,962.0
Imports from the U.S.	276.9	293.0	293.0

Notes: Figures are in millions of USD. The exchange rates (1USD=NTD) were NT\$33.48 for 2004, NT\$32.15 for 2005, and NT\$32.50 for 2006 (estimated). 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 market demand for telecom equipment is expected to remain constant through 2007. The majority of Taiwan-produced telecom equipment is for export, mainly cellular handsets, WLAN, GPS, xDSL CPE, SOHO router, cable CPE, LAN switches, 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 networks
- 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\$1.2 billion) and will be carried out 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. The Taiwan authorities have also allocated NT\$5 billion (US\$154 million) for a WiMax field trial project and are expected to award the WiMax field trial project to the successful bidders in 2007. In addition, the Taiwan telecom regulatory body announced a proposed plan to release nine six-year operating licenses for WiMax around Taiwan in the 2nd quarter of 2007. These projects are expected to boost the demand for broadband wireless solutions and equipment.

Resources

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E-Taiwan Project Office: <http://www.etaiwan.nat.gov.tw>

National Communications Commission: <http://www.ncc.tw>

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

U.S. firms wishing to learn more about the telecommunications market are also encouraged to contact CS Taiwan, Frances Li, Commercial Specialist, at frances.li@mail.doc.gov or visit the website <http://www.buyusa.gov/taiwan/en>

#11 – Household Consumer Goods (HCG)

Overview

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	2004	2005	2006 (estimated)
Total Market Size	\$3,171	\$3,665	\$3,611
Total Local Production	4,385	5,305	5,348
Total Exports	2,580	3,183	3,209
Total Imports	1,366	1,543	1,472
Imports from the U.S.	206.8	226	249

Notes: Figures are in millions of USD. The exchange rates (1USD=NTD) were NT\$33.48 for 2004, NT\$32.15 for 2005, and NT\$32.50 for 2006 (estimated). The statistics are unofficial estimates.

In recent years the market size for household consumer goods in Taiwan was approximately US\$3.6 billion, with about 40% of the demand supplied by imports. Estimated imports of household consumer goods in 2006 amounted to US\$1.47 billion.

With increasing living standards and per capita income of US\$15,000, many household consumer goods are seen as daily necessities for residents of Taiwan. In general, local consumers for household consumer goods are either price-oriented or quality-oriented. The local production of household consumer goods in recent years amounted to US\$5.3 billion. Local production supplied around 60% of the local demand, mainly for low to medium-end household consumer products.

Local consumers for high-end household consumer goods are brand and quality oriented. Good design, function and performance are important factors when selling to these consumers. The high-end household consumer goods in Taiwan have mainly come from the United States, Japan and European countries.

The competition for U.S. suppliers in the Taiwan market is fierce. The 2006 imports from the United States were US\$249 million, which accounted for about six percent of the total market. Imports from the United States have increased at approximately five to 10% annually during the past three years, and are expected to continue growing at six to 10% for the next one to two years.

Best Products/Services

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- Cleaning preparations and polishes
- Household furnishings

- Washing machines and food processors
- Water filters and air purifiers

Opportunities

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Local consumers believe that U.S. products offer good design and high quality. U.S. suppliers will probably do best targeting the high end of the market. At the low end of the market, competition from manufacturers in both Taiwan and China is especially strong. However, due to the appreciation of the Euro in recent years, many importers and retailers of high-end household consumer goods in Taiwan have started to purchase more from U.S. suppliers. Potential product categories of household consumer goods for U.S. export to Taiwan are cleaning preparations, polishes, household textile products, electrical appliances, air/water filters and purifiers.

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Board of Foreign Trade, MOEA: <http://www.trade.gov.tw/>

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

U.S. firms wishing to learn more about the HCG market are encouraged to contact CS Taiwan, Menny Chen, Commercial Assistant, at menny.chen@mail.doc.gov or visit the website <http://www.buyusa.gov/taiwan/en>

#12 - Pollution Control Equipment (POL)

Overview

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	2004	2005	2006 (Estimated)
Total Market Size	\$444.0	\$417.0	\$409.2
Total Local Production	173.0	233.5	231.2
Total Exports	124.0	186.7	177.3
Total Imports	395.0	370.2	355.3
Imports from the U.S.	71.0	65.4	62.1

Notes: Figures are in millions of USD. The exchange rates (1USD=NTD) were NT\$33.48 for 2004, NT\$32.15 for 2005, and NT\$32.50 for 2006 (estimated). 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. Japan leads the import market, with a 40% share, followed by the U.S.'s 17% and Germany's 14%.

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.

Best Prospects/Services

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

Opportunities

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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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Taiwan EPA Website: www.epa.gov.tw

Taiwan Industrial Development Bureau Website: <http://www.environet.org.tw/e-index.asp>

U.S. firms wishing to learn more about the POL market are also encouraged to contact CS Taiwan, Allen Chien, Commercial Specialist, at allen.chien@mail.doc.gov or visit the website <http://www.buyusa.gov/taiwan/en>

Agricultural Sectors

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#01 - Rice

Overview

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	2004	2005	2006 (estimated)
Total Market Size	1,200	1,200	1,200
Total Local Production	1,011	1,033	1,115
Total Exports	56	26	21
Total Imports	156	65	101
Imports from the U.S.	83	21	51

Notes: Figures are in 1,000 metric tons. The statistics are unofficial estimates. Some imports under the 2003 import system actually entered in 2004, which accounts for the discrepancy in the text.

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, opening a significant new market for the United States Under its WTO accession agreement, Taiwan was required to give minimum market access (MMA) to 144,720 metric tons of imported brown rice in 2002 (equivalent to 125,906 metric tons of

milled rice). Under the agreement, 65% of the rice entered through the public sector while 35% was allocated to the private trade. In 2003, Taiwan unilaterally changed the private sector part of its rice import regime to a tariff-rate quota (TRQ) system. Taiwan did not change the private-public import shares, which remain at 35/65.

Under the TRQ, 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% rice. These duties are effectively more than 350%.

Taiwan imports its public sector rice through selective tendering. Any local enterprise registered as an importer/exporter at the Bureau of Foreign Trade and registered by COA 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 Trust of China, which administers the tender. Only rice originating from WTO members can enter through this process. Rice from Mainland China is currently banned.

Opportunities

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High quality U.S. medium grain rice is very competitive in Taiwan's rice import market, despite continued high trade restrictions. In 2006, U.S. rice accounted for 50% of the import market, and was valued at approximately \$14 million. As Taiwan is both a price and quality market, both U.S. branded and specialty rice have potential market niches through private sector imports. Starting in 2006, all rice tenders for public sector imports are allowed to bid on a sub-lot of 2,000 tons for tradition tenders and 20 tons for Simultaneous-Buy-Sell (SBS) tenders. This change invites smaller scale U.S. rice millers/suppliers to join in biddings to supply rice to Taiwan.

