



## Doing Business in Taiwan: 2014 Country

### Commercial Guide for U.S. Companies

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## Chapter 1: Doing Business in Taiwan

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### Market Overview

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- With a population of 23 million, Taiwan is a thriving democracy, vibrant market economy, and a highly attractive export market, especially for U.S. firms. In 2013, Taiwan was ranked as the United States' 12<sup>th</sup>-largest trading partner in goods, placing it ahead of markets such as India and Italy. It was also the 16<sup>th</sup>-largest U.S. export market overall and the seventh-largest export market for agricultural products. In 2013, Taiwan was the sixth largest source of foreign students pursuing higher education in the United States.
- Taiwan was the world's fourth-largest holder of foreign exchange reserves as of December 2013, with holdings of US\$416.8 billion. In 2013, the Taiwan economy registered 2.11% GDP growth. Slightly stronger growth of 2.82% is forecast in 2014. Unemployment has decreased to just above 4%.
- In 2014, Taiwan exports to emerging markets, especially in East Asia, will continue to increase while exports to advanced economies are expected to remain flat. Local private consumption has remained flat due to flat or declining wages. Real estate sales in several areas, especially the southern city of Kaohsiung, are showing significant growth. Improved economic ties with mainland China are expected to ease current cross-Strait and investment restrictions and encourage more foreign investments in Taiwan
- According to the Bureau of Foreign Trade, Ministry of Economic Affairs, total Taiwan exports increased by 1.43% to US\$305.4 billion in 2013 and imports declined 0.2% to US\$269.8 billion. Mainland China (including Hong Kong) is Taiwan's largest trading partner, accounting for 28.7% of total trade and 16.4% of Taiwan's imports in 2013. Japan follows with 10.84% of total trade, including 15.99% of Taiwan's imports. The United States is Taiwan's third largest trading partner, accounting for 10.04% of total trade, including 9.33% of Taiwan's imports. Taiwan ran a trade surplus with the United States of US\$7.3 billion dollars in 2013, down from US\$9.3 billion the year before.

## Market Challenges

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- Taiwan is a sophisticated consumer market in which consumers are plugged into global consumer 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 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 for importing products into this market. A local agent or distributor should be able to assist with obtaining the necessary certifications and permits required for importation.
- While the intellectual property rights regime has significantly improved in most areas, for many years American firms have expressed concerns about the protection of intellectual property rights (IP). In particular, IP holders remain apprehensive about the following issues: infringement of copyrighted material on the internet; illegal textbook copying on and around university campuses; and inadequate protection for the packaging, configuration, and outward appearance of products (trade dress). The Taiwan authorities recently passed an improved trade secrets law which addresses an industry call to strengthen penalties for the theft of trade secrets. Taiwan authorities have outlined plans to devote necessary resources to strengthen IP enforcement and recognized the need for further engagement on intellectual property protection, including in the challenging but critical area of online piracy.

## Market Opportunities

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- On November 1, 2012, Taiwan became the 37<sup>th</sup> economy to enter the U.S. Visa Waiver (VWP) program. U.S. VWP enables Taiwan leisure and business travelers to enter the United States for up to 90 days without a visa once they have received authorization through the Electronic System for Travel Authorization (ESTA). U.S. VWP has substantially increased bilateral goodwill between the United States and Taiwan, and statistics from the Department of Commerce's Office of Tourism and Travel Industries (OTTI) showed a 34.2% growth in travelers from Taiwan in 2013 over 2012.
- Officials and representatives from the United States and Taiwan held the eighth Trade and Investment Framework Agreement (TIFA) Council meeting in April 2014. U.S. and Taiwan experts agreed to continue fully utilizing the Investment and the Technical Barriers to Trade Working Groups launched in 2013 and build on recent positive steps being taken by Taiwan to clarify investment criteria, lift data localization requirements in the financial sector, and to revise standards and multi-pack labeling requirements. The two sides held in-depth discussions on a range of long-standing agricultural trade issues and agreed on the importance of making meaningful progress on these issues in order to deepen their overall trade ties.

- Taiwan passed an amendment to the Trade Secrets Act in 2013 that closes loopholes on the definition of trade secrets and increases criminal penalties for those who steal trade secrets. Taiwan authorities took further concrete steps in the months following the 2013 TIFA to improve trade secrets protection. These developments reflected Taiwan's continued attention to the importance of intellectual property protection for maintaining economic development and competitiveness.
- Taiwan's accession to the World Trade Organization (WTO) in 2002 and the WTO Government Procurement Agreement in 2009 led to the further dismantling of non-tariff barriers and a general lowering of the remaining tariffs. These actions further enhanced U.S. opportunities in this market, including exports of high-value-added components and other inputs for high-tech manufacturing (e.g., petrochemical products and electronic production and test equipment), food and other agricultural products, and "American lifestyle" goods and services sought by Taiwan's affluent population from luxury consumer goods to healthcare products.
- Taiwan's imports are dominated by raw materials and capital goods, which account for the vast majority of total imports. The best prospects for U.S. exports include a wide variety of electronic, optical and precision instruments, chemicals, information and communications products, transportation equipment, machinery, and electrical products. Since Taiwan has few natural resources and relies on imports to meet its energy needs, coal, oil and gas are increasingly presenting good export opportunities for American companies. Taiwan's high-tech sector relies heavily on technology licenses and imports of specialty components from the United States.

## Market Entry Strategy

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- Most new-to-market exporters entering Taiwan begin by finding a local partner to serve as an agent, distributor, and/or representative. Agents 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 are widely used and "L/Cs" from leading Taiwan financial institutions are usually confirmed by U.S. banks.

A Market Fact Sheet can be found here:

[http://export.gov/taiwan/static/TAIWAN%20fact%20sheet%20as%20of%202013-05-29\\_Latest\\_eg\\_tw\\_062637.doc](http://export.gov/taiwan/static/TAIWAN%20fact%20sheet%20as%20of%202013-05-29_Latest_eg_tw_062637.doc)

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## **Chapter 2: Political and Economic Environment**

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

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

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### Using an Agent or Distributor

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Most foreign firms gain their initial foothold in the Taiwan market by appointing a local agent. Many Taiwan firms prefer the partnering aspect of an agent relationship. Taiwan firms are well known for their trading prowess. If the size of the market warrants, companies may also consider setting up a branch office or subsidiary in Taiwan. Taiwan welcomes foreign investment, and although procedures are sometimes bureaucratic, establishing an office in Taiwan is relatively easy.

The American Institute in Taiwan's (AIT) Commercial Section provides a number of services to help U.S. firms, large and small, export their goods and services to Taiwan. Through our office in Taipei (covering northern and central Taiwan) and a branch office in Kaohsiung (covering southern Taiwan), we offer a variety of resources and services that include business matchmaking services, product launches, market research, agent distributor searches, commercial advocacy, trade missions, trade shows, and due diligence checks on potential business partners to assist U.S. companies to enter the Taiwan market. AIT Commercial Section contact details are: Tel: 886-2-2720-1550, Fax: 886-2-2757-7162, Email [office.taipei@trade.gov](mailto:office.taipei@trade.gov) Information is also available at: <http://www.export.gov/taiwan>

The first step is to identify the most appropriate AIT Commercial Section service, and a local U.S. Department of Commerce office, called a U.S. Export Assistance Center, can be of assistance. A comprehensive list of U.S. Export Assistance Centers (USEAC) located across the United States can be found at: <http://export.gov/usoffices/index.asp>

These offices can help U.S. exporters determine which international markets are suitable for their products and services, and which AIT Commercial Section services are the best fit for the U.S. exporter.

## **Establishing an Office**

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Establishing a subsidiary, branch, or representative office in Taiwan is relatively simple and straightforward. However, there are a number of structures and issues to consider, and an array of forms and procedures to complete. In addition, a Chinese company name is required. Consultations with reputable local attorneys and accountants are strongly recommended in order to identify the key industry issues relevant to each individual business and complete all of the necessary steps for establishing a new entity.

The Ministry of Economic Affairs (MOEA) website has information on investing and setting up a company in Taiwan. Please visit:

<http://www.moea.gov.tw/Mns/english/home/English.aspx> and <http://www.moeaic.gov.tw/>

(click on “English” in the far right corner of the home page)

The AIT Commercial Section maintains an online listing of local professional service providers, including local attorneys, accountants, consultants, and other professionals. The listing can be found at: <http://export.gov/taiwan/businessserviceproviders/index.asp>

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Franchise operations in Taiwan are popular for fast food restaurants, casual restaurants, convenience stores, health and drug stores, spa services, organic products stores, language schools, hair salons, real estate brokerage services, apparel stores, shoe stores, and sporting goods. In recent years, Taiwan's investors have become more conservative in adopting new foreign franchises, primarily due to the high capital investment required by foreign franchise operators and increasing competition from local franchises. In order to succeed in the Taiwan market, well known U.S. franchises should provide considerable support to their local partners, including best practices, systems integration, personnel and customer service training, and consistency in product quality. Nevertheless, several well-known American franchised brands have opened in Taiwan over the last year, with several more under negotiation.

A variety of franchise arrangements exist in Taiwan, ranging from shared joint venture partnerships to a model in which stores are managed and operated by a master franchisee or a regionally based conglomerate. Currently, there are no specific laws that regulate franchising in Taiwan. Franchise agreements are generally subject to the Civil Code with some franchise activities regulated by the Fair Trade Law. The laws, regulations, and practices concerning the intellectual property aspects of international franchising are the same as those of Taiwan domestic franchising regardless of whether the transaction involves a foreign entity or is a purely domestic arrangement.

Successful franchisors in Taiwan usually use a reliable professional service provider, such as an attorney and/or accountant, for advice on the structure and implementation of a franchising agreement.

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Multi-level marketing has become a popular second job in Taiwan and the sales revenue per sales person ranked fourth in the world. Recent figures indicate that more than 2.76 million people out of a total population of about 23 million people work for multi-level sales businesses in Taiwan. These businesses specialize in healthcare, skin care products, and household items.

## Joint Ventures/Licensing

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

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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 now compete on equal terms with domestic firms when government tenders for covered entities under the agreement that 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.
- Local-level government contracts valued at over US\$296,000 for goods and services and approximately US\$22.2 million for construction services during the first year after the Agreement goes into effect. The construction services threshold will drop to US\$7.45 million after the third year the agreement is in effect and will remain at this level.
- 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\$22.2 million for the first year. The construction services threshold will drop to US\$7.45 million after the third year the agreement is in effect and will remain at this level.

According to Taiwan's Public Construction Commission, in 2013, foreign firms won 464 contracts under GPA worth a total of US\$3.2 billion. U.S. firms won 188 contracts with a total value of US\$360 million. Most of the procuring entities were public agencies and state-owned enterprises, hospitals, and universities. Advanced laboratory-used instrumentation & testing devices, equipment for power generation & environmental control, specialty chemicals of additives and catalysts, equipment for aviation controls,

equipment for atmospheric monitoring, advanced medical devices are the best prospects for U.S. firms interested selling to Taiwan's government procuring entities.

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 to all bidders - domestic or foreign.

U.S. exporters are encouraged to visit the AIT Commercial Section's GPA website (<http://export.gov/taiwan/taiwangpaopportunitiesforu.s.exporters/index.asp>) to find guidance and information on participating in Taiwan's GPA opportunities.

## **Distribution and Sales Channels**

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

Taiwan has four major ports: Kaohsiung, Keelung, Taichung, and Hualien. These ports also serve as the island's major distribution centers.

## **Selling Factors/Techniques**

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The most important consideration for the majority of Taiwan buyers is price, which is also the most common complaint regarding U.S. goods. 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 near-term payoff. The second- and third-most-important considerations for Taiwan buyers are quality and after-sales service, respectively.

Labeling and instructions and/or sales literature in Chinese, with traditional Chinese characters, are required when selling products in the Taiwan market. Detailed information about labeling is available in Chapter 7 of this report.

## **Electronic Commerce**

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Online and TV shopping have become popular retail sales channels in Taiwan. Business to consumer (B2C) online shopping is expanding robustly, and will reach US\$13.8 billion in 2014, 16.9% more than 2013. B2C business continues to account for the largest proportion of direct marketing sales. Young people aged 20-39 are the main customers for online shopping.

Taiwan businesses are active in the global marketplace. They read trade journals from the United States, Europe, and Japan, participate in major international trade events, and are well aware of current trends in their industries. There are local trade shows for most major industries, and the Taiwan External Trade Development Council (TAITRA) is either the organizer or co-organizer for many of these shows, primarily in conjunction with relevant industry associations.

A local partner can give the best advice on where and how to advertise, but participation in major trade shows and advertisements in relevant Taiwan trade journals and industry newspapers are critical to boost sales in the market.

Information on trade shows in Taiwan is available on TAITRA's website at <http://www.taiwantrade.com.tw>. TAITRA also offers several lists, including a frequently updated calendar for international conferences and trade exhibitions held at the Taipei World Trade Center and Nangang Exhibition Center. TAITRA-sponsored trade shows can be found at <http://www.taipeitradeshows.com.tw>. Most trade exhibitions in Taiwan are export-oriented, and many include a significant number of foreign exhibitors.

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

- Commercial Times: <http://news.chinatimes.com>
- Economic Daily News: <http://www.udngroup.com/UDNENGLISH/edn.htm>
- Business Weekly: <http://www.businessweekly.com.tw>
- Commonwealth: <http://english.cw.com.tw/front.do?action=index>
- Management Magazine: <http://www.managementmagazine.com.tw>
- Director of Taiwan: <http://www.taiwannews.com.tw>

Taiwan's advertising sector is comparable to that of other developed economies and covers a wide range of media. The Cable, Radio and Television Act governs television advertising. All commercials must be pre-approved by the relevant official department(s). Reference to associated laws and other official departments is also necessary to understand the full picture with regard to the Do's and Don'ts in the Taiwan market, particularly with regard to the protection of children and women. The duration of advertisements shall not exceed one-sixth of the total transmission time of each program. There are some restrictions to advertising, especially for alcohol and tobacco commercials on television and radio.

AIT's Commercial Section offers the Featured U.S. Exporters (FUSE), Business Service Provider (BSP), and Single Company Promotion (SCP) services to help U.S. companies promote their products and services in Taiwan. AIT's Commercial Section organizes U.S. Pavilions in a variety of industry shows in Taiwan and promotes several conferences in Taiwan recruiting U.S. company participants. AIT's Commercial Section also recruits and leads Taiwan buyer delegations to major U.S. trade shows under the auspices of the U.S. Department of Commerce's International Buyer Program. With this

program, Taiwan buyers are introduced to U.S. exhibitors at these shows in the United States. For further details, please see the AIT Commercial Section website:

<http://export.gov/taiwan>

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

A 5% value-added tax (VAT) of the sales amount is imposed on nearly all products and services sold in Taiwan. Imports are subject to VAT calculated on the 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 8% to 50% ad valorem or other specific basis. In addition to customs duties, all imports are assessed a commercial harbor service charge, which is based on cargo weight and net ship tonnage.

## **Sales Service/Customer Support**

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Taiwan's buyers, especially purchasing commercial and industrial products, consider many factors when making purchase decisions. These factors include technical support, after-sales service, product performance, durability, software availability, and overall commitment. However, U.S. firms should understand that price is often the most important element.

## **Protecting Your Intellectual Property in Taiwan**

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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 is protected differently in Taiwan than in the United States. Third, rights must be registered and enforced in Taiwan, under local laws. 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 under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Taiwan market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. Government generally

cannot enforce rights for private individuals in Taiwan. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Taiwan law. AIT's Commercial Section can provide a list of local lawyers upon request.

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

While the American Institute in Taiwan (AIT) stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that AIT can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should AIT advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

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

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

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

## **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 US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or visit [www.STOPfakes.gov](http://www.STOPfakes.gov).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**, or visit <http://www.uspto.gov/>.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**, or visit <http://www.copyright.gov/>.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the “Resources” section of the STOPfakes website at <http://www.stopfakes.gov/resources>.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: [www.stopfakes.gov/business-tools/country-ipr-toolkits](http://www.stopfakes.gov/business-tools/country-ipr-toolkits). The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contains contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.

## Due Diligence

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Prior to entering into a relationship with an unknown Taiwan company, a U.S. firm would be wise to confirm the reputation of the company. 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 with due diligence in Taiwan. For further details, please visit <http://export.gov/taiwan/servicesforu.s.companies/index.asp>

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

Likewise, major U.S. and global accounting firms and insurance companies have active offices in Taiwan. Any U.S. firms interested in entering the Taiwan market should make a point of meeting with these professional advisors. They can they provide advice on their specific areas of expertise and on a range of business and cultural matters.

Up-to-date lists of professional firms may be obtained from the American Chamber of Commerce in Taiwan by e-mail: [amcham@amcham.com.tw](mailto:amcham@amcham.com.tw) or from their website <http://www.amcham.com.tw>

In addition, the AIT Commercial Section maintains an online listing of local professional service providers, including local attorneys, accountants, consultants, and other professionals. The listing can be found at <http://export.gov/taiwan/businessserviceproviders/index.asp>

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Ministry of Economic Affairs: <http://www.moea.gov.tw/Mns/english/home/English.aspx>

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

Investment Commission, MOEA: <http://www.moeaic.gov.tw> (click on “English” in the far top right corner)

National Information & Communications Initiative, Executive Yuan: <http://www.nici.nat.gov.tw/content/application/nici/english/>

National Tax Administration, MOF: <http://www.ntbt.gov.tw.etwen/>

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

Taiwan Intellectual Property Office, MOEA: <http://www.tipo.gov.tw/en/index.aspx>

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

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## Books (BOK)

### Overview

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Unit: USD thousands

	2012	2013	2014 (est.)	2015 (est.)
Total Market Size	\$1,287,000	\$1,250,000	\$1,210,000	\$1,159,000
Total Local Production	1,288,000	1,250,000	1,212,000	1,161,000
Total Exports	138,000	133,000	130,000	125,000
Total Imports	137,000	133,000	128,000	123,000
Imports from the U.S.	35,800	34,700	33,600	32,600
Exchange Rate: 1 USD	29.50	29.95	30.00 (e)	30.00 (e)

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

Data Sources:

Total Local Production: Unofficial estimates

Total Exports: Statistical Department, Ministry of Economic Affairs

Total Imports: Statistical Department, Ministry of Economic Affairs

Imports from U.S.: Unofficial estimates

Exchange rates provided by Central Bank of China and The Institute of Economics, Academia Sinica.

Taiwan's paper-based book market has decreased three percent from US\$1.29 billion in 2012 to US\$1.25 billion in 2013. The increased e-content available, on a variety of devices such as smart phones, laptops, computers, tablets and other mobile devices, to local readers has weakened the market demand for print books. The trend has also resulted in a reduced trade book demand, which accounts for 60 percent of the total market that valued at US\$750 million. Similarly, the same trend holds true for educational book demand, which accounts for 40 percent of total market that valued at US\$500 million.

In 2013, Taiwan imported US\$133 million of publications, a decrease of nearly four percent from the previous year. The United States remains one of the largest suppliers of imported publications to Taiwan, with a 26% of market share, valued at approximate US\$35 million.

For more than a decade, the United States has been the leading supplier of licensed titles, which dominated about 40-50% of the Taiwan market for translated books. In Taiwan, over 50 percent of the translated books are English-to-Chinese translations; and 25% and 17% for Simplified Chinese-to-traditional Chinese and Japanese-to-traditional Chinese respectively. The U.S. publishing industry currently supplies 3,000 to 4,000 titles for translation annually, which contributes to approximately 40% of the translated book market in Taiwan.

In Taiwan, U.S. publishers are expected to continue being the leader in foreign copyright sales for bestsellers, award winning titles, business / management, children's books, novels, self-help, life-style, and educational books.

Children's fiction, non-fiction and learning books are popular amongst Taiwan's schools, after-school program operators, parents and young readers. Libraries and schools remain to be the strong customers of U.S. educational and academic publications.

### **Sub-Sector Best Prospects**

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- Academic/educational books for schools
- Children's books
- Novels for adults and young readers
- Non-fiction books for self-help, cooking, health, life-style, business and management

### **Opportunities**

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Taiwan's publishing sector consists of a large number of small- to medium-sized enterprises which are very active in publishing and copyright sales. With the increased trade volume across the Straits, Taiwan publishers, book distributors and literary agencies have begun to expand their operations into the market in mainland China. The Taiwan publishing industry offers experienced players who are very familiar with the nuances of the mainland China market, and they are well positioned to assist U.S. publishers and authors looking to enter the market in mainland China. Because of the linguistic and cultural barriers, it is advantageous for U.S. publishers to partner with Taiwan firms when penetrating the market on the mainland.

The U.S. Commercial Service office in Taiwan (CS Taiwan) plans to host its seventh U.S. Pavilion at the 2015 Taipei International Book Exhibition (TIBE) in February 2015. TIBE, the largest book fair in the region, attracts over seven hundred exhibitors and more than half-million visitors of 60 countries every year. It is one of the important platforms for U.S. publishers, authors, literary agencies and content providers to explore the market potential in Taiwan and mainland China. At the 2015 TIBE, the U.S. Pavilion will feature digital content of e-books, e-libraries, e-Journals, educational databases, on-line content, prints of trade books, children's books, and educational books. CS Taiwan will also promote title rights for U.S. publishers who are looking for Taiwan partners and potential buyers.

### **Web Resources**

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

Directorate-General of Customs, MOF: <http://www.customs.gov.tw>

Taipei Book Fair Foundation: [www.taipeibookfair.org](http://www.taipeibookfair.org)

U.S. firms wishing to learn more about the book market and expanding U.S. export opportunities to Taiwan at the trade shows mentioned above are encouraged to contact CS Taiwan Commercial Specialist Menny Chen at [Menny.Chen@trade.gov](mailto:Menny.Chen@trade.gov) or visit <http://www.buyusa.gov/taiwan/en>.

## Computer Services & Software (CSV/CSF)

### Overview

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Unit: USD thousands

	2012	2013	2014 (est.)	2015 (est.)
Total Market Size	\$6,242,340	\$6,367,190	\$6,405,060	\$6,533,160
Total Local Production	5,347,730	5,454,690	5,487,130	5,596,870
Total Exports	1,152,100	1,175,140	1,182,130	1,205,770
Total Imports	2,046,710	2,087,650	2,100,060	2,142,060
Imports from the U.S.	1,729,320	1,763,900	1,774,400	1,809,880
Exchange Rate: 1 USD	29.5	29.5	30(e)	30(e)

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

Data Sources:

Total Local Production: Unofficial estimates

Total Exports: Research Report of Information Industry Institute, MOEA

Total Imports: Report of Information Industry Institute, MOEA

Imports from U.S.: Unofficial estimates

Exchange rates provided by Central Bank of China and Taiwan Institute of Economics, Academic Sinica

Taiwan's computer services and software markets rely heavily on imports, and U.S. computer service providers and software vendors have a strong reputation for providing the integrated solution capabilities and high-performance products with advanced features that are in high demand. Increasing numbers of U.S. computer service providers are partnering with local IT service providers to manage better time to market and customization issues. Marketplace success depends largely on product localization with traditional Chinese characters, business practice customization, and flexible pricing policies. Despite increased competition from local and third-country suppliers, U.S. market dominance is expected to continue in the foreseeable future.

### Sub-Sector Best Prospects

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- Big Data
- Business application software
- Business intelligence-related applications
- Cloud computing security software
- Data Leakage Prevention (DLP)
- Identity and Access Management (IAM)
- Information security solutions
- Information systems integration and consolidation solutions
- On-line learning/entertainment products and services
- Services delivered by using cloud computing platform or mobile devices
- Secure Content and Threat Management (SCTM)
- Security and Vulnerability Management software (SVM)
- Software as a Service (SaaS)

- Storage solutions (hardware embedded software)
- System and network management software
- Platform as a Service (PaaS)

## Opportunities

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U.S. software producers have the advanced capability and experience in large-scale and mission-critical software solutions used in high-tech manufacturing and finance. These applications also include data storage requirements and custom-designed business intelligence features. The demand for business applications by small- and medium-sized enterprises is also increasing. Strong market demand for networking services is being driven by the rising popularity of online services such as games, shopping, music, and video. U.S. content providers and platform developers have many opportunities to work with domestic service providers. As firms integrate their Taiwan operations closely with those of mainland China, the demand for robust communication links between mainland China and Taiwan is bolstering the expansion of high speed networking hardware, software, and services. The Taiwan authorities have identified cloud and mobile computing as the most promising sectors in the Taiwan's computer software and service industries. U.S. companies specialized in these areas have potential in Taiwan's market.

Taiwan's cloud computing market is based on Infrastructure as a Service (IaaS). Local computer hardware suppliers and mobile carriers use their own products and services for this market. They are looking for foreign partners to develop both Platform as a Service (PaaS) and Software as a Service (SaaS) for future business opportunities especially for the market in mainland China.

