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Doing Business in Taiwan

Market Overview

Overall

With a population of 23.6 million, Taiwan is a thriving democracy with a vibrant market economy. In 2019, Taiwan’s GDP grew by 2.71 percent. The unemployment rate was 3.73 percent and the labor participation rate was 59.17 percent.
As of December 2019, Taiwan was the world’s fifth-largest holder of foreign exchange reserves and was ranked the
eleventh of gold reserves, with holdings of $478 billion and 423.6 metric tons respectively.

U.S.-Taiwan Trade

The United States and Taiwan have a long-standing and vibrant trade relationship. In 2019, the United States and
Taiwan transacted $104.7 billion of trade in goods and services, composed of $42.3 billion in exports and $62.4 billion
in imports, resulting in a goods and services trade deficit with Taiwan of $20.1 billion.

The United States is Taiwan's second largest trading partner, accounting for 13.2 percent of total trade and 12.2 percent
of Taiwan imports. China is Taiwan’s largest trading partner, accounting for 24.3 percent of total trade and 20.1
percent of Taiwan’s imports in 2019. In terms of total trade, other major Taiwan trading partners include Japan (10.9
percent), the European Union (9.7 percent), and Hong Kong (6.7 percent).

U.S. Goods Trade

In 2019, Taiwan was the United States’ 10th largest goods trading partner, outranking markets such as the Netherlands
and Italy, with $85.5 billion in two-way goods trade.

Taiwan was the United States' 14th largest goods export market at $31.2 billion in 2019, an increase of 2.1 percent
over 2018, and accounting for 1.9 percent of U.S. goods exports. Top U.S. goods exports included machinery ($5.6
billion), electrical machinery ($4.5 billion), mineral fuels ($4.4 billion), aircraft ($2.7 billion), and optical and medical
instruments ($2.2 billion).

Taiwan was the United States’ seventh-largest agricultural export market in 2019, with exports totaling $3.6 billion,
a 10 percent decrease over 2018 ($4 billion). Top U.S. agricultural exports included soybeans ($676 million), beef
and beef products ($567 million), wheat ($324 million), fresh fruit ($255 million), and corn ($227 million).

Regarding imports, Taiwan was the United States’ 13th largest supplier of goods imports. The island is not a major
supplier of agricultural imports to the United States.

U.S. Services Trade

In 2019, two-way trade in services with Taiwan was roughly of $18.5 billion. U.S. exports of services to Taiwan were
of about $10.5 billion, a 1.04 percent increase over 2018. Top U.S. services exports included intellectual property
(industrial processes), transport, and travel.

Exactly 499,520 Taiwan travelers visited the United States, in 2019, and spent over $2.3 billion on travel and tourism
related goods and services.

In 2019, Taiwan was the seventh-largest source of foreign students pursuing higher education in the United States.
The number of students reached to 23,369, a 4.1 percent increase over 2018, and generated an economic impact of
$902 million.

U.S. imports of services from Taiwan totaled approximately $8 billion in 2019, a 2.7 percent decrease from 2018.
Investment

Taiwan's total stock of FDI in the United States was $14.1 billion in 2018, up 24.7 percent from 2016. This investment supported 14,100 U.S. jobs. Taiwan's foreign direct investment in the U.S. is led by electronic components, business machines, communications, software and IT services, semiconductors, and transportation.

In 2018, the total stock of U.S. foreign direct investment (FDI) in Taiwan was $17.53 billion, a 2.9 percent increase over 2017. United States' direct investment in Taiwan is led by manufacturing, wholesale trade, and finance and insurance.

Market Challenges

Taiwan is a sophisticated market in which consumers are plugged into global trends. U.S. products are well represented in the market, as are products from across the region, especially mainland China and other lower-cost producers. Taiwan is a good target market for both high-quality, differentiated products and commodity items.

Taiwan is a price-sensitive market, and foreign goods must conform to certain local standards and labeling regulations required to import products into this market. A local agent or distributor should be able to assist with obtaining the necessary certifications and permits required for importation.

Intellectual property rights holders report both positive developments and ongoing challenges in Taiwan’s protection and enforcement of intellectual property rights. In recent years, Taiwan has bolstered trade secrets protection and enforcement. On the other hand, considerable challenges remain in combatting copyright and related infringement both online and with printed educational materials.

Market Opportunities

In this guide, we have dedicated specific sections to the following industries as the best prospects for U.S. exports: aerospace and defense, education, electric power equipment and energy, machinery and tools, medical devices, telecommunications equipment, and travel and tourism. For agriculture-related products, the best prospects for U.S. exports include beef, cheese, coffee, fresh fruit, pet food, poultry meats, tree nuts, and wine and spirits. For U.S. firms interested in learning more about the above-mentioned best prospect reports, please refer to Chapter 4, “Leading Sectors for U.S. Export and Investment.”

Market Entry Strategy

Most new-to-market exporters entering Taiwan begin by finding a local partner to serve as an agent, distributor, and/or representative. Agents and distributors are the most common partnerships used by foreign firms to gain their initial foothold in Taiwan. The vast majority of Taiwan firms are small- and medium-sized enterprises (SMEs). They are active in trading and manufacturing and offer a large pool of prospective trade partners that can capably represent U.S. companies in Taiwan.

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 receiving payment for goods shipped and services provided. Irrevocable letters of credit (L/Cs) are widely used and L/Cs from leading Taiwan financial institutions are usually confirmed by U.S. banks.
Leading Sectors for U.S. Exports and Investment

Aerospace and Defense

Overview

The aerospace industry is strategic for national development due to its industrial interdependence and cooperation across multiple sectors. Taiwan’s aerospace and defense sectors achieved significant milestones in 2019. Foreign procurement, indigenous jet trainer production, and international cooperation drove the growth of the market. The domestic aerospace and defense industry boasts design and development capabilities; however, more technologically advanced equipment still needs to be imported from the U.S. This will present growing business opportunities in the coming years for U.S. firms.

In August 2019, the U.S. government formally approved to the sale of 66 F-16 Block-70 fighter jets to Taiwan. This sale was achieved through the U.S. Foreign Military Sales program, with a budget of up to US$8 billion approved by the Taiwan Legislative Yuan. Taiwan’s Air Force currently operates 142 F-16 A/B fighter jets. After the delivery of the newly procured 66 F-16 fighter jets by 2026, the Taiwan Air Force will rank as one of the largest fleets of F-16s in the region, with over 200 F-16 fighters in operation.

In December 2019, the Aerospace Industrial Development Corp. (AIDC), Taiwan’s largest aerospace manufacturer, signed a strategic cooperation alliance with Lockheed Martin to develop Taiwan into a Maintenance, Repair and Overhaul (MRO) center for Taiwan and the region’s F-16 fighter jets. AIDC has obtained Lockheed Martin’s certification to manufacture 23 F-16 components.

In recent years, Taiwan has been aggressively pursuing defense self-sufficiency by developing its indigenous defense industry. Another remarkable stride in 2019 was that AIDC, supported by a team of over 118 local subcontractors and several U.S. firms, rolled out its first prototype of the Advanced Jet Trainer (AJT) which is a twin-engine subsonic aircraft powered by the Honeywell F124 engine for the Taiwan Air Force. AIDC plans to build a total of 66 jet trainers by 2028 with a budget of over US$2.28 billion. The company is scheduled to test fly its first AJT in late 2020. The spillover effect of localized production and the maintenance of these military aircraft programs will benefit the civil sectors and is expected to create substantial long-term benefits for Taiwan aerospace and defense companies.

Taiwan has over 180 small and medium-sized aerospace manufacturing companies, and in 2019, their revenue was US$4.5 billion, an 9.4% increase from 2018. 60% of the local production was in MRO and the remaining 40% in manufacturing (18% military and civil 22%). AIDC accounted for 60% of Taiwan’s aerospace production. Taiwan has a complete range of MRO capabilities for civilian and military aircraft. In addition to AIDC, Air Asia and EGAT are major players. Led by AIDC, Taiwan has established itself in the OEM market and maintenance supply chain in the fields of engine casing, turbine blades, aircraft fasteners, composite material structures, air cargo containers, cockpit instrument panels, and the conversion of passenger aircraft to cargo aircraft.

In 2019, total U.S. aerospace exports to Taiwan exceed US$2.9 billion dollars and comprised about 1.8% of U.S. aerospace exports overall. Taiwan ranked as the United States’ 13th largest aerospace exports market according to data from the U.S. Census Bureau. The Taiwan aerospace market continues to offer excellent prospects for U.S. products, services, and technology.

Like their counterparts worldwide, Taiwan’s airlines, airports and the aerospace manufactures have been negatively affected by the COVID-19 pandemic. As the overall severity and duration of the pandemic are still uncertain, the industry is seeking short-term bailout packages from the government. Under these circumstances, it’s forecast, the
Taiwan Aerospace and Global Market (2017-2019)  

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020 (E)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Market Size</td>
<td>$7,388,184</td>
<td>$7,998,46</td>
<td>$9,400,000</td>
<td>$7,180,000</td>
</tr>
<tr>
<td>Total Local Production</td>
<td>$3,634,807</td>
<td>$3,945,734</td>
<td>$4,454,000</td>
<td>$3,500,000</td>
</tr>
<tr>
<td>Total Exports</td>
<td>$319,561</td>
<td>$384,587</td>
<td>$400,000</td>
<td>$320,000</td>
</tr>
<tr>
<td>Total Imports</td>
<td>$4,072,938</td>
<td>$4,406,345</td>
<td>$5,000,000</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Imports from the U.S.</td>
<td>$3,100,900</td>
<td>$2,755,500</td>
<td>$2,914,000</td>
<td>$2,300,000</td>
</tr>
<tr>
<td>Exchange Rate: USD1</td>
<td>29.65</td>
<td>30.59</td>
<td>30.11</td>
<td>30.28</td>
</tr>
</tbody>
</table>

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)  
Source: Committee for Aviation Industry Development, Ministry of Economic Affairs; Bureau of Foreign Trade, Ministry of Economic Affairs; U.S. Census Bureau, U.S. Department of Commerce.

Taiwan Defense Procurements (2017-2019)  

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Tenders</td>
<td>7,189 cases</td>
<td>7,418 cases</td>
<td>7,728 cases</td>
</tr>
<tr>
<td></td>
<td>$2.97 billion</td>
<td>$4.01 billion</td>
<td>$1.85 billion</td>
</tr>
<tr>
<td>Direct Commercial Sales</td>
<td>33 cases</td>
<td>27 cases</td>
<td>40 cases</td>
</tr>
<tr>
<td></td>
<td>$469 million</td>
<td>$1 billion</td>
<td>$0.16 billion</td>
</tr>
<tr>
<td>Foreign Military Sales</td>
<td>33 cases</td>
<td>26 cases</td>
<td>24 cases</td>
</tr>
<tr>
<td></td>
<td>$1.33 billion</td>
<td>$783 million</td>
<td>$10.25 billion</td>
</tr>
<tr>
<td>Total</td>
<td>7,260 cases</td>
<td>7,471 cases</td>
<td>7,720 cases</td>
</tr>
<tr>
<td></td>
<td>$4.769 billion</td>
<td>$5.793 billion</td>
<td>$12.26 billion</td>
</tr>
</tbody>
</table>

Source: The Armaments Bureau, Ministry of National Defense

**Airport Construction**

With a land area of 22,370 square miles, Taiwan has four international airports, and 13 regional and military airports. The island has the highest density of airports in the world. Before the outbreak of COVID-19, Taiwan had 96 international airlines operating 326 flights routes that connect 150 cities in 2019. Taiwan airports handled a record-setting 72 million passengers in 2019. To meet future demand, a third terminal at the Taoyuan International Airport (T3 Project) is under construction, with a total budget exceeding US$3.1 billion. A third runway will be built to accommodate larger aircraft. Based on construction scale and investment cost, the T3 Project is the single largest construction project in Taiwan. A consortium of Netherlands Airport Consultants B.V. (NACO), TY Lin International, and Parson Brinckerhoff International Inc. is planning the T3 Area Development project. Roger Stirk Harbour & Partners is the designer of the main terminal building, which is expected to accommodate 45 million passengers annually after its completion in 2026. Currently, Taiwan is continuing to upgrade its airports’ communication, navigation and surveillance systems, and air traffic management. These developments offer new opportunities for U.S. businesses to supply airport equipment and services in Taiwan.
Leading Sub-Sectors

Taiwan’s aerospace market continues to generate demand for U.S. products, services, and technology because its civilian and military aircraft fleet consists largely of American-made aircraft. Taiwan presents opportunities for U.S. companies in the subsectors of aircraft MRO, avionics systems, missile and space vehicle parts, radar and surveillance devices, cybersecurity, raw materials, unmanned aerial vehicles, and airport equipment and services. The increased demand for U.S. manufactured aircraft parts is driven by Taiwan’s military aircraft modernization programs, including the F-16 Block 20, E 2-C, and C-130.

Web Resources

Trade Shows

- **2021 Taipei Aerospace and Defense Technology Exhibition, Taipei, August 2021 (Date TBD)**
  
  Held every two years, TADTE is Taiwan’s sole trade event for military and civilian aerospace products and technology.

Relevant Authorities

- **Bureau of Foreign Trade (BOFT)**
- **Committee for Aviation Industry Development (CAID)**
- **Ministry of National Defense (MND)**
- **Taipei Aerospace Industry Association (TAIA)**
- **Taiwan Defense Industry Development Association (TWDIDA)**
- **U.S.-Taiwan Defense and National Security**

U.S. firms interested in learning more about the Aerospace and Defense market and seeking to expand their export opportunities to Taiwan are encouraged to contact CS Taiwan Commercial Specialist Wendy Tien at Wendy.Tien@trade.gov or visit our website.

Electrical Power Generation Equipment and Energy

Overview

Taiwan relies on imports for more than 99 percent of its energy needs. The island is currently implementing an Energy Transformation, with a goal of denuclearizing and achieving a power generation portfolio of 50 percent natural gas, 30 percent coal, and 20 percent renewable by 2025. To implement the Energy Transformation and a Nuclear Free Homeland policy, Taiwan is building new liquified natural gas receiving terminals, expanding natural gas power generation fleets, developing renewable energy with a focus on solar and offshore wind power generation, and beginning to decommission the island’s nuclear power plants.

### Electric Power Equipment Market

<table>
<thead>
<tr>
<th>Electric Power Equipment Market</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020 (est.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Market Size</td>
<td>2,483,726</td>
<td>3,173,427</td>
<td>3,490,770</td>
<td>3,420,954</td>
</tr>
<tr>
<td>Total Local Production</td>
<td>5,687,654</td>
<td>5,968,950</td>
<td>6,565,845</td>
<td>6,434,528</td>
</tr>
</tbody>
</table>
# Leading Sub-Sectors

- Combined-cycle natural gas-fired and power generation equipment
- Nuclear decommission and decontamination services and technology
- Liquified natural gas receiving tanks and regasification construction service

(See Figure 1 below for more details about the above three leading Segments)

- Raw Materials/Energy Resources
  - Natural gas
  - Low sulfur content coal
- Renewable Energy
  - Grid connection technology and equipment
  - Energy efficiency products
- Emission control products such as CO₂ sequestration technology
- Smart Grid and energy storage technology and products
- Digital electric meters

# Opportunities

Taiwan’s 1999 Government Procurement Act (GPA) requires all government procurement entities and state-owned companies to publicize all procurements with value over NT$1 million ($30,000) on the Taiwan authorities’ [e-procurement website](#). As a state-owned enterprise, all procurements released by the Taiwan Power Company must be submitted to this website.

United States’ companies can use the Business Facilitation Service provided by Commercial Service Taiwan to arrange meetings with Taiwan’s Bureau of Energy and the Taiwan Power Company to make technical presentations to introduce their company background and products.

United States’ companies can also use the Gold Key and Single Company Promotion Services, provided by Commercial Service Taiwan, to help locate qualified local business partners and facilitate business development.

Figure 1: Taiwan Power Company Power Generation Facility – Retiring & Adding Plan

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020 (est.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Exports</td>
<td>8,493,927</td>
<td>8,840,200</td>
<td>9,724,220</td>
<td>9,529,736</td>
</tr>
<tr>
<td>Total Imports</td>
<td>5,289,999</td>
<td>6,044,677</td>
<td>6,649,145</td>
<td>6,516,162</td>
</tr>
<tr>
<td>Imports from the U.S.</td>
<td>782,991</td>
<td>1,354,650</td>
<td>1,490,115</td>
<td>1,460,313</td>
</tr>
<tr>
<td>Exchange Rate: USD1</td>
<td>29.65</td>
<td>30.59</td>
<td>30.86</td>
<td>30.28</td>
</tr>
</tbody>
</table>

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Sources: Total Local Production: Taiwan Ministry of Economic Affairs; Total Exports: Customs Administration, Taiwan Ministry of Finance; Total Imports: Customs Administration, Taiwan Ministry of Finance; Imports from U.S.: U.S. Census Bureau; Exchange rates: U.S. Treasury Department

![Taipower Company Power Development Plan 2018](#)

- Coal
- Gas
- Oil
- Nuclear

**Installed Capacity (MW)**
### Remark:
According to the MOEA Report of the assessment to energy referendums on March, 2019

Source: Taiwan Power Company

### Web Resources

*United States’ firms wishing to learn more about the electrical power equipment market and expanding export opportunities to Taiwan are encouraged to contact CS Taiwan at* [office.taipei@trade.gov](mailto:office.taipei@trade.gov)

### Education

#### Overview

<table>
<thead>
<tr>
<th>Education Market</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020 (Estimated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taiwan Students in the U.S.</td>
<td>21,516</td>
<td>22,454</td>
<td>23,369</td>
<td>22,000</td>
</tr>
<tr>
<td>Taiwan Students’ Contribution to U.S. Economy</td>
<td>$736,000</td>
<td>$824,000</td>
<td>$874,771</td>
<td>$823,460</td>
</tr>
<tr>
<td>Exchange Rate: USD1</td>
<td>29.65</td>
<td>30.59</td>
<td>30.11</td>
<td>30.28</td>
</tr>
</tbody>
</table>

Sources: IIE Open Doors 2019 Report; NAFSA Economic Analysis for 2017-2018 Academic Year; Exchange rates: U.S. Treasury Department

According to the [Institute of International Education's 2019 Open Doors Report](https://www.iie.org), 23,369 students from Taiwan studied in the United States during the 2018/2019 academic year, a 4.1% increase over 2017/2018 academic year, contributing $874 million to the U.S. economy. This represented Taiwan as the seventh leading source of students going to the United States and as the third source of students per capita (only behind Saudi Arabia and South Korea). Among Taiwan students studying in the United States in academic year 2018/2019, 40% were graduate students; 31% were...
undergraduates; 7% were non-degree students; and 22% undertook OPT (Optional Practical Training). The most popular fields of study for Taiwan students were business and management (19%), STEM (18%), fine or applied arts (11%), and social science (6%).

Taiwan’s early 2000s educational reforms, which upgraded vocational and technical colleges to become universities, have resulted in an oversupply of universities, a devaluation of college degrees, and a mismatch of the labor supply to job market demand. These overcapacity issues are further complicated by Taiwan’s persistently low birthrate. It is estimated that by 2023, there will be 184,000 new college entrants, a huge decline from 271,108 new entrants in 2013. This 32% decline is a major concern as it could lead to a labor shortage in the future workforce and the forced closure of many higher education institutions. In response to these challenges, in January 2016, Taiwan’s Ministry of Education formed a Higher Education Innovation and Transformation Task Force to promote alliances between higher education institutions and to establish experimental branch campuses, independent colleges, and certificate programs and courses. However, collaboration efforts between domestic and foreign universities have been hindered by the high cost of education abroad, which limits study abroad opportunities for many Taiwan students.

Additionally, in response to globalization and rising talent mobility, the Taiwan authorities created two important initiatives in 2018. The "Yushan Project" seeks to attract and retain top domestic and foreign talent through three major programs: the "Yushan Scholars", "Salary Flexibility in Higher Education Deep-Planning Program", and "Increase Salaries for Academic Research-Oriented Professors by 10%". Each year, a maximum budget of $187 million will benefit 19,000 teachers by providing a higher salary to teaching and research staff in colleges and universities.

According to statistics from the Taiwan Ministry of Education, a total of 71,221 Taiwan students went abroad to study or work in 2019. The United States remained the top study destination for Taiwan students, with 23,369 students, accounting for 33% of Taiwan students going abroad. Australia came in second place, with 18,791 students, and Japan third place, with 9,524 Taiwan students in 2019. Canada, the United Kingdom, Germany, Korea, and New Zealand were also popular among Taiwan students. Most Taiwan students choose to go to the United States to attend degree, certificate, or language programs. In contrast, most Australia-bound students take part in working holiday programs. Canada and Japan offer similar visas to allow Taiwan citizens to work and study in short-term programs.

<table>
<thead>
<tr>
<th>Taiwan Student Study Abroad Destinations in 2019</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>North America (mainly United States)</td>
<td>27,771</td>
</tr>
<tr>
<td>Oceania (mainly Australia)</td>
<td>20,681</td>
</tr>
<tr>
<td>Asia (mainly Japan)</td>
<td>12,812</td>
</tr>
<tr>
<td>Europe (mainly United Kingdom)</td>
<td>9,957</td>
</tr>
<tr>
<td>TOTAL</td>
<td>71,221</td>
</tr>
<tr>
<td>Source: Taiwan Ministry of Education</td>
<td></td>
</tr>
</tbody>
</table>

Traditionally, English-speaking countries have dominated foreign education recruiting in Taiwan. However, in recent years, neighboring Asian countries such as Hong Kong, China, and Singapore have stepped up recruitment efforts for Taiwan students, especially high school students. Aside from foreign recruitment efforts, other factors contributing to this increase include parents’ dissatisfaction with inadequate prospects available to Taiwan youth, mainly regarding higher education, job opportunities, and compensation and benefits packages. Despite many incentives offered by China and by other Asian countries, the United States remains the top choice for Taiwan parents. This is further supported by the growing number of bilingual international schools operating in Taiwan that prepare students to study in the United States and at other foreign universities. Since many of these students remain in the United States to
continue their studies at the graduate level, graduate institutions may also expect growing demand in the future as a result of ongoing growth in the high school and undergraduate education markets.

For many Taiwan students, studying abroad at U.S. institutions remains an appealing alternative to studying in Taiwan. Although Taiwan schools are far more affordable than those in the United States, studying in the United States (or in other overseas locations) provides better employment opportunities after graduation. As a result, U.S. schools that emphasize post-graduation job placement are popular with Taiwan students. Finally, it is recommended that U.S. schools promote their institutions to Taiwan students by hiring student recruitment agencies, developing active alumni networks, and reaching out to potential students through education fairs and social media.

**Leading Sub-Sectors**

- High schools and boarding schools
- Joint-degree programs with local universities
- Programs containing a work or internship component
- Programs in business, engineering, computer sciences, health care, education, and fine arts
- Pathway or bridge programs

**Opportunities**

Partnering with local schools is an effective long-term strategy for U.S. schools to recruit Taiwan students for joint-degree programs or short-term summer programs. As many Taiwan universities have established Mandarin centers to educate foreign students, U.S. schools should consider increasing cultural and language exchanges with Taiwan schools. Commercial Service Taiwan can help match U.S. schools with local universities or high schools.

Partnering with student recruiting agents also allows U.S. schools to have year-round exposure to the Taiwan market. Recruiting agents are one of the main resources used by Taiwan students and parents when planning study abroad activities. Commercial Service Taiwan can help U.S. schools pre-screen prospective agents and arrange one-on-one meetings in Taipei, Taichung, and Kaohsiung.

Participation in education fairs may also be an effective tool to recruit Taiwan students. Fair organizers have a deep knowledge of the market and can greatly reduce U.S. schools’ marketing expenses. Local fair organizers also counsel students throughout the year and are able to follow up with prospective students.

**Web Resources**

*Trade Shows*

- The Association of Boarding Schools (TABS) Fair (no Taipei for 2020)
- Linden Education Fairs, Taipei, Spring 2020 (April 29, 2020)
- The MBA Tour, Taipei (postponed)
- Oh! Study International Education Expo (Taipei, Kaohsiung, Taichung, Hsinchu on March 7-11, 2020)
- USEAS Study World (Online Counseling)
Relevant Authorities

- Foundation for International Cooperation in Higher Education of Taiwan (FICHET)
- Taiwan Ministry of Education (MOE)

U.S. firms interested in learning more about the Education market and seeking to expand their export opportunities to Taiwan are encouraged to contact CS Taiwan Trade Promotion Coordinator Shan Shan Tsai at ShanShan.Tsai@trade.gov or visit our website.