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Rice Tender Schedules for 2006 public Sector and 2007 Private Sector Imports (TW6030): http://www.fas.usda.gov/scriptsw/AttacheRep/attache_lout.asp

Public Rice Tender Results of 2006 Quota (TW7002):
http://www.fas.usda.gov/scriptsw/AttacheRep/attache_lout.asp

Taiwan Grain and Feed Annual (TW6013):
http://www.fas.usda.gov/scriptsw/AttacheRep/attache_lout.asp

Foreign Agricultural Service Home Page: <http://www.fas.usda.gov/>

AIT Office of Agricultural Affairs: <mailto:AgTaipei@fas.usda.gov>

#02 - Beef and Pork (Carcass weight equivalent 1,000 metric tons)

Overview

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	2004	2005	2006 (Estimated)
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Total Market Size	1,044	1,055	1,081
Total Local Production	903	925	941
Total Exports	0	0	0
Total Imports	141	130	140
Imports from the U.S.	30	29	49

Notes: Figures are in 1,000 metric tons. The statistics are unofficial estimates.

Best Prospects/Services

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Taiwan has virtually no domestic beef production and beef imports, including meat and variety meats, enter without quota limits. The Taiwan market for U.S. beef, which had been closed since the BSE report in December 2003, re-opened, to certain boneless meat cuts, in April 2005, re-suspended two months later, was re-opened for the second time on January 25, 2006. Taiwan's beef imports from the United States in 2006 exceeded pre-BSE levels. In 2006, U.S. beef not only set a new record in import volume, but also replaced New Zealand as Taiwan's No. 2 beef supplier in terms of import value.

Taiwan is a significant pork producer, and imports of pork are largely determined by relative prices between Taiwan and the rest of the world. The U.S. continues to be the leading pork supplier to the Taiwan market although Taiwan's U.S. pork imports decreased slightly in 2006 due to price conditions. Under Taiwan's WTO commitments, Special Safeguards (SSG) for pork belly and pork variety meats came into play since 2005. Because SSG volumes increase each year, and because Taiwan pig prices are low and U.S. prices are high, the volume SSGs were not triggered in 2006.

Opportunities

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U.S. beef is largely sold to hotels and higher-end restaurants, while competing countries, basically Australia and New Zealand, supply mainly for home consumption or lower-end institutional use. However, this situation changed in 2006. With Taiwan as the only market with substantial trade in Asia, U.S. beef has become very price competitive. Especially when Taiwan is out bid by Korea and Japan on beef purchases from Australia or New Zealand. U.S. beef now has an opportunity to penetrate into consumption segments that have often been dominated by competitors.

Taiwan imports pork, mainly picnics from the United States, when local supply is short and prices are high.

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Taiwan Livestock and Products Annual Report (TW6033)
http://www.fas.usda.gov/scriptsw/AttacheRep/attache_lout.asp

#03 - Poultry (Ready to Cook)

Overview

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	2005	2006 (est.)	2007 (forecast)
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Total Market Size	785	790	790
Total Local Production	695	690	680
Total Exports	6	7	7
Total Imports	89	99	109
Imports from the U.S.	84	88	98

Notes: Figures are in 1,000 metric tons. The statistics are unofficial estimates.

Best Products/Services

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New records should be set for poultry (broiler meat) imports during 2007, already the third full year following Taiwan's lifting of quantity quota restrictions on all poultry and poultry offal meat. From here on, given stable market conditions, the pace of growth can be expected to gradually slow, while remaining on a healthy upward track. Imports are expected to rise by about 10% in 2007. Special Safeguard (SSG) duty surcharges are in place, although the impact on price and demand is limited. See TW6031 listed below for 2006 SSG regime.

Opportunities

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Price premiums paid in Taiwan for dark meat and offal should ensure that importers stay focused on these items, especially since these products are less expensive in the United States. 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 commercial producers able to address importer concerns regarding cut and packaging specifications. Processed food and food service channels are registering the strongest initial demand for imported poultry due to retailer/consumer concerns regarding frozen chicken meat taste and performance. 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 short-term, the U.S. has a virtual "monopoly" on imported supply, but 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. exporter opportunities include, domestic concern over avian influenza, and the success (or not) that imported poultry realizes in selling product through fresh/retail channels.

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Taiwan Poultry Annual (TW6031):

<http://www.fas.usda.gov/gainfiles/200609/146208837.pdf>

Avian Influenza – An Initial Market Impact Assessment (TW4008):

<http://www.fas.usda.gov/gainfiles/200402/146105548.pdf>

Foreign Agricultural Service: <http://www.fas.usda.gov/>

AIT Agricultural Trade Office: ATOTaipei@fas.usda.gov

#04 - Fresh Fruit

Overview

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	2005	2006 (est.)	2007 (forecast)
Total Market Size	\$1,944	\$1,953	\$1,960
Total Local Production	1,642	1,637	1,633
Total Exports	30	32	35
Total Imports	332	348	362
Imports from the U.S.	156	170	178

Notes: Figures are in millions of USD. The exchange rates (1USD=NTD) were NT\$32.15 for 2005 and NT\$32.50 for 2006 and 2007 (estimated). The statistics are unofficial estimates.

Best Products/Services

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With a good crop and competitive pricing, U.S. suppliers in 2006 and 2007 continued to expand their share of the market, which, until 2004, had been on a downward track following Taiwan's WTO entry (and subsequent entry of competitors such as Japan and Korea). To maintain this advantage, 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 United States is the largest (and in some cases only) supplier of fruit in these categories.

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Taiwan Stone Fruit Annual (TW6010)

<http://www.fas.usda.gov/gainfiles/200608/146208767.pdf>

Taiwan Deciduous Fruit Annual (TW6035)

<http://www.fas.usda.gov/gainfiles/200612/146269758.pdf>

HRI Food Service Sector (TW6008)

<http://www.fas.usda.gov/gainfiles/200603/146187161.pdf>

Foreign Agricultural Service: <http://www.fas.usda.gov/>

AIT Agricultural Trade Office: ATOTaipei@fas.usda.gov

#05 - Dried and Frozen Fruit

Overview

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	2005	2006 (est.)	2007 (forecast)
Total Market Size	\$23.0	\$24.0	\$28.0
Total Local Production	1.3	1.3	1.3
Total Exports	0.1	0.1	0.1
Total Imports	21.8	22.8	26.8
Imports from the U.S.	8.1	7.9	8.5

Notes: Figures are in millions of USD. The exchange rates (1USD=NTD) were NT\$32.15 for 2005 and NT\$32.50 for 2006 and 2007 (estimated). The statistics are unofficial estimates.

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.

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Taiwan Retail Food Sector (TW6015)

<http://www.fas.usda.gov/gainfiles/200604/146187588.pdf>

Taiwan Stone Fruit Annual (TW6010)

<http://www.fas.usda.gov/gainfiles/200608/146208767.pdf>

Taiwan Deciduous Fruit Annual (TW6035)

<http://www.fas.usda.gov/gainfiles/200612/146269758.pdf>

HRI Food Service Sector (TW6008)

<http://www.fas.usda.gov/gainfiles/200603/146187161.pdf>

Foreign Agricultural Service: <http://www.fas.usda.gov/>

AIT Agricultural Trade Office: ATOTaipei@fas.usda.gov

#06 - Ready-to-use-Ingredients

Overview

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	2005	2006 (est.)	2007 (forecast)
Total Market Size	NA	NA	NA
Total Local Production	NA	NA	NA
Total Exports	NA	NA	NA
Total Imports	NA	NA	NA
Imports from the U.S.	NA	NA	NA

Note: Since these semi-processed ingredients are scattered amongst various HS Codes, there is no trade data because of a lack of a definable HS code category. Most ingredient products comprise only "parts of" any single HS Code.