As of September 2012, the Taiwan authorities have been investing US\$237 million to build up to 10 clouds. These 10 clouds cover the following areas: police, food, health, environmental data, agriculture, transportation, graphic data, disaster rescue, education and culture. The Taiwan authorities encourage both the local and foreign suppliers to participate in the "Cloud Open Lab" platform for testing and modification of their cloud programs. The "Cloud Open Lab" platform is supported by both domestic and foreign hardware, software providers, mobile carriers and the data center providers. By 2014, the estimated Taiwan cloud computing market could reach US\$1.4 billion.

By 2015, worldwide Big Data technology and services revenue will reach US\$16.9 billion, generated primarily from the Big Data being used in IaaS, PaaS, SaaS, BaaS (Business as a Service) and DaaS (Decision as a Service). Big Data could be used in different domains such as Smart Government Applications, Smart Health Management, Smart Education, Smart Green Management, Smart Living Community and other Smart City applications, etc. Taiwan is short of Big Data analytics skills to combine Cloud, Big Data, Analytics, Social, Media Convergence and Internet of Things (IOT) for commercialization.

Attending trade shows is one of the most effective ways to create international sales opportunities. Computex Taipei is the largest ICT trade event in Asia and is the second largest in the world attracting over 35,000 international buyers - more than 1,800 exhibitors from throughout the world participate in the show to showcase their latest products/services. Computex Taipei was most recently held from June 3 to 7, 2014. CS

Taipei organized a U.S. pavilion to support the American exhibitors. Detailed information is available at the website: <http://www.computextaipei.com.tw/>

## Web Resources

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Board of Science and Technology, Executive Yuan:  
<http://www.bost.ey.gov.tw/>

Information Service Industry Association of R.O.C.: <http://www.cisanet.org.tw>

Institute for Information Industry (III): <http://www.iii.org.tw>

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

Market Intelligence & Consulting Institute: <http://www.mic.iii.org.tw/aisp/>

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

Taipei Computer Association: <http://www.tca.org.tw/>

U.S. firms wishing to learn more about the Computer Services & Software market and expanding U.S. export opportunities to Taiwan at the trade show mentioned above are encouraged to contact CS Taiwan Commercial Specialists Rita Chen at [Rita.Chen@trade.gov](mailto:Rita.Chen@trade.gov) or visit the website <http://export.gov/taiwan/> .

## Education (EDS)

### Overview

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	2012	2013	2014 (est.)	2015 (est.)
Total Number of Taiwan Students Studying in the U.S.	23,250	21,867	21,500	21,500
Total Number of U.S. Student Visas Issued to Taiwan Students	15,966	15,270	15,000	15,000
Financial Contribution of Taiwan Students to the U.S. Economy Unit: USD thousands	\$655,000	\$620,000	\$610,000	\$610,000
Exchange Rate: 1 USD	29.50	29.95	30.00 (e)	30.00 (e)

#### Data Sources:

- 1) Taiwan Ministry of Education, Bureau of International Cultural and Educational Relations
- 2) Institute of International Education (IIE) Open Doors 2013 Report
- 3) U.S. Department of State, Bureau of Consular Affairs website
- 4) Exchange rates provided by the Central Bank of China and The Institute of Economics, Academia Sinica

According to the IIE Open Doors data, Taiwan was the 6<sup>th</sup> leading origin of foreign students studying in the United States in 2013, with 21,867 students enrolled in U.S. institutions. The United States remains the top destination for Taiwan students that pursue studies abroad - 49.7% of students from Taiwan are studying at the graduate level, 27.4% at the undergraduate level, 15.6% at Optional Practical Training (OPT), and 7.3% in other non-degree programs. Even though the number of students from Taiwan has decreased gradually over recent years, U.S. universities continue to be highly regarded for excellence in academic programs, teaching quality, diversity and modern facilities.

Career development programs or degree programs with work opportunities have become increasingly popular. An interesting trend developing is that more and more Taiwan students choose to stay in the United States for an OPT program, to work for 12-29 months, upon completion of their studies. One major contributing factor is the stagnant domestic economy which has resulted in lower pay and fewer international job opportunities. Many Asian neighboring countries are noticing the trend, such as mainland China (including Hong Kong), Japan and Singapore, and they have stepped up their efforts to recruit top-notch Taiwan students by offering scholarships or job opportunities upon graduation. Therefore, it is advisable for U.S. schools to emphasize affordability and quality, as well as post-graduation job placement, to attract Taiwan students.

Another growing market segment is the "Working Holiday." According to the Taiwan Ministry of Foreign Affairs, the number of applicants for Working Holiday programs increased fivefold in four years' time. In 2012, a total of 19,200 people went abroad for Working Holiday programs, mainly to Australia, New Zealand, Canada and Japan. Even

though the United States does not offer Work Holiday visas, English as a Second Language (ESL) or professional certificate programs that provide student internships or practical work experience would help U.S. schools to attract more Taiwan students. Finally, many Taiwan students prefer pathway programs and/or conditional admission programs as they find taking Test of English as a Foreign Language (TOEFL) or International English Language Teaching System (IELTS) tests challenging.

Another major development in Taiwan's education industry is the easing of regulations to enable foreign universities to establish operations in Taiwan's Free Economic Pilot Zones (FEPZ). The plan, which is yet to be finalized by the legislative branch of the Taiwan authorities, will allow foreign universities to collaborate with Taiwan universities, to set up branch campuses, independent colleges, or joint degree programs. The move was triggered by two main factors: 1) due to Taiwan's overly strict regulatory process, foreign leading universities often have gone to other Asia-Pacific markets for their satellite campuses to serve the region's international students; and 2) Taiwan may become less global-minded with the declining number of Taiwan youth studying abroad. U.S. higher education institutions should take advantage of this window of opportunity to explore partnerships with Taiwan universities.

Taiwan's higher education market is very competitive, and Taiwan is a stable and mature market for U.S. institutions. Domestic supply of higher education institutions has also reached its saturation point. Traditionally, the major recruiters from other English-speaking countries are from the United Kingdom, Australia, Canada and New Zealand. In recent years, neighboring Asian countries have also become very active in recruiting Taiwan students or partnering with Taiwan schools. Going abroad to study is now more of a consumer's choice, with students becoming savvy in selecting programs that offer the best value of time and cost.

In order to maintain its leading position, U.S. schools should strengthen their partnerships with Taiwan institutions for student/scholarly exchanges or joint degree programs. Engaging with student recruitment agencies, developing active alumni networks, and reaching out to potential students through educational fairs and social media are all recommended strategies.

### **Sub-Sector Best Prospects**

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- Degree programs in business, engineering, life sciences, computer sciences, health care, education and arts.
- Programs that contain a job placement or internship component
- Pathway programs
- Professional certificate or diploma programs
- Joint degree programs with local universities

### **Opportunities**

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Establishing a partnership with local schools is a long-term strategy for U.S. institutions when recruiting Taiwan students for joint-degree programs or short-term summer programs. Furthermore, many Taiwan universities have established Mandarin teaching centers to educate foreign students. U.S. schools should consider increasing cultural

and language exchanges with Taiwan schools. The U.S. Commercial Service office in Taiwan (CS Taiwan) can help U.S. schools connect with local universities or high schools for collaboration.

Partnership with student recruiting agents allows U.S. schools to have a year-round exposure to the Taiwan market. Recruiting agents are one of the primary resources used by Taiwan students and parents when planning for studying abroad. CS Taiwan can assist U.S. schools as they pre-screen prospective agents and arrange one-on-one meetings in Taipei, Taichung and Kaohsiung.

Participation in education fairs is also a very effective tool. Local fair organizers have a deep understanding of the market and can greatly reduce U.S. schools' marketing expenses. Additionally, the organizers can provide follow-up counseling to students throughout the year after their visits to the education fairs. Taiwan's major education fairs featuring U.S. schools include:

- OH! Study International Education Expo (Spring/Fall), co-sponsored by GM Taiwan
- AIEF Education Foundation Fair (AIEF)
- USEAS Study World
- The Association of Boarding Schools Fair (TABS), co-sponsored by CS Taiwan
- The MBA Tour
- QS Top MBA Fair

## Web Resources

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Taiwan Ministry of Education Website: <http://www.moe.gov.tw>

Oh! Study Education Center Website: <http://ohstudy.net/expo/>

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

USEAS Study World: <http://www.useas.com.tw/study-world/>

Top MBA Tour Website: <http://www.topmba.com>

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

The Association of Boarding Schools Fair (TABS) Website: <http://www.tabs.org>

U.S. firms wishing to learn more about the education market and expanding U.S. export opportunities to Taiwan are encouraged to contact CS Taiwan Commercial Specialist Grace Tao at [Grace.Tao@trade.gov](mailto:Grace.Tao@trade.gov) or visit the website [www.Export.gov/Taiwan](http://www.Export.gov/Taiwan)

## Electric Power Equipment (ELP) & Energy

### Overview

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Unit: USD thousands

Electric Power Equipment Market	2012	2013	2014 (est.)	2015 (est.)
Total Market Size	\$1,249,405	\$1,311,875	\$1,338,113	\$1,364,875
Total Local Production	5,084,420	5,338,642	5,445,415	5,554,323
Total Exports	7,723,928	8,327,379	8,493,927	8,663,805
Total Imports	4,926,365	5,113,194	5,215,458	5,319,767
Imports from the U.S.	584,123	767,638	782,991	798,651
Exchange Rate: 1 USD	29.5	29.5	30.0	30.0

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

Data Sources:

Total Local Production: Unofficial estimates

Total Exports: Statistical Department, MOEA

Total Imports: Statistical Department, MOEA

Imports from U.S.: Statistical Department, MOEA

Exchange rates are rounded rates provided by the Central Bank of China

The Taiwan Power Company (TPC) continues to be the main source of demand for Taiwan's electrical power equipment market. TPC is upgrading its existing facilities and building new fossil-fuel thermal power plants, and it may continue with the construction of a fourth nuclear power plant pending a referendum on the issue later this year. TPC plans to increase its total installed capacity from 33,290 MW to 54,761 MW by the year 2015. In 2011, TPC awarded and started the construction work of its 2x800MW Linkou coal-fired power plant project, and in 2012, TPC awarded its 2x800MW Talin coal-fired power plant project. Clean coal technology and renewable energy, especially roof-top solar and offshore wind power, will be the focus of Taiwan's newly installed power capacity.

Fuel Type	Gross Power Generation (MWH)	%
Coal	91,181	36.4
LNG	65,522	26.2
Nuclear	40,422	16.1
Cogeneration	37,389	14.9
Hydro	8,606	3.4
Oil	5,660	2.3
Geothermal & Wind Power	1,413	0.6
Solar	173	0.1

Source: Bureau of Energy, Ministry of Economic Affairs, Taiwan

Taiwan relies on imports for more than 99% of its energy sources, and passed the Renewable Energy Act in 2009 to promote alternative energy sources such as hydropower, wind, geothermal, and solar. However, traditional energy sources such as coal, liquefied natural gas (LNG), and nuclear power still dominate the energy supply, accounting for more than 78% of the supply. Currently, Taiwan primarily imports coal from Australia and Indonesia, LNG largely from the Middle East and Southeast Asian countries, and uranium fuel rods from the United States and South Africa. In response to public concerns about nuclear safety following the Fukushima disaster, Taiwan has suspended work on its fourth nuclear power plant and will hold a national energy conference to determine its future energy strategy. Taiwan's energy policy is designed to maintain a well-mixed portfolio of energy sources to balance energy costs, energy sufficiency, and environmental protection. In considering diversification and cost control, Taiwan has shown interest in importing U.S. coal from the Powder River basin in Wyoming and Montana and shale gas from Texas, Oklahoma, Arkansas, Louisiana, Michigan, and Illinois.

### Sub-Sector Best Prospects

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- Clean coal technologies such as Integrated Gasification Combined Cycle (IGCC)
- Emission control products such as CO<sub>2</sub> sequestration technology
- Renewable energy and energy efficiency products
- Shale gas
- Digital electric meters
- Steam turbines, hydraulic turbines, and gas turbines for power plants
- Electrical equipment for switching, protecting, or connecting electrical circuits (for example: switches, relays, fuses, surge suppressors, plugs, sockets, lamp-holders, junction boxes), for voltage not exceeding 1,000 volts
- Electrical transformers, static converters (for example, rectifiers), and inductors
- Electric (including electrically heated gas) lasers or other light or photon beams; ultrasonic and electron beams; magnetic pulse or plasma arc soldering, brazing or welding machines and equipment (whether or not capable of cutting); electric machines and equipment for hot spraying of metals
- Electric motors and generators (excluding generating sets)
- Smart Grid technology and products
- Low sulfur content coal

### Opportunities

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The Government Procurement Law (GPL) took effect in May 1999, and it requires all procurement entities to publicize any procurement projects worth over NT\$1 million (US\$30,000) on the Taiwan authority's e-procurement website (<http://web.pcc.gov.tw>).

The Taiwan Power Company's current major projects include:

- Linkou (Rebuild) Coal-Fired Power Projects (2x800MW)
- Talin (Rebuild) Coal-Fired Power Projects (2x800MW)
- Shenao (Rebuild) Coal-Fired Power Projects (2x800MW)
- Wind Power Project Stage 4 & 5

The Taiwan Power Company and the two local Independent Power Providers (IPP), the privately owned Formosa Group (Mailou Plant), and the Taiwan Cement Group (Hoping Plant) are planning to procure equipment and fuel additives that can help their coal-fired and oil-fired power plants increase power generation efficiencies.

## Web Resources

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Public Construction Commission: <http://www.pcc.gov.tw>

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

Taiwan Power Company (Taipower): <http://www.taipower.com.tw>

U.S. firms wishing to learn more about the electrical power equipment market and expanding U.S. export opportunities to Taiwan at the trade shows mentioned above are encouraged to contact CS Taiwan Commercial Specialist Allen Chien at [Allen.Chien@trade.gov](mailto:Allen.Chien@trade.gov) or visit <http://www.buyusa.gov/taiwan/en/>

## Electronic Components (ECL)

### Overview

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Unit: USD thousands

	2012	2013	2014 (est.)	2015 (est.)
Total Market Size	\$15,813,000	\$15,322,797	\$15,398,900	\$15,837,755
Total Local Production	36,961,365	35,815,563	35,993,450	36,713,320
Total Exports	34,588,575	33,516,329	33,682,790	34,356,445
Total Imports	13,440,210	13,023,563	13,088,240	13,480,880
Imports from the U.S.	342,615	331,994	340,315	347,120
Exchange Rate: 1 USD	29.5	29.5	30 (e)	30 (e)

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

Data Sources:

Total Local Production: Statistical Department, Ministry of Economic Affairs

Total Exports: Directorate General of Customs, Ministry of Finance (MOF)

Total Imports: Directorate General of Customs, MOF

Imports from U.S.: Directorate General of Customs, MOF

Exchange rates provided by Central Bank of China and The Institute of Economics, Academia Sinica

Taiwan's electronics firms, especially information technology product manufacturers, rely on imports of leading edge components (e.g. integrated circuits) to maintain the competitiveness of their assembly operations. This trend will continue to drive demand for imports of U.S. advanced technologies. Information and communication product applications contribute to approximately 65% of local demand for electronic products according to the "User Guide for Electronic Booklet" from Global Trend Net. U.S.-made semiconductors, especially high-end integrated circuits, are in great demand. However, U.S. firms face stiff competition from Japanese and Korean companies, which lead the passive component and display market sectors. Taiwan-produced components are mainly used in consumer electronic product applications.

### Sub-Sector Best Prospects

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The following market segments and respective build-of-material (BOM) components are best business prospects for U.S. firms seeking to tap into Taiwan's consumer market and global technology supply chain:

- Smart Phones
- Smart TVs
- Notebook PCs
- Phablets
- Tablets
- Ultrabooks
- Global Positioning System (GPS)

- Video Games & Online Games
- Cloud Monitor
- Touch Panel
- Monolithic digital & hybrid Integrated Circuits (ICs)
- Silicon wafers with dimensions between 12 (300 mm) and 18 inches (450 mm)
- Monolithic digital IC chips
- Transistors and light emitting diodes
- Chips and wafers for light emitting diodes and transistors
- Integrated circuits for central processing units
- Plugs and sockets for co-axial cables and printed circuits
- Dynamic random access memory integrated circuits

## Opportunities

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Taiwan companies now generally focus on the production of the higher value-added components found in electronic products, such as notebook computers, phablets, tablets and smartphones, and have already shifted the manufacture and assembly of many lower value-added items overseas, primarily in mainland China. This trend has led to a continuous demand for the import of cutting edge components, providing American firms with ample sales opportunities. The U.S. continues to be the leader in the new innovative technologies and processes sector. U.S. firms are expected to remain as major suppliers of advanced and specialized items due to the excellent performance and reliability of their products and services.

The International 2015 Consumer Electronics Show (CES) is the world's largest electronic technologies show, and is held in January 6-9, 2015 in Las Vegas, Nevada. As International CES is one of the trade shows certified by the U.S. Department of Commerce, CS Taiwan will organize an International Buyer Program (IBP) delegation to the show. The members of this delegation will consist of a large number of buyers and importers of electronics products. Detailed information about the show is available at the website: <http://www.cesweb.org/>.

In addition, during 2014 the following electronic products related trade shows will be in Taipei, Taiwan:

- 2014 SOFTEX, April 17-21 <http://softex.tca.org.tw/>
- COMPUTEX Taipei International Information Technology Show, June 3 - June 7, 2014 <http://www.computextaipei.com.tw/>
- TICA Taipei Computer Applications Show, July 31- August 4, 2014 [http://www.tica.tw/zh\\_TW/index.html](http://www.tica.tw/zh_TW/index.html)
- SEMICON Taiwan 2014, September 3-5, 2014 <http://www.semicontaiwan.org/ZH/index.htm>
- Taiwan International Photovoltaic Forum & Exhibition, October 22- October 24, 2014 <http://www.pvtaiwan.com/>
- Taipei International Electronics Show, Taitronics 2013, October 6-9, 2014 <http://www.taitronics.org>

## Web Resources

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

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

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

Taipei Computer Association: <http://www.tca.org.tw/>

U.S. firms wishing to learn more about the electronic components market and expanding U.S. export opportunities to Taiwan at the trade shows mentioned above are encouraged to contact CS Taiwan Commercial Specialist Rita Chen at [Rita.Chen@trade.gov](mailto:Rita.Chen@trade.gov) or visit <http://export.gov/taiwan>

## Electronics Industry Production/Test Equipment (EIP)

### Overview

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Unit: USD thousands

	2012	2013	2014 (est.)	2015 (est.)
Total Market Size	\$3,542,280	\$3,352,000	\$3,706,546	\$3,910,400
Total Local Production	856,590	804,480	900,000	949,500
Total Exports	325,290	307,713	339,928	358,624
Total Imports	3,010,980	2,239,807	3,146,474	3,319,530
Imports from the U.S.	843,150	627,145	881,000	929,455
Exchange Rate: 1 USD	30	29.5	30 (e)	30 (e)

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

Data Sources:

Total Local Production: Unofficial estimates

Total Exports: Directorate General of Customs, Ministry of Finance (MOF)

Total Imports: Directorate General of Customs, MOF

Imports from U.S.: Directorate General of Customs, MOF

Exchange rates provided by Central Bank of China and The Institute of Economics, Academia Sinica

According to market statistics from Taiwan's Industry Technology Research Institute (ITRI), Taiwan ranks number one worldwide in both foundry services and Integrated Circuit (IC) packaging and testing services, which drives Taiwan's semiconductor industry equipment investment and material demand. Moving up the supply chain, Taiwan's IC design industry has captured the number two position in revenue growth in the world, second only to the United States. The fast growing IC design industry compliments the foundry services in Taiwan. In 2013, the capital spending for semiconductor and Flat Panel Display (FPD) production capacity exceeded US\$10 billion. Most of Taiwan's advanced electronics industry production/test equipment (EIP) is imported and the demand is mainly from local semiconductor and electronics manufacturers. Semiconductor industry now accounts for about 40-45% of Taiwan's total EIP market investment. The demand for imported EIP equipment, which accounts for over 85% of Taiwan's total EIP market, will continue to remain strong. As a major source of specialized EIP equipment, U.S. firms will continue to find ample sales opportunities for their products' given performance, high reliability and durability.

### Sub-Sector Best Prospects

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- Chemical vapor deposition equipment
- Parts for semiconductor production
- Equipment for Excimer Laser Assisted Crystallization
- Machine tools for dry-etching on semiconductors
- Grinding, polishing and lapping machines, and parts for processing of semiconductor wafers

- Equipment for wet etching, developing, stripping or cleaning semiconductor wafers and flat panel displays
- Physical deposition equipment and parts for semiconductor production
- Rapid heating equipment and parts for semiconductor wafer production
- Ion implanters and parts for doping semiconductor materials
- Instruments, equipment, parts and accessories for measuring or checking semiconductor wafers and devices
- Optical instruments, appliances, parts and accessories for inspecting photo masks or semiconductor devices
- Electronics test equipment for communications, broadcasting and consumer electronics

## Opportunities

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Taiwan's semiconductor firms continue to expand and upgrade processing technologies of the existing wafer facilities. The Taiwan Semiconductor Manufacturing Company Limited (TSMC) leads wafer fabrication investment projects in Taiwan. According to SEMI Taiwan – a leading semiconductor industry association, the Taiwan foundry sector is expected to see a stronger growth of 20nm/28nm High-K Metal-Gate (HKMG) this year, driven by mobile device productions. Mobile Dynamic Random Access Memory (DRAM) is expected to surpass PC DRAM in revenue in 2014 due to increasing global demand for products such as tablets and smart phones. Consumer electronics manufacturers are adding new product lines to produce additional high value-added processes and components to drive their products to meet consumer needs. Investments in 16nm FinFET/20nm production equipment/material are projected to grow as well in 2014-2015.

As for Taiwan's photovoltaic industry (PV), the Taiwan authorities passed the Renewable Energy Act in 2009, which included a five-year budget of US\$746 million for the promotion of installation of energy efficient equipment and systems. Furthermore, the Act allocated US\$597 million for additional research and development on clean energy technologies. The goal is to make Taiwan the world's third-largest producer of solar cells by 2015. Taiwan authorities hope to generate an additional US\$6 billion in private investments to the PV industry. The Act offers great opportunities to U.S. manufacturers of materials, cells, modules and manufacturing equipment.

Participating in major trade shows is effective in generating international sales. The SEMICON Taiwan is the most important annual event for the Taiwan semiconductor industry. Detailed information about the show is available at the website: <http://www.semicontaiwan.org/en/>.

Additionally, the following electronic products-related trade shows will be held in Taipei, Taiwan this year:

- TICA Taipei Computer Applications Show, July 31 - August 4, 2014  
[http://www.tica.tw/zh\\_TW/index.html](http://www.tica.tw/zh_TW/index.html)
- SEMICON Taiwan 2014, September 3 – 5, 2014  
<http://www.semicontaiwan.org/ZH/index.htm>
- Taipei International Electronics Show, Taitronics 2014, October 6 - 9, 2014  
<http://www.taitronics.org>

- Taiwan International Photovoltaic Forum & Exhibition, October 22 - 24, 2014  
<http://www.pvtaiwan.com/>

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SEMI: <http://www.semi.org/en/>

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

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

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

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

U.S. firms wishing to learn more about the electronics industry production and test equipment sector and seeking to expand their export sales to Taiwan are encouraged to contact the U.S. Commercial Service (CS) Taiwan Commercial Specialist Teddy Chien at [teddy.chien@trade.gov](mailto:teddy.chien@trade.gov) or visit <http://export.gov/taiwan>

## Franchising (FRA)

### Overview

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Unit: USD thousands

	2012	2013	2014 (est.)	2015 (est.)
Total Sales	\$58,600,000	\$60,299,000	\$62,500,000	\$63,000,000
Exchange Rate: 1 USD	29.5	29.5	30 (e)	30 (e)

Note: The total sales in Taiwan's franchise market are based on Taiwan Chain Stores and Franchise Association's estimates. There are no import/export statistics available for the franchising and chain store services market.

According to the Taiwan Chain Stores and Franchise Association, in 2013 there were 2,264 chain store and franchise headquarters and 99,399 stores in Taiwan, a growth rate of 12.8% and 8.2% respectively from the previous year. The association concluded that the total revenue of the franchise industry in Taiwan reached US\$60.3 billion in 2013, a growth of 2.9% from 2012. Franchises in Taiwan include widely recognized global and regional brands as well as local names, such as 7-Eleven, Starbucks, KFC, McDonald's, Krispy Kreme, and many more. In fact, Taiwan has one of the highest densities of chain and franchise stores in the world, according to the Taiwan External Trade Development Council (TAITRA). Ranging from international quick service restaurants to high end sit-down dinners, the food and beverage (F&B) category is the most dynamic sector in the franchise industry.