Information and Communication Technology (ICT) and Telecommunications

Overview

Taiwan is a well-known ICT manufacturing hub due to its strong ICT industry base, robust semiconductor manufacturing clusters, and advanced manufacturing capacity. These advantages have enabled it to rapidly develop many companies that offer advanced ICT-related products and services. Many Taiwan companies provide Original Design Manufacturer services to U.S. ICT suppliers. Others have established strong supply chains with U.S. suppliers as intermediaries, allowing their businesses to expand throughout Southeast Asia.

The Taiwan authorities have identified cloud and mobile computing as the most promising sectors in Taiwan’s computer software and service industries. Strong market demand for network services is driven by the rising popularity of online services such as shopping, music & video entertainment, video conferencing, and gaming. Many U.S. content providers and platform developers work with domestic service providers to localize their product offerings for the Taiwan market.

Due to fierce international competition and the move to teleworking resulting from the Covid-19 pandemic, the cybersecurity of ICT products has become one of the biggest concerns for buyers.

Leading Sub-Sectors

- 5G
- Artificial Intelligence (AI)
- Audio production equipment for broadcast and television
- Augmented Reality (AR)
- Big Data
- Broadcasting hardware equipment
- Business application software
- Business intelligence-related applications
- Cybersecurity software
- Cloud computing security software
- Secure Cloud Connectivity
- Data Leakage Prevention (DLP)
• Identity and Access Management (IAM)
• Information security solutions
• Information systems integration and consolidation solutions
• Mobile computing
• Secure Content and Threat Management (SCTM)
• Security and Vulnerability Management software (SVM)
• Storage solutions
• System and network management software
• Virtual Reality (VR)

Opportunities

Cybersecurity, Software, and Computer Services

Taiwan’s cybersecurity market is estimated to be worth about $1.6 billion. According to the Industrial Technology Research Institute, nearly 80 percent of global network security hardware equipment is produced in Taiwan. Software and large-scale security solutions are mostly purchased from foreign suppliers and after-sales service is provided by local system integration vendors. Israeli software suppliers are the main competitors to U.S. software suppliers in the Taiwan market. A $46.8 million annual special budget allocation to upgrade the Taiwan central and local authorities’ cybersecurity infrastructure and management increased awareness about the need to spend on cybersecurity in both public and private organizations.

Local demand for cybersecurity has primarily focused on Internet Security, and many local enterprises have also embraced the concepts in the U.S. National Institute of Standards and Technology Cybersecurity Framework: to identify, protect, detect, respond, and recover from cyber attacks. In 2020, financial services was the leading Taiwan demand sector for cybersecurity solutions. The second largest sector was the Taiwan authorities, including educational institutions. Health care was the third largest sector. Starting in 2020, all hospitals will be required to have their own Chief Information Security Officer, which will result in an increase in cybersecurity spending.

The Taiwan authorities are also concerned about cyber attacks from China. According to the Taiwan National Security Council, U.S. software companies are welcome to participate in public tenders. For tenders from Taiwan’s National Security Council, National Security Bureau and the Ministry of National Defense, all the software/hardware, including parts, cannot be sourced from China. The Taiwan Cyber Security Management Act (the Act) went into effect in January 2019. Central and local authorities, public organizations, and critical infrastructure providers are regulated by the Act. Along with the Act, a special budget of NTS1.4 billion ($46.8 million) per year (from 2017–2020) is available to assist both central and local authorities improve their cybersecurity infrastructure and management. More broadly, the Act has raised awareness of the need for manufacturers to invest in additional cybersecurity tools and attract foreign technology firms to Taiwan.

In order to promote U.S. cybersecurity companies in Taiwan, CS Taiwan led a delegation of representatives from the Taiwan authorities, critical infrastructure providers, and financial institutions to the RSA Conference in San Francisco, CA, in March 2019 and February 2020. CS Taiwan also regularly hosts cybersecurity events for U.S. companies to promote themselves.
Telecommunications/Broadcasting

Taiwan imports about 80 percent of its telecommunications/broadcasting equipment. Over 50 percent of imported telecommunications equipment comes from China, primarily originating from Original Equipment Manufacturing and Original Design Manufacturing factories. Taiwan’s broadcasting equipment market is following a Japan-led trend by moving from 4K to 8K resolution. On June 13, 2019, the Executive Yuan’s Board of Science and Technology announced the 5G Action Plan, which will invest nearly $650 million in 5G- and AI-related development between 2019 and 2022. Until 5G is widely adopted, U.S. broadcasting and equipment suppliers that produce 4K-related products and services will have a good market in Taiwan. The United States enjoys an approximately 10 percent market share of Taiwan’s imported telecommunications equipment.

Internet of Things (IoT)

Taiwan’s strong ICT manufacturing sector; more than 80 percent national internet usage rate; and respect for intellectual property rights, and privacy make Taiwan companies attractive partners for U.S. companies interested in pursuing IoT sub-sector opportunities. Furthermore, Taiwan companies often seek partnerships with U.S. companies when expanding beyond Taiwan.

The “Forward-Looking Infrastructure Development Program” is Taiwan’s most important program promoting IoT development. The 2017-2020 budget allocated $13.9 billion to fund development projects in green energy, digital infrastructure, railway technology, and protection of the aquatic environment. Under this program, smart city development throughout Taiwan has seen localities implement IoT innovations including smart governance, smart transport, and smart healthcare.

Web Resources

Trade Shows

CS Taipei will lead several delegations of local Taiwan importers to ICT-related trade shows in the United States for matchmaking opportunities with U.S. companies:

- International Consumer Electronics Show (CES), Las Vegas, NV, January 6 - 9, 2021
- RSA Conference USA, San Francisco, CA, February 8 – 12, 2021
- National Association of Broadcasters (NAB) Show, Las Vegas, NV, April 10 – 14, 2021

In 2021, the following ICT-related local trade shows will be held in Taipei, Taiwan:

- Taipei Smart City Summit and Expo, March 2021, Date TBD
- Cybersec 2021, March 2021, Date TBD
- SecuTech Expo, April 21 – 23, 2021

Relevant Authorities

- Board of Science and Technology (BOST)
- Executive Yuan (EY)
U.S. firms interested in learning more about the ICT and Telecommunications market and seeking to expand their export opportunities to Taiwan are encouraged to contact CS Taiwan Commercial Specialist Rita Chen at Rita.Chen@trade.gov or visit our website.

Machinery and Machine Tools

Overview

Taiwan has developed a complete machinery and machine tools ecosystem characterized by close linkages between mid- and downstream segments and highly interdependent clusters. In 2019, Taiwan’s machinery and machine tools industry generated $37 billion in local production and $27 billion in total exports. Imports from the United States totaled US$6.8 billion accounting for 20% of total imports. The United States was the second biggest source of machinery and machine tools behind only Japan. The Taichung Metropolitan Area is the center of Taiwan's advanced manufacturing industry. Taichung is home to the Smart Machinery Promotion Office, and the Taichung City Precision Machinery Innovation Technology Park has the highest concentration of machine tool manufacturing in the world.

In 2017, the Taiwan authorities enacted the “5+2 Industrial Development Plan,” which included a $117 million Smart Machinery Initiative (SMI), and which prioritized key innovative industries. Based on Germany’s Industry 4.0, the purpose of the SMI is to transform the traditional machinery industry into an advanced machinery industry, by helping 50,000 local manufacturers upgrade their production methods, boosting total industrial revenue, and reducing Taiwan’s economic reliance on the semiconductor industry, which is by far Taiwan’s largest industry.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Local Production</td>
<td>$36,950,921</td>
<td>$40,536,013</td>
<td>$36,900,000</td>
<td>$33,200,000</td>
</tr>
<tr>
<td>Total Exports</td>
<td>$26,103,852</td>
<td>$27,950,209</td>
<td>$27,665,011</td>
<td>$24,900,000</td>
</tr>
<tr>
<td>Total Imports</td>
<td>$28,562,814</td>
<td>$30,402,010</td>
<td>$34,716,964</td>
<td>$31,200,000</td>
</tr>
<tr>
<td>Imports from the U.S.</td>
<td>$7,554,492</td>
<td>$8,007,761</td>
<td>$6,826,121</td>
<td>$6,140,000</td>
</tr>
<tr>
<td>Total Market Size</td>
<td>$39,409,833</td>
<td>$42,987,814</td>
<td>$43,951,953</td>
<td>$39,500,000</td>
</tr>
<tr>
<td>Exchange Rate: USD1</td>
<td>29.65</td>
<td>30.59</td>
<td>30.11</td>
<td>30.28</td>
</tr>
</tbody>
</table>

Exchange Rate: USD1
Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Total Local Production: Taiwan Association of Machinery Industry (TAMI); Total Exports: Taiwan Association of Machinery Industry (TAMI); Total Imports: Taiwan Association of Machinery Industry (TAMI); Imports from U.S.: Taiwan Association of Machinery Industry (TAMI)

(source: TAMI publicized statistics)

Leading Sub-Sectors

- Additive manufacturing equipment
- Machine tools and industrial robots
  - 6-axis industrial robots
- Automation technology for CNC manufacturing
- Machine tools and peripheral systems
- Flexible manufacturing systems (FMS)
- Work-holding equipment
- Zero-point clamping systems
- New manufacturing technologies
- 3D printing technologies for metalworking industry
- Specialized smart production facilities
  - Smart machine tools, modules, and components
- Smart software and production systems
  - CAD/CAM for metalworking

Opportunities

Although the Taiwan market has historically depended on Germany and Japan for conventional machinery and machine tools supply, Taiwan manufacturers consider U.S. producers to be highly competitive in the emerging fields of systems integration, software, integrated machine tools, industrial robots, and new manufacturing technologies.

Web Resources

Trade Shows

- Kaohsiung Industrial Automation Exhibition, Kaohsiung, August 6-9, 2020
- Taiwan Automation Intelligence and Robot Show, Taipei, August 19-22, 2020
- Taiwan International Plastics, Rubber and Composites Show, Kaohsiung, August 21-24, 2020
- Taipei Intelligent Machinery and Manufacturing Technology Show, Sep 09-12, 2020
- SEMICON Taiwan 2020, Taipei, September 23-25, 2020
• Energy Taiwan, Taipei, October 14-16, 2020
• Taiwan International Machine Tool Show, Taichung, November 10-14, 2020
• Taipei International Machine Tool Show, March 15-20, 2021

Relevant Authorities and Associations

• Industrial Development Bureau (IDB), Ministry of Economic Affairs (MOEA)
• Industrial Technology Research Institute (ITRI)
• Smart Machinery Promotion Office
• Taiwan Automation Intelligence and Robotics Association (TAIROA)
• Taiwan Association of Machinery Industry (TAMI)
• Taiwan Electrical and Electronic Manufacturers’ Association (TEEMA)
• Taiwan Machine Tool and Accessory Builders’ Association (TMBA)

U.S. firms interested in learning more about the Machinery and Tools market and seeking to expand their export opportunities to Taiwan are encouraged to contact CS Taiwan Commercial Specialist Jason Chang at Jason.Chang@trade.gov or visit our website.

Medical Devices

Overview

In 2019, Taiwan’s medical device market grew to approximately $4.2 billion. Business Monitor International expects that the Taiwan medical device market will continue to grow by 7 percent annually over the next five years, as Taiwan’s aging drives demands. Taiwan manufacturers primarily produce mid-to-low-end medical equipment, mostly through contract manufacturing for multinationals. High-end medical devices present the greatest opportunity for exports to the Taiwan market: over 70 percent of Taiwan’s market is still supplied by imports, of which the United States holds approximately a 32 percent market share.

As the sixth largest medical device market in the Asia Pacific region, according to BMI Research, Taiwan's medical device market opportunities are reinforced by its above average spending per capita and robust market growth. Taiwan has one of the world’s best healthcare system which facilitates patient access to affordable and high-quality medical services.

The January 15, 2020 Medical Device Management Act is a positive step in creating a dedicated regulatory system for medical devices in Taiwan. Industry believes the Act will help create a pathway for innovative medical devices more rapidly entering the Taiwan market.

Regardless of content or method of shipping, documentation for medical devices shipments must include a commercial invoice, certificate of origin, packing list, pro forma invoice, and bill of lading. Additionally, medical devices also require a Certificate of Free Sale. The Certificate of Free Sale for medical devices may be obtained from the U.S. Food and Drug Administration’s Center for Devices and Radiological Health.

In Taiwan, medical devices must be registered with the Ministry of Health and Welfare (MOHW). Licenses are granted only to individual products and not to product lines. According to MOHW regulations, companies that import
medical devices to Taiwan must submit required documentation through their Taiwan importers or Taiwan subsidiaries.

In Taiwan, medical devices are divided into three risk classification levels: Class I (low risk), Class II (medium risk) and Class III (high-risk). The latter two medical devices sold in Taiwan must be labeled in Chinese with the product name; license number; name and address of the manufacturer; and, manufacturing date and/or expiration date. Additionally, the Chinese product name cannot be in smaller print than the foreign product name.

<table>
<thead>
<tr>
<th>Medical Devices Market</th>
<th>2017</th>
<th>2018</th>
<th>2019 (est.)</th>
<th>2020 (est.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Local Production</td>
<td>$3,487,342</td>
<td>$3,658,058</td>
<td>$4,008,635</td>
<td>$4,346,666</td>
</tr>
<tr>
<td>Total Exports</td>
<td>$2,097,689</td>
<td>$2,242,562</td>
<td>$2,410,754</td>
<td>$2,591,560</td>
</tr>
<tr>
<td>Total Imports</td>
<td>$2,445,193</td>
<td>$2,526,969</td>
<td>$2,676,060</td>
<td>$2,833,947</td>
</tr>
<tr>
<td>Imports from the U.S.</td>
<td>$804,991</td>
<td>$819,418</td>
<td>$867,764</td>
<td>$918,962</td>
</tr>
<tr>
<td>Total Market Size</td>
<td>$3,834,846</td>
<td>$3,942,465</td>
<td>$4,273,941</td>
<td>$4,589,053</td>
</tr>
</tbody>
</table>

Exchange Rate: USD1=
29.65
30.59
30.11
30.28

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Sources: Total Local Production: Taiwan Ministry of Economic Affairs; Total Exports: Customs Administration, Taiwan Ministry of Finance; Total Imports: Customs Administration, Taiwan Ministry of Finance; Imports from U.S.: U.S. Census Bureau; Exchange rates: U.S. Treasury Department

Leading Sub-Sectors

- Computed tomography apparatus
- Ultrasonic scanning apparatus
- Ozone therapy, oxygen therapy, aerosol therapy, artificial resp
- Magnetic resonance imaging apparatus
- Ophthalmic instruments and appliances
- Artificial joints
- Cardiovascular equipment
- Catheters
- Chromatographs and electrophoresis instruments
- Endoscopes
- Hemodialysis apparatus
- Prepared diagnostic and laboratory reagents
- Shock wave lithotripsy apparatus
- X-rays apparatus for dental uses

Opportunities

Population demographics in Taiwan present opportunities for healthcare companies. Approximately 14.6 percent of Taiwan’s 23.59 million population was over the age of 65 in 2019. Ministry of Health and Welfare (MOHW) reports
indicate that Taiwan’s population will continue to grow until the year 2021 as will the proportion of seniors, underscoring the importance of affordable, long-term care. According to the Taiwan’s Ministry of the Interior, by 2026, Taiwan will become a “super-aged” society with more than 20% population over age 65. National Health Insurance (NHI) expenditures are also projected to grow through this period and into the future.

With high demand for high-end medical device imports, the importance of Taiwan’s National Health Insurance (NHI) program will grow, as many of the more advanced medical devices are very costly and will result in cost constraints for the NHI system. Therefore, NHI and industry are discussing the expansion of the self-pay and balance billing (partial patient self-pay mechanism) categories, especially for items such as coronary stents, artificial ceramic hip joints, artificial intraocular lenses and metal-on-metal artificial hip joints.

The promulgation of the Medical Device Act brings implementation of a dedicated regulatory system for medical devices a step closer. The Act will deregulate some low risk devices by allowing them to be exempt from premarket review, it will also introduce a fast-track approval process for innovative devices that fulfills unmet clinical needs, which will stimulate innovation in the medtech sector.

Web Resources

Trade Shows

• Healthcare+ Expo Taiwan, Taipei, December 3 – 6, 2020
• Medical Taiwan 2020, Taipei, June 11-13, 2020

Relevant Authorities

• Customs Administration, Taiwan Ministry of Finance (MOF)
• Taiwan Food and Drug Administration (TFDA)
• Taiwan Ministry of Economic Affairs (MOEA)
• Taiwan Ministry of Health and Welfare (MOHW)
• Taiwan National Health Insurance Administration (NHIA)
• Business Monitor International (BMI) Research
• U.S. Census Bureau

U.S. firms interested in learning more about the Medical Devices market and seeking to expand their export opportunities to Taiwan are encouraged to contact CS Taiwan Commercial Specialist Grace Tao at Grace.Tao@trade.gov or visit our website.

Travel and Tourism

Overview

<table>
<thead>
<tr>
<th>Travel Tourism Market</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020 (est.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taiwan Travelers to the U.S.</td>
<td>475,000</td>
<td>478,000</td>
<td>500,000</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Taiwan Travelers’ Contribution to U.S. Economy

<table>
<thead>
<tr>
<th>Exchange Rate: USD1</th>
<th>2.2 billion</th>
<th>2.2 billion</th>
<th>N/A</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>29.65</td>
<td>30.59</td>
<td>30.11</td>
<td>30.28</td>
</tr>
</tbody>
</table>

Sources: National Travel and Tourism Office with the U.S. Department of Commerce

The United States is the top long-haul destination for Taiwan’s outbound travelers. According to the National Travel and Tourism Office with the U.S. Department of Commerce, the United States welcomed 499,520 Taiwan tourists in 2019, who spent over $2.3 billion on travel-related goods and services. This amount equates to about $4,600 of expenditures per traveler. More than 50,000 Taiwanese travelers make 2 to 3 trips to the United States each year.

Taiwan visitors to the United States most commonly travel for the purpose of vacation and holidays (35%), visiting friends and relatives (25%), doing business (20%) and attending conferences and trade shows (11%), (2019 Taiwan Market Profile from the National Travel and Tourism Office with the U.S. Department of Commerce). Regarding traveler characteristics, Taiwan visitors took an average of 69 days to finalize their travel plans, and 17% of them booked a pre-arranged package. The average length of stay for Taiwan visitors in the United States is from 8 to 16 nights and they visited an average of 1.6 states.

Taiwan was designated for participation in the visa-waiver program in 2012 and designated for participation in the Global Entry program in 2017. Most of Taiwan’s tourist and business travelers no longer need to apply for non-immigrant visas, and frequent travelers can register with Global Entry for more seamless travel to the United States. The ease of travel between the United States and Taiwan has led to strong gains for the U.S. travel and tourism market. Taiwan travel to the United States has increased by 70% since 2012 when Taiwan joined the U.S. Visa Waiver Program.

Each year more than half of Taiwan’s 23 million people travel abroad for business, education, and leisure. Taiwan’s population shares a cultural perspective with the United States as an international melting pot that attracts many immigrants who bring their own culture and cuisine to the country. Despite its maturing, the tourism industry has room to grow because of the increased demand for MICE (Meeting, Incentive, Conference, and Exhibition) services from U.S providers.

As Taiwan’s travel market matures, international travel is shifting towards Foreign Independent Travelers (FIT), a market sector of individuals who arrange their own variety of special interest tours, flights, car rental, and accommodations. Because more than 80% of the visitors from Taiwan to the United States are FITs, demand is expected to grow for niche travel experiences such as sports travel, adventure tours, health and wellness vacations, honeymoon tours, gastronomic holidays, cruise tours, and youth study travel. Personal ties and business links between the United States and Taiwan contribute to Taiwan’s interest in the United States as a travel destination.

**Leading Sub-Sectors**

California received the most visitors from Taiwan, with nearly half of Taiwan visitors, followed by Guam, New York, and Nevada. Washington, Illinois, Massachusetts, Texas, Hawaii, and Florida are also attracting a growing number of Taiwan visitors. The top American cities that receive visitors from Taiwan are Los Angeles, San Francisco, New York City, Las Vegas, Seattle, San Jose, Chicago, Boston, San Diego, Honolulu and Anaheim. New attractions in other American cities could be highly successful among Taiwan tourists, provided that these activities are promoted in gateway cities.
Taiwan visitors enjoy a diverse range of activities in the United States, including: shopping (90%), sightseeing (77%), fine dining (41%), visiting art galleries/museums (33%), visiting national parks/monuments (29%) visiting small towns/the countryside (26%), and visiting historical locations, cultural/ethnic heritage sites, casinos/gaming, ad etc.

The main sources of information for Taiwan travelers considering the United States are personal recommendations from friends and family (33%), airlines (42%), travel agency offices (24%), online travel agencies (20%), travel guides (19%), corporate travel departments (21%), tour operators or travel clubs (7%), and national/state/city/ travel offices (6%).

**Opportunities**

Taiwan’s desire for international travel presents new opportunities for American businesses. American travel agencies can be directly represented in Taiwan by a representative office or by designating a General Sales Agent (GSA). They can also work with airlines and state tourism promotion organizations to conduct familiarization tours for tour operators and media personnel. Partnerships are an efficient way to promote new destinations, attractions, hotels, and restaurants in the United States.

The implementation of technology in the Taiwan travel and tourism industry is evolving at a rapid pace. CS Taiwan has initiated e-commerce promotion initiatives to support U.S. CVBs, destinations, and attractions through webinars and social media in Taiwan. As the internet penetration rate in Taiwan is high (93%) (source: Taiwan Network Information Center), the U.S. Commercial Service in Taipei has initiated several virtual presentations promoting the destinations of the United States and successfully helped promote visitations from Taiwan to visit those destinations.

The U.S. Commercial Service in Taipei also offers cost-effective services such as Single Company Promotion (SCP) or Gold Key Matching Service (GKS) to help American destinations or suppliers to expand their presence in Taiwan or to find the right sales agents.

**Major Air Routes to the United States and Hubs**

Before the COVID-19 pandemic, Taiwan maintained good air connections to major U.S. cities with over 800 weekly flights, among which were more than 110 direct flights from Taiwan to several U.S. gateway cities. United Airlines provided daily services to the United States via Japan and operates non-stop service to San Francisco. Two Taiwan carriers, China Airlines and EVA Air provided daily non-stop flights to San Francisco, Los Angeles, Seattle, New York, Honolulu, Guam, Houston and Ontario.

**The Impact of COVID pandemic on the U.S. Economy and International Travel**

According to the U.S. Department of Commerce National Travel and Tourism Office, visitors from Taiwan to the U.S. dropped 34% in Q1 2020.

United Airlines has cancelled its TPE-SFO daily operation up to June 5. Tour operators and travel agents in Taiwan have already seen their revenue decrease by 85-90% at the end of Q1.

During this COVID pandemic period, the U.S. Commercial Service in Taipei has initiated an online/virtual promotion entitled “Dream Now, Travel Later” to encourage people could still “go” travel online. The series of activities will include a virtual photographic exhibit and social media campaign.
Web Resources

- Discover America Committee in Taiwan
- Brand USA Taiwan Representative Office
- Tourism Bureau, Ministry of Transportation and Communications
- Taipei Tourism Exposition Organizer
- Taipei International Travel Fair Organizer

U.S. firms interested in learning more about Taiwan’s outbound travel and tourism market, as well expanding U.S. export opportunities to Taiwan at the trade shows mentioned above are encouraged to contact CS Taipei Specialist Mei Mei Wang at meimei.wang@trade.gov or visit our website.

Agricultural Sectors

Beef

Overview

Taiwan's beef production is negligible and relies on imports to meet demand. The top three suppliers of imported beef, are the United States, Australia, and New Zealand. In 2019, U.S. beef exports to Taiwan reached 64,390 metric tons, accounting for $586 million in value. Although Taiwan's free trade agreements give its partners tariff-free access to its beef market, the United States remains the island's leading supplier of beef.

Beef Market

<table>
<thead>
<tr>
<th>Tons</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020 (estimated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Market Size</td>
<td>171,832</td>
<td>187,747</td>
<td>202,478</td>
<td>204,606</td>
</tr>
<tr>
<td>Total Local Production</td>
<td>7,027</td>
<td>7,059</td>
<td>7,100 (est.)</td>
<td>7,150</td>
</tr>
<tr>
<td>Total Exports</td>
<td>597</td>
<td>301</td>
<td>622</td>
<td>544</td>
</tr>
<tr>
<td>Total Imports</td>
<td>165,402</td>
<td>180,989</td>
<td>196,000</td>
<td>198,000</td>
</tr>
<tr>
<td>Imports from the U.S.</td>
<td>61,812</td>
<td>77,932</td>
<td>87,570</td>
<td>88,400</td>
</tr>
<tr>
<td>Exchange Rate: USD1</td>
<td>29.65</td>
<td>30.59</td>
<td>30.11</td>
<td>30.28</td>
</tr>
</tbody>
</table>

Note: Figures for bovine meat are in metric tons (carcass weight equivalent). The conversion ratio from trade data into beef carcass weight equivalent is 1:1.36.