Best Products/Services

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Taiwan's general economic malaise of the past several years curtailed consumer spending, hitting 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.

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

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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>

Foreign Agricultural Service: <http://www.fas.usda.gov/>

AIT Agricultural Trade Office: ATOTaipei@fas.usda.gov

#07 - Cheese

Overview

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	2005	2006 (est.)	2007 (forecast)
Total Market Size	\$52	\$57	\$66
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	52	57	66
Imports from the U.S.	5.3	6.6	9.1

Notes: Figures are in millions of USD. The exchange rates (1USD=NTD) were NT\$32.15 for 2005 and NT\$32.50 for 2006 and 2007 (estimated). The statistics are unofficial estimates.

Best Products/Services

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Cheese and products containing cheese continue to gain increasing acceptance among Taiwan consumers (consumption rose another 10% in 2006). The inclusion of cheese as a flavoring in food service or packaged food items helps differentiate products from competitors. As it continues to work its way into the Taiwan diet, cheese has the potential for significant further growth as an ingredient in "fusion" and western-style dishes.

Opportunities

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While "sophisticated" cheeses (e.g., blue cheeses, goat cheeses) continue to struggle to expand beyond small niche markets, more mildly flavored and competitively priced cheeses such as grated & powdered cheese, processed cheeses, mozzarella, cheddar and edam are increasingly finding their way into fresh prepared and packaged foods in Taiwan.

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Taiwan Retail Food Sector (TW6015)

<http://www.fas.usda.gov/gainfiles/200604/146187588.pdf>

Taiwan Dairy Annual (TW6040)

<http://www.fas.usda.gov/gainfiles/200610/146249388.pdf>

Foreign Agricultural Service: <http://www.fas.usda.gov/>

AIT Agricultural Trade Office: ATOTaipei@fas.usda.gov

#08 - Engineered Wood

Overview

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	2005	2006 (est.)	2007 (forecast)
Total Market Size	\$378	\$390	\$400
Total Local Production	175	169	165
Total Exports	46	43	43
Total Imports	267	264	278

Imports from the U.S.	4.7	5.3	5.9
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Best Products/Services

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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 2007.

Opportunities

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A weaker dollar is reversing recent historical trends that favored European suppliers of veneers, plywood, and other products back toward North American suppliers, helping to boost U.S. market share in these segments. 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.

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Taiwan Solid Wood Annual (TW6029)

<http://www.fas.usda.gov/gainfiles/200608/146208618.pdf>

Fire Tests Close to Completion, Final Step to Complete Wood Building Code (TW5048)

<http://www.fas.usda.gov/gainfiles/200512/146131654.pdf>

Foreign Agricultural Service: <http://www.fas.usda.gov/>

AIT Agricultural Trade Office: ATOTaipei@fas.usda.gov

#09 - Chocolate and Other Candy

Overview

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	2004	2005	2006 (est.)
Total Market Size	\$227	\$262	\$252
Total Local Production	173	199	202
Total Exports	15	18	20
Total Imports	71	81	70
Imports from the U.S.	8	6	7

Notes: Figures are in millions of USD. The exchange rates (1USD=NTD) were NT\$33.48 for 2004, NT\$32.15 for 2005, and NT\$32.50 for 2006 (estimated). The statistics are unofficial estimates.

Best Products/Services

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Taiwan imported nearly US\$81 million of chocolate and candy products in 2005, a 14% increase compared with the previous year. Chocolate candy products constitute nearly 60% of the candy import market. In 2005, Italy was the largest supplier with a 14%

market share, followed by Jordan (14%), Mexico (8%), the United States (7%), and Australia (7%). Italy and other EU countries mainly supplied chocolate products. Part of the success of imported candy products from the 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 a slight growth of local production and exports and reduced imports in 2006.

Opportunities

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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 that at least do not contribute to weight gain or cavities have the best prospects. Unique flavors and creative packaging are also key to success in the Taiwan market.

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Taiwan Retail Food Sector (TW5045)

<http://www.fas.usda.gov/gainfiles/200511/146131474.pdf>

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

Foreign Agricultural Service: <http://www.fas.usda.gov/>

AIT Agricultural Trade Office: ATOTaipei@fas.usda.gov

#10 - Pet Food

Overview

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	2004	2005	2006 (est.)
Total Market Size	\$62.0	\$66.0	\$80.0
Total Local Production	13.3	13.0	13.6
Total Exports	0.20	0.15	0.22
Total Imports	49.0	53.0	66.0
Imports from the U.S.	15.0	23.0	27.0

Notes: Figures are in millions of USD. The exchange rates (1USD=NTD) were NT\$33.48 for 2004, NT\$32.15 for 2005, and NT\$32.50 for 2006 (estimated). The statistics are unofficial estimates.

Best Products/Services

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The United States exported an estimated \$23 million worth of pet food to Taiwan in 2005, a 53% increase from the previous year, after recovering from an 80% fall in the first two months of 2004 because of BSE concerns. Taiwan imported an estimated US\$53 million worth of pet food in 2005, an eight percent increase from 2004. U.S. exports are expected to rebound in 2006 and increase over the next few years.

The new requirement in 2001 for a Health Certificate for pet food imports froze out 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 United States 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 that do not contain U.S. ruminant products or use imported 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 Pet Food Institute. Currently, out of the countries with disease concerns, there are four facilities in Canada, four in Japan, four in Thailand, and one plant each in France, Japan, South Korea and Argentina. Brazil has also been approved to export pet food to Taiwan.

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 approximate 43% 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%, 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 veterinarians. It is estimated that Taiwan has approximately 2,500 pet specialty stores, not including street vendors.

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Taiwan Pet Food Report (TW6046)

<http://www.fas.usda.gov/gainfiles/200611/146249608.pdf>

Taiwan Retail Food Sector (TW5045)

<http://www.fas.usda.gov/gainfiles/200511/146131474.pdf>

Taiwan Livestock and Products Annual (TW6033)

<http://www.fas.usda.gov/gainfiles/200609/146208836.pdf>

Foreign Agricultural Service: <http://www.fas.usda.gov/>

AIT Agricultural Trade Office: ATOTaipei@fas.usda.gov

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Chapter 5: Trade Regulations and Standards

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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 Co-operation 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 of parts and components for plastic and rubber processing machinery and trailers and semi-trailers dropped from five percent and 7.5%, respectively, to 2.5%. Additionally, tariffs on 12 types of fertilizers were eliminated. As a result, Taiwan's average nominal tariff rate on imported goods in 2006 was approximately 5.6% and is expected to fall marginally to 5.56% by 2007.

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. Taiwan estimates more than 11% of tariff lines need to be reclassified. However, 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. While Taiwan has made significant improvement in protecting intellectual property, some foreign firms still cite inadequate protection as a deterrent to investing.

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 only be imported 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 imported subject to certain 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.

U.S. Export Controls

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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 have 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: <http://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: <http://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).

Labeling and Marking Requirements

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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 atotapei@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 and include ammunition and some agricultural products. 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. Currently, 8,655 categories or 79 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% 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.