### Sub-Sector Best Prospects

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- Convenience chain stores
- Coffee chain stores

### Opportunities

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Taiwan businesses are very entrepreneurial and are known to be adaptable to the ever-changing market conditions. Despite the recent economic downturn, the number of franchise stores in Taiwan is expected to continue to rise in the coming years, partly due to small company owners' desire to run their own businesses – especially in light of today's high unemployment. Taiwan's service industry accounts for 69% of the island's total GDP; the service sector and the franchise industry are expected to continue to grow with innovation and self-transformation.

The U.S. Commercial Service office in Taipei (CS Taipei) has assisted many U.S. franchise brands in partnering with local master agents for their Taiwan market expansion efforts. Witnessing the recent success of several U.S. franchise brands in Taiwan (e.g. Krispy Kreme and Dairy Queen), some of the local major franchise operators have been actively seeking opportunities to represent reputable global brands in Taiwan and in other regional markets.

The Association of Chain and Franchise Promotion Taiwan (ACFPT) successfully won the bid to host the first-ever 2014 Asia Pacific Franchise Confederation Meeting, and the event will take place during September 22-25, 2014 in Taiwan. Additionally, CS Taipei plans to organize a SelectUSA booth to showcase U.S. investment opportunities in the franchise sector. If you are interested in participating at the 2014 Asia Pacific Franchise Confederation Meeting, please contact Ms. Cindy Chang at [cindy.chang@trade.gov](mailto:cindy.chang@trade.gov).

## **Web Resources**

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

Directorate-General of Customs, MOF: <http://www.customs.gov.tw>

Association of Chain and Franchise Promotion, Taiwan: [www.franchise.org.tw](http://www.franchise.org.tw)

U.S. firms wishing to learn more about the franchising market and expanding U.S. export opportunities to Taiwan are encouraged to contact Commercial Specialist Cindy Chang via [cindy.chang@trade.gov](mailto:cindy.chang@trade.gov) or visit: [www.buyusa.gov/taiwan](http://www.buyusa.gov/taiwan)

## Medical Devices

### Overview

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Unit: USD thousands

	2012	2013	2014 (est.)	2015 (est.)
Total Market Size	\$2,890,000	\$3,009,000	\$3,192,000	\$3,307,000
Total Local Production	2,533,000	2,718,000	2,935,000	3,090,000
Total Exports	1,553,000	1,677,000	1,828,000	1,993,000
Total Imports	1,910,000	1,968,000	2,085,000	2,210,000
Imports from the U.S.	634,391	688,000	729,000	795,000
Exchange Rate: 1 USD	29.95	29.95	30.00	30.00

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

Data Sources:

Total Local Production: Industrial Technology Research Institute

Total Exports: Industrial Technology Research Institute

Total Imports: Industrial Technology Research Institute

Imports from U.S.: Industrial Technology Research Institute

Launched in 1995, Taiwan's National Health Insurance (NHI) is a mandatory social health insurance program that covers about 99.9% of the population. Taiwan is the only economy in the last 30 years to reach universal coverage and a single payer system at the same time. In 2009, Paul Krugman, winner of the Nobel Prize in Economics, publicly praised the NHI system in Taiwan as the best in the world. Average life expectancy in Taiwan has increased from 74.5 years in 1994 to 79.15 years in 2011.

According to the NHI Administration (NHIA), Taiwan's annual health expenditure in 2013 was 6.6% of gross domestic product (GDP), a level lower than most countries. After adjusting for purchasing power parity, Taiwan's health care spending per capita is US\$2,499, about one-third the amount spent in the United States. The annual health expenditure is projected to grow by an average rate of 4.7% in the coming years. The growth trend is driven by several factors including economic performance, universal healthcare insurance, an aging population, and the increasing prevalence of chronic disease. About 62% of Taiwan's healthcare expenditure is funded by the public sector with the remaining 38% covered from out-of-pocket private spending. There are over 20,000 primary and 500 secondary care units in Taiwan. Many of the hospitals and clinics are privately owned and are small in size. A total of 12 hospitals have been accredited by Joint Commission International (JCI), a global leader in international accreditation for health care quality and patient safety. By the end of 2013, 93.68% of all health care facilities were contracted by the NHI system to provide health care service.

Many innovative advanced medical devices are too expensive to receive reimbursement under the NHI system. Under these circumstances, the NHIA allows patients to pay out of their own pockets. The self-pay categories include drug-eluting and bio-active coronary stents, artificial ceramic hip joints, artificial intraocular lenses, and metal-on-metal artificial hip joints.

In 2013, the Taiwan medical device market reached US\$3.009 billion. Imports accounted for over 65% of the total market at US\$1.968 billion. The Taiwan market for medical devices is forecast to grow about 7% annually over the next 3 years, and market demand for foreign high-end medical devices is expected to grow. The United States holds a significant 35% import share, followed by Japan (14%), Germany (11%) and mainland China (10%). U.S. companies are especially competitive in sophisticated and innovative segments such as advanced interventional cardiology products, orthopedic implants, advanced diagnostic imaging equipment and laser surgical equipment. Taiwan's 705 medical device manufacturers supply primarily low- to medium- end products. Over 60% of local production is for exports.

The Ministry of Health and Welfare (MOHW) is the healthcare authority that regulates the importation of medical devices. All U.S. suppliers must submit required documentation through their Taiwan importers or their Taiwan-registered subsidiaries. U.S. suppliers must obtain pre-market registration approval and import licenses from the MOHW before the medical devices can be imported into Taiwan.

### **Sub-Sector Best Prospects**

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- Cardiovascular equipment
- Endoscopy
- Computerized tomography
- Ultrasonic scanning apparatus
- Magnetic resonance imaging apparatus
- Hemodialysis apparatus
- Chromatographs and electrophoresis instruments
- Shock wave lithotripsy apparatus
- X-rays apparatus for dental uses
- Catheters
- Artificial joints
- Prepared diagnostic and laboratory reagents

### **Opportunities**

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Taiwan's population is rapidly aging. In 2010, 11% of Taiwan's population was 65 or over, and this segment of the population is forecast to rise to 20% by 2015. In response, the demand for quality elderly care and treatment for cancer, cardiovascular diseases, and diabetes will continue to grow. This segment of the population needs various medical tests and medical devices that alleviate pain, complement lost functions and improve the quality of life.

In addition, incidence rates for hypertension, kidneys and lung diseases are rising. As such, computed tomography (CT) scanner, ECGs, dialysis machines, and other laboratory instruments can expect increasing demand. Other growth opportunities are for advanced and innovative equipment that offers faster recovery and early discharge, such as image-guide surgery and robot-assisted surgery.

Medical cosmetics and preventive health care examinations are also fueling additional growth in the market. The Taiwan healthcare authorities and the industry are now

proactively developing these services for medical tourism. Since many of these healthcare services are not covered by the NHI and have to be fully paid by patients, they have become a lucrative source of income. This trend will continue to drive the demand for relevant equipment and supplies.

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Ministry of Health and Welfare, <http://www.mohw.gov.tw/EN/Ministry/Index.aspx>

Food and Drug Administration, <http://www.fda.gov.tw/EN/index.aspx>

National Health Insurance Administration, <http://www.nhi.gov.tw/english/index.aspx>

## Pollution Control Equipment (POL)

### Overview

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Unit: USD thousands

	2012	2013	2014 (est.)	2015 (est.)
Total Market Size	\$699,837	\$734,828	\$689,411	\$701,472
Total Local Production	490,050	514,552	524,843	524,843
Total Exports	741,414	733,701	541,844	541,844
Total Imports	928,921	921,078	766,526	766,526
Imports from the U.S.	205,957	197,035	183,617	183,617
Exchange Rate: 1 USD	29.5	29.5	30.0	30.0

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

Data Sources:

Total Local Production: Unofficial estimates

Total Exports: Statistical Department, MOEA

Total Imports: Statistical Department, MOEA

Imports from U.S.: Statistical Department, MOEA

Exchange rates are rounded from rates provided by the Central Bank of China

In 2011, Taiwan's Environmental Protection Administration (EPA) announced more stringent standards for discharged waste water and emitted air pollutants. Since then, Taiwan's manufacturing plants in its 66 industrial zones and three science parks have been required to procure and install the needed equipment to comply with the new standards. In 2011, Taiwan also passed the Indoor Air Quality Act that requires all public used buildings and transportation vehicles to be equipped with air quality detecting and monitoring devices. Taiwan is also known for assembly and export of pollution control devices.

### Sub-Sector Best Prospects

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- Ultra-pure water equipment
- Process water recycling/reuse equipment
- Precious heavy metal extraction and separation technology
- Advanced wastewater treatment technologies
- Greenhouse gas monitoring and reduction equipment
- Polluted soil rehabilitation technology

### Opportunities

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The Taiwan authorities started to address climate change by developing a Greenhouse Gas Reduction Act, which calls for decreasing Taiwan's CO<sub>2</sub> emissions to levels recorded in 2000 by the year 2025. The market demand for greenhouse gas monitoring and reduction equipment will continue to increase for the next few years. As Taiwan retains its major high-tech manufacturing base for electronics and electrical equipment, advanced pollution control equipment and technologies, such as those that treat acids, alkalis and toxic materials, will continue to be in great demand.

Attendance at trade shows is one of the most effective ways to create international sales opportunities. The following is a list of relevant trade fairs in the United States and Taiwan:

- WasteExpo 2015, June 2-4, 2015, Las Vegas, Nevada  
<http://www.wasteexpo.com/we15/public/enter.aspx>
- American Water Works Association(AWWA) ACE 14, June 8-12, 2014, Boston, Massachusetts  
<http://www.awwa.org/conferences-education/conferences/annual-conference.aspx>
- Taiwan Green Industry Show (TiGiS) 2014, October 6-9, 2014, Taipei, Taiwan. TiGiS is Taiwan's largest green industry exhibition featuring clean energy, environmental protection, and water technology. Since 2011, the AIT Commercial Section has organized a U.S. Pavilion at TiGiS. The U.S. Pavilion is the best platform for a participating US company to exhibit their products to interested buyers. During the trade show, AIT Commercial Section can also arrange Single Company Promotion (SCP) seminars for the U.S. Pavilion participants in order to further promote their products and services.  
<http://www.greentaiwan.tw/>

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Environmental Protection Administration (EPA), Executive Yuan: <http://www.epa.gov.tw>

U.S. firms wishing to learn more about the pollution control equipment market and expanding U.S. export opportunities to Taiwan at the trade shows mentioned above are encouraged to contact AIT Commercial Section Commercial Specialist Allen Chien at [Allen.Chien@trade.gov](mailto:Allen.Chien@trade.gov) or visit <http://export.gov/taiwan>

## Telecommunication Equipment (TEL/TES)

### Overview

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Unit: USD thousands

	2012	2013	2014 (est.)	2015 (est.)
Total Market Size	\$3,633,150	\$3,950,290	\$3,943,290	\$4,022,120
Total Local Production	8,188,480	8,843,560	8,887,480	9,065,200
Total Exports	7,230,000	7,808,400	7,847,180	8,004,130
Total Imports	2,674,678	2,888,650	2,909,990	2,961,050
Imports from the U.S.	225,250	243,270	270,000	285,000
Exchange Rate: 1 USD	29.5	29.5	30 (e)	30 (e)

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

Data Sources:

Total Local Production: Institute for Information Industry, III

Total Exports: Directorate General of Customs, MOF

Total Imports: Directorate General of Customs, MOF

Imports from U.S.: Directorate General of Customs, MOF

Exchange rates provided by Central Bank of China and The Institute of Economics, Academia Sinica

In terms of new technologies, smart phone, broadband, and wireless chips are the major trends in Taiwan's telecom industry. The Taiwan telecom industry is focused on network flow management, deployment of virtual and heterogeneous networks, and integrated services. Taiwan's fixed-network carriers, mobile operators, and broadcasters (terrestrial TV, radio and CATV networks) are upgrading their network infrastructure to increase market competitiveness. Taiwan has informally stopped supporting Worldwide Interoperability for Microwave Access (WiMax) after the Intel Taiwan WiMax Program Office closed in June 2010. The Taiwan authorities have shifted the trend to Long Term Evolution (LTE) 4G technology, which is a standard supported by the world's major telecommunications equipment and service providers.

Taiwan imports about 80% of its telecommunications equipment, with more than 50% of its imported telecommunications equipment coming from mainland China, primarily originating from OEM and ODM factories. The U.S. has approximately 8% market share of the imported telecommunications equipment coming into Taiwan.

### Sub-Sector Best Prospects

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- Audio Production Equipment for Broadcast and Television
- Broadcast and Television Transmitters
- Broadcast and Television Antennas
- Broadcast Codec
- Broadcast Master Control Equipment
- Cable Customer Premise Equipment (CPE)

- Cable Television (CATV) Digital Head End Equipment
- Cloud Computing, Cloud Applications
- Digital Editing Systems
- Femtocell
- Fixed Mobile Convergence
- Global Positioning System
- Internet Protocol Television (IPTV)
- Intercom, Remote Control, Recording Studio, Theater and Stage Equipment
- Long Term Evolution (LTE)
- Microwave, Host Protected Area (HPA), Enthusiast System Architecture (ESA System)
- Near Field Communication (NFC)
- Mobile TV
- On –Air, Transmission, Head End Products Video Equipment and Accessories
- Satellite Communication System Integration for Government, Military and Media
- Satellite News Gathering (SNG), Electronic News Gathering (ENG) equipment
- Wireless LAN

## Opportunities

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The Taiwan authorities launched “The Development of Digital Convergence Program” in 2010 with plans underway to complete this program by 2015. The program’s objectives are to secure a comprehensive high-speed broadband network up to 100Mbps to promote the following: convergence of telecommunications services, acceleration of the process to construct new digital video television services, and communication and dissemination of industry upgrades. The goals of the program are to achieve six million fiber optic subscribers, two million wireless broadband subscribers, a digital Cable TV penetration rate of 75% of the national households, and a 50% increase in new video service penetration by 2015. Taiwan entered the digital wireless TV era on July 1, 2012 when it turned off its analog signal systems, encouraging people to watch high definition (HD) programs from their set top boxes, wireless TV, cable TV and Internet Protocol Television (IPTV). The National Communications Commission (NCC) released two digital TV licenses in 2013. The TV operators that won the licenses will operate 16 wireless digital channels. NCC also released 34 radio licenses in 2014 after a pause of 14 years. The TV radio licenses are covering both analog FM and AM stations. Several TV stations are undergoing new building construction that integrates the High Definition (HD) studios technology. All these projects will require the latest broadcasting equipment and services.

In October 2013, NCC awarded six licenses to provide LTE 4G services for 700/900/1800 MHz. Four mobile carriers are expected to provide 4G services commencing in July, 2014, once they implement the minimum requirement of 250 network base stations. The deployment of LTE 4G is also expected to boost the demand for innovative applications, content, and software. Following steps taken in Europe, mainland China and Korea, Taiwan’s Executive Yuan has announced 2014 as the premier preparation year of 5G and will further invest US\$400 million in the coming 6 years for the mobile telecom industry. Plans are underway to build a 5G lab network,

and establish the Taiwan Communication Standards Association (TCSA) with 5G being commercialized starting 2018-2025. The 5G infrastructure will be based on LTE, WiMax and Wi-Fi technologies to fulfill the strategies of 3M: Multi-Network, Multi-Devices and Multi-Usage.

Participating in major trade shows is one of the most efficient ways to generate international sales. The National Association of Broadcasters Show 2015 (NAB) is one of the 10 largest trade shows in North America. NAB provides the world's largest comprehensive gathering of television, radio, film, video, audio and multimedia professionals. The show will be held from April 13-16, 2015, in Las Vegas, NV. CS Taiwan will recruit a Taiwan buyer delegation to attend NAB, which is supported by the U.S. Department of Commerce's International Buyer Program. Detailed information about the show is available at the website: <http://www.nabshow.com/>.

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Executive Yuan: <http://www.ey.gov.tw/>

Institute for Information Industry (III): <http://www.iii.org.tw>

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

Market Intelligence & Consulting Institute: <http://www.mic.iii.org.tw/aisp/>

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

Mobile Taiwan Applications Promotion Program, Industrial Development Bureau (IDB), MOEA: <http://www.mtaiwan.org.tw/eng/index.php>

National Communications Commission (NCC): <http://www.ncc.gov.tw/english>

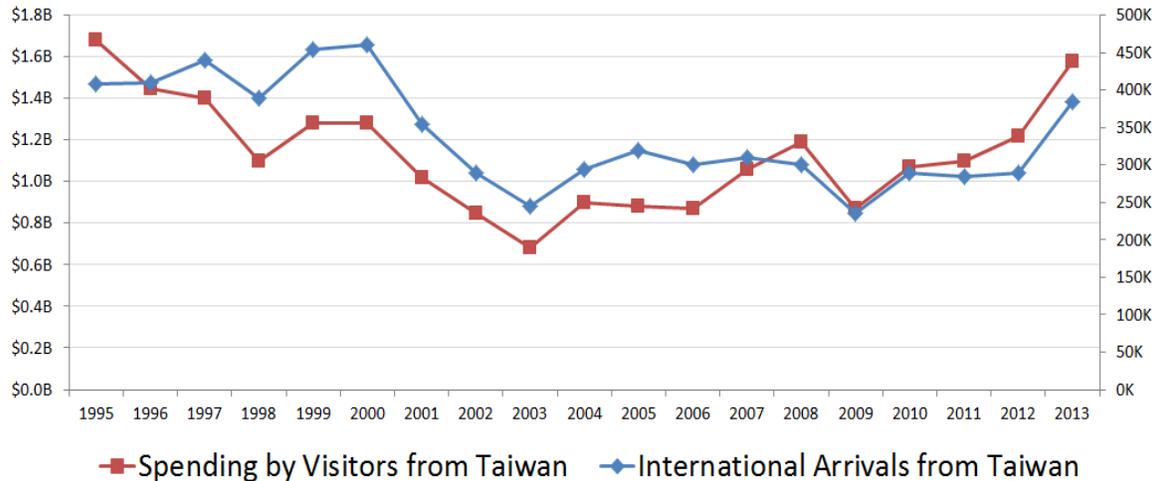
U.S. firms wishing to learn more about the telecommunications equipment market and expanding U.S. export opportunities to Taiwan at the trade show mentioned above are encouraged to contact CS Taiwan Commercial Specialist Rita Chen at [Rita.Chen@trade.gov](mailto:Rita.Chen@trade.gov) or visit <http://export.gov/taiwan>.

## Travel and Tourism (TRM)

### Overview

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Total Arrivals and Spending: Taiwan



Sources: Department of Commerce, Office of Tourism Industries; Department of Commerce, Bureau of Economic Analysis.

For the people of Taiwan, outbound travel is a vital part of doing business in the trade-oriented economy as well as a trendy form of leisure. Additionally, Taiwan's GDP per capita is one of the highest in Asia at approximately US \$20,400. As such, an increasing share of the population has the means to seek and enjoy leisure travel abroad. During 2013, the United States welcomed over 384,000 Taiwan visitors, who spent more than US \$1.6 billion on travel and tourism-related goods and services. This significant outbound tourist market is supported by over 48% of Taiwan's 23 million people who go abroad each year for business, education, and vacations. The Office of Travel and Tourism Industries (OTTI) at the U.S. Department of Commerce forecasts that travel from Taiwan to the United States will register a growth of 7 to 9 percent during 2012-2015.

The United States is the top long-haul destination for Taiwan's outbound travelers. Taiwan joined the Visa Waiver Program (VWP) in November 2012. The first full year of the VWP resulted in a 35% increase, year over year, in the number of Taiwan visitors to the United States. Strong long-standing people-to-people ties and business links between the United States and Taiwan contribute to Taiwan's interest in tourism to the United States. Despite its popularity with Taiwan outbound travelers, the United States faces strong competition from other visa-free destinations, such as Australia, mainland China, Japan, Thailand, and European Union countries.

The top U.S. destinations for Taiwan's travelers are California, Guam, New York, and Nevada. Top U.S. cities visited include Los Angeles, San Francisco, New York City, Las Vegas, Seattle, San Jose, Chicago, Boston, San Diego, Honolulu, and Anaheim. Other cities, which are new to the market, should try to connect to popular U.S. getaway cities. Since the United States serves as a magnet for a high volume of meetings, incentives, conferences, and exhibitions activities, significant opportunities exist for U.S.

destinations to increase traffic from Taiwan travelers interested in combining business and leisure during their trip.

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Taiwan visitors to the U.S. most often travel for the main purpose of leisure, recreation and holidays (35%), for visiting friends and relatives (25%), for doing business (22%) and for attending conferences (10%). Taiwan visitors to the United States took an average of 52 days to decide on their trip. For 27% of these visitors, it was their first trip to the United States, and 28% of these travelers booked a prepared package. The average length of stay for Taiwan visitors in the United States was 20 days and they visited an average of 1.3 states.

Of the states receiving visitors from Taiwan, California leads with 56% of visitors in 2012, followed by Guam with 13%, New York with 11%, and Nevada with 9%. States like Washington, Illinois, Massachusetts, Texas, Hawaii, and Florida are also attracting a growing number of Taiwan visitors. The top American cities receiving visitors from Taiwan in 2012 were Los Angeles (33%), San Francisco (19%), New York City (11%), Las Vegas (9%), Seattle, San Jose, Chicago, Boston (6% each), San Diego (4%), Honolulu and Anaheim (3% each). Different attractions from new destinations could be highly successful among Taiwan tourists, provided that promotion of these activities takes place in gateway cities.

All-inclusive guided group package tours remain popular with first time visitors and seniors. As Taiwan travelers mature and become more business savvy, the trend is shifting towards Foreign Independent Travelers (FIT) 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 U.S. are FITs, the demand is expected to grow for niche travel experiences such as spectator sport travel, adventure tours, health and wellness vacations, honeymoon tours, gastronomic holidays, cruise tours, and youth study travel.

Taiwan visitors to the United States are strongly motivated by shopping (89%), sightseeing in cities (80%), experiencing fine dining (44%), visiting small towns and countryside (25%), visiting amusement and theme parks (20%), visiting national parks and monuments (19%), visiting art galleries and museums (19%), visiting historical locations (18%), doing water sports (18%), and visiting cultural heritages sites (16%). The main information sources for interested travelers to the United States are travel agency offices (30%), personal recommendations from friends and relatives (26%), and online travel agencies (20%).

Taiwan maintains good air connections to major U.S. cities with over 800 weekly flights and over 60 weekly non-stop flights. Delta Airlines and United Airlines provide daily services to the United States via Japan, and United Airlines began its daily non-stop service to San Francisco in April 2014. Two Taiwan carriers, China Airlines and EVA Air provide daily non-stop flights to San Francisco, Los Angeles, Seattle, New York, Honolulu and Guam.

## Opportunities

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Taiwan's outbound travel and tourism market offers many opportunities. American travel and tourism suppliers can be directly represented in Taiwan by opening a representative office or designating a General Sales Agent (GSA). They can also work with airlines and state tourism promotion organizations to conduct familiarization tours for major tour operators and influential media personnel. This is an efficient way to promote new destinations, attractions, hotels, and restaurants. It is also useful to meet in the United States with Taiwan receptive operators known by Taiwan travel agencies since they speak Chinese and understand the special needs of their clients.

Joining the My Dream Vacation USA program is a cost effective way to enter the Taiwan market and get maximum marketing exposure. This program was developed by the Commercial Section of the American Institute in Taiwan in partnership with the Discover America Taiwan Committee. This program highlights American destinations through a series of quarterly theme-based media events. As of June 2014, over 70 American destinations, travel trade companies, travel agents, and airlines are supporting the program.

Another way to promote American destinations is by participating in travel fairs. The U.S. Commercial Service in Taipei, in cooperation with the Discover America Taiwan Committee, organizes an American Pavilion at the most important travel fairs in Taiwan: Taiwan Tourism Exhibition (TTE) in May 2014 and Taipei International Travel Fair (ITF) in November 2014. CS Taiwan can provide exhibitors in the U.S. Pavilion with logistical assistance, business counseling support, and a pre-show promotion press conference.

CS Taiwan also offers cost-effective services such as Simple 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.

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Discover America Committee in Taiwan: [www.discoveramerica.org.tw](http://www.discoveramerica.org.tw)

My Dream Vacation USA: [www.vacationusa.com.tw](http://www.vacationusa.com.tw)

Tourism Bureau, Ministry of Transportation and Communications: [www.taiwan.net.tw](http://www.taiwan.net.tw)

Taipei Tourism Exposition Organizer: [www.tata.org.tw](http://www.tata.org.tw)

Taipei International Travel Fair Organizer: [www.taipeiitf.org.tw](http://www.taipeiitf.org.tw)

U.S. firms wishing to learn 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](mailto:meimei.wang@trade.gov) or to visit our website at <http://export.gov/taiwan>.

**Agricultural Sectors**[Return to top](#)**Beef****Overview**[Return to top](#)

Unit: Metric Tons

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	118,074	132,380	131,050	136,000
Total Local Production	6,187	6,693	6,500	6,500
Total Exports	498	548	450	500
Total Imports	112,385	126,235	125,000	130,000
Imports from the U.S.	24,517	45,049	44,000	46,000

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

Domestic beef production generally accounts for less than five percent of the beef consumed in Taiwan. The top three suppliers of imported beef, the United States, Australia and New Zealand, have maintained their dominance in Taiwan's beef import market since the 1990's.