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Trade Data Monitor (BICO Beef & Beef Products); Council of Agriculture

Leading Sub-Sectors

Consumer demand for U.S. beef is strong, particularly in the hotel and restaurant sector. Australian beef generally occupies more shelf space in retail stores, except in Costco, which only carries U.S. beef.

The U.S. beef industry can supply large volumes of "Asian cuts" at prices competitive with New Zealand and Australian suppliers. These cuts include most chuck items, short ribs, and short plate for ethnic Asian cuisines, and middle meat items for Western restaurants. U.S. chilled beef imports of 22.6 thousand tons represented 40 percent of total U.S. exports.
Opportunities

High-end hotels and retailers tend to promote exclusive brands that meet or exceed average beef quality. Small and medium-sized brands of high-quality U.S. beef that are USDA-certified for exports to Taiwan also perform well. Frozen portion cut beef is gaining popularity among consumers due to easy preparation and long shelf life.

Web Resources

The Foreign Agricultural Service (FAS) website offers the following resources for U.S. exporters:

- Official data on agriculture trade for specific products and commodities
- GAIN Reports on international food and agricultural markets
- FAS services for U.S. exporters and information on USDA market development programs
- The USDA website lists current agricultural export requirements for Taiwan.

For additional information on the Taiwan market for food and agricultural products or to exhibit in the USA Pavilion at the Taipei International Food Show, please contact AIT's Agricultural Trade Office at: ATOTaipei@usda.gov.

Cheese

Overview

Despite the overall downturn in imports, American cheese exports remained stable at $40 million with a 28%, market share, followed by New Zealand (25 percent) and Australia (10 percent).

<table>
<thead>
<tr>
<th>Cheese Market</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020 (estimate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Market Size</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Total Local Production</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Total Exports</td>
<td>1,959</td>
<td>1,995</td>
<td>1,500</td>
<td>1,000</td>
</tr>
<tr>
<td>Total Imports</td>
<td>153,006</td>
<td>149,684</td>
<td>143,369</td>
<td>150,000</td>
</tr>
<tr>
<td>Imports from the U.S.</td>
<td>38,592</td>
<td>40,193</td>
<td>40,073</td>
<td>45,000</td>
</tr>
<tr>
<td>Exchange Rate: USD1</td>
<td>29.65</td>
<td>30.59</td>
<td>30.11</td>
<td>30.28</td>
</tr>
</tbody>
</table>

Note: Annual totals estimated based on available trade data.

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Source: Trade Data Monitor (H.S. code: 0406)

Leading Sub-Sectors

Processed cheese is mainly used in the foodservice sector and accounts for approximately 42 percent of cheese imports. Overall, the most popular and fastest-growing import varieties are cream cheese, mozzarella, and cheddar. In the retail sector, pre-sliced cheese accounts for 65 percent of cheese sales. Regular supermarket and retail promotions improve consumers' awareness of U.S. cheese and help them to appreciate the many ways to combine cheese with other, more traditional foods.
Opportunities

Per capita consumption of cheese in Taiwan is low compared with most Western countries and Japan. Local chefs and consumers can benefit from additional information on the wide variety of U.S. cheese products and their potential applications. The export growth of U.S. cheeses hinges on how well these groups can integrate cheese into a range of cuisines, as well as on the growth of prepared meal demand from convenience store chains.

Web Resources

The Foreign Agricultural Service (FAS) website offers the following resources for U.S. exporters:

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- GAIN Reports on international food and agricultural markets
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Coffee

Overview

As coffee-drinking culture is strongly rooted in people's daily life, coffee sales are expected to rise. Coffee is widely available via multiple channels, including international coffee franchises and specialty coffee cafés. Convenience stores serve coffee in paper cups 24 hours a day.

Taiwan's local coffee production is limited due to restricted arable land and relatively high labor costs. Most locally produced coffee is consumed or purchased by visitors to coffee farms or to producing-region tourist shops. Only a small portion of production is commercially available and is relatively expensive. In 2019, Taiwan imported $181 million worth of roasted and green coffee beans, which accounted for approximately 40 percent and 60 percent of market share, respectively. The United States is expected to maintain its leading position in Taiwan's imported roasted coffee sector, where it holds more than 46 percent market share by value with approximately $32 million in roasted coffee exports. Taiwan's total coffee import value is expected to continue growing over the next five years.

<table>
<thead>
<tr>
<th>2019 Top Coffee Supplies to Taiwan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roasted</td>
</tr>
<tr>
<td>----------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>------</td>
</tr>
</tbody>
</table>

Source: Trade Data Monitor

### Coffee Market

#### Unit: USD thousands

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020 (estimate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Market Size</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Total Local Production</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Total Exports</td>
<td>$28,498</td>
<td>$10,209</td>
<td>$7,976</td>
<td>$5,000</td>
</tr>
<tr>
<td>Total Imports</td>
<td>$197,457</td>
<td>$180,008</td>
<td>$180,831</td>
<td>$170,000</td>
</tr>
<tr>
<td>Imports from the U.S.</td>
<td>$27,045</td>
<td>$32,603</td>
<td>$31,961</td>
<td>$30,000</td>
</tr>
<tr>
<td>Exchange Rate: USD1</td>
<td>29.65</td>
<td>30.59</td>
<td>30.11</td>
<td>30.28</td>
</tr>
</tbody>
</table>

*Note: Annual totals estimated based on available trade data*

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Source: Trade Data Monitor

### Leading Sub-Sectors

As local coffee-drinking culture develops, consumers increasingly opt to make high-quality, freshly-brewed coffee at home. In recent years, higher levels of consumer sophistication have generated additional demand for fresh coffee beans and fresh ground coffee. At the same time, novelty products like drip-bag coffee have experienced a rapid rise in popularity. Booming demand for cold-brewed coffee in Western countries is expected to play out in Taiwan in the near future.

### Opportunities

Taiwan consumers’ growing demand for coffee has attracted many players outside of coffee and tea shops to tap into the lucrative market. Supermarket chains, and convenience stores are major purveyors of fresh brewed coffee. Taiwan importers express high levels of interest in purchasing high-quality U.S. coffee beans.

### Web Resources

The [Foreign Agricultural Service (FAS) website](http://www.fas.usda.gov) offers the following resources for U.S. exporters:

- **Official data** on agriculture trade for specific products and commodities
- **GAIN Reports** on international food and agricultural markets
- **FAS services** for U.S. exporters and information on USDA market development programs
- The [USDA website](http://www.usda.gov) lists current agricultural export requirements for Taiwan.

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Fresh Fruit

Overview
Taiwan has one of the world's highest per capita consumption rates of fresh fruit, consuming nearly 102 kilograms per capita compared to the global 72 kilograms per capita. Taiwan is a significant producer of fresh tropical fruits and local fruit production is of high quality. Local production meets more than 80 percent of total fruit demand and Taiwan typically only imports fruits that are not produced locally. In Taiwan's fresh fruit import market, the United States remains the largest supplier, followed by New Zealand Chile, Japan, and South Korea.

<table>
<thead>
<tr>
<th>2019 Top Fresh Fruit Suppliers to Taiwan</th>
<th>Value (USD millions)</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 United States</td>
<td>$242.3</td>
<td>36.69%</td>
</tr>
<tr>
<td>2 New Zealand</td>
<td>$153.9</td>
<td>23.31%</td>
</tr>
<tr>
<td>3 Chile</td>
<td>$89.0</td>
<td>13.48%</td>
</tr>
<tr>
<td>4 Japan</td>
<td>$86.7</td>
<td>13.14%</td>
</tr>
<tr>
<td>5 Korea</td>
<td>$20.7</td>
<td>$3.14</td>
</tr>
</tbody>
</table>

Data Sources: Trade Data Monitor

Most fresh produce in Taiwan is sold in supermarkets, hypermarkets, wet markets, and specialty stores. In recent years, the rise of online shopping has led to a growing number of non-store retail fruit purchases.

Fresh Fruit Market

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020 (estimate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Market Size</td>
<td>$4,602,746</td>
<td>$3,793,818</td>
<td>$4,272,152</td>
<td>$4,490,000</td>
</tr>
<tr>
<td>Total Local Production</td>
<td>$3,966,538</td>
<td>$3,247,858</td>
<td>$3,800,000 (est.)</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Total Exports</td>
<td>$105,522</td>
<td>$136,179</td>
<td>$188,240</td>
<td>$160,000</td>
</tr>
<tr>
<td>Total Imports</td>
<td>$741,730</td>
<td>$682,139</td>
<td>$660,392</td>
<td>$650,000</td>
</tr>
<tr>
<td>Imports from the U.S.</td>
<td>$260,821</td>
<td>$222,922</td>
<td>$242,297</td>
<td>$206,000</td>
</tr>
<tr>
<td>Exchange Rate: USD1</td>
<td>29.65</td>
<td>30.59</td>
<td>30.11</td>
<td>30.28</td>
</tr>
</tbody>
</table>

Note: Annual totals estimated based on available trade data
Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: Trade Data Monitor and Taiwan Council of Agriculture

Leading Sub-Sectors
U.S. exporters have been successful in introducing new fruit varieties to the Taiwan market. Wholesalers and retailers prefer U.S. fresh fruits because of their quality, nutritional aspects, and profitability. The best growth opportunities for U.S. suppliers include seasonal fruits for which Taiwan has limited production, such as cherries, strawberries, and blueberries.
In recent years, supermarkets and hypermarkets have become the primary retail outlets for fresh fruit. These retail chains draw in consumers by conducting promotions of popular U.S. fruits and by offering significantly lower prices than wet markets. Nevertheless, wet markets remain popular with older generations and continue to play a vital role in fresh fruit sales. The emerging e-commerce sector has also begun delivering fresh produce.

The United States continues to be a leading supplier of fresh fruits to Taiwan, especially for apples, peaches, nectarines, grapes, cherries, cranberries, blueberries, oranges, plums, prunes, and pears.

<table>
<thead>
<tr>
<th>Item</th>
<th>Value (USD millions)</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apples</td>
<td>$83.0</td>
<td>34.0%</td>
</tr>
<tr>
<td>Cherries</td>
<td>$48.6</td>
<td>53.6%</td>
</tr>
<tr>
<td>Grapes</td>
<td>$38.5</td>
<td>59.1%</td>
</tr>
<tr>
<td>Peaches</td>
<td>$33.5</td>
<td>78.7%</td>
</tr>
<tr>
<td>Oranges</td>
<td>$11.0</td>
<td>65.9%</td>
</tr>
</tbody>
</table>

Sources: Trade Data Monitor

Opportunities

To maintain their edge, U.S. fruit exporters must actively engage in promotional activities that reinforce consumers' familiarity with U.S. fruits and their nutritional value.

Web Resources

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Dog & Cat Food

Overview

Official data on the local dog and cat food production is not available. It is estimated that local manufacturers account for approximately 30–40 percent of the total pet food market. Thailand (31.47 percent) and the United States (27.22
percent) are the two major suppliers, followed by Canada (9.18 percent), France (7.90 percent) and Australia (6.25 percent).

Many low-cost products from Thailand are sold in supermarkets and hypermarkets. Thailand is also the largest OEM and private label supplier for several local brands. Mid-priced and premium brands from the United States and Europe have seen growing demand over the past decade in major cities, while low-cost products are more popular in secondary cities. Retail prices for premium pet food can be more than ten times the cost of pet food from budget brands.

### Dog and Cat Food Market

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020 (estimate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Market Size</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Total Local Production</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Total Exports</td>
<td>$7,072</td>
<td>$10,912</td>
<td>$9,795</td>
<td>$8,000</td>
</tr>
<tr>
<td>Total Imports</td>
<td>$161,536</td>
<td>$179,801</td>
<td>$184,937</td>
<td>$180,000</td>
</tr>
<tr>
<td>Imports from the U.S.</td>
<td>$48,031</td>
<td>$49,912</td>
<td>$50,332</td>
<td>$52,000</td>
</tr>
<tr>
<td>Exchange Rate: USD1</td>
<td>29.65</td>
<td>30.59</td>
<td>30.11</td>
<td>30.28</td>
</tr>
</tbody>
</table>

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Trade Data Monitor

### Leading Sub-Sectors

The growth in Taiwan's dog and cat food market reflects a societal shift in attitudes towards animals as pets. Due to rising incomes and strong western influence, dogs have become a symbol of affluence in Taiwan. Accordingly, industry sources indicate that pet owners are increasingly willing to invest in commercially-produced pet food rather than feeding pets table scraps.

### Opportunities

Long-term, U.S. dog and cat food exports to Taiwan will see stiffer competition. The advantage for U.S. pet food brands is that consumers view them as being high-quality, offsetting their higher prices.

A growing segment of the Taiwan dog and cat food market is food products for aging pets. According to ATO Taipei's market survey, special diet pet foods for senior dogs and cats occupy over 25 percent of shelf space in retail stores and listings on e-commerce websites.

Besides dry and wet pet food, pet treats are one of the fastest-growing segments in pet stores. Shelf space for pet treats has expanded significantly in both pet stores and regular retail stores.

### Web Resources

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Poultry Meat

Overview

Taiwan's production of poultry products meets 75 to 80 percent of local demand. The United States and Canada are the two main suppliers of poultry imports to Taiwan, with the United States accounting for approximately 90 percent of the import market over the past decade. Total chicken imports hit a record high in 2018, exceeding 200,000 metric tons threshold with a total value of $222 million, due to low U.S. poultry prices and sluggish local production.

Poultry Market

<table>
<thead>
<tr>
<th>Unit: Metric Tons</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020 (estimate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Market Size</td>
<td>806,654</td>
<td>904,811</td>
<td>939,884</td>
<td>988,000</td>
</tr>
<tr>
<td>Total Local Production</td>
<td>654,034</td>
<td>695,827</td>
<td>730,000 (est.)</td>
<td>755,000</td>
</tr>
<tr>
<td>Total Exports</td>
<td>8,316</td>
<td>7,615</td>
<td>4,575</td>
<td>2,000</td>
</tr>
<tr>
<td>Total Imports</td>
<td>160,936</td>
<td>216,599</td>
<td>214,460</td>
<td>235,000</td>
</tr>
<tr>
<td>Imports from the U.S.</td>
<td>146,430</td>
<td>200,683</td>
<td>197,556</td>
<td>220,000</td>
</tr>
<tr>
<td>Exchange Rate: USD1</td>
<td>29.65</td>
<td>30.59</td>
<td>30.11</td>
<td>30.28</td>
</tr>
</tbody>
</table>

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Council of Agriculture; Trade Data Monitor

Leading Sub-Sectors

Taiwan consumers prefer dark meat to breast meat; consequently, the top import items are broiler thighs, legs, and trimmings. Imports of U.S. poultry meat are expected to be stable over the next few years, even as the market adjusts to increasing competition.

Opportunities

There are significant opportunities in the Taiwan poultry products market, especially for producers that can meet importers' cut and packaging specifications. Imported poultry has gained market acceptance in the processed food, catering, and food service sectors. Due to improvements in thawing technology and rising consumer acceptance of frozen and thawed poultry, the retail market is increasingly receptive toward U.S. poultry products.

Web Resources

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• Official data on agriculture trade for specific products and commodities

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**Tree Nuts**

*Overview*

The overall value of tree nut imports in 2019 rebounded to $186 million, because of increased demand for almonds and cashews that offset plunging import volume of walnuts. Though the market for the bakery sector is maturing, the demand for snack food processing remains positive.

<table>
<thead>
<tr>
<th>Tree Nuts Market</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020 (estimate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Market Size</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Total Local Production</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Total Exports</td>
<td>$12,569</td>
<td>$11,270</td>
<td>$9,981</td>
<td>$8,000</td>
</tr>
<tr>
<td>Total Imports</td>
<td>$166,775</td>
<td>$171,221</td>
<td>$185,955</td>
<td>$190,000</td>
</tr>
<tr>
<td>Imports from the U.S.</td>
<td>$97,641</td>
<td>$90,842</td>
<td>$99,257</td>
<td>$95,000</td>
</tr>
<tr>
<td>Exchange Rate: USD1</td>
<td>29.65</td>
<td>30.59</td>
<td>30.11</td>
<td>30.28</td>
</tr>
</tbody>
</table>

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Source: Trade Data Monitor

*Leading Sub-Sectors*

Taiwan does not produce a significant quantity of tree nuts. Among the many types of imported tree nuts, almonds are considered the most versatile, with U.S. origin almonds dominating the market.

<table>
<thead>
<tr>
<th>Taiwan Tree Nuts Imports from the United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item</td>
</tr>
<tr>
<td>Almond (shelled)</td>
</tr>
<tr>
<td>Walnuts (shelled)</td>
</tr>
<tr>
<td>Pistachios (in shell)</td>
</tr>
<tr>
<td>Pecans (shelled and in shell)</td>
</tr>
</tbody>
</table>

*Opportunities*

In Taiwan, tree nuts are mainly used for food and snack ingredients. Marketing activities play an important role in promoting consumer awareness of specific tree nut varieties, especially in the foodservice, food processing, and baking industries, all of which are always seeking new ideas for healthy products.
Country-of-origin is a key buying criterion for Taiwan importers, as it assures consistent quality. The United States has built its image as a high-quality supplier in the nut trade.

**Web Resources**

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**Wine & Beer**

**Overview**

Imports of wine and beer reached $425 million in 2019. The United States is the second-largest wine supplier and fourth-largest beer supplier to Taiwan, representing a total value of $20.3 and $11.7 million, respectively. Despite the front-runner position of French wines, U.S. wines continue to gain consumer recognition and acceptance. Local wine production is limited to low quantity of homebrew, and only a few winemakers produce high-quality wine with local grape variety.

<table>
<thead>
<tr>
<th>2019 Top Wine Supplies to Taiwan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value (USD millions)</strong></td>
</tr>
<tr>
<td>France</td>
</tr>
<tr>
<td>United States</td>
</tr>
<tr>
<td>Italy</td>
</tr>
<tr>
<td>Australia</td>
</tr>
<tr>
<td>Spain</td>
</tr>
</tbody>
</table>

Beer is the most consumed alcoholic beverage in Taiwan. Local beer maker (state-own beer brewer) dominates the beer market. However, imported beer from European and neighboring countries seize more market share in the past few years. Craft and specialty beer sales is also on the rise.

**Wine & Beer Market**

Unit: USD thousands
### Trade Data Monitor

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020 (estimate)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Market Size</strong></td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Total Local Production</strong></td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Total Exports</strong></td>
<td>$12,929</td>
<td>$25,014</td>
<td>$10,919</td>
<td>$11,000</td>
</tr>
<tr>
<td><strong>Total Imports</strong></td>
<td>$399,907</td>
<td>$419,774</td>
<td>$425,111</td>
<td>$420,000</td>
</tr>
<tr>
<td><strong>Imports from the U.S.</strong></td>
<td>$30,630</td>
<td>$32,428</td>
<td>$31,972</td>
<td>$35,000</td>
</tr>
<tr>
<td><strong>Exchange Rate: USD1</strong></td>
<td>29.65</td>
<td>30.59</td>
<td>30.11</td>
<td>30.28</td>
</tr>
</tbody>
</table>

**Note:** Annual totals estimated based on available trade data.

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Source: Trade Data Monitor

### Leading Sub-Sectors

The wine-drinking consumer profile has now expanded to include young professionals. Entry-level wine drinkers prefer balanced red wines, while semi-sweet white wine is popular among female drinkers. Wine is available to consumers through hypermarkets, supermarkets, alcoholic beverage chain stores, and convenience stores. The industry estimates that about half of grape wine is sold through retail store channels and the other half is sold through the HRI segment. Low-end wine is sold mainly in convenience stores, supermarkets and hypermarkets. In contrast, high-end wine is sold through hotel restaurants, individual restaurants featuring western cuisines, specialty shops, and websites. Hypermarkets and supermarkets typically import directly only a small portion of the wine they carry.

### Opportunities

For the wine market, Taiwan consumers are influenced by the media, wine sommeliers, and wine ratings. Successful entry into the Taiwan market generally involves receiving glowing reviews from famous wine connoisseurs or reputable media. Entry-level and mid-priced wines with a mild, fruity taste are better accepted by locals.

Changing lifestyles, globalization, westernization, and increased availability of wine generate future opportunities for market expansion of both beer and wine. Diversified promotion activities via different channels are key to success.

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34
Customs, Regulations and Standards

Trade Barriers

Overview
The American Institute in Taiwan (AIT) regularly engages with Taiwan Authorities regarding trade barriers. This includes discussions under the Taiwan Trade and Investment Framework Agreement (TIFA) and other formal discussions. U.S. industry also regularly engages with the Taiwan authorities regarding trade barriers through the AmCham while paper hyperlink.

Technical Barriers to Trade
A full report on the technical barriers to trade imposed by Taiwan is included within the USTR 2020 National Trade Estimate Report

Import Tariffs
A member of the World Trade Organization (WTO) since 2002, Taiwan complies with international trade agreements and bases its tariff schedule on the Harmonized Commodity Description and Coding System of the Customs Cooperation Council.

Taiwan continues to make unilateral improvements to its tariff structure on finished goods and raw materials. In 2019, the average nominal tariff rate for industrial products was 4.16 percent, and 15.12 percent for agricultural products. The overall average nominal tariff rate for imported goods was 6.37 percent. U.S. industry continues to request that Taiwan lower tariffs on imports of many products.

Import Requirements and Documentation
Under Taiwan’s Foreign Trade Act, most commodities can be imported freely. Import permits and licensing are generally not required, and importers may directly apply for customs clearance.

However, there are some exceptions. The Negative List (in Chinese only) outlines products where import restrictions apply and for which permits or licensing may be required. Commodities on the Negative List include items with national defense, social stability, cultural protection, sanitary, moral, environmental, and ecological implications, as well as those subject to policy demands or covered under certain international agreements. Products subject to import bans can be imported only with a special permit from the Board of Foreign Trade, while commodities subject to other import conditions may only require general approval from relevant authorities.

A foreign supplier's pro forma invoice (quotation) is required to apply for an import permit and to establish a letter of credit. Shipments to or from Taiwan require a commercial invoice, a bill of lading or airway bill, and a packing list. A certificate of origin is also required for designated commodities such as sedans, other small passenger cars and 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 entry.
Commercial invoices are required for all shipments and must show the import license number; Free on Board (FOB), Cost and Freight (CFR), or Cost, Insurance, and Freight (CIF) value; insurance; freight; and discounts or commissions, if any. The commodity description and value shown on the commercial invoices 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. A packing list is required for all shipments for which the number of cartons in the shipment exceeds two. In addition to the information generally included in a standard bill of lading, all marks and case numbers appearing on packages must also be listed. Customs does not permit the grouping of marks or numbers on a shipment of mixed commodities. Most documents presented for use in customs clearance processing must be prepared in Chinese to avoid delays and expedite clearance processing. The Bureau of Foreign Trade (BOFT) uses the following online import application system.

**Labeling and Marking Requirements**

Taiwan’s *Commodity Labeling Act* stipulates that all commodities sold in Taiwan shall be labeled using the Chinese language and maybe be supplemented by English or another foreign language, provided the Chinese labeling is no less comprehensive than the product label written in the language-of-origin. In the event that the material contained within the commodity’s language-of-origin cannot be properly described in the Chinese language, such material may be labeled using international accepted words or symbols.

Imports sold in Taiwan must be labeled with product information including the name of the commodity itself; the name, telephone number, and address of the producer or manufacturer; the commodity’s place of origin; and the name, telephone number, and address of the importer. The contact information for foreign companies or locations is not required to be written in Chinese. Product labels must also include the contents or composition of the commodity; major components/ingredients, or materials; and the net weight, volume or quantity, and measurements of the product. This content information must be labeled in Chinese and use metric units, however, labeling using both metric and non-metric units is also permitted. Furthermore, to be sold in Taiwan, all measuring instruments calibrated in non-metric units must also display their metric equivalents.

If a product is hazardous or dangerous in nature, is related to health and safety, has special characteristics, requires special handling, or has a limited storage duration, it must also be labeled with the date of manufacture in the Chinese using either the Taiwan or Gregorian calendar, the expiration date or the term of validity, and other particulars as required by the Taiwan authorities.

During shipping, 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 also bear a separate number that cannot be repeated for two years. Bags or bales also must bear a non-recurring 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 cargo lots except when packaged in cases, boxes, or crates, if each package of the consignment contains cargo of identical weight.

**U.S. Export Controls**

The U.S. Department of Commerce’s Bureau of Industry and Security (BIS) is responsible for the *Export Administration Regulations* (EAR), which regulate the export and re-export of dual-use items and certain military equipment. Dual-use items are typically found in commercial settings but have both commercial and military
applications. These may require export licenses even when intended for commercial end-uses. Items that fall under EAR jurisdiction appear on the **Commerce Control List (CCL)**.