Customs Regulations and Contact Information

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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
13 Ta Cheng Street, Taipei 103, Taiwan
Tel: 886-2-2550-5500
Fax: 886-2-2550-8111
<http://www.customs.gov.tw>

Standards

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Overview

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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. By November of 2006, the BSMI had developed 14,071 national standards. Of these standards, 5,073 have corresponding international standards and 3,599 of them have completed harmonization. The rate of harmonization of Taiwan's national standards with international standards increased from 46% in 2001 to 71% in 2006.

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 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 (26 categories), 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 (<http://www.bsmi.gov.tw> or <http://cns.bsmi.gov.tw>). The former 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 could affect your access to international markets. Register online at: <http://www.nist.gov/notifyus/>

Conformity Assessment

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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

include 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 in BSMI's website: www.bsmi.gov.tw.

Product Certification

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Products specified by 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 Registration of Product Certification, 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%.

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 has never been considered sufficient to meet Taiwan requirements for end product safety certification. While products that have UL safety certification may have entered Taiwan in the past, that approval for entry was based on BBI results, not UL 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.

In order 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.

As of 2006, a total of 587 items were subject to mandatory inspection before being allowed into the domestic market. These items include 218 chemical products, 87 mechanical engineering products, 148 electrical products, and 134 electronic items.

There is currently an Electromagnetic Compatibility (EMC) Mutual Recognition Agreement (MRA) between the U.S. and Taiwan covering information Technology (IT) products. In accordance with the terms of this MRA, BSMI 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.

Accreditation

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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 are handling accreditation for commodities.

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

Publication of Technical Regulations

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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 function of National Enquiry Point under the WTO TBT Agreement for other countries.

Labeling and Marking

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Taiwan's Commodity Labeling Act was first promulgated in January 1982, and amended in 1991 and 2003. A revised Commodity Labeling Act took effect on June 25, 2004. In labeling commodities, the writing must be in Chinese and may be supplemented by English or another foreign language. When an imported commodity is introduced for

sale in 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 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.

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

1. Name of the commodity;
2. The place of origin of the commodity, and the names, telephone numbers, and addresses of the producer or manufacturer and of the importer;
3. Contents or composition of the commodity;
 - Major components/ingredients or materials.
 - Net weight, volume or quantity, or measurements must 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 has any of the following characteristics, the scope of application, the date of expiration, the methods of use and storage of such commodity, and other points requiring attention shall be indicated:

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

Contacts

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

Trade Agreements

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Taiwan became a member of 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).

Web Resources

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Board of Foreign Trade: <http://www.trade.gov.tw>

Directorate General of Customs: <http://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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Openness to Foreign Investment

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

2. 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, although prior approval is still required from the Taiwan authorities. 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, 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.

3. Most foreign ownership limits have been removed. Taiwan-flagged merchant ships are subject to a foreign ownership limit of two-thirds. The foreign ownership limit on wireless and wireline telecommunications firms is 60%, including a direct foreign

investment limit of 49%. For the state-owned Chunghwa Telecom Co., which controls 97% of the fixed line telecom market, the limit on direct and indirect foreign investment was raised from 20% to 35% in August 2004 and to 49% in August 2006. In January 2003, Taiwan raised the foreign ownership limit on cable television broadcasting services from 50% to 60%, including a 20% limit on foreign direct investment. As a result, foreign investors now control three of the top five cable TV networks in Taiwan. A 50% foreign ownership limit remains on satellite television broadcasting services, power transmission and distribution, piped distribution of natural gas, high-speed railways, ground-handling firms, air-cargo terminals, air-catering companies, and air-cargo forwarders. The 50% foreign ownership limit on ground-handling firms, air-cargo terminals, air-catering companies, and air-cargo forwarders was removed for investors from WTO members in November 2001. The foreign ownership limit on airline companies is 33%, which Taiwan plans to raise to 49% in the near future.

4. 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 33% 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.

5. The Investment Commission (IC) of the Ministry of Economic Affairs screens applications for investment, acquisitions, and mergers. According to the IC, approximately 98% 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; the IC estimates that approval for these projects is generally granted within two working days at the IC division chief level. For investments in the range from NT\$500 million to NT\$1,500 million 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 requires 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 merger and acquisition require screening at the monthly meeting of an inter-ministerial commission.

6. 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 prior to the end of December 2006 include free rent the first two years, 40% discount on rent the next two years, and 20% discount on rent in the fifth and sixth years. A three-year development program adopted in late 2006 has extended this incentive to December 2008. Under another incentive program, state-owned land is available for investors rent-free for the first four years and

50% off for the next six years. As part of its financial reform, Taiwan encourages and provides incentives for banks, insurance companies, securities firms, and financial holding companies to merge.

7. However, 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 10% 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 to NT\$30–40 million. The tax credit for procurement of automation equipment has been lowered from 11% to 7% and that for procurement of technologies reduced from 10% to 5%. The tax credit for projects in remote poor areas has been cut from 20% to 15%.

Conversion and Transfer Policies

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8. 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 is made according to a schedule submitted by the company to the IC. Declared earnings, capital gains, dividends, royalties, management fees, and other returns on investments can be repatriated at any time. 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 a person or US\$50 million for a corporation. There are no reported delays in remitting investment returns or principal through legal channels.

9. An outbound investment may not exceed 40% of the investing company's net worth or paid-in capital (whichever is less), unless the company charter waived the 40% 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.

10. Taiwan has significantly relaxed restrictions on Taiwan entities' direct investment in China down to a negative list covering only about 100 manufacturing products and 430 agricultural products. Taiwan has abolished a requirement for direct investment in China to go through third nations or areas and removed a direct investment limit of US\$50 million. The ceiling on small and medium enterprises' investment in China was raised from NT\$60 million to NT\$80 million. For large enterprises, the China investment may not exceed 20% of the company's net worth exceeding NT\$10 billion, 30% of net worth from NT\$5 billion to NT\$10 billion, and 40% of the net worth below NT\$5 billion. For investments below US\$200,000, prior approval can be issued within the same day of submitting the application. 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.

11. 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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12. 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% 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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13. 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 government are not common. Normally, Taiwan resolves disputes according to domestic laws and regulations.

14. 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.

15. Taiwan's court system is generally viewed as independent and free from overt interference by the other government branches. Judges are generally over-worked. In response to complaints about the slow pace of the judicial decision-making, Taiwan authorities adopted measures in 2002 to monitor the case processing time. Simplified courts have been set up to deal with minor cases that can be resolved quickly. The legislature is considering a bill to set up special courts for intellectual property rights (IPR) cases. 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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16. 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.

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

18. When acceding to the WTO in January 2002, Taiwan promised to phase out industrial offset requirements (IOR) for non-military public procurement upon signing the

Government Procurement Agreement (GPA). Even without the GPA membership, Taiwan started reducing the IOR coverage of non-military procurements four years ago. Currently, only railway and power generation projects are subject to IOR. For these two categories and military procurements, a contract of US\$5 million or more triggers an offset obligation of at least 33%. In some military cases, the offset ratio has reached 70% due to legislative pressure. Over the past 18 years since the first industrial offset contract (IOC) was signed in 1988, Taiwan has signed IOCs with 46 suppliers from ten foreign countries. Commitment value of these contracts total US\$6,998 million, and realized contracts amounted to US\$4,882 million. Half of the total realized value was directed to transfer of technologies, 19% to foreign direct investment in Taiwan, 17% to procurement from Taiwan, 6% to trade promotion, 4% to personnel training, and 3% to assessment certification. Taiwan has published industrial offset rules in both Chinese and English languages to which readers can get internet access. However, some contractors still complain of lack of transparency and predictability in setting offset requirements.