In 2010, the United States surpassed Australia as Taiwan's largest beef supplier on both volume and value basis. However, U.S. beef exports to Taiwan in 2011 and 2012 tumbled after Taiwan began rejecting some shipments of U.S. beef that tested positive for ractopamine, a feed ingredient approved for use in the United States and many other countries but not approved in Taiwan. Following Taiwan's decision to implement a maximum residue level (MRL) for ractopamine in September 2012, the United States reestablished itself as the number one supplier of beef to Taiwan, by value. In CY2013, Taiwan imported a record \$266 million in beef products from the United States.

The recovery of public confidence in U.S. beef continues to grow steadily, and consumer demand for U.S. beef has been strong, particularly in the hotel and restaurant sector. Australian beef occupies more shelf space in most retail stores, except in Costco, which carries only U.S. beef.

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The U.S. beef industry is able to supply large volumes of "Asian cuts" at prices competitive with New Zealand and Australian suppliers. These cuts include most of the chuck items, short ribs, and short plate for ethnic Asian cuisines, and middle meat items for Western restaurants. The quality of U.S. chilled beef has been recognized by Taiwan consumers as well as most of the fine dining segment.

## Opportunities

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Taiwan's per capita beef consumption (about 10 pounds) is now nearly equal to consumption in Japan (12 pounds) but is still well-below South Korea (18 pounds). Family eating habits and life-style choices combine to constrain the growth of consumption in Taiwan. However, younger people are showing a growing preference for beef and family income increases are encouraging more beef purchases. The booming Taiwan tourism market provides an additional boost for increasing beef import demand.

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For current information on export requirements for Taiwan:

<http://www.fsis.usda.gov/wps/portal/fsis/topics/international-affairs/exporting-products/export-library-requirements-by-country/taiwan>

Beef market reports: U.S. Beef Exports to Taiwan Realize 2013 as Record Year:

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/U.S.%20Beef%20Exports%20to%20Taiwan%20Realize%202013%20as%20Record%20%20Year\\_Taipei\\_Taiwan\\_3-31-2014.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/U.S.%20Beef%20Exports%20to%20Taiwan%20Realize%202013%20as%20Record%20%20Year_Taipei_Taiwan_3-31-2014.pdf)

For other FAS reports, please visit

<http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>.

For general information on U.S. food and agricultural exports and USDA's export market development programs, please visit the Foreign Agricultural Service website:

<http://www.fas.usda.gov>

For more information on the Taiwan market for food and agricultural products, please contact the AIT's Agricultural Trade Office at: [ATOTaipei@fas.usda.gov](mailto:ATOTaipei@fas.usda.gov).

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## Cheese

### Overview

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Unit: USD thousands

	2012	2013	2014 (est.*)	2015 (est.)
Total Market Size	NA	NA	NA	NA
Total Local Production	NA	NA	NA	NA
Total Exports	\$294	\$802	\$880	\$970
Total Imports	108,765	121,477	127,550	133,925
Imports from the U.S.	31,227	36,750	38,588	40,515
Exchange Rate: 1 USD	29.50	29.95	30.00	30.00

\* Annual totals estimated based on available trade data  
Source: Global Trade Atlas (HS code: 0406)

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Cheese demand in Taiwan continues to grow due in large part to the promotion of new bakery goods utilizing various cheese varieties. Overall, the most popular and fastest growing cheese varieties are cream cheese and mozzarella. Frequent retail promotions in supermarkets will improve consumer awareness of U.S. cheese and help consumers appreciate the many ways to combine cheese with other, more traditional foods.

### Opportunities

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Taiwan does not produce any cheese commercially and relies almost completely on imports. In 2013, Taiwan's imports of U.S. cheese reached a historic high of US\$36 million, up 18% compared to 2012. The United States has been Taiwan's largest cheese supplier since it overtook New Zealand in 2012. This growth resulted from increased consumption in the foodservice sector and greater consumer demand in the retail sector, the latter driven in large part by the continued expansion of hypermarkets such as Costco, and upscale supermarkets such as City Super. Cheese consumption in the foodservice segment has further growth potential with new applications for mozzarella and cream cheese in increasingly popular baked goods, like pizzas and pastry desserts. Sliced cheeses account for 65% of cheese retail sales. On a per capita basis, cheese consumption in Taiwan is still very low compared to most Western countries and Japan. In recent years, however, Taiwan consumers have started to acquire a taste for an assortment of cheese products. Whereas in the past, consumers associated cheese with only pizza or sandwiches, consumers now eat cheese in a variety of foods and cuisines, such as adding cheese to traditional Chinese steamed buns. However, local chefs and consumers would benefit from additional instruction on the wide variety of U.S. cheese products and their application.

For further information, please see the following Foreign Agricultural Service (FAS) report:

Taiwan Dairy Annual 2013 (TW13033):

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Dairy%20and%20Products%20Annual\\_Taipei\\_Taiwan\\_10-28-2013.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Dairy%20and%20Products%20Annual_Taipei_Taiwan_10-28-2013.pdf)

Taiwan Exporter Guide 2013 (TW13046):

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide\\_Taipei%20ATO\\_Taiwan\\_12-26-2013.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Taipei%20ATO_Taiwan_12-26-2013.pdf)

Food and Agricultural Import Regulations and Standards (TW13053):

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative\\_Taipei\\_Taiwan\\_12-23-2013.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Taipei_Taiwan_12-23-2013.pdf)

For other information on U.S. dairy exports:

US Dairy Export Council: <http://www.usdec.org>

For general information on U.S. food and agricultural exports and USDA's export market development programs, please visit the Foreign Agricultural Service website:

<http://www.fas.usda.gov>

For more information on the Taiwan market for food and agricultural products, please contact the AIT's Agricultural Trade Office at: [ATOTaipei@fas.usda.gov](mailto:ATOTaipei@fas.usda.gov)

## Fresh Fruit

### Overview

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Unit: USD thousands

	2012	2013	2014 (est.)*	2015 (est.)
Total Market Size	\$2,824,873	\$3,366,016	\$3,526,700	\$3,728,700
Total Local Production	2,400,000	2,926,753	3,050,000	3,225,000
Total Exports	58,681	76,645	65,000	65,000
Total Imports	483,554	515,908	541,700	568,700
Imports from the U.S.	210,769	212,489	220,000	230,000
Exchange Rate: 1 USD	29.50	29.95	30.00	30.00

\*Annual totals estimated based on available trade data

Source: Global Trade Atlas; Taiwan Council of Agriculture

Taiwan has one of the world's highest per capita consumption rates of fresh fruit at 126 kilograms/person. In 2013, Taiwan imported approximately US\$515 million worth of fresh fruit, a 1% increase from the previous year. The United States remained the largest supplier, accounting for 41% of Taiwan's total fresh fruit imports, followed by Chile (19%), New Zealand (13%), Japan (11%), and South Korea (4%).

### Sub-Sector Best Prospects

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Major U.S. fruit exports to Taiwan in 2013 included:

- Apples (US\$82 million)
- Peaches & nectarines (US\$37 million)
- Grapes (US\$30 million)
- Cherries (US\$27 million)
- Oranges (US\$10 million)
- Plums, prune plums, and sloes (US\$5 million)
- Pears & quinces (US\$3 million)
- Cranberries & blueberries (US\$2 million)

### Opportunities

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U.S. exporters have been successful in introducing new fruit varieties to the Taiwan market. The best growth opportunities for U.S. suppliers include relatively new-to-market temperate fruits like cherries, strawberries, and blueberries. Other fresh fruits not previously sold in significant quantities in Taiwan (such as raspberries, blackberries and pomegranate) also have significant growth potential, both in consumer/retail and food service channels. As these products become more widely available, they will increasingly enter mainstream consumption and become more attractively priced.

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

Taiwan Stone Fruit Annual

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Stone%20Fruit%20Annual\\_Taipei\\_Taiwan\\_9-10-2013.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Stone%20Fruit%20Annual_Taipei_Taiwan_9-10-2013.pdf)

Taiwan Fresh Deciduous Fruit Annual

[http://gain.fas.usda.gov/Recent GAIN Publications/Fresh Deciduous Fruit Annual\\_Taipei\\_Taiwan\\_10-31-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fresh%20Deciduous%20Fruit%20Annual_Taipei_Taiwan_10-31-2012.pdf)

Taiwan Exporter Guide 2013 (TW13046):

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide\\_Taipei%20ATO\\_Taiwan\\_12-26-2013.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Taipei%20ATO_Taiwan_12-26-2013.pdf)

Food and Agricultural Import Regulations and Standards (TW13053):

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## Pet Food

### Overview

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Unit: USD thousands

	2012	2013	2014 (est.)	2015 (est.)
Total Market Size**	\$200,000	\$208,000	\$219,000	\$230,900
Total Local Production**	91,623	88,804	90,000	92,000
Total Exports	1,427	1,153	1,000	1,100
Total Imports	109,804	120,349	130,000	140,000
Imports from the U.S.	36,494	40,086	43,000	46,000

\* Annual totals estimated based on available trade data

\*\* Estimates - Official data for local pet food production is not available. Total local production was estimated by the largest Taiwan pet food producer in 2012. Source: Directorate General of Customs, Taiwan Ministry of Finance

Taiwan's imports of pet food (dog and cat food for retail sale) have more than doubled over the past decade, growing from US\$49.3 million in 2004 to US\$120.3 million in 2013. The United States continues to be the leading supplier with a 33% market share followed by Thailand (25%), France (16%), Australia (10%) and Canada (5%).

Official data on local production of pet food is not available. Domestic production is estimated to account for only around 15% of the total pet food market even though retail prices for imported pet food are higher than locally produced products. Currently, dog food accounts for 70% of the total market. Dried food captures 80% of the total market with "wet" or canned food accounting for the remaining 20%.

Currently, the biggest barrier to entry for U.S. pet food to Taiwan continues to be the lingering ban on ruminant products from countries determined by the Taiwan Council of Agriculture (COA) to have Bovine Spongiform Encephalopathy (BSE). U.S. facilities producing pet food with non-ruminant ingredients may be subject to an extensive application process including on-site review and inspection by COA's Bureau of Animal and Plant Health Inspection and Quarantine (BAPHIQ) division at the facility's own expense.

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The growth in Taiwan's pet food market reflects a societal shift towards animals as pets. With rising incomes and strong Western influences, dogs are now a symbol of affluence in Taiwan. Taiwan pet food imports are expected to continue to grow moderately over the next few years as pet ownership also increases.

In Taiwan, pet food is sold in pet specialty stores, pet clinics, supermarkets, hypermarkets and convenience stores. Larger pet food importers with significant market share typically employ dual distribution channels: 1) selling to a distributor, who in turn sells directly to the various retail outlets, breeders and veterinarians; and 2) selling directly to larger retail outlets and/or individual breeders. Large retail stores are also

increasingly importing directly from the producers in order to avoid the higher cost of buying from importers.

## Opportunities

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The long-term prospects for U.S. pet food exports to Taiwan point towards more competition, but U.S. products are expected to maintain a one-third market share. U.S. pet food brands are commonly viewed as being significantly higher quality, which is the primary reason that Taiwan pet owners are willing to pay higher prices. However, the recent entry of lower-priced pet food, which is imported in significantly larger volumes from Thailand and other Southeast Asian countries, is anticipated to impact the U.S. pet food market share. These pet foods, generally sold with locally-applied private labels, are mainly marketed through supermarket/hypermarket stores.

## Web Resources

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For further information, please see the following Foreign Agricultural Service (FAS) report:

Pet Food Report: Taiwan Pet Food Market – Market Opportunities Exist for U.S. Product

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Taiwan%20Pet%20Food%20Market%20%E2%80%93%20Market%20Opportunities%20Exist%20for%20U.S.%20Product\\_Taipei\\_Taiwan\\_7-24-2013.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Taiwan%20Pet%20Food%20Market%20%E2%80%93%20Market%20Opportunities%20Exist%20for%20U.S.%20Product_Taipei_Taiwan_7-24-2013.pdf)

U.S. manufacturers of pet food products can find additional information regarding Taiwan's import requirements and certification for these products at:

[http://www.aphis.usda.gov/regulations/vs/iregs/products/product\\_taiwan\\_dog\\_cat\\_food.shtml](http://www.aphis.usda.gov/regulations/vs/iregs/products/product_taiwan_dog_cat_food.shtml)

For general information on U.S. food and agricultural exports and USDA's export market development programs, please visit the Foreign Agricultural Service website:

<http://www.fas.usda.gov>

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## Pork & Pork Variety Meats

### Overview

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Unit: metric tons

	2012	2013	2014 (est.)	2015 (est.)
Total Market Size	941,888	922,829	896,700	918,500
Total Local Production	877,628	855,019	810,000	840,000
Total Exports	3,961	3,518	3,300	3,500
Total Imports	68,221	71,328	90,000	82,000
Imports from the U.S.	20,576	21,181	30,000	27,000

Note: Figures are for porcine meat in metric tons (carcass weight equivalent). The conversion ratio from trade data into pork carcass weight equivalent is 1:1.43.

Source: Taiwan Council on Agriculture, Taiwan Directorate General of Customs, Global Trade Atlas

Taiwan's pork consumption is relatively stable, and local producers supply most of the market (typically over 90%). Historically, significant imports have occurred only in response to occasional short supplies and high local pork prices. During the past decade, however, imported pork has gained acceptance by Taiwan food processors. As a result, there is now a steady demand for imports of pork for further processing.

Imports of U.S. pork were disrupted in 2007 due to the detection of ractopamine, a feed ingredient that is approved for use with pigs in the United States and many other countries but not approved for use in Taiwan. Continuing uncertainty about this issue has allowed Canada to replace the United States as the leading exporter of pork to Taiwan. Pork products from EU countries also threaten U.S. market share. In fact, Taiwan's combined imports of pork from the Netherlands, Denmark, Hungary and Sweden accounted for 20% of total import volume in 2013. The approval for French establishments for pork exports to Taiwan in March 2014 may intensify the competition. In addition, the market will see larger import volume in 2014 due to tighter local pork supplies induced by the outbreak of the Porcine Epidemic Diarrhea virus (PEDv).

Note: Estimated imports of U.S. pork for 2014 and 2015, as reflected in the table above, depend on the resolution of the ongoing dispute over Taiwan's enforcement of the ban on ractopamine in pork.

### Sub-Sector Best Prospects

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Despite the ongoing ractopamine issue, U.S. pork prices remain competitive, and although the Taiwan pork market is dominated by local production, certain variety meats are in high demand and undersupplied. Quality and specifications of U.S. Boston butt, picnic, trimmings and other U.S. pork variety meats are also well-accepted in the market. Resolution of the ractopamine issue would allow U.S. market share to recover relative to other foreign suppliers and also provide some relief for consumer prices. By exporting these niche market pork muscle meats and variety meat products to Taiwan, U.S. exporters may find room for market growth.

## Opportunities

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U.S. valued-added products and processed pork products such as natural pork products, salami, prosciutto and bratwurst are recognized and accepted in retail and foodservice operations. Several U.S. pork and processed meat products have entered the Taiwan market and found strong demand in niche food and retail sectors.

Per capita consumption of pork in Taiwan is more than 80 pounds per year, making it a key source of protein for Taiwanese consumers. Also, with the growing number of tourists from mainland China, where pork consumption is also very high, Taiwan's demand for pork will continue to grow.

## Web Resources

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For current information on export requirements for Taiwan:

<http://www.fsis.usda.gov/wps/portal/fsis/topics/international-affairs/exporting-products/export-library-requirements-by-country/taiwan>

For other FAS reports, please visit

<http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>.

For general information on U.S. food and agricultural exports and USDA's export market development programs, please visit the Foreign Agricultural Service website:

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## Poultry Meat

### Overview

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Unit: metric tons

	2012	2013	2014 (est.)	2015 (est.)
Total Market Size	758,962	718,522	755,500	745,500
Total Local Production	631,985	610,160	620,000	620,000
Total Exports	3,569	7,043	4,500	4,500
Total Imports	130,546	115,405	140,000	130,000
Imports from the U.S.	115,102	94,423	117,000	110,000

Source: Council of Agriculture, Taiwan Directorate General of Customs

Generally, Taiwan's rate of self-sufficiency for poultry products is over 80%. The United States and Canada are the major two poultry product suppliers for Taiwan, with the United States accounting for over 80% of the import market over the past years. Taiwan's imports of meat in the first three months rose 16.5% with a total value of US\$59 million. Total chicken imports in 2014 are forecast a record high due to high domestic pork price (see pork section) and expanded U.S. supplies.

Taiwan's WTO Special Safeguard (SSG) for chicken wings and legs was triggered in November 2013 when total imports of these products reached 104,455 metric tons. The SSG for this category is expected to be activated again in 2013 when the total import volume of these cuts exceeds the SSG of 121,426 metric tons.

### Sub-Sector Best Prospects

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Taiwan consumers prefer dark meat over breast meat, so the top import items are poultry legs, thighs and some wings. Imports of U.S. poultry meat are expected to continue to grow as the market adjusts to increasing competition. Significant opportunities exist, in particular for those producers who are able to address importer needs regarding cut and packaging specifications. Imported poultry has gained market acceptance in processed food, catering and food service channels, while the situation in the retail market has also been changing due to better defrosting technology and increasing consumer acceptance of frozen poultry. As a result, consumer preference for home use has been changing from locally raised "fresh/chilled" product, or live chickens selected and slaughtered at neighborhood wet markets, to well-packaged products produced in sanitized facilities. This change is expected to accelerate after local health authorities banned poultry slaughter in wet markets in 2013 due to escalating concerns about avian influenza.

### Opportunities

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At present, the United States is the only major exporter permitted to export to Taiwan. Imports from Canada, however, are a threat because Canadian chicken products are air-chilled hence less water weight added. While the United States currently has a virtual monopoly on poultry imports, the strong potential for greater competition in the next few

years should encourage U.S. suppliers to increase their service and responsiveness to Taiwan importers in order to maintain solid relationships that will be less subject to price-based switching when suppliers from other countries gain access.

## Web Resources

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For current information on export requirements for Taiwan:

<http://www.fsis.usda.gov/wps/portal/fsis/topics/international-affairs/exporting-products/export-library-requirements-by-country/taiwan>

Poultry report: Taiwan Offers Cash Incentives for Poultry Slaughter Ban

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Taiwan%20Offers%20Cash%20Incentives%20for%20Poultry%20Slaughter%20Ban\\_Taipei\\_Taiwan\\_5-15-2013.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Taiwan%20Offers%20Cash%20Incentives%20for%20Poultry%20Slaughter%20Ban_Taipei_Taiwan_5-15-2013.pdf)

For other FAS reports, please visit

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## Ready-to-use Processed Foods/Ingredients

### Overview

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Ready-to-use processed foods are scattered among various HS Codes. Sauces/condiment preparations and coffee are just two of the more promising categories.

HS Code 2103: Sauces/Condiments Unit: USD thousands

	2012	2013	2014 (est.)*	2015 (est.)
Total Market Size	NA	NA	NA	NA
Total Local Production	NA	NA	NA	N/A
Total Exports	\$55,038	\$57,940	\$60,800	\$63,000
Total Imports	85,198	82,461	86,000	87,000
Imports from the U.S.	11,588	12,824	11,000	11,000
Exchange Rate: 1 USD	29.50	29.95	30.00	30.00

\* Annual totals estimated based on available trade data  
Source: Global Trade Atlas

HS 0901 (Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes containing coffee in any proportion) Unit: USD thousands

	2012	2013	2014 (est.)*	2015 (est.)
Total Market Size	NA	NA	NA	NA
Total Local Production	NA	NA	NA	NA
Total Exports	\$1,817	\$2,721	\$2,900	\$2,900
Total Imports	102,690	101,298	103,000	103,500
Imports from the U.S.	16,977	18,887	19,450	20,000
Exchange Rate: 1 USD	29.50	29.95	30.00	30.00

\* Annual totals estimated based on available trade data  
Source: Global Trade Atlas

### Sub-Sector Best Prospects

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Increasingly, vigorous competition for consumer attention continues to drive many food processors to innovate their mainstream and traditional food product lines. Importer education and technical/application support will help introduce new products and encourage increased sales.

#### Sauces/Condiments

Other examples of ready-to-use products are sauces/condiment preparations, especially tomato-based products such as ketchup and mustard flour/meal, which are readily used in the local food service sector. In 2013, Japan led the overall market with a 47% market share followed by the United States (16%), mainland China (9%), Hong Kong (6%), Thailand (5%), Indonesia (3%), and Italy (3%).

## Coffee

Taiwan's seemingly insatiable demand for coffee continues to grow at a rapid pace. Local coffee production is approximately 813,000 kilograms, but much of the domestic coffee bean output is consumed on the island by tourists visiting coffee farms. Still official data shows that Taiwan coffee (bean) exports are also growing. Regarding imports, in 2013, the United States was the leading supplier of coffee to Taiwan with 19% market share, followed by Indonesia (17%), Brazil (15%), Guatemala (7%), Colombia (5%), Italy (4%), and Vietnam (4%).

## **Opportunities**

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Trends that bode well for this category include the increasing number of people dining out on a regular basis and the sharp increase in the number of retail coffee outlets. The growth in Western-style restaurants and coffee shops is also contributing to the growing demand for certain food ingredients. In addition, U.S. suppliers of flavorings, nutritional additives, product performance enhancers, and labor saving (pre-processed) ingredients can also expect to find high demand for their products in Taiwan.

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

HRI Food Service Sector

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Service%20-%20Hotel%20Restaurant%20Institutional\\_Taipei%20ATO\\_Taiwan\\_12-26-2013.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Service%20-%20Hotel%20Restaurant%20Institutional_Taipei%20ATO_Taiwan_12-26-2013.pdf)

7-Eleven Set to Replace McDonald's as Taiwan's Largest Foodservice Chain

[http://gain.fas.usda.gov/Recent GAIN Publications/7-Eleven Set to Replace McDonald's as Taiwan's Largest Foodservice Chain\\_Taipei\\_Taiwan\\_3-26-2013.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/7-Eleven%20Set%20to%20Replace%20McDonald%20as%20Taiwan's%20Largest%20Foodservice%20Chain_Taipei_Taiwan_3-26-2013.pdf)

Taiwan Exporter Guide 2013 (TW13046):

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide\\_Taipei%20ATO\\_Taiwan\\_12-26-2013.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Taipei%20ATO_Taiwan_12-26-2013.pdf)

Food and Agricultural Import Regulations and Standards (TW13053):

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative\\_Taipei\\_Taiwan\\_12-23-2013.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Taipei_Taiwan_12-23-2013.pdf)

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## Fish & Seafood Products

### Overview

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Unit: USD thousands

	2012	2013	2014 (est.)	2015 (est.)
Total Market Size	\$2,735,604	\$3,013,850	\$3,043,889	\$3,044,043
Total Local Production	3,599,128	* 3,671,111	3,817,955	3,970,673
Total Exports	2,050,322	1,839,850	2,166,818	2,551,893
Total Imports	1,186,798	1,182,589	1,392,752	1,625,262
Imports from the U.S.	42,882	46,366	59,016	75,117
Exchange Rate: 1 USD	29.5	29.95	30	30

\*Local Production is estimated on available trade and consumption data.  
Source: Global Trade Atlas; Fishery Agency, Taiwan Council of Agriculture;  
Taiwan Director General of Custom; Foreign Agricultural Service/Global  
Agricultural Trade System  
Products defined in this sector are under HS codes 03 and 16

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Taiwan's domestic fish production reached US\$3.5 billion in 2012, a 1.55% increase from the previous year. Taiwan's five top seafood suppliers in 2013 were mainland China, Japan, Vietnam, Norway and Chile, respectively. The United States and Canada were Taiwan's 9<sup>th</sup> and 12<sup>th</sup> largest seafood suppliers, respectively, in 2013.

Despite gaining market share, the United States is a minor supplier of seafood to Taiwan, behind mainland China and other Southeast Asian countries which enjoy regional proximity and price advantages. Taiwan's total seafood imports decreased from US\$1.19 billion in 2012 to US\$1.18 billion in 2013. However, the value of fishery products imported from the United States increased from US\$42.8 million to US\$46.3 million. Mainland China has been Taiwan's leading supplier since 2006 and looks to strengthen its position as trade between Taiwan and the mainland continues to liberalize and expand.

In 2012, shipments of crustaceans and mollusks from various exporting countries, including lobster and oysters from the United States, were inspected and rejected for heavy metal (specifically cadmium), which was higher than Taiwan's established maximum residue limit (MRL). Even though American lobster exporters were negatively affected by the different testing methodology for heavy metals, the value of lobster imported from the United States continued to increase from US\$7.4 million in 2012 to US\$11.3 million in 2013.