Other Federal agencies restrict sensitive transactions, such as those involving arms trade or nuclear materials, or with sanctioned entities. The **Consolidated Screening List (CSL)** combines the export screening lists of multiple federal authorities into a single search tool.

BIS provides a variety of resources to help U.S. exporters comply with licensing requirements, including online training materials, commodity classification information, and advisory opinion services. It hosts regular seminars and hands-on training on U.S. export controls. All the above resources can be found in the Compliance and Training section of the **BIS Website**.

BIS export counselors are available at the following numbers:

- (202) 482-4811 - Outreach and Educational Services Division (located in Washington, D.C.)
- (949) 660-0144 - Western Regional Office (located in Irvine, CA)
- (408) 998-8806 - Northern California branch (located in San Jose, CA)

Or e-mail your inquiry to the Export Counseling Division of the Office of Exporter Services at: **ECDOEXS@bis.doc.gov**

An item’s licensing requirements depend upon its technical characteristics, destination, end-user, and end-use. Most exports to or transiting Taiwan do not require an export license. If an item does require an export license, the exporter must file an application with BIS to obtain a “License Exception” to authorize the individual transaction. It is the responsibility of the U.S. exporter to comply with all BIS licensing requirements.

Taiwan’s Bureau of Foreign Trade is the agency responsible for export licensing in Taiwan. Its controls on dual-use exports resemble those applied by other regional authorities, such as Hong Kong, Singapore, Malaysia, and Japan. Taiwan’s control list uses a numbering system generally like that of the CCL, so understanding an item’s applicable U.S. requirements may help facilitate clearance in Taiwan. When exporting items that transship through or are re-exported from Taiwan, local partners may request information about U.S. export controls—particularly regarding U.S. classification and authorization—in order to determine their own obligations. Additional information on Taiwan Export Controls is available [here](https://www.bis.doc.gov).

**Temporary Entry**

Taiwan is not a party to the worldwide Admission Temporaire/Temporary Admission (ATA Carnet system). Instead, special, bi-lateral Taipei Economic and Cultural Representative Office/American Institute in Taiwan (TECRO/AIT) Carnets are used to grant customs duties exemptions for up to one year on commercial samples, professional instruments, equipment, and exhibition goods brought from the United States into Taiwan for sales promotion and exhibition purposes. TECRO/AIT Carnets, issued exclusively by Taiwan, are very similar to traditional ATA Carnets, but must be applied for separately because the United States does not have formal diplomatic relations with Taiwan. If Taiwan is included as part of a larger itinerary, you still need a TECRO/AIT carnet in addition to an ATA Carnet. Items must be removed from Taiwan within one year of the event’s conclusion in order to avoid imposition of duties and other penalties.

Questions regarding the process of the TECRO/AIT Carnets should be directed to: **U.S. Council for International Business**
Prohibited and Restricted Imports

In order to comply with its WTO commitments, Taiwan has eliminated more than 98.9% of its import controls on 11,213 official import categories. As of April 2017, 115 items under Chinese Commercial Code (CCC) were prohibited unless approved by BOFT as special cases, and 16 items were allowed to be imported with conditions. Most of the permit-required categories are related to public sanitation and national defense concerns and include some agricultural products and ammunition. In addition, Taiwan maintains a lengthy list of products that are banned if made in mainland China, including chocolate confectionary and meters for medical equipment.

Customs Regulations

All goods shipped to Taiwan must have a value and description. Duties assessed are based on the Cost, Insurance, and Freight (CIF) value. The duties payable on imported goods are essentially defined on an ad valorem, specific, or selective basis, depending on the items involved. If, for some reason, accurate values cannot be determined, the wholesale domestic market value at the port of importation is used instead.

The contact information for Taiwan’s customs office is provided below:

Customs Administration
Ministry of Finance (MOF)
No. 13, Tacheng St., Datong Dist., Taipei 10341, Taiwan
Tel: 886-02-2550-5500
Fax: 886-02-2550-7643

Standards for Trade

Overview

The Bureau of Standards, Metrology and Inspection (BSMI) under the Ministry of Economic Affairs (MOEA) is the authority responsible for the development, compilation, and publication of the National Standards of the Republic of China (CNS), as well as for conformity assessment. BSMI also implements commodity inspection measures as stipulated in Taiwan’s Commodity Inspection Law.

Taiwan’s national standards are based primarily on international standards such as those developed under the International Standards Organization (ISO), the International Electro-technical Commission (IEC), and the
International Telecommunications Union (ITU). As a member of the WTO, Taiwan’s national standards also comply with the Agreement on Technical Barriers to Trade (TBT) and other WTO agreements.

BSMI has imposed 13,273 national standards under 26 categories. Of these standards, 3,942 correspond to international standards and 3,902 have been completely harmonized with international standards as of 2018. Under the CNS Market Certification System, complying products may carry the CNS seal of approval.

Taiwan’s sanitary and phytosanitary (SPS) standards, administered by the Taiwan Food and Drug Administration (TFDA) in conjunction with the Bureau of Animal and Plant Health Inspection and Quarantine (BAPHIQ), are generally different from United States standards or those established by international regulatory bodies such as the Office of International Epizootic (OIE) or the Codex Alimentarius. In some cases, these differences – especially the absence of maximum residue level (MRL) standards for many agricultural chemicals in common use internationally – have resulted in market disruptions and created trade uncertainty.

Standards

The BSMI’s Standards Division (First Division) is 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 divisions each oversee standards in specific industry sectors. BSMI issues plans for standards development semi-annually. Updates are published in the standards gazette and notified to the WTO as required under the Agreement on Technical Barriers to Trade.

Also, under BSMI are the National Standards Review Council, the Information and Communication National Standards Promotion Committee, the National Standards Technology Committees, and the Electronic Information Exchange Committee, all of which work to jointly oversee the development and implementation of the CNS.

BSMI has established an online system for the public to obtain CNS Information. The website also provides access to updated standards gazettes.

Testing, Inspection and Certification

The Sixth Division of the BSMI oversees testing and inspection methods. This division currently conducts product testing including electromagnetic compatibility (EMC); biochemistry; chemistry, polymers, and materials; electrical engineering; and mechanical engineering. All 1,065 goods under the Chinese Commercial Code (CCC), including industrial, chemical, mechanical, and electronics products, and more than 1,800 agricultural, food, and fishery products, are subject to inspection. Testing of commodities can only be done by the BSMI or by testing laboratories recognized by the BSMI.

Taiwan’s testing system is called the “Registration of Product Certification” (RPC). Under the RPC system, products are subject to conformity assessments that inspect both the design and production phases of product manufacturing. The Declaration of Conformity (DoC) is a least-trade-restrictive conformity assessment procedure that is currently applied only to low-risk products with stable manufacturing technology and few concerns of risk or danger. Under the DoC, manufacturers may have testing done by BSMI-designated laboratories, prepare their own technical documents, and draft the DoC form themselves. As of April 2017, a total of 48 product categories are covered by the DoC system. These products include digital cameras and 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 Input/Output (I/O) devices, and vulcanized rubber tubes. A complete list of national testing organizations or conformity assessment bodies is available on BSMI’s website.

Products specified by the Ministry of Economic Affairs (MOEA) must comply with inspection requirements before they are shipped to Taiwan. Manufacturers or importers of these products must apply to BSMI for inspection before shipment or importation. BSMI has a dual-track approach to allow manufacturers or importers to choose the “Registration of Product Certification” (RPC) scheme or a Batch-by-Batch Inspection (BBI) with Type Approval.

The RPC scheme encompasses requirements for the product design stage (type testing) and manufacturing stage (quality management system). In other words, while applying for the RPC both the product design and manufacturing processes must still 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 selling products in the domestic market at low volumes may find the BBI with Type Approval approach easier. According to BSMI, upon approval of the sample product the random inspection rate is about 10 percent. Taiwan’s safety regulations follow International Electrotechnical Commission (IEC) and CNS standards. All safety testing for end products must be done in Taiwan by Taiwan accredited laboratories. The Underwriters Laboratories (UL) safety certification alone is not considered sufficient to meet Taiwan requirements for end product safety certification. Home appliances, certain fire-fighting products, electrical power distribution devices (including cables and switches), lighting products for indoor use, and motors all require safety testing or inspection in Taiwan.

To enhance consumer protection from hazards posed by telecommunications, electrical, and electronics products, and to meet international requirements for electromagnetic compatibility (EMC), BSMI developed the “Regulations Governing Electromagnetic Compatibility of Commodities.” Manufacturers or importers must obtain Type Approval of their products from BSMI and all products must submit applications for inspection based on the EMC Type Approval certificate. Currently 253 products are subject to EMC inspection, of which 133 are electrical items, and 120 are electronic products.

Under the March 1999 “Mutual Recognition Agreement for Equipment subject to Electro-Magnetic Compatibility (EMC) Regulations between Taipei Economic and Cultural Representative Office and American Institute in Taiwan,” NIST may designate testing laboratories in accordance with the general provisions and Appendix A of the Asia Pacific Economic Cooperation Telecom Mutual Recognition Agreement for recognition as Conformity Assessment Bodies (CABs) with respect to the EMC regulations of the BSMI. 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 National Voluntary Laboratory Accreditation Program (NAVLAP). NIST-accredited labs outside the U.S. are not accepted by BSMI. As of September 2019, BSMI recognizes 171 EMC testing laboratories in the United States Still, except for EMC testing, all other kinds of testing required by BSMI must be conducted in Taiwan.

The Taiwan Accreditation Foundation (TAF) is Taiwan’s sole body authorized to issue accreditation of conformity assessment against international standards. Under the TAF, the Department of Certification Body Accreditation is responsible for executing and managing the assessment and accreditation of domestic certification bodies for quality, product, and personnel management. The Department of Laboratory Accreditation executes and manages the assessment and accreditation of laboratory inspection bodies and proficiency test providers.

Laboratory accreditation is conducted on a voluntary basis. At present, TAF provides laboratory accreditation in four major categories – calibration, testing, civil engineering, and media – with a total of 32 fields. So far, TAF has accredited over 1,931 laboratories in Taiwan. There are about 47 accredited bodies under TAF engaged in the accreditation of management systems which include quality, environmental, occupational health and safety,
information security, food safety, and green product management systems – and about 39 for accreditation for commodities.

Detailed information about accreditation in Taiwan and a list of accreditation bodies are available on The Taiwan Accreditation Foundation (TAF) website.

Publication of Technical Regulations

Before publication, BSMI submits proposed and final technical regulations are submitted to MOEA and to the WTO per the TBT Agreement. This information is then published in the National Standards Gazette. In addition to the Gazette, BSMI also publishes several pamphlets, including the Catalogue of National Standards Categories, the List of CNS Mark Product Items and Directory of CNS Mark Companies, the Compilation of Laws and Regulations for Applying for CNS Mark, the Q&A on Standards and the CNS Mark, and the Q&A on Technical Barriers to Trade. BSMI’s website also provides updated information from standards gazettes and on standards regulations.

United States entities can comment on local technical regulations or related issues by contacting the BSMI directly or through the National Enquiry Point for TBT-related issues.

Contact Information

For more information about standards related issues, please contact the following relevant organizations:

Bureau of Standards, Metrology, and Inspection (BSMI)

No. 4, Sec. 1, Jinan Rd., Taipei 100, Taiwan
Tel: 886-2-2343-1700
Fax: 886-2-2356-0998

Ministry of Economic Affairs (MOEA)

No. 15, Fuzhou St., Taipei 10015, Taiwan
Tel: 886-2-2321-2200
Fax: 886-2-2391-9973

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. Notify U.S. (www.nist.gov/notifyus) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country or countries and industry sector(s) of interest and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.
Trade Agreements
Taiwan joined the WTO on January 1, 2002. Taiwan became a member of the Asia Pacific Economic Cooperation (APEC) in November 1991 and joined the Central American Bank for Economic Integration in 1992. Taiwan is also a member of the Asian Development Bank (ADB), the Pacific Economic Cooperation Council (PECC), and the Pacific Basin Economic Council (PBEC).

As of May 2020, Taiwan has signed four free trade agreements (FTA): one with Panama in August 2003, one with Guatemala in July 2005, one with Nicaragua in June 2006, and one with El Salvador and Honduras in May 2007. The FTAs with Panama and El Salvador are still operational, although Panama cut diplomatic ties with Taiwan in June 2017, and El Salvador followed suit in November 2018. In addition, Taiwan inked the Cross-Strait Economic Cooperation Framework Agreement (ECFA) with China in June 2010, and five Economic Cooperation Agreements (ECA): one with New Zealand in July 2013, one with Singapore in November 2013, one with Paraguay in February 2019, one with Eswatini in May 2019, and one with the Marshall Islands. The ECA with the Marshall Islands was signed in October 2019, and is currently under Legislative Yuan’s review for final approval. Further information about Taiwan’s bilateral and multilateral trade agreements is available on the Board of Foreign Trade’s (BOFT) website.

Licensing Requirements for Professional Services
Rules on local professional licensing are frequently cited as a barrier to foreign service providers seeking to operate in Taiwan. To ensure that their services are compliant, accounting firms should check with the National Federation of CPA Associations, legal firms should check with Ministry of Justice, and medical offices should check with the Ministry of Health and Welfare.

Selling U.S. Products and Services
Distribution and Sales Channels
The most common distribution route in Taiwan moves products from suppliers to distributors, from distributors to retailers, and then from retailers to consumers. Some suppliers shorten distribution channels by distributing products directly through retailers. Multi-level marketing is common in Taiwan and direct selling organizations are well established. Foreign firms, especially those selling high-end merchandise, often rely on agents to connect them with distributors. However, for certain products, such as apparel, distribution channels tend to be more complex.

Among Taiwan’s seven major ports, Kaohsiung and Keelung are the biggest, handling the bulk of traded goods and serving as the starting point for island-wide distribution networks. Also important is the Port of Taichung, which handles raw materials and commodities for energy and heavy industry.

Using an Agent or Distributor
Most foreign firms gain their initial foothold in the Taiwan market by appointing a local agent. The prospect of an agent relationship appeals to many Taiwan firms, which are well-known for their trade prowess. If the size of the market warrants, companies may consider setting up a branch office or subsidiary in Taiwan.
The American Institute in Taiwan’s (AIT) Commercial Section provides several services to help U.S. firms export their goods and services to Taiwan. Through our office in Taipei (covering northern and central Taiwan) and a branch office in Kaohsiung (covering southern Taiwan), we offer a variety of resources and services to help U.S. companies successfully enter the Taiwan market, including market research, agent or distributor searches, trade missions, trade shows, business matchmaking, due diligence checks on potential business partners, product launches, and commercial advocacy. The first step is to contact your local U.S. Export Assistance Center to discuss what services you may require. These offices can help U.S. exporters determine which international markets are suitable for their products and services. Alternatively, contact information for the AIT Commercial Section is as follows:

**AIT Commercial Section (Taipei)**
Tel: 886-2-2162-2000
Fax: 886-2-2162-2519
Email: office.taipei@trade.gov

**AIT Commercial Section (Kaohsiung)**
Tel: 886-7-335-5006
Fax: 886-7-338-0551
Email: office.kaohsiung@trade.gov

**Establishing an Office**

Establishing a subsidiary, branch, or representative office in Taiwan is relatively straightforward. However, there are setup and logistical issues to consider and an array of forms and procedures to complete in the process. In addition, a Chinese language company name is required. It is strongly recommended that new firms consult with local attorneys and accountants in order to identify relevant industry issues and complete all necessary steps for establishing a new entity.

The Ministry of Economic Affairs (MOEA) provides information on investing and setting up a company in Taiwan through the InvesTaiwan office. In addition to the link, InvesTaiwan can be reached by telephone at +886-2-2311-2031.

**Franchising**

Taiwan is well-known for its high concentration of franchises throughout multiple industries, including dining, shopping, beauty and health, real estate, technology, and education. According to the Taiwan Chain Store and Franchise Association’s Taiwan Chain Store Almanac, the United States is the leading supplier of goods and services for foreign franchises. As of February 2020, the top ten U.S. franchises in Taiwan by number of stores were Starbucks (512), McDonalds (398), Pizza Hut (246), Domino’s (157), Kentucky Fried Chicken (168), Subway (130), Burger King (49), Haagen-Dazs (37), and Cold Stone Ice Creamery (33).

The food and beverage franchise market in Taiwan is highly saturated and extremely competitive. Fierce local competition and the dominance of well-known brands make it difficult for new foreign firms to enter the market unless
the brand is very well-positioned. Taiwan’s consumers enjoy a moderately high standard of living and pay close attention to famous or high-end brand names, as well as exciting new products coming into the market. Consumers often line up for hours to attend the grand openings of internationally recognized franchises that are new to Taiwan. Another challenge is high real estate prices, particularly in Taipei, which can cause difficulties when negotiating reasonable rent and lease terms with local landlords.

In recent years, due to high initial capital investment costs and increasing competition from local franchises, Taiwan's investors have adopted a more conservative attitude toward new foreign franchises. To succeed in the Taiwan market, U.S. franchises should provide considerable support to their local partners by implementing best-practices, systems integration, personnel and customer service training, and quality assurance protocols.

Direct Marketing

Multi-level marketing has become a lucrative second job for many Taiwan professionals, with revenue per salesperson ranked fourth in the world. Recent figures indicate that more than 3 million (13%) of Taiwan’s total population of 23 million work for multi-level sales businesses. These firms mainly specialize in healthcare, skincare, and household products. (Source: Fair Trade Commission)

Joint Ventures/Licensing

Foreign investors who wish to establish new enterprises in Taiwan through joint ventures, technical licensing, or other methods must file an application for approval by the Investment Commission (IC) of the Ministry of Economic Affairs (MOEA). The IC should issue a decision within two months of receiving a completed application. Capital should not be remitted for a joint venture investment until approvals have been obtained. Information regarding regulations for approval and consideration of foreign investment or technical cooperation is available at the Investment Commission website.

Express Delivery

Express delivery is commonly used in Taiwan. The fastest door-to-door services may take as few as two to three business days to reach Taiwan from major U.S. cities. On average, express delivery takes about three to five business days.

Major Express Delivery Companies in Taiwan

Airlife Freight (Taiwan) Corp.
1F, No. 8, Lane 389, Sec. 5, Nanking E. Rd., Taipei 105, Taiwan
Tel: 886-2-27647711
Fax: 886-2-2769-2558
Email: airlife@airlife-freight.com
CAN International Logistics Co., Ltd.
2F, No. 158, Sec. 1, Xinsheng S. Rd., Taipei 10061, Taiwan
Tel: 886-2-2394-6699
Fax: 886-2-2394-7799
Email: service@caie.com.tw

Dachain Express
No. 129, Xintai St., Nanzi Dist., Kaohsiung 81147, Taiwan
Tel: 886-7-363-6010
Fax: 886-7-363-6030

DHL Taiwan
1F, No. 82, Sec. 2, Jianguo N. Rd., Zhongshan Dist., Taipei 10416, Taiwan
Tel: 886-2-2503-6858
Fax: 886-2-2505-0768
Email (web portal): http://www.dhl.com.tw/exp-en/contact_center/contact_express.html

Federal Express Corporation
9F, No. 162, Sec. 2, Chang’ an E. Rd., Zhongshan Dist., Taipei 10491, Taiwan
Tel: 886-2-2181-1973

UPS International Inc. – Taiwan
2F, No. 361, Danan Rd., Shilin Dist., Taipei 11161, Taiwan
Tel: 886-2-2883-3868
Fax: 886-2-2880-9498
Email (web portal): https://www.ups.com/upsemail/input?loc=en_TW

United China Air Freight Co., Ltd.
1F, No. 105, Sec. 2, Jiuzong Rd., Neihu Dist., Taipei 11494, Taiwan
Tel: 886-2-8791-9166
Due Diligence

Prior to establishing a relationship with an unknown Taiwan company, it is wise to conduct a background check on the company. However, Taiwan’s privacy laws often make it difficult to collect background information on individuals. Local attorneys, accountants, and trade/industry associations can be excellent sources of information.

The AIT Commercial Section offers the International Company Profile (ICP) service to help U.S. firms conduct background checks in Taiwan. Click here for further details.

E-Commerce

Overview

The e-commerce market in Taiwan has grown rapidly over the past few years. In 2018, the market size was $38.92 billion with a five-year average growth rate of 7%. (Source: Directorate-General of Budget, Accounting and Statistics, Executive Yuan, Taiwan & eMarketer) In 2019, Taiwan had the highest proportion of e-commerce shoppers in Asia at 65.2%, with the average online consumer spending around $866 in 2018. (Source: Market Intelligence and Consulting Institute) As Taiwan’s e-commerce market continues to develop, an increasing number of younger shoppers choose to shop at online retailers. Digital media and entertainment, apparel and footwear, and consumer electronics remain the top three most purchased products from online retailers. The demand for quick delivery has led to an increase in sales of basic household necessities on online platforms. The evolution of e-commerce consumer expectations has led to new opportunities for e-commerce retailers and service providers.

Internet Penetration Rate

In 2019, the internet penetration rate in Taiwan stood at 93% of the population. 98% of Taiwan’s internet users use a mobile phone to connect to the internet, 59% use a desktop or laptop, and 51% use a tablet. (Source: Taiwan Network Information Center)

Current Market Trends

The Taiwan e-commerce market features a wide variety of products and services, such as:

- Apparel
- Beauty and skincare products
- Computers and accessories
- Eyewear
- Groceries
- Food delivery
- Household goods
- Digital entertainment and videogames
- Baby-care products
- Shoes, bags, and brand name goods
- Travel packages, hotels, and flights

**Taiwan’s E-Commerce Regulations**

The Taiwan authorities actively use legislation to facilitate and regulate the growing e-commerce industry. The 2001 *Electronic Signatures Act* was modeled on the United Nations’ standards for e-commerce and recognizes electronic signatures and records by approved certification authorities. The 2005 *Consumer Protection Act* allows consumers to return unsatisfactory goods within a week of purchase. In 2016, new amendments were added to the Value-Added Tax (VAT) regulations that affected foreign e-commerce providers operating in Taiwan. Foreign providers with Taiwan revenues exceeding NT$480,000 (US$15,412) were required to register with local tax authorities, file bi-monthly VAT returns, and pay a 5% VAT through approved tax agents. This amendment aimed to transfer the burden of paying the VAT tax from consumers to businesses, and to close VAT tax loopholes for digital platforms. As of January 1, 2019, new VAT rules require foreign e-commerce suppliers to issue “cloud government uniform invoices” (cloud GUIs) to their domestic customers. Foreign e-commerce suppliers that violate the invoice rules will face penalties for non-compliance.

Additional amendments target large importers of foreign goods, namely “daigou” individuals who run personal intermediary businesses that buy and resell foreign goods. As of July 1, 2017, consumers who import products more than twice per month, or six times in six months, are required to pay additional taxes. In addition, after January 1, 2018, the previous tax-exempt import threshold of NT$3,000 ($96.33) was reduced to NT$2,000 ($64.22). Import orders that exceed the threshold are required to pay an import VAT tax of 5%.

Taiwan’s e-commerce market has a comprehensive policy infrastructure, with a strong supply chain and financial credit system. The main market players are suppliers, brand owners, and e-commerce platforms such as PChome and Momo. Banks and other financial institutions coordinate with local distributors, such as delivery companies and the postal service, to facilitate their transactions. Recent changes in Taiwan’s e-commerce ecosystem include incorporating social media promotion, financial service and transaction options, and integrating big data and artificial intelligence applications to bridge e-commerce platforms with traditional retail outlets.

**Domestic e-Commerce (B2C)**

Taiwan’s e-merchants are generally small-scale operations, 82% of which conduct business using preexisting e-commerce shopping platforms rather than maintaining their own websites, which keeps business costs low. These online platforms include PChome, Yahoo!, Kimo, Momo, and Rakuten.

With the growth of mobile apps as an e-commerce platform, it is expected that mobile shopping will eventually become the primary way Taiwanese consumers purchase goods online. For example, in 2018, the mobile retailing company Shopee had more than 12 million downloads. By investing heavily in its mobile app, Shopee positioned its mobile retailing to effectively cater to Taiwan’s online shoppers. Shopee also used aggressive financial marketing tactics, such as zero payment processing fees and free shipping when it first launched its mobile app.
Cross-Border e-Commerce

The Market Intelligence and Consulting Institute (MIC) found that Taiwan’s 2018 cross-border e-commerce rose by 5.4% from the year earlier to $561. The most popular overseas online purchases included clothing, daily necessities, 3C products, designer bags and shoes, and home appliance. Taiwan consumers purchased goods through cross-border e-commerce from the following countries:

- China (73%)
- Japan (40%)
- United States (23%)

Language barriers and shipping costs are major factors that affect Taiwan’s cross-border e-commerce. Additional barriers to cross-border sales are customs, warehousing, and tax regulations.