Right to Private Ownership and Establishment

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19. Private investors have the general right to establish and own business enterprises, except in a limited number of industries involving national security and environmental protection. Private entities have the right to 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 in such areas as power generation, oil refining, telecommunications, and cigarette and wine production.

Protection of Property Rights

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20. Over the past year, Taiwan has continued efforts to improve its IPR legal regime and enforcement. The Intellectual Property Office (TIPO) has set up a joint task force to conduct internet monitoring and has coordinated with enforcement agencies to implement this program. Taiwan has amended its 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 provides Taiwan authorities with a legal framework to manage 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 and the Joint Optical Disk Enforcement (JODE) Task Force's night/day inspections have led to a dramatic decrease in large-scale production of counterfeit CD products. Taiwan passed additional amendments to strengthen its copyright law in 2003 and 2004. These amendments made infringement a public crime, increased penalties for counterfeiters and made it illegal to tamper with technical protection measures. A 2004 amendment to the Pharmaceutical Law stiffened penalties for production, distribution and sale of counterfeit medicines. A 2005 amendment to the Law to authorized pharmaceutical data exclusivity for five years to prevent unfair commercial data use.

21. Taiwan established in 2003 an Integrated Enforcement Task Force (IETF) consisting of 220 IP police officers. The task force was transformed in 2004 to a permanent IP police squadron. The IP police have frequently raided retail optical media

sales points to enforce IP rights, leading to a significant decrease in the number of vendors of counterfeit CDs and DVDs. Other enforcement measures include increasing the reward (by ten times to NT\$10 million (US\$300,000) to IPR informants for counterfeiting seizures and setting up an anti-pirating CD export task force to strengthen inspection of commodities entering or leaving Taiwan.

22. Taiwan's Legislature (LY) passed amendments to the Patent and Trademark Laws in January and April of 2003 which abrogated the administrative and legal procedures for opposing patent applications and added voice and 3-D shapes as eligible for trademark protection.

23. While Taiwan has improved IPR protection, transshipment of counterfeit products from China to the United States remains a problem. Taiwan's ranking in counterfeit goods seized by the U.S. Customs dropped from second highest in 2002 to well below the top ten during 2003-2004. However, an increase in transshipment of counterfeit goods from China pushed up Taiwan's ranking back to ninth in 2005. In addition, Taiwan is facing a growing internet-based piracy threat. Counterfeit and parallel imported pharmaceuticals are common in the Taiwan marketplace. Although the LY passed amendments to the Pharmaceutical Law in March 2004 to increase the penalties for dealing in counterfeit pharmaceuticals, enforcement remains relatively weak. 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.

Transparency of Regulatory System

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

25. 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) is supposed to function 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.

26. 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 CLA to issue work permits. The work permit may be extended indefinitely as long as the employer considers the employment necessary.

27. Taiwan has removed the job experience requirement for employment of foreign management professionals by global operational headquarters and R&D centers as well as business firms of 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.

28. 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

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29. 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 the 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, which are subject to capital-flow controls. Taiwan has lifted restriction on residents opening bank accounts overseas. Limits on branch banking have been lifted. (Currently, there is a freeze on new bank branches to encourage consolidation.) 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.

30. Taiwan abolished a complicated regulatory system governing foreign portfolio investment in October 2003. In the past, only such approved "qualified foreign institutional investors" (QFIIs) as large banks, insurance companies, securities firms and mutual funds were permitted to engage in portfolio investment. 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.

31. Taiwan has removed all legal limits on foreign ownership (except PRC) in companies listed on the Taiwan Stock Exchange (TAIEX) except for 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.

32. 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 remains relatively small (three percent), but will increase to ten percent after a number of foreign investors acquired local banks in 2006. The establishment of new securities firms, banks, insurance companies, and holding companies has underscored this liberalization trend and enhanced competition. Over the past decade, nine state-owned banks have been privatized. The only reinsurance company was privatized in 2002. Privatization efforts have reduced the number of public banks to four and cut the share of assets controlled by public banks from 61% to 16% of

total assets of all domestic and foreign banks. The total assets of these four public banks were NT\$4.8 trillion (US\$148 billion) as of June 2006.

Political Violence

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33. Taiwan is a relatively young multi-party democracy with still evolving, democratic political institutions. 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 peacefully resolved in a short time. 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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34. 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 10 years.

35. 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.

36. The Government Procurement Law promulgated in 1998 and amended in February 2001 was an element of promised significant improvements upon accession to WTO. The Public Construction Commission (PCC) now publishes all major government 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. It now publishes results of bidding and of inspections. A task force has been organized to investigate complaints.

37. 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 8,720 persons for corruption, including prominent personalities, 467 senior officials (department director level and above) and 542 elected officials. Indicted elected officials included 21 legislators. In September 2006, the Taiwan High Court upheld a district court's four-years-in-jail sentence for a former speaker of the legislature on a charge of taking a NT\$150 million (US\$4.6 million) bribe. Over the past year, two deputy secretary generals of the Presidential Office stepped down due to corruption charges. The chairman of the Financial Supervisory Commission (FSC) was discharged of his duties and indicted for corruption when he was a chief executive officer of a state-owned enterprise. Anti-corruption efforts have contributed to an increase in Taiwan's corruption perception index compiled by the Transparency International from 5.3 in 1998 and 5.5 in 2000 to 5.6 in 2004 and 5.9 in 2005.

38. 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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39. 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, Malaysia, Macedonia, the Marshall Islands, Nicaragua, Nigeria, Panama, Paraguay, the Philippines, Saudi Arabia, Senegal, Singapore, Swaziland, Thailand, Malawi, and Vietnam. In addition, there is an agreement to guaranty Taiwan's investment in Malawi and other agreements to protect U.S. investment in Taiwan (see next paragraph). (An agreement with Latvia signed in 1992 was revoked in August 2004.)

40. Under the terms of the 1948 Friendship, Commerce, and Navigation Treaty with the United States, 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 Taipei in 2006.

OPIC and Other Investment Insurance Programs

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41. 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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42. As a result of Taiwan's changing industrial structure, labor shortages exist in hi-tech fields including semiconductor and computer chip design and production, computer software design, flat panel and display manufacturing, network-related technology, and telecommunications engineering. To address this issue, Taiwan has removed the job experience requirement for foreigners with graduate degrees and relaxed restrictions on hiring foreign students or recent graduates as interns. Taiwan began employment of foreign blue-collar workers in 1990 when Taiwan was a full employment economy with labor shortages. However, in the early 2000s, the relatively high unemployment rate prompted the authorities to restrict employment of foreign workers, reducing foreign workers in Taiwan by eight percent between 2000 and 2003. Economic expansion in

2004 prompted Taiwan authorities to slightly relax restrictions and foreign workers in Taiwan rose 4.6% to 314,034 persons in 2004 and 4.2% to 327,396 persons in 2005.