### Opportunities

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Seafood continues to play an important role in the Taiwan diet, and the average Taiwan consumer eats an estimated 35 kilograms of fish and seafood products annually.

Taiwan consumers are showing a growing interest in high-quality seafood with stated health benefits. These consumers are sophisticated, and given their traditional preference for fresh fish and seafood, frozen products must be of the highest quality to meet local standards.

Imported seafood items continue to occupy a unique and growing niche in Taiwan's seafood market. For instance, in spite of the current limited market share, prospects for high quality/high value U.S. fish and seafood exports to Taiwan are promising due to increasing incomes and new dietary trends. U.S. fish and seafood products are perceived by Taiwan consumers to be high quality as they are usually featured at high-end restaurants or five-star hotels rather than purchased in supermarkets or traditional wet markets. Also, despite lobster's high price, it continues to be served at Taiwanese wedding banquets and during traditional holiday events. Conducting product promotions or taste-testing events would likely enhance consumers' awareness and increase the visibility of U.S. seafood.

## Web Resources

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Taiwan Exporter Guide 2013 (TW13046):

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide\\_Taipei%20ATO\\_Taiwan\\_12-26-2013.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Taipei%20ATO_Taiwan_12-26-2013.pdf)

Food and Agricultural Import Regulations and Standards (TW13053):

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative\\_Taipei\\_Taiwan\\_12-23-2013.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Taipei_Taiwan_12-23-2013.pdf)

For general information on U.S. food and agricultural exports and USDA's export market development programs, please visit the Foreign Agricultural Service website:

<http://www.fas.usda.gov>

For more information on the Taiwan market for food and agricultural products, please contact the AIT's Agricultural Trade Office at: [ATOTaipei@fas.usda.gov](mailto:ATOTaipei@fas.usda.gov)

## Tree Nuts

### Overview

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Unit: USD thousands

	2012	2013	2014 (est.)	2015 (est.)
Total Market Size	NA	NA	NA	NA
Total Local Production	NA	NA	NA	NA
Total Exports	\$729	\$865	\$750	\$780
Total Imports	103,765	117,258	125,466	134,250
Imports from the U.S.	56,688	71,087	78,100	78,500
Exchange Rate: 1 USD	30.0	30.0	30.0	30.0

\* Annual totals estimated based on available trade data  
Source: Global Trade Atlas (HS code: 0802, 080132)

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Taiwan imports of tree nuts jumped 13% to an all-time high of US\$103 million in 2013. The increase is partly the result of higher prices but also reflects increasing demand from the food processing sector, particularly for mixed nut snacks and powdered drinks.

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Although Taiwan doesn't produce tree nuts, Taiwan's Department of Health has been actively promoting the concept of eating tree nuts every day for your health, which has helped promote the use of tree nuts across the various food industry sectors. In the bakery sector, almonds and walnuts are already widely used, while pecans and hazelnuts are still considered new and will require more educational efforts. In the food processing sector, tree nuts are mostly used for snack foods and as food ingredients. The processed nuts are sold to packers, branded re-sellers, or directly to grocery stores. Cashews traditionally have been the most popular snack variety, but almond sales have outperformed cashews due to increased media coverage of almond's high amino acid content. Almonds and cashews are popular in a wide variety of flavors, such as salty, honey, or mustard. Tree nuts are also being processed into powdered drinks, which local food manufacturers have promoted aggressively since 2012.

For further information, please see the following Foreign Agricultural Service (FAS) report:

Taiwan Tree Nuts Overview 2013 (TW13013):

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Taiwan%20Tree%20Nuts%20Market%20Overview%202013\\_Taipei%20ATO\\_Taiwan\\_4-25-2013.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Taiwan%20Tree%20Nuts%20Market%20Overview%202013_Taipei%20ATO_Taiwan_4-25-2013.pdf)

Taiwan Exporter Guide 2013 (TW13046):

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide\\_Taipei%20ATO\\_Taiwan\\_12-26-2013.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Taipei%20ATO_Taiwan_12-26-2013.pdf)

For general information on U.S. food and agricultural exports and USDA's export market development programs:

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

For more information on the Taiwan market for food and agricultural products, please contact the AIT Agricultural Trade Office at [ATOTaipei@fas.usda.gov](mailto:ATOTaipei@fas.usda.gov)

## Softwood and Treated Lumber

### Overview

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Unit: Cubic Meters

	2012	2013	2014 (est.)	2015 (est.)
Total Market Size	822,792	868,581	913,900	902,800
Total Local Production	21,341	21,340	22,400	23,000
Total Exports	9,400	8,694	8,500	8,500
Total Imports	810,851	855,935	900,000	910,000
Imports from the U.S.	161,773	201,744	215,000	218,000

Source: Council on Agriculture, Taiwan Directorate General of Customs

Taiwan has banned all logging in "natural" timber stands (whether virgin or re-growth); hence the market relies heavily on imports (over 99%) for all kind of wood applications. The United States is Taiwan's second-largest softwood and treated lumber supplier following Canada. Total softwood and treated lumber imported from the United States in 2013 reached a record high of US\$54.4 million. Of the products in this category, Southern Yellow Pine (SYP) and other pine species account for most of the export volume and value, making up more than half of the total softwood and treated lumber imports. U.S. SYP products are well accepted and have many applications in Taiwan such as flooring, decks, fences, marinas, sidings, patio and mountain trails. Exports of untreated U.S. SYP products increased to Taiwan in the past several years due to cost concerns. Douglas Fir ranked second among U.S. softwood lumber exports to Taiwan, generating over US\$5 million in export sales in CY2013.

Taiwan softwood and treated lumber imports continue to grow due to high hardwood prices in the Southeast Asia region. Taiwan imports of U.S. softwood and treated lumber in the first two months of 2014 were up a strong 15.8% compared to the same time frame last year. Imports under this category are expected to be strong with the majority of the trade coming from North America.

### Sub-Sector Best Prospects

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A number of efforts are being undertaken by Taiwan authorities to demonstrate the benefits of green building technologies to increase the practice of green building and to make information on green building more readily available. With the Ministry of Interior's March 2012 announcement to increase the use of green building materials from 30% to 45%, the utilization of sustainable energy resources has become a major focus of Taiwan's construction industry. According to the amended regulation, builders are requested to use more than 45% of green building materials among total materials used for interior design in all newly constructed buildings over 10,000 square meters of floor space. The announcement also included a new regulation that 10% of green building materials should be used in outdoor construction such as decks and patios.

In addition, after many years of negotiations and consultations, the Taiwan Construction and Planning Agency of the Ministry of Interior announced on October 31, 2008, a

working set of fire code regulations for wood-frame construction. The Ministry's building research institute has also reviewed all sectors of the building codes related to wooden construction, and is expected to propose an amendment in response to industry's request for better integrated building codes. In addition, Taiwan's National Center for Research on Earthquake Engineering is also working with U.S. industry associations to conduct research on seismic codes for wooden construction. The authorities' endeavors should result in a significant increase in the use of wood products in Taiwan construction/housing projects in the future. With this in mind, the forestry authority also hopes to revise the building regulations for national parks by limiting the number of buildings and by requiring the use of only wood structure designs.

## Opportunities

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

Major importers in Taiwan also discovered a new opportunity for U.S. engineered wood products. Moldboard used in construction sites, which is traditionally made of tropical hardwood, can be produced using U.S. laminated veneer lumber, plywood and oriented strand board with better persistence and elasticity performance.

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For general information on U.S. food and agricultural exports and USDA's export market development programs, please visit the Foreign Agricultural Service website:  
<http://www.fas.usda.gov>

Wood report: U.S. Wood Highlights Award Winning Tourist Spot  
[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/U.S.%20Wood%20Highlights%20Award%20Winning%20Tourist%20Spot\\_Taipei%20ATO\\_Taiwan\\_3-7-2014.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/U.S.%20Wood%20Highlights%20Award%20Winning%20Tourist%20Spot_Taipei%20ATO_Taiwan_3-7-2014.pdf)

For other FAS reports, please visit  
<http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>.

For more information on the Taiwan market for food and agricultural products, please contact the AIT's Agricultural Trade Office at: [ATOTaipei@fas.usda.gov](mailto:ATOTaipei@fas.usda.gov).

## Wine & Spirits

### Overview

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#### Wine

Unit: USD thousands

	2012	2013	2014 (est.)	2015(est.)
Total Market Size	NA	NA	NA	NA
Total Local Production	NA	NA	NA	NA
Total Exports	\$346	\$173	\$200	\$220
Total Imports	130,122	146,616	150,000	152,000
Imports from the U.S.	10,020	11,033	11,800	12,600
Exchange Rate: 1 USD	29.50	29.95	30.00	30.00

\*Annual totals estimated based on available trade data  
Source: Global Trade Atlas (HS code: 2204)

#### Spirits & Others

Unit: USD thousands

	2012	2013	2014 (est.)	2015 (est.)
Total Market Size	NA	NA	NA	NA
Total Local Production	NA	NA	NA	NA
Total Exports	\$42,267	\$41,087	\$40,000	\$40,000
Total Imports	447,888	470,185	485,000	490,000
Imports from the U.S.	1,693	1,729	1,700	1,700
Exchange Rate: 1 USD	29.50	29.95	30.00	30.00

\*Annual totals estimated based on available trade data  
Source: Global Trade Atlas (HS code: 2208)

### Sub-Sector Best Prospects

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Compared to 2012, Taiwan imports of wine and spirits in 2013 increased by 5% due to a steady increase in demand for Scotch whiskey.

In terms of product mix, whiskey retains the largest market share of 54% by value in 2013. Taiwan imports of whiskey increased by 5% in 2013 compared to 2012. The growth is attributed to the continuous marketing push for premium single malt scotch. Wine accounts for 24% of wine and spirits imports by value.

Even though 2013 overall (grape) wine imports into Taiwan decreased in volume compared to 2012, due to the sluggish economy and limited gift-giving, U.S. wine exports to Taiwan actually increased in both value and volume by 10% over the previous year. Over the past two years, the consumer profile of Taiwan wine drinkers has extended to include young professionals. Entry-level wine drinkers prefer balanced red wines, while semi-sweet white wine remains popular among female drinkers.

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American bourbon has great potential in this market but requires an aggressive campaign push to make an impact on popular single malt Scotch; UK suppliers have successfully held over 95% of the market share for many years. Long-term education and promotional efforts by UK whisky experts have translated into established consumer preferences for single malt Scotch as a status symbol, which is especially popular for premium gift-giving. According to domestic retailers, the market for single malt Scotch is expected to continue to grow. U.S. spirit producers should take advantage of this growing demand and appreciation in Taiwan for premium quality products by launching consumer education programs.

For the wine market, Taiwan consumers are receptive to wine ratings and media influence. Entrance into the Taiwan market mandates glowing reviews from famous wine connoisseurs or reputable media.

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Taiwan Exporter Guide 2013 (TW13046):

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide\\_Taipei%20ATO\\_Taiwan\\_12-26-2013.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Taipei%20ATO_Taiwan_12-26-2013.pdf)

Food and Agricultural Import Regulations and Standards (TW13053):

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative\\_Taipei\\_Taiwan\\_12-23-2013.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Taipei_Taiwan_12-23-2013.pdf)

For general information on U.S. food and agricultural exports and USDA's export market development programs, please visit the Foreign Agricultural Service website:

<http://www.fas.usda.gov>

For more information on the Taiwan market for food and agricultural products, please contact the AIT's Agricultural Trade Office at: [ATOTaipei@fas.usda.gov](mailto:ATOTaipei@fas.usda.gov)

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## Chapter 5: Trade Regulations, Customs and Standards

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### Import Tariffs

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Taiwan's tariff schedule is based on the Harmonized Commodity Description and Coding System of the Customs Cooperation Council. On July 1, 2006, Taiwan promulgated a comprehensive revised tariff schedule in compliance with Taiwan's Free Trade Agreement with Guatemala. This revised tariff schedule applies to all of Taiwan's trade partners. In order to meet the requirements for the 2007 version of the World Customs Organization's Harmonized System (HS), starting on January 1, 2009, Taiwan implemented a new version of its tariff schedule and reclassified 297 items of the tariff lines of the ten-digit level in 2010.

Taiwan continues to make unilateral improvements to its tariff structure on finished goods and raw materials. In 2013, the average nominal tariff rate for industrial products was 4.23% and 13.85% for agricultural products. The overall average nominal tariff rate for imported goods was 5.88% in 2013. U.S. industry continues to request that Taiwan lower tariffs on imports of many products, including large motorcycles, wine, canned soups, cookies, savory snack foods, vegetable juices, potatoes and potato products, table grapes, apples, fresh vegetables, and citrus products.

When Taiwan became a WTO member in January 2002, Taiwan implemented tariff-rate quotas (TRQs) on small passenger cars and chassis, three categories of fish and fish products, as well as a number of agricultural products. On January 1, 2007, in accordance with its WTO commitments, Taiwan made additional tariff cuts and increased TRQ amounts on these products. In addition, in 2011 Taiwan eliminated TRQs on small passenger cars.

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There has been progress in the area of removing Technical Barriers to Trade (TBT). The March 2013 meeting of the U.S. – Taiwan Trade and Investment Framework

Agreement launched a bilateral TBT Working Group to allow for greater information exchange and better communication and cooperation with regard to a range of specific regulatory issues. The TBT Working Group has addressed U.S. industry concerns that some standards and labeling requirements are overly restrictive or different from international standards or best practices. Revisions to standards and multi-pack labeling requirements furthered by the Working Group have improved the business climate and efforts will continue to eliminate TBT impediments remaining in some areas, especially the services, retail, and medical device sectors. Rules on local licensing of professionals are cited as a barrier to foreign providers of some services. Foreign investors and multinational companies complain of lengthy, costly, and non-transparent regulatory approval processes particularly in the areas of medical devices, cosmetics and pharmaceuticals.

## **Import Requirements and Documentation**

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

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

Commercial invoices are required for all shipments and must show the import license number; FOB, C&F, or CIF value; insurance; freight; and discounts or commissions, if any. The commodity description and value shown on the commercial 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 if 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 be shown. 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.

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

The majority of exports do not require an export license. Only a relatively small percentage of total U.S. exports and re-exports require an application to BIS for a license. Licensing requirements are dependent upon an item's technical characteristics, the destination, the end-user, and the end-use. It is the responsibility of the U.S. exporter to comply with all BIS licensing requirements.

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

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

U.S. Department of Commerce  
Washington D.C.  
Trade Information Center  
Tel: 1-800-USA-TRADE  
Fax: 202-482-4473

U.S. Department of Commerce  
Washington D.C.  
BIS – Office of Exporter Services  
Tel. 202-482-4811  
Fax: 202-482-2927

BIS Western Regional Office  
Newport Beach, California  
Tel: 949-660-0144  
Fax: 949-660-9347

Northern California Branch  
San Jose, California  
Tel: 408-998-8806  
Fax: 408-998-7470

Further information is available from BIS at <http://www.bis.doc.gov>

Taiwan is not a member of the Admission Temporaire/Temporary Admission (ATA) Carnet system. However, Taiwan has signed bilateral agreements with 39 nations, including the United States, to implement provisions of the ATA Carnet. These agreements grant temporary customs exemptions for commercial samples, professional instruments and equipment, as well as exhibition goods that are brought into Taiwan for sales promotion and exhibition purposes. They facilitate international business by avoiding extensive customs procedures, eliminating payment of import duties and value-added taxes, and replacing the purchase of temporary import bonds. Items must be shipped out of Taiwan within one year of the event's conclusion to avoid imposition of import tariffs and other taxes.

The agreement with the United States to implement the TECRO/AIT Carnets was signed in December 1999. Like the ATA Carnet, TECRO/AIT Carnets are valid for up to one year and allow U.S. exporters to avoid duties and taxes for commercial samples and professional equipment when entering Taiwan. The TECRO/AIT Carnets issued exclusively for Taiwan are very similar to the traditional ATA Carnets, but must be applied for separately since the U.S. does not have diplomatic relations with Taiwan. For example, if traveling to both Taiwan and an ATA Carnet country, one would have to apply for a TECRO/AIT Carnet and an ATA Carnet. Questions regarding the process of the TECRO/AIT Carnets should be directed to:

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

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

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

All imported cargo must bear a mark of distinctive design, a set of three or more letters, or a combination of design and letters indelibly stenciled, stamped, or burned on the packing or on the cargo itself. For cargo packed in cases, boxes, crates, casks, drums,

or cylinders, each container should bear a separate number that cannot be repeated for two years. Bags or bales also must bear a nonrecurring number, date, or set of three or more letters. In addition, each package of a consignment must be numbered consecutively. Numbering is not essential for large lots of cargo except when packaged in cases, boxes, or crates, provided that each package of the consignment contains cargo of identical weight.

**Organic Labeling:** The Council of Agriculture (COA) implemented regulations for organic products on January 29, 2009 and announced the COA's recognition of the USDA's National Organic Program (NOP) on March 18, 2009. Although the COA recognized the USDA's NOP as equivalent, the COA maintains a zero tolerance for any detectable level of chemical residue on organic agricultural products in contrast to the NOP, which has a minimal tolerance for chemical residues resulting from incidental or drift contamination.

Under these new regulations, once the COA recognizes a foreign country's organic standards, the Taiwan importers will be responsible for: 1) coordinating with their specific foreign suppliers and certifying agencies to gain approval from the COA to use the term "organic" on product labels; 2) applying to the COA for all shipments on a batch-by-batch basis for serial number stickers designed to facilitate traceability. Each U.S. shipment to Taiwan also must come with a TM-11 form to declare that the product was grown or produced without the use of prohibited substances. Unfortunately, the increased paperwork and the complicated coordination of shipments have raised operational costs and sometimes lead to delays in clearing product for distribution. As a result, some importers are replacing the "organic" label with more ambiguous language such as "natural", which does not require the same level of documentation. More information is available on the COA's website: <http://eng.coa.gov.tw/>

## **Prohibited and Restricted Imports**

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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. Currently, there are 125 product categories facing import restrictions. Of those categories, 15 require import permits from the Board of Foreign Trade (BOFT) and 110 are prohibited. 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. In April 2006, the Ministry of Economic Affairs (MOEA) lifted the ban on certain unfilled chocolate from mainland China.

Presently, Taiwan can import from and export directly to mainland China. Taiwan is significantly liberalizing imports of products from mainland China as both have joined the WTO. As of September 7, 2013, 8,929 categories or 80.81% of all import categories in the Taiwan tariff schedule can be imported from mainland China. Taiwan continues to review imports from mainland China and considers further relaxation once every six months or as requested by the business sector.

The Economic Cooperation Framework Agreement (ECFA), which was signed by Taiwan and mainland China in June 2010, includes a list of 267 goods permitted to enter Taiwan from mainland China with tariff reductions and exemptions. The list was planned

to be phased in over three years starting on January 1, 2011, with the goal of eliminating tariffs on all of the 267 items at the end of the three-year period. Taiwan still retains import bans on more than 2,000 products from mainland China. U.S. industry reports that these bans inhibit their regional supply chains, and prevent certain categories of goods produced in their mainland China-based facilities from entering Taiwan's market.

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

## **Customs Regulations and Contact Information**

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Although Taiwan's trade rules and regulations are at times quite complicated, it is becoming easier and more convenient for foreign businesspeople and manufacturers to do business with Taiwan. Rules and regulations have been simplified, infrastructure facilities improved, and trade services enhanced.

All goods shipped to Taiwan must have a value and description for the goods shipped. 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:

Department of Customs Administration  
Ministry of Finance (MOF)  
No. 2, Aiguo W. Rd., Taipei  
Tel: 886-2-2322-8000  
Fax: 886-2-2356-8774  
Website: <http://eweb.customs.gov.tw/mp.asp?mp=21>

## Standards

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## Overview

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

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

National standards are classified under 26 categories. As of April 2014, BSMI has 14,671 national standards. Of these standards, 3,504 correspond with international standards, and the harmonization for 3,144 of them has been completed as of March 2013. The BSMI administers the CNS Market Certification System whereby products meeting standards are allowed to carry the CNS mark.

As of January 1, 2011, the Taiwan Food and Drug Administration (TFDA) has taken over from BSMI all necessary food safety inspection measures while the Bureau of Animal and Plant Health Inspection & Quarantine (BAPHIQ) continues to be responsible for inspection and quarantine for purpose of safeguarding animal and plant health. Taiwan’s sanitary and phytosanitary (SPS) standards are generally different from U.S. 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 – more specifically, the absence of maximum residue level (MRL) standards for many agricultural chemicals in common use internationally – have resulted in mark disruptions and created uncertainty among U.S. exporters and Taiwan importers

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The Standards Division (First Division) of the Bureau of Standards, Metrology and Inspection (BSMI) is responsible for drafting standards policies and regulations. This division consists of four sections, with the First Section responsible for general

standardization activities including the drafting of regulations, guidance, harmonization planning, administration of the CNS mark, compilation of the standards gazette, and promotion of national standards. The remaining three sections are each responsible for standards in specific industry sectors.

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

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

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

### **NIST Notify U.S. Service**

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

## **Conformity Assessment**

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The Sixth Division of BSMI is in charge of testing and inspection methods. This division currently conducts testing in areas including electromagnetic compatibility (EMC), biochemistry, chemistry, polymers, materials, electrical engineering, and mechanical engineering. Goods with 1,065 CC codes 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 BSMI or testing laboratories recognized by the BSMI.

Taiwan's testing system is called the "Registration of Product Certification" (RPC). Under the testing system, products are subject to the appropriate conformity assessment modules as determined by the authorities. The conformity assessment modules cover both the design and production phases of product manufacturing. The Declaration of Conformity (DoC) is the least-trade-restrictive conformity assessment procedure, and is currently applied only to low-risk products with stable manufacturing technology and few concerns of risk or danger. Under the DoC scheme, manufacturers may have testing done by BSMI designated laboratories, prepare their own technical documents, and draft the declaration of conformity themselves.

Currently, a total of 52 commodities are covered by the DoC system. These products include digital cameras, digital video cameras, typewriters, cash registers, electronic

calculators, card punching machines, optical disc devices, data storage units, class B main boards of computers, add-on cards with I/O devices, and vulcanized rubber tubes. A complete list of national testing organizations or conformity assessment bodies is available on BSMI's website at <http://www.bsmi.gov.tw>

## Product Certification

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

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

To enhance the protection of consumers from hazards posed by telecommunications and electrical and electronics products, and to meet international requirements for electromagnetic compatibility (EMC), BSMI has promulgated "Regulations Governing Electromagnetic Compatibility of Commodities." Manufacturers or importers must obtain type approval of their products from BSMI and all products must apply for inspection based on the EMC type approval certificate. Currently, 241 products are subject to EMC inspection, of which 129 are electrical items, and 112 are electronic products.

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

As a result of discussion with NIST in 2009, BSMI now recognizes 99 U.S. Conformity Assessment Bodies (CABs) to conduct product testing as described in the Asia-Pacific

Economic Cooperation (APEC) Mutual Recognition Agreement. However, except for EMC, all the other safety related testing required by BSMI must be conducted in Taiwan.

## Accreditation

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Taiwan Accreditation Foundation (TAF) is the island's sole body recognized by the Taiwan authorities for the 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 management, product and personnel. As for the Department of Laboratory Accreditation, its main mission is to execute and manage the assessment and accreditation of laboratory inspection bodies and proficiency test providers.

Accreditation for labs is conducted on a voluntary basis. At present, TAF provides laboratory accreditation in four major categories -- calibration, testing, civil engineering, and medical -- with a total of 32 fields. So far, TAF has accredited over 1,700 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 products management systems -- and about 39 handling accreditation for commodities.

Detailed information about accreditation in Taiwan and a list of accreditation bodies are available on TAF's website: <http://www.taftw.org.tw>

## Publication of Technical Regulations

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

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

## Labeling and Marking

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Taiwan's Commodity Labeling Act, amended on June 25, 2004, stipulates that all labeling shall be made in Chinese and may be supplemented by English or other foreign languages. When an imported commodity is introduced for sale in the domestic market,

labeling, instructions, and sales literature written in Chinese must be added to the commodity by the importer. The contents provided in the Chinese language must not be simpler or more condensed than those from the place of origin of the commodity. The name/title and the address of the foreign manufacturer of an imported commodity to be labeled may not be written in the Chinese language.

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

- Name of the commodity;
- Name, telephone number and address of the producer or manufacturer, the place of origin of the commodity, and the name, telephone number, and address of the importer for imported commodity;
- Contents or composition of the commodity;
  - Major components/ingredients or materials.
  - Net weight, volume or quantity, or measurements shall be labeled in statutory measuring units and other measurements may be added when it is deemed necessary.
- Date of manufacture in the Chinese calendar or Gregorian calendar; the expiration date or the term of validity if the commodity has a limited duration of storage; and other particulars as required by the Central Taiwan authorities.