Business-to-Business e-Commerce

Taiwan has a robust business-to-business (B2B) e-commerce environment, with two major web portals run by the Taiwan External Trade Development Council (TAITRA). TaiwanTrade is an e-commerce portal that allows businesses to find suppliers, manufacturers and distributors. iDealEZ Online Marketplace is a platform that allows businesses to buy small quantities to sample items directly from suppliers. B2B e-commerce is the most developed in the information technology, chemical, and textile industries.

e-Commerce Services

Survey responses indicate that Taiwan’s shoppers value convenience, accurate information, and affordability when shopping online. In a survey of online consumers in Taiwan, 79% of males and 77% of females cited search convenience as their main reason for shopping online. 69% of respondents trust product reviews when making a decision, and 63% choose to purchase basic products online because they believe it is cheaper than at traditional retailers. (Source: Taiwan Network Information Center)

Distribution services in Taiwan have developed to effectively account for all types of lifestyles. Beyond home delivery, consumers can pick up their purchases at any of Taiwan’s numerous convenience stores, which operate 24/7, which affords working consumers flexible hours to retrieve deliveries in a safe location.

For small and medium-sized businesses seeking to conduct Business-to-Consumer (B2C) e-commerce in Taiwan, online shopping platforms are convenient, attract large customer traffic flows, and offer a range of services including marketing tools and logistical resources.

Business-to-Business Websites

- Amazon
- eBay
- TaiwanTrade
- TaiwanTrade iDealEZ

- books.com.tw
- Friday
- ibon Mart
- Momoshop
- PChome
- Ruten.com
- Rakuten Ichiba Taiwan
- Shopee Taiwan
- Taobao.com
- Yahoo! Taiwan

Online-to-Offline (O2O) Websites

- 17Life
- Gomaji
- Groupon

E-Commerce Intellectual Property Rights

Taiwan is currently not a member of the World Intellectual Property Organization (WIPO) but does adhere to key international agreements such as the Berne Convention and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The Office of the U.S. Trade Representative removed Taiwan from the Special 301 Watch List in 2009 due to Taiwan’s advances in IPR protection. Additional details on IPR are available below in the Protecting Intellectual Property section.

Online Payment

Online shoppers in Taiwan have several payment options for their e-commerce purchases:

- Online credit card
- Payment at convenience stores
- Online banking payments
- Mobile payments

In 2019, the Marketing Intelligence and Consulting Institute (MIC) reported that 77% of consumers used credit cards as their preferred method of online payment. This was followed by convenience store pickup, at 63%. Another popular option is ATM bank transfers, at 11%.

Mobile payment is gaining popularity as more Taiwanese consumers use cellphones. According to a recent survey while credit cards are the most popular means of payment, about 27% of consumers have expressed a willingness to make purchases through mobile payment systems. The top three mobile payment brands used, are LINE Pay (59%), JKo Pay (41%), and PX Pay (33%). (Source: Marketing Intelligence and Consulting Institute)
Mobile E-Commerce

Although 85% of Taiwan’s e-commerce transactions are conducted using a desktop or laptop, and only 10% of e-commerce purchases are conducted using a mobile device, the use of mobiles is steadily rising. In 2018, mobile shopping views increased by 8% and mobile orders by 7%.

Among the monthly visitors of mobile shopping applications, Taiwan’s online shopping consumers mainly use Shopee (43.54 million pageviews/month), followed by PChome 24H (38.45 million pageviews/month), Momoshop (36.86 million pageviews/month), and Ruten (32.47 million pageviews/month).

Digital Marketing

Social media platforms, primarily Facebook and Line, are popular online marketing tools in Taiwan. In 2019, the Market Intelligence and Consulting Institute reported that consumers get their online shopping information from online shopping websites (55%), Google Search (40%), Facebook (24%), price comparison websites (22%), and recommendations from friends and family (17%). Taiwan-based international public relations firms also help businesses promote their products or services online.

Initially, companies in Taiwan that purchased Facebook ads paid a 20% withholding tax. On January 2, 2018, the Taiwan Ministry of Finance issued a tax ruling that reduced withholding taxes to 6% for foreign enterprises that provide cross-border electronic services to Taiwan customers.

Major Buying Holidays

November 11th (11/11), known as “Singles’ Day”, is an unofficial consumer holiday observed by young people in Taiwan. On this day, young people who are not in a relationship celebrate their single status by indulging in both online and offline shopping for themselves or purchasing gifts to initiate a new relationship.

During the Fall, major department stores host annual sales events. These sales draw large crowds, similar to Black Friday in the United States.

Some Taiwan consumers are also beginning to celebrate other international consumer holidays. These include Christmas, Black Friday, and Mother’s Day, among others. Suppliers offer special discounts, which leads to higher sales.

Social Media

In 2019, Taiwan had an 89% social media penetration rate. Among social media users, YouTube (90%) was the lead social media platform, followed by Facebook (89%) and Line (84%). (Source: GLOBALWEB INDEX)

Social media has become extremely important for marketing online products in Taiwan. Facebook is the preferred method of digital marketing with 63% of online vendors choosing it as a marketing tool. Facebook is a popular marketing platform due to its low promotional costs and ability to reach a broad audience. The ease of spreading word-of-mouth recommendations to others on Facebook makes it a powerful tool for e-marketers hoping to generate traffic.
Selling Factors and Techniques

Price is the most important consideration for most Taiwan buyers. As a result, it is also the most common complaint regarding U.S. products and services. American businesses are frequently frustrated that Taiwan firms do not always 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 short-term payoff. The second and third most important considerations for Taiwan buyers are quality and after-sales service, respectively.

When selling products in the Taiwan marketing, labeling, product instructions, and sales literature must be written in traditional Chinese characters. Detailed information about labeling is available at the Commerce Industrial Services Portal on the Ministry of Economic Affairs website.

Trade Promotion and Advertising

Taiwan executives stay informed about current trends in their industries by reading international trade journals and participating in major trade events both in Taiwan and abroad. In most major industries, industry associations work with the Taiwan External Trade Development Council (TAITRA) to organize local trade shows. Participating in major trade shows and advertising in relevant Taiwan trade publications are useful ways to boost sales in the market. Local partners often give the best advice on where and how to advertise effectively.

Information about upcoming trade shows in Taiwan is available on TAITRA’s website. TAITRA also offers several helpful lists, including a frequently updated calendar of TAITRA-sponsored trade shows, international conferences, and exhibitions held at the Taipei World Trade Center and the Nangang Exhibition Center.

The following are some of Taiwan's major commercial newspapers and business publications:

- Business Weekly
- Commercial Times
- Commonwealth
- Taiwan News
- Economic Daily News
- Management Magazine

Taiwan's advertising sector is comparable to that of other developed economies and covers a wide range of media. However, Taiwan advertising is known for a complicated network of “do’s and don’ts”, particularly in regard to the protection of women and children, that may require reference to other laws and regulations. The Cable, Radio and Television Act, which governs advertising using these media, specifies that all commercials must be pre-approved by the relevant official department(s). The duration of advertisements may not exceed one-sixth of a program’s total transmission time. Additionally, there are other content restrictions for television and radio advertising, especially for alcohol and tobacco products.

Digital and social media are effective marketing platforms in Taiwan. For additional information, please visit the Digital Marketing subsection under the e-Commerce section.

CS Taiwan offers fee-based services to help U.S. companies promote their products and services in Taiwan. It also organizes U.S. Pavilions to help American companies participate in Taiwan trade shows. Trade Event Partnership
Program (TEPP) and Trade Event Menu of Services (TEMS) services support trade shows and U.S. Pavilion organizers. For further details, please contact the TEPP/TEMS task force at Tradeevents@trade.gov, or visit the AIT Commercial Section (CS Taiwan) website.

Pricing

Branding is an important factor in developing a pricing strategy, especially in the consumer goods sector. Distributor price margins average between 15 percent and 40 percent, depending in part upon whether the distributor controls a product’s marketing. Price breaks and discounts for large-volume purchases are common promotional incentives.

In Taiwan, a five percent value-added tax (VAT) is imposed on the sale of nearly all products and services. Imports are subject to VAT based upon their landed price, including duties and commodity taxes on certain products. Products including rubber tires, cement, non-alcoholic beverages, oil and gas, certain electrical appliances, flat glass, and motor vehicles are subject to commodity taxes that range from eight to 50 percent ad valorem or other specific tariffs. 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

Taiwan’s buyers, especially those purchasing commercial and industrial products, consider many factors when making purchase decisions. These factors include technical support, after-sales service, product performance, and durability. However, U.S. firms should understand that price is usually the most important element of a buyer’s decision.

Local Professional Services

Taiwan has a comprehensive modern legal system and a 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.

Similarly, major U.S. and global accounting firms and insurance companies have offices in Taiwan. U.S. firms interested in entering the Taiwan market should make it a priority meet with these professional advisors. They can then provide advice within their specific areas of expertise and a range of business and cultural matters.

Up-to-date lists of professional firms may be obtained from the American Chamber of Commerce in Taipei on their website or by e-mail: amcham@amcham.com.tw.
Principal Business Associations

Trade-Related Organizations

American Institute in Taiwan (AIT)

AIT Taipei Main Office
Taipei Commercial Section
Chief: Helen Peterson
No. 100, Jinhua Rd., Neihu Dist., Taipei, Taiwan
Tel: 886-2-2162-2650
Fax: 886-2-2162-2519
Email: Office.Taipei@trade.gov

AIT Kaohsiung Branch Office
Kaohsiung Commercial Section
5F, No. 88, Chenggong 2nd Road, Qianzhen Dist., Kaohsiung, Taiwan
Tel: 886-2-2162-2650
Fax: 886-2-2162-2519
Email: Office.Kaohsiung@trade.gov

Agriculture Section
Chief: Mark Petry
No. 100, Jinhua Rd., Neihu Dist., Taipei, Taiwan
Tel: 886-2-2162-2316
Fax: 886-2-2162-2238
Email: agtaipei@fas.usda.gov

Agriculture Trade Office
Director: Emily Scott
No. 100, Jinhua Rd., Neihu Dist., Taipei, Taiwan
Tel: 886-2-2162-2682
Fax: 886-2-2162-2520
Email: atotaipei@fas.usda.gov
Economic Section
Chief: Dannielle Andrews
No. 100, Jinhu Rd., Neihu Dist., Taipei, Taiwan
Tel: 886-2-2162-2000 ext. 2374
Fax: 886-2-2162-2240

AIT/Washington
Trade and Commercial Programs
Senior Advisors: Rick Ruzicka/ Jeff Horwitz
Suite 1700, 1700 N. Moore Street, Arlington, VA 22209
Tel: 703-525-8474
Fax: 703-841-1385

U.S. Federal Government
U.S. Department of Agriculture
Foreign Agricultural Service (FAS)
Office of Trade Program
South Building, 1400 Independence Ave. SW, Washington, DC 20250
Tel: 202-690-3576

U.S. Department of Commerce
Global Markets, Asia Desk
International Trade Administration
Room 2846, 14th and Constitution Ave. NW, Washington, DC 20230
Tel: 202-482-2611
Fax: 202-482-3316

The Commerce Department’s U.S. Commercial Service has 106 domestic offices throughout the United States. To locate your nearest U.S. Export Assistance Center, please visit https://www.export.gov/locations.
U.S. Department of State

Bureau of Economic and Business Affairs
Office of Commercial and Business Affairs
2201 C Street NW, Washington, DC 20520
Tel: 202-647-4000
Fax: 202-647-3953

Other U.S. Government Agencies

Export-Import Bank of the United States
811 Vermont Avenue NW, Washington, DC 20571
Tel: 202-565-3946
Fax: 202-565-3380

U.S. International Development Finance Corporation
1100 New York Avenue NW, Washington, DC 20527
Tel: 202-336-8400
Fax: 202-336-7949

Taiwan Authorities

Bureau of Foreign Trade (BOFT)
No. 1, Hukou St., Taipei, Taiwan
Tel: 886-2-2321-0271
Fax: 886-2-2351-7080

Bureau of Standards, Metrology and Inspection (BSMI)
No. 4, Sec. 1, Jinan Rd., Taipei, Taiwan
Tel: 886-2-2343-1700
Fax: 886-2-2356-0998

Council of Agriculture (COA)
No. 37, Nanhai Rd., Taipei, Taiwan
Tel: 886-2-2381-2991
Fax: 886-2-2331-0341

**Environmental Protection Administration (EPA)**
No. 83, Sec. 1, Zhonghua Rd., Taipei, Taiwan
Tel: 886-2-2311-7722
Fax: 886-2-2311-6071

**Financial Supervisory Commission (FSC)**
18F, No. 7, Sec. 2, Sianmin Blvd., Banqiao, Taipei, Taiwan
Tel: 886-2-8968-0899
Fax: 886-2-8968-1215

**Ministry of Economic Affairs (MOEA)**
No. 15, Fuzhou St., Taipei, Taiwan
Tel: 886-2-2321-2200
Fax: 886-2-2391-9398

**Ministry of Finance (MOF)**
No. 2, Aiguo W. Rd., Taipei, Taiwan
Tel: 886-2-2322-8000
Fax: 886-2-2356-8774

**Ministry of Health and Welfare (MOHW)**
No. 36, Tacheng St., Taipei, Taiwan
Tel: 886-2-8590-6666
Fax: 886-2-8590-6000

**Ministry of Transportation and Communications (MOTC)**
No. 50, Sec. 1, Renai Rd., Taipei, Taiwan
Tel: 886-2-2349-2900
Fax: 886-2-2349-2491
Small and Medium Enterprise Administration (SMEA)
3F, No. 95, Sec. 2, Roosevelt Rd., Taipei, Taiwan
Tel: 886-2-2368-6858
Fax: 886-2-2367-3883

Principal Business Associations (list)
U.S.-based Trade or Industry Associations

U.S.-Taiwan Business Council
Suite 1703, 1700 N. Moore Street, Arlington, Virginia 22209
Tel: 703-465-2930
Fax: 703-465-2937

Taiwan-based Trade or Industry Associations

American Chamber of Commerce in Taipei
Suite 706, No. 129, Sec. 3, Minsheng E. Road, Taipei, Taiwan
Tel: 886-2-2718-8226
Fax: 886-2-2718-8182

Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI)
14F, No. 11, Songgao Rd., Xinyi Dist., Taipei 11073, Taiwan
Tel: 886-2-2760-1139
Fax: 886-2-2760-7569

Chinese International Economic Cooperation Association
7F, No. 85, Sec. 4, Bade Rd., Songshan Dist., Taipei 10561, Taiwan
Tel: 886-2-2528-8833
Fax: 886-5-2742-5342

Chinese National Association of Industry and Commerce
13F, No. 390, Sec. 1, Fuxing S. Rd., Taipei, Taiwan
Tel: 886-2-2707-0111
Fax: 886-2-2707-0977

**Chinese National Export Enterprises Association**
6F, No. 285, Sec. 3, Nanjing E. Rd., Songshan Dist., Taipei 10550, Taiwan
Tel: 886-2-2713-6920; 886-2-2712-9525
Fax: 886-2-2713-0115; 886-2-2545-1668

**Chinese National Federation of Industries**
12F, No. 390, Sec. 1, Fuxing S. Rd., Taipei, Taiwan
Tel: 886-2-2703-3500
Fax: 886-2-2705-8317

**General Chamber of Commerce of the R.O.C.**
6F, No. 390, Sec. 1, Fuxing S. Rd., Da’an Dist., Taipei 10656, Taiwan
Tel: 886-2-2701-2671
Fax: 886-2-2755-5493

**Importers and Exporters Association of Taipei**
No. 350, Sungchiang Rd., Taipei, Taiwan
Tel: 886-2-2581-3521
Fax: 886-2-2523-8782

**International Trade Association of R.O.C.**
12F-1, No. 125, Sec. 3, Roosevelt Rd., Da’an Dist., Taipei 10647, Taiwan
Tel: 886-2-8369-5907
FAX: 886-2-8369-5908

**Taiwan External Trade Development Council (TAITRA)**
5-7F, No. 333, Sec. 1, Keelung Rd., Taipei, Taiwan
Tel: 886-2-2725-5200
Fax: 886-2-2757-6652
Limitations on Selling U.S. Products and Services

Standards Body

The Bureau of Standards, Metrology, and Inspection (BSMI) under the Ministry of Economic Affairs is responsible for publishing relevant standards for imported goods, their standards generally conform to international standards.

Bureau of Standards, Metrology, and Inspection (BSMI)

No. 4, Sec. 1, Jinan Road, Taipei 100, Taiwan

Tel: +886-2-23431700

Fax: +886-2-23560998

Conformity Assessment

Under the Commodity Inspection Act, the following traded and nontraded commodities shall be inspected by the Bureau of Standards, Metrology and Inspection (BSMI): Agricultural, industrial, and mining commodities manufactured domestically. Most of the products are food and agricultural goods, mechanical, electrical, chemical, and mineral products. The law specifies four methods for determining compliance: batch-by-batch inspection, monitoring inspection, registration of product certification, and self-declaration of conformity. The commodity type determines the applicable method for assessing compliance.

WTO Technical Barriers to Trade Agreement

Taiwan adheres to the WTO's Agreement on Technical Barriers to Trade, which prohibits the use of technical requirements as discriminatory barriers to trade. The TBT Agreement covers standards for all products, including agricultural, industrial, and consumer goods, as well as production and processing methods and conformity assessment procedures. Additional resources to help firms comply with U.S. and international standards are available through the U.S. Department of Commerce's National Institute of Standards and Technology (NIST) website.

Trade Financing

Methods of Payment

There are four common methods of international payment: cash in advance; letters of credit (L/C); documentary collections such as documents against payment (D/P) and documents against acceptance (D/A); and open accounts (O/A). Cash in advance terms are generally used in new relationships when transactions are small and the buyer has no choice but to pre-pay. Bank-to-bank letters of credit (L/C) are the most common form of international payment for established relationships because they provide a high degree of protection for both the seller and the buyer. D/P and D/A terms are also commonly used in ongoing relationships and provide a measure of protection for both the seller and the buyer. Open account (O/A) is used only when the seller has significant trust in the buyer’s ability and willingness to pay once the goods have been shipped. O/A terms lend maximum security to the buyer and pose greatest risk to the seller.

AIT’s Commercial Section recommends that U.S. exporters minimize financial risk by requiring their Taiwan trading partners to finance their imports through L/Cs. The vast majority of Taiwan’s importers use L/Cs with a validity of
Banks authorized to handle foreign exchange may issue L/Cs. As of January 2020, this includes all 37 local banks (and their branch offices), six U.S. banks (Bank of America, National Association, The Bank of New York Mellon, State Street Bank and Trust Company, JPMorgan Chase Bank, N.A., Wells Fargo Bank, National Association, and Citibank, N.A.) and their branches, and 23 third-country banks. All banks in Taiwan that are authorized to handle foreign exchange have correspondent relationships with one or more U.S. banks.


**Banking Systems**

As of January 2020, Taiwan has a Central Bank, 37 domestic banks (with 3,411 branch offices), and 29 local branches of foreign and Mainland China banks. In addition, there are 23 credit cooperatives, 284 agricultural credit unions, and 28 fishermen’s credit unions. These banks, cooperatives, and credit unions have traditionally played a dominant role in finance in Taiwan.

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

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

Foreign banking institutions play an important role in Taiwan’s financial sector, and thus generally enjoy treatment akin to that of domestic commercial banks. Foreign banking institutions are permitted to engage in trade finance, foreign exchange, private and corporate lending, and various kinds of trust businesses. In order to enhance their overall market presence, many foreign banking institutions have developed attractive consumer loan and credit card service offerings.

**Foreign Exchange Controls**

Taiwan imposes no foreign exchange (FX) controls on trade, insurance, and authorized investment transactions. Similarly, it does not restrict the repatriation of capital and profits related to direct or portfolio investment, provided that such investment has been permitted or approved by the Taiwan authorities.

Inward and outward remittances not involving any exchange of New Taiwan Dollars (NTD) for foreign currency are permitted. Personal remittances involving an exchange of NTD and foreign currency to or from overseas are limited to NT$5 million ($162,022). For inward or outward remittances involving business firms, remittances are subject to an annual ceiling of NT$50 million ($1,620,220) per account if they involve an exchange of NTD and foreign currency. Any remittance above these amounts for firms or individuals requires approval from the Taiwan Central Bank.
Any single transaction of less than NT$100,000 ($3,240) by a non-resident may proceed directly through authorized banks. However, there is a reporting requirement for any foreign transaction involving NTD that exceeds NT$500,000 (approx. US$16,100). Once registered on the Taiwan Stock Exchange Corporation, foreign investors are free to choose any authorized foreign exchange bank to conduct foreign exchange transactions.

**U.S. Banks and Local Correspondent Banks**

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

**Bank of America**

43 and 48F, No. 7, Sec. 5, Xinyi Rd., Taipei 11049, Taiwan  
Tel: 886-2-8101-1288

**Citibank N.A.**

15F, No. 1, Songzhi Road, Taipei 11047, Taiwan  
Tel: 886-2-8729-7100

**JPMorgan Chase Bank, N.A.**

8F, No. 108, Sec. 5, Xinyi Rd., Taipei 11047, Taiwan  
Tel: 886-2-2725-9800

**The Bank of New York Mellon**

11F, No. 1, Songgao Rd., Taipei 11073, Taiwan  
Tel: 886-2-2728-6000

**Major Local Correspondent Banks**

**Bank of Taiwan**

No. 120, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei 10007, Taiwan  
Tel: 886-2-2349-3456

**Cathay United Bank**

1F, No. 7, Songren Rd., Xinyi Dist., Taipei 11073, Taiwan  
Tel: 886-2-8722-6666
Chang Hwa Commercial Bank
No. 57, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei 10412, Taiwan
Tel: 886-2-2536-2951

CTBC Bank
No. 168, Jingmao 2nd Rd., Nangang Dist., Taipei 115, Taiwan
Tel: 886-2-3327-1688

First Commercial Bank
No. 30, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei 10005, Taiwan
Tel: 886-2-2348-1111

Hua Nan Commercial Bank, Ltd.
No. 123 Songren Rd., Xinyi Dist., Taipei 110, Taiwan
Tel: 886-2-2371-3111

Land Bank of Taiwan
No. 46, Guanqian Rd., Zhongzheng Dist., Taipei 10047, Taiwan
Tel: 886-2-2348-3456

Mega International Commercial Bank Co., Ltd.
No. 100, Jilin Rd., Zhongshan Dist., Taipei 10424, Taiwan
Tel: 886-2-2563-3156

The Shanghai Commercial and Savings Bank
No. 149, 3F-12F, Sec. 2, Minqshen E. Rd., Zhongshan Dist., Taipei 10483, Taiwan
Tel: 886-2-2581-7111

Taishin International Bank
No. 44, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei 10448, Taiwan
Tel: 886-2-2568-3988
Protecting Intellectual Property

Several general principles are important for effective management of intellectual property (IP) rights in Taiwan. First, it is important to have an overall strategy to protect your IP. Second, IP may be protected differently in Taiwan than in the United States. Third, rights must be registered and enforced in Taiwan under local laws. For example, your U.S. trademark and patent registrations will not protect you in Taiwan. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works in accordance with international agreements.

In Taiwan, patent registrations are generally awarded on a first-to-file basis. Similarly, registering trademarks is based on a first-to-file principle. Companies should consider how to obtain patent and trademark protection before introducing products or services into the Taiwan market. For more information on what patents can be protected, or for instructions on applying for patent, trademark, or copyright protection in Taiwan, please visit the Taiwan Intellectual Property Office website.

It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in Taiwan. It is the responsibility of rights holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the U.S. Government stands ready to assist, there is little that the U.S. Government can do if the rights holders have not taken fundamental steps necessary to secure and enforce their IP in a timely fashion. In no instance should U.S. Government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its case. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Taiwan law. The American Chamber of Commerce in Taipei can provide a list of local lawyers on request.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether or not to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. As a result of such risks, projects and sales in Taiwan require constant attention.

Small and medium-size companies should work with trade associations and organizations to support efforts to protect IP and stop counterfeiting. Some Taiwan and U.S.-based IP-related organizations include:

- American Chamber of Commerce Taiwan
- Asian Coalition Against Counterfeiting and Piracy (ACACAP)
- Biotechnology Innovation Organization (BIO)
- International Anti-Counterfeiting Coalition (IACC)
- International Federation of the Phonographic Industry (IFPI) (via its Taiwan office, the Recording Industry Foundation in Taiwan)
In any foreign market, companies should consider several general principles for effective protection of their intellectual property. For additional background, please follow the links to our article on Protecting Intellectual Property and Stopfakes.gov for more resources.

**IP Attaché Contact for Taiwan**

Michael Mangelson  
Senior Counsel for China IP Policy  
Tel: (571) 270-0457  
Email: Michael.Mangelson@uspto.gov  
**U.S. Patent and Trademark Office (USPTO)**  
USPTO Madison Building  
600 Dulany Street, Alexandria, VA 22314

**IP Resources**

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

- For information about patent, trademark, or copyright issues -- including enforcement issues in the United States and other countries – call the STOP! Hotline: 1-866-999-HALT.