43. There are no special hiring practices in Taiwan. Wages typically include a one-month bonus at the end of a year. Fringe benefits often include meals, transportation, and dormitory housing. Dividend-sharing is common among high-tech industries which, however, will be reduced in response to foreign portfolio investors' request. A standard labor insurance program is mandatory. The program provides maternity, retirement, and other benefits. A new retirement system implemented in July 2005 abolishes the voluntary retirement scheme under an old system which still covers 30% of total employment population. The old system grants employees with voluntary retirement at age of 55 years and a length of service of 15 years. Employees hired after July 2005 must join the new system with the retirement age being 60. The new system requires employers to contribute six percent of their monthly wage to accounts at designated banking institutions. The accounts follow employees transferred from one employer to another. A universal national health insurance system covers all employees and their families.

44. 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).

45. The minimum wage is set at NT\$15,840 (US\$487) per month. Current manufacturing sector wages average NT\$43,958 (US\$1,353). In principle, the minimum wage is adjusted in August every year based on the results of collective negotiation between the Chinese National Federation of Industries and the Chinese Federation of Labor Unions. However, for the past eight years, the minimum wage has not been adjusted.

46. 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 in 2005. Taiwan is not a member of the International Labor Organization (ILO) but generally adheres to the ILO convention in protection of worker's rights.

Foreign-Trade Zones/Free Ports

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

48. 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. Taiwan's Central Bank of China (CBC) publishes foreign direct investment arrivals on a quarterly and yearly basis. CBC data, contained in balance-of-payments (BOP) statistics, are not further classified by industry or country.

49. In 2005, excess inventory worldwide (particularly electronic products) caused Taiwan's export growth to decline to a single-digit rate from over 20% in 2004. Taiwan's private investment declined in 2005 after over 30% growth in 2004. Consequently, Taiwan's real GDP growth slowed from 6.1% in 2004 to 4.0% in 2005.

50. In 2006, strong recovery of Taiwan's export sector far offset adverse effects of delinquent credit/cash card debt problems which dampened private consumption in the first half of the year. Growth in exports, which account for over 60% of Taiwan's GDP, accelerated from 8.8% in 2005 to 12% in the first quarter and further to 19% in the third quarter. Taiwan authorities estimate economic growth for 2006 will rise to 4.4%, and private investment will grow in the second half of the year. In 2006, approved FDI in the first ten months nearly tripled over the same period of 2005 to US\$11.23 billion. Approved FDI so far this year was concentrated in electronics, banking, science and technology services, and trade. These four categories accounted for nearly 90% of total approved FDI.

51. Approved direct investment in electronics industries (including communications, semiconductor, TFT-LCD and other optical electronic projects) increased from 6.4% of total approved FDI prior to 1995 to 19% in 1996-2000 and further to 24.5% in 2001-2005. Meanwhile, the percentage share for financial services increased from 7.6% prior to 1995 to 22% in 1996-2000 and 25.6% in 2001-2005. Sixty percent of the approved inbound direct investment in Taiwan's electronics industries came from the United States, Europe and Japan.

52. 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). Approvals for U.S. investment from 1952 to 2005 totaled US\$14 billion, or 22% of total foreign investment. Of total U.S. investment, 33% was directed toward the electronics and electrical industries, and 42% toward the service sector. Approvals for Japanese investment amounted to US\$13 billion, or 20% of total foreign investment, of which 28% was in electronics and electrical industries and 34% 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.

53. 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% of total approved investments, compared to 18% from the United States, another 18% from Europe, and 15% from Japan. One-quarter of the investment from the BTA was directed towards financial services and another quarter to the electronic and electrical industries.

54. 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 CBC, outbound direct investment has exceeded inbound direct investment every year since 1988. According to IC statistics, by 2005, cumulative approvals for outbound investments totaled US\$92 billion. One of the main recipients of Taiwan investment has been China, which has received over half of Taiwan's outbound investment. Approved investments in China increased by 19% in 2003, and 51% in 2004, but declined 13% in 2005. In recent years, over 70% of Taiwan's new overseas investment has gone to China.

55. Taiwan business firms 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 business firms 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 exports to such industrial markets as the United States, Japan and Europe and also for final sale in China.

56. Taiwan's annual registered direct investment across the Taiwan Strait grew from US\$1.25 billion in 1999 to US\$6.94 billion in 2004 and US\$6.0 billion in 2005. As a result of this trend China-based Taiwan factories produced over 40% of export orders received by Taiwan companies' headquarters by December 2005, up from 11.5% in early 2000, and the 2005 ratio exceeded 70% for electronic 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 2006 reached 40%, much higher than the 15% for the United States and 11% for the European Union.

Table 1: Foreign Investment Approvals by Year and by Area (1952-2005)
(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

52-05	14,146	12,782	11,181	9,687	4,106	12,821	64,723
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Source: Investment Commission

Table 2: Foreign Investment Approvals by Industry and Area
(1952-2005) (Unit: US\$ million)

Industry	U.S.A.	Japan	Central America	Europe	Hong Kong	Others	Total
Total	14,146	12,782	11,181	9,687	4,106	12,821	64,723
Trade	1,320	1,326	1,231	1,216	390	1,226	6,709
Electronics	1,597	1,380	1,053	1,478	51	803	6,362
Electrical Machinery	2,159	1,704	305	461	382	348	5,359
Banking Professional	915	208	1,191	796	360	1,524	4,994
S & T Services	635	1,244	1,051	540	382	1,098	4,950
Chemicals	1,529	921	314	1,108	287	402	4,561
Transportation & Comm.	845	135	649	161	259	1,802	3,851
Inform. & Tech.	875	407	1,244	114	231	838	3,709
Financing Investment	168	109	1,597	129	27	986	3,016
Insurance	1,116	266	3	1,137	232	140	2,894
Metal Products	388	779	203	128	118	897	2,513
Machinery	393	918	271	218	129	362	2,291
Others	2,206	3,385	2,069	2,201	1,258	2,395	13,514

Source: Investment Commission

Table 3: Outbound Investment Approvals by Year and by Area
(1952-2005) (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
1952-05	47,256	16,874	8,439	8,063	11,140	91,772

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 (1952-2005) (Unit: US\$ million)

Industry	China	Central America	U.S.A.	ASEAN	Others	Total
Total	47,256	16,874	8,439	8,063	11,139	91,772
Banking & Finance	59	9,229	713	635	3,097	13,703
Electronics	6,356	200	1,244	1,762	1,204	10,766
Inform. & Tech.	5,828	161	937	486	473	7,885
Trade	1,363	1,226	972	274	1,121	4,956
Electrical Machinery	4,315	119	121	221	124	4,900
Chemicals	3,147	140	818	278	284	4,667
Textiles	2,194	25	488	1,478	377	4,562
Metal Products	3,852	77	76	212	222	4,439
Plastics	2,550	598	411	68	438	4,065
Financing Investment	30	3,064	106	39	546	3,785
Non-metallic Mineral Products	2,324	97	202	213	241	3,077
S&T Services	746	801	853	74	274	2,748
Machinery	2,433	26	50	75	21	2,605
Transport Equipment	1,762	53	168	156	352	2,491
Food Processing	1,987	3	51	313	120	2,474
Precision Instruments	1,346	20	97	57	47	1,567
Others	6,994	1,035	1,132	1,722	2,199	13,082