If any of the following conditions apply, the scope of application, date of expiration, methods of use and storage of the commodity, and other points requiring attention must be indicated:

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

## Contacts

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

Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs  
No. 4 JiNan Rd., Sec. 1, Taipei 100, Taiwan  
Tel: 886-2-2343-1700  
Fax: 886-2-2356-0998  
Website: <http://www.bsmi.gov.tw>  
Taiwan Accreditation Foundation  
8F, No. 20 Nan-Hai Road, Taipei 10074, Taiwan  
Tel: 886-2-2391-4626  
Fax: 886-2-2397-1744  
Website: <http://www.taftw.org.tw>

Ministry of Economic Affairs  
No. 15 Fuzhou St., Taipei 10015, Taiwan  
Tel: 886-2-2341-4986

Fax: 886-2-2391-9973  
Website: <http://gcis.nat.gov.tw>

## Trade Agreements

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Taiwan joined the WTO on January 1, 2002. Taiwan became a member of the Asia Pacific Economic Cooperation (APEC) in November 1991, and joined the Central American Bank for Economic Integration in 1992. Taiwan is also a member of the Asian Development Bank (ADB), the Pacific Economic Cooperation Council (PECC), and the Pacific Basin Economic Council (PBEC). Additionally, a free trade agreement with New Zealand entered into force on December 1, 2013, and Taiwan also maintains free trade agreements with Panama, Guatemala, Nicaragua, El Salvador, and Honduras.

Further information about Taiwan's bilateral and multilateral trade agreements is available on the Board of Foreign Trade's (BOFT) website:  
<http://www.trade.gov.tw/English/>

## Web Resources

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Board of Foreign Trade, Ministry of Economic Affairs (MOEA): <http://www.trade.gov.tw>

Department of Customs Administration, Ministry of Finance (MOF):  
<http://eweb.customs.gov.tw/mp.asp?mp=21>

Directorate General of Customs, MOF: <http://www.customs.gov.tw>

Bureau of Standards, Metrology and Inspection, MOEA: <http://www.bsmi.gov.tw>

Department of Commerce, MOEA: <http://gcis.nat.gov.tw>

Taiwan Accreditation Foundation: <http://www.taftw.org.tw>

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## Chapter 6: Investment Climate

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### Openness to Foreign Investment

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Strategically located between North and Southeast Asia, Taiwan is a critical hub for regional and global trade and investment. Expanded cross-Strait trade with mainland China through the Economic Cooperation Framework Agreement (ECFA) signed in 2010 improved Taiwan's investment climate by reducing tariffs and other commercial barriers. In 2013, inward foreign direct investment (FDI) declined by 11.2% after posting 12.2% growth in 2012. Taiwan's many 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. However, Taiwan's overall economic performance over the past year remained subdued as a result of persistent weak growth in its major export markets. GDP growth in 2013 was 2.11%, up from 1.48% in 2012. In its Doing Business 2014 report, the World Bank ranked Taiwan 16th out of 189 economies for "Ease of Doing Business," unchanged from last year after rising from 25th in 2011.

Measure	Year	Index/Ranking
World Bank Doing Business	2014	16th
TI Corruption Index	2012	37th
Heritage Economic Freedom	2014	17th
Legatum Prosperity Index	2013	22nd
WEF Global Competitiveness Report	2013	12th

Taiwan maintains a "negative" list of industries closed to foreign investment for reasons its authorities assert relate to 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 1% of manufacturing in Taiwan and less than 5% of the island's service sector. Railway transport, freight transport by small trucks, pesticide manufacture, real estate development, brokerage, leasing, and trading are all open to foreign investment.

While most foreign ownership limits have been removed, the foreign ownership limit on wireless and fixed line telecommunications firms is 60%, including a foreign direct investment limit of 49%. State-owned Chunghwa Telecom Co., which controls 97% of the fixed line telecom market, maintains a 55% limit on indirect foreign investment and a 49% limit on direct foreign investment. There is a 20% limit on foreign direct investment in cable television broadcast services, but foreign ownership of up to 60% is allowed through indirect investment via a Taiwan entity. Foreign investors control one of Taiwan's five largest cable TV networks. In addition, there is a foreign ownership limit of 49.99% for satellite television broadcasting services and piped distribution of natural gas, and a 49% limit for high-speed railways. The foreign ownership cap on ground-handling firms, air-catering companies, aviation transportation businesses (airlines), and general aviation business (commercial helicopters and business jet planes) is less than 50%, with a separate limit of 25% for any single foreign investor. For Taiwan-flagged merchant ships, foreign investment is limited to 50% for Taiwan shipping companies operating international routes.

Regulations governing foreign direct investment principally derive from the Statute for Investment by Foreign Nationals (SIFN) and the Statute for Investment by Overseas Chinese (SIOC). These two laws permit foreign investors to use either foreign currencies or New Taiwan Dollars (NTD). Since 2006, NTD loans obtained from local banks can serve as sources of foreign direct investment. Both the SIFN and the SIOC specify that foreign-invested enterprises must receive the same regulatory treatment accorded local firms. Foreign companies may invest in state-owned firms undergoing privatization and are eligible to participate in publicly-financed research and development programs. In late 2012, in pursuit of greater economic liberalization, the Executive Yuan passed the preliminary amendments to SIFN and SIOC, which are currently under the review by the Legislature. If passed, foreign investors would no longer need to secure pre-approval but could instead report the investment to the Investment Commission (IC) of the Ministry of Economic Affairs (MOEA) within a certain period of time after implementation, as long as the investment fell under a certain threshold. However, *ex ante* approval would still be required for investments in restricted industries and those exceeding the threshold.

Taiwan has been gradually relaxing restrictions on investments from the People's Republic of China (PRC, or "mainland China") as cross-Strait relations have improved. Since 2009, Taiwan has eased restrictions on investments from mainland China in three stages. Most of Taiwan's manufacturing industry and half of its services and public construction sectors are now open to mainland investment. However, due to restrictions limiting percentage of ownership, and restrictions on mainland investors' participation in Taiwan business operations, investment liberalization to date has not drawn significant interest from mainland investors. In June 2013, Taiwan signed the cross-Strait Agreement on Trade in Services with mainland China under the ECFA, but legislative review of the agreement has stalled due to strong public opposition.

In 2009, Taiwan launched the first phase of opening up to mainland Chinese investment. Under its new "Regulations Governing Permission for People from the Mainland Area to Invest in Taiwan," Taiwan has opened 64 sectors in manufacturing, 117 in services, and 11 in public construction. In order to own shares in a Taiwan company or establish a presence in Taiwan, mainland entities and foreign companies in which mainland entities have over a 30% share must first obtain permission from the interagency Investment Commission (IC) convened by the Ministry of Economic Affairs (MOEA). The Taiwan authorities may also prohibit or restrict investment from mainland Chinese enterprises that: (1) have military shareholders or a military purpose; (2) would create a monopoly; (3) would threaten national security, or; (4) would negatively impact domestic economic development, according to the above-cited regulation.

In a second round of cross-Strait investment liberalization, Taiwan announced in 2011 an additional 42 categories, including 25 sectors in manufacturing, 8 in services and 9 in public infrastructure, which would be open for investment from mainland China. The manufacturing categories include medical devices, machinery for making metal products, and petrochemicals. In March 2012, Taiwan announced a third tranche of relaxed restrictions on mainland investments. As a result, Taiwan has opened more than two-thirds of Taiwan's aggregate industrial categories to mainland China investors, with manufacturing topping the list, in which 97% of the sector is now open to mainland Chinese capital. In the public construction and service sectors, investment shares open to mainland investors expanded to 51 percent. Mainland Chinese investors, however, continue to be prohibited from serving as a Taiwan company's Chief Executive Officer, although a mainland Chinese board member may retain management control rights of a Taiwan company.

Press reports indicate that in a subsequent fourth round of liberalization of mainland Chinese investment in Taiwan, MOEA plans to remove prohibitions on mainland ownership of controlling stakes in 7 key industries, including light emitting diode (LED) displays, integrated circuit assemblies, semiconductor manufacturing equipment, semiconductor packaging and testing, metal cutting tool machines, and solar batteries. MOEA proposes to impose a shareholding ceiling of 50% for mainland Chinese investment in these industries, and retain a mechanism for screening investment applications on a case-by-case basis. As a result of the controversy over the cross-Strait Agreement on Trade in Services, this fourth stage of cross-Strait investment liberalization, which was originally expected to launch in late 2013, has been put on hold.

Taiwan expects that these investment liberalization measures with mainland China will enhance bilateral cooperation in forming cross-Strait industrial supply chains. As of

2013, Taiwan approved 483 investment applications from mainland China totaling US\$864.5 million, with investment in port facilities and banking operations each accounting for 16% of total mainland investment. In the banking industry, there are now three mainland banks (out of four which have qualified) that have established branches in Taiwan.

MOEA's IC screens applications for investment, acquisitions, and mergers. Ninety-five percent of projects that are not on the negative list generally obtain approval within three working days, according to the IC website. Specifically, approval of projects with an investment value of less than NT\$500 million (US\$16.5 million) is generally granted within two working days at the IC division chief level. For investments between NT\$500 million and NT\$1 billion (US\$33 million) that are not on the negative list, approval authority rests with the IC Executive Secretary and normally are also granted within three working days. Approval of investments above NT\$1 billion or on the negative list requires three weeks, as these investments must be referred to the relevant supervisory ministries and require approval of the IC Chairman or IC Executive Secretary. Investments involving mergers and acquisitions require screening at the monthly meeting of an inter-ministerial commission. To address increased concern over the potential risk of more opening to mainland Chinese investment, starting in April 2014, the National Security Bureau will take part in every review meeting for foreign investment applications regardless of the nature or size of the investment.

## **Conversion and Transfer Policies**

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

Total outbound investment may not exceed 40% of an investing company's net worth or paid-in capital (whichever is less), unless it is a professional investment company, the company charter waived the 40% limit, or such investment is approved by shareholders. If the amount of investment exceeds US\$50 million, the company must file an application with MOEA's IC. Otherwise, a local company is not required to obtain prior approval for overseas investments, except with respect to investments in mainland China.

Taiwan has relaxed restrictions on direct investment in mainland China. Taiwan investors are permitted to invest in the majority of manufacturing and service categories on the mainland. The IC, however, continues to prohibit investments in mainland China's agricultural, high-technology, telecommunications and basic infrastructure sectors. Taiwan entities are not required to go through a third jurisdiction to make their investments on the mainland. In 2008, authorities raised the annual ceiling on an individual's investment in mainland China from US\$2.5 million to US\$5 million. The ceiling on small- and medium-enterprise investment in mainland China is either US\$2.5 million or 60% of the investing firm's net worth, whichever is higher. For large enterprises, total investment in mainland China is capped at 60% of net worth. This cap, however, does not apply to foreign subsidiaries in Taiwan. For investments below US\$1 million, approval is not required, but investors must report the investment to the IC within six months. For investments between US\$1 million and US\$50 million, approval can be granted in two weeks. Taiwan authorities require an investor to submit a quarterly financial report if the cumulative investment in a project exceeds US\$50 million.

Taiwan authorities have encouraged investment in Southeast Asia and India. Investments are also encouraged in a number of countries with which Taiwan has diplomatic relations, mainly in Central America. Incentives include loans and/or overseas investment insurance from Taiwan's Export-Import Bank. Since ECFA's signing, the authorities have also significantly increased promotion activities designed to attract more foreign direct investment.

## **Expropriation and Compensation**

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The U.S. Government is not aware of any previous or recent cases of nationalization or expropriation of foreign-invested assets in Taiwan. There are no reports of "creeping expropriation" or official actions tantamount to expropriation. Under Taiwan law, no venture with 45% or more foreign investment can be nationalized, as long as the 45% capital contribution ratio remains unchanged for a period of 20 years after the establishment of the foreign business. Expropriation can be justified only for national defense needs, in which case "reasonable" compensation must be provided.

## **Dispute Settlement**

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Taiwan is not a member of the International Center for the Settlement of Investment Disputes (ICSID), established by the World Bank to provide arbitration and conciliation services for governments and foreign investors. Foreign investment disputes with the Taiwan authorities are not common. Normally, Taiwan resolves disputes according to domestic laws and regulations, and based on national treatment or investment guarantee agreements. Taiwan has implemented investment guaranty agreements with 31 nations, the latest of which are bilateral investment protection agreements signed with Japan in September 2011 and mainland China in August 2012. Taiwan is also in the process of negotiating an investment dispute settlement agreement with the mainland under the Economic Cooperation Framework Agreement.

Taiwan has comprehensive commercial laws, including the Company Law, Commercial Registration Law, Business Registration Law, and Commercial Accounting Law, as well as laws governing specific industries. Taiwan's Bankruptcy Law guarantees that all

creditors have the right to share the assets of a bankrupt debtor on a proportional basis. Secured interests in property are recognized and enforced through a registration system.

Taiwan's court system is generally viewed as independent and free from overt interference by the other official branches. Judges often bear a significant workload. As a result, special courts have been set up to resolve minor cases expeditiously. The judgments of foreign courts with jurisdictional authority are enforced in Taiwan by local courts on a reciprocal basis.

The latest version of Taiwan's Arbitration Law, implemented in 1998, sought to bring its arbitration regime into line with international practices. Many provisions in the Arbitration Law are influenced by the Model Law promulgated by the United Nations Commission on International Trade Law ("UNCITRAL Model Law"). The Chinese Arbitration Association, Taipei (the Association) is a non-profit organization established by the Ministry of Interior. The Association has 30 cooperative agreements with other arbitration institutions across the globe. The Association has managed disputes in sectors including construction, maritime, securities, international trade, intellectual property rights (IPR), insurance, cross-strait disputes, and information technology. By agreement, disputants in a case can determine the governing law of the dispute, rules of procedures, language used in proceedings, authority of the arbitrators, place and location of the arbitration, time of the hearing, and extension of the time limit to render the arbitral award, among other factors.

## **Performance Requirements and Incentives**

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Since its accession to the World Trade Organization (WTO) in 2002, Taiwan has discontinued performance requirements. Taiwan does not require foreign firms to transfer technology, locate in specified areas, or hire a minimum number of local employees as a prerequisite to investment.

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

Under the WTO, Taiwan agreed it would phase out industrial offset requirements (IOR) for non-military public procurement and apply IOR only to military procurement, consistent with the practice of other GPA members, when it acceded to the Agreement on Government Procurement (GPA) in 2009. Taiwan began reducing the IOR coverage of non-military procurements in 2004, and fully eliminated IOR practices for non-military procurement in 2012. The threshold of US\$5 million with a minimum offset of 40% for military procurements has been maintained since 2010. As the result of legislative pressure, the offset ratio in 2009 reached 70% in several cases of military procurement.

Taiwan began allowing industrial offset contracts (IOCs) in 1988. Since then, Taiwan has signed 127 IOCs with 56 suppliers from 12 countries. The commitment value of these contracts total US\$111.8 billion credit points. Realized contracts are valued at US\$6.6 billion credit points, while pre-approved contracts amount to US\$9.2 billion credit points. Both direct and indirect offsets are acceptable. Credit points application

distribution was as follows: Forty-four percent of the total realized credit point value was directed to technology transfers, 14.7% to foreign direct investment in Taiwan, 17.9% to procurement from Taiwan, 4.6% to trade promotion, 6.4% to personnel training, 2.4% to assessment certification, and 0.7% to R&D. Taiwan has published industrial offset rules in both Chinese and English, and has made them accessible to the public online.

The United States remains concerned that terms and conditions for model public procurement projects determined by the Taiwan authorities impose large indirect and unforeseeable liabilities on contractors and thereby prevent U.S. firms from bidding on projects.

### **Right to Private Ownership and Establishment**

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

### **Protection of Property Rights**

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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 Taiwan's IPR legal regime and enforcement advances, the Office of the U.S. Trade Representative (USTR) removed Taiwan from the Special 301 Watch List in 2009. The United States, however, remains concerned about a number of IPR issues in Taiwan, including online piracy of copyrighted materials, illegal textbook copy on university campuses, inadequate protection for the packaging, configuration, and outward appearance (trade dress), end-user piracy of software, signal theft of cable TV, corporate trade secret theft, and weak pharmaceutical patent protection. The importation and transshipment of counterfeit products from mainland China is also a problem. The United States is actively working with the Taiwan authorities to address these issues.

The Pharmaceutical Law, as amended in 2004 and 2007, increased penalties for the production, distribution and sale of counterfeit medicines. The law authorizes pharmaceutical data exclusivity for five years to prevent unfair commercial data use, the same exclusivity period as in the United States for chemical drugs. However, the law currently does not cover new indications or biological pharmaceuticals. Taiwan does not currently have a Patent Linkage system, resulting in several cases of generic drugs gaining approval and reimbursement despite the existence of a valid patent. In response, in April 2014 Taiwan established a task force to conduct studies on establishing a patent linkage system. Taiwan's patent application review period is expected to shorten from an average of 41 months in 2013 to less than 22 months in 2016 months following the establishment of Patent Service Center in May of 2012 and

implementation of Patent Prosecution Highway (PPH) agreements with the United States and Japan in 2011 and 2012, respectively.

In May 2011, the Legislative Yuan passed an amendment to the Trademark Law, which is modeled after the 2006 "Singapore Treaty on the Law of Trademark." The amendment maintains adherence of Taiwan's trademark law to international standards and expands IPR protections to trademarked goods by extending the scope of goods eligible for protection, broadening the conditions in which infringement shall be deemed to have occurred, and strengthening customs enforcement mechanisms for trademarked goods. The amendment is designed to increase the protection of well-known trademarks and impose stronger penalties on infringers who sell fake commodities through the Internet and electronic media.

The Ministry of Economic Affairs' Intellectual Property Office (TIPO) and other relevant agencies have adopted programs to protect intellectual property rights. Examples include:

- The Judicial Yuan inaugurated in 2008 an Intellectual Property Court authorized to handle all new civil and administrative intellectual property (IP) litigation, as well as appeals on criminal cases to streamline and improve the quality of judicial procedures in IP cases.
- Taiwan authorities have strengthened cooperation with foreign enforcement agencies, including signing an IP cooperation and protection agreement with mainland China in 2010 to combat Internet-related IPR violations.
- The Ministry of Education (MOE) continues to implement an IPR action plan to combat unauthorized textbook copying and illegal downloads on academic computer networks. January 2014 amendments to the action plan are intended to reinforce internal university control mechanisms and improve awareness of IPR protection.

Regarding trade secret infringement, the Legislative Yuan in January 2013 passed an amendment to the Trade Secrets Law to levy more significant penalties for corporate IP theft, including a maximum five-year jail sentence and a NT\$50 million (US\$1.7 million) fine, with increased penalties -- including up to 10 years imprisonment -- for trade secrets taken to other countries, including mainland China. To improve law enforcement procedures for collecting evidence, the Legislative Yuan in January 2014 passed amendments to the Communications Security and Surveillance Act. The amendments allow investigators and prosecutors to conduct wiretapping in trade secret infringement cases involving jurisdictions outside Taiwan, such as mainland China. Affected local and foreign firms continue to encourage development of further judicial measures, including through witness protection for trade secrets case and by shifting the part burden of proof to defendants.

In January 2014, the Legislative Yuan passed amendments to the Patent Act that allows patentees to request Taiwan Customs authorities to 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. Implementing regulations governing detention of suspected patent-infringing goods took effect with the amendments in March 2014.

Resources for Rights Holders:

- Taiwan Intellectual Property Office, MOEA: <http://www.tipo.gov.tw>

Contact at AIT:

- Kris Kvols
- Economic Officer
- +886-2162-2000
- [TaipeiICS@state.gov](mailto:TaipeiICS@state.gov)

## Transparency of Regulatory System

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Taiwan has a set of comprehensive laws and regulations regarding taxes, labor, health, and safety. In addition to tax incentives, Taiwan's science and industrial parks and export processing zones present streamlined bureaucratic procedures for the investment application process. Outside of these areas, the Department of Investment Services (DOIS) of the Ministry of Economic Affairs functions as the coordinator between investors and all agencies involved in the investment process. The MOEA's IC is charged with reviewing and approving inbound and outbound investments.

Taiwan has simplified work-permit procedures for foreign "white-collar" employees. The Council of Labor Affairs (CLA) issues work permits for all white-collar workers through a single window service portal. Employers can apply on-line for work permits for their foreign employees, which are typically issued within 7 to 10 days and may be extended indefinitely as long as the employer considers the employment necessary.

Since January 2012, Taiwan employers are able to hire "blue collar" foreign workers online through a network system designed by the Council of Labor Affairs. This system is expected to save employers and foreign workers NT\$63,000 (US\$2,170) in administrative costs and will reduce the hiring process from an average of 3 months to 30 working days. NGOs, however, have argued that complicated procedures and restrictions on use of both the Service Center and the online service have prevented widespread implementation, and they advocate lifting restrictions on transfers between employers. The maximum duration of foreign workers' stay in Taiwan is 12 years.

Foreign white-collar workers are required to hold a bachelor's degree and two years of relevant work experience to enter Taiwan's job market. There are no job experience requirements, however, for foreign management professionals employed in research and development (R&D) centers, international firms operations headquarters, and firms in designated industries. White-collar workers with a master's degree or above are not subject to any job experience requirement for employment in Taiwan. Those with lower education levels employed in non-professional or technical positions are required to have relevant job experience. Foreign white collar workers have the right to obtain permanent residence status after they have legally stayed in Taiwan for seven consecutive years, with a minimum time of residence of 180 days per year. The seven-year requirement is waived for high-tech professionals and those who have made

"significant contributions" to Taiwan. Blue collar workers have no such rights to obtain permanent residence status automatically after seven years' legal residence.

There are simplified entry-visa issuance procedures for foreign white-collar workers who work for foreign companies. A foreign executive who enters Taiwan with a tourist visa is not required to leave the island in order to convert the tourist visa to an employment visa. Similarly, a foreign executive whose employment visa expires is not required to leave in order to renew the visa.

## **Efficient Capital Markets and Portfolio Investment**

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Taiwan's capital market is mature and active. As of December 2013, 838 companies were listed on the Taiwan Stock Exchange (TAIEX). In July 2012, despite strong resistance from the business lobby, Taiwan's Legislative Yuan passed amendments to introduce a capital gains tax on the sales of securities, effective January 1, 2013. The ratio of the market value of listed companies to GDP was 151.68% in 2012 (latest available data from TAIEX). The market value of listed companies in Taiwan was US\$823 billion as of December 2013. The transaction volume of Taiwan's securities and stock exchange market dropped from the previous year's US\$678.5 billion in 2012 to US\$624.0 billion in 2013, and the turnover rate in transaction volume decreased to 82.64% of 2013 from last year's 97.33%. A wide variety of credit instruments, all allocated on market terms, are available to both domestic- and foreign-invested firms. Legal accounting systems are largely transparent and consistent with international standards. In response to foreign and domestic financial institutions' concerns in recent years about non-transparent transaction reviews by Taiwan's main financial regulatory body, the Financial Supervisory Commission (FSC) has sought to clarify review criteria and enhance transparency through proposed amendments to the Business Mergers and Acquisitions Act, currently pending legislative review. Foreign portfolio investors are not subject to foreign ownership limits except in a limited number of industries. As part of the Executive Yuan's Free Economic Pilot Zone (FEPZ) plan, which aims to promote economic liberalization through the gradual loosening of regulations in certain geographical zones and sectors, Taiwan's FSC switched to a negative list approach toward local banks' overseas banking units (OBU) not involving the conversion of the NT\$, and allowed local securities houses to operate overseas securities units (OSU) businesses in late 2013.

In recent years, Taiwan authorities have taken steps to encourage a more efficient flow of financial resources and credit. The limit on NT\$ deposits that a branch of a foreign bank may hold has been lifted. Non-residents are permitted to open NT\$ bank accounts, though they are subject to capital-flow controls which limit each remittance to US\$100,000. There are no restrictions on residents opening bank accounts overseas. A freeze on new bank branches, designed to encourage consolidation in the banking industry, was removed in 2007, although both foreign and domestic banks still require case-by-case approval to open new branches. In 2013, the FSC lifted a previous requirement that foreign banks merge branch operations into newly opened subsidiaries, thereby allowing them keep both branch and subsidiary operations in Taiwan. Restrictions on capital flows relating to portfolio investment have also been removed. The banking, insurance and securities industries have been liberalized to a certain extent and are open to foreign investment. Since 2012, mainland Chinese banks have

been allowed to acquire stakes of Taiwan banks, with a 10% ceiling on total mainland investment in a given Taiwan financial institution. Foreign institutional investors currently are allowed to enter Taiwan's market without restrictions. There is no minimum asset requirement. On-shore foreign investors are subject to annual capital flow limits of US\$5 million for an individual foreign investor and US\$50 million for an unregistered foreign company.

Taiwan has removed legal limits on foreign ownership in most companies listed on the TAIEX, with the exception of public utilities, power distribution, natural gas, postal service, telecommunications, mass media firms, and air and sea transportation industries. There have been no reports of private or official efforts to restrict the participation of foreign-invested firms in industry standards-setting consortia or organizations.