- For more information about registering trademarks and patents (both in the United States as well as in foreign countries), contact the **U.S. Patent and Trademark Office (USPTO)** at: 1-800-786-9199.

- For more information about registering for copyright protection in the United States, contact the **U.S. Copyright Office** at: 1-202-707-5959.

- More information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits. The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.
Selling to the Public Sector

Taiwan acceded to the World Trade Organization's (WTO) Government Procurement Agreement (GPA) in July 2009. According to Taiwan's GPA Agreement, U.S. firms will compete on equal terms with domestic firms when government tenders for entities covered under the agreement meet or exceed the following threshold values:

- Public contracts valued at over US$ 194,000 for goods and services and approximately US$ 7.45 million for construction services.
- Metropolitan government contracts valued at over US$ 296,000 for goods and services and US$ 7.45 million for construction services.
- Government-controlled entities such as utilities and universities/colleges with contracts for goods and services valued at US$ 593,000 and construction services valued at US$ 7.45 million.

According to Taiwan’s Public Construction Commission, in 2019, foreign firms won 21,789 contracts under GPA worth a total of US$24.79 billion. U.S. firms won 7,575 (34.77%) contracts with a total value of US$ 13.79 (55.62%) billion. Most of the procuring entities were public agencies and state-owned enterprises, hospitals, and universities. Advanced laboratory instrumentation & testing devices, equipment for power generation & environmental controls, specialty chemicals such as additives and catalysts, equipment for aviation controls, equipment for atmospheric monitoring, and advanced medical devices can be considered best prospect areas for U.S. firms that are interested in selling to Taiwan.

In response to foreign companies’ concerns about maintaining fairness in contractual obligations, Taiwan's Public Construction Commission has prepared a model contract template as a reference for government procuring entities. The conditions in this model contract are the same for all bidders, domestic or foreign.

U.S. exporters are encouraged to visit the Commercial Service Taiwan’s GPA website.

Military Procurement

In Taiwan, there are three forms of military procurement: Foreign Military Sales (FMS), Direct Commercial Sales (DCS), and domestic tenders. In 2019, Taiwan completed 23 FMS cases totaling US$4.36 billion, 23 DCS cases with US$0.16 billion and 7,728 domestic tenders with a total dollar value of US$1.85 billion.

All recent FMS transactions have been between the U.S. government and the Taiwan authority; consequently, the export process is managed by the U.S. Department of Defense. Taiwan’s Legislative Yuan must be notified of FMS tenders exceeding $50 million in total value or $14 million for major defense equipment. Under the Taiwan Relations Act, the United States evaluates Taiwan’s defense needs on a continuous basis to assist Taiwan in identifying capabilities that are mobile, durable, and effective. In 2019, the U.S. Executive Branch notified Congress of more than $10.72 billion in FMS transactions with Taiwan.

For DCS transfers, the Taiwan authorities deal with U.S. military suppliers directly, with the permission of the U.S. government. Both DCS and domestic tenders must comply with pertinent provisions of the Government Procurement Law (GPL) and the Procurement Regulation for Military Entities by offering open tenders, selective tenders, or limited tenders.

Military organizations may purchase imported items without the Minister of National Defense (MND) tenders. However, all equipment and supplies with a purchase amount exceeding the designated audit ceiling of NT$30 million.
($966,825) for domestic purchases, and NT$18.5 million ($600,000) for overseas purchases, must be purchased through the MND.

On May 31, 2019, the Legislative Yuan passed the National Defense Industry Development Act to support the development of Taiwan’s domestic defense industry and to reduce its dependence on military imports. The act stipulates that companies or organizations seeking to become military suppliers must apply to MND to be evaluated and ranked in three tiers based on technological capability criteria; size of operations; experience in research, development, manufacturing, and maintaining military equipment; and collaboration with academia, businesses, or foreign companies.

**Project Financing**

Taiwan does not rely on funding from multilateral institutions to facilitate investment projects. In the public sector, the Taiwan authorities rely heavily on bond issues to cover outlays on major public works. Some public projects are open to private investment on a build-operate-transfer (BOT) basis. Private investment projects can easily be financed through banks in Taiwan. Taiwan investors, especially large companies, employ financial instruments (including corporate bonds) to raise funds in capital markets, both at home and abroad.

**Business Travel**

**Business Customs**

**Business Cards**

Formal business introductions in Taiwan are considered incomplete without an exchange of business cards. This is a necessity for nearly every business occasion, so those visiting Taiwan on business should always carry cards printed in both English and traditional Chinese characters. Many Taiwan printers specialize in producing these key business aids, and offer accurate, low-cost services that can be completed within days.

**Dress and Business Etiquette**

Taiwan weather is humid throughout the year. Light clothing is recommended between May and October, while a jacket or sweater may be needed during the winter. Outside of the office, dress is relatively informal on most occasions. During the summer, businessmen usually wear short-sleeve shirts and ties, while women’s business attire varies widely. However, for men a suit and tie are advisable in more formal situations.

**Tipping**

In most instances, tipping is not necessary. Restaurant and hotel bills typically include a ten percent service charge, 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, usually in the range of NT$50-100 ($1.62-3.24) per item of luggage. It is not necessary to tip in taxis unless assistance with luggage is rendered.
Travel Advisory

Taiwan is generally safe and there is minimal risk of violent crime. However, pickpockets can be a problem in crowded places, especially at night markets and other large, public events. Visitors should exercise normal precautions, maintain a low profile, and be aware of their surroundings at all times. There is an extensive network of security cameras in Taipei, Kaohsiung, and other major cities, so crime victims should note the location and time of any incident so that police can review video footage.

People in Taiwan are generally friendly toward foreigners and will often go out of their way to assist visitors. Taxi drivers, restaurateurs, store clerks, and other service employees are often particularly helpful to non-Chinese speaking foreign visitors. Traffic conditions present hazards to drivers and pedestrians alike and caution is advised when on or traversing roadways.

Please note that marijuana is an illegal drug in Taiwan, and Taiwan has very strict penalties for the possession, use, selling, or trafficking (including mailing) of all illegal drugs.

Emergency Telephone Numbers

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

For the latest information about Taiwan travel advisories, visit the State Department Travel Information Page for Taiwan.

Visa Requirements

Non-Residents

U.S. passport holders who wish to enter Taiwan as a tourist or short-term visitor (less than 90 days) do not need a visa. No extensions or changes of status are permitted. The U.S. passport must be valid throughout the intended length of stay and the traveler must hold a confirmed return or onward air ticket. For stays longer than 90 days, or for those planning to work or join family, a Taiwan visa is required prior to traveling. The processing fee for a Taiwan tourist/business visa is USD $160. U.S. investors and their immediate family members may qualify for a residency visa, or a five-year, multiple-entry visitor visa with 60-day duration of stay, the fee for which is USD $205. Visit the Taipei Economic and Cultural Representative Office (TECRO)’s website for the most current non-resident visa information.

Taipei Economic and Cultural Representative Office (TECRO)
4201 Wisconsin Avenue NW
Washington, DC 20016-2137
Telephone: (202) 895-1800 (Main Number)
Facsimile: (202) 363-0999 (Main Number)
Telephone: (202) 895-1814 (Consular Division)
Facsimile: (202) 895-0017 (Consular Division)
Resident Visas are generally issued to applicants with valid work permits or those married to Taiwan nationals. When applying for a resident visa, applicants must submit supporting documents or official letters of approval from a competent authority in Taiwan, together with completed application forms. Normally, foreign nationals submit applications through their domestic Taiwan agents, representatives, or affiliates of their firms. A resident visa does NOT automatically convey permission to work in Taiwan. To legally work in Taiwan, a foreigner must generally possess both a work permit and a resident visa. Taiwan residence visas are managed by the local Bureau of Consular affairs and work permits are issued by the Workforce Development Agency under the Ministry of Labor.

Additional details about Taiwan visas, including current fees.
Taiwan’s National Immigration Agency allows passengers to fill out their immigration arrival cards online before arrival. For more information, please visit NIA’s website.

For additional information about renewing a U.S. passport or other services for U.S. citizens in Taiwan, please visit the American Institute in Taiwan (AIT)’s website.

Companies that require travel of non-U.S. citizen employees to the United States should be advised that security evaluations are handled via an interagency process.

Under the Visa Waiver Program (VWP), eligible Taiwan passport holders are able to travel to the United States for tourism or business for stays of 90 days or less without obtaining a visa, if certain requirements are met. VWP travelers must first receive travel authorization through the Electronic System for Travel Authorization (ESTA) (if travel by air or sea), and must meet all eligibility requirements in advance of travel.

Applicants for U.S. visas should go to the following links.
State Department Visa Website.
U.S. Visas.
E-Gate/Global Entry is a partner program between the National Immigration Agency, Taiwan (e-Gate) and the U.S. Customs and Border Protection (Global Entry) to facilitate travel. Under the e-Gate/GE program, eligible travelers can expedite their immigration clearance service without lining up at ports of entry. e-Gate members can use e-Gate at several ports in Taiwan. For more information, please visit NIA’s e-Gate website.

Currency
The New Taiwan Dollar (NTD) is the official currency in Taiwan. The one-dollar, five-dollar, ten-dollar, twenty-dollar, and fifty-dollar coins, and the one-hundred, two-hundred, five-hundred, one-thousand, and two-thousand dollar
notes are legal tender. However, the twenty-dollar coin and the two-hundred and two-thousand NTD notes are rarely seen in circulation.

Each foreign visitor may bring up to NT$100,000, RMB$20,000, and US$10,000 into or out of Taiwan, and is required to declare amounts in excess of the above to the Customs Authority when entering or departing Taiwan. Foreign currency can be exchanged at the airport as well as at authorized banks and hotels. As of February 2020, there were over 3,461 bank branches around Taiwan authorized to conduct foreign exchange.

Internationally recognized credit cards are accepted in most hotels, many restaurants, and many shops, but an international transaction fee of 1.5% is applied to the transaction value. There are approximately 30,580 automated teller machines (ATMs) throughout Taiwan, most of which participate in international ATM networks and can be found at banks, convenience stores, department stores, and MRT stations. Line Pay and Google Pay are widely accepted, but only if they are linked to a local bank account. Apple Pay is accepted if it is linked to a U.S. credit card, but the international credit card transaction fee of 1.5% still applies.

**Telecommunications/Electronics**

Taiwan's telecommunications system is both efficient and convenient. International calls can be made from private cell phones, public International Direct Dialing (IDD) phones, or hotel IDD phones. There are five main mobile carriers in Taiwan (Chunghwa Telecom, Taiwan Mobile, FarEasTone, T Star, and Asia Pacific Telecom) that offer 4G service with preferential rates and packages. Chunghwa Telecom will be the first company to launch 5G services in the third quarter of 2020. Broadband and WiFi services are easy to procure, and free public WiFi is widely available in major cities. Nearly all hotels (not including guest houses) provide free WiFi services. Many restaurants and cafés also provide free WiFi for customers. Many 24-hour convenience stores provide free WiFi access, as well as fee-based copy and fax services.

Like the United States, Taiwan uses an electric current of 110 volts at 60 cycles. Appliances from Europe, Australia, or Southeast Asia will require an adaptor and may require a transformer depending on the electric device. Some buildings have 220-volt outlets for the use of air conditioners.

**Transportation**

**Air Travel**

Taiwan has two major international airports: Taoyuan International Airport (TPE) near Taipei is the primary gateway to the island, while Hsiaokang International Airport (KHH) in Kaohsiung offers regular flights to major destinations in the region. Taipei Songshan Airport (TSA), located within downtown Taipei, also offers direct flights to and from Tokyo Haneda, Seoul Gimpo and major cities in China. Taichung International Airport (RMQ) and Tainan Airport (TNN) offer some limited flights to destinations in East Asia. Minor airports throughout Taiwan offer flights between major cities and Taiwan’s outlying islands.

**Airport Pickup**

It takes between 40 minutes and one hour to drive from Taoyuan International Airport to Taipei by car or bus. Airport buses to major hotels and transportation centers in Taipei depart from the airport every 20 minutes and cost around NT$145 ($4.81) per person. Buses from Taoyuan International Airport to Hsinchu, Taichung, Changhua, Tainan, and
Kaohsiung are also available. Travel by Mass Rapid Transit (MRT) from Taoyuan International Airport to Taipei Main Station costs NT$150 ($4.98) and takes around 40 minutes.

Taxis charge NT$70 ($2.32) for the first 1.25 kilometers and NT$5 ($0.16) for every 200m thereafter. A taxi ride from the airport to Taipei costs about NT$1,100-1,400 ($35-$45), depending on the destination. Many large hotels offer car or shuttle services from the airport to Taipei. Such services should be requested in advance.

Kaohsiung’s Hsiaokang International Airport is located 20 minutes from downtown and costs about NT$300 ($9.96) by taxi. Metered taxis charge a NT$50 ($1.66) surcharge from the international terminal with an additional NT$10 ($0.33) surcharge for luggage services. Several bus services are available at a low cost as well.

**Taxis**

Taxis are widely available in Taipei and other major cities. While some taxi drivers can speak a little English, visitors are strongly advised to present taxi drivers with the address of their desired destination written in traditional Chinese. In most cities, a meter is used to calculate the fare. The basic charge is NT$70 ($2.32) for the first 1.25 kilometers (3/4 mile), with an additional NT$5 ($0.16) for every additional 200 meters. In addition, there is a NT$5 ($0.16) charge for every 80 seconds of waiting, and a NT$20 ($0.66) nighttime surcharge is added to fares between 11:00 pm and 6:00 am. Taxi services can also be booked over the telephone.

From two days before the eve of the Chinese New Year until the end of the holiday period, there is an additional surcharge of NT$20 ($0.66) during the day and NT$40 during the nighttime ($1.30).

Uber is very convenient in Taipei, and also available in other five cities, New Taipei, Hsinchu, Taoyuan, Taichung, and Kaohsiung.

**Rail**

The Taiwan Railways Administration (TRA) operates an extensive rail network with more than 600 miles of connected track. Tickets can be conveniently purchased at ticketing kiosks, over the phone, or on the Internet.

The Taiwan High Speed Rail (HSR) travels the entire 220 miles from Taipei to Kaohsiung in 96 minutes, as opposed to the 4.5 hours by conventional rail. The one-way fare for Taipei-Kaohsiung is NT$1,490 ($49.48). Currently twelve stations are in operation on the HSR line along Taiwan’s western corridor: Nangang, Taipei, Banqiao, Taoyuan, Hsinchu, Miaoli, Taichung, Changhua, Yunlin, Chiayi, Tainan, and Zuoying (Kaohsiung).

Taipei has six Mass Rapid Transit (MRT) lines in operation with a combined track length of 95 miles. The MRT lines form a transportation network connecting downtown Taipei with the suburban areas of Muzha,Danshui, Xindian, Tucheng, Nangang, Banqiao, Luzhou, and Xinzhuang. Kaohsiung has three MRT lines in operation going north-south, east-west, and a smaller line covering downtown.

**Buses**

Bus services in major cities are extensive and inexpensive but can be challenging to foreign visitors. Most common map apps on smart phones, such as Google Maps and Apple Maps, incorporate bus schedule information that can make the system easier to navigate. Long-distance bus networks around the island also make it possible for people to travel virtually anywhere quickly, comfortably, and at reasonable cost.
Car Rental

Chauffeured limousines may be booked through hotels or car rental companies for about NT$9,000 ($291.64) per eight-hour day. Standard rental cars are also available at rates starting around NT$2,000 ($64.81) per day. These require an international driver’s license and a credit card for a deposit.

Language

Mandarin is the official language in Taiwan. Southern Min, the Taiwan dialect, is also commonly spoken, especially in southern and rural areas. English is by far the most popular foreign language, and many people speak it fluently. Those working in hotels, business, or public organizations are most likely to have a good command of the language. Many elderly people, especially those educated before World War II, can also speak Japanese. Hakka and aboriginal languages are also spoken.

Health

Tap water in Taiwan’s major cities is drinkable. Visitors should take special care to wash all fruits and vegetables before eating. Although gastrointestinal illness is not rampant, it may be wise to avoid eating at any of the island’s countless street stalls for at least the first few weeks after arrival.

There are several international-standard private and public hospitals and clinics. Taiwan also offers high-quality dental care, with most clinics being privately operated. The majority of doctors and dentists in Taiwan speak English well. Qualified foreign nationals with Alien Resident Certificates (ARCs) and their family members can apply for coverage under the National Health Insurance Program (NHIP). International visitors do not qualify for local health insurance. Foreign visitors to Taiwan should possess health insurance that covers healthcare services in Taiwan. It is also very important that foreign travelers make sure to have medical evacuation insurance, as most health insurance plans do not include this benefit.

Many Western name-brand pharmaceuticals are sold in Taiwan. In addition, a wide range of foreign and domestic over-the-counter non-prescription drugs are available. Visitors should bring a sufficient supply of medications that they might require as some specialized medications are difficult to find. Emergency medical treatment can be requested by dialing 119 from a local phone.

COVID-19 is present in Taiwan however it is very well controlled by the Taiwan CDC. Taiwan has strict rules regarding quarantine for visitors from outside Taiwan. Please visit the Taiwan CDC webpage for [https://www.cdc.gov.tw/En](https://www.cdc.gov.tw/En) for current recommendations regarding quarantine. There severe fines (up to $30,000 USD) for anyone who breaks quarantine. For a comprehensive overview of local health resources available in Taiwan’s major cities, please visit the [AIT Medical Assistance Webpage](https://www.cdc.gov.tw/En).

Local Time, Business Hours, and Holidays

Local Time

Taiwan is eight hours ahead of Greenwich Mean Time and 12 or 13 hours ahead of U.S. Eastern Standard Time depending on the time of year, as Taiwan does not practice daylight savings time.
Business Hours

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

Holidays

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

<table>
<thead>
<tr>
<th>Holidays</th>
<th>Dates in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Year’s Day</td>
<td>January 1</td>
</tr>
<tr>
<td>Chinese Lunar New Year</td>
<td>January 23-29</td>
</tr>
<tr>
<td>Peace Memorial Day</td>
<td>February 28</td>
</tr>
<tr>
<td>Children’s Day and Tomb-Sweeping Day</td>
<td>April 3-4</td>
</tr>
<tr>
<td>Dragon Boat Festival</td>
<td>June 25</td>
</tr>
<tr>
<td>Mid-Autumn (Moon) Festival</td>
<td>October 1</td>
</tr>
<tr>
<td>Double Tenth/National Day</td>
<td>October 10</td>
</tr>
</tbody>
</table>

Temporary Entry of Materials or Personal Belongings

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

- Each person aged 20 and up may bring in alcoholic beverages (1,000 cc or less without limitation on the number of bottles), plus 200 cigarettes, 25 cigars, or one pound of tobacco.
- Articles already owned and used by the passenger abroad (not including alcoholic beverages and cigarettes), the customs value of which does not exceed NT$10,000 ($330) 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 ($660) for each passenger.

Samples carried by inbound passengers may be granted duty exemption if the total customs value does not exceed NT$12,000 ($396). Duty, commodity tax and value-added tax will be imposed on articles imported in excess of the exemption limit. More information can be found on the Taiwan customs website.
**Investment Climate Statement (ICS)**

**Executive Summary**

Taiwan is an important market in regional and global trade and investment. It is one of the world’s top 25 economies in terms of gross domestic product (GDP) and was the United States’ 10th largest trading partner in 2019. An export-dependent economy of 23 million people with a highly skilled workforce, Taiwan is also a key link in global supply chains, a central hub for shipments and transshipments in East Asia, and a major center for advanced research and development (R&D).

Taiwan welcomes and actively courts foreign direct investment (FDI) and partnerships with U.S. and other foreign firms. The administration of President Tsai Ing-wen aims to promote economic growth in part by increasing domestic investment and FDI. Taiwan authorities offer investment incentives and seek to leverage Taiwan’s strengths in advanced technology, manufacturing, and R&D. Expanded investment by the central authorities in physical and digital infrastructure across Taiwan complements this investment promotion strategy. The authorities convene an interagency monthly meeting to address common investment issues, such as land scarcity. Some Taiwan and foreign investors regard Taiwan as a strategic relocation alternative to insulate themselves against potential supply chain disruptions resulting from regional trade frictions. In January 2019, the Taiwan government launched a reshoring initiative aimed to lure Taiwanese companies to shift production back to Taiwan from the People’s Republic of China (PRC) in response to rising tariffs on Taiwan’s critical electronics manufacturing industry.

Taiwan’s finance, wholesale and retail, and electronics sectors remain top targets of inward FDI, although Taiwan attracts a wide range of U.S. investors, including in advanced technology, digital, traditional manufacturing, and services sectors. The United States is Taiwan’s second largest single source of FDI after the Netherlands, through which some U.S. firms choose to invest. In 2018, according to U.S. Department of Commerce data, the total stock of U.S. FDI in Taiwan reached USD 17.5 billion. U.S. services exports to Taiwan totaled USD 10 billion in 2018. Leading services exports from the U.S. to Taiwan were in the intellectual property (industrial processes), transport, and travel sectors.

Structural impediments in Taiwan’s investment environment include: excessive or inconsistent regulation; market influence exerted by domestic and state-owned enterprises (SOEs) in the utilities, energy, postal, transportation, financial, and real estate sectors; foreign ownership limits in sectors deemed sensitive; and regulatory scrutiny over the possible participation of PRC-sourced capital. Taiwan has among the lowest levels of private equity investment in Asia, although private equity firms are increasingly pursuing opportunities in the market. Foreign private equity firms have expressed concern about a lack of transparency and predictability in the investment approvals and exit processes, as well as regulators’ reliance on administrative discretion in rejecting some transactions. These challenges are especially apparent in sectors deemed sensitive for national security reasons but that allow foreign ownership. Businesses have questioned the feasibility of Taiwan’s long-term energy policy in light of plans to phase out nuclear power by 2025 and increase use of LNG and renewables.

The Taiwan authorities have introduced new rules to help establish a modern regulatory framework for a thriving digital economy, but their reluctance to accommodate certain new business models, such as sharing economy...
platforms, presents a stark contrast to Taiwan’s efforts to position itself as a global innovation hub. Taiwan in late 2016 implemented new rules mandating a 60-day public comment period for draft laws and regulations emanating from regulatory agencies, but the new rules have not been consistently applied. Proposed amendments to foreign investment regulations, if passed, would help promote inward investment through streamlined reporting and approval procedures.

Table 1: Key Metrics and Rankings

<table>
<thead>
<tr>
<th>Measure</th>
<th>Year</th>
<th>Index/Rank</th>
<th>Website Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Innovation Index</td>
<td>2019</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>U.S. FDI in partner country (SM USD, historical stock positions)</td>
<td>2018</td>
<td>USD 17,530</td>
<td><a href="https://apps.bea.gov/iTable/iTable.cfm?reqid=2&amp;step=1&amp;isuri=1#reqid=2&amp;step=1&amp;isuri=1">https://apps.bea.gov/iTable/iTable.cfm?reqid=2&amp;step=1&amp;isuri=1#reqid=2&amp;step=1&amp;isuri=1</a></td>
</tr>
</tbody>
</table>

1. Openness To, and Restrictions Upon, Foreign Investment

Policies Towards Foreign Direct Investment

Promoting inward FDI has been an important policy goal for the Taiwan authorities because of Taiwan’s self-imposed public debt ceiling that limits public spending and its low levels of private investment. Taiwan’s domestic private investment surged by 9.6 percent in 2019 due to increased reshoring investment by overseas Taiwan companies since late 2018. Taiwan has pursued various measures to attract FDI from both foreign companies and Taiwan firms operating overseas. A network of science and industrial parks, export processing zones, and free trade zones aim to expand trade and investment opportunities by granting tax incentives, tariff exemptions, low-interest loans, and other favorable terms. Incentives tend to be more prevalent for investment in the manufacturing sector. In January 2019,
Taiwan launched a reshoring incentive program to attract Taiwan firms operating in the PRC to return to Taiwan and has received favorable responses from ICT manufacturers. The Ministry of Economic Affairs (MOEA) Department of Investment Services (DOIS) Invest in Taiwan Center serves as Taiwan’s investment promotion agency and provides streamlined procedures for foreign investors, including single-window services and employee recruitment. For investments of over NTD 500 million (USD 17 million), the authorities will assign a dedicated project manager to the investment process. DOIS services are available to all foreign investors. The Centre’s website contains an online investment aid system (at https://investtaiwan.nat.gov.tw/smartIndexPage?lang=eng) to help investors retrieve all the required applications forms based on various investment criteria and types. Taiwan also passed the Foreign Talent Retention Act to attract foreign professionals with a relaxed visa and work permit issuance process as well as tax incentives. The MOEA is drafting a proposed amendment to the Statute for Investment by Foreign Nationals, which would replace the existing pre-approval investment review process with an ex-post reporting mechanism and strengthen screening of investment in industries of national security concerns.