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
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 (Lungtan) Ltd./Amkor Technology Taiwan (Linkou) Ltd.	IC packing
AIG/Yageo Corp./Far East Air Transport Corp./Nan Shan Life Insurance Co.	Electronic Components/Airlines/Insurance
Pruco Insurance Group/Masterlink Securities Co.	Securities
Corning Inc./Corning Glass Taiwan Co., Ltd.	Substrate Glass for TFT/LCD
GTE-Verizon/Taiwan Fixed Network Telecom Taiwan Cellular Corp.	Fixed-line and Mobile Phone Services
Carlyle Group/Eastern Technology	Cable TVs
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, Agriculture Goods
IBM Corp./IBM Taiwan Ltd.	Computers: sales & services
AETNA Life Insurance Co./Taiwan Branch	Insurance
View Sonic Co./Taiwan PCS Network Inc.	Mobile Phone Services
Warner Village Cinema Co./Warner Village Cinema (Taiwan) Co.	Movie Theaters
United Parcel Service International Inc. (UPS)/UPS, Taiwan Branch	World Wide Express Services
Intel Inc./Intex. Co.	ADSL Chipsets
Applied Materials Ltd./Applied Materials Taiwan Ltd.	Semiconductor Mfg. 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

Table 8: Major Japanese Investments in Taiwan

Japanese Investors/Investment	Major Products
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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/Substrate Glass
Asahi Glass Co. (AGC)/Asahi Glass (Taiwan) Co.	Substrate Glass
NTT DoCoMo/KG Telecommunication Co.	Phone Services
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./Shi-Etsu Handotai Taiwan Co.	Semiconductors
Komatsu Co./Formosa Komatsu Silicon Co.	Silicon Wafers
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

Web Resources

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

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Chapter 7: Trade and Project Financing

- [How Do I Get Paid? \(Methods of Payment\)](#)
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How Do I Get Paid ? (Methods of Payment)

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Bank-to-bank Letters of Credit (L/C) constitutes 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?

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As of 2006, Taiwan had a Central Bank, 41 domestic banks (with 3,093 branch offices), three medium-size business banks (with 183 branch offices) and 33 foreign banks (with 65 local branches). In addition, there were also 28 credit cooperatives, 253 farmers' credit unions, and 25 fishermen's credit unions in Taiwan. 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 41 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 greater overall market presence, many foreign banking institutions are currently concentrating on the development of consumer loan and credit card services.

Foreign-Exchange Controls

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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, provide 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

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U.S. Commercial Banks Operating in Taiwan

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

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

JP Morgan Chase Bank, N.A., Taipei Branch
Senior Country Officer: Carl K. Chien
8F, No. 108, Xin-Yi Rd., Sec. 5, Taipei, Taiwan

Tel: 886-2-2725-9800
Fax: 886-2-2725-2988
<http://www.jpmorgan.chase.com>

State Street Bank & Trust Company, Taipei Branch
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
<http://www.statestreet.com>

Union Bank of California, N.A.
General Manager: Joan Hung
12F, 99 Fuhsing N. Rd., Taipei, Taiwan
Tel: 886-2-2718-8220
Fax: 886-2-2719-1097
<http://www.uboc.com>

Wachovia Bank, National Association, Taipei Branch
VP & General Manager: Gabriel E. Olano
17F, 44 Chungshan N. Rd., Sec. 2, Taipei, Taiwan

Tel: 886-2-8175-8688
Fax: 886-2-2567-8516
<http://www.wachovia.com>

Wells Fargo Bank Minnesota, N.A. Taipei
Branch
General Manager: Michael Gallagher
Rm. D, 12F, 109 Min Sheng E. Rd., Sec.
3, Taipei, Taiwan
Tel: 886-2-2717-1577
Fax: 886-2-2719-0550
<http://www.wellsfargo.com>

Bank of America, N. A.
Managing Director: Eric Ngiam
2F, 205 Tunhwa N. Rd., Taipei, Taiwan
Tel: 886-2-2715-4111
Fax: 886-2-2717-9898

<http://www.bankofamerica.com>
The Bank of New York
General Manager: James Liu
4F, 245 Tunhwa S. Rd., Sec. 1, Taipei,
Taiwan
Tel: 886-2-2771-6612
Fax: 886-2-2771-2640
<http://www.bankofny.com>

Major Local Correspondent Banks

Central Trust of China
Bank of Taiwan
Chang Hwa Commercial Bank
The First Commercial Bank
Hua Nan Commercial Bank, Ltd.
Mega Int'l Commercial Bank Co., Ltd.
City Bank of Taipei

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: <http://www.exim.gov>

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

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

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

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/ccc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

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Chapter 8: Business Travel

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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 rather 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% 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. Since the relaxation of foreign currency controls in 1987, exchange between foreign currency and the NT\$ has become relatively free, although it is still limited to authorized banks and dealers.

Up to NT\$60,000 and US\$10,000 can be brought into or out of Taiwan by a foreign visitor. Amounts in excess of the above are required to be declared to the customs office when entering or departing the island. Foreign currency can be exchanged at the

airport as well as at authorized banks and hotels. Receipts must be presented while exchanging unused NT dollars before departure. Internationally recognized credit cards are accepted in many hotels, restaurants and shops. The use of automatic-teller machines is very popular on the island, and many of these participate in international ATM networks. It should be noted that a surcharge is sometimes added when payment is made by credit card.

Travel Advisory

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Taiwan has a low level of violent crime. Although visitors should take precautions to prevent violence, most streets of Taipei and other cities are generally safe at any hour. While violent crime is rare, Taiwan's pickpockets and thieves are extremely clever, so valuables should be properly secured. Taxi drivers, restaurateurs, store clerks and other service people are normally quite honest and often solicitous of the needs of non-Chinese speaking foreign guest. 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/warnings_consular.html

EMERGENCY TELEPHONE NUMBER

Fire / Medical: 119

Police: 110

English-Speaking Police: 2555-4275, 2556-6007 (24 hours)

English Directory Assistance: 106

Visa Requirements

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Taiwan law provides several different 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 the website www.boca.gov.tw. In order to work in Taiwan, a traveler must have a work permit and a resident visa.

- **RESIDENT VISA** --- Resident Visas are normally issued if the applicant has a valid work permit or is married to a Taiwan national. Note, however, that a Resident Visa does NOT automatically convey permission to work in Taiwan. For that a separate work permit is required. 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 make application through their domestic Taiwan agents, representatives or affiliates of their firms.

For additional details about Taiwan visas, including current fees, you should visit the web site 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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In general, Taiwan's telecommunications systems are both efficient and convenient. Cities in Taiwan are equipped with public pay phones that can be used for both local calls and domestic long-distance calls. Phone-card telephones are available all over the island. Prepaid cards for these phones can be purchased from train stations, bus terminals, and convenience stores.

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. Facsimile is 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 7-11, also provide facsimile services. Many networking companies also provide 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 Hsiao-Kang Airport in the south. 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% 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 (about 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 Hsiao-Kang Airport is located 11Km from the Kaohsiung City. It usually takes about 20 minutes to reach the city. 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 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 pm and 6 am. Several taxi services that can be booked over the telephone are also in operation. A surcharge of NT\$10 is applicable on such calls. These services are generally considered safer and more reliable than individual taxis.