Since the mid-1980s, the financial sector as a whole has been steadily opening to private investment, although Taiwan continues to tightly regulate its banking system. The market share held by foreign banks was relatively small until 5 foreign banks and 3 foreign private equity funds completed their acquisitions of Taiwan banks in 2007 and 2008. Over the past decade, 9 state-owned banks have been privatized. The only Taiwan-based reinsurance company was privatized in 2002. Banks that have some form of state ownership or control, including the 3 remaining banks wholly owned by the state, dominate Taiwan's banking sector and hold a market share of nearly 53.2% as of January 2014.

## **Competition from State-Owned Enterprises**

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Taiwan launched privatization programs in 1989 and succeeded in turning over most of its state-owned enterprises (SOEs) to private industries. As of December 2012, Taiwan authorities still controlled 19 SOEs, including official agencies such as the Central Bank, the Bureau of National Health Insurance, and the Export-Import Bank of the ROC, which have no private-sector competitors.

Progress toward privatizing some of the remaining SOEs has stalled since 2007, largely due to opposition from SOE employees. Currently, there is no timetable for privatizing existing SOEs. While limited in number, some of Taiwan's SOEs are large in scale and exert significant influence in their industries. Examples include monopolies such as Taiwan Power Company (Taipower) and Taiwan Water Co., as well as the island's only aerospace product manufacturer, Aerospace Industrial Development Co. (AIDC), and industry giants Chinese Petroleum Co. (CPC), Taiwan Tobacco & Liquor Co., Chunghwa Post Company, Taiwan Sugar Co., Taiwan Railways Administration, Taiwan Financial Holdings, and the Taiwan Land Bank. CPC controls over 70% of Taiwan's gasoline retail market. With the exception of the state monopolies, SOEs compete directly with private companies.

SOEs typically have an independent board of directors, and senior management is not required to report directly to a line minister or consult with authorities before making business decisions, except in rare cases. The authorities, however, can appoint officials to serve in a certain number of board member positions.

The Taiwan authorities continue to hold minority shares and exert some control over some former SOEs that have been privatized, including through managing appointments to the board of directors. These enterprises include Chunghwa Telecom, China Steel, Taiwan Fertilizer Co., Taiyen (Taiwan Salt), China Shipbuilding Co., Yang Ming Marine Transportation Co., as well as some financial institutions.

The Bank of Taiwan, one of Taiwan Financial Holdings Group's wholly-owned companies, is the island's largest bank in terms of assets. As of 2013, the Bank of Taiwan and the Land Bank of Taiwan, also wholly owned by Taiwan Financial Holdings, accounted for 17.3% of Taiwan's domestic banks' total assets. Taiwan's ten banks with minority state shares, in addition to Bank of Taiwan and the Land Bank, jointly account for nearly 53.2% of the overall domestic banking assets. Most of these state-affiliated banks are large in scale compared to the purely private financial institutions, and some have been underperforming. In the fourth quarter of 2013, for example, the return on assets (ROA) for Bank of Taiwan was 0.21% lower than the domestic banks' average ROA of 0.67%, according to statistics from the Central Bank.

Taiwan has neither a sovereign wealth fund nor an asset management bureau, but has a Labor Pension Fund Supervisory Committee that oversees a contracted private manager of public pensions.

## Corporate Social Responsibility

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The Taiwan authorities actively promote corporate social responsibility (CSR). MOEA and FSC have issued guidelines on ethical standards and internal control mechanisms in order to help businesses embrace 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 CSR-related developments in Taiwan and abroad.

At the corporate level, foreign and local enterprises endeavor to follow accepted CSR principles such as those propagated in the Organization for Economic Cooperation and Development's (OECD) Guidelines for Multinational Enterprises. Taiwan businesses, especially high-tech electronics companies, increasingly publish CSR reports. *Global Views Magazine*, one of Taiwan's most influential magazines, annually gives a CSR award to highlight companies that follow internationally accepted CSR standards and adopt transparent, environmentally conscious, and socially responsible practices. The award in 2013 went to domestic (Taiwan) firms Delta Electronics Inc., Taiwan Semiconductor Manufacturing Company Inc.; Lite-On Technology Corporation; E. Sun Financial Holding Co., and Fubon Financial Holding Co. Foreign recipients in 2013 included Intel Inc.; Citibank, HSBC; Hitachi, and IBM.

## Political Violence

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Taiwan is a relatively young and vibrant multi-party democracy. President Ma Ying-jeou's second election victory in 2012 marked another peaceful, democratic transition in Taiwan. There have been no reports of politically motivated damage to foreign investment. In some instances, local and foreign companies have been the target of

generally peaceful protests and demonstrations relating to labor disputes and environmental issues.

## Corruption

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Taiwan has implemented laws, regulations, and penalties to combat corruption. The Corruption Punishment Statute and the Criminal Code contain specific penalties for corrupt activities, including maximum jail sentences of life in prison and a maximum fine of up to NT\$100 million (US\$3.3 million). In April 2009, the Legislative Yuan amended the Act for the Punishment of Corruption to bring criminal charges against civil servants who fail to account for abnormal increases in their assets. In July 2011, the administration established the Agency Against Corruption to strengthen efforts to crack down on corruption.

In November 2011, the Legislative Yuan passed amendments to the Anti-Corruption Act that expanded the scope of activities it covered and increased penalties for public officials who fail to explain the origins of suspicious assets or property. Based on the revised act, public servants suspected of corruption are required to declare the origins of their assets if an increase in their assets is disproportionate to an increase in their income in the three years following the allegations. If defendants refuse to offer an explanation, or if the explanation proves to be false and the defendants are found guilty of corruption, they face a jail sentence of up to five years or a fine of no more than the value of the assets of undeclared origin, or both.

The U.S. Government is not aware of cases where bribes have been solicited for foreign investment approval.

Taiwan formally became a member of the WTO Agreement on Government Procurement (GPA) in 2009. The Public Construction Commission (PCC) publishes all state procurement projects that require open bidding, in accordance with WTO transparency requirements. The PCC indicated that in 2011, 2,496 contracts were awarded for US\$13.6 billion; 421 of these contracts valued at US\$5.1 billion went to GPA members; U.S. firms were awarded 157 contracts worth US\$326 million. Foreign tenders accounted for over 37% of all state procurement projects awarded in 2011, among which over 16% were awarded to the U.S. bidders in the past year. Government procurement projects open to WTO GPA members had been limited to Kaohsiung and Taipei City municipalities. Following rezoning in 2010 to create five special municipalities -- Taipei City, New Taipei City, Taichung City, Tainan City and Kaohsiung City -- and a revised GPA implemented in December 2011, Taiwan has expanded coverage to the new entities.

The Legislative Yuan in January 2011 passed the following additional amendments to the Government Procurement Act : (1) Procurements of technology, information, and professional services can be based on quality (i.e., the most advantageous bids), rather than price; (2) A GP data bank containing a list of individual prices of awarded construction tenders exceeding NT\$10 million (US\$331,400); and (3) Procurement agencies are required to use model contracts provided by PCC to reduce potential disputes.

The PCC organizes inspection teams to monitor all public procurement projects both at the central and local levels, and publishes the bidding and inspection results. A task force comprised of PCC staff and independent experts investigates complaints.

The authorities generally investigate allegations of corruption and take action to penalize corrupt officials. From January to October 2012, prosecutors indicted 826 persons on various corruption charges, including 55 senior officials (department director level and above) and 17 elected officials. There were several high-profile corruption cases involving senior officials over the last year. Former Executive Yuan Secretary-General Lin Yi-shih was indicted in October for receiving bribes amounting to NT\$60 million (US\$ 2.1 million), concealing illegal gains and holding unaccountable assets. In December 2012, prosecutors indicted former Director-General of the National Fire Agency Huang Chi-min on corruption charges and recommended a life sentence. Huang was accused of taking NT\$19.24 million (US\$662,426) in bribes related to 9 of the agency's major procurement projects. In addition, former Chief Secretary of the Criminal Investigation Bureau Hsu Jui-shan was indicted in December on several charges including corruption and profiteering. Prosecutors recommended a sentence of 15 years.

Former President Lee Teng-hui was indicted in June 2011 on charges of money laundering and embezzling money from a secret diplomatic fund. Lee made his first court appearance for a pretrial procedure in August. Further pretrial procedures are required before the case goes to trial. In December 2010, former Taiwan President Chen Shui-bian began serving a 17-year jail term after being convicted on corruption and money laundering charges and losing an appeal to the Supreme Court. The Taiwan High Court ruled on November 1, 2012 that Chen should serve 18 years and six months in jail and pay the fine amounting to NT 156 million (US\$5.38 million) for money laundering and corruption in three cases. The High Court also announced on November 5, 2012 that Chen's wife, Wu Shu-chen should serve a sentence of 19 years and two months and pay NT 158 million (US\$5.45 million) fine for money laundering, corruption, influence peddling and perjury in six cases.

Attempting to bribe or accepting a bribe from Taiwan officials constitutes a criminal offense, punishable under the Corruption Punishment Statute and the Criminal Code. The Corruption Punishment Statute also treats payment of a bribe to a foreign official as a crime and makes such a bribe subject to criminal prosecution. The maximum penalty for a public official receiving a bribe is life imprisonment or a maximum fine of NT\$100 million (US\$3.3 million). For those attempting to bribe officials, the maximum penalty is 7 years in prison and a fine of NT\$3 million (US\$99,400). In addition, the offender will be barred from holding public office. The assets obtained from acts of corruption are seized and turned over to either the injured parties or the Treasury.

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets

should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

**U.S. Foreign Corrupt Practices Act:** In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: <http://www.justice.gov/criminal/fraud/>

**Other Instruments:** It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. Taiwan is not a party to these instruments, but prohibits bribery and solicitation of its public officials.

**OECD Antibribery Convention:** The OECD Antibribery Convention entered into force in February 1999. As of March 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters in mainland China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. Taiwan is not a party to the OECD Convention.

**UN Convention:** The UN Anticorruption Convention entered into force on December 14, 2005, and there are 158 parties to it as of November 2011 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The UN Convention contains transnational

business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. Taiwan is not a party to the UN Convention.

**OAS Convention:** In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 34 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>). Taiwan is not a party to the OAS Convention.

**Council of Europe Criminal Law and Civil Law Conventions:** Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member states (48 European countries and the United States). As of December 2011, the Criminal Law Convention has 43 parties and the Civil Law Convention has 34 (see [www.coe.int/greco](http://www.coe.int/greco).) Taiwan is not a party to the Council of Europe Conventions.

**Free Trade Agreements:** While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and transnationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. Taiwan does not have a FTA with the United States.

**Local Laws:** U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

**Assistance for U.S. Businesses:** The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas.

The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at [www.trade.gov/cs](http://www.trade.gov/cs).

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" Website at [tcc.export.gov/Report\\_a\\_Barrier/index.asp](http://tcc.export.gov/Report_a_Barrier/index.asp).

**Guidance on the U.S. FCPA:** The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at [www.justice.gov/criminal/fraud/fcpa](http://www.justice.gov/criminal/fraud/fcpa). Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html). More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

### **Anti-Corruption Resources**

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a "Lay-Person's Guide to the FCPA" is available at the U.S. Department of Justice's Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: [http://www.oecd.org/department/0,3355,en\\_2649\\_34859\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html). See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>.
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html).

- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2009](http://www.transparency.org/policy_research/surveys_indices/cpi/2009). TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See <http://info.worldbank.org/governance/wgi/index.asp>. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/s?s=global+enabling+trade+report>.
- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

## Bilateral Investment Agreements

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Taiwan has concluded various forms of investment agreements with the following 31 countries: Argentina, Belize, Burkina Faso, mainland China, Costa Rica, Dominica, El Salvador, Gambia, Guatemala, Honduras, India, Indonesia, Japan, Liberia, Malaysia, Macedonia, Malawi, the Marshall Islands, Nicaragua, Nigeria, Panama, Paraguay, the Philippines, Saudi Arabia, Senegal, Singapore, St. Vincent, Swaziland, Thailand, the United States, and Vietnam.

The terms of the 1948 Friendship, Commerce, and Navigation Treaty between the Republic of China and the United States are still in force. Under its terms, U.S. investors are generally accorded national treatment and are provided with a number of protections, including protection against expropriation. Taiwan and the United States also have an agreement pertaining to investment guarantees that serve as the basis for the U.S. Overseas Private Investment Corporation (OPIC) program in Taiwan. The

agreement, signed in 1952, is called the "Agreement Dealing with Guaranty of American Investment of Private Capital in Taiwan."

Representatives of the United States and Taiwan signed a Trade and Investment Framework Agreement (TIFA) in 1994 to serve as the basis for consultations on trade and investment issues. After TIFA discussions were suspended in 2007 in response to Taiwan policies affecting U.S. beef imports, the resumption of TIFA talks in 2013 produced numerous results, including new joint statements on investment principles and information and communication technology (ICT) services, and the launch of new TIFA working groups on investment and technical barriers to trade. The April 2014 TIFA Council meeting welcomed steps by Taiwan authorities to improve trade secrets protection, address pharmaceutical issues, clarify investment criteria, lift data localization requirements in the financial sector, and to revise standards affecting U.S. market access, while also highlighting the need for more meaningful progress on long-standing agricultural trade issues and intellectual property protection.

### **OPIC and Other Investment Insurance Programs**

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

### **Labor**

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Benefiting from the recovery following the global financial crisis in 2008 and 2009, Taiwan's unemployment rate continued to decline to 4.18% in 2013, down slightly from 4.24% in the previous year. In the industrial sector, the number of blue-collar foreign workers increased to 278,919 as of 2013. There are no special hiring practices in Taiwan. Employees are typically paid at least a one-month bonus at the end of the lunar calendar year (January or February). Benefits often include meals, transportation, and dormitory housing or related allowances. A standard labor insurance program is mandatory. The program provides paid maternity leave, a lump-sum or annuity retirement plan, and other benefits. A new retirement system implemented in 2005 replaced a voluntary retirement scheme that still covers approximately 30% of the total labor force and, under the standard labor law, permits retirement at age 55 with 15 years of service. Employees hired after July 2005 must join the new system, which sets mandatory retirement at age 65. The new system also requires the employer to contribute six percent of an employee's monthly wage to accounts at designated banking institutions. The accounts follow the employees as they move from one employer to another. A universal national health insurance system, to which employers must contribute, covers all Taiwan residents.

Taiwan provides unemployment relief based on the Employment Insurance Law enacted in 2002. Alternatives for unemployment pay include a vocational training allowance for jobless persons and employment subsidies to encourage the hiring of jobless persons. The Labor Standards Law (LSL) sets a standard eight-hour workday and a biweekly maximum of 84 hours. The public sector and most private firms have a five-day workweek. The LSL restricts child labor and requires employers to provide overtime pay,

severance pay, and retirement benefits. The LSL covers both manufacturing and service sectors. Violators are liable to criminal penalties (jail terms) and administrative punishments (fines).

Beginning January 1, 2013, Taiwan's minimum monthly salary increased NT\$267 (or 1.4%) to NT\$19,047 (US\$657 at exchange rate of NT\$29.1 per U.S. dollar), and the minimum hourly wage rose NT\$6 to NT\$109 (US\$3.76). Monthly manufacturing sector wages in the first nine months of 2012 averaged NT\$45,089 (US\$1,554) including overtime, allowances, and bonuses - a 0.5% increase compared to the same period in 2011.

Labor unions have become more active and independent since Taiwan's martial law was lifted in 1987. Mergers and acquisitions (M&A), factory closures, and the new retirement system contributed to an increased trend in labor disputes over the past decade. Taiwan is not a member of the International Labor Organization (ILO) but adheres to the ILO conventions in the protection of workers' rights.

## **Foreign-Trade Zones/Free Ports**

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The first free trade/free port zone began operation in 2004 at Keelung, Taiwan's northern port. Another four were established in 2005 at Taoyuan International Airport and the international harbors in Kaohsiung, Taichung, and Taipei. In May 2010, the Executive Yuan approved the establishment of a free-trade zone at the Suao port in northeast Taiwan, making a total of six free trade zones in Taiwan. The Taiwan authorities have relaxed restrictions on the movement of merchandise, capital, and personnel into and out of these zones. Foreign investors located in these areas are accorded national treatment.

As part of a broader restructuring and to increase the competitiveness of Taiwan's ports, the Ministry of Transportation and Communications (MOTC) established the Taiwan International Ports Corp. (TIPC) on March 1, 2012, to manage commercial activities of Taiwan's ports and free trade zones. The TIPC will facilitate cooperation with foreign shipping operations and related businesses.

On December 14, 2012, the Legislative Yuan approved the amendment of the Act for the Establishment and Management of Free Trade Zones, which would exempt London Metal Exchange (LME)-certified non-ferrous metals at Taiwan's free trade zones from income tax through 2042. On June 18, 2013, the LME board approved Kaohsiung Port as a LME delivery port of primary aluminum, aluminum alloy, copper, lead, nickel, tin, and zinc.

The Council for Economic Planning and Development (CEPD) – since January 22, 2014 called the National Development Council (NDC) – launched the first stage of Taiwan's free economic pilot zones (FEPZ) project in August 2013, to be implemented in Taipei Port, Keelung Port, Suao Port, Taichung Port, Anping Port, Kaohsiung Port, Taoyuan Airport, and Pingtung Agriculture Biotechnology Park. According to NDC, the goal of building up these zones is to position Taiwan as an "Asia-Pacific Free Trade Center", with each zone including one or more of the following regional centers: (1) a medical center for severe diseases and medical tourism; (2) an innovation and integration center

for industries; (3) a logistics center; (4) a personnel training center; and (5) an agricultural transportation and sales center. Greater Kaohsiung was targeted as the first FEPZ, after which any city or county administration could apply to establish additional zones. The FEPZ are expected to ease restrictions on labor recruitment, cash flow, land acquisition and market access for operations set up within the zones. On December 26, 2013, the Executive Yuan (EY), Taiwan's cabinet, forwarded legislation implementing an expanded phase two of the FEPZs to the Legislative Yuan for ratification. As of late April 2014, the proposal was still under legislative review.

## Foreign Direct Investment Statistics

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Statistics on foreign direct investment (FDI) in Taiwan are available from two official sources: the IC and the Central Bank (CBT). The IC publishes monthly and yearly foreign investment approval statistics by industry and by country. While these statistics do not correspond exactly to actual commitments of investment funds, AIT believes these data serve as a good proxy. CBT publishes foreign direct investment arrivals on a quarterly and yearly basis. CBT data contained in balance-of-payments (BOP) statistics are not classified by industry or country.

At the end of 2013, Taiwan's total stock of foreign direct investment stood at US\$126.38 billion (valued at historical cost). This represents about 25.8% of Taiwan's 2013 GDP. Total FDI inflows in 2013, based on approvals, stood at US\$4.9 billion, or about 1% of 2013 GDP. As of December 2013, Taiwan's foreign exchange reserves amounted to US\$416.8 billion, the fourth-largest in the world.

Taiwan's strong reliance on exports has exposed the economy to fluctuations in global demand. Taiwan authorities' official GDP growth forecasts for 2013 were successively revised downward due to the unexpected contractions in its export sector. The GDP growth rate in 2013 was 2.11%, much lower than the official statistical agency's early estimate of 3.59%. Inbound foreign direct investment approved in 2013 declined by 11.3% year-on-year.

In recent years, foreign direct investment has shifted from capital-intensive high-tech industries to investments in the financial service sector. Approved direct investment in electronics industries (including electronic parts and components, computers, communications, semiconductor, TFT-LCD and other optical electronic products), which peaked at 48.2% as a percentage of FDI in 2006, declined steadily to 19.5% by 2013, and nearly 83% of approved inbound direct investment in Taiwan's electronics industries in 2013 came from the European Union, the United States, Singapore, and the British Territories in North America (BTA). Nearly 79% of approved inbound direct investment in the financial and insurance sectors came from Australia, Samoa, the United States, Hong Kong, Germany, and the BTA.

According to official Taiwan statistics, approvals for U.S. investment from 1952 to 2013 totaled US\$23.4 billion (US\$16.5 billion as of 2012, according to official U.S. figures), or 18.5% of total foreign investment. These aggregate figures of investment stock are valued at historical cost. In 2013, 39.4% of U.S. total investments in Taiwan went to the service sector. Taiwan data on U.S. FDI has diverged from U.S. figures since 2010, as Taiwan statistics reflect approved investment amounts rather than actual commitment or

divestment of funds. In comparison, approvals for Japanese investment from 1952 to 2013 amounted to US\$17.7 billion, or 14.0% of total foreign investment.

As the tables below indicate, significant FDI now flows from the tax havens of the BTA, which harbor a growing number of multinational corporations, including those with Taiwan shareholders. For 2013, 54.1% of the investment from the BTA was directed towards financial services, real estate and wholesale and retail trade industries.

As a relatively open and liberal economy, Taiwan not only benefits from substantial foreign investment but also has significant investments overseas. According to balance-of-payments statistics compiled by the Central Bank, outbound direct investment has exceeded inbound direct investment every year since 1988. According to IC statistics, by 2013, cumulative approvals for outbound investments totaled US\$213.2 billion. The main recipient has been mainland China, which has received nearly 62.7% of Taiwan's outbound investment. Approved investments to mainland China have declined since 2012 after hitting a peak in 2011. As of 2013, Taiwan firms held investments estimated in excess of US\$133.7 billion on the mainland, though some other estimates suggest the figures could be from US\$150 billion to US\$300 billion.

Taiwan business firms have been relocating their production bases to mainland China since the late 1980s. The WTO accessions of mainland China and Taiwan in 2002 prompted Taiwan firms to accelerate this relocation to sharpen their competitive edge in exports. Taiwan factories based in mainland China take advantage of low labor and land costs to process Taiwan-made production inputs into finished goods for export to markets such as the United States, Japan and Europe, and also for final sale in mainland China. Recently however, rising labor and land costs on the mainland have prompted some Taiwan firms to move production to economies in South and Southeast Asia, including Vietnam. Many Taiwan firms have also shifted to producing higher value-added goods and higher-tech products in mainland China.

Following decisions by some Taiwan investors to relocate production lines outside of mainland China, Taiwan's annual registered direct investment across the Taiwan Strait declined from its recent peak of US \$13.1 billion in 2011 to US\$8.69 billion in 2013. However, the overseas production ratio for orders received by Taiwan exporters remained at a relatively high level of 51.5% in 2013, up from 11.5% in early 2000. The ratio reached a record high of 87.3% for information technology (IT) firms in 2013. Mainland China, including Hong Kong, has replaced the United States as Taiwan's largest export market since 2001, and its share of Taiwan's exports in 2013 was down from its recent peak of 41.8% in 2010 to 39.7%, compared to 10.2% for the United States and 9.3% for the European Union in 2013.

## Inward Foreign Investment Approvals by Year and by Area (1952-2013)

Units: US\$ millions

Year	U.S.A.	Japan	BTA*	Europe	Hong Kong	Others	Total
1952-89	3,067	2,983	341	1,312	1,198	2,049	10,950
1990	581	839	66	283	236	297	2,302
1991	612	535	60	165	129	277	1,778
1992	220	421	37	165	213	405	1,461
1993	235	278	38	214	169	279	1,213
1994	327	396	76	245	251	336	1,631
1995	1,304	573	151	338	147	412	2,925
1996	489	546	417	198	267	544	2,461
1997	491	854	659	407	237	1,618	4,267
1998	952	540	711	371	275	890	3,739
1999	1,145	514	1,216	462	161	734	4,231
2000	1,329	733	2,300	1,213	271	1,762	7,608
2001	940	685	1,397	1,184	145	778	5,129
2002	600	609	803	612	66	582	3,272
2003	687	726	920	644	45	555	3,576
2004	361	827	897	965	192	710	3,952
2005	804	724	1,094	685	104	817	4,228
2006	883	1,591	1,786	7,510	119	2,080	13,969
2007	3,148	1,000	2,396	7,096	209	1,512	15,361
2008	2,857	440	1,220	2,139	377	1,199	8,232
2009	264	239	1,103	2,085	277	830	4,798
2010	319	400	1,059	1,231	168	635	3,812
2011	738	445	1,129	716	399	1,528	4,955
2012	405	414	1,385	1,722	364	1,269	5,559
2013	583	409	1,442	687	372	1,440	4,933
1952-2013	23,351	17,720	22,702	32,653	6,392	23,560	126,378

Source: Investment Commission, Ministry of Economic Affairs.