Taiwan maintains a negative list of industries closed to foreign investment for reasons the authorities assert relate to national security and environmental protection, including public utilities, power distribution, natural gas, postal service, telecommunications, mass media, and air and sea transportation. These sectors constitute less than one percent of the production value of Taiwan’s manufacturing sector and less than five percent of the services sector. Railway transport, freight transport by small trucks, pesticide manufactures, real estate development, brokerage, leasing, and trading are open to foreign investment. The negative list of investment sectors, last updated in February 2018, is available at http://www.moeaic.gov.tw/download-file.jsp?do=BP&id=ZYi4SMROrBA=.

To accelerate industrial transformation that would boost both domestic demand and external market expansion, the authorities have been actively promoting the “5+2 Innovative Industries” development program targeting industries including smart machinery, biomedicine, Internet of Things (IoT), green energy, and national defense, as well advanced agriculture, circular economy, and semiconductors, among other key industries. Taiwan authorities also offer subsidies for the research and development expenses for Taiwan-foreign partnership projects. The central authorities take a cautious approach to approving foreign investment in innovative industries that utilize new and potentially disruptive business models, such as in the sharing economy. Investors have reported that investments in the sharing economy have been approved without clear regulatory frameworks in place, generating regulatory and political difficulties and, in some cases, targeted legislation and regulations regarded as highly punitive or restrictive in ways that harm the viability of such business models in Taiwan.

The American Chamber of Commerce in Taipei meets regularly with Taiwan agencies such as the National Development Council (NDC) to promote resolution of concerns highlighted in the Chamber’s annual White Paper. The authorities also regularly meet with other foreign business groups. Some U.S. investors have expressed concerns about a lack of transparency, consistency, and predictability in the investment review process, particularly with regard to transactions involving private equity investment. Current guidelines on foreign investment state that private equity investors seeking to acquire companies in “important industries” must provide, for example, a detailed description of the investor’s long-term operational commitment, relisting choices, and the investment’s impact on competition within the sector. U.S. investors have claimed to experience lengthy review periods for private equity transactions and redundant inquiries from the MOEA Investment Commission and its constituent agencies. Some report that public hearings convened by Taiwan regulatory agencies about specific private equity transactions have appeared designed
to advance opposition to private equity rather than foster transparent dialogue. Private equity transactions and other previously approved investments have, in the past, attracted Legislative Yuan scrutiny, including committee-level resolutions opposing specific transactions.

**Limits on Foreign Control and Right to Private Ownership and Establishment**

Foreign entities are entitled to establish and own business enterprises and engage in all forms of remunerative activity as local firms unless otherwise specified in relevant regulations. Taiwan sets foreign ownership limits in certain industries, such as a 60 percent limit on foreign ownership of wireless and fixed line telecommunications firms, including a direct foreign investment limit of 49 percent in that sector. State-controlled Chunghwa Telecom, which controls 97 percent of the fixed line telecom market, maintains a 49 percent limit on direct foreign investment and a 55 percent limit on indirect foreign investment. There is a 20 percent limit on foreign direct investment in cable television broadcasting services, and foreign ownership of up to 60 percent is allowed through indirect investment via a Taiwan entity, although in practice this kind of investment is subject to heightened regulatory and political scrutiny. In addition, there is a foreign ownership limit of 49.99 percent for satellite television broadcasting services and piped distribution of natural gas, and a 49 percent limit for high-speed rail services. The foreign ownership cap on airport ground services firms, air-catering companies, aviation transportation businesses (airlines), and general aviation businesses (commercial helicopters and business jet planes) is less than 50 percent, with a separate limit of 25 percent for any single foreign investor. Foreign investment in Taiwan-flagged merchant shipping services is limited to 50 percent for Taiwan shipping companies operating international routes.

Taiwan has gradually eased restrictions on investments from the PRC since 2009. Taiwan has opened more than two-thirds of its aggregate industrial categories to PRC investors, with 97 percent of manufacturing sub-sectors and 51 percent of construction and services sub-sectors open to PRC capital. PRC nationals are prohibited from serving as chief executive officer in a Taiwan company, although a PRC board member may retain management control rights. The Taiwan authorities regard PRC investment in media or advanced technology sectors, such as semiconductors, as a national security concern. The Cross-Strait Agreement on Trade in Services and the Cross-Strait Agreement on Avoidance of Double Taxation and Enhancement of Tax Cooperation were signed in 2013 and 2015, respectively, but have not taken effect. Negotiations on the Agreement on Trade in Goods halted in 2016. There are concerns that the PRC might unilaterally terminate the implementation of the Economic Cooperation Framework Agreement that was signed between the PRC and Taiwan in June 2010.

The Investment Commission screens applications for FDI, mergers, and acquisitions. Taiwan authorities claim that 95 percent of investments not subject to the negative list and with capital less than New Taiwan Dollars (NTD) 500 million (USD 17 million) obtain approval at the Investment Commission staff-level within two to four days. Investments between NTD 500 million (USD 17 million) and NTD 1.5 billion (USD 51 million) in capital take three to five days to screen, and the approval authority rests with the Investment Commission’s executive secretary. For investment in restricted industries, in cases where the investment amount or capital increase exceeds NTD 1.5 billion, or for mergers, acquisitions, and spin-offs, screening takes 10 to 20 days and includes review by relevant supervisory ministries and final approval from the Investment Commission’s executive secretary. Screening for foreign investments involving cross-border mergers and acquisitions or other special situations takes 20-30 days, as these transactions require interagency review and deliberation at the Investment Commission’s monthly meeting.
The screening process provides Taiwan’s regulatory agencies opportunities to attach conditions to investments in order to mitigate concerns about ownership, structure, or other factors. Screening may also include an assessment of the impact of proposed investments on a sector’s competitive landscape and protection of the rights of local shareholders and employees. Screening is also used to detect investments with unclear funding sources, especially PRC-sourced capital. To ensure monitoring of PRC-sourced investment in line with Taiwan law and public sentiment, Taiwan’s National Security Bureau has participated in every investment review meeting since April 2014, regardless of the size of the investment. Blocked deals in recent years have reflected the authorities’ increased focus on national security concerns beyond the negative-list industries. The proposed revisions to the main investment statute would, if passed, allow the authorities to apply political, social, and cultural sensitivity considerations in their investment review process.

Foreign investors must submit an application form containing the funding plan, business operation plan, entity registration, and documents certifying the inward remittance of investment funds. Applicants and their agents must provide a signed declaration certifying that any PRC investors in a proposed transaction do not hold more than a 30 percent ownership stake and do not retain managerial control of the company. When an investment fails review, an investor may re-apply when the reason for the denial no longer exists. Foreign investors may also petition the regulatory agency that denied approval or may appeal to the Administrative Court.

Other Investment Policy Reviews
Taiwan has been a member of the World Trade Organization (WTO) since 2002. In September 2018, the WTO conducted the fourth review of the trade policies and practices of Taiwan. Related reports and documents are available at: https://www.wto.org/english/tratop_e/tpr_e/tp477_crc_e.htm.

The Organization for Economic Cooperation and Development (OECD) and United Nations Conference on Trade and Development (UNCTAD) have not conducted investment policy reviews of Taiwan.

Business Facilitation
MOEA has taken steps to improve the business registration process and has been finalizing amendments to the Company Act to make business registration more efficient. Since 2014, the company registration application review period has been shortened to two days, while applications for a taxpayer identification number, labor insurance (for companies with five or more employees), national health insurance, and pension plans can be processed at the same time and granted decisions within five to seven business days. Since January 1, 2017, foreign investors’ company registration applications are processed by the MOEA’s Central Region Office.

In recent years, the Taiwan authorities revised rules to improve the business climate for startups. With the goal of developing Taiwan into a startup hub in Asia, Taiwan launched an entrepreneur visa program allowing foreign entrepreneurs to remain in Taiwan if they meet one of the following requirements: raise at least NTD 2 million (USD 66,000) in funding, hold patent rights or a professional skills certificate; operate in an incubator or innovation park in Taiwan; win major startup or design competitions, or receive grants from Taiwan Government. Starting from 2019, startup entrepreneurs can use intellectual property (IP) as collateral in obtaining bank loans, and this applies to foreign investors.
Further details about business registration process can be found in Invest Taiwan Center’s business one-stop service request website at http://onestop.nat.gov.tw/oss/web/Show/engWorkFlow.do


Approval from the Investment Commission is required for foreign investors before proceeding with business registration. After receiving an approval letter from the Investment Commission, an investor can apply for capital verification and may then file an application for a corporate name and proceed with business registration. The new company must register with the Bureau of Labor Insurance and the Bureau of National Health Insurance before it may start recruiting and hiring employees.

For the manufacturing, construction, and mining industries, the MOEA defines small and medium-sized enterprises (SMEs) as companies with less than NTD 80 million (USD 2.5 million) of paid-in capital and fewer than 200 employees. For all other industries, SMEs are defined as having less than NTD 100 million (USD 3.1 million) of paid-in capital and fewer than 100 employees. Taiwan runs a Small and Medium Enterprise Credit Guarantee Fund to help SMEs obtain financing from local banks. Firms established by foreigners in Taiwan may obtain a guarantee from the Fund. Taiwan’s National Development Fund has set aside NTD 10 billion (USD 330 million) to invest in SMEs.

Outward Investment

The PRC used to be the top destination for Taiwan companies’ overseas investment given the low cost of factors of production there, such as wages and land. With rising trade tensions between the United States and the PRC starting in 2018, the Taiwan authorities have intensified their efforts to assist Taiwan firms to relocate back home, or to lower-cost markets, including in Southeast Asia. The administration of President Tsai Ing-wen launched the New Southbound Policy to enhance Taiwan’s economic connection with 18 countries in Southeast Asia, South Asia, and the Pacific. In 2019, Taiwan companies’ investment in the 18 countries totaled USD 2.8 billion. The Taiwan authorities seek investment agreements with these countries to incentivize Taiwan firms’ investment in those markets. Invest in Taiwan provides consultation and loan guarantee services to Taiwan firms operating overseas. Taiwan’s financial regulators have urged Taiwan banks to expand their presence in Southeast Asian economies either by setting up branches or by acquiring subsidiaries.

According to the Act Governing Relations between the People of the Taiwan Area and the Mainland Area, all Taiwan individuals, juridical persons, organizations, or other institutions must obtain approval from the Investment Commission in order to invest in or have any technology-oriented cooperation with the PRC. The Taiwan authorities maintain a negative list for Taiwan firms’ investment and have special rules governing technology cooperation in the PRC. The Taiwan authorities, Taiwan companies, and foreign investors in Taiwan are increasingly vigilant about the threat of IP theft in key strategic industries, such as the semiconductor industry.

2. Bilateral Investment and Taxation Treaties

Taiwan has concluded economic cooperation (free trade) agreements with El Salvador, Guatemala, Honduras, Nicaragua, Panama, Singapore, and New Zealand, and has concluded 26 bilateral investment protection agreements. The updated bilateral investment agreement between Taiwan and India took effect in February 2019. Taiwan also inked an updated investment protection agreement with Vietnam in December 2019.
Taiwan does not have a bilateral taxation treaty with the United States. Taiwan has 32 bilateral income tax agreements in force, available online at https://www.mof.gov.tw/Eng/singlehtml/191?cntId=63930. Agreements with Canada and Poland took effect on January 1, 2017. Taiwan signed a taxation agreement with the PRC in August 2015, but it has not yet taken effect. Taiwan will start exchange financial account information with Japan and Australia in September 2020.

Under the Taiwan Relations Act, the terms of the 1948 Friendship, Commerce, and Navigation Treaty between the Republic of China and the United States remain in force. U.S. investors are guaranteed national treatment and are provided a number of protections, including protection against expropriation. Representatives of the United States and Taiwan signed a Trade and Investment Framework Agreement (TIFA) in 1994 to serve as the basis for consultation on trade and investment issues. The most-recent TIFA discussions meeting was held in 2016.

With the increasing global demand for anti-tax avoidance and greater tax information transparency, Taiwan's legislature has passed a series of anti-tax-avoidance laws since 2016, aiming to establish the legal basis for the implementation of automatic exchange of financial information for tax purposes. Starting in 2019, the Taiwan authorities implemented the OECD Common Reporting Standard (CRS), with the exchange of information with other OECD members to commence in 2020. In 2017, Taiwan also passed amendments to its Income Tax Act so that a foreign, profit-seeking enterprise with “effective management” in Taiwan will be deemed a domestic tax resident subject to corporate income tax reporting. Taiwan started to collect taxes for goods and services provided by offshore ecommerce companies in May 2017.

3. Legal Regime

Transparency of the Regulatory System

Taiwan generally maintains transparent regulatory and accounting systems that conform to international standards. Publicly listed Taiwan companies have fully adopted International Financial Reporting Standards (IFRS) since 2015, and synchronized accounting standards with IFRS 9 and IFRS 15 in 2018. In January 2019, Taiwan adopted IFRS 16. Ministries generally originate business-related draft legislation and submit it to the Executive Yuan for review. Following approval by the Executive Yuan, draft legislation is forwarded to the Legislative Yuan for consideration. Legislators can also propose legislation. While the cabinet level agencies are the main contact windows for foreign investors prior to entry, foreign investors also need to abide by local government rules including those related to transportation services and environmental protection, among others.

Draft laws, rules, and orders are published on The Executive Yuan Gazette Online for public comment. The Taiwan authorities on December 25, 2015, first instituted a 14-day public comment period for new rules but extended it to no
less than 60 days beginning December 29, 2016. All draft regulations and laws are required to be available for public comment and advanced notice, unless they meet certain criteria allowing a shorter window. While welcomed by the U.S. business community, the 60-day comment period is not uniformly applied. Draft laws and regulations of interest to foreign investors are regularly shared with foreign chambers of commerce for their comments. For the ongoing amendment to the Statute for Investment by Foreign Nationals, the authorities held several regional public hearing and professional consultations meetings before finalizing its draft for the Executive Yuan review.

These announcements are also available for public comment on the NDC’s public policy open discussion forum at https://join.gov.tw/index. Foreign chambers of commerce and Taiwan business groups’ comments on proposed laws and regulations, as well as Taiwan ministries’ replies, are publicly posted on the NDC website. In October 2017, the NDC launched a separate policy discussion forum specifically for startups, which can be found online at http://law.ndc.gov.tw/, serving as the main platform to harmonizing regulatory requirements governing innovative businesses and startups operation.

The Executive Yuan Legal Affairs Committee oversees the enforcement of regulations. Ministries are responsible for enforcement, impact analysis, draft amendments to existing laws, and petitions to laws pursuant to their individual authorities. Impact assessments may be completed by in-house or private researchers. To enhance Taiwan’s regulatory coherence in the wake of regional economic integration initiatives, the NDC in August 2017 released a Regulatory Impact Analysis Operational Manual as a practical guideline for central government agencies.

Taiwan regularly discloses government finance data to the public, including all debts incurred to all levels of government. Past information is also retrievable in a well-maintained fiscal database. Taiwan’s national statistics agency also publishes contingent debt information each year.

**International Regulatory Considerations**

Taiwan is not a member of any regional economic grouping. Although Taiwan is not a member of many international organizations, it voluntarily adheres to or adopts international norms, including in the area of finance, such as IFRS. MOEA in July 2014 notified other Taiwan agencies of the requirement to notify the WTO of all draft regulations covered by the WTO’s Agreement on Technical Barriers to Trade and the Agreement on Sanitary and Phytosanitary Measures. Taiwan is a signatory to the Trade Facilitation Agreement (TFA) and has met some of the customs facilitation requirement specified in the TFA, such as single-window customs services and preview of the origin. In January 2018, citing tax parity for domestic retailers and the risk of fraud, Taiwan lowered the de minimis threshold from NTD 3,000 (USD 100) to NTD 2,000 (USD 67), an approach regarded as contrary to facilitating customs clearance and trade, especially for small- and medium-sized U.S. businesses. NDC is in the process of drafting proposed amendment to the Personal Information Protection Act and related regulations to meet the European Union’s General Data Protection Regulation (GDPR) standards and obtain adequacy status.

**Legal System and Judicial Independence**

Taiwan has a codified system of law. In addition to the specialized courts, Taiwan has a three-tiered court system composed of the District Courts, the High Courts, and the Supreme Court. The Compulsory Enforcement Act provides
a legal basis for enforcing the ownership of property. Taiwan does not have discrete commercial or contract laws. A variety of different laws regulate businesses and specific industries, such as the Company Law, the Commercial Registration Law, the Business Registration Law, and the Commercial Accounting Law. Taiwan’s Civil Code provides the basis for enforcing contracts.

Taiwan’s court system is generally viewed as independent and free from overt interference by other branches of government. Taiwan established its Intellectual Property Court in July 2008 in response to the need for a more centralized and professional litigation system for IPR disputes. There are also specialized divisions in the District Courts and High Courts to deal with labor disputes. Foreign court judgments are final and binding and enforced on a reciprocal basis. Companies can appeal regulatory decisions in the court system.

Laws and Regulations on Foreign Direct Investment

Regulations governing FDI principally derive from the Statute for Investment by Foreign Nationals and the Statue for Investment by Overseas Chinese. These two laws permit foreign investors to transact either in foreign currency or the NTD. The laws 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 R&D programs.

Amendments the Legislative Yuan passed in June 2015 to the Merger and Acquisition Act clarified investment review criteria for mergers and acquisition transactions. The Investment Commission is drafting amendments to the Statute for Investment by Foreign Nationals in an aim to simplify the investment review process, including an amendment that would replace a pre-investment approval requirement with a post-investment reporting system for investments under a USD 1 million threshold, which is considered too low by many stakeholders. Ex ante approval would still be required for investments in restricted industries and those exceeding the threshold. The new proposal would also allow the authorities to impose various penalties for violations of the law. Guidance that previously required special consideration of the impact of a private equity fund’s investment has been folded into the set of general evaluation criteria for foreign investment in important industries. The MOEA in November 2016 released a supplementary document to clarify required documentations for different types of investment applications. This document, which was last revised in 2018 and in Chinese only, can be found at http://www.moeaic.gov.tw/download-file.jsp?do=BP&id=5dRl9fU97Fk=.

All foreign investment related regulations, application forms, and explanatory information can be found on the Investment Commission’s website, at http://run.moeaic.gov.tw/MOEAIC-WEB-SRC/OfimDownloadE.aspx

The Invest in Taiwan Portal also provides other relevant legal information of interest to foreign investors, such as labor, entry and exit regulations, at https://investtaiwan.nat.gov.tw/showPageeng1031003?lang=eng&search=1031003

Competition and Anti-Trust Laws

Taiwan’s Fair Trade Act was enacted in 1992. Taiwan’s Fair Trade Commission (TFTC) examines business practices that might impede fair competition. In October 2017, TFTC imposed a USD 774 million antitrust fine on a U.S.
technology company. The MOEA publicly expressed concern about the ruling’s potential impact on foreign investment. TFTC in 2018 reached a settlement with this U.S. company, lowering its fine to USD 90 million, and the company promised to make USD 700 million investment in Taiwan.

**Expropriation and Compensation**

According to Taiwan law, the authorities may expropriate property whenever such a course is determined to be necessary for the public interest, such as for national defense, public works, and urban renewal projects. The U.S. government is not aware of any recent cases of nationalization or expropriation of foreign-invested assets in Taiwan. There are no reports of indirect expropriation or any official actions tantamount to expropriation. Under Taiwan law, no venture with 45 percent or more foreign investment may be nationalized, as long as the 45 percent capital contribution ratio remains unchanged for a period of 20 years after the establishment of the foreign business. Taiwan law requires fair compensation be paid within a reasonable period when the authorities expropriate constitutionally protected private property for public use.

**Dispute Settlement**

*ICSID Convention and New York Convention*

In part due to its unique political status, Taiwan is neither a member of the International Centre for the Settlement of Investment Disputes (ICSID) nor a signatory to the 1966 Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention). It also is not a signatory to the 1958 Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention).

*Investor-State Dispute Settlement*

Foreign investment disputes with the Taiwan authorities are rare. Taiwan resolves disputes according to its domestic laws and based on national treatment or investment guarantee agreements. Taiwan has entered into bilateral investment agreements with countries including Singapore, Thailand, Malaysia, and India. Taiwan does not have an investment agreement with the United States. Taiwan’s bilateral investment agreements serve to promote and protect foreign investments. DOIS is not aware of investment disputes involving U.S. investors, although there have been reports of disputes between U.S. investors and their local Taiwan partners.

*International Commercial Arbitration and Foreign Courts*

Parties to a dispute may pursue mediation by a court, a mediation committee of a town or city, and/or the Public Procurement Commission. Mediation is generally non-binding unless parties agree otherwise. Civil mediation approved by a court has the same power as a binding ruling under civil litigation. The Judicial Yuan announced that alternative dispute resolution will be one of the issues addressed in an upcoming National Judicial Conference. Arbitration associations in Taiwan include the Chinese Arbitration Association, Taiwan Construction Arbitration Association, Labor Dispute Arbitration Association, and Chinese Construction Industry Arbitration Association in Taiwan.
A court order on recognition and enforcement must be obtained before a foreign arbitral award can be enforced in Taiwan. Any foreign arbitral award may be enforceable in Taiwan, provided that it meets the requirements of Taiwan’s Arbitration Act. In November 2015, the Legislative Yuan amended the Arbitration Act to stipulate that a foreign arbitral award, after an application for recognition has been granted by a court, shall be binding on the parties and have the same force as a final judgment of a court, and is enforceable. Taiwan referred to the United Nations Commission on International Trade Law (UNCITRAL) model law when the Arbitration Act was revised in 1998.

Bankruptcy Regulations
Taiwan has a bankruptcy law that guarantees creditors the right to share the assets of a bankrupt debtor on a proportional basis. Secured interests in property are recognized and enforced through a registration system. Bankruptcy is not criminalized in Taiwan. Corporate bankruptcy is generally governed by the Company Act and the Bankruptcy Act, while the Consumer Debt Resolution Act governs personal bankruptcy. The quasi-public Joint Credit Information Center is the only credit-reporting agency in Taiwan. In 2018, there were 217 rulings on bankruptcy petitions.

4. Industrial Policies

Investment Incentives
The Statute for Industrial Innovation provides the legal basis for offering tax credits for companies’ R&D expenditures. MOEA also operates several R&D subsidy programs. MOEA’s target industries for investment are IoT (including Asia Silicon Valley-related investments), smart machinery, biotechnology and biopharmaceuticals, green energy, national defense, the circular economy, and agriculture. Investors can receive tax incentives for investing in free trade zones, public construction, and biotechnology or biopharmaceuticals. Investment support from the central authorities may be available for priority projects. Industrial zones, export processing zones, science parks, and local governments offer various types of subsidies, financing, and tax deductions. Investors may receive low-interest loans or subsidies for participating in industrial R&D and industry revitalization programs. R&D tax credits, equivalent to 15 percent of total R&D expenditures, are available only to companies who file corporate income taxes in Taiwan. The Act for the Recruitment and Employment of Foreign Professionals passed in October 2017 offers relaxed visa requirements and high-earner tax deductions to foreign professionals. For a detailed list of investment incentives programs, please refer to the Invest in Taiwan website at https://investtaiwan.nat.gov.tw/showPage?lang=eng&search=1031001. To promote Taiwan’s green energy industry, Taiwan authorities are considering a national guarantee mechanism to facilitate financing green energy investment.

Foreign Trade Zones/Free Ports/Trade Facilitation
There are seven free trade/free port zones: Anping, Kaohsiung, Keelung, Suao, Taichung, Taipei, and Taoyuan International Airport. The authorities have relaxed restrictions on the movement of merchandise, capital, and personnel into and out of these zones. As part of a broader restructuring and to increase the competitiveness of Taiwan’s ports, the Ministry of Transportation and Communication established the Taiwan International Ports Corporation (TIPC) in 2012 to manage commercial activities of Taiwan’s ports and free trade zones. TIPC facilitates cooperation with foreign shipping operations and related businesses. In addition to preferential tariff and fees, the
foreign labor ceiling for manufacturers in the free ports zones is 40 percent. Kaohsiung Port also serves as a London Metal Exchange (LME) delivery port of primary aluminum, aluminum alloy, copper, lead, nickel, tin, and zinc.