All taxis have a surcharge of NT\$10 for luggage service, and there is a surcharge of 20 percent in effect for two days before the eve of the Chinese New Year until the end of that holiday period. Since most taxi drivers cannot speak English, the visitor should always carry Chinese-language versions of both his hotel name card and that of his desired destination.

RAIL --- Taipei boasts six Mass Rapid Transit (MRT) lines - the Danshui, Xindian, Zhonghe, Bannan, Muzha, and Xiaonanmen – in operation with a combined track length of 65.3 kilometers. Fares of NT\$20 - NT\$65 are charged for a full-route ride on the six lines. The six lines form a transportation network connecting downtown Taipei with the suburban areas of Muzha, Danshui, Xindian, Tucheng and Nangang. (website: <http://english.trtc.com.tw>) Kaohsiung has a mass rapid system with two line separately going north-south and east-west.

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 island's High Speed Rail System, which takes about 90 minutes from Taipei to Kaohsiung, has been in operation since December 2006. It is capable of carrying over 300,000 passengers in a single day of operation.

BUSES --- Bus services in major cities are extensive, but can be incomprehensible to the foreign visitor. A comprehensive long-distance bus system, run by Dragon Travel Corp., Fly Dog Bus Corp., Taiwan Motor Transport Corp., and United Highway Bus Corp., enables 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 (or over US\$280) per an eight-hour day. Self-drive

rental cars are also available at rates that start at around NT\$2,000 (US\$62.5) a day. An international driver's license is required, as well as a credit card for a deposit.

Language

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Mandarin is the official language on the island. Taiwanese 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 with fluency. 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.

Health

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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 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

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LOCAL TIME --- Taiwan is eight hours ahead of Greenwich Mean Time and 13 hours ahead of U.S. Eastern Standard Time.

BUSINESS HOURS --- Generally, business hours are from 9:00 a.m. to 5:30 p.m. for office workers and from 8:00 a.m. to 5:00 p.m. for factory workers. There is a one-hour lunch break in each case. Banks are open from 9:00 a.m. to 3:30 p.m. without a lunch break. Most shops and retail stores open daily from 10 a.m. to 10 p.m. Restaurants generally run from 11:00 a.m. to 10:00 p.m.

HOLIDAYS --- There are four 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 – change with the lunar calendar.

Holidays	Dates in 2007
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Founding Day/New Year's Day	January 1
Chinese Lunar New Year	January 17-February 25
Peace Memorial Day	February 28
Tomb-Sweeping Day	April 5
Labor Day	May 1
Dragon Boat Festival	June 19
Mid-Autumn (Moon) Festival	September 25
Double Tenth/National Day	October 10

Temporary Entry of Materials and Personal Belongings

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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 beverage (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. 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. Travelers are advised to carry personal medications.

Web Resources

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U.S. Business Travelers are encouraged to view "Key Officers of Foreign Service Posts: Guide for Business Representatives", available on the Internet at <http://www.state.gov/travel>.

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.

An English language site for visitors to Taiwan can be found at: <http://iff.nhpa.gov.tw/enfront/index.php>

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Chapter 9: Contacts, Market Research, and Trade Events

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Contacts

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U.S. Trade Related Contacts

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:

<http://www.buyusa.gov/taiwan/en>

Agriculture Trade Office
Director: Keith Schneller
Suite 704, 7Fl., 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: Scott Sindelar
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: Daniel Moore
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: <http://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: <http://www.ita.doc.gov>

U.S. Department of Agriculture
Foreign Agricultural Service (FAS)
Trade Assistance and Promotion Office
South Building, 1400 Independence Ave.
S.W.
Washington, D.C. 20250

Tel: 202-720-7420
Website: <http://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: <http://www.us-taiwan.org>

American Chamber of Commerce in
Taipei
President: Tom Johnson
Suite 1012, Chia Hsin Building #2
96 Zhongshan N. Rd., Sec 2, Taipei,
Taiwan
Tel: 886-2-2581-7089
Fax: 886-2-2542-3376
Website: <http://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: <http://www.taitra.org.tw>

Trade or Industry Associations

Chinese National Association of Industry
& Commerce
Chairman: Theodore M.H. Huang
13F, 390 Fuhsing S. Rd., Sec. 1, Taipei,
Taiwan
Tel: 886-2-2707-0111
Fax: 886-2-2707-0977
Website: <http://www.cnaic.org>

Chinese National Federation of
Industries
Chairman: Earle J.S. Ho
12F, 390 Fuhsing S. Rd., Sec. 1, Taipei,
Taiwan
Tel: 886-2-2703-3500

Fax: 886-2-2705-8317
Website: <http://www.industry.net.tw>

Public Agencies

Ministry of Economic Affairs (MOEA)
Minister: Steve Ruey-Long Chen
15 Fuzhou St., Taipei, Taiwan
Tel: 886-2-2321-2200
Fax: 886-2-2391-9398
Website: <http://www.moea.gov.tw>

Ministry of Finance (MOF)
Minister: Chih Chin Ho
2 Aikuo W. Rd., Taipei, Taiwan
Tel: 886-2-2322-8000
Fax: 886-2-2356-8774
Website: <http://www.mof.gov.tw>

Board of Foreign Trade (BOFT), MOEA
Director General: Chih-Peng Huang
1 Hukou St., Taipei, Taiwan
Tel: 886-2-2351-0271
Fax: 886-2-2351-3603
Website: <http://www.trade.gov.tw>

Ministry of Transportation and
Communications (MOTC)
Minister: Duei Tsai
2 Changsha St., Sec. 1, Taipei, Taiwan
Tel: 886-2-2349-2900
Fax: 886-2-2389-6009
Website: <http://www.motc.gov.tw>

Council of Agriculture (COA), Executive
Yuan
Minister: Su Jia-Chyuan
37 Nanhai Rd., Taipei, Taiwan
Tel: 886-2-2312-6000
Fax: 886-2-2361-4397
Website: <http://www.coa.gov.tw>

Department of Health (DOH), Executive
Yuan
Minister: Sheng-Mou Hou
100 Aikuo E. Rd., Taipei, Taiwan
Tel: 886-2-2321-0151
Fax: 886-2-2321-2907
Website: <http://www.doh.gov.tw>

Environmental Protection Administration
(EPA), Executive Yuan
Minister: Kow-Lung Chang
41 Chungwa Rd., Sec. 1, Taipei,
Taiwan
Tel: 886-2-2311-7722
Fax: 886-2-2311-6071
Website: <http://www.epa.gov.tw>

Bureau of Standards, Metrology and
Inspection (BSMI), MOEA
Director General: Chen Jay-San
4, Chinan Rd., Sec. 1, Taipei, Taiwan
Tel: 886-2-2321-2790
Fax: 886-2-2356-0998
Website: <http://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 N.W.
Washington, D.C. 20520
Tel: 202-647-1625
Fax: 202-647-3953
Website: <http://www.state.gov>

Overseas Private Investment
Corporation
1100 New York Avenue, N.W.
Washington, D.C. 20527
Tel: 202-336-8400
Fax: 202-336-7949
Website: <http://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: <http://www.export.gov/marketresearch.html> 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.

<http://www.export.gov/tradeevents.html>

<http://www.buyusa.gov/taiwan/en>

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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.htm>

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.