\* British Territories in North America

## Inward Foreign Investment Approvals by Industries (1952-2013)

Industry	Million US\$	%
Financial and Insurance	35,189	27.8%
Electronic Parts and Components	18,026	14.3%
Wholesale and Retail Trade	12,630	10.0%
Computers, Electronic & Optical Products	6,498	5.1%
Electricity Equipment	6,040	4.8%
Information and Communications	6,158	4.9%

## Outbound Investment Approvals by Year and by Area (1952-2013)

Unit US\$ millions

Year	Mainland China	BTA	U.S.A.	ASEAN*	Others	Total
1952-89	N/A	76	865	429	155	1,525
1990	N/A	170	429	567	386	1,552
1991	174	268	298	720	370	1,830
1992	247	239	193	309	146	1,134
1993	3,168	194	529	434	504	4,829
1994	962	569	144	398	506	2,579
1995	1,093	370	248	326	413	2,450
1996	1,229	809	271	587	498	3,394
1997	4,334	1,051	547	641	655	7,228
1998	2,035	1,838	599	478	381	5,331
1999	1,253	1,359	445	522	943	4,522
2000	2,607	2,248	862	389	1,578	7,684
2001	2,784	1,693	1,093	523	1,083	7,176
2002	6,723	1,575	578	211	1,006	10,093
2003	7,699	1,997	467	298	1,207	11,668
2004	6,940	1,155	557	966	704	10,323
2005	6,002	1,262	315	264	606	8,449
2006	7,375	1,822	485	1,065	943	11,690
2007	9,676	1,578	1,346	2,094	1,451	16,145
2008	19,843	1,686	400	1,380	1,001	14,309
2009	6,059	544	1,114	401	947	9,064
2010	12,230	568	491	1,082	682	15,053
2011	13,100	800	730	1,119	1,048	16,797
2012	10,924	175.8	144.1	5,720	2,059	19,023
2013	8,685	233.1	416.0	2,164	2,419	13,917
1952-13	133,680	24,281	13,564	23,089	21,691	216,305

Source: Investment Commission, Ministry of Economic Affairs.

Note: "ASEAN" here includes six of the ASEAN countries: Singapore, Indonesia, Malaysia, the Philippines, Thailand, and Vietnam.

## Outbound Investment Approvals by Industries (1952-2013)

Industry	Million US\$	%
Financial and Insurance	37,012	44.8%
Electronic Parts and Components	9,253	11.2%
Wholesale and Retail Trade	6,031	7.3%
Computers, Electronic & Optical Products	3,236	3.9%
Information and Communications	2,431	2.9%
Textiles	2,419	2.9%

Source: Investment Commission (outbound investment excluding to mainland China)

### Major U.S. Investors in Taiwan

<b>U.S. Investor/Local Investment</b>	<b>Major Products</b>
Amkor Technology Ltd./Amkor Technology Taiwan	Integrated circuit packaging and testing
Hewlett-Packard Taiwan Ltd.	Servers and personal computers
Corning Inc./Corning Glass Taiwan Co., Ltd.	Substrate glass for TFT/LCD
GTE-Verizon/Taiwan Fixed Network Telecom Taiwan Cellular Corp.	Fixed-line and mobile phone service
Carlyle Group/Eastern Technology Ta Chong Commercial Bank	Banking
Ensite Limited (Ford Motor)/Ford Lio Ho Motor Co.	Autos
Texas Instruments Inc./Texas Instruments Taiwan Ltd.	Semiconductors
E.I. Dupont De Nemours/Dupont Taiwan Ltd.	Industrial, electronic, agricultural goods
IBM Corp./IBM Taiwan Ltd.	Computers: sales & service
UPS International/UPS, Taiwan Branch	Worldwide express service
Intel Inc./Intex. Co.	ADSL chipset
Applied Materials Ltd./Applied Materials Taiwan Ltd.	Semiconductor manufacturing equipment
GE Consumer Finance/Cosmos Bank	Banking
Jabil Circuit Inc./Taiwan Green Point Enterprise Co.	Telecom components
Citibank/Citibank (Taiwan) Bank of Overseas Chinese	Banking
Oaktree Capital Management Co./Fu Sheng Industrial Co.	Golf club head and compressor
Fairchild Semiconductor Co./System General Corp.	Power management products
Qualcomm International Inc./Qualcomm (Taiwan branch) and Qualcomm Panel Display Manufacturing Co.	Sales service/purchase/ and display panel production
Google Inc.	Data center
Micron Technology Inc./Inotera Memories	DRAM
3M Optronics Corporation	Touchscreens, optical components

## Web Resources:

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

## Contact Point at Post for Public Inquiries

- Kris Kvols
- Economic Officer
- No.7, Ln. 134, Sec. 3, Xinyi Rd., Da-an Dist., Taipei City 106-59.
- +886-2162-2000
- [TaipeiICS@state.gov](mailto:TaipeiICS@state.gov)

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## Chapter 7: Trade and Project Financing

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### How Do I Get Paid (Methods of Payment)

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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 account (O/A). Cash in advance terms are generally used in new relationships where 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 because they provide a high degree of protection for both the seller and the buyer. D/P and D/A terms are 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 and faith in the buyer's ability and willingness to pay once the goods have been shipped. O/A terms give maximum security to the buyer and 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. A large majority of Taiwan's importers utilize L/Cs with validity of up to 180 days. On the whole, U.S. companies find Taiwan's trade finance system to be efficient and report no widespread pattern of deferred payment.

Banks authorized to handle foreign exchange may issue L/Cs. This includes all 40 local banks (and their branch offices), six U.S. banks and their branches, and 22 third-country banks. All banks in Taiwan that are authorized to handle foreign exchange have correspondent relations with one or more U.S. banks.

### How Does the Banking System Operate

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As of March 2014, Taiwan has a Central Bank, 40 domestic banks (with 3,442 branch offices), and 30 foreign banks (with 38 branch offices). In addition, there are 24 credit cooperatives, 277 farmers' credit unions, and 25 fishermen's credit unions. These banks, cooperatives, and credit unions have traditionally played a dominant role in finance on the island.

The Central Bank performs all of the functions normally associated with central banks in other 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 – receiving deposits, making loans, handling trade financing and providing guarantees, and discounting bills and notes. Most are also involved in the securities business, in underwriting and trading securities and managing bond and debenture issues, as well as in providing savings-account facilities. The Mega International Commercial Bank assists with long-term financing for industries and projects, while the Export-Import Bank of the Republic of China and the Farmers Bank focus on trade financing and agricultural development, respectively.

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

## **Foreign-Exchange Controls**

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There are no foreign exchange (FX) limitations for trade, insurance, and authorized investment transactions. Similarly, there are no FX limitations on repatriating capital and profits related to direct and portfolio investment, provided that such investment has been permitted or approved by Taiwan authorities. There are no limitations on inward and outward remittances not involving any exchange between the NT\$ and the foreign currency. All other inward or outward remittances for business firms are subject to a US\$50 million annual ceiling per account if such remittances involve exchange between the NT\$ and the foreign currency. Individuals are allowed to remit a maximum of US\$5 million yearly to or from overseas if such remittance involves exchange between the NT\$ and the foreign currency. However, there is a reporting requirement for each foreign transaction involving NT dollars that exceeds TWD 500,000.

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

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

Bank of America  
CEO: Eric Liu  
43 and 48F, No. 7 Xin Yi Rd., Sec. 5 Taipei, Taiwan  
Tel: 886-2-8101-1288  
Fax: 886-2-8101-1130  
<http://www.bankofamerica.com>

Citibank N.A.  
Branch Manager: Audrey Chen  
15F, No. 1, Song Zhi Road  
Taipei, Taiwan

Tel: 886-2-8726-9821  
Fax: 886-2-8786-7980  
<http://www.citibank.com.tw>

JPMorgan Chase Bank, N.A.  
Senior Country Officer: Carl K. Chien  
8F, No. 106 XinYi Rd., Sec. 5  
Taipei, Taiwan  
Tel: 886-2-2725-9800  
Fax: 886-2-2725-2988  
<http://www.jpmorganchase.com>

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

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

Wells Fargo Bank, N.A.  
General Manager: Michael Lin  
17F, No. 44 Chung Shan N. Rd., Sec. 2 Taipei, Taiwan  
Tel: 886-2-8175-8688  
Fax: 886-2-2567-8516  
<http://www.wellsfargo.com>

**Major Local Correspondent Banks**

Bank of Taiwan  
Cathay United Bank  
Chang Hwa Commercial Bank  
China Trust Commercial Bank  
Citibank Taiwan Limited  
Hua Nan Commercial Bank, Ltd.  
Land Bank of Taiwan  
Mega Int'l Commercial Bank Co., Ltd.  
Shanghai Commercial & Savings Bank  
Taishin International Bank  
Taiwan Cooperative Bank  
The First Commercial Bank

## Project Financing

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

## Web Resources

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: [http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)

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

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

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

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

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

Central Bank (Taiwan): <http://www.cbc.gov.tw/mp2.html>

Financial Supervisory Commission, Executive Yuan: <http://www.fsc.gov.tw/en/index.jsp>

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### Business Customs

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

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

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

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

Each foreign visitor can bring up to NT\$60,000, RMB\$20,000, and US\$10,000 into or out of Taiwan, and is required to declare amounts in excess of the above to customs when entering or departing the island. Foreign currency can be exchanged at the airport as

well as authorized banks and hotels. As of 2013, there were over 3,300 authorized foreign exchange bank branches around the island.

Internationally recognized credit cards are accepted in many hotels, restaurants, and shops. There are well over 26,500 automated-teller machines around the island that can be found at banks, convenience stores, department stores, and other conveniently locations. Many of them participate in international ATM networks.

## Travel Advisory

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Taiwan has a low level of violent crime, and most streets in Taipei and other cities are generally safe at any hour. While violent crime against foreigners is rare, visitors should be alert for pickpockets and watch their belongings. Taxi drivers, restaurateurs, store clerks, and other service people are normally quite honest and often help non-Chinese speaking foreign guests. The people of Taiwan are generally friendly toward foreigners and often will go out of their way to assist visitors. Traffic conditions present hazards to drivers and pedestrians alike and caution is advised when on roadways. For the latest information about Taiwan travel advisories, visit the State Department Consular Information Sheet for Taiwan at:

<http://travel.state.gov/content/passports/english/country/taiwan.html>

## EMERGENCY TELEPHONE NUMBERS

Fire / Medical: 119

Police: 110

English-Speaking Police: (02) 2556-6007 (24 hours)

English Directory Assistance: 106

## Visa Requirements

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**NON-RESIDENTS** --- U.S. citizens seeking entry as tourists or visitors are required to present a valid passport that will remain valid for the period of intended stay. You must also possess a confirmed return or onward air ticket. As a U.S. passport holder, you will be allowed to enter Taiwan without a visa for up to 90 days if your passport is valid for more than 90 days. If your passport has less than 90 days of validity remaining, you will be able to enter Taiwan for a time equal to the expiration date of your passport. No extensions or changes of status are permitted. Taiwan authorities can deny a visitor entry if they do not have the appropriate travel documents for their onward destination. You also have the option of applying for and receiving a Taiwan visa prior to arrival in Taiwan. The cost including the processing fee is US \$164.00.

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

permit and a Resident Visa. Taiwan residence visas and work permits are managed by the local Bureau of Consular affairs.

For additional details about Taiwan visas, including current fees, please visit <http://www.boca.gov.tw>.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

<http://www.ait.org.tw/en/visas.html>

<http://ait.org.tw/en/citizen-services>

## Telecommunications

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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. Cellular phones are very popular, with many operators offering preferential rates or packages. The Global System for Mobile Communications (GSM) is the standard for cellular phone service. Many networking companies provide broadband Internet services to meet growing domestic demand. Internet cafes can be found in Taiwan's cities and towns, and most hotels in Taipei have internet access in their bedrooms. Facsimiles are also widely used in Taiwan. The main office of the Chunghwa Telecom Co., LTD. (CHT) provides 24-hour facsimile service. Most major hotels and business service centers offer facsimile and electronic mail services. Many convenience stores, such as 7-Eleven, also provide facsimile services. According to the International Telecommunications Union, over seventy percent of the Taiwan population has access to the internet. In addition, fiber optic DSL connections are readily available in major cities with service up to 100/10 MB per second.

## Transportation

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

**AIRPORT PICKUP** --- It generally takes about one hour to travel from the Taoyuan airport to Taipei City. Airport buses to Taipei depart from the airport every 20 minutes and tickets cost up to NT\$150 (approximately US\$4.25) per person. Four bus companies currently provide the service to and from Taipei. Buses from the airport to Hsinchu, Taichung, Changhua, Tainan, and Kaohsiung are also available.

Taxis are available at the airport. A 15 percent surcharge is added to the meter fare for airport pickup (highway tolls not included). The total cost of a taxi ride from the airport to Taipei is about NT\$1,100-1,400 (US\$37-\$47), depending on the destination. Many large hotels offer car or shuttle services from the airport to Taipei. It is, however, necessary to arrange such services in advance when making hotel reservations.

The Hsiaokang Airport is close to the city of Kaohsiung, and it usually takes about 20 minutes to reach downtown and costs about NT\$300 (US\$10). Metered taxis charge a NT\$50 surcharge from the international terminal and there is a NT\$10 surcharge for luggage service. Several bus services are available at a low cost as well.

**TAXIS** --- Taxis are widely available in Taipei and other major cities. For most cities, a meter is used to calculate the fare. The basic charge is NT\$75 (about US\$2.5) for the first 1.25 kilometers, with an additional NT\$5 for every additional 250 meters. In addition, there is an NT\$5 charge for every 100 seconds for waiting, and a NT\$20 nighttime surcharge is added to fares between 11:00 pm and 6:00 am. Taxi services can also be booked over the telephone. These services are generally considered safer and more reliable than individual taxis.

There is a surcharge of NT\$20 during the day (NT\$40 at night) in effect for the two days before the eve of the Chinese New Year until the end of the holiday period. While some taxi drivers speak a little English, visitors are strongly advised to present taxi drivers with the address of their desired destination written in traditional Chinese.

**RAIL** --- Taipei has eleven Mass Rapid Transit (MRT) lines in operation with a combined track length of 121.3 kilometers. The MRT lines form a transportation network connecting downtown Taipei with the suburban areas of Muzha, Danshui, Xindian, Tucheng, and Nangang, Banqiao, Luzhou, and Xinzhuang. Kaohsiung has two MRT lines in operation going north-south and east-west respectively.

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

The Taiwan High Speed Rail (THSR) began operations on January 5, 2007. It uses Japan's Shinkansen technology and runs approximately 355 kilometers from north to south. The THSR takes only 96 minutes to travel from Taipei to Kaohsiung, as opposed to 4.5 hours by conventional rail. The one-way fare for Taipei-Kaohsiung is around NT\$1,630 (US\$55.3). Currently eight stations are in operation on the THSR line along Taiwan's western corridor: Taipei, Banchiao, Taoyuan, Hsinchu, Taichung, Chiayi, Tainan, and Zuoying (Kaohsiung).

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

**CAR RENTAL** --- Limousines with drivers may be booked through hotels or car rental companies for about NT\$9,000 (US\$290) per eight-hour day. Self-drive rental cars are

also available at rates that start at around NT\$2,000 (US\$67) a day. An international driver's license is required, as well as a credit card for a deposit.

## Language

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

## Health

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

There are several international-standard private and public hospitals and clinics. Taiwan also offers high-quality dental care, with most clinics being privately operated. The majority of doctors and dentists in Taiwan speak English well. Qualified foreign nationals with Alien Resident Certificates (ARCs) and their family members can apply for coverage under the National Health Insurance Program (NHIP). International visitors do not qualify for local health insurance. Therefore, if travelling to Taiwan, be sure to have your own health insurance that covers healthcare services in Taiwan.

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

## Local Time, Business Hours, and Holidays

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

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

Holidays	Dates in 2014
New Year's Day	January 1
Chinese Lunar New Year	Jan 30 – Feb 4
Peace Memorial Day	February 28
Tomb-Sweeping Day	April 4-5
Dragon Boat Festival	June 2
Mid-Autumn (Moon) Festival	September 8
Double Tenth/National Day	October 10

### Temporary Entry of Materials and Personal Belongings

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

- Each person, 20 or over in age, may bring in alcoholic beverages (1,000 cc or less without limitation on the number of bottles), plus 200 cigarettes, or 25 cigars or one pound of tobacco.
- Articles that are already owned and used by the passenger abroad, and their customs value does not exceed NT\$10,000 (about US\$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 (about US\$665) for each passenger.

Samples carried by inbound passengers may be granted duty exemption if the total customs value does not exceed NT\$12,000 (about US\$400). Duty, commodity tax and value added tax will be imposed on articles imported in excess of the exemption limit.

More information is available at the website:

<http://eweb.customs.gov.tw/ct.asp?xItem=15227&ctNode=6485>

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

### Web Resources

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

For the latest information about Taiwan travel advisories, visit the State Department Consular Information Sheet for Taiwan at:

<http://travel.state.gov/content/passports/english/country/taiwan.html>

Business travelers to Taiwan seeking appointments with the Commercial Section of the American Institute in Taiwan should contact the office in advance. The Commercial Section can be reached by telephone at 886-2-2720-1550, fax at 886-2-2757-7162, or by e-mail at [office.taipei@trade.gov](mailto:office.taipei@trade.gov)

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

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### Contacts

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#### American Institute in Taiwan (AIT)

##### Commercial Section

Chief: Helen Hwang

Suite 3207, No. 333 Keelung Rd., Sec. 1, Taipei, Taiwan

Tel: 886-2-2720-1550 ext. 382

Fax: 886-2-2757-7162

Website: <http://export.gov/taiwan>

##### Agriculture Trade Office

Director: Mark Ford

Suite 704, No. 136 Jenai Rd., Sec. 3, Taipei, Taiwan

Tel: 886-2-2705-6536 ext. 287

Fax: 886-2-2706-4885

Website: <http://www.ait.org.tw>

##### Agriculture Section

Chief: Garth Thorburn

No. 7, Lane 134, Hsinyi Rd., Sec. 3, Taipei, Taiwan

Tel: 886-2-2162-2000 ext. 2317

Fax: 886-2-2162-2238

Website: <http://www.ait.org.tw>

##### Economic Section

Chief: Joshua Cartin

No. 7, Lane 134, Hsinyi Rd., Sec. 3, Taipei, Taiwan

Tel: 886-2-2162-2000 ext. 2374

Fax: 886-2-2162-2240

Website: <http://www.ait.org.tw>

#### Washington, D.C.-Based Country Contacts

##### U.S. Department of Commerce

Trade Information Center

1401 Constitution Ave., NW, Washington, D.C. 20230

Tel: 1-800-USA-TRADE

Fax: 202-482-4473

Website: <http://export.gov>

AIT/Washington  
Trade and Commercial Programs  
Director: Rick Ruzicka  
Suite 1700, 1700 N. Moore Street  
Arlington, VA 22209  
Tel: 703-525-8474; Fax: 703-841-1385  
Website: <http://www.ait.org.tw/en/ait-washington.html>

U.S. Department of Commerce  
US & Foreign Commercial Service, East/Asia Pacific  
Office Director: Laurie Farris  
Room 3009, 14th and Constitution Ave. NW, Washington, D.C. 20230  
Tel: 202-482-0423; Fax: 202-501-6165  
Website: <http://export.gov>

U.S. Department of Commerce  
International Trade Administration  
Market Access and Compliance  
Desk Officers: Simon Kim and Darla Brown  
Room 2328  
14<sup>th</sup> and Constitution Ave. NW, Washington, D.C. 20230  
Tel: 202-482-2611  
Website: <http://trade.gov/mac/>

U.S. Department of Agriculture  
Foreign Agricultural Service (FAS)  
Office of Trade Program  
South Building, 1400 Independence Ave. SW, Washington, D.C. 20250  
Tel: 202-690-3576  
Website: <http://www.usda.gov>

#### Trade or Industry Associations

American Chamber of Commerce in Taipei  
President: Andrea Wu  
Suite 706, No. 129 Minsheng E. Road, Sec. 3, Taipei, Taiwan  
Tel: 886-2-2718-8226  
Fax: 886-2-2718-8182  
Website: <http://www.amcham.com.tw>

Importers and Exporters Association of Taipei  
Chairman: John C.T. Huang  
No. 350 Sungchiang Rd., Taipei, Taiwan  
Tel: 886-2-2581-3521  
Fax: 886-2-2523-8782  
Website: <http://www.ieatpe.org.tw>

Chinese National Association of Industry & Commerce  
Chairman: Kenneth C.M. Lo  
13F, No. 390 Fuxing S. Rd., Sec. 1, Taipei, Taiwan

Tel: 886-2-2707-0111  
Fax: 886-2-2707-0977  
Website: <http://www.cnaic.org>

US-Taiwan Business Council  
President: Paul D. Wolfowitz  
Suite 1703, 1700 North Moore Street  
Arlington, Virginia 22209  
Tel: 703-465-2930; Fax: 703-465-2937  
Website: <http://www.us-taiwan.org>

Taiwan External Trade Development Council (TAITRA)  
Chairman: Wang, Chih-kang  
5-7F, No. 333 Keelung Rd., Sec. 1, Taipei, Taiwan  
Tel: 886-2-2725-5200  
Fax: 886-2-2757-6652  
Website: <http://www.taitra.org.tw>

Chinese National Federation of Industries  
Chairman: Hsu, Sheng-hsiung  
12F, No. 390 Fuxing S. Rd., Sec. 1, Taipei, Taiwan  
Tel: 886-2-2703-3500  
Fax: 886-2-2705-8317  
Website: <http://www.cnfi.org.tw>

#### Taiwan Agencies

Ministry of Economic Affairs (MOEA)  
Minister: Chang, Chia-juch  
No. 15 Fuzhou St., Taipei, Taiwan  
Tel: 886-2-2321-2200  
Fax: 886-2-2391-9398  
Website: <http://www.moea.gov.tw>

Ministry of Finance (MOF)  
Minister: Chang, Sheng-ford  
No. 2 Aiguo W. Rd., Taipei, Taiwan  
Tel: 886-2-2322-8000  
Fax: 886-2-2356-8774  
Website: <http://www.mof.gov.tw>

Board of Foreign Trade (BOFT), MOEA  
Director General: Chang, Chun-fu  
No. 1 Hukou St., Taipei, Taiwan  
Tel: 886-2-2321-0271  
Fax: 886-2-2351-7080  
Website: <http://www.trade.gov.tw>

Financial Supervisory Commission (FSC)  
Chairman: Tseng, Ming-chung  
18F, No. 7 Sianmin Blvd., Sec. 2, Banciao City, Taipei County, Taiwan

Tel: 886-2-8968-0899  
Fax: 886-2-8968-1215  
Website: <http://www.fsc.gov.tw>

Ministry of Transportation and Communications (MOTC)  
Minister: Yeh, Kuang-shih  
No. 50, Renai Rd., Sec. 1, Taipei, Taiwan  
Tel: 886-2-2349-2900  
Fax: 886-2-2349-2491  
Website: <http://www.motc.gov.tw>

Council of Agriculture (COA)  
Minister: Chen, Bao-ji  
No. 37 Nanhai Rd., Taipei, Taiwan  
Tel: 886-2-2381-2991  
Fax: 886-2-2331-0341  
Website: <http://www.coa.gov.tw/>

Ministry of Health and Welfare (MOHW)  
Minister: Chiu, Wen-ta  
No. 36 Tacheng St., Taipei, Taiwan  
Tel: 886-2-8590-6666  
Fax: 886-2-8590-6051  
Website: <http://www.mohw.gov.tw/EN/Ministry/>

Environmental Protection Administration (EPA)  
Minister: Wei Kuo-yen  
No. 83 Zhonghua Rd., Sec. 1, Taipei, Taiwan  
Tel: 886-2-2311-7722  
Fax: 886-2-2311-6071  
Website: <http://www.epa.gov.tw>

Bureau of Standards, Metrology and Inspection (BSMI), MOEA  
Director General: Liu, Ming-chung  
No. 4 Jinan Rd., Sec. 1, Taipei, Taiwan  
Tel: 886-2-2343-1700  
Fax: 886-2-2356-0998  
Website: <http://www.bsmi.gov.tw>

Small & Medium Enterprise Administration, MOEA  
Director General: Yeh, Yun-lung  
3F, No 95 Roosevelt Rd., Sec. 2, Taipei Taiwan  
Tel: 886-2-2366-2200  
Fax: 886-2-2367-3896  
Website: <http://www.moeasmea.gov.tw>

#### Other U.S. Government Contacts

U.S. Department of State  
Bureau of Economic and Business Affairs  
Office of Commercial and Business Affairs

2201 C Street NW  
Washington, D.C. 20520  
Tel: 202-647-4000  
Fax: 202-647-3953  
Website: <http://www.state.gov>

Export-Import Bank of the United States  
811 Vermont Avenue, N.W.  
Washington, D.C. 20571  
Tel: 202-565-3910  
Fax: 202-565-3930  
Website: [www.exim.gov](http://www.exim.gov)

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

#### **Market Research**

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

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

#### **Trade Events**

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

<http://www.export.gov/tradeevents/index.asp>

<http://export.gov/taiwan/latesttradeevents/index.asp>

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## Chapter 10: Guide to Our Services

The President's National Export Initiative marshals Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: [www.export.gov](http://www.export.gov)

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: (Insert link to Products and Services section of local buyusa.gov website here.)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center at (800) USA-TRAD(E)**.

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

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