**Performance and Data Localization Requirements**

Taiwan does not mandate local employment, but the authorities have incentivized foreign companies to hire more local staff with preferential measures, such as in the mutual fund industry. Except for restricted industries on the negative list, there is no restriction on foreigners taking roles in senior management or on boards of directors. Foreign investors have long expressed concerns over difficulties in recruiting skilled executives and professionals. The Act for the Recruitment and Employment of Foreign Professionals that took effect February 2018 aims to attract foreign professionals through simplified policies regarding work, visa, and residence, and increased benefits on retirement, insurance, and tax obligations. As of 2019, more than 500 people have obtained the Employment Gold Card, which includes a visa, work permit, alien resident certificate, and re-entry permit; 24 percent of the recipients were Americans. Taiwan does not mandate any forced localization or performance requirements and does not ask software firms to disclose their source code. In September 2019, the Taiwan Financial Supervisory Commission amended rules to allow banks to store data on overseas cloud servers, as long as Taiwan regulators can obtain information for such operations and maintain the right to execute on-site examinations.

**5. Protection of Property Rights**

**Real Property**

Interests in property are enforced in Taiwan, and it maintains a reliable recording system for mortgages and liens. Taiwan law protects the land use rights of indigenous peoples. Taiwan’s Land Act stipulated that forests, fisheries, hunting grounds, salt fields, mineral deposits, sources of water, and lands lying within fortified and military areas and those adjacent to national frontiers may not be transferred or leased to foreigners. Based on the Ministry of Interior’s (MOI) Operational Regulations for Foreigners to Acquire Land Rights in Taiwan, foreigners coming from countries that provide Taiwan residents the same land rights will be allowed to acquire or set the same rights in Taiwan. In May 2015, the Cadastral Clearance Act was passed to promote better land registration management. As in other investment categories, Taiwan has specific regulations governing property acquisition by PRC investors.

**Intellectual Property Rights**

Taiwan is not a member of the World Intellectual Property Organization (WIPO), but adheres to key international agreements such as the Berne Convention and the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS). Reflecting progress in Taiwan's IPR legal regime and enforcement, the Office of the U.S. Trade Representative removed Taiwan from the Special 301 Watch List in 2009. The United States continues to monitor a number of IPR issues in Taiwan, including online piracy of copyrighted materials, illegal textbook copying on university campuses, end-user piracy of software, satellite signal theft, corporate trade secret theft, and weak pharmaceutical patent protections. The importation and transshipment of counterfeit products, mainly from the PRC, is also a problem. The United States is actively working with Taiwan authorities to address these issues.
Taiwan’s legislature in 2017 passed an amendment to the Pharmaceutical Affairs Act introducing a patent linkage system aiming for better protection of innovative pharmaceuticals, and the implementing regulations were introduced in 2019 to include biologics and biosimilars. Proposed amendments to the Copyright Act, which features 93 amendments and 17 new articles seeking to prevent intellectual property infringement in the digital age, are still under legislative review. The Legislative Yuan has passed articles that would impose two-year criminal penalty or monetary fines up to NTD 500,000 (USD 16,700) for selling pirated TV boxes. In December 2019, the Legislative Yuan passed amendment to the Trade Secrets Act, which would allow prosecutors to issue a confidentiality preservation order over all information received and produced during investigations. Taiwan also passed amendment to the National Intelligence Work Act in 2019 to allow Taiwan’s intelligence agencies to collect information about illegal trade secret theft on behalf of foreign countries.

Taiwan’s National Police Agency reported that the value of trademark, copyright, and trade secret violation in 2019 totaled NTD 12.1 billion (USD 403 million), 11.3 percent up from the NTD 10.9 billion (USD 360 million) in 2018. Taiwan Customs reported 186 cases, or 111,525 items involving seizures of imported counterfeit branded goods in 2019, with the majority of the violations in footwear, clothing, and pharmaceutical industries. Taiwan prosecutes IP infringement, and imposes up to five years prison time for copyright violations, in addition to monetary fines. Affirmed IP infringement cases by the Prosecutors’ Offices of the District Courts totaled 6,315 cases in 2019, a 10.8 percent decline over the previous year, and nearly 57 percent of the cases were not indicted.

A trademark or patent applicant must file an application with Taiwan's Intellectual Property Office (TIPO). TIPO normally renders a decision within six months after it receives all supporting documents. If the application is approved, the mark or patent will be published and registered after the applicant pays registration fees within two months upon receiving the approval notice. Taiwan has Patent Prosecution Highway (PPH) agreements with the United States (2011), Japan (2012), Spain (2013), the Republic of Korea (2015), and Poland (2017), with 455 requests to the United States filed in 2019.

In July 2018, TIPO hosted its first hearing for patent invalidation proceedings under the new invalidation mechanism. The hearings are considered a procedural alternative to administrative appeal and are expected to increase efficiency in resolving patent disputes.

Patent holders may request that Taiwan Customs authorities suspend clearance and detain goods suspected of infringing their patent rights. An affected rights holder must submit a written statement detailing the infringement allegation and a security deposit equivalent to the import value. If final judgment confirms that the detained goods have infringed the patentee’s rights, the owner of the detained goods will be responsible for all relevant expenses incurred.

For additional information about national laws and points of contact at local IP offices, please see WIPO’s country profiles at http://www.wipo.int/directory/en/.
6. Financial Sector

Capital Markets and Portfolio Investment

Taiwan authorities welcome foreign portfolio investment in the Taiwan Stock Exchange (TWSE) and Taipei Stock Exchange, with foreign investment accounting for approximately 40 percent of TWSE capitalization in the past few years. Taiwan allows the establishment of offshore banking, securities, and insurance units to attract a broader investor base. The Financial Supervisory Commission (FSC) utilizes a negative list approach to regulating local banks' overseas business not involving the conversion of the NTD.

Taiwan’s capital market is mature and active. As of the end of 2019, there were 942 companies listed on the TWSE, with a total market trading volume of USD 882 billion (including transactions of stocks, Taiwan Depository Receipts, exchange traded funds, and warrants). Foreign portfolio investors are not subject to a foreign ownership ceiling, except in certain restricted companies, and are not subject to any ceiling on portfolio investment. The turnover ratio in the TWSE dropped to 73 percent in 2019, likely indicating more investors were willing to hold their positions for longer. Payments and transfers resulting from international trade activities are fully liberalized in Taiwan. A wide range of credit instruments, all allocated on market terms, are available to both domestic- and foreign-invested firms.

Money and Banking System

Taiwan’s banking sector is healthy, tightly regulated, and competitive, with 36 banks servicing the market. The sector’s non-performing loan ratio has remained below 1 percent since 2010, with a sector average of 0.21 in December 2019. Capital-adequacy ratios (CAR) are generally high, and several of Taiwan’s leading commercial lenders are government-controlled, enjoying implicit state guarantees. The sector as a whole had a CAR of 14.07 percent as of December 2019, far above the Basel III regulatory minimum of 10.5 percent required by 2019. Taiwan banks’ liquidity coverage ratio, which was required by Basel III to reach 100 percent by 2019, averaged 139.6 percent in December 2019. Taiwan’s banking system is mostly deposit-funded and has limited exposure to global financial wholesale markets. Regulators have encouraged local banks to expand to overseas markets, especially in Southeast Asia, and to minimize exposure in the PRC. Taiwan Central Bank statistics show that Taiwan banks’ PRC net exposure on an ultimate risk basis reached USD 68.1 billion in the fourth quarter of 2019, trailing the United States’ USD 86.4 billion. Taiwan’s largest bank in terms of assets is the wholly state-owned Bank of Taiwan, which had USD 171 billion of assets as of December 2019. Taiwan’s eight state-controlled banks (excluding the Taiwan Export and Import Bank) jointly held nearly USD 820 billion, or 48 percent of the banking sector’s total assets.

Foreign Exchange and Remittances

Foreign Exchange

The Taiwan Central Bank operates as an independent agency and state-owned company under the Executive Yuan, free from political interference. The Central Bank’s mandates are to maintain financial stability, develop Taiwan’s banking business, guard the stability of the NTD’s external and internal value, and promote economic growth within the scope of the three aforementioned goals.

Foreign banks are allowed to operate in Taiwan as branches and foreign-owned subsidiaries, but financial regulators require foreign bank branches to limit their customer base to large corporate clients. To promote the asset management
business in Taiwan, starting in May 2015, foreigners holding a valid visa entering Taiwan have been allowed to open
an NTD account with local banks with passports and an ID number issued by the immigration office, replacing the
previous dual-identification (passport and resident card) requirements. Please refer to the Taiwan Bankers’
Association’s webpage: [https://www.ba.org.tw/EnglishVer/BusinessEngDetail/2](https://www.ba.org.tw/EnglishVer/BusinessEngDetail/2) for detailed information regarding
various types of bank services (credit card, loans, etc.) for foreigners in Taiwan.

**Foreign Exchange Policies**

There are few restrictions in place in Taiwan on converting or transferring direct investment funds. Foreign investors
with approved investments can readily obtain foreign exchange from designated banks. The remittance of capital
invested in Taiwan must be reported in advance to the Investment Commission, but the Commission’s approval is not
required. Funds can be freely converted into major world currencies for remittance, but in order to retain funds in
Taiwan they must be held in currency denominations offered by banks. In addition to commonly used U.S. dollar,
euro, and Japanese yen-denominated deposit accounts, most Taiwan banks offer up to 15 foreign currency
denominations. The exchange rate is based on the market rate offered by each bank. The NTD fluctuates under a
managed float system.

**Remittance Policies**

There are no restrictions on remittances deriving from approved direct investment and portfolio investment. No prior
approval is required if the cumulative amount of inward or outward remittances does not exceed the annual limit of
USD 5 million for an individual or USD 50 million for a corporate entity. Declared earnings, capital gains, dividends,
royalties, management fees, and other returns on investment may be repatriated at any time. For large transactions
requiring the exchange of NTD into foreign currency that could potentially disrupt Taiwan’s foreign exchange market,
the Taiwan Central Bank may require the transaction to be scheduled over several days. There is no written guideline
on the size of such transactions, but according to law firms servicing foreign investors, amounts in excess of USD 100
million may be affected. Capital movements arising from trade in merchandise and services, as well as from debt
servicing, are not restricted. No prior approval is required for movement of foreign currency funds not involving
conversion between NTD and foreign currency.

**Sovereign Wealth Funds**

Taiwan does not have a sovereign wealth fund. Taiwania Capital Management Company, a partially government-
funded investment company, was established in October 2017 to help promote investment in innovative and other
target industries. In December 2018, Taiwania raised USD 350 million for two funds investing in IOT and biotech
industries.

7. **State-Owned Enterprises**

According to the NDC, there are 17 SOEs with stakes by the central authorities exceeding 50 percent, including official
agencies such as the Taiwan Central Bank. Please refer to the list of all central government, majority-owned SOEs
available online at [https://ws.ndc.gov.tw/001/administrator/10/reffile/0/1295/374a165c-c930-461e-bb5b-07893b3e5ea2.doc](https://ws.ndc.gov.tw/001/administrator/10/reffile/0/1295/374a165c-c930-461e-bb5b-07893b3e5ea2.doc). Some existing SOEs are large in scale and exert significant influence in their industries, especially
monopolies such as Taiwan Power (Taipower) and Taiwan Water. MOEA has stated that Taipower’s privatization
will not take place in the near future but plans to restructure it as a new holding company under *Electricity Industry Act* revisions passed in January 2017 that will gradually liberalize power generation and distribution. CPC Corporation (formerly China Petroleum Corporation) controls over 70 percent of Taiwan’s gasoline retail market. In August 2014, the Aerospace Industrial Development Corporation (AIDC) was successfully privatized through a public listing on the TWSE, and MOEA’s stake in AIDC declined to 35.2 percent by the end of 2019. The Labor Insurance Bureau ceased to be an SOE in 2014 but remained under the Ministry of Labor (MOL). Taiwan authorities retain control over some SOEs that were privatized, including through managing appointments to boards of directors. These enterprises include Chunghwa Telecom, China Steel, China Airlines, Taiwan Fertilizer, Taiwan Salt, CSBC Corporation (shipbuilding), Yang Ming Marine Transportation, and eight public banks.

In 2018 (latest data available), the 17 SOEs together had net income of NTD 347 billion (USD 11.6 billion), up 1.5 percent from the NTD 342 billion (USD 11.4 billion) in 2017. The SOEs’ average return on equities continued to decline from a recent peak of 11.13 percent in 2015 to 9.83 percent in 2018. These 17 SOEs employed a total of 118,359 workers.

Taiwan has not adopted the OECD Guidelines on Corporate Governance for SOEs. In Taiwan, SOEs are defined as public enterprises in which the government owns more than 50 percent of shares. Public enterprises with less than a 50 percent government stake are not subject to Legislative Yuan supervision, but authorities may retain managerial control through senior management appointments, which may change with each administration. Public enterprises owned by local governments exist primarily in the public transportation sector, such as regional bus and subway services. Each SOE operates under the authority of the supervising ministry, and government-appointed directors should hold more than one-fifth of an SOE’s board seats. The Executive Yuan, the Ministry of Finance, and MOEA have criteria in place for selecting individuals for senior management positions. Each SOE has a board of directors, and some SOEs have independent directors and union representatives sitting on the board.

Taiwan acceded to the WTO’s Agreement on Government Procurement (GPA) in 2009. Taiwan’s central and local government entities, as well as SOEs, are now all covered by the GPA. Except for state monopolies, SOEs compete directly with private companies. SOEs’ purchases of goods or services are regulated by the *Government Procurement Act* and are open to private and foreign companies via public tender. Private companies in Taiwan have the same access to financing as SOEs. Taiwan banks are generally willing to extend loans to enterprises meeting credit requirements. SOEs are subject to the same tax obligations as private enterprises and are regulated by the *Fair Trade Act* as private enterprises. The Legislative Yuan reviews SOEs’ budgets each year.

**Privatization Program**

There are no privatization programs in progress. Taiwan’s most recent privatization, of AIDC in 2014, included imposition of a foreign ownership ceiling of 10 percent due to the sensitive nature of the defense sector. In August 2017, Taiwan authorities identified CPC Corporation, Taipower Company, and Taiwan Sugar as their next privatization targets. Following passage of the *Electricity Industry Act* amendments in January 2017, the authorities planned to submit a Taipower privatization plan within six to nine years after successfully separating Taipower’s power distribution/sales business from its power generation business.
8. Responsible Business Conduct

The Taiwan public has high expectations for and is sensitive to responsible business conduct (RBC), in part due to concerns about such issues as food safety and environmental pollution. Taiwan authorities actively promote RBC. MOEA and the FSC have issued guidelines on ethical standards and internal control mechanisms to urge businesses to take responsibility for the impact of their activities on the environment, consumers, employees, and communities. MOEA maintains an online newsletter to publicize best practices and raise awareness of the latest RBC-related developments in Taiwan and abroad. The Taiwan Stock Exchange conducts an annual review of corporate governance performance of all publicly listed companies.

Taiwan authorities place a high priority in addressing and promoting socially responsible investment. In 2015, the authorities mandated that publicly listed companies with more than NTD 10 billion (USD 333 million) in capital and firms with direct impact on consumers such as food processing, restaurants, chemicals, and financial prepare annual social responsibility reports. Starting in 2017, the capital threshold for mandatory reporting was lowered to NTD 5 billion (USD 167 million). More than 500 of the TWSE’s 907 listed companies have issued annual social responsibility reports. To promote more profit-sharing with employees, Taiwan’s Securities and Futures Act mandates that all publicly listed companies establish a compensation committee. In November 2018, the Act was amended to mandate all publicly listed companies disclose average employee compensation and wage adjustment information. In addition to the Taiwan Top Salary 100 index and the Taiwan Corporate Governance 100 index that were respectively launched in 2014 and 2015, Taiwan Index Plus, an indexing subsidiary under the TWSE, together with FTSE Russel in December 2017 launched the FTSE4Good TIP Taiwan ESG Index, to help investors integrate environmental, social and governance (ESG) considerations into their portfolios.

In response to food safety and environmental protection problems, Taiwan authorities have imposed stricter monetary penalties on violators and launched a registration platform for food industry suppliers to track food ingredients used in the industry’s production chain. Taiwan authorities encourage Taiwan firms to adhere to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Afflicted and High-Risk Areas and many Taiwan listed companies have voluntarily enclosed conflict minerals free statement in their annual social responsibility reports. In 2019, 15 Taiwan companies were included in the Dow Jones Sustainability World Index. Taiwan does not participate in the Extractive Industries Transparency Initiative.

9. Corruption

Taiwan has implemented laws, regulations, and penalties to combat corruption, including in public procurement. The Act on Property-Declaration by Public Servants mandates annual properties declaration for senior public services officials and their immediate family members. In 2019, there were 59 violations found by the Control Yuan and a total of USD 480 thousand of fines were imposed. The Corruption Punishment Statute and Criminal Code contain specific penalties for corrupt activities, including maximum jail sentences of life in prison and a maximum fine of up to NTD 100 million (USD 3.3 million). Laws provide for increased penalties for public officials who fail to explain the origins of suspicious assets or property. The Government Procurement Act and the Act on Recusal of Public Servants Due to Conflict of Interest both forbid an incumbent and former procurement personnel and their relatives from engaging in related procurement activities. Although not a UN member, Taiwan voluntarily adheres to the UN Convention against Corruption and published its first country report in March 2018.
Guidance titled *Ethical Corporate Management Best Practice Principles* for all publicly listed companies was revised in November 2014. It asks publicly listed companies to establish an internal code of conduct and corruption-prevention measures for activities undertaken with government employees, politicians, and other private sector stakeholders. The Ministry of Justice is drafting a Whistle Blowers Protection Act aiming to effectively combat illegal behaviors in both government agencies and the private sector. The *Anti-money Laundering Act* implemented June 2017 requires the mandatory reporting of financial transactions by individuals listed in the Standards for Determining the Scope of Politically Exposed Persons Entrusted with Prominent Public Function, Their Family Members and Close Associates, and by the first-degree lineal relatives by blood or by marriage; siblings, spouse and his/her siblings, and the domestic partner equivalent to spouse of these politically exposed individuals. The U.S. government is not aware of cases where bribes have been solicited for foreign investment approval.

**Resources to Report Corruption**

Agency Against Corruption, Ministry of Justice

Overall Planning Division

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Transparency International Taiwan

[https://www.transparency.org/country/TWN](https://www.transparency.org/country/TWN)


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**10. Political and Security Environment**

Taiwan is a young and vibrant multi-party democracy. The transitions of power in both local and presidential elections have been peaceful and orderly. There are no recent examples of politically motivated damage to foreign investment.
11. Labor Policies and Practices

Against a strong domestic economic rebound, Taiwan’s unemployment rate in 2019 edged up to 3.73 percent, while the unemployment rate for people aged between 15 and 24 years also rose from 11.5 percent in 2018 to 11.9 percent. MOI data show that 47 percent of Taiwan’s population aged above 15 years is at least college-educated. An official labor force survey indicated that atypical employment has hit 819,000 in 2019, and among the 819,000 atypical workers, 278,000 had at least college education.

The size of Taiwan’s labor force is decreasing as the society ages. Taiwan transitioned from an "aging society" to an "aged society" in 2018. In 2019, 15.3 percent of its population are 65 years old or above, up from 10.6 percent in 2009. Taiwan’s total fertility rate in 2018 was 1.06, remaining one of the lowest in the world. As of December 2019, there were 718,058 foreign laborers in Taiwan, of which 456,601 were working in the industrial sector. The Labor Standard Act and the Act of Gender Equality in Employment are universally applied to both domestic and foreign workers, with the exception that domestic foreign helpers are not covered by the Labor Standard Act.

Taiwan Ministry of Labor (MOL) data indicated that, while labor shortage rates remained stable at around 3 percent in the manufacturing industry, the rates have been increasing over past few years in services industries such as food and accommodation, information and communication, art and entertainment, recreation, and real estate activities. Industry groups have long claimed that a lack of blue-collar workers is one of the major issues facing manufacturers operating in Taiwan and have urged the authorities to increase the ceiling on foreign workers. To attract Taiwan businesses to relocate back to Taiwan, Taiwan authorities lifted foreign workers ceiling for specific industries, but the foreign workers ceiling across the board remained at 40 percent of total employees. Taiwan businesses are also urging the authorities to ease work visa requirements to recruit foreign professionals, especially the skilled white-collar labor in the information technology sector. However, Taiwan’s low wage growth compared with neighboring economies poses a challenge for talent recruitment and retention. Taiwan issued 31,125 working permits to foreign professionals in 2019, and 23.5 percent of them were from Japan, followed by 13.5 percent from Malaysia, and 11.8 percent from the United States. 21.7 percent of foreign professionals work in the manufacturing industry. Taiwan authorities sponsor training and certificate programs for college graduates to increase the talent pool for the manufacturing industry.

Private companies are not subject to rules requiring the hiring of nationals. Employers may institute unpaid leave with employees’ consent but must notify the labor authorities and continue to make health insurance, labor insurance, and pension contributions. Taiwan provides unemployment relief based on the Employment Insurance Law, vocational training allowances for jobless persons, and employment subsidies to encourage hiring. Labor laws are not waived in order to attract or retain investment.

Labor unions have become more active in Taiwan over the past decade, and the Collective Agreement Act outlines the negotiation mechanism for collective bargaining in order to protect labor's interests in the negotiations. The number of effective collective bargaining agreements increased from 723 in 2018 to 772 in 2019, mainly due to an increase of such agreements with corporate unions. If a proposal is refused, a union may submit an application for arbitration to the MOL’s Committee for Dispute Resolution for Unfair Labor Practices. Taiwan has labor dispute resolution mechanisms in operation at all levels of labor, and the number of dispute cases filed slightly dropped 26,649 in 2018 to 26,435 in 2019, with disputes over wages accounting for more than 40 percent of total dispute cases. Taiwan also introduced an arbitration mechanism in 2011 to preempt disputes through a professional and neutral mediation system.
Labor relations in Taiwan are generally harmonious. Although Taiwan is not a member of the International Labor Organization (ILO), it adheres to ILO conventions on the protection of workers’ rights. Taiwan law, including related regulations and statutory instruments, protects the right to join independent unions, conduct legal strikes, and bargain collectively. Taiwan’s labor authorities have announced the increasing frequency and coverage of labor inspections. A new Labor Incident Act took effect in January 2020 mandates the establishment of special labor courts, which would help improve labor right through accelerated dispute resolution and reduced financial cost for labor filing employment lawsuits.

Improving labor welfare is one of the core themes pursued by the current Tsai administration. Minimum monthly wage has been raised since 2017 to NTD 23,800 (USD 793) in 2020. MOL is also drafting a bill aiming to replace the current annual minimum wage review panel with a Minimum Wage Act. In March 2018, Taiwan amended the Labor Standard Act to address foreign investor community’s concerns over rules governing rest days, overtime work, and overtime pay. In December 2019, the Middle-aged and Elderly Employment Promotion Act was passed to promote employment opportunities for employees aged above 45 years, but the effective implementation date has yet to be announced.

There have been strikes in the aviation industry since 2016. During the Lunar New Year peak travel week in 2019, pilots at the state-controlled flag carrier China Airlines, of which Taiwan government owns a 35 percent stake, launched a 160-hour strike. In June, flight attendants at Taiwan’s second largest airline Eva Air also launched a 488-hour strike when the peak summer travel season started. Under public pressure, the Ministry of Transportation and Communications proposed a draft amendment to MOL, suggesting MOL stipulate a seven-to-ten-day notice requirement if any union, particularly in the transportation industry, plans to strike.

Link to the U.S. Department of State Human Rights Report on Taiwan: https://www.state.gov/reports/2019-country-reports-on-human-rights-practices/taiwan/

12. U.S. International Development Finance Corporation (DFC) and Other Investment Insurance Programs

Taiwan and the United States have an agreement with DFC’s predecessor agency the Overseas Private Investment Corporation (OPIC). The agreement, signed in 1952, is called the Agreement Dealing with Guaranty of American Investment of Private Capital in Taiwan. There are no active DFC projects in Taiwan. In 2019, OPIC/DFC collaborated with Taiwan’s International Cooperation and Development Fund for the first time to support a development project in Paraguay.

13. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy
### Economic Data

<table>
<thead>
<tr>
<th>Economic Data</th>
<th>Year</th>
<th>Amount</th>
<th>Year</th>
<th>Amount</th>
<th>Reference</th>
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### Foreign Direct Investment

<table>
<thead>
<tr>
<th>Foreign Direct Investment Host Country Statistical source*</th>
<th>USG or international statistical source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total inbound stock of FDI as % host GDP</td>
<td>UNCTAD data available at <a href="https://unctadstat.unctad.org/wds/TableViewer/tableView.aspx">https://unctadstat.unctad.org/wds/TableViewer/tableView.aspx</a></td>
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*Table 3: Sources and Destination of FDI*
Table 4: Sources of Portfolio Investment

<table>
<thead>
<tr>
<th>Portfolio Investment Assets</th>
<th>Top Five Partners (Millions, current US Dollars)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
</tr>
<tr>
<td>No data available</td>
<td></td>
</tr>
</tbody>
</table>

“0” reflects amounts rounded to +/- USD 500,000.

14. Contact for More Information

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Political Environment

For background information on the political and economic environment of Taiwan, please read the U.S. Department of State Background Notes.